REPORT OF A SURVEY OF RURAL CO-OPERATION IN DENMARK

with consideration of

THE CONTRIBUTION OF THE FOLK HIGH SCHOOLS

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by

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INTRODUCTION

I. Gladstone once called the Co-operative Movement "the greatest social wonder of the present time."

Marketing in economic terms is a part of production. Co-operation is one method which farmers have adopted of conducting the business of marketing.

In recent years the turnover in co-operative marketing societies in the world has risen to considerable magnitude. The total annual business of the 12,000 co-operative associations in the United States in 1928 amounted to $2,500,000,000. The 2,000,000 members were distributed in all the 48 States, and around one half of them participated in more than one organization.

Many prominent public men, as President Coolidge and Secretary of State Hoover, have given unqualified support to modern Co-operative Marketing on commodity lines. Honorable Henry C. Wallace in 1921 while Secretary of Agriculture in the United States spoke as follows:

"The obligation to get food products to the consumer with the least possible waste and the least possible cost consistent with fairness to all that handle them is just as sacred as the obligation to produce those crops in the first place. There is no more reason that the farmer should be
expected to confine his efforts to the production of his crops than that the manufacturer should be expected to confine his attention solely to the mechanical processes of manufacturing."

Mr. Herbert Hoover in speaking at the American Dairy Federation at Milwaukee declared:

"To my mind the whole problem of improved marketing is elimination of waste. For a reduction of waste of materials and motion between the farmer and the consumer, is a gain to both of them. But the consummation must be worked out for every community and every commodity. If we can set an organization going which will eliminate all the wastes or any large part of them, we shall have brought about a revolution in our distributive system."

The problem has been that farmers have been unorganized sellers on organized markets. Frequently prices received by them from the sale of their produce have been below cost of production. Consumers, if informed of this condition, recognize the unfairness of such a return. The solution for the farmer when inefficient production has not been the cause of his hampered economic position, has been to organize with his fellow farmer to sell his products. Products are made to compete against products, and not producers against producers. Through pooling, the reduction
of spreads, and high quality production, the farmer has made co-operative marketing the most important aspect of business co-operation in different countries.

Danish agriculturists, as has been the experience of California Fruit Growers and Canadian Grain Growers, have prospered, due largely to the operation of Co-operative Marketing Societies. The Danish farmer by co-operation has brought to his own holding the advantages of large scale farming. Co-operation has developed for the produce of small farmers uniformity and stability of quality which has won for it a place on world markets, which in turn has contributed greatly to Denmark's position in the economic relationships in the world. In the Co-operative Movement there has been free adaptation of ideas from abroad to develop a system suited to the Danish people, and Danish rural co-operation has further been characterized by intelligent leading and conduct.

The Folk High Schools since 1865 have not only aided the extension of Co-operative Societies but have also given abundantly to the foundation of Danish rural culture. Of the adult population in rural Denmark, 30% have at one time attended these vital Peoples' High Schools. The Schools have contributed to the Co-operative Marketing Societies a large proportion of their chairmen and managers. The religious, patriotic, vocational, athletic, and art training received at these residential schools has contributed richly
to the rural leadership of Denmark.

In his "Light from the North", Joseph K. Hart truly says, "The Danish farmer is no longer a man with the hoe--He is an independent farmer at home on his own soil."

The Danish Folk High School and Rural Co-operation have contributed much towards this happy consummation.

2. **Purpose of the Survey and the method followed in its conduct.**

Any one conversant with agricultural conditions in North China is aware of the fact that many farmers are in reality submarginal producers. The tillers of the soil are industrious, thrifty and patient, yet poor. The China International Famine Relief Commission has sought to render assistance in respect to economic needs through the fostering of desirable forms of Rural Co-operation among the country people. Coupled with this aspect is the fact that the efficient marketing of farm products is not adequately developed in China when measured by modern standards. It is to be realized that lessons can be learned and steps ascertained for the improvement of farm marketing through research of rural conditions and results pertaining to rural co-operative endeavour in other countries. With such a purpose in view, the following study was undertaken.

The favorable concurrence of Mr. J. B. Tayler's research on Co-operation in Denmark coupled with the writer's return on furlough, made possible the survey covered by this report.
Personal visits and study, various interviews supplemented by a brief contact with the country life of Denmark have constituted the method followed in conducting the research.

The writer travelled to Denmark through Geneva, where a visit was paid to Dr. Foquet at the International Labor Bureau. Between the dates July 6 to 15 for a good portion of the time in company with Professor Tayler, visits were made to bureaus, co-operative central and local societies, private agricultural concerns, Danish Folk High Schools and Agriculture Schools. A visit was paid to the Office of the Federation of the Danish Co-operative Societies in Aarhus; on July 15 before leaving for Esbjerg the writer had the honour of being entertained by Mr. Arnfred, President of the Federation, at the historic Askov High School.

Material was collected from different offices and notes taken on most of the visits and interviews. The information has been presented from the point of view of first hand study with the farmer's outlook, and amplified in the light of co-operative experience in other countries besides Denmark. Towards the conclusion of the report in Section III a specific plan for the establishing of some Model Co-operative Marketing Societies under the guidance of the Committee on Rural Co-operation of the China International Famine Relief Commission has been presented.
3. Why study in Denmark in regard to agriculture co-operation has significance in the establishing of Co-operative Marketing in China. There are the following reasons for the applicability of some findings relative to Denmark's Rural Co-operation to China:

(1) Denmark is a country of small holdings, similar to the limited acreages in China.

(2) The farming population is densely distributed, giving rise to similar social aspects of rural economic problems.

(3) The movement towards Co-operation has been characterized by farmer initiative and leadership, hence has the earmarks of an agrarian foundation.

(4) China is about 85% agricultural in regard to the pursuits of her population, whilst Denmark is distinctly rural and has 80% of her exports composed of agricultural products.

Recognition is given to the fact that the human factor enters into any adaptation of a system from one race to another, and also to the difference in historical background of the two peoples in relation to land, peasantry and political rights.

Co-operation, though still an experiment, is no longer in the experimental stage, it has been said, and there are certain sound and tested principles of co-operative marketing which hold good in general in any country. China has the genius for adapting and also assimilating introductions into the national life of her vast Republic. From Denmark's experience can be learned lessons in Rural
Co-operation which are clearly being proved to be sound also in many countries where the farmers are seriously and intelligently practicing co-operative marketing.

The establishing of modern Co-operative Marketing Societies along the Danish lines is put forward as a promising solution for the economic distress of the rural population of China. The writer wishes to emphasize that the type of organization must be determined according to the commodity and the community. There is no thought of blindly transplanting a foreign agriculture business system into Chinese soil. There can be no practical doubt as to the wisdom of assisting farmers in carefully chosen districts to practice the elements of fairness in dealing with others, and of soundness in marketing principles which have brought such phenomenal progress to millions of farmers elsewhere, by eliminating competition among members, reducing spreads in marketing services, and stabilizing the market.

The Committee on Rural Co-operation is requested to consider especially Section III, and in particular the part recommending the establishing of initial co-operative Marketing Societies with the assistance of the China International Famine Relief Commission. Such Societies would stimulate further growth to arise from farmer initiative, and provide a field for necessary research into the varied problems of marketing farm produce in China. Much practical work lies ahead in order to bring improvement in marketing in the interests of the patient "farmers of forty centuries."
In Denmark the farmers have learned to do their business by co-operation. The history of their indigenous marketing movement, the stimulus of the inspirational Folk High Schools, the ownership and management of immense plants, the well cultivated farms, and the comfortable homes is a romance beggaring description.

In China may the present economic distress yield place to the prosperity from security in agriculture and happiness which would result from the following of, "The Golden Rule in Agriculture" by farmers in their production and marketing.
SECTION I

INTERNATIONAL CO-OPERATION AND A PRELIMINARY VIEW OF AGRICULTURAL DENMARK, THE HOME OF MODERN CO-OPERATIVE MARKETING SOCIETIES.

1. Visit to Dr. Foquet at the International Labor Office at Geneva.

It was a special privilege to begin the investigation of Co-operation in Denmark with an interview with Dr. Foquet in Switzerland, the earliest home of modern Co-operative Marketing. On July 4, a visit was made to Dr. Foquet’s office at the International Labor Office in Geneva, where a letter from the Committee on Rural Co-operation was delivered and national and international aspects of co-operation discussed with this well informed leader. Dr. Foquet was a ready conferee on Co-operation in different parts of the world and was especially interested in the C.R.C. of the China International Famine Relief Commission.

In respect to registration of the Rural Credit Societies in China, Dr. Foquet stated application should be made by the C.R.C. to the International Co-operative Alliance in London. This advice was duly forwarded to the Committee in Peiping.

Government regulation of the marketing system in Switzerland by a Board of Control was explained. This is a significant problem at present in countries where co-operative marketing is widespread and permits of various
solutions though it is yet in the future for China.

These two principles stand out from the conference:

(1) Co-operative Marketing Societies should follow co-operative principles and not be political organizations.

(2) Producers should absorb as many steps in the distribution of their products as possible.

The following publications dealing with the International Economic Conference held in Geneva early in 1927 were recommended by Dr. Foquet:

International Economic Conference C.E.I. 11
International Economic Conference C.E.I. 14

In addition, the International Labor Directory, Part 6, of the International Labor Office is a concise and helpful manual of Co-operative Organizations throughout the world.

2. Conference at the Office of the Danish Agriculture Council, Vestre Boulevard 4, Copenhagen, with the Secretary, Mr. Hogsbroe Holm.

In company with Mr. Tayler, a visit was paid to this office where cordial welcome was given by the Secretary. A brief review of the composition and function of the Council will afford a helpful background for studying Co-operative Marketing in Denmark.

The various groups actively engaged in promoting agriculture combine to form this Council, which is the "ears and mouth" of Danish agriculture in government and international relations. The Council comprises:
(1) The Central Co-operative Committee of Denmark.
   (De samvirkende danske Andelsselskaber.)

(2) The Associated Danish Agriculture Societies.
   (De samvir kende danske Landboforeninger.)

(3) The Royal Agriculture Society of Denmark.
   (Det Kgl. danske Landhusholdningselskab.)

Let us consider these members in order:

(1) The Central Co-operative Committee of Denmark is composed of 22 members of 16 Co-operative Associations. These comprise at least 10,344 various separate Co-operative Societies. Further reference to the Central Co-operative Committee will be made in Section II in the part dealing with the Federation of Danish Co-operative Societies.

(2) There are five regional Agriculture Societies comprising the Associated Danish Agricultural Societies; these include 135 Societies in various parts of Denmark. Their membership of 115,000 is 3.4% of the total population, which for China would mean about 15,000,000 members; this aggregate is suggestive of the organized intelligent interest supporting Danish agriculture. The Agriculture Societies are all the more remarkable when we consider there are 206,000 farm holdings in Denmark. It is further interesting to note that these Societies existed 40 years before the Co-operative Societies, and have a record of supporting, in part, county agents and arranging agriculture fairs. The writer had opportunity to visit the Agriculture Exhibition at Ringsted, Zealand, where livestock, dairy animals and swine
were on show; other features were an Experimental Station Exhibit, Farm Machinery Demonstration, and a Demonstration Station in Agronomy and Horticulture maintained by an Agricultural Society.

(3) The Royal Agriculture Society was founded in 1769, and is perhaps the oldest Agriculture Society along modern lines in the world.

With the freedom of the Danish peasants in 1788 and the obtaining of political independence in 1849 came a desire for independent farmer organizations which accounted for the rise of the numerous Agricultural Societies quoted above.

It is true that a National Agricultural Council and local Farmers Societies of an educational type would be beneficial to Chinese farming.

The aims of the Council, as presented in the circular issued by the Agriculture Council of Denmark, are briefly:

(1) To promote the co-operation of the professional and economic organizations of Danish agriculture within the domains where such co-operation maybe useful to farming, and to attend to such joint problems that are not administered by the individual organizations.

(2) To be at the disposal of the Government and Parliament in agricultural questions.

(3) To represent Danish Agriculture in relation to foreign countries, in accordance with agreement with the Danish
Government.

(4) To represent Agriculture in its relation to other industries of the country.

(5) To oppose the forming of trusts and cartels considered harmful to society.

The following notes are given in respect to the organization, conduct and financing of the Council:

The personnel of the Council consists of 5 members elected from the Central Co-operative Committee of Denmark, 5 members chosen from the Associated Danish Agricultural Societies and 2 members from the Royal Agricultural Society.

The management of the Council is in the hands of an Executive Body composed of 3 members, one appointed from each subsidiary organization.

The Council appoints a Secretary who is the executive agent of the Council and accountant; his assistance is provided by the Council.

The annual budget of 90,000 Kroner yearly is provided by the producers' and buying and selling Co-operative Societies.

Let us here consider in brief some aspects of the relation between the farmers and the Government in Denmark. The Agriculturists in that country have taken the lead in the improvement of farming, and the government has subsequently given aid to worthy enterprises. Of Denmark's exports, 80% are agriculture products, so very truly farming is the
"backbone of the nation." The government supports an Agriculture College and Experimental Station at Copenhagen which the writer visited, meeting some of the Professors; the government also maintains some high standard Experimental Stations in different parts of the country, the Horticulture Station at Blangstedgaard, also visited, being engaged in valuable research in tree and vegetable experiments. In addition the government gives 2,000,000 Kroner yearly to the Agriculture Schools which have developed from the Folk High Schools either Grundtvigian or Inner Mission. Another interesting aspect of the farmer's relations with the government is that they remain out of political intrigue, but influence politics as need arises. The Societies are non-political and speak through their Council to the government. A notable example of the non-partisan but influential character of the Co-operative Societies was the Mass Meeting of June 1926, when agriculture representatives passed a resolution against the Socialist Government; one of the speakers became a minister in the subsequent government. In general the farmers support the policy which is in the agricultural interests of the nation rather than be partisan.

Let us take a glimpse of the daily work of the Agriculture Council. Its chief business is to supply market information. The Council is in touch with the Ministry of Foreign Affairs, and correspondence belonging to the Minister's office is sent directly to the Council if it pertains to agriculture. The Danish Government maintains
agriculture advisers abroad as in London, Berlin and Washington, who provide market information for exporters. Each week the Council publishes a survey of the markets for that week, thus indicating to the exporters prospects for shipments.

In Norway and Sweden there are Agriculture Councils but including government representatives. In Germany the Council is maintained by taxation. Typical of Denmark is the way the resourceful and capable agriculturists have formed and now maintain their Council independently. Here is a noble example for China.

3. Visit to Mr. Siggaard at the Office of the Bureau of Agriculture Economics, Copenhagen.

On July 7 our party visited the Office of the Bureau of Agriculture Excursions (Landakannonisk Rejsebureau) at 34 Vestre Boulevard, where help was obtained in respect to an itinerary in the other islands and Jutland and useful information secured in regard to Danish Agriculture. A very serviceable publication was put into our hands by Mr. Siggaard of the Bureau entitled, "A Short Survey of Agriculture in Denmark." by H. Hertel, Copenhagen.

Before entering upon a detailed account of visits to various co-operative organizations which are reported in Section II, it is well to take a brief outlook over the general situation in reference to Agriculture Co-operation in Denmark discerning somewhat the magnitude and character of the movement as illustrated in the Dairy
industry.

