



# CO-OP

# Contact

UNITED HOUSING FOUNDATION

The United Housing Foundation is a Member of The Cooperative League of the U.S.A.

## START AUTO INSURANCE COMPANY

### Cutting Costs for Individual Cooperators the Target

Preliminary steps toward formation of a cooperative reciprocal insurance company were authorized by the Board of Directors of Community Services, Inc., on March 7 at its joint meeting with the United Housing Foundation Board.

The action culminates three years of studying high auto insurance costs and how to meet them, President Abraham E. Kazan reported to the Board.

Raising the required \$900,000 to \$1,000,000 by the subscribing auto owners by investments of approximately \$200 each would be needed to start the company.

Widespread desire for a move in this direction was documented this past winter thru a questionnaire survey conducted by the Insurance Dept. of Community Services. Collaborating in the study was the recently formed Cooperative Housing Insurance Council on behalf of 13,300 member-stockholders in the New York City area.

Experience over the past 5 years of Community Services Insurance Dept. in saving up to 50% insurance costs for member housing cooperatives encouraged the Council and its 37 affiliated housing cooperatives, President Kazan

stated "and paved the way to providing insurance services for the individual cooperator."

The auto insurance survey showed that 98% of the auto owners responding indicated "positive interest" in the proposal.

Next steps toward formation of the reciprocal auto insurance company will include:

1. Filing a formal application with the New York State Insurance Dept.
2. Consultation with Boards of Directors, House Committees and Managers of member cooperatives concerning arrangements for area organization meetings.
3. Area meetings for auto owning members of the cooperatives.

(Continued on page 11)



VOL. V  
No. 2  
April  
1961

## LOULA D. LASKER

A long career of public service ended January 28 when Miss Loula D. Lasker, 72, died of a heart attack in New York. She was a vice-president of Hadassah, the Women's Zionist Organization of America, and had been a director of United Housing Foundation since it was organized in 1950.

She was a director and honorary chairman of the Citizens Housing and Planning Council of New York which she helped found in 1937 and served as chairman for several years.

One highlight of her Hadassah work was the presentation to Prime Minister David Ben-Gurion of Israel of the Henrietta Szold award at a special meeting in Jerusalem in 1958.

In appreciation of service to the housing movement, the following resolution was passed by United's Board at its March meeting:

**RESOLVED:** The Board of Directors of the United Housing Foundation records its deep sorrow at the passing of its beloved member Loula D. Lasker. The Board of Directors expresses its profound sympathy to Miss Lasker's family. The Board records its appreciation for the years of devoted and capable service Miss Lasker contributed to the program of the United Housing Foundation.

### UNITED ANNUAL MEETING CALLED FOR APRIL 15

Annual membership meeting of United Housing Foundation will be held Saturday, April 15, in Co-op Auditorium, 551 Grand St. Notices containing further details will be sent to members.

**"THE GREAT DEVELOPER** is responsibility. Hence no remedy can be helpful which does not devolve upon the workers' participation in responsibility for the conduct of business; and their aim should be the eventual assumption of full responsibility — as in cooperative enterprises."

— Louis D. Brandeis in "Other People's Money"



**LITTLE PHILIP HERSHKOWITZ** will be a year older when he moves into the apartment he fingers but it's easy to see he shares the happiness of Daddy and Mommy at the prospect.

This family was at the head of the line February 19, opening day for allocation of apartments in Rochdale Village and had their pick of 5,840 family units. They chose No. 2C in Wing "C" Building 4 — first one to go up. They picked a second floor 3-bedroom apartment facing the interior park of the Village "So we can look out on trees, and grass and flowers" said Mrs. Cecelia Hershkowitz.

In addition to Philip, 3, they have two other children, Jonathan, 6, and Steven, 8, who now attend Wisdom Lane School at Levittown. At Rochdale they will only be "a step away" from school and won't have to cross any traffic for all vehicles are barred from the interior of the Village.

Mr. M. Hershkowitz, left, works for the Long Island R. R. out of Jamaica. Their home at present is at 219 Loring Rd., Levittown. In the photo with them, helping them in their selection, is Don Elbersen, right, manager of the Applications Dept. For United Housing Foundation.

Photo by Sam Reiss

## Heads the Parade to Rochdale

Getting a head start on scheduled spring ground breaking and launching of construction at Rochdale Village, applicant cooperators are now busily selecting their apartments.

Ground breaking ceremonies will be Saturday, April 29. Full-scale construction work will start almost immediately afterward.

Allocation of apartments started on February 20 (See photos this page). During the first four weeks a total of 525 families had chosen their future home after studying the architect's scale model of the Village, floor plans and blueprints and interviewing United Housing Foundation personnel at the temporary Village business headquarters, 530 Grand St., Manhattan.

Families are called strictly in the order of filing applications. By late spring the staff anticipates that nearly two thousand families will have come to headquarters, according to Don Elbersen, manager of the Applications Dept.

A total of 5,860 apartments ranging in rental price from \$58.00 per month for the smallest 3-roomer to \$144.00 per month to the most expensive 6½-room 3-bedroom top floor apartment with most sought after exposure.

(Continued on page 3)

**WITH THE ENTIRE VILLAGE** to choose from on opening day, Mr. and Mrs. Maurice Grant, right, seek information about a 3-bedroom apartment with balcony from Mrs. Ida Vozick, assistant manager of the applications department.

The Grants at present live at 144-15 41st Ave., Flushing. They have a daughter, Anita, 8, and also need a bedroom for his mother, Mrs. Mary Grant.

They filed their application more than a year ago, immediately after reading a news story in the TIMES.

They chose a southern exposure apartment on the eighth floor of "C" section in building 3. This overlooks the park and commands a view of the interior of the Village.



# PENN BONDS PASS HALF-MILLION DOLLAR MARK

Penn Station South development is now showing visible growth in two phases: structural and financial.

Structural growth greets the eye from any point around the site between Eighth and Ninth avenues from 23rd to 29th streets. (See photo).

Financial growth is evidenced by reports of the air conditioning bond sales passing the half-million dollar mark.

