

The Contest of the Age - Cooperation versus Competition *(the original publication is not known but is believed to have been published in March 1933 according to a note on the document.)*



**The Contest of the Age
Cooperation versus Competition**

I have talked with many men asking for charity and help for desperately hungry men, women, and children. On the other hand, I have talked with producers who have thousands of tons of produce, perishable and otherwise, for which they could find no market. This reminds me of a picture I used to see in the papers years ago. It was an advertisement for a remedy for dyspepsia. It pictured a thin man surrounded by food of all kinds. The lines read, "Starving in the midst of plenty." Why is it that we have so unbalanced our society that we have these conditions? Let us concentrate our minds and see if we can answer this question and plan a remedy.

Prior to 1775, our ancestors had been living under a system of feudalism in which the father bequeathed to the eldest son his business, whether a blacksmith shop or a throne, and the younger children were not given a square deal. There was no opportunity for them and their initiative was destroyed. Economists, realizing at last the unfairness of such a system as well as the destructive influence, came forth with a new theory that free and unlimited competition was the life of trade, and that society should protect the individual in his efforts to better his condition. That theory of economics had a very stimulating effect on commerce and industry. Acting under profit motive, business and industry have undergone a tremendous development. This theory of free competition in business has brought about other results, which are responsible for the unbalanced condition of business today.

SURVIVAL OF THE FITTEST

We are of the opinion that the warfare brought about by free competition in business is simply the law of the jungle in which the strong devour the weak-"Survival of the fittest." Our present troubles have been brought on by these business principles. There are at least four fundamental reasons why this free competition theory of business has failed.

First, it is uneconomical. Too much duplication of effort. A representative of the petroleum industry makes a report that during the year 1931, the cost of operating unnecessary filling stations amounted to four hundred fifty-five millions of dollars. Garden City has certainly paid its share of this unnecessary waste and there is still more to follow. Many businesses have failed due to economical waste and duplication of effort brought about by so called free and unlimited competition in business.

In the second place, this wrong economic theory has failed because it has exalted profit above service. To illustrate: it was learned that a certain large manufacturer of vinegar would not let his family use vinegar he manufactured. It contained too much acid. For years, a certain soothing syrup was sold that was guaranteed to stop a baby from crying-and it did. It was sold and given to thousands of babies throughout the world for many years. It was finally discovered that the syrup contained morphine. Too bad to promote a system that exalts profits above decency. Free competition in business has brought about questionable means of carrying on business and is failing because it has placed profits ahead of honest service.

The third reason why competition in business has failed is because it did not adjust production to consumption. It has failed in correlating supply and demand. Prior to the depression, manufacturing establishments were making twice the amount of good the public could consume under normal conditions. Prices and profits were satisfactory. With free competition for sales, we soon had an overproduction of everything and still we continued to produce to capacity. High-powered sales organizations were formed, salesmen were trained in a frantic effort to push goods on the market. Dangerous credit accommodations were extended even to buying wearing apparel on the deferred payment plan. Production continued. The warehouses were filled and the machinery had to stop. The day of reckoning had come. The wages paid for labor are based upon the cost of the goods manufactured. The selling price of these goods is the cost plus the profit. The wage earner, being paid on the basis of the cost of manufacture, can only buy goods up to the amount of his earnings. Hence, a large amount of goods accumulate on the shelves, even in normal times.

So the depression comes, employees are discharged, and the buying ceases. There comes a collapse of the whole business structure because production did not fit consumption.

WEALTH NOT EQUALLY DISTRIBUTED

Still there is another, a greater and more serious charge which can be brought against our theory of free competition in business. That charge is that the plan has failed to fairly distribute the earnings of industry among the rank and file of the

people who make these earnings possible. In 1929 when the stock market broke, we learned that the depression was not brought about by lack of credit nor by lack of wealth. We had a national wealth of three hundred sixty-one billions. A national wealth equal to that of England, Scotland, Ireland, Wales, France, Italy, Soviet Russia, and Japan, all added together. A wealth almost equal to the combined wealth of the world, and yet the crash came.

We also learned that the trouble was not caused by lack of national income. Our national income in 1929 reached the stupendous amount of eighty-four billions or three thousand four hundred sixty dollars for every family in America. The greatest ever reported, and yet the depression came. Strange that with such tremendous wealth and such enormous income and such adequate credit, we find our nation in the present condition.

We further discovered that in 1929 there were 504 persons in the United States each of whom reported incomes in excess of one million dollars and that their average was nearly two million dollars. The same year, seven-eighths of one percent of our people paid sixty-six percent. This answers the problem. The depression was not caused by lack of national wealth or income; it was brought about by lack of proper distribution of income. A few people gathered unto themselves the earnings of a nation. The rank and file of the American people were unable to buy the products of industry. The wheels of industry stopped and our economical structure tumbled.

WHY THE SYSTEM FAILED

The system has failed. First, because of un-economical operation; Second, because it has placed profit above service; and Third, because of improper adjustment of production to consumption, and because of improper adjustment between supply and demand thereby bringing about an unbalanced condition in industry; Fourth, it has failed because it has not fairly distributed the earnings among the people who made the earnings possible, and has broken down the buying power of the common people.