In Denmark 80% of the dairies are Co-operative Dairies, though not all of them are members of Co-operative Dairy Export Societies. About one third of the Dairy Societies comprise the 11 Co-operative Butter Export Societies. The number of Local Dairy Societies is 1,372 with a membership of about 185,000 farmers, out of a total of over 900,000 members in the Agriculture Co-operative Societies. The 11 Butter Export Societies comprised about 535 Local Dairies. The annual business of these Local and Export Societies was 747 million kroner in 1926, which figure was about one half of the aggregate turnover of all the Co-operative Societies of Denmark. (See Tables I and II, pages 21 and 22)

In all there are 1,372 Co-operative Locals in which is made 85% of Denmark's butter production. In respect to the export butter, which is about 77% of the Danish production, the 11 Export Societies ship 40% of the "Lur Brand" butter; the remaining 60%, which includes also part of the production of the Co-operative Dairy Societies, is handled by private merchants and exporters. Buyers from foreign houses operate in Denmark in connection with this trade. Furthermore, about one third of the total co-operative export butter business is in the hands of two chief Co-operative Export Societies, the largest one being the "Danish Dairies," Copenhagen, described under Co-operative Dairy Societies in Section II.

The whole system is highly integrated, the
business of the "Danish Dairies" Society being organized to perform all the marketing steps from assembling the milk produced at member's dairies, to wholesaling Danish "Lur Brand" Butter on a foreign market. These "Danish Dairy" Societies furthermore form a part of a system of loose centralization by co-operating with the other 10 Butter Export Societies in matters of benefit to their common business in an Association of Dairy Societies of Denmark.

The sale of butter is by open competition on free markets. The Co-operatives and private concerns work side by side handling the 111,500,000 Kg. of export butter (1923). The Co-operative Associations do not conduct their operations in a spirit of controversy with regard their markets or their competitors.

Part I of Section II which follows will give the reader a general survey of the extent of all forms of Rural Co-operative Societies in Denmark.
SECTION II.

RURAL CO-OPERATION IN DENMARK: A SURVEY OF VARIOUS NATIONAL, EXPORT AND LOCAL CO-OPERATIVE ASSOCIATIONS AND CONCLUSIONS FROM THE RESEARCH.

1. Visit to the Federation of Danish Co-operative Societies, (De Samvirkende danske Andelsselskabor), Aarhus, Jutland.

Before presenting information concerning Associations and Societies dealing with specific commodities as butter, bacon and eggs, the questions relative to the Federation of all the Danish Co-operative Societies are here presented.

This Federation is the National Union of Danish Agricultural Co-operative Societies. Delegates of the Organizations which are members of the Federation, meet in an annual congress in which are chosen the Central Co-operative Committee of 22 members. With regard the history of the Federation, in 1898 delegates from certain Co-operative Societies met in Copenhagen and formed a Central Committee to be of mutual assistance and to represent the Societies in outside relationships. Other members were from time to time admitted and in 1917 it was formally determined that the Central Committee, "Andelsudvalget", should consist of 22 members.

Membership conditions are given by the Federation as follows:
(1) that the profit of the Co-operative Societies—the normal bank interest on the share capital apart—is distributed among the members in proportion to their turnover with the Society, and (2) that new members from the domain of the Co-operative Society are entitled to be admitted at any time.

The Federation of Danish Co-operative Societies according to information contained in their circular was comprised of the following Organizations:

(1) The Association of the Dairy Societies in Denmark.
(2) The Federation of the Danish Co-operative Butter Export Associations.
(3) The Federation of the Danish Co-operative Bacon- Factories.
(4) The Federation of the Danish Co-operative Cattle Export Associations.
(6) The Seed Supply Association of the Danish Agricultural Unions.
(7) The Co-operative Wholesale Society.
(9) The Jutland Co-operative Society for Purchase of Feeding Stuffs.
(10) The Islands Co-operative Society for Purchase of Feeding Stuffs.
The purposes of this Central Federation are:

"to strengthen and develop the co-operative movement in Denmark and keep it in touch with the international co-operative movement." The Federation convenes the annual meeting of delegates from constituent Associations and appoints representatives to co-operative gatherings abroad. In 1900 the Central Co-operative Committee joined the International Co-operative Alliance and also the International Alliance of Agricultural Co-operative Societies.

The following two tables dealing with the turnover, the number of local societies and the number of individual members in connection with the Federation of the Danish Co-operative Societies are taken from the Federation's Bulletin, "The Federation of the Danish Co-operative Societies" (De samvirkende danske Andelsselskaber)
## TABLE I— The Aggregate Turnover.

In 1926 the aggregate turnover of the co-operative societies and the organizations, which are represented in "De samvirkende danske Andelsselskaber" or collaborate with same, was estimated to be:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Turnover (million Kroner)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative Dairies</td>
<td>575</td>
</tr>
<tr>
<td>Co-operative Butter Export Associations</td>
<td>172</td>
</tr>
<tr>
<td>Co-operative Bacon Factories</td>
<td>415</td>
</tr>
<tr>
<td>Co-operative Cattle Export Associations</td>
<td>10</td>
</tr>
<tr>
<td>Co-operative Egg Export Associations</td>
<td>25</td>
</tr>
<tr>
<td>Co-operative Societies for purchase of Feeding Stuffs</td>
<td>115</td>
</tr>
<tr>
<td>Co-operative Wholesale Societies for purchase of fertilizer</td>
<td>22</td>
</tr>
<tr>
<td>Wholesale Society for the Retail Distributive Societies</td>
<td>138</td>
</tr>
<tr>
<td>Various Co-operative Societies about</td>
<td>8</td>
</tr>
</tbody>
</table>

**Total Aggregate Turnover:** 1480 million Kroner.

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$1 \text{ gold is equivalent to } 3.72 \text{ Kroner.}$

100 øre make 1 krone.
TABLE II  Local Co-operative Societies.

The Table below shows the number of local Co-operative Societies in 1925 and the individual members of same:

<table>
<thead>
<tr>
<th>Societies</th>
<th>Number of Local Societies</th>
<th>Number of individual members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative Dairies...........</td>
<td>1,362</td>
<td>about 185,000</td>
</tr>
<tr>
<td>Co-operative Butter Export Associations........</td>
<td>11 with 535 Local Dairies</td>
<td></td>
</tr>
<tr>
<td>Co-operative Cattle Export Associations........</td>
<td>18</td>
<td>about 22,000</td>
</tr>
<tr>
<td>Co-operative Bacon Factories........</td>
<td>47</td>
<td>&quot; 176,000</td>
</tr>
<tr>
<td>Local Societies for sale of Eggs........</td>
<td>700</td>
<td>&quot; 40,000</td>
</tr>
<tr>
<td>Local Societies for purchase of Feeding Stuffs........</td>
<td>1,280</td>
<td>&quot; 74,000</td>
</tr>
<tr>
<td>Local Societies for purchase of fertilizer.....</td>
<td>1,535</td>
<td>&quot; 76,000</td>
</tr>
<tr>
<td>Retail Distributive Societies........</td>
<td>880</td>
<td>&quot; 348,000</td>
</tr>
</tbody>
</table>

Details of the business of other Societies not given in the above tables are presented towards the end of this Section in the part dealing with other Co-operative Organizations, (See pages 67 - 69).
In addition to this visit the writer had an interview with the President of the Federation, Mr. J. T. Arnfred at the Askov High School, where he taught. Mr. Arnfred with his quiet manner rather typified the unassuming way in which Danish Co-operative Marketing is being conducted. Different subjects were discussed and Mr. Arnfred kindly helped in respect to literature on co-operative marketing and the Danish Folk High Schools which have influenced the development of the Co-operative Movement in Denmark. (See Bibliography)

With regard the Central Committee of the Federation mentioned on Page 18 the personnel is comprised of representatives from most of the constituent organizations. The Dairy Societies have the largest representation consisting of 5 members and the Co-operative Wholesale Societies are next with 3 members; most of the other Societies have either 1 or 2 representatives on the Committee.

Federation along the lines accomplished in Denmark fundamentally according to commodity and then for all Rural Co-operative Societies whatever products are handled, should be promoted in China as fast as there are enough Societies to warrant such union. It becomes a logical step from National Federation to an International Alliance. The International Co-operative Alliance had in 1927 members in 29 countries and associated auxiliary bodies in different parts of the world. The Alliance Office is at 14 Great Smith Street, Westminster, London, S. W. 1, where Mr. H.J. May
was Secretary at the time of the making of this survey. The publication of the Alliance is the "International Co-operative Bulletin." The writer is including here a statement of the aim of the Alliance as contained in the first article of its statutes, "The International Co-operative Alliance continuing the work of the pioneers of Rochdale, pursues independently and by its own means the substitution for the present competitive regime of private enterprise, the co-operative regime organized in the interests of the community as a whole and based on mutual assistance and self help."

In concluding this part let us consider a few questions of a general nature relative to the constructive character of agriculture co-operation. There is not danger of Co-operation becoming anti-socially monopolistic through mergers into large combinations; legislation in the United States bears out this truth. The free nature of agriculture production in the world precludes such a condition. To further illustrate this view the action of the various Wheat Co-operative Societies of the world in conference in May 1927 is pertinent. The question of an international pool was dismissed, and their attitude on association was revealed in the action in establishing an international bureau, which was to serve "as a clearing house for statistical information and matters relating to the development of international co-operation." Any socialistic tendencies were furthermore rejected by the Wheat Co-operative Societies.
It is desirable to discern the real nature of farmer's co-operation. Co-operation is one way adopted by farmers of conducting the business of marketing. It is in distinction to corporation and the antithesis of speculation in farm products. It needs to be born well in mind that with Danish Marketing Societies there is competition of their products on the basis of quality on the open world markets.

In contrast to the practice of those persons who by the speculative system seek to get the last dollar from their fellow man, the Danish Co-operative members have learned to work together in their business enterprises, and under sound, capable, and educated leadership, there has been phenomenal progress in the agriculture of the nation. It has been "all for each and each for all," to promote the happiness and prosperity of the farmer. The Federation of 1 Danish Co-operative Societies with its constituent organizations admirably exhibits these features of Rural Co-operation as they occur in Denmark.

1 The following literature gives information concerning the Federation of Danish Co-operative Societies:

"Co-operation in Danish Agriculture", by Harald Faber.

"Folk High Schools in Denmark and the Development of a Farming Community", by Beghup, Lund and Hanniche.
2. The Co-operative Dairy Societies.

(1) The Association of the Dairy Societies in Denmark, (De danske Mejeriforeningers Fællesorganisation) and The Federation of the Danish Co-operative Butter Export Associations, (De samvirkende danske Andels-Smørreksportforeninger).

The Office of the Association of the Dairy Societies is in Aarhus and was visited after Mr. Tayler had left for England. A part of the work of the Association is the publication of "Denmark's Dairy Work Statistics." This Union is the national organization of the Co-operative Dairies of Denmark and represents them nationally and internationally and deals with matters of general moment to the members. There are 3 Provincial Unions and these unite to form this Association for the whole of Denmark. Such a Federation has been a matter of growth; the first dairy was founded in 1883 and the Association was organized in 1912.

The following figures show the magnitude of the Association. There are 1372 Co-operative Dairies, with 185,000 members, who owned in 1925, 1,100,000 milk cows or 85% of the milk cows of Denmark. In 1926 the dairies received 3.8 million tons of milk from which they produced about 135,000,000 Kg. of butter and 25,000 Kg. of cheese, the total annual turnover being 575,000,000 Kroner. It is interesting to note that of all the dairies in Denmark, 80% are co-operative; however the prominence which co-operative marketing has attained in Denmark is built on a high quality
product sold on open markets, and not on high percentage control of the production of Denmark by their members; an emphasis on a high percentage of members in a district may tend to a movement for compulsory co-operation among all farmers which is contrary to the true spirit of co-operation.

These dairies are larger than the private dairies, though the largest one in Denmark, the Trifoliun at Haslev, which was visited, is a private business; it is a monument of Danish efficiency in agriculture.

The following tables adapted from the accompanying paper to the "Co-operative Societies in Denmark" by A. Alexsen Drejer, gives data as to the general character of these Societies, some of the information being from the "Dairy Work Statistics".

2 "Co-operative Societies in Denmark" by A. Alexsen Drejer, published by Federation of Danish Co-operative Societies, Aarhus.

3 "Dairy Work Statistics" published by The Association of the Dairy Societies in Denmark, Aarhus.
<table>
<thead>
<tr>
<th>Year</th>
<th>Number of co-operative farms per dairy</th>
<th>Number of co-operative dairies in proportion to all the Danish dairies</th>
<th>Aggregate turnover</th>
<th>The average turnover per dairy</th>
<th>Number of individual members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>144</td>
<td>78%</td>
<td>502</td>
<td>418,000</td>
<td>180,000</td>
</tr>
<tr>
<td>1920</td>
<td>143</td>
<td>78%</td>
<td>660</td>
<td>550,000</td>
<td>180,000</td>
</tr>
<tr>
<td>1921</td>
<td>144</td>
<td>80%</td>
<td>700</td>
<td>595,000</td>
<td>188,000</td>
</tr>
<tr>
<td>1922</td>
<td>145</td>
<td>80%</td>
<td>535</td>
<td>446,000</td>
<td>188,000</td>
</tr>
<tr>
<td>1923</td>
<td>141</td>
<td>80%</td>
<td>665</td>
<td>554,000</td>
<td>188,000</td>
</tr>
<tr>
<td>Year</td>
<td>Number of cows per dairy</td>
<td>Annual prod. of milk per cow</td>
<td>Weighed in quantity of milk per dairy</td>
<td>The actual working expenses (excluding expenses of cheese production) per 1000 Kg. whole milk</td>
<td>The net-income per 2 Kg. of whole milk</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------</td>
<td>-----------------------------</td>
<td>--------------------------------------</td>
<td>-------------------------------------------------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td>1919</td>
<td>767</td>
<td>1658</td>
<td>1.3</td>
<td>3096</td>
<td>31.4</td>
</tr>
<tr>
<td>1920</td>
<td>825</td>
<td>2142</td>
<td>1.8</td>
<td>3023</td>
<td>31.4</td>
</tr>
<tr>
<td>1921</td>
<td>869</td>
<td>2503</td>
<td>2.2</td>
<td>2756</td>
<td>24.9</td>
</tr>
<tr>
<td>1922</td>
<td>864</td>
<td>2592</td>
<td>2.3</td>
<td>2193</td>
<td>17.4</td>
</tr>
<tr>
<td>1923</td>
<td>892</td>
<td>2749</td>
<td>2.5</td>
<td>1862</td>
<td>20.4</td>
</tr>
</tbody>
</table>
The Federation of the Danish Co-operative Butter Export Associations.

Mention is now made of the Federation of the various Butter Export Associations located at Horsens and founded in 1918. This was not visited but information is presented taken from reports obtained at the Office of the Federation of Danish Co-operative Societies at Aarhus. This Butter Export Association is educative and attends to matters relative to the promotion of butter export from the constituent Butter Export Societies. In 1926 there were 11 Export Societies with a membership of 550 Local Dairies and an output of 47 million Kg. of butter valued at 225,000,000 Kroner (1925).

Only one third of the Co-operative Dairies in Denmark are members of these 11 Butter Export Societies, who in turn ship only 40% of the total butter exportation of Denmark, the balance is handled through private distributors. Here is a signal example of security in co-operative marketing with control of less than half of the trade. The Export Societies are particularly significant since the great bulk of Danish butter is exported.

Two of these Export Societies were visited, the Danish Dairies in Copenhagen, and the Farmers of South Funen Butter Export Association, Svendborg. The first named has the distinction of being by far the largest and the other one claims the honor of being the oldest. The Danish Dairies in 1925 shipped about one third of all the butter exported by
the 11 Societies in the Federation, and handled approximately twice as much as the next largest Society located at Esbjerg.