**Any resident of New York State may purchase these bonds. Subscription agreements and information may be secured by writing to Mutual Redevelopment Houses, Inc., 570 Grand St., New York 2, or for quick information by phoning ORegon 7-5666.**

Principal purchasers to date have been the Penn Station development cooperators. This enables them to cut one percent (1%) off the interest rate of money used to build the air conditioning system. As explained to them by President Abraham E. Kazan when the bond issue was announced: Total cost of adding air conditioning to the original plans for the 2,820 apartments will be approximately \$1,500,000; to get it rolling a temporary loan "up to \$1,000,000" at 5% interest was arranged with the International Ladies Garment Workers Union; but this 5% money will be replaced by the 4% money from the bonds.

Good building weather this spring and summer will help the builders lift the building superstructures rapidly.

Good bond sale "weather" will speed the paying of the 1% "dividends."

And again the directors and management emphasize: **ANY RESIDENT OF NEW YORK STATE MAY BUY THESE 4% BONDS.**

## **Heads the Parade to Rochdale** (Continued from page 2)

Favorites are the big family 3-bedroom layouts, according to Elberson. As an example, out of the first 50 families, 37 had children and chose 2 or 3 bedroom apartments. Nine retired couples or single persons selected the single bedroom, 3-room apartments with or without balcony.

**INQUIRIES** about Rochdale Village development will be answered at the office of Rochdale Village, Inc., 530 Grand St., New York 2, N. Y. Phone ORegon 7-5666.

**SUPERSTRUCTURES ARE RISING** at the site of the Penn Station South development (ILGWU Houses). Foundations have been poured for each of the 10 twenty-story buildings which will have 2,820 apartments ready for occupancy early next year.

This recent photo taken from the corner of Ninth Ave. and Twenty-



## **ROCHDALE GROUND BREAKING SET FOR APRIL 29.**

Leading officials of state and city government have been invited to participate in Rochdale Village ground breaking ceremonies, Saturday, April 29, on the site of the old Jamaica Race Track.

Governor Nelson A. Rockefeller has accepted the invitation of United Housing Foundation's president, Abraham E. Kazan, to address the celebration. Invited with the governor is the same panel of officials who previously had prepared to address the scheduled Dec. 17 event, cancelled by the snow-storm. They include:

Mayor Robert F. Wagner, Commissioner Robert Moses, State Housing Commissioner James W. Gaynor, and Queens Borough President John T. Clancy. Chairman will be Harry Van Arsdale, Jr., president of the Central Trades and Labor Council of New York.

The program will start at 10:00 a.m. near the New York and Baisley Blvd. intersection in Queens. Invitations to attend are being extended to all co-op housing residents and their friends.

### **Plan Meetings**

Rochdale cooperators, after the groundbreaking, will be notified of plans for meetings to be arranged for their information.

Progress in construction of the first eight buildings (Units 1 and 2) at the North side of the Village will be described. What it is like to live in a cooperative will be discussed. Questions about the schools, the commercial area shopping centers, and such public service facilities as public library, police and fire protection, parks, playgrounds and auto parking lots will be answered.

## **WARBASSE HOPES FOR "SPRING THAW" IN \$500,000 PAYMENT**

Spring thaw weatherwise is expected to be accompanied by a thawing of the Brooklyn "deep freeze" which has blocked action on James Peter Warbasse Houses.

Some indication that progress might be expected reasonably soon was the request from the Comptroller of the City of New York for the housing cooperative to deposit \$500,000 to be used in payment for property to be condemned. This deposit has been made and we are hopeful that the proceedings will soon take place.

third streets shows the start of Building No. 1 in the foreground. In the background, columns of other buildings seem to sprout from the ground like mushrooms.

A substantial part of the building site extending to Eighth Ave. (far right) and Twenty-ninth St. (top) is shown in this view.

## **"Middle Income Housing"**

# **AN ELUSIVE ANSWER**

## **Keyed to Low Interest Mortgages**

FOR MANY YEARS we have been hearing a great deal about "middle income housing." From the halls of congress, from the offices of housing administrations, from real estate boards, and from the man in the street we hear about "middle income housing." With all of the talk it is amazing that no one has been able to come up with an acceptable answer to the question "what is middle income housing?"

Senator Joseph Clark of Pennsylvania says that the term means "those whose income are too high for admission to low-rent public housing but too low to afford new private housing being produced under the existing federal programs". In New York City this would include most of us, for relatively few can afford even the minimum rentals of private housing.

Inevitably those seeking an answer turn to the statistics on income. This becomes the basic criteria to judge whether a person is entitled to live in a middle income housing development. Certainly income is important, but only as one of many factors to be considered in attempting to solve a complex question.

### **The Fundamental Concern**

Fundamentally our concern is broader than middle income housing. It is housing for all. It should not be necessary to separate the need for a basic necessity between "wealthy," the "poor," or the "average" — all have the same need for shelter as they have for food. However the cost of housing is governed by the law of supply and demand. If the cost of shelter was reasonable at the top, there would be no major problems for those with moderate and lower incomes. However when there are enough people who will pay \$55 and more a room a month for housing, as they do in Manhattan, there is a major problem for those who cannot afford such prices. Only when the market for the high-priced apartments is satisfied will more housing be built by private builders for those with lesser incomes. Consumer resistance to the unreasonable rents that are demanded by speculative builders may have a beneficial effect in improving the general housing situation.

As long as consumers are willing to pay exorbitant rentals, families with lesser incomes will continue to be caught in the squeeze. This includes 80 or more per cent of the population. Housing for these people is as vital as it is for those with high incomes. If the private profit sector of the economy cannot provide shelter for these people then other methods must be used.

At present subsidized programs are providing some housing for families which are classified as "low or limited income." Many claim that this so-called public housing program is excellent, others will argue against it. There are merits to both arguments. It is not the purpose of this article to debate that question. Our concern is to find an answer to the question "what is middle income housing?" The question cannot be determined without viewing the entire housing situation as it exists.

For those who can afford it, housing is available. For those who qualify as "low income families," considerable subsidized housing is available. It is the inbetween group which is squeezed the hardest.