THERE IS A BETTER SYSTEM

It would be folly to criticize too severely without proposing something better. The best thought of America is being challenged today for that very purpose. That better plan is being offered to the American people-the co-operative plan - an economic plan which is no longer a theory. A plan which has all the advantages of the competitive system of business without the unfavorable and unbalancing influence of that system. Under the co-operative plan, we have proved that business can be successfully conducted without the profit motive, without the evils of so-called free competition, and so conducted as to bring about an adequate and fair distribution of wealth. So again, we review the four charges to show how the plan functions in regard to each of these problems.

HOW THE COOPERATIVE PLAN WORKS

First, we have made the charge that vast sums of money have been wasted in advertising costs and duplication of service that renders no benefit to the buying

public. On every road leading out from Garden City, the different trucks of the many oil companies are seen traveling the same road, each to deliver small amounts here and there. Duplication of effort. Wasted energy. Co-operatively the business belongs to the consumers. Each customer has an interest in the business and does not need any high powered salesmanship or attractive advertising to induce him to patronize his own business. Where duplication exists, the co-operative plan will put men out of work who are rendering no useful service, but will bring about a better distribution of income and wealth, a better standard of life, and an increased buying power. This increased buying power will put more people to work doing useful work than those discharged who were doing things that were wasteful and unnecessary.

SERVICE PLACED ABOVE PROFIT

The second charge made was that the old theory of business put profit ahead of service; that men would do anything for profit and, in fact, we had been trained to honor the man who amassed a fortune even though it was gained by destroying the health of innocent babies. Under the consumers co-operative plan, that thing does not happen. If we make soothing syrup for our own babies, we won't put poison in it. If we make oil for use in our own automobiles, we won't put anything in that oil but what belongs there. The co-operative plan eliminates the profit motive and substitutes the service motive.

NO OVERPRODUCTION OF PRODUCTS

Charge number three was that free competition has failed to adjust production and consumption, causing a terrific surplus in every industry and an unbalanced condition in business affairs. Co-operative societies in Great Britain have been functioning for seventy-five years, engaged in manufacturing and other lines of activity. They know their requirements and produce accordingly. They make supply meet demand, and no more, and are, therefore not bothered about over production.

COOPERATIVE PLAN KEEPS MONEY AT HOME

The fourth and last and most serious charge was that the old plan failed to properly distribute earnings. Both wealth and income are centralized in a few hands, while the rank and file of the common people do not receive enough of the earnings of industry to maintain their buying power. Great chains of industry and business have been built, with stores scattered throughout rural districts withdrawing from these rural communities every dollar which they make. This money is deposited in some large central bank.

Contrast that system with the co-operative plan. To illustrate: according to one of our local papers, Garden City furnishes the best market for wheat, corn and farm grains of all kinds of any town in many miles of here. This is very true, and has been so since the advent of the co-operative elevator. Before, we had no market. Before we had the Farmer's elevator, we farmers sold our cane seed to an old line elevator for \$1.50 cwt. The elevator had previously sold it for \$7.00 cwt. The Garden City Cooperative Equity Exchange has maintained the best market in

Kansas west of Hutchinson, besides giving back to its members more than a half million dollars. It has built, or bought and paid for, four elevators which belong to the farmers. Besides this, it has earned a five thousand dollar interest in the biggest commission firm in Hutchinson, Kansas.

NEARLY \$100,000 RETURNED

This same exchange also operates an auxiliary oil and gas department known as the Farmer's Co-operative Oil Co., which has paid to its members nearly one hundred thousand dollars. This department consists of a one-stop service station, bulk plants, etc., fully paid for, costing more than twenty thousand dollars, and belonging to the public. Nothing is required for membership but patronage. This organization extends the right hand of fellowship to mankind, invites all to enter into this brotherhood of fellowship without money and without price to enjoy the benefits of an institution from which selfishness has been eliminated, and brotherly love put into practice.

The combined salaries of the board of management of these two institutions that do more than one million dollars worth of business per year, will not equal \$25.00 per month. For more than ten years, they drew no salaries, and the compensation they draw now is not for salary but for expenses. Not only has the co-operative plan of business proved to be economically sound but has demonstrated thoroughly its ability to meet business situations as no other type of business can do. This is due to the fact that farmers and laborers and small businessmen are just now learning how to make their plans and operations function properly.

FEW FAILURES AMONG COOPERATIVES

While banks and other institutions have been closing their doors, co-operative societies have had less failures than any time in history. We, as farmers, were prone to think that business could not be successfully carried on except by so-called business specialists, but we have learned that with a little training and some old fashioned horse sense, we can transact our own business.

When we have learned to work together to solve our business problems, and when under the new plans we have learned to eliminate waste and honor service above profit, to avoid unnecessary surplus problems, and to properly distribute the earnings of industry, then we will have created a new economic order. We can help one another bear our burdens. The heartaches of a suffering world enslaved to the powerful forces of greed, gasping as our economic order totters and reels. These heartaches are driving us to unite as never before to restore economic balance in industry and economic and social justice to mankind. - R. J. Ackley