(2) The Danish Dairies, (Danske Mejeriers Andels-Smøreksport-Forening), Copenhagen.

The Danish Dairies is the largest Butter Export Co-operative in Denmark.

1. General Features of Organization. This is an Export Society and with the other 10 Societies mentioned just previously comprises the Federation of the Danish Co-operative Butter Export Associations. The Danish Dairies in Copenhagen is the central office for this large Export Co-operative which includes 212 Local Dairies (1925), or approximately 37% of all the Co-operative Dairies in Denmark with an export business comprising about 32% of the total exporting done by these 11 Export Societies (1925). In addition to the headquarters in Copenhagen the Danish Dairies have branch offices in at least six provincial towns.

ii. Marketing System. The Sales Office is characterized by efficient merchandising. The Head Office is autonomous in the distribution of its own butter and follows the procedure just mentioned above. The Federation is purely educative and promotional, not administrative. The Danish Dairies have standing orders for butter on which they make shipments; they have their own market representatives abroad, there being one in England and one in Germany at Berlin. Their butter is sold directly to dealers in foreign countries.
iii. Method of payment to Local Creameries for Butter.

The system of quotations for export butter is of interest and applies also to all the Butter Export Societies. The price for the week is determined by the official Copenhagen quotation which is fixed by a board of ten members, five co-operative and five representing private trade; payments are made to the constituent members of the Danish Dairies with some modification according to the quality of the butter from each Society, which is determined by regular weekly testing of sample casks at Copenhagen; prizes are awarded to the Dairies for the highest quality. Deductions are made for the cost of distribution by the Export Society; then at the end of each year the surpluses on hand are forwarded to the local Creameries.

iv. "The Lur Brand." The milk production of Denmark is about 4,000,000 tons annually, of which about 65% is used for butter manufacture; around 77% of Denmark's butter is exported, about 30% of which amount in 1926 was purchased by England. This trade has been built up by combining scientific knowledge and practical skill to produce butter of high quality. Quality has so dominated the sale of Danish export butter that the Danish Government has taken charge of the "Lur Brand" and has established standards and regulations which must be conformed to by exporters of "Lur Brand" butter. The brand was originally the trademark of a single dairy and gained prominence for representing quality. This mark is now a symbol of quality and nationality, it is a guarantee for Danish goods on the market by the Danish Government.
The following regulations are given in detail from a booklet published by the Association of the Dairy Societies in Denmark, to show the significance of maintaining a reliable brand in Co-operative Marketing.

"In accordance with the Law of April 12th, 1911, it is stated:

(1) that no Danish butter must be exported from Denmark without the butter itself as well as the packing being provided with the "Lur Brand",

(2) that it is prohibited to export butter, if the water contents exceed 16%,

(3) that it is prohibited to export butter containing any other preservative than common salt,

(4) that it is prohibited to export butter which is colored by any aniline dye, and

(5) that Danish butter must not be exported, unless it is made of pasteurized cream or milk (i.e. heated to 80 degrees C., 176 degrees F.).

While the above regulations mostly are aiming at the production of butter, the Law of April 10th, 1926, contains the following regulations for the butter trade:

Lur-branded butter may be exported,

(1) only if packed in packages of net weight 112 lbs. (50.8 kg.), 84 lb. (38.1 kg.), 56 lb. (25.4 kg.), and 28 lb. (12.7 kg.), and

(2) provided the packages bear an indication of the date of manufacture of the butter.
(3) The net weight must be marked (in lb.) on the lur-branded staves and on the ends of boxes. The indication of the net weight forms a part of the Lur-Brand and must not be removed.

(4) On all lur-branded butter, marked with the net weight, must at the place of manufacture be placed a mark showing the date, month and year of manufacture. This mark must be placed on lur-branded staves and ends of boxes on a place corresponding to that of the number of control. The mark must also, besides on the lur-branded staves, be placed on the control labels, in a space reserved for such use.

(5) It is prohibited to export from Denmark butter in packages from which any part of the butter has been removed, except samples drawn for control or to test the quality, or to which any butter has been added after the control labels have been placed on the butter."

4. "Danish Butter" published by the Association of the Dairy Societies in Denmark, Aarhus.
The State by means of Government Control safeguards to consumers the quality of "Lur Brand" Butter by a system of inspection which may be performed by their representatives at the Local Creamery, at the Export Warehouse or at the point of shipping. We again quote from the above mentioned publication.

"Consequently, buyers of lur-branded Danish butter are guaranteed:

(1) to obtain butter which is

(a) free of tuberculosis.
(b) not containing more than 16% of water, and
(c) not containing any other preservatives than common salt.

(2) that the packing of the butter is provided with stamps indicating

(a) the net weight of the butter
(b) the date of manufacture."

The government restrictions relative to "Lur Brand" are rigidly enforced.

v. The following information is worth noting in respect to the history, form of organization and business management of the Danish Dairies. The Danish Dairies was organized in 1904 and has in its membership private dairies as well as co-operative creameries. The growth has been phenomenal from 66 Local Dairies in 1904 to over 200 in 1927. In 1925 the business amounted to 15.5 million Kg. of butter with a value of 72 million Kroner.
Payment to members is made on the basis of quality, examinations being conducted in the export warehouses of the Danish Dairies; much emphasis is placed on this testing by the Export Society. The property is the security for debt, and the members are liable to responsibility for only those loans authorized by the board of representatives chosen at the general meeting. The members are jointly liable for such a loan in proportion to their deliveries the previous year, the total liability of members, however, is limited. A manager chosen by the board of representatives conducts the regular routine business of the Association. The responsibility and the executive demands for performing such work, make it imperative that a person of high administrative ability be selected.

The Danish Dairies of Copenhagen includes not only the Head Office but one of the Co-operative's Export Centres. This is a type of a Central Sales Society for the marketing of a single commodity.

(3) Visit to the Farmers of South Funen Butter Export Association (Sydfyenske Landmaends Smøreksportforening), Svendborg, Funen.

This Co-operative Society is the oldest Butter Export Association in Denmark having been organized in 1895. There were, in 1927, 34 Locals which were members of this Association, each operated by a manager. They, with the various representatives, attend the general meetings though they have no vote in the business of the Association. An
Executive Committee of three is chosen from the members of the various Societies to conduct the business of the Association on their behalf. The Association has also a Managing Director who has the responsibility of the administration of the intricate problems of such an extensive organization and of the maintenance of the standardized "Lur Brand." He must represent the farmer members in matters of distribution and price.

This Society with its 34 subsidiary Locals is the fourth largest in Denmark, in respect its annual turnover. Its business in 1925 amounted to 3 million Kg. valued at 14.4 million Kroner. It has a branch in Odense for North Funen.

The Managing Director at Svendborg kindly explained the system of control followed by the Association in maintaining the "Lur Brand" and in obtaining the date for payment to the Local Creameries which is fixed from the official quotation with variation according to the quality of the butter delivered by each Local for export.

Each week every Local sends a sample of butter to the Head Office at Svendborg where all the quality control is done by the Association. Five managers come to Svendborg to make these tests of sample casks. In this way the Managers learn the quality of the products of various Creameries, which has practical significance since payment is made on a quality basis.

The distribution is made from Odense by steamship
to the export market. There are regular customers who purchase from the Co-operative; the product is sold by telegram or letter, the price being the official Copenhagen quotation.

The method of remittance to farmers is the same as with the Danish Dairies. Payment of surpluses to Local Dairies is made at the end of each year in proportion to their shipments through this Central. During the year the money for butter is forwarded to Locals, deductions being made for the handling charges of the Export Association, there being such variation to different Locals as is necessitated by the results of the quality test made each week. It may be added that the Association arranges the business in such a way to insure the existence of a surplus each year to pay the Creamery for distribution to the farmers.

This Association, as is the case with others, prints for distribution a pamphlet telling its constitution and regulations.

(4) Visit to Broelde Co-operative Dairy.

This is a local co-operative Creamery typical of the 1372 Dairies dotted over this land where the farmers finance even the purchase of their agriculture supplies by special Co-operative Societies. This Dairy is also a representative of those dairies that sell their product to private exporters, and supply about 50% of the Danish export butter. Of the fresh milk, 96% is made into butter and the balance is used in the home and for cheese. Around 90% of all the export butter is produced in Co-operative Dairies.
This Dairy has 160 members which would include perhaps all the farmers of the community. This figure compares well with the average of 141 farms per Co-operative Dairy given in Denmark's Dairy Work Statistics (See Page, 23 Table III). Efficiency of operation appears to be of greater significance than size of plant in the Dairy Societies. The building was small, yet equipped with adequate machinery. It was in charge of an efficient manager who carried on the work with a limited but capable staff. The efficiency of practical operation and the utilization of scientific knowledge which characterizes the whole Agriculture Co-operative system of Denmark was revealed in this small unit in the great Association of Danish Dairies.

Here the personal touch is evident; the manager knows his members; the members are all interested in the Dairy which to them is a regular and necessary part of their daily round of business, for the Danes have learned and delight to work by Co-operation. They know it is profitable, and are happy in the democracy which it brings to their social life in the community and in the nation.

(5) This Society is one of 40 others which sell their butter to a private exporter in Odense. A reference to available figures showing the number of Locals which are members of the various Export Societies will reveal that with the exception of the two largest Associations there are from 18 to 45 Societies comprising each Export Association. This indicates that the private exporter can handle the volume of
business done by one Co-operative Export Society. Such a
collection illustrates that Co-operative Marketing is a new
way of doing business in the financial interests of farmers;
it is this rather than the forming of a corporation along
monopoly lines, or eliminating any steps in marketing and
reducing to any marked degree the cost of distribution; the
stabilization of the marketing machinery, and production ac-
cording to consumer demand are more important than the lowering
of the costs of selling; however, the profits of marketing
in co-operation are returned to the producers and do not go
to private "middle men" interests.

The marketing arrangement of the Broelle Co-
Operative Dairy is not in the interests of desirable inte-
gration of Co-operative Societies dealing in a certain
commodity. This centralization is favorably exemplified in
Denmark both as to commodity marketing as in the Danish
Dairies and in matters relative to Agriculture Co-operative
Societies in general, as in the loose association of the
Federation of Danish Co-operative Societies. Nevertheless
it shows a remarkable business relationship between Co-operative
Societies and private exporters in the marketing of Danish
butter. This toleration for private business is a commendable
feature of the Dairy Societies. In fact, two characteristics
stand out in respect to the conduct of co-operative marketing
in Denmark, the disregard in the competitive sense of pri-
ivate shippers and the reliance in the merchandizing of their
produce upon quality.
Summary. We have dealt with Co-operative Dairy Societies rather fully since they are the outstanding example of Danish Co-operation. Moreover, the soundness of co-operative marketing principles in their application to dairying has been verified in experience in different countries.

The efficient production and merchandising of "Lur Brand" butter which goes forward at a fair price to the producer and the personal interest, satisfaction and atmosphere of security which characterizes the membership of these Dairy Societies illustrate the expression, "Better farming, better business and better living."
3. Co-operative Egg Export Societies, (Danske-Andels Aegexport

(1) This organization illustrates admirably the principle of commodity co-operative marketing and export so efficiently developed in the Dairy Societies. With eggs there is only one National Organization founded in 1895, and not eleven Export Co-operatives.

Historical Background of the Danish Egg Export Co-operative.

About 1890 complaints concerning Danish eggs were heard from the English market, the chief consumers of the Danish production. In fact it was said in a publication of the day, "The Danes, who are themselves fond of good food, demand that we should close our eyes and hold our noses when we are eating Danish eggs." The faults were both in production and in salesmanship. The farmers were finally aroused to the fact that regular trade could be built only on improved conditions, and as a consequence in the 90's local circles were organized for the assembling and selling of eggs. The market as a whole was not affected much by this move and in 1895 centralization was accomplished with the linking together of all the Local Co-operative Egg Societies into one National Egg Export Society. This historical background is briefly but clearly set forth in a paper on "Co-operation in Danish Agriculture," by Alexsen Drejer, distributed by the office of the Federation of Danish Co-operatives at Aarhus.

General Organization and Size. This Co-operative consists of
50,000 farmer members grouped into 700 Local Societies; there are 15 Shipping Centres at various points in Denmark, and one Central Sales Agency at Copenhagen. The volume of business handled by the Co-operative was about 9,000,000 Kg. of eggs per year according to Direcktor E. Housen who was interviewed at the Head Office in Copenhagen.

The managing Director conducts the general business having charge of the merchandizing for the whole organization; there is also a directorate who give the farmer democratic control, an essential feature in all agricultural co-operation. The 15 Shipping Centres ship to markets according to the determined channels of distribution and the needs of prompt movement; the Locals assemble, grade, stamp and either store or immediately ship the eggs delivered by the farmers.

The financial association of the Locals and the Central is effected by a system of reserves. Each Local Society must agree to allow the setting aside of money towards a reserve fund, held by the Export Society; this makes for the economic stability of the Co-operative. The reserve fund is held by the Co-operative and only paid to a Local upon its severing relations with the Export Society. It needs to be emphasized that in this Co-operative, as in others in Denmark, the locals are the real foundation of the marketing organizations.

The Co-operative Bacon Factories also handle eggs as
a side line, or as a subsidiary activity in their regular business. This trade is independent of the work of the Egg Export Society, and furthermore, in the abattoirs is kept separate from their regular bacon export business. Dr. Drejer in the above mentioned paper describes egg marketing as follows, "The procedure adopted in these cases is that the slaughteries accept delivery of eggs from their own members, pay a certain proportion of the value on receipt and at the end of the year divide the surplus profit—if any remains—among the members in proportion to the quality of the eggs delivered by them."

The total Danish egg export was placed at 41.6 million kg. in 1924, about 25% of which was handled by the Egg Export Co-operative and the Co-operative Bacon Factories. The division of the co-operative egg marketing is 57% for the Export Society and 43% for the abattoirs. It may be clearly shown here that the limited percentage control of the Danish Egg Export Society is not the significant factor in the stabilizing of poultry farming in Denmark, but quality production with orderly marketing are the elements which have brought prosperity.

(2) Visit to the Danish Co-operative Egg Export Society. (Dansk Andels. Aegexport) Vestervolgade 7-9, Copenhagen. This office is the Central Sales Agency for the 700 Local Societies and controls the 15 Shipping Centres, one of which is located at the above address. The chief aspect of the marketing done by the office is merchandizing which means the
orderly supplying of the market with a quality product. Not all the eggs are immediately shipped, but some are stored and forwarded at the time of light production. The Sales office has market information and eggs are moved to the English buyers from the various shipping points according to a centralized market plan and control.

An interesting feature of this marketing system is the maintenance of a high standard product through a system of numbering each egg. At the Local the farmer's individual number and that of his Local are stamped on the egg. Then at the shipping point the date of consignment is marked on the egg. It is therefore possible to trace to each producer every bad egg occurring in shipments. A method of penalties has been adopted; this amounts to $1.34 per egg for the first offence and $2.68 for the second offence. Such standardizing of the fresh quality of the eggs has meant much to the favorable development of the export trade.

Pooling of the eggs of all members is adopted as the method of preparation and shipment. The eggs are put together according to size and grade, and then when returns come from the market from sales, distribution is made to members in proportion to their contributions for the period included in the pool. Each member thus receives a uniform price for goods of similar quality. Here the co-operative spirit is shown clearly when the large producer helps his neighbor sell his few dozen eggs on the distant world market and accepts the same proceeds as his fellow member.
The sales services are performed at cost and in some Co-operatives with an efficiency which accomplishes a saving to farmers in comparison with some private marketing systems conducted on a speculative basis.