### **Eligibility Standards**

The New York Housing Authority's standards for maximum income eligibility in subsidized projects vary depending on the age of the developments. For a family of one, they range from \$2,900 to \$3,900; for a family of four, the range is \$4,200 to \$6,408, with an average of \$4,992; and for a family of seven the range is from \$5,500 to \$7,896 with an average of \$6,331.

While rental of new private housing in Manhattan starts at \$55.00-a-room-a-month, in other boroughs some new private housing is available at \$35.00-a-room. At this figure a two-bedroom apartment (4½ rooms) would rent for \$157.50 a month. Using the formula that a family should not spend more than 20% of its income for rent, a family would need an income of \$9,450 to afford this apartment. Should a family of four consist of a man, wife and two children of opposite sex, the family would require an income of \$11,550 for a suitable apartment.

It is apparent that the factors to be considered in determining what is middle income housing must include:

- 1, the cost of housing generally;
- 2, size and composition of family;
- 3, family income.

Each of these factors is variable. The cost of housing differs depending on location. Size and composition of a family changes from time to time. Income also changes, and there is a big difference between gross and net spendable income.

To illustrate these factors, we might consider the cases of two school teachers in New York City both with a gross salary of \$5,400. Mr. A., a confirmed bachelor, lives alone and likes it, in a 3-room apartment. Mr. B. has a wife and two children, a girl 12 and a boy 10 — he needs a 3-bedroom apartment. After his deductions, including his pension retirement deduction, Mr. A.'s net pay is \$4,069. Mr. B.'s net income is \$4,596. Even if he were able to spend 25% of his spendable income for housing Mr. A.'s rent could amount to \$28.25 a room or \$84.75 a month for three rooms. Private housing is not being offered at those prices today. Mr. B. could qualify for public housing but due to the lack of private housing within his means, this might be the only way he could obtain a decent place to live. Spending 20% of his net income for housing he could afford to pay \$76.60 a month in rent. For a 5-room apartment, this is \$15.32 a room. Where can this type of housing be found today?

Incidentally, the latest figures issued by the Bureau of Census state that the median family income in the United States is \$5,400. Half the families had less than \$5,400 gross

*(Continued on page 5)*



**A FRIEND AT COURT** — One of President Kennedy's first appointive moves was to name Robert C. Weaver as administrator of the United States Housing and Home Finance Agency.

In one of his first official announcements as HHFA administrator, Mr. Weaver pledged support by his agency for moves to break middle income housing bottlenecks. And one of Mr. Weaver's final actions as vice-chairman of New York Housing and Redevelopment Board was

caught here by the cameraman. With other officials of the Board and of the Seward Park Housing Corporation he helped certify \$23,700,000 as final cost of the development and to activate \$18,000,000 mortgages.

Left to right: Abraham E. Kazan, Seward Park president; Weaver; Chairman J. Clarence Davies, Jr., of the N. Y. Housing and Redevelopment Board; Walter S. Fried, Board member.

#### **An Elusive Answer** (Continued from page 4)

income and half had more. Comparing income figures with what it takes to obtain decent housing in New York City only illustrates the magnitude of the housing problem for families at the statistical average and for many with incomes far above the average.

A reasonable moderate income housing program would begin by providing housing at \$14.00-a-room. The major part of the program should be directed at housing for \$18.00-a-room with additional dwellings for those with higher incomes but who cannot afford prevailing private rentals. Such a program would begin to take care of the housing needs for a large percentage of people who are in need of housing today. By mixing the rental range of apartments within developments, it would be possible to maintain economic and socially balanced communities. While housing is in short supply, limiting its availability by imposing additional restriction imposes additional hardship.

**The key to the solution of the housing shortage is an ample supply of low interest mortgage money.** With enough such capital, it would be possible to bring the supply of housing within the means of average income families. Non-profit cooperatives are examples of what can be achieved. In addition, these organizations enable the consumer to participate in a program to help himself obtain his own home. Compared to the need for housing, not enough low interest mortgage funds have been available to make a sufficient impact on the market to bring down prices. The shortage still exists.

If the untapped resources of pension funds, insurance companies, savings banks, foundations, and the people themselves were pooled together and used to grant mortgage loans at three per cent interest, housing people could afford could be built in sufficient supply to meet the need.

"Middle income" housing is shelter the average family can pay for by spending about 20 per cent of its net income. There are a tremendous number of "average" families. The task before us is to supply sufficient housing for all.

## **LABOR CONTINUES DRIVE FOR MORTGAGE INVESTMENT**

MIDDLE INCOME HOUSING was in the spotlight nationally this past month.

Union labor, thru the AFL-CIO Executive Council, directed its recently formed Department of Investment to help U.S. unions attack the shortage by investing one billion dollars from pension funds controlled by unions.

**Joseph Keenan**, one of three AFL-CIO vice-presidents, heading up this department, presented labor's outlook at the Washington, D. C. convention of the National Association of Housing Cooperatives. Labor nationally is encouraged to move in this direction by results of such investments by the Amalgamated Clothing Workers, International Ladies Garment Workers, and International Brotherhood of Electrical Workers, among others. He cautioned against over-optimism by pointing out that altho American labor has 40 billions of dollars in welfare funds, most of it is controlled by private corporations and insurance companies. About one billion dollars is controlled directly by labor and some of this is already invested in co-op mortgages.

At this same co-op housing conference, **Robert C. Weaver**, former vice-chairman of the New York City Housing and Redevelopment Board, in one of his first public statements as federal housing and home finance administrator, pledged every effort possible by this agency to

- speed renewal of blighted city areas
- meet unmet needs of the housing market
- promote more home building

One opportunity in his field was indicated in the March 7 NEW YORK TIMES in an article by John Sibley headed: "Pilot Slum Plan at a Standstill." It outlined the seemingly interminable delays in New York City's effort to launch a building-by-building rehabilitation rather than using whole-

(Continued on page 12)

# THE ANSWER TO INSIDIOUS MONOPOLY

IN THE FIELDS WHERE CONSUMERS have organized cooperatives on a large enough scale, these people owned institutions have been able to effectively combat the evils of monopoly, primarily price fixing. Unfortunately, only a limited number of illustrations can be mentioned because consumers have not yet organized cooperatives on a large enough scale to be really effective.

