

The Journal of the American Pharmaceutical Association

Volume III

MARCH, 1914

No. 3

Office of Publication, 79-89 North Third St., Columbus, Ohio.

Subscription, \$4.00 per annum, within the United States. To Canada, \$4.35. To other foreign countries in Postal Union, \$4.50 per annum.

Entered at the Postoffice at Columbus, Ohio, as Second-Class matter.

OVERDOING COOPERATION.

UNDER the stress of cut prices on proprietary articles, the increase of physicians dispensing and the multiplication of medicaments that can be profitably produced only in large establishments, many retail druggists have been lead to experiment with various cooperative plans for manufacturing or purchasing a portion of their supplies, for procuring fire insurance, and for other services by which they hoped to either reduce their overhead expenses or increase their profits on sales, or both.

The object was to substitute the old individualism, with its motto of "every fellow for himself, and the devil take the hindmost" (which he usually did), by the new plan of joining effort, capital and initiative, and mutually sharing the resulting benefits.

Some few of these cooperative enterprises have been conspicuously successful, and through wise and economical management have developed into institutions of considerable size and have accumulated resources that insure their continuance and responsibility. They have given their cooperating shareholders real and substantial service, have enabled them to reduce the fixed charges of doing business, have added to the margin of profit on goods sold, and in short have justified the faith of their founders by accomplishing exactly what they set out to do.

So well established as part and parcel of the retail drug business have some of these institutions become that no one is likely to challenge their right to existence as long as they deal justly with retailers who are non-stockholders, and with the other established branches of the legitimate drug trade, and provided also that they are true to label, and are not merely cooperative around the edges for the profit of a few thrifty individuals near the center of control.

Numerous others of these enterprises have been equally conspicuous as fail-

ures, either because their management was entrusted to the loudest talkers or most enthusiastic of their members, who endeavored to make noise and enthusiasm take the place of adequate capital and sound business judgment, or because of various other reasons that need not be mentioned.

As in gold mining and other hazardous enterprises