The price for the eggs is determined by a weekly quotation, and Locals are paid on that basis and the proceeds distributed by them to members. At the end of the year the surplus above what is required for the reserve fund is further forwarded to Locals for their farmers. Working capital is obtained by bank loans secured by the members, in joint liability. According to the Director interviewed, the profits at the end of the year were divided one half for reserve fund and one half as surpluses to the producers.

The members are bound to the Locals by a contract for not less than one year. In this way the Export Society as the sales agent for the Locals is guaranteed a uniform supply from the producers.

(3) Visit to the Local of the Danish Egg Export Society (Dansk Andels Ageksport Klostervej, Odense). This local has a capacity of handling 26,055 Kg. of eggs a week, and comprises 500 to 600 members. However, in Denmark one such farmer may operate through 4 or 5 Co-operative Societies. The Danes have learned the "co-operative habit" and like that method of doing their business; he may sell his hogs to the Co-operative Bacon Factory, and his milk to the Co-operative Dairy, and belong to a Control Society for improvement for his livestock, and purchase his groceries from a Co-operative
In the Local visited a limited staff were kept busy receiving eggs as they were delivered. They performed sorting, grading, stamping and packing. The eggs for export are graded according to weights as 18, 17, 15\(\frac{1}{2}\), 14 and 13 livres; one case contains 1,440 eggs, and each egg is stamped by the operator showing the farmer's number and that of the local, as previously noted, which serves for checking the origin of bad eggs according to reports from the markets. The payment of fines for unsaleable eggs is required as a refund from the guilty member.

A regular supply of fresh eggs for the market has been the aim. An important feature of the egg trade is the large scale storage practised by the Locals providing preserved eggs on the market. In the basement of the Odense Co-operative were huge concrete tanks each one capable of holding 100 cases, or 144,000 eggs. Upon the occasion of the writer's visit some of these were filled with eggs, the preserving water glass with its air-tight coating on the surface of the tank providing hermetically sealed storage. Such a system is very wise, since a glut on the market is prevented which would result from supplying the consumers with large quantities at the time of high production. In handling eggs as a commodity a combination of quick distribution and routings and storage is used to accomplish efficient merchandizing.

(4) The basic principles of Co-operative Marketing.
It should be noted that Co-operative Marketing is the application of sound marketing procedures and principles to the sale of farm products by a group of producers. The Export Egg Co-operative just described will illustrate the following cardinal points in Commodity Co-operative Marketing whether found in Denmark, New Zealand, the United States or Canada:

i. The main purpose is to merchandize the products of members.

ii. The organization is developed to market the commodity as a whole.

iii. Contracts are made between farmers and their Co-operative Society (the Local) and between the Locals and the Sales Agency (the Central).

iv. Grading is established and returns are made to members on such basis.

V. Products of all members are pooled according to size, grade, etc.

vi. The Sales Department is controlled by market specialists.

vii. The Co-operative operates on a non-capital, non-profit basis.

viii. Farmers only are members and control policy and procedure; there is a "one member one vote" democratic control.

ix. The Co-operatives have a semi-public character.

Summary. The Co-operative egg export business illustrates what has been the main emphasis of Danish Co-operation, i.e. standardized quality production. Not high
prices, not percentage control, but a stabilized market characterized by competition on a quality basis through orderly forwarding of supplies has been the Danish programme. This plan has resulted in improved production, efficient and economical distribution, and a regular market built on consideration of consumer demand.

The English purchaser no longer has doubts about Danish eggs, and the numbers on the egg served him would reveal, if he knew, even the identity of the hen which produced the egg for his breakfast.

The government has recently enacted a law similar to that covering "Lur Brand" butter, which grades Danish export eggs as fresh, preserved or damaged.

In the second place there has been a distinct national benefit apart from the benefits to members of the Co-operative through a standardized product and a stabilized trade. The economic significance of the Co-operative Egg business to Denmark is very apparent. The Co-operative export has risen from 17.5% of the total Danish egg exportation to 22% in 1923; the total turnover of the two Co-operative egg shipping Organizations amounted in 1923 to 42.3 million kr.; 86% of the eggs received by these Export Societies and the Co-operative Bacon Factories were exported. The aggregate export through such organizations has increased in the five years from 1919-1923 from 3.7 million Kg. to 11 million Kg.

In the Co-operative Egg Export Society the business rose to 20 million Kr. in 1925; hence stabilization
in the poultry business and such an enormous gain in the total Danish egg export which has raised it to a place of third prominence in Danish Co-operative Agriculture Export is an accomplishment paying ample tribute to the contribution made by this highly integrated Co-operative organization in the economic life of Denmark.
4. The Federation of the Danish Co-operative Bacon Factories.
(De samvirkende danske Andels-Svineslaughterier.) Axelborg, Copenhagen.

(1) This Co-operative Organization whose Head Office is in Copenhagen, is second in Denmark among the Marketing Co-operatives, though its significance in its lessons for China lies in its future applicability, and in the deducing from it of principles suitable to fruit and other products of the farm.

The historical background of the Co-operative Bacon Factories. The development of the Co-operative Slaughteries was based on the changed consumer demand occasioned by the checking of the German market for live hogs with a subsequent fall of prices and the development of the English bacon trade. Breeding was changed and export bacon became the chief feature of an industry which gradually rose to huge proportions in Denmark. Prior to this fundamental change in the hog business there were few slaughteries, but after 1887 there were 47 in a few years.

Organization and Extent. There is one national Federation, The Federation of Danish Co-operative Bacon Factories, with head office at Axelborg, Copenhagen; then there are 50 Locals scattered throughout Denmark with a membership in 1925 of 170,000. This central organization was founded in 1897, 20 years after the establishment of the First Co-operative Bacon Factory. The central office looks to matters of common interest in Denmark and abroad. The
federation has a system of risk insurance for the various factories. The significant feature of the organization is the existence of strong Locals. The type of national organization is thus one of loose association or federation, rather than integration as with the strong central sales agency of the Danish Dairies and the Co-operative Egg Export Society.

These statistics will show the scope of the Bacon Co-operative Societies. In 1924 the turnover was 500 million Kr. and 33 million hogs were killed. Co-operative members in a recent year owned 80% of the total stock of pigs of Denmark. In 1924 the exports of bacon and other abattoir products amounted to 532 million Kr., 5/6 of which total was shipped from the co-operative factories.

(2) Visit to Haslev Export Bacon Factory. (Haslev Eksport Slagterie). This bacon factory is of the combination type previously mentioned, since there is also a department which handles export eggs. There is not the specialization in this Co-operative as in the Egg Export Co-operative at Odense previously described; the egg business is secondary to the meat packing and is not provided for so efficiently as at the Odense plant with regard to equipment and storage facilities. There are in all 7 of the 50 factories which handle eggs as a side line, which carried on in 1925 an export business in this branch amounting to 5 million Kg. with a value of 13 million Kr.

The visit to this Co-operative was made very
pleasant through having in our party Mr. Thorlu, the Vice-
Director of the Haslev High School; this same day Mr. Thorlu
also escorted us on a trip to the Trifolium Dairy at Haslev,
the largest in Denmark though not a co-operative enterprise,
and he not only arranged our visiting a middle-sized farm of
30 hectares but at length discussed the Inner Mission Schools
at Haslev and the Danish School System. Mr. Thorlu's interest
in the Co-operative movement is but indicative of the
contribution made and still given by the Danish Folk High
Schools to this progressive movement of Danish farmers.
Reference is made elsewhere in this report to the valuable
contribution of the Folk High Schools to Rural Co-operation in
Denmark. (See Section IV).

Mr. Thorlu had just sent some hogs from the
School to the abattoirs and one could sense in his inquiries
as to this item of business and his whole interest in the co-
operative movement in his country the quiet happiness and
security which pervades Danish rural life through the preval-
ence of co-operation in the business life of the farmers.

The members of the Co-operative Bacon Factories
agree to sell all their hogs to the organization. At Odense
there is a compulsory delivery of 10 hogs per year for each
member; members are allowed to retain what they need for home
consumption. These contracts are for periods of 7, 8, or 10
years.

The administration is in the hands of a committee
chosen by the members, the dairy type of organization pre-
vailing, with the final authority in the hands of the general meeting of members. The committee choose a director who attends to routine business, and has responsibility for the general management and the sale department of the organization.

The scheme of financing for the Co-operative Bacon Factories is generally along the lines of the Dairy Societies. The working capital is obtained by loans secured by joint responsibility of members. Banks will lend money to a well-organized concern where there is some central authority in regard to control of sales. The members bear responsibility according to a subscribed amount per pig or for a share in proportion to their deliveries, while the management has a fixed liability total, which cannot be exceeded unless consent is given by the general meeting. Each week a quotation is given to members who may thus determine the advisability of selling; then the Co-operative makes its return to the farmer on that price basis. At the end of the year, as a rule, the accumulated net profits on the operations of the Association are distributed as a surplus to the members in proportion to their deliveries. It happens that a Society so orders its business as to have profits to pay the members at the close of each fiscal year.

This merchandizing method is a contrast to the practice of sending a poorly graded product to a "middleman" in a foreign country and accepting the price paid by this distributor. The farmers have included marketing in their
production and have reasonable control of their products at the selling end, ensuring them a reasonable return for their labors.

(3) Visit to the Odense Co-operative Bacon Factory. (Odense Eksport Slaughterie). This plant is the largest Bacon Factory in Denmark. Its volume of business and efficient operation show the significance of the individual local organization in this co-operative business.

In the local bacon co-operative there is need not only to assemble the meat but to market it, which means an increased importance to the director’s position. Another special feature of these bacon plants is the utilization of offal and the consequent marketing of by-products. There is a combination of marketing services and integration of manufacturing process related to the production of breakfast bacon which shows the unique accomplishment of many co-operative organizations. In many phases of production such societies have made beneficial contributions which are acknowledged by private interests.

The plant of the Odense abattoir is a credit to the members and a model for private manufacturers. The arrangement is to promote rapid and efficient handling of the hogs. First veterinary doctors make sure of sanitary meat, then skilled workers care for the handling of the materials for the by-products, and in a few minutes the butchered carcass is in the processing rooms. After an expert pickling treatment of the sides of bacon, they are piled and cured and then shipped.
to England. Ten days elapse from the receiving of the live pigs to the distribution of "Lur" brand bacon to the English market.

In this business there are the difficult operations of processing, manufacture of by-products and export sales. This gives to these bacon factories special significance in respect to co-operative organization and accomplishment. Some of these aspects would find a place in the co-operative handling of fruit in North China.

(4) Processing in Denmark for Marketing and the Question of Livestock and Improved Agriculture for China.

This type of co-operative society shows the value of processing agriculture products for marketing. Produce may be sold direct to the consumer, may be stored or processed, or converted into by-products. Danish butter, preserved eggs and bacon illustrate these methods of handling goods in preparation for market. The change in the hog industry from exporting live pigs to merchandizing breakfast bacon for the English trade is due to the alertness and resourcefulness of the Danes in producing and marketing to suit consumer demand. Much attention is given today to demand creation by advertising, but the farmer can often accomplish much in his business in raising goods and selling them to fill an existing demand on the part of purchasers.

The prosperity attending the change in hog production both as to breeds and the form of the marketed product is suggestive of an important principle at the basis
of the expansion of the livestock industry. It is more profitable to market grain in the form of livestock or meat than to sell the grain on an overloaded market. In China it is desirable to increase livestock farming for the food of the people, and because of this economic aspect of the livestock industry and also by reason of the benefit to soil fertility from manurial supplies.

Certain benefits to producers from co-operative marketing are distinct with the co-operative bacon factories. There has been a more accurate and helpful forecast of the market conditions than generally prevails under a system of private distribution. This market information is taken advantage of also by independent shippers, and hence the benefit is to the whole trade and all the nation. Furthermore, there has come from these bacon factories an improvement and maintenance of the standard of quality which has made for a steady consumer demand and security for the farmer in his production. The "Lur brand" used for butter is also employed for bacon, and is now protected by the Danish government through a severe system of inspection. It is possible by the control number to trace the origin of any side of bacon thus checking the producers, and the bran guarantee means a premium price on the export market. The standardization of the product to suit consumer demand has thus brought stability to the producers, and contributed much to Danish agricultural prosperity.
5. The Seed Supply Association of the Danish Agricultural Societies. (Danske Landbofærenings Proftsyring) Roskilde.

(1) The organization of the Danish Seed Raising Societies came from the need of improved seeds on the part of the farmers. Accordingly in 1906 there was organized by those engaged in crop production the Seed Supply Association of the Danish Agricultural Unions. The object was to promote the growing of a high quality seed for use both at home and abroad. There are five Locals with the Central Office at Roskilde. In 1925 the Co-operative comprised about 3,000 members with an annual turnover of about 6 million kroner.

In regard to the growth of the Seed Supply Association, the war conditions in Allied and Central Powers' countries made possible for Denmark profit from her neutral position in her export of seeds.

(2) Visit to the Odense Seed Co-operative for the Production and Marketing of Seed. After visiting the historic Agricultural School at Dalum the writer visited the plant of the Co-operative Seed Society at Enggade. By means of an examination of the plant and the demonstration of the operation of some of the machinery, an instructive exhibition of the work of this interesting type of business was afforded. This Local has 300 members, the largest branch being at Roskilde. The D. L. F. head plant at Roskilde shows the magnitude to which this business has grown in a little over two decades, and illustrates the enormous amount of capital the Danish Farmers have invested in their properties.
At Odense the seeds handled include beet, corn, potatoes, hay and barley. The plant is equipped with adequate machinery according to seed plant engineering, for a large capacity, however, the cooperative at Roskilde is capable of a considerably larger turnover than that at Odense.

(3) Seed production is of significance to North China. It would be well for those interested in Seed Raising in China to follow the development of the work begun by the Department of Agriculture at Yenching University.

The encouraging of northern grown seeds and the development of co-operative handling and marketing for the same would undoubtedly be a great benefit to somewhat adversely static conditions of farming in North China at the present time.

There are these reasons favoring the co-operative handling of seed-production:

(a) The small lots of some individual growers can be easily handled.

(b) The building and plant are expensive and the necessary machines can be bought and installed co-operatively.

(c) Distribution is facilitated.

(d) The seed industry, high grade production and also handling are aided considerably by co-operation.

(4) Co-operation among Co-operative Societies. There is a close relation between the Danish Co-operative Wholesale Society and the Co-operative Seed Supply Association, the former caring for a large amount of the trade of the latter.
This opens up the question of co-operation among Co-operative Societies in relations of buying and selling; for instance at one time the Canadian Co-operative Wheat Growers purchased goods from a Danish Co-operative organization, and helped in that way the Danish farmers to pass successfully a period of much hardship in their marketing. The English Co-operative Distributive Societies have handled "Lur brand" butter, thus greatly helping the Co-operative Export Dairy Societies to surmount independent competition. Black in "Production Economics" points out how co-operation has eliminated to some degree disadvantageous bargaining from the buying and selling of farm products. Frewett towards the end of his volume on "The Marketing of Farm Produce" suggests as a probable desirable solution of the maladjustment in the present production system a plan of centralization to accomplish sales by producers' societies to consumers' organizations. There has been a further proposal that co-operative stores agree to purchase over given periods the produce of co-operative marketing societies.