Nevertheless, it is apparent in the field of housing in New York City that cooperatives even now are beginning to have some influence on prices. It is also apparent that the programs of credit unions are beginning to be felt and the banks are beginning to compete to provide services which the credit unions initiated years ago. Where farmers have organized strong cooperatives in such fields as electricity, petroleum, fertilizer, monopolies have strong competition. In each of these fields, consumers generally, whether co-op members or not have benefitted from the competition provided by the cooperatives. For an insight into how effectively cooperatives can break monopolies, we refer the reader to Marquis Childs' book "Sweden The Middle Way." We have a long way to go in the United States before cooperatives will be strong enough to be an effective balance wheel in the overall economy.

Our economy has been so geared to bigness that it is no longer fashionable to discuss the insidious dangers of monopoly. The era of the Tarbells and Steffens has passed. The newspapers dedicate ample space and continuous coverage to a story of a two million dollar bank embezzlement by a woman in Iowa, but only passing reference to the fact that twenty-nine electrical firms were indicted and pleaded guilty or refused to defend themselves on charges of monopolistic practices in dividing markets, price fixing, abolishing competitive bidding and overcharging.

According to the Washington Post and Times-Herald, the guilty pleas covered \$800,000,000 worth of sales to the federal and state governments and five billion dollars in sales to private concerns. The Post quotes an unofficial estimate of the federal and state overcharges as being approximately \$200,000,000.

James B. Carey, president of the International Union of Electrical, Radio and Machine Workers says "We of the IUE have long charged that the practices of the electrical industry have made a mockery of America's much heralded free enterprise system. By conspiring to fix prices, the giant companies of this industry have robbed the United States government, gypped the taxpayers, bilked foreign governments and gouged other sections of private industry."

In addition to the 29 corporations indicted, 45 executives of these companies were indicted for criminally violating the Sherman Anti-trust Act. The government's case against General Electric, Westinghouse, Allis Chalmers, I-T-E Circuit Breaker Co. and others and their executives reads like a cloak and dagger thriller. Secret meetings, code names and more were all part of the monopolistic plot which has cost the government and other consumers hundreds of millions of dollars. The federal agencies that suffered the most were the

Tennessee Valley Authority, Atomic Energy Commission, Defense Department, and the Government Printing Office. Through court action the government will recover some of the loss. Many private firms are expected to settle their claims with the companies outside of court — although they are entitled to sue for triple damages. General Electric, Westinghouse and Allis-Chalmers already have said that they will discuss "possible liability, if any" with their customers.

Enforcement of anti-trust laws is but one way, and not the best way, to combat monopolies. Effective competition by consumer owned cooperatives would be a much better way. There is a slogan which says that consumers pay for every plant which is built. Only if the plant is cooperatively owned do consumers really own it.

If consumers would invest in and patronize cooperatives, they could own their own factories which would produce the goods they consume.

Consumers in other countries have awakened to what they can do for themselves. American consumers have it within their power to build an economy which would minimize the evils of monopoly.

## **Electrically speaking there WAS**

### **SOMETHING ROTTEN IN "DENMARK"**

#### ***Until the co-ops horned in***

The press of the world has been headlining the recently exposed multi-billion dollar rigging of electrical contracts in this country resulting in federal indictment and guilty pleas by leading manufacturers. This illuminates a potential opportunity for cooperatives to serve the consuming public.

For those who wish to probe more deeply for details, President James B. Carey of the International Union of Electrical, Radio and Machine Workers gives a 9-page analytical summary of the 20 anti-trust indictments brought by the federal government against General Electric and Westinghouse in the Spring, 1961 issue of I. U. D. DIGEST. This publication is a quarterly put out by the Industrial Union Department (AFL-CIO), 815 Sixteenth St., N.W., Washington 6, D. C.

What the Co-ops did to help cure a similar monopolistic disease in Sweden is well told in the classic SWEDEN THE MIDDLE WAY by Marquis Childs. It relates in detail how the Scandinavian cooperatives challenged the international electrical cartel (which included G.E.) and how the price of light bulbs came tumbling down — along with prices in other lines when co-ops built manufacturing plants. Loan copies of this book are available at the Warbasse Memorial library at United Housing Foundation headquarters, also at many public libraries.

*(Continued on page 7)*

## The Answer to Insidious Monopoly

(Continued from page 6)

The Swedes got this "Insidious Monopoly" message quickly after World War I. Childs quotes one of their leaders, Anders Hedberg as saying in 1925:

"The efforts of government to cope with the harmful influences of the trust system have largely proved in vain. Laws have been passed and prohibitions imposed without any other result being achieved than that the trusts have proceeded on secret lines.

"Anti-trust legislation has, as is realized nowadays in ever-widening circles, certain directly injurious effects from the very fact that it stimulates monopolistic combines to evade even that control which public opinion nevertheless can to some extent exercise if these combines show themselves in the open."

In Europe, the electric cartel was called "Phoebus." Childs tells how Hedberg went to Switzerland for a conference at Phoebus headquarters when plans of the co-ops to build a factory began to cause some concern. Relating how he got the velvet fist treatment, Hedberg quoted the Phoebus spokesman:

"Of late years we have learned a lot from America; there they either come to an agreement of some sort with outside factories, that is, they buy them in one way or another, or they wipe them off the map. Up to now the same party has always won; the American G. E. C. is a powerful body, as you know. But we, in Europe, are not so far behind, and so I tell you quite candidly that no new factory will poach on our preserves in the Swedish market if we can prevent it. There might be very, very low prices in Sweden! Have a cigarette?"

The Swedes went ahead with their plans. They and cooperatives in neighboring countries formed the North European Luma Cooperative Society. The sequel is summarized by Childs:

"Effect on the price of electric bulbs in Scandinavia was startling. Even while the Luma plant was in course of construction, the trust lowered the Swedish price from 37 cents to 27¢. Soon after the co-op lamp came on the market the trust had to meet the Luma price of 22¢ . . . So remarkable was Luma's success that English cooperators began to discuss the possibility of a similar venture. And promptly the price of light bulbs in England dropped about 10¢ . . . In the first year of its operation the Luma plant turned out nearly 3,000,000 lamps . . . On the basis of price reductions brought about through the inception of Luma, the cooperatives can claim a saving to the consuming public of five million kronor a year on the 10 million lamps sold annually."