5 Introduction to "Production Economics", by John D. Black, pp. 368, 369.

6 "The Marketing of Farm Produce", by F. J. Frewett, pp. 96-103.
In China we have already Co-operative Credit Societies through the far-sighted policy of the Committee on Rural Co-operation of the C. I. F. R. C. The experience with Co-operative Stores in China should be studied in this connection. With the development of Co-operative Marketing Societies would come the opportunities of mutual association among co-operative organizations. This co-operation in business among Co-operative Societies would make for their prosperity and security and the common welfare of the whole nation.
6. The Federation of the Danish Co-operative Cattle Export Associations. (De samvirkende danske Andels-Kreatureksport-foreninger), and other Co-operative Societies.

(1) Co-operative Cattle Export. Upon leaving Denmark the writer passed through Esbjerg, in Jutland, where is located the Head Office of this Co-operative Association.

This Federation Co-operative of Export Societies for sale of stock is of recent origin having been formed in 1916; the Local Societies of which there were eighteen in 1925, were formed to effect the sale of cattle, which the producers desired to market outside their local district. The members agree to dispose of all their surplus stock through the organization. Three prominent breeds raised are the Danish black and white, the Shorthorn, and the Danish Red; though the last named is not so important for export.

The various Co-operatives are of the type of organization of the Bacon Factory with most of the authority resting with the individual societies, the national organization at Esbjerg caring for the general interests of the Societies.

Some of the cardinal principles of pools and joint responsibility are illustrated in the organization of the societies which are here set forward in a quotation from a speech of A. Axelsen Brejer, delivered at the International High School at Helsingør.

"The member delivers his cattle to the local depot and receives a price fixed in accordance with the
currant market value, less the expenses incurred by the society. The cattle thus sold become the actual property of the Society and the sale and distribution is controlled by them; at the end of the year any surplus funds are distributed among the members in proportion to the number of cattle delivered. On the other hand the members are responsible in proportion to their delivery for any loss which may be sustained by the society."

Available statistics show a steady growth in membership from 1919 to 1923, the figures for the two years being 17,604 and 24,215 respectively. The comparison of the business reflecting conditions in the Societies and the market are given herewith.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Locals</th>
<th>Number of Members</th>
<th>Aggregate turnover (Million Kr.)</th>
<th>Heads of cattle received</th>
<th>Average turnover per head (Kr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>12</td>
<td>17.604</td>
<td>22.5</td>
<td>37,098</td>
<td>650</td>
</tr>
<tr>
<td>1921</td>
<td>17</td>
<td>25,165</td>
<td>31.7</td>
<td>70,055</td>
<td>453</td>
</tr>
<tr>
<td>1923</td>
<td>17</td>
<td>24,215</td>
<td>15.9</td>
<td>45,898</td>
<td>346</td>
</tr>
<tr>
<td>1925</td>
<td>18</td>
<td>15,500</td>
<td>10.0</td>
<td>40,000</td>
<td>250</td>
</tr>
</tbody>
</table>

These yearly co-operative turnovers form a considerable share of the total Danish cattle export, which in 1913, a year higher than normal, amounted to 46 million Kroner. The figures in Table V with such wide fluctuations
in members, heads of cattle received, turnover in Kroner and average turnover per head, show the fluctuations which especially attend newly organized co-operative societies. In the history of Co-operation in the United States, there has been an exceedingly high percentage of failures in co-operative associations. However, experience in that country has shown that sound business organization and capable leadership has enabled many societies to successfully overcome the vicissitudes of their adolescence.

**Summary.** The Cattle Export Societies are not so vital at the present stage of the development of Chinese agriculture. However, they here illustrate organization features, and give encouragement in regard to facing changing market conditions. In the stock exportation we see another example of how the genius of the Danish farmers has brought to them a solution of a problem of national production and marketing. The Napoleonic Wars checked the export of corn, causing the adoption of stock raising; then the Prussian victory of 1864 closed a continental export market, and the resourceful and alert Danes developed the English live stock market. The writer desires to emphasize at this juncture the need of increased emphasis on live stock in China. Such a condition aids in maintaining permanent fertility on the farm, and would mean the originating of breeding societies and the introducing of the methods of scientific agriculture as they relate to stock raising. The general result would be increased rural and hence national prosperity. Live stock in
China would help solve the food problem of the people, would be sound economics in grain production from the point of view of marketing, and would encourage a reliable system of cultivation.

(2) **Co-operative Purchase.** There are other forms of Rural Co-operation which are of importance in Denmark, and the National Co-operative Wholesale Society and Local Distributive Societies have both urban and rural scope. Since this report deals specifically with Co-operative Marketing, it will not be possible to do more than mention the other forms of co-operation followed by Danish farmers.

The **Co-operative Wholesale Society** was founded in 1896 and is the National Wholesale Society of the numerous **Retail Distributive Societies** which had a membership of 325,000 in 1925. The turnover was about 165 million Kroner and the value of goods produced in the Wholesale Societies' Factories was 56 million kroner. The co-operative store is a decided boon to the farmer. The relative significance of the co-operative stores in comparison with different forms of Rural Co-operation in Denmark is aptly expressed by Hans Lund when he says, "Whilst Denmark is the most co-operative country of Europe, this condition is not due solely to the development of co-operative stores. It is also due to the application of co-operative ideas and principles to other spheres."

It should be borne in mind that the early application of Rochdale principles of co-operation to the marketing of farm products has generally failed. In Denmark,
the co-operative stores gave inspiration, but the farmers took hold of the movement working out problems for dairy marketing. Eventually the original Swiss type of co-operative selling for agriculture products, with the emphasis on commodity marketing developed in the United States and strengthened by the Federation movement of Danish Co-operative Marketing Societies, has given to farmers modern Co-operative Commodity Marketing, commonly called the "California plan".

There are in Denmark the following three Societies for the collective purchase of feed:

The Jutland Co-operative Society for the Purchase of Feeding Stuff,

The Funen Co-operative Society for the Purchase of Feeding Stuff, and

The Islands Co-operative Society for the Purchase of Feeding Stuff.

The farmers have also formed a Society for buying fertilizer called the Danish Co-operative Fertilizer Supply Association.

These Co-operative Organizations together with the Marketing Societies already described in Section II show how the Danish farmer has learned to do his business by working "with" and not "against" his fellow farmer in a common aim, the cardinal difference between the co-operative and competitive plan.

(3) The Control Societies. The Control Societies of the farmers are of especial significance and importance in
Denmark. The farmers are organized into cow testing associations, which employ experts who test their animals giving the members regular information as to correct rationing for their herd. In Denmark 30% of the cows are in the Co-operative Control Societies. The correct amount of feed is given in regard to the various ingredients which will make possible the most efficient production of butter fat. The chief influence for these Control Societies has come from the Folk High Schools working through the Agricultural Schools and Co-operative Societies.

(4) There are, in addition, the following Co-operative Societies wholly or partly rural in character:

i. The Danish Co-operative Coal Supply Association,

ii. The Danish Co-operative Cement Factory,

iii. The Federation of the Danish Co-operative Agricultural Insurance Societies,

iv. The Danish Co-operative Bank,

v. The Co-operative Wholesale Society of the Amt of Ringkøbing,

vi. The Danish Dairies Wholesale Society and Engine Factory.

The membership and business turnover of those Societies which belong to the Federation of Danish Co-operative Societies has been included in an earlier part of the Report in Section I. Following are details of these Co-operative Societies where such information is not given earlier in the Report:
i. The Danish Co-operative Coal Supply Association, Aarhus. This is a national society founded in 1916 purchasing coal and other kinds of fuel for the local Societies and their members.

There were 802 Locals comprising the national organization in 1925, when the turnover was 4,700,000 kroner.

ii. The Danish Co-operative Cement Factory, Mørresundby, founded in 1911 is a co-operative manufacturing union which distributes cement to members. In 1923 the Society had 823 local societies and a sale, in 1923, amounting to 6,000,000 kroner.

iii. The Federation of Danish Co-operative Agricultural Insurance Companies. This is a Federation along national lines comprising these following four Insurance Companies:

(1) The Parish Associations Accident Insurance Society for Agriculturists, Copenhagen,

(2) The Mutual Co-operative Annuity Society, Copenhagen.

(3) The Accident Insurance Society of the Dairies and Agriculture, Copenhagen.

(4) Andels-Anstalten "Tryg", Copenhagen, which is a mutual life insurance society.

iv. The Danish Co-operative Bank. This Bank has shown growth. In 1919 it had an aggregate turnover of 8,076.4 million kroner, share capital of 11 million kroner and deposits amounting to 97.8 million kroner. In 1923 the aggregate turnover was 15,233.8 million kroner, the share
capital 15.7 million kroner, and deposits 127.3 million kroner.

v. The Co-operative Wholesale Society of the County of Rinkøbing, comprising 74 Distributive Societies, is the only other such Wholesale Society besides the national Danish Co-operative Society which includes 1805 Locals (1925). This Society, founded in 1886, is confined to the west of Jutland and distributes groceries, hardware, seed and so forth. The aggregate turnover in 1925 was 5.5 million Kroner.

vi. The Danish Dairies Wholesale Societies and Engine Factory. This Society has the feature of engaging in manufacture; in 1925 the annual turnover was 6.9 million kroner and the membership 1,635.

(5) There exists an interrelation of rural Co-operative Societies through the Federation of Danish Co-operative Societies. It is significant that almost all the various farmer organizations have united to form large National Export Associations and to accomplish the Federation of Danish Co-operative Societies which has been previously described in this report. In this centralized association of co-operatives comes great strength to deal with political problems as need may arise, or to face opposition and unfair competition from private dealers. The Federation considers matters of general interest to the societies which are members, and furthermore is educative in its functions and publications, and does much to present the Co-operative Societies favorably to the people of Denmark and to visitors from abroad.
The various parts of the Danish Co-operative machine for efficient merchandizing of the farmers' products are assembled in this Federation. We pause and say, "How wonderful are the works of man."
CONCLUSIONS FROM THE STUDY OF CO-OPERATIVE MARKETING IN DENMARK.

In general there are three salient features of Danish Co-operative Marketing.

(1) It is built on the sale of high quality product, by Co-operative Marketing, according to consumer demand.

(2) It operates on the basis of free competition, on the open market at home and abroad.

(3) It is in its origin and maintenance a farmer movement, conducted in an efficient and business-like manner.

Conclusions relating to production by farmers.

(1) Improvements in methods of Danish Agriculture have been effected by efficient co-operative marketing.

(2) The value of high grade production and a guaranteed brand has been proved, in that it means a dependable quality to the trade and a steady price to the consumer.

Conclusions relating to Organization into Co-operative Marketing Societies and their Management.

(1) In the financial problem of the farmer's conduct of marketing his agricultural products, if the farmer has "the will" to help himself he has "the power" in the concerted action of his fellow producers. The successful financing of Co-operative Marketing in Denmark shows the truth of this principle.

(2) The experience of Denmark shows the soundness of the principle of agricultural marketing on a commodity basis.

(3) There needs to be adaptations of commodity marketing
according to the specific commodity and the locality. The instituting of a Co-operative Society in a new district should require special study as to Constitution and Contracts. For example, in Denmark the "Danish Dairies" are strongly centralized, the main control residing in the Copenhagen Sales Office, and in the Co-operative Bacon Factories there is a loose association or a federation, most of the authority resting with the local co-operative organization.

(4) Integration of various marketing steps under one management means business efficiency. It needs to be noted none the less that Co-operation is no substitute for inefficient business methods.

(5) The Danish system of merchandizing and operation is synonymous with the selection of managers of high technical business and administrative ability.

(6) The farmers have organized to effectively and profitably fill the demand of the consuming public.

(7) Price to the farmer is determined for any shipment by an official Copenhagen quotation or by an estimate built on reliable market information. Speculation and risks are practically eliminated from the marketing of co-operative products.

Conclusions relating to National aspects of Rural Co-operation in Denmark.

(1) Enlightened rural leadership from the Folk High Schools has been a recognized factor in the efficient directing
and operating of Danish Co-operative Societies.

(2) Political democracy was a necessary preparation for co-operative democracy.

(3) National agricultural prosperity has resulted from the various types of Co-operative Societies in rural Denmark.

(4) The Co-operative movement has been one promoted by the country people of Denmark. Apart from the introduction of the idea by a university man, college men have played no part in this great social wonder. The rural population own, control, and conduct the great Co-operative Marketing systems of Denmark.

(5) Co-operative Marketing has often arisen from economic necessity. In Denmark the urgency lay in the low prices received by producers.
SECTION III

THE ESTABLISHING OF CO-OPERATIVE MARKETING ASSOCIATIONS IN CHINA.

1. LESSONS AND GENERAL PRINCIPLES APPLICABLE TO CHINA ARISING FROM THE SURVEY OF CO-OPERATIVE MARKETING IN DENMARK.

(1) Public enlightenment by Christian education and democratic ideas through political freedom are fundamental to full understanding of the social benefits of co-operation, and to prepare for its establishment in a strictly competitive and speculative marketing system such as prevails in China.

(2) Co-operative Credit and farmer experience in group finance is essential to full mastery of the financial practices of co-operative marketing. Co-operative credit and Co-operative banks and distributive societies will prepare the way for co-operative marketing finance in China.

(3) The impetus for the growth of Co-operative Marketing in China must come from the producers, after the initial steps have been shown them by trained experts or competent organizers. In the movement the contribution of rural preachers and school teachers is to be appreciated.

(4) Production must be improved in respect to evenness of the quality of products before Co-operative Marketing could gain much hold in a permanent way in China.
(5) The benefits from Co-operative Marketing by increasing the standard of goods sold and stabilizing markets will accrue to non-cooperative producers and distributors and to the nation as a whole.

(6) Organization must be on the basis of a commodity marketing of some product of economic significance to China. Study should be given to reveal the desirable produce to be marketed co-operatively. Grains, cotton and fruit might well do for North China. Thorough survey would reveal suitable products to be marketed co-operatively in other parts of China.

(7) Storage is involved in Co-operative merchandizing, which means famine prevention for North China.

(8) In China, co-operation in marketing should extend as much as possible up to, and including the retail step. As much integration as possible is desired because of the highly speculative system that exists.

(9) There exists already a satisfactory consumer demand for fruit. Organization should be accomplished to supply this purchasing market with a clean, graded regular supply. This would mean a stabilization of the distribution and a steadying of the production of the fruit bringing thereby an improvement to the farming of the nation.

(10) The existence of economic need in the production of some farm products is often the setting for organizing a Co-operative Marketing Society. This necessity may
be revealed in China in some weakness in the system practised on the farm, or by inefficiency of various distributing services, or in the existence of too wide a spread between the market price and the cost of production. This analysis may mean co-operation for marketing persimmons, grains or cotton in North China.

(11) Combination, or in general, federation, brings strength through unity to the farmers, in voicing their views to the government, and in overcoming the opposition and unfair competition which sometimes characterizes independent interests in regard to Co-operative Societies. Centralization among similar societies and federation of different types of Co-operative organizations is a desirable plan for China.

(12) The benefits possible to the Chinese farmer and the whole Republic through Co-operative Marketing as demonstrated by Danish marketing experience are:

i. Improvements in production occur through co-operative help to the farmers.

ii. Assembling of goods for distribution is efficiently accomplished co-operatively.

iii. Standardization of quality products for the market according to consumer demand is a result of co-operative marketing.

iv. Existing marketing services are carefully investigated in a way which aids merchandizing in general.
Distribution is accomplished for the farmer at cost. Risks and waste are eliminated in the steps in marketing to a vast extent.

There is reason to believe that the Chinese with their high intelligence and excellent ability of adaptation would receive from Co-operation in the marketing of their farm products those advantages which have characterized this epochal movement in other nations.

James E. Boyle has very aptly said in reference to Danish Co-operative Marketing. "Thus better production and better marketing go hand in hand."

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7 "Marketing of Agriculture Products", by James E. Boyle, pp 34.
2. **Recommendations re the Organization of Co-operative Marketing Societies in China with a Definite Plan of Assisted Formation of Model Societies by the Committee on Rural Co-operation.**

The following plan of organization is recommended to improve existing marketing conditions in China in regard to agriculture products.

1. **A survey and questionnaire to enquire into existing marketing conditions, to disclose faults and needs and to indicate improvements.** (This step was undertaken by the Commission.)

2. **An educational programme to give enlightenment and furnish the intellectual and social preparation for the Societies.**

3. **The guidance of capable leadership directing in the farming Co-operative Societies.**

4. **Organization of Co-operative Marketing Societies under farmer initiative.**

Let us examine each of these four steps in detail:

1. **The Survey of existing conditions.**

   In Denmark, experience demonstrated the type of Society best suited to the existing needs. In China, in keeping with a quick utilization of western methods in various lines of national activity, a survey supplies the requisite information employing scientific methods of study and applying the results of Co-operative experience elsewhere. **The main**
problem is to determine the commodity to be marketed co-operatively, and in what area. These general rules will guide:

(a) Choose a product which reveals great economic need in the present system of production. (b) Select a commodity in the marketing of which there are glaring faults in the existing system. (c) Determine whether consumer demand is such as to warrant an efficient organization for distributing a standardized product.

(2) The educational programme.

Publicity work is needed to arouse interest in the movement. The aid of prominent leaders in the community should be elicited in this programme. The classes and books of the Mass Education Movement and the formation of Agricultural Societies in likely areas, would each afford admirable education for the farmers. Intellectual appreciation and political democracy are essential forerunners of a really agricultural co-operative organization.

(3) Leadership directing towards the formation of Societies.

An experienced authority on Co-operative Marketing, or a member of a University Faculty might well address preliminary meetings, preparatory to organization. Preachers and Christian teachers are of inestimable assistance in aiding in the promotion of the movement. The sustained leadership for the future of the movement needs to come from the most able of prospective members of the Societies.
(4) The Organization of Co-operative Marketing Societies.

(a) The constitution and contracts between members and the Societies need to be drawn up, being adapted to the commodity and the locality. The "California Plan" and the centralized and the loosely associated types as illustrated in the "Danish Dairies" and Co-operative Bacon Factories of Denmark, should serve as models, and not Rochdale Co-operative Store principles or an adaptation of a Co-operative Credit Society Constitution. A marketing agreement with the responsibilities of the Co-operative and the member, clearly stated, is a part of the business of organization and of securing new memberships.

Legislation preparatory for Co-operative Marketing in a country is needed, there being at least three acts of the Federal Government of the United States dealing with this question. The legal aspects of Co-operative Society contracts need to be carefully studied. (See bibliography pp 124, 125)

(b) Members need to be secured for the Societies through signing the necessary contracts and by subscribing the small membership fee. Operating capital is raised by loans for which there is joint responsibility. The voting principle is "One member one vote", and only farmers are members of local societies.

(c) For securing funds and financing it is necessary to have some banking facilities both for current operating expenses and for distribution of sales receipts to members be-
The Society has received returns from the sale of the products. The basis for loans from banks is the pooling system, and the contracts and marketing agreements between the Societies and the members, which give the Co-operative ownership rights to the produce they distribute. The handling of the products and internal financing is accomplished by the "pool method." A "pool" means that all the products of like variety or grade are placed together and distributed to the market, and returns from sales are forwarded to members in proportion to their shipments in that particular pool, charges by the co-operative sales agency being first deducted. Normally, banks will loan to individual members on the security of their co-operative warehouse receipts.

The Co-operative Bank proposed in connection with Rural Credit by the Committee on Rural Co-operation would furnish these funds for Marketing Societies. Some special bank arrangements would need to be made in the event of no co-operative or agricultural Bank being as yet available in the area in which the Co-operative Marketing Societies operate. Strong Rural Credit Societies are possible sources of financial facilities for some local Marketing Societies.

(d) An expert director or sales manager of integrity needs to be secured who knows the merchandizing of the commodity in hand, and who is efficient in administration. In subsequent years the most capable managers are often those who have risen
from the ranks of the business which they are chosen to direct.

PLAN OF ASSISTED FORMATION OF MODEL CO-OPERATIVE MARKETING SOCIETIES BY THE COMMITTEE ON RURAL CO-OPERATION.

The Committee on Rural Co-operation could well superintend these above described stages and an expert in Marketing should be secured to give guidance in order to efficiently carry forward the programme.

The writer here presents a plan for organizing some Model Co-operative Societies under the direction of the Committee of Rural Co-operation. This is put forward as a possible solution of the present economic distress of farmers in rural China.

1. Choosing the commodity and locality.

In the first place the commodity to be marketed through three or four Model Societies must be chosen. Small grains (wheat, millet, kaoliang) are recommended for the first Societies. These Societies can then be followed by others marketing cotton, and others selling eggs and others handling fruit. One Society should not market two commodities so different as small grains and fruit.

The area to be included by one group of these Societies, for instance those handling grain, must be determined by geographical boundaries of production and by transportation facilities.

The centres chosen for the first Locals should be
close together to give mutual assistance, and to accomplish the formation when desirable of a Central Sales Office for these Locals, as would be the case in handling grains.

These first Co-operative Marketing organizations may be of two general types, those strongly centralized with the control existing mainly in the Central Sales Co-operative, as with the "Danish Dairies", or Danish Co-operative Egg Export Association, or those with loose association, the chief direction being with the individual Local Societies, as with the Bacon Factories of Denmark. The type followed for these Model Societies depends on the commodity sold. In North China the small grain farmers of Chihli Province could form several Locals with a Central Sales Agency constituted by the federation of these Locals for selling through their own wholesale warehouses in Tientsin and Peking. In another district the commodity may be tomatoes to be marketed at the cannery at Changli. In this event local Societies could be established which would sell according to their contracts to the cannery. Such Locals would assemble, grade and deliver. They would help the farmers and assure the cannery of a supply which would result in an impetus to the tomato industry with a stabilization of production and improvement of methods. There would only be a Central Co-operative comprised of these for handling matters of common interest and for educational purposes. Later the strong Locals might develop their own distribution to different points, as Mukden, or these Locals could
organize as supplies warranted or the members desired, forming a Central Sales Co-operative for distant shipping.

The commodity to be chosen should be selected from a study of the results from the Questionnaire prepared by the writer while a member of the Committee on Rural Co-operation.

The district to be selected for the first Societies should be influenced by the presence of existing Co-operative Marketing Societies formed by members of Rural Credit Societies, though the Marketing Societies must in all cases by separate organizations to the Rural Credit Societies. In general, in regard to the district, the Committee should take the course which is most promising when considered from these angles: (1) the economic need of the farmers, (2) the prospects of beneficial operations, (3) the ability of the prospective members, and (4) the estimated resulting influence on the extension of the Movement.

The forming of some six or eight Model Societies of one of both of the above types according to the commodities and localities would well occupy five years. The farmers subsequently take the responsibility for organizing new Societies.

The Commission could finance all general organization expenses. The Societies must be placed in a position of independent business responsibility.

2. The following educational campaign should be directed by the Committee on Rural Co-operation.
The general question to be discussed with the farmers is the present marketing system, its faults and their remedies; the benefits which accrue from co-operative marketing should be clearly set before the farmers.

The various marketing steps or functions should be discussed with local illustrations. This means an explanation in terms of the understanding and experience of the farmers of Assembling, Grading, Packaging, Storing, Transporting, Financing, Distributing, Processing and Risks.

The special characteristics of Co-operative Marketing and advantages should be forcefully presented. These have previously been outlined in the Report in the part dealing with the visit to the Danish Egg Export Society at Odense in Section II. These subjects are: Merchandizing, commodity organization, contracts, grading, pooling, sales specialists, the non-profit basis, only farmer members, and semi-public character of the Co-operatives.

Emphasis should be placed on the performing of marketing services as assembling, grading, and wholesale distributing at cost by the Societies to members. Also the heart of the co-operative plan in marketing is the orderly supplying of quality products to the market, in the form and in the quantity and at the time desired by consumers. This constitutes merchandizing, which is in contradistinction to "dumping" goods, disorderly in excess of consumer demand, on the market. There must be consideration of the fact that co-operation is not a panacea or "cure all" of marketing ills.
It is no substitute for efficient business methods. Experts and managers of thorough business training and with a definitely rural outlook must be selected for positions of administration and management.

Two ideas in connection with marketing in general and co-operating marketing in particular need to be conveyed to the farmers; the first is that of "spreads" and the other that of "pools". Spreads are the difference between the price paid for products by the ultimate consumer and the returns received by the original producer. A spread may be spoken of in the performing of separate marketing services as storage and transportation and wholesaling, and is the difference between the price of the produce when received by such a middleman and when he sells it. To illustrate, in Western Canada it is true, in fruit, that the consumer's dollar is split four ways as follows: \( \frac{1}{4} \) to the producer, \( \frac{1}{4} \) to the transportation companies, \( \frac{1}{4} \) to the wholesaler, and \( \frac{1}{4} \) to the retailer. In the United States, survey studies revealed that 63\% of the dollar of the consumer went for marketing services and risks, and only 37\% was returned to the farmer. This 63\% on each dollar constitutes the spreads in the various marketing steps.

An integrated co-operative marketing system absorbs these functions and may bring control over all the services represented by the 63\% into the hands of the producers, though centralization does not always extend to this extent.
Literature should be prepared and printed and translations made and distributed by the Committee on Rural Co-operation to farmers dealing with these topics and questions relating to Co-operative Marketing.

The example of the Alberta Co-operative Producers Ltd. Wheat Pool, Calgary, Alberta, Canada, is helpful here. "Wheat Pool Talks" have been published for educational and publicity purposes which answer questions on "pooling" and organization for farmers. Such a booklet could be prepared for Chinese farmers by the C.R.C.

The Staff of the C.R.C. in the Commission could serve as some of the speakers. University students in agriculture and economics under capable supervision could contribute also, and University Professors in Agriculture and Economics could lend influence to the movement. A marketing expert might be secured for a series of addresses in the centres where it had been decided by the Committee to begin the Model Societies.

Many of the ideas of Co-operative Marketing are difficult for the laymen to grasp. This means a real earnest programme of instruction conveying the meaning, place and possibilities of Co-operative Marketing.

3. The promoting of specific Societies means an occasion for special intellectual leadership at the first. However the aim must be for the Commission to "help the farmers to help themselves." The inspectorial staff of the Rural Credit Societies, or new organizers, could be secured
to work under the C. R. C. in this step. In regard to the
Credit Societies Inspectors, these should be liberated en-
tirely for some months to do this work so as to give the new
movement the benefit of their full support. General infor-
mation, consultation, secretarial services, planning series
of meetings in co-operation with the farmers are contributions
which the Committee should make. However, the movement must
be kept rural in its character, and the farmers be encouraged
and assisted to go forward with their own initiative and
progressiveness to organize Societies.

4. Organization.

(1) The Societies should choose from among
their members their own managers, who would take charge of the
Model Societies organized under the direction of the Commission.
These Societies would handle small grains or cotton or some
other product or related products in the selected localities,
these choices to be made upon the basis of information re-
ceived from the preparatory Questionnaire previously cir-
culated.

(2) The constitutions and contracts must be
written in consideration of the specific commodities to be
handled in definite localities. Constitutions and bylaws
could be obtained from Co-operative Society officials in
Denmark, which could be translated and studied to serve as
aids to the writing of suitable contracts, agreements and
regulations for North China Societies. An excellent reference
for legal documents dealing with small grain Co-operative
The other organization problems of Membership and Financing as discussed before in this part of the Report would need to be handled and solutions found to suit the special conditions. Membership campaigns and organization meetings can be called by the prospective members. Too much emphasis should not be placed on the necessity of a large percentage of growers in a community becoming members. What is more significant than that is the need of legislation to protect co-operative societies against unfair competition on the part of independent dealers, who may use methods aimed against the financial stability of the Co-operatives, and also the building up of a steady consumer demand by the Co-operative on the basis of the production of a standardized quality product.

A marketing expert, or University faculty member, or qualified college graduate could aid not only in the educational and promotional stages but also in the actual organization of Societies. The assistance given by the Commission should in general be limited to the salary of this expert, secretarial services, aid from the C. R. C. staff, literature distribution and co-operative information. The farmers must be stimulated to perfect their own organization.
with this amount of help, and carry it forward under the best leadership in respect to the directors and managers they can secure from their own ranks. The purpose of the Commission should be to have the Co-operative Societies continue as a sound and independent rural movement.

Rural Co-operation in China postulates for its prosperity that it be indigenous among Chinese farmers.

The spirit of co-operation must be evidenced in the movement, otherwise mere organization would not accomplish benefits to the farmers. There must be real "working together."
3. **THREE PRINCIPLES OF OPERATION FOR THE CO-OPERATIVE MARKETING SOCIETIES IN CHINA.**

Three beacons of direction for embarking on the sea of Co-operative Marketing are given here, which are abundantly borne out by Danish Co-operative experience:

1. **The Societies should follow capable management of co-operative merchandizing along commodity lines.** This, in the main, involves the maintenance of a dependably standardized "brand" or quality, sold through an efficient management, and organization by free competition on the open market.

2. **The Societies should aid with the improvement of production.** Let them assist in the introduction of modern agricultural implements and machinery, in the purchase in bulk of some supplies for the members, and in the introduction of modern scientific methods of agriculture. The Co-operative Association should stimulate the business activity and judgment of the producer.

3. **The Leadership and Control of the Societies rests with the farmers.** The initial intellectual leadership should be clearly from the farmer, rather than the academic point of view. The rural people should be aided to help themselves and the movement should be from the first, thoroughly rural. Managers of Co-operative Societies should preferably be competent farmers or men who know from experience the methods of modern co-operative marketing.

Great benefits may be derived from the contribution of preachers and rural teachers towards the rural co-
operative movement. The influence of Christian men in both Denmark and Canada in the inception and conduct of Co-operative Marketing Societies presents to the writer a picture of China's possibilities in similar endeavor.

The happiness, prosperity, and security which would result is a suggestion of the joyous day foretold by Isaiah when "all the trees of the field shall clap their hands."

Co-operative marketing is an outstanding practical application of the teaching of Jesus, "As ye would that men should do to you, do ye also to them likewise."
SECTION IV

THE CONTRIBUTION OF THE FOLK HIGH SCHOOLS TO AGRICULTURAL CO-OPERATION IN DENMARK.

1. The Historical Background of the Danish Folk High Schools.

(1) Introduction. A period of economic depression and national disheartenment followed the defeat of Denmark by Prussia in 1848. This situation gave to Bishop Gruntdvig and Kristen Kold the opportunity to establish free schools—free in the sense that they sought to awaken the people by "Folk education and popular enlightenment" rather than by formal academic training. The first successful Folk High School with such an objective was established by Kold at Ryslige in 1871 in his own house, with an enrolment of 15 students ranging in age from 14 to 33 years. Gruntdvig saw that if the nation was to be brought to a place of prosperity and independence it must come from the stirred and eager minds of the Danish peasants themselves. Such was the origin of the system of Peoples' High Schools which at this part of their existence were patriotic and inspirational. The adaptability of the rural people to rise above their agricultural and national difficulties we shall show in the succeeding pages was due to the Folk High Schools.