Cost of electricity in Sweden also is kept at reasonable levels by enough consumer-municipality-state owned generating plants and distribution systems which eliminate the need for anti-trust laws and regulatory commissions. The same holds true to some extent in sections of this country where some bonafide consumer control or competition exists.

Farmers have demonstrated that consumer ownership of some production and distribution helps hold the price line in fertilizer and petroleum.

So far we've only nibbled at it in this country. Nibbled enough, however, to show that it can be done if enough volume of business piles up to cast substantial weight in the local, regional or national scales.

Enough success has attended these "pilot" developments to give us some hope that a stronger consumer hand on the economic controls in this country may keep us to that "middle way" between strangling extremes.

## THE ART OF COOPERATION

ONE OF THE DANGERS of a cooperative is that it will succeed as a business but fail as a cooperative. This may seem paradoxical to many. For they measure the success of a cooperative only in economic terms. Their criterion is "how much money will I save by joining a cooperative?"

Too often we tend to measure the success of self-help cooperatives by the same standards used to measure the development of profit making businesses. Size, growth, efficiency, percentage of profits, etc., are the measuring rods commonly used. We forget that the purpose of a cooperative is entirely different from that of a PROFIT business. Different standards must be used to measure the effectiveness of SERVICE organizations.

For many consumers, cooperation is more than a way of doing business, it means a better way of life. A successful cooperative will be more than an economic entity. The basic principles of cooperation can mean economic democracy. Through cooperation consumers can have effective control over their financial affairs. When cooperatives are strong enough they can serve as a yardstick or a balance wheel in the economy. When consumers use their economic power cooperatively business-controlled monopolies and oligopolies will have to compete with consumer-owned enterprises operating for service rather than for profit. This is the nature of the economy in Sweden and other countries where cooperatives are more advanced.

The members of cooperatives are joined together to work for specific objectives — to meet their own needs. While economic advantages may accrue by eliminating profits, the motivation of the organization is for other reasons. The group has been organized to obtain goods or services to meet specific needs. How effectively do the members work together toward their objective? How well does the democratic process work? Is the organization servicing not only its members but making a contribution to the larger community? Are the members finding new ways to help themselves? The answer to these and similar questions determines the effectiveness and success of the cooperative.

It has been said that idealism in a cooperative takes the place of profit. How much idealism is there in your cooperative? Is there as much as when it was organized? There should be more. But probably there isn't. Unfortunately many cooperatives become complacent. The members become apathetic. They are easily satisfied with superficial success. The original crusading spirit does not last too long. Unless there is a "vice president in charge of revolution", lethargic rigor mortis is apt to develop. The basic principle of constant expansion is the antidote for this trouble. It is a responsibility of the Board of Directors to maintain and revitalize the idealism of the organization. Through education, the ideals of the cooperative can be transmitted to the membership. How active is the educational committee in your cooperative?

What is the art of cooperation? Simply it is how well the members, board of directors, and management work together to achieve the purpose for which they joined together. The tag "cooperation" has no magic attached to it. To the contrary, is it not something easily achieved? It requires considerable effort to make it work successfully. When we say people join a cooperative to work together for a common purpose, we should emphasize the words WORK TOGETHER.

A cooperative would not succeed at all if the great majority of members were not conscious of the need and willing to

(Continued on page 8)

## Another Integration Problem:

# TOWN AND COUNTRY COOPERATION

AT A RECENT SOCIAL GATHERING of cooperative leaders and staff workers, United's president indulged in what he called a bit of "day dreaming." He said he looked forward to the time when city and country people, thru their cooperatives, could get together to plan and provide consumption, production and distribution in a smoothly geared program "for the benefit of all."

In practical terms, he indicated that this could eliminate much waste and monetary loss at both ends of this food handling deal.

If this be "day dreaming", Mr. Kazan has plenty of company among "dirt farmers" and urban consumers. Plenty of "agonizing reappraisals" on how to mitigate the "cost-price squeeze" are underway at both ends.

Farmers are vitally concerned over "integration." By this they mean the steady erosion of farm ownership and operation by absentee landlords — largely for the benefit, as they see it, of chain stores, packing houses, etc. Pick up any farm publication of the past several years and you likely will find articles or editorials reflecting this worry. Large scale mergers are underway among farm marketing and purchasing cooperatives in an effort to meet it head-on.

SAMPLE: Cooperative News Service carried this headline: "4 Big Iowa Dairy Co-ops Begin Working Together." The article, under a Des Moines dateline stated:

"United Dairy Producers Cooperative Association is a new co-op federation formed to serve four Iowa dairy co-ops.

"Co-op leaders believe the federation will increase the bargaining power of producers and the "net return to Iowa dairy farmers." It will also make possible the transfer of surplus milk from one area to another where a shortage exists.

"The four co-ops are owned by 2,400 dairy farmers that handle between 50 and 60 million pounds of milk a month."

On a much smaller scale, but more historically significant to cooperation in the United States, is a report in the special (Jan. 1961) edition of CO-OP NEWS celebrating the 50th anniversary of the Waukegan, Illinois, Cooperative Trading, Inc. In it, Jack Liukku, manager for 40 years (1918-58) tells how joint membership by dairy farmers in their consumer co-op got started:

### The Waukegan Experience

"The bad quality of milk caused widespread dissatisfaction among mothers in the southside of Waukegan in the summer of 1910. Although the milk was delivered twice per day it was often sour even at time of delivery. The milk was unpasteurized and hauled in large cans from which the milkman dipped it into customers' bowls, pitchers or cans.

"Unsanitarily produced and handled right from the farmer to the consumer, it was bound to bring trouble to the milkman. Milk delivery was a constant headache in those days.

"The most vehement complaints against the poor quality came from the Finnish immigrant women. They accused the milkman of watering his milk. His defense was that he had to put ice into the cans to keep the milk from souring.

"These rebellious women were not satisfied just to complain. They decided to do something about it.

"Our children *must* have better milk if we have to go into the milk business ourselves to get it!

"And that is just what they did.

"They got a group together and organized a milk cooperative. They got their milk direct from the farm in two 8-gallon cans. The distribution was made from a residential basement.

"That was the inauspicious beginning of our large co-op dairy . . . When this female project proved a financial success, the men also became interested." (End Liukku quote)

### A \$3,000,000 Co-op

The Golden Anniversary number of this Waukegan CO-OP NEWS reports that 1960 business passed the \$3,000,000 mark and adds:

### "More than \$1,000,000 has been returned to our members in the past 49 years."

And a goodly portion of this amount went to the participating dairy farmer members — this in addition to the steady reliable market they have enjoyed during this period.

Testimony that this action was distinctive on the American co-op scene is seen in the 1926 edition of Colston Warne's history: CONSUMERS COOPERATIVE MOVEMENT IN ILLINOIS. Concerning the Waukegan genesis he noted:

"Several women, objecting to a 2-cent per quart increase in the price of milk, clubbed together to buy it by the can, direct from the producer."

Significant feature attracting his attention (1926) was its "joint action with producers cooperatives, 60 farmers being members."

He recorded its membership 720, compared with the present 10,000 total.

Day dreams, Mr. Kazan? Those Finnish women in 1910 used other words. Instead of Aladdin's lamp, they rubbed a milk can and the genie they invoked continues after 50 years to shower down golden dividends of wealth in goods, service, and satisfaction to both the farmer-producers and to the urban consumers — ALL MEMBERS OF THE SAME CO-OP.

---

### The Art of Cooperation (Continued from page 7)

work together. Too often an organization suffers because its members become apathetic. Too many expect benefits while too few accept the responsibilities which go with ownership. This is a serious situation all too common. Even more serious consequences can develop when a cooperative has members who work against the organization. In democratic institutions there is always room for dissent and debate. Once a decision has been reached however, the minority must be willing to accept the will of the majority. In some organizations this does not happen and a small minority can disrupt the functioning of the group.

Cooperatives are made up of people and thus are subject to their human strengths and weaknesses. Notwithstanding the rights of individuals in a mutual endeavor, the welfare of the group must come first. After a decision has been made, invective individuals must not be permitted to disrupt the functioning of the organization. Without jeopardizing the democratic process a cooperative must have the means to protect itself from those who would destroy it. DYNAMIC EDUCATION MUST BE USED TO OVERCOME APATHY AND MISUNDERSTANDING.

The ability of people to work together is fundamental to the success of a mutual undertaking. All must accept responsibilities. All must pull in the same direction for a common purpose. When this happens people have the ability to accomplish much. Without cooperation however they can achieve little.



## FARM-TO-RETAIL PRICE SPREAD

(These figures, according to the Bureau of the Census, are "estimates based on prices of a market basket of farm food products containing quantities equivalent to 1952 annual average purchases per urban wage earner and clerical worker family. Quantities of food valued do not change from year to year")

Commodity Group	1947-49 Average	1959 Average
<b>All farm food products</b>		
Retail Cost .....	\$940	\$1,040
Farm value .....	466	399
Marketing margin .....	474	641
Farmers share of consumer's dollar (percent) .....	50%	38%
<b>Meat products</b>		
Retail cost .....	256	281
Farmer's share (%) .....	67%	52%
<b>Dairy products</b>		
Retail cost .....	169	195
Farmer's share (%) .....	54%	45%
<b>Poultry and eggs</b>		
Retail cost .....	117	86
Farmer's share (%) .....	69%	48%
<b>Bakery and other cereal products</b>		
Retail cost .....	122	161
Farmer's share (%) .....	28%	17%
<b>Fruits and vegetables</b>		
Retail cost .....	185	231
Farmer's share (%) .....	33%	29%

\*U.S. Bureau of the Census, *Statistical Abstract of the United States*: 1960

### "Buying Power Declines As Cost of Living Rises"

### "Farm Prices Drop, Store Prices Rise"

Headlines like these have become wearysome thru repetition the past few years and especially painful these past winter months as the "Consumer Price Index" continued to rise.

Latest reports show that the standard market basket of food which cost \$10 ten years ago now costs \$12.75.

"Spendable earnings" for the average worker with three dependents are now \$63.02 a week compared with \$63.64 five years ago. This backward progress on the treadmill shows how wages increases have been more than offset by rises in the cost of living.

For specific price comparison in different food groups, see the "Price Spread" tabulation above. It shows consumer and farmer being squeezed on both ends.

In 10 years, cost of the average family food basket advanced from \$940 to \$1,040 per year.

Was the farmer to blame? The figures show that his "take" of this total dropped from 50% to 38% — or from \$466 to \$399.

The debbil in this woodpile seems to be tagged "Marketing Margin." These cumulative costs of processing, transportation and store handling rose from \$474 to \$641.

Consumers, getting more desperately restive under this pressure, are again turning to cooperatives as a way out. This time, however, instead of using small grocery stores they are fighting bigness with bigness. Co-op SUPERMARKETS are gaining in numbers and volume. Million dollar annual sales concentration is paying off in substantial patronage refunds.

A \$28,000 refund to Grand Street market patrons (covering 15 months business) was declared this winter.

At the Bronx co-op market the 1960 refund was \$35,000, on \$1,570,000 business.

New supermarkets are planned as part of the Penn Station South, Rochdale Village and Warbasse developments.

Looking forward to really big volume operation in Greater New York, preliminary conferences on federating all co-op supermarkets are now underway. Such integration of purchasing, bookkeeping and management functions would aim at attaining "chain" operating efficiency.

All such savings would be aimed at squeezing the cracker on the debbil's tail — narrowing the "marketing margin" — providing patronage savings and giving the consumer more leverage in this never-ending battle of the market basket.

### CO-OP MILK ROUTES DENT N. Y. PRICE SPREAD

Starting in the deep depression days of the '30's New York cooperators organized milk distribution and worked with dairymen in a continuing effort to minimize the price spread between the farm gate and the kitchen table. This has paid many thousands of dollars cash returns.

For the past year, housing cooperators in Grand Street Co-operative Village, approaching the cashier's window to pay their rent, were greeted by an enticing poster which said:

**"Why not have co-op milk delivered to your door?  
First delivery to new patrons is free . . . Last  
year's rebates to members amounted to 7%.  
(This is more than 3 weeks milk free)"**

Since 1951, deliveries to cooperative villages in the Bronx and Grand St., co-op stores, and several other patronage accounts, have been made by Mid-Eastern Cooperatives, Inc. (wholesale organization). Its general manager, Frank Anastasio, reports that on retail routes in 1960 net earnings were \$8,299 on \$133,304 business, while a 6% refund was paid to member stores on wholesale business.

# BELL PARK GARDENS

AFTER 11 YEARS OF OCCUPANCY, Bell Park Gardens in Queens has a few reasons to believe that the 802 families living on its 40 acres can be glad their housing corporation was organized as a cooperative.

A good solid one at the moment involves an announcement by their Board and Manager that \$500,000 will be spent this year replacing all the hot and cold water piping thruout the "village". This follows a \$60,000 conversion in the boiler room last year. No notices of rent increases have been sent out or are currently contemplated.

"We expect to handle it largely thru the reserve fund," Manager Benj. C. Beacom comments.

"The maintenance of the reserve fund in healthy condition thruout our history has been zealously protected and is basic operating policy."

War veterans were the organizers and their families the beneficiaries of this development, which opened for initial occupancy in the summer of 1949 under the official name of United Veterans Mutual Housing No. 2 Corporation. "Carrying charge" (or monthly rental) at that time was estimated at \$15-a-room per month. The current budget is \$16.93 (average) on the 3,931 rooms. And there is no skimping on upkeep as any visitor with half-an-eye can readily note.

Sound value was built into the project at the start, according to the 1949 report of State Housing Commissioner Herman T. Stichman who credited whole-hearted cooperation of many agencies, builders and labor unions.

Not the least important beachhead established by and for these 802 families is indicated in that 1949 report:

"A MORTGAGE bearing the low interest rate of  $3\frac{1}{2}\%$  per cent was granted by the Bowery Savings Bank working in Cooperation with the Division of Housing; the mortgage was insured by FHA; the development was granted tax exemption on the value of the improvements by the City of New York . . . The State granted exemption from all taxes and fees and the Division made available to the veterans the full resources of its architectural, engineering, financial, legal, management and research staff."

That  $3\frac{1}{2}\%$  interest rate continues to twinkle merrily in the financing firmament as the years roll 'round. The twinkling light is reflected every month on the rental billing.

This twinkling has one sad aspect. On the present apartment rental market it is a will-o-the-wisp for literally hundreds of "middle income" families seeking decent homes for their children at a cost they can afford. Prominent in the reception room of the business office is a lengthy WAITING

LIST. It is conscientiously combed and kept current. Some applicants for 6-room apartments date back to 1953.

"To help these families who so desperately need large apartments, we gladly make the list available to any new development now accepting applicants," says Manager Beacom.

(This reporter gladly passed the word along to Rochdale Village, now taking applications for the 5,860-family development on the 170-acre site of the old Jamaica Race Track. As noted elsewhere in this issue ground breaking is scheduled for April 29 and occupancy will start in 1962)

Children at Bell Park Gardens average about 3 plus to a family. This makes a "junior" population of about 2,500 to romp on these 40 acres. To assist them to romp more purposefully and happily, parents, thru their Community Council, sponsor such activities as Day Camp, Scouting, Junior Community Council, etc.

With the help of ads from neighboring merchants, the Council publishes a monthly 4-page printed tabloid, BELL PARK NEWS. It is a lively, informative publication mirroring not only events inside the 40 acres but in neighboring communities. February and January issues chronicled such things as: The annual meeting of the corporation; "Tween-Agers" calendar for the season; 56 cooperators donating to the Blood Bank; Child Guidance Center program; charter trip by Fishing Club; "Credit Union Raises Interest to  $3\frac{3}{4}\%$ "; "Day Camp Quota Only Half Full"; annual dinner dance.

About half of the families now living in the Gardens are charter members. The ones who moved away did so largely to get more space for growing families, or, having advanced in business or profession found it advantageous to relocate. Financially, most of them left reluctantly, knowing they were surrendering their equity in an exceptionally solid investment. Their mortgage has been reduced from \$7,200,000 to \$5,900,000 (fiscal year ending last August 31). Total assets are \$6,284,246. Their land is carried on the books at its original 1948 purchase price of \$663,344. Recent sales of nearby land have run as high as \$4 per square foot — several times the co-op valuation.

While the entire development could doubtless command a sale price considerably above the original investment, such a proposal would get short shrift from the member-stockholders and their Board composed of: Alvin Simon, president; Morris Sadowsky, vice-president; Bernard Feigin, secretary; Lawrence Dock, treasurer; Max Felder and Herbert Silverblatt.



ROOM TO BREATHE and enjoy a green outlook and flower beds is a treasured asset at Bell Park Gardens. This is a typical corner of the

40 acres which house 802 families. Major relandscaping of the entire development is underway.

# START AUTO INSURANCE COMPANY

(Continued from page 1)

In his report to the United Housing Foundation and Community Services Boards, President Kazan said in part:

"From the inception of our insurance activities, we have been trying to extend our services to the individual member-cooperators. Our feeling has been that we could not enter any field of activities unless we could provide savings or a service superior to that currently available to our members . . .

"We have always believed, however, that the housing cooperative set-up provides a unique base for the expansion of our services, with the possibility of greater benefits for the individual families in our member organizations . . .

"During the past three years we have been studying the high cost of automobile insurance since it affects a large percentage of our member-cooperators. The solution to this problem, it appears, is the setting up of a cooperative reciprocal insurance company — called a reciprocal exchange. This exchange would be owned and operated by and for the benefit of its members — the policy holders.

"To set up such a company within the regulations of the New York State Insurance Department would necessitate a capital investment of \$900,000 to \$1,000,000 . . .

"To raise this amount, it is suggested that each car owner be asked to make an investment of \$200. This investment would not bring him any return except that the insurance provided for him would be written at approximately fifteen per cent below the prevailing rate, and he would also benefit by the anticipated additional savings at the end of the year.

## The Reciprocal Exchange

"The reciprocal exchange is an organization of individuals, usually termed "subscribers", who mutually exchange contracts of insurance. The exchange establishes the necessary reserves by requiring that each subscriber make an advance deposit or accumulate a reserve out of savings. The individual policy holders making up the exchange would elect a Board of Directors or Advisory Committee.

"The core of the plan is contained in the "Subscribers Agreement" to which each policyholder named as a subscriber becomes a party, upon the acceptance of the policy. Under this agreement the subscribers appoint an Attorney-in-Fact to whom they give their powers of attorney . . .

"In some reciprocal insurance organizations there is the power of assessment. However, in our case it is planned, pursuant to law, to eliminate this power of assessment by originally providing for 150% of the original surplus funds, instead of 100%.

"In the contemplated program, by eliminating practically all acquisition (sales) costs we expect to save 20 to 25 cents on this item. This will make available that much more of the premium dollar for losses and loss handling. In addition, other savings can be made in administrative costs. We probably will start by providing insurance coverage at a 15% premium reduction. As savings accrue they will be returned to the policyholder-members in the form of dividends (patronage refunds).

"A reciprocal exchange organization, if set up for automobile insurance, would permit us to carry other types of insurance for our member-cooperators."

## 29 Housing Co-ops Are Council Members; See Insurance Savings

Twenty-nine housing cooperatives, representing 13,300 stockholding residents are now members of New York's Cooperative Housing Insurance Council, Chairman Ralph Lippman reported at its Feb. 16 meeting.

Harold Ostroff, vice-president of Community Services, Inc. pledged continued support to the Council by Community Services and United Housing Foundation. He pointed out that United, via Community Services, had organized the Council and will forego substantial insurance earnings in line with its major purpose of giving service to its member cooperatives and the movement in general.

First six months experience with the new group coverage on liability insurance and workmen's compensation was discussed. Summarizing reports by managers of participating housing cooperatives, Manager Sidney Vyorst said that if the favorable experience continued thru the year there would be substantial savings.

Discussion of ethics and possible formation of a Hearing Board to resolve claims occupied part of the session.

Auto insurance questionnaire response was enthusiastic, Council members reported. The favorable progress toward formation of a cooperative automobile insurance company was applauded by the delegates.

An invitation from Electchester to hold the next Council meeting there was accepted. The Feb. 16 meeting was at United Housing Foundation headquarters, 570 Grand St.

*Exclusively Serving*

*Cooperative Housing Communities  
and Related  
Cooperative Enterprises*

**COMMUNITY SERVICES, INC.  
INSURANCE DEPARTMENT**

551 Grand Street  
New York 2, New York

SIDNEY VYORST, Mgr.

SOMER ALBERG, Asst. Mgr.

## Labor Continues Drive for Mortgage Investment

(Continued from page 5)

sale demolition of an entire district. It mentioned that a year ago "the Federal Government threatened to withdraw about \$50,000,000 from the city's housing program unless projects were advanced more speedily."

In California, greater consideration of "social purpose" in the investment of union labor's pension and welfare funds was urged at a California Labor Federation conference.

San Francisco labor economist Harry Polland cited broadening investment of both pension and union money in housing, thru cooperative developments as well as residential mortgages, health and medical facilities. Such investment, he said, can "provide the union member and the community something better than they had before."

### CLOSER TO HOME . . .

**"We in the labor movement are coming to understand finance. We now see that our pension and welfare funds can be invested safely and at the same time be serving socially useful purposes."**

— Gerald R. Coleman, executive secretary, United Hatters International Union, at a banquet in Cooperative Village auditorium honoring groups who provided mortgage money for the \$18,000,000 Seward Park Cooperative development.

NEW PATTERNS of financing housing cooperatives were alluded to at this banquet by Abraham E. Kazan, president of the Seward Park development. He recalled the 1927 struggle to arrange financing to launch the Amalgamated pioneering effort in the Bronx and the heroic efforts by Sidney Hillman to persuade a life insurance company to provide \$1,200,000 mortgage money.

"Now we find it much easier to raise \$18,000,000 for Seward Park, \$28,000,000 for Chelsea (ILGWU Houses) and \$86,000,000 for Rochdale Village," said President Kazan, "than it was to get that original \$1,200,000."

"WE HOPE THAT EVERYONE who benefits from cooperative housing will help enthuse others — help break down the barriers which impede this program."

Workmen's Circle Youth Director William Stern made this comment at the banquet on behalf of his group. He dated the active beginning of its interest 6½ years back when Mr. Kazan met with their executive committee.

"Since then," he added, "we have learned a great deal about the complexity of this enormous task of getting a housing cooperative going. We are tremendously impressed with the social usefulness of this endeavor."

## UHF JOINS NAHC

Affiliation of the United Housing Foundation with the recently organized National Association of Housing Cooperatives was indorsed by the UHF Board at its March 7 meeting.

On behalf of New York cooperatives affiliated with United, the Board approved paying the new organization \$5,000 over a two-year period.

NAHC was organized primarily to establish standards and procedures for operation of housing cooperatives, and to act, as a clearing house for exchange of information.

United Housing Foundation worked closely with the Cooperative League of USA in a survey which laid the groundwork for NAHC formation. Mr. Abraham E. Kazan and Mr. Robert Szold were two out of the five individuals who signed the incorporation papers.

The national headquarters is in the office of the president, Dwight D. Townsend, Cooperative League, 1025 Vermont Ave., N. W., Washington D. C. A brochure, giving information about NAHC is available at that address.

## SEWARD PARK ANNUAL MEETING

First annual meeting of stockholders in Seward Park Housing Cooperative was scheduled for the Village Auditorium on Monday evening, March 27. Principal order of business: election of House Committeemen, and business reports including plans for completing landscaping and the new shopping area at Essex and Grand streets.

Subscription Rate  
\$2.00 for ten issues

**UNITED HOUSING FOUNDATION**  
570 Grand Street  
New York 2, New York

Bulk Rate  
U. S. POSTAGE  
**PAID**  
New York, N. Y.  
Permit No. 7115