(2) The Folk High Schools and the Peasant and Political Emancipation of the Danish People.

The Peasant Emancipation. Early in the nineteenth century far-reaching changes in the system of land
tenure, which started in 1788, occurred in Denmark—a change which meant the passing of the old communal tenure and the adoption of "free holdings" by the farmers. It is remarkable that this movement of breaking up of large estates into small farms of 60 - 70 A. and of 20 A. and less came from liberal views among the people, and not from State action, and also that this condition of a landed farm population is in favorable contrast to the existing system of tenants and "cottagers" in England in the same century.

The number of "free holdings" doubled in the nineteenth century rising from about 91,000 in 1800 to about 184,000 in 1916, which meant that 90% of the total farm properties in Denmark were owned by the operators. The chief change has come in the peasantry, or owners of middle and small sized farms, known respectively as Gaardmaend, or farm men; and Husmaend, or Housemen: 110,000 of the total holdings are in this latter group of small holdings—farms of 20 A. and under, comprised of 70,000 independent small holders, and 40,000 who need to supplement their own farm living with other employment. It has been from the middle sized holders' and the small holders' homes that have come most of the Folk High School students.

There is in general a freedom from internal social rifts among the Danish rural population, due to this democracy of size of farm property, though in later years a political rift has occurred between the small holders and the larger farm owners.
Hans Lund of the Rødding Folk High School in speaking of this social solidarity of the farm people says:

"The freedom from internal social conflicts enjoyed by the Danish country population has meant that intellectual and spiritual pursuits have not been the privilege of a particular group, but the common treasure of all."

It needs to be borne in mind that the Folk High Schools took up the programme of the Agriculture Schools started about 150 years ago, and have definitely contributed by actual courses or by the stimulus of their methods upon the Agriculture High Schools to the efficient preparation of many of Denmark's youth for their new responsibilities due to their freedom in land tenure.

**Political Emancipation in 1849.** The absolute Monarchy in Denmark ended in 1849, with the result of a new constitution and general suffrage in choosing both the Upper and Lower Houses. The peasants who were coming into increased prominence as a landed group associated themselves with the liberal group in political affairs; however a reaction causing liberal reverses in 1864 removed general suffrage, which was not restored until 1915.

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"The Folk High Schools of Denmark and the Development of a Farming Community", by Begtrup, Lund and Manniche. P. 21
Many Folk High Schools were being established in the early years of this political emancipation. What could be more natural than that such Schools under Gruntvig should encourage liberal political views and agitate for general suffrage? The following verse from the pen of this Norse poet tells how he aroused social responsibility in an hour of national reconstruction.

"Forward to help in the hour of need,
With the treasure you have in store,
With the people's slumbering strength and wits
On! peasant, on!"

The liberal party encouraged by the Folk High Schools comprised the "left", and the old conservative group, including owners of large estates, the "right". The left gained control but later divided into a "moderate left", composed of the old liberal group and a "radical left", of the small holders, who differed not greatly in views from the city Social Democrats. It is significant that the farmers' party have held office at times in Denmark, and have been revealed as a newly discovered power in national affairs. In the Co-operative Societies participation in politics is forbidden by their rules, nevertheless they are an influential group in the nation.

The Folk High Schools came at a time of needed Agriculture adjustment to a changed land tenure and an altered continental market following the war with Prussia, and they contributed to the peasants not only scientific agriculture but also an awakened consciousness of their needs and possibilities; the Schools came furthermore at a time of new
political opportunities, and taught the rural people by the inspirational instruction of the School masters how to assume the role of statesmanship in the nation.

(3) Some High Schools, Agriculture and Specialized Schools Visited and the System of Education of the Folk High Schools.

The study of Danish Co-operative Marketing is indissolubly linked with the study of Folk High Schools, which have contributed such intelligent leadership to the whole field of Rural Co-operation. Moreover, it is not only in Denmark but also in Norway and Sweden, though there is a lesser degree than in Denmark, that these efficient and practical Peoples' Schools wield such a formative influence on the life of the whole rural community.

During the interval of the writer's study in Denmark the following Schools were visited:

Folk High Schools

(a) Haslev High School, Zealand, (Inner Mission.)
Director, Mr. Davidson; Vice-Director, Mr. Thorlu. The High Schools comprise a Folk High School, Seminary, Extension Course (Bible Study), Agriculture School, and Industrial School. A Canada Department trains young Danish students for citizenship in Canada.

(b) Tommerup High School, Funen, (Inner Mission.)
Director, Mr. F. Sandboek. Agriculture is taught. A Summer School was in session for women.

(c) Ollerup High School, Funen, (Gruntávigian.)
Director, Mr. Haakhøg. This School features Art. There is the customary winter and summer schools for men and women respectively.

(d) Askov High School, Jutland, (Gruntávigian.)
Director, Mr. Appel. There are here winter graduate or extension courses from 1 to 3 years. Summer Courses are given for teachers and women.
Agriculture Schools.

(a) Haslev Agricultural School. A Winter Course for men and a Summer Course for women is the general programme.

(b) Dalum Agriculture School, Odense, Jutland. There are two general Agriculture Courses, a short or winter course, and a long or summer course of 9 months, preparatory for the College of Agriculture at Copenhagen. There is also a separate Dairy Course. A summer course for women is given. This school was originally founded as a Folk High School under Schønder.

(c) Ludelund Agriculture School, Børup, Jutland. Long and short courses in Agriculture are given and also a Dairy course. The school was a fine example of a modern educational plant and well equipped.

Specialized Schools.

(a) Small Holders’ School, Odense, Funen. Director, Mr. P. Lange. This is an Agriculture School with winter and summer courses. It specializes on the problems of Smallholders’.

(b) Gymnastic School, Allerup, Funen. Director, Mr. Buck. Winter and summer courses in Physical Culture are given. In the summer there are courses for students from abroad.

(c) Industrial School, Haslev. There are the usual winter courses for men and summer courses for women. This school was founded by Mr. Davidson, the Director, and is one institution of the outstanding group of Inner Mission Schools at Haslev.

The Folk High Schools are distinct from the State or Public Schools of Denmark, and they contribute chiefly to the rural people and do not lead on to full High School training or to College work. Yet they in a remarkable way equip for life, and are a popular, permanent, parallel system of Schools to the State Schools. The Folk High Schools are for the adult and the youth, for the rich and the poor, for the children of both the artisan and the farmer. The
Schools are open to any young man or woman; no set examination standard is required for entrance. The curriculum is liberal and there are no final graduation tests and no diplomas.

Since Grundtvig began his first School in 1844, which, however, proved a failure, these Schools, built around the personality of the Founders and Directors, and characterized by freedom of procedure have grown till they number now about 70, with an attendance of around 8,000 students.

It is also well to note that the Danish Folk High Schools, while not under the Lutheran Church, the State Church of Denmark, have a definitely religious character, as will be discussed soon. They are really free schools—free from the State and not officially under the State Church, having been founded through the progressive leadership of some teacher, along with the co-operative effort of the district.

The following sets forth the typical curriculum:

**Folk High School (One Semester)**

1. History, Literature, Social Economics.
4. Shopwork or Vocational Course.
5. Gymnastics.

In the Technical Schools, Secondary Schools, for Agriculture or Domestic Science, the Courses are somewhat different to the above, as the following shows:
Second Year or Technical Schools (men)

1. Language, History, Social Economics.
3. Agriculture--Agronomy, Animal Husbandry, Dairying, Horticulture, comprising a General Course supplemented by demonstration plot work and excursions.

or

Second Year or Domestic Science School (women)

1. General cultural subjects.

In respect to the courses in the list of Schools given on page 97, the writer has indicated the long and short courses, as well as the winter and summer courses, these one semester periods being the usual programme. Attention is especially directed to the variety of work given at the Haslev Schools. The proportion of the students in these Secondary Schools for Technical and Domestic Science training, to those in the Folk High Schools is around 6:1. The entrance requirements for the Agriculture Schools is preparation in Language and Mathematics and three years practical experience; these schools give the scientific knowledge to supplement the practical skill which has already been acquired by the student on a farm.

It is well to pause and analyze the fundamental features of the Folk High School Course. It is composed of History and Language, Religion, Practical Training, Art and Athletics. Here is a liberalized curriculum such as we are seeking now in America. In the Haslev Extension School there
are Bible Courses, but in the Schools as a whole the religious instruction centres around a voluntary Chapel service. The type of teaching emphasizes development of understanding, rather than imparting facts. A notable example is the instruction in the history of Physics, rather than the details of that science, as presented by Mr. Appel, the Director of the Askov High School.

The State aids in the support of the Schools, assisting both the School, through a grant when it has been established and met the Government standards, and also the students by loans. It is possible for any young man in Denmark if he desires, to obtain an education through the generous assistance of the government; and it is an education that is worth his time and application, for it is a system tested by 70 years of results, and now strongly implanted in the community life of rural Denmark.

In closing this part, the words of Joseph K. Hart in regard to the relation of the State and these Peoples' Schools are pertinent:

"These Schools accept the state aid without submitting to state control on the ground that the modern democratic nation must make sure, for its own protection, that its intellectual life is not left wholly to the not too tender mercies of the formal state schools."

In the west, we can take a lesson from these

10 "Light from the North", by Joseph K. Hart. p 35.
Folk High Schools and other related Schools in Denmark, which by the freedom given the Director and the generous choice of subjects afforded the pupils in their resident study, have with the essentially religious tone of the Schools contributed to Denmark an educated rural population with equipment for life superior in some cases to that possessed by some of our College graduates.

(4) Benefits from the Folk High Schools have been chiefly to the Rural Communities.

By virtue of historical events and rural needs the Folk High Schools have chiefly benefited the country areas. In 1920-21 only 348 out of 7006 students were from the towns though Denmark is 43 percent urban. Over a 10 year period a study of the attendance shows the following condition in regard to the homes of 8000 students. This clearly reveals the rural character of the influence of the Folk High Schools.

44% from middle sized farms.
16% from small holdings.
3% from workmen’s homes.
8% artisan class.

Figures for 1915 show the attendance of men and women students in approximately equal numbers. The benefits have come to not only the farm operations, but also to the farm home.

The popular awakening of the rural communities followed the opening of the first School in 1851, which came
after the peasant and political emancipations; then the Schools stimulated the political awakening which followed the reverse of liberalism in 1864. With the combination of agricultural and political changes the Folk High School had its inseparable association. The Napoleonic Wars were followed by the depression of the Prussian War; a change in production of corn was followed by distress in the export of cattle to Germany. Then the peasants by their resourcefulness adopted the present system of production for export of butter, bacon and eggs. When the people needed to change their farming the School was there to show by its inspiring teaching the possibilities; when the peasants obtained the suffrage the Schools taught them to participate wisely in government affairs, and afterwards when marketing and quality production became a need the Schools again gave intelligent leaders and agriculturists so that the Danish farmer was benefited in the field and in his marketing. To the country homes the Schools have brought progressiveness and culture. Their influence has actuated homes where the husband and wife are ex-High School students—they desire to do their work honestly and efficiently and take full advantage of all the benefits of the modern age. The Schools have, moreover, had a refining and cultural effect and the youth have found interest in wholesome phases of human activity and the whole social life of the community has been sobered and also elevated.

It is true a city and country rivalry exists
in Denmark, as was demonstrated following the liberal reverses in 1864, yet it is the small area of the nation which accentuates the different points of view. However, the rural people have won recognition just as the farmer in Canada has gained a deserved prestige in public life by cooperation.

Quoting again Hans Lund, we read: "Yet it is a fact that all observers of Denmark's development are in remarkable agreement that the Folk High Schools have been one of the most important—some say the most important—factors in the rise of the peasantry after 1864!"

These indigenous Schools are a related part of the rural life of the Danish people, for the Folk High Schools, apart from their socialized education, encouraged cooperation, introduced public lectures, stimulated High School gymnastics, and have reached helpfully into the everyday social and home life of the country people.

"The Folk High Schools of Denmark and the Development of a Farming Community", by Begtrup, Hans Lund and Peter Manniche, pp. 63, 64.
2. The dynamic of the Danish Folk High Schools is the influence of Christian living and teaching, especially with the direct method of the Inner Mission Schools.

(1) The religious aspect of the Schools.

The question arises, "What is the singular power of these Schools that enables them to mould so transformingly the life of the rural community?" The writer will present evidence from the Schools themselves in answer to this question.

There is a distinct religious life at the Folk High Schools, and one cannot visit some of the Directors without realizing they have the spiritual welfare of the students at heart. There are regular voluntary Chapel services and preaching; then at Haslev there are also definite Bible Courses available. Contact with the Assistant Director at Haslev revealed his evangelical attitude, and one got a deepened understanding of his aim in dealing with the students when he revealed he was an ordained preacher, as is the case with some other High School Teachers--their teaching and preaching supplement one another in their ministry in the rural community. The fellowship enjoyed with him at the school was but indicative of the larger fellowship which he sought to have characterize the relations of the Staff and students of the School. The people at the School were living together--not just meeting in classes as teacher and student; and there was by their residential life an evidence that they believed that Christianity is
"a way of living".

Though the Folk High Schools are officially not joined with the Lutheran Church, yet some leaders in the Schools are also prominent in that Church.

(2) The "Direct" and "Indirect" Methods.

There are two recognized types of Schools so far as religious activities are concerned. Mr. Thorlu stated that at the Haslev School the aim was to win students to be Christians through preaching the gospel, and by personal work seeking to lead them to faith in Christ as Saviour. This is known as the direct method of approach. At the Allerup Folk High School, conversation with the Director revealed that the School followed the indirect method. The staff did not feature personal evangelism, but relied on the regular services and the daily influence of the life of the teacher on the students to win them to be Christians.

(3) Residential Life at the Haslev and Tommerup High Schools.

At Haslev the Assistant Director lives in the School and the Staff dine with the students at a separate table in the large hall. A meal at this School revealed the joyful family spirit of the School—-the high tide mark coming when Mr. Thorlu hurled deftly through the air the mail for the students, cards, letters, and parcels, all of which without fail landed in the possession of the right student, whether the distance was short or long! Likewise at Tommerup the hospitality of the Director and his wife and
family was cheering and left nothing to be desired in any respect, and was but a taste of the influence radiating at all times to the students. The Director spoke in some detail of his lecture course by which he seeks to fit his students for Christian living in society.

It is very clear that the Rural Co-operative Societies which have drawn so largely from the Folk High Schools for their members and leaders have benefited and received their characteristic tone and efficiency from the men who have studied with and lived under the influence of the Christian teachers of the Folk High Schools.
3. THE CONTRIBUTION OF THE FOLK HIGH SCHOOLS TO AGRICULTURE CO-OPERATION.

(1) **The Folk High Schools and the Development of a Farming Community.**

Everywhere in rural Denmark we can trace the benefits of the Folk High Schools. As we have noted, the people by these Schools awakened to their individual and social responsibilities, the youth yearned for knowledge, desired to work, and developed character. All of this coupled with the School training in scientific agriculture changed the peasant's condition, so that they became a prominent and respected group in Denmark and their farms were often better kept than the barons'. However the Schools produced the leaders in technical agriculture who by their enlarged outlook on life were able to effect advances, despite the natural conservatism of the whole farming community.

**The development of Rural Co-operation is definitely traceable to the Folk High Schools.** In the first place, leaders were provided, and then the liberal ideals in politics fostered by the Schools assisted the development of democracy in farm business or co-operation. Subsequently the movement spread from dairying to other lines of co-operative activity, until now a Danish farmer may belong to over 20 Co-operative Societies. In the Control Societies 30% of the cows owned by farmers are in these Cow Testing Associations. Normally the farmer purchases fertilizer co-operatively and in most cases conducts experiments with his
soil and crops; he buys his groceries and his seed in co-
operation with his neighbors; he sells his milk and eggs and
livestock in the same manner. In it all is that same kindly
spirit which pervades the halls of the Folk High Schools.

(2) Indirect Stimulus to Rural Co-operation.

The Schools have not directly propagated Rural
Co-operation—their stimulus has been indirect. They have
stirred the minds of the rural population to their possibili-
ties, they have given men scientific training for directing
extensive agriculture co-operative organizations, and they
have aided the rise of democratic ideals in the nation which
have made possible the working together of people toward a
common end in their agriculture business. "Example is better
than precept", and the wholehearted participation of High
School teachers in Co-operative Societies has led others to
engage in their buying and selling and improvement of their
farming in the same way. The view of co-operation has been
broadened and widened by the Folk High Schools. The Co-
operative Dairies and Bacon Factories have been organized
since the forming of the Folk High Schools and in the growth
of this movement the Schools have not been the founders, but
most of the members in all cases have been at one time in
attendance at a Folk High School.

(3) Statistics showing the Place of the Folk High
Schools in the Education of Co-operative Members and Leaders.

Though the Agriculture Schools were originated
about 150 years ago, yet in recent times the Peoples' High
Schools have considerably influenced the training of the farmer. So popular have they been that in Denmark today it is reckoned that 30% of the adult population have attended these vital Schools, a condition without parallel for the standard of the training provided in any country. Professor Boving of the University of British Columbia, whose native land is Sweden, states that the prominent men in Agriculture Co-operation have passed at one time from the Folk High Schools. Mention of the contribution of the Schools to Dairy leaders has already been made briefly in the Introduction.

There are available figures to show the number of Co-operative Dairy Managers and Chairmen who have attended either a Folk High School, an agriculture School or a Dairy School, which are related in spirit. The statistics in regard to the managers follow.

Percentage of managers who attended a High School............47%
" " " " " an Agricultural School.24%
" " " " " a Dairy School...........62%

The figures showed some had attended more than one School and 90% had attended at least one of the three types of Schools. In regard to Chairmen for the Dairy Societies the figures were:

Percentage of Chairmen who attended a High School............54%
" " " " " an Agricultural School.23%
" " " " " a Dairy School...........2%

12 "The Folk High Schools of Denmark and the Development of a Farming Community". by Begtrup, Lund, and Manniche. pp. 54,55
In the case of Chairmen the returns from 146 out of 185 Dairies in Zealand where the Schools are not so common, showed 47% had studied at the ordinary High Schools. The figures show conclusively that the High School students have been pioneers in the growth of Rural Co-operation and have supplied the Societies with most of their leaders.

In China the problem of leaders is of vital importance, both locally and nationally. Peoples' High Schools suited to Chinese conditions would contribute invaluably to the necessary leadership for a progressive movement in Rural Co-operation. This question will be enlarged upon briefly at the end of this Section.

(4) The Contribution of the Folk High Schools to National Life.

The Folk High Schools are not an isolated segment of the life of the Danish country people. The Agriculture and Dairy Schools presuppose considerable practical farm experience upon which the School Courses build, the Folk High Schools prepare the students for their daily responsibilities in community and national life. The home, the school, the farm and co-operation are all closely interrelated with the Danish farmer; furthermore, the Schools and the Church, and the Schools and the State have a real, though free, relationship. So the graduates of these Peoples' High Schools are fitted for the full orb of citizenship in their industrious and prosperous country.

It has been a long and perilous journey from
the cataclysm of Napoleonic Wars and the Annexation of Schleswig and Holstein by Prussia and crises in agriculture to the stability, efficiency and contentment which today characterizes the rural areas of Denmark. In answer to the query as to how this morass in their national existence has been travelled, the ones who have such thorough knowledge of their own experience reply it is because of the new spirit infused in national life since 1864 by the Folk High Schools. Further in the words of Hart, "the countryside itself tells the long story", for the facts bear out the testimony of the people.

Let this reply receive the further testimony of the former Premier of Denmark, Mr. Thomas Madsen-Mydal, who was Premier for 3 years and Minister of Agriculture for 4 years.

"The awakening and general direction which Danish youth has obtained in and through the Peoples' High School has brought about a close approachment between the different layers of society and has lessened the distance between the more prominent leaders and the average farmer. While a difference still exists here in Denmark, as everywhere else in the world, it is nevertheless true that the great number of our farmers are in a better position today to follow the leaders in a more rapid tempo than were their fathers fifty years ago.

The High School has cleared away old prejudices

13 From an article in "The Danish Folk High Schools"
and has called forth new life where before reigned barreness and desolation. And by so doing it has indirectly caused development also along purely economic lines."
4. **IMPLICATIONS FOR EDUCATION IN WESTERN CANADA AND CHINA.**

**INCLUDING WRITER'S VIEWS ON EDUCATION.**

Education cares for the relationships and responsibilities of the present social order. Christian education relates all knowledge to God and in this sense we do not have sacred and secular studies.

(1) **Educational objectives.** There are five objectives in education: 1. Knowledge or factual information. 2. Understanding and judgment involving meaning, principle and application. 3. Formation of correct habits and methods of study. 4. Character building, from the Christian viewpoint. 5. Fitting the pupil to equip himself for the problems of life, both his vocation and avocation. In attaining these purposes in our Schools we need to have a right emphasis, exalting "wisdom" with a realization that there are things in life money cannot buy, and giving God and the Bible their rightful pre-eminence.

2. **Thoroughness in study is fundamental** with an abundance of oral and written reproduction; a correct attitude to study needs to be aroused and the fact that we are always students realized. 3. The teacher should have a sound psychology and practice efficient methods. 4. No greater help can a teacher have than that which comes from above, through the Spirit of God. High character is to be sought in a teacher rather than high scholarship. 4. Those responsible for the curricula should, within limits, meet the special proclivities of students and plan for the basic needs of the district.

4. **Adequate finance is essential.** A gen-
eral school tax payable by adults is desired; there can even be partial State contribution to free schools, as is the case with the Folk High Schools of Denmark and the Mission Residential Indian Schools of Canada. Adequate educational buildings and equipment is the solemn obligation of any community towards her greatest asset—her youth.

(2) Current views on Education and a Consideration of Socialized Education. Dewey in "Democracy and Education" presents education as "experience", or the philosophy of "becoming". However, the school life is only one segment of the circle of a student's educational experience—he learns at home, at Church and by social contact. In place of "thinking" Dewey substitutes "perceiving", and for intelligence, the "organizing through action of the material of experience". Further this philosopher's conception of the brain is mechanistic and his view of generalization is in the physical realm; he discusses the work of reason and memory but does not allow their existence; after speaking of generalization as being based on a segregation and recombination of cells he ventures then to treat memory and reason as qualities of the mind. Surely this incorrect reasoning and conflict of theory with facts cannot be accepted as sound. Can we recognize the work of a river, as the St. Lawrence, and ignore its source, in the Great Lakes? A philosophy should grow out of practice and there is no conflict between a sound theory and efficient practice. This educationist further leaves out the supernatural in his philosophy of education, and does not distinguish between knowledge and wisdom. Similarly
the purposive psychologist as McDougall avoids recognizing "the will" speaking of a "goal", but this is only begging the question. It must be remembered that the project method has been employed in England and in Canada but unassociated with Dewey's philosophy; that means, conversely, that the success of the project method does not validate his philosophy; also that there are efficient teachers who do not hold Watson's "Stimulus--response" theory of learning; a few nursery experiments with infants cannot be reasonably allowed to displace the observed and recorded facts for a long period of years of man's intellectual experience both in the introspective and objective spheres.

This "behaviorist" school of psychology makes a cleavage with introspective psychologists—in reality two aspects of the whole field. It is like the branch criticizing the leaves on a limb. In discarding the true place of introspective and subjective judgments there is a disregarding of personality and an emphasis on the mechanistic aspect of man. "God created man in his own image." One cannot reduce human behavior to a system of physical causes and effects on the basis of a chemistry experiment without disregarding his personality.

Socialized Education features experimentation and investigation or the project method. This procedure is related to the scientific method which has grown out of intelligent work on the part of investigators like Mendel, and is not a possible systematic corollary of a system of
philosophy which has no sound basis of organized intellectual life. Subjects in socialized education are not taught as separate units but are related as in social studies. Also the project method and platoon system and Dalton plan orientate the school work with the procedure of practical problems of life. Even then, not all is contained in the project method, and a child still needs a teacher.

In all our educational work sound educational theory and efficient practice must be kept in contact, and along with socialized education there needs to be also a tolerance for academic training.

The "Stimulus—Response Psychology" of Watson, and the Project Method expounded by Kilpatrick where "doing" is on the purposive side, as well as the disallowance by McDougall of the reasoning and judgment faculty of the mind with a consequent identification of willingness and action, make a dangerous philosophical association with the project method in respect to the teaching aims. The truly scientific attitude and procedure in study and a sound psychology which gives God his due place, have no conflict. We can engage wholeheartedly in socialized education when the objectives, philosophy and methods are sound and moderate.

In the writer's judgment, the school life is a real experience constituting one of the building influences in the equipment for the child's full future responsibility in the social order. The School is a workshop, and a teacher
in the rural school with others in the community can lead by example, guidance and precept, the pupils to citizenship of the highest order.

(3) Vocational Guidance. In respect to vocational guidance the writer desires to direct attention to the difficulty of "placement" which now presents a problem. In our Schools we require Intelligence Tests to give the teacher an index of abilities, and a liberalized curriculum to develop proclivities, and freedom in teaching methods to enable the teacher to do her best work, and lectures dealing with various vocations with consultations with the students by an expert in vocational guidance. This is necessary. The present impasse arises in placing in appointments the qualified graduates of our High Schools who have received vocational training. It was stated to the writer by one parent who complained the children in the community drift after graduating from High School because there are no immediate openings for them for the application of their training. Here is one cause in life of "a square man in a round hole". The Folk High Schools have a solution for this situation which the writer presents. The student needs to be linked with Providence under whose guidance his life will accomplish most for his Creator and his fellow men. No better guidance can a young High School student have than to have as his experience "In all thy ways acknowledge Him and He shall direct thy paths."

There are lessons from these Secondary Folk High
Schools applicable, with discrimination, to rural communities in Saskatchewan and in sections of China. However, in discussing such implications, the writer fully acknowledges the essential place of higher education.

The Value of Folk High Schools for Secondary Education in Rural Communities. It should be noted that the Folk High Schools have a place only where the rural population conditions are suited to their contribution; they are Secondary Schools, and not institutions of higher learning, and it is well to recognize the place of Secondary Education in rural communities. In Denmark about 1 to 100 is the proportion of men with Degrees to those who are graduates of these Secondary Schools, which have supplied the needs of the farming community. The Schools are a place in which students learn to live and work, and the daily experience is in preparation for social relationships and practical occupation. Developing understanding, rather than amassing facts, is the purpose in the instruction. In Agriculture those trained in the Courses have proved intelligent, scientific farmers. Lastly, there is a freedom of life in these voluntary Schools, rather than any formality of professional training.

Hart very aptly says: "In Denmark the doctrine that the State must control all the education it pays for stops short here. The security of the State rests, the Danes believe, not in the regimentation of the minds of its subjects, but in the independent intelligence of the people."
2. Lessons from the Folk High Schools for Residential High Schools in Saskatchewan, and the need of Peoples' High Schools in China.

The problem in Western Canada is one of present assimilation of population of foreign extraction, and this is related to education since educationalists can advise as to type of immigrants to come to Canada in future on the basis of school and community experience. At present the increase of foreign born population is ahead of Canadian and British born. It is the making of worthy Canadian citizens of these children that comprises the problem of "New Canadians". There is urgency in the situation, since the experience of the United States shows with a similar condition increase in criminality and delinquency and also racial fusion. The importance of this question has been recognized by the Saskatchewan Government in the appointment of a Director of Education for "New Canadians".

The psychology of the situation is Residential Schools, Assimilation into Canadian life, and Patriotic Celebrations. We must take heed as to the source of our new settlers. It is gratifying to Canadians to learn that at the Haslev High School the Canadian Department is preparing Danish emigrants to efficiently take up citizenship in Canada. It is the considered judgment of some Canadians that encouragement needs to be given to Scandinavian immigration.

14 "Light from the North" by Joseph K. Hart. pp. 35,36.
Residential High Schools drawing pupils from various Elementary Schools embodying the district organization of Consolidated Rural High Schools recommended by Dr. Foght, and modelled after the school life of the Folk High Schools, would do a great deal towards the education of these "New Canadians". By residence in these Schools the non-English speaking pupil would have a real contact with Canadian life, the School as a Community Centre secures the sympathy of the parent, it builds up a normal contact with the child's environment, and develops his attitudes to the State and Church. The courses should be of regular length and according to a 6-3-3 system, and the curriculum should be constructed to prepare the pupil for problems of life in Canada which on the prairies means much vocational education, especially in agriculture and business. The pupil should be taught that, "Canadians should be Pioneers in all Walks of Life."

Let us consider the desired religious influence of these Schools. It must be realized that the place of a Church in the community cannot be filled by the School. The School, however, can serve no higher purpose than to be used for preaching services and the teacher can point these "New Canadians" to no higher goal than the living of the Christian life.

Schools similar to the Danish Folk High Schools are possible because of the separate school system of Saskatchewan. The cornerstone of such work needs to be the Christian personality of the teaching staff. In Canada we began well with the parents of these young Canadians by giving them a copy of the Holy Bible when they landed in Quebec. Let us attract to Christian living rather than repulse in regard to the "New Canadians", which latter condition has been the regrettable experience with some Southern Indians through their association with our race.

3. The need of Peoples' High Schools in China.

Let us consider one implication for China in education. The presentation of a rural educational need is facilitated by the above transitional study of the problem of educating "New Canadians". While education is a great need, yet China needs more than a materialistic conception of the training of her youth. That land of many great changes at the present day needs able leaders; the Folk High Schools have given these to rural Denmark. The illiteracy of the Chinese peasant and laboring classes is far from a static condition as has been shown by the thousands who have flocked to the Peoples' Language Schools directed by Dr. James Yen. Such a response augurs well for popular and national support of Peoples' High Schools. These patient rural people need economic help through Schools which will contribute in improving conditions of everyday life for such open-minded and industrious folk. To this end, the Chinese Government
should accord full religious liberty thereby giving the opening for free institutions such as Mission Peoples' High Schools. Such Secondary Schools are suggested by the writer as a means of making a valuable contribution to the "Farmers of Forty Centuries".

Let us say in conclusion, there is a stream of Rural Education that has its source in the inspiration of the teachers of the Danish Folk High Schools, which has flowed to meet practical needs into every department of the Danish farmer's operations. This stream has passed through more than a score of channels of agriculture co-operation, bringing fruition in prosperity and efficiency in Agriculture and in contentment and brotherhood among the farmers, which has evoked the wonder of the world.

The fairness of the land, the prosperity of their agriculture, and the happiness of the rural people in Denmark is indicative of that future day of which the Bible speaks, "Let the field be joyful and all that is therein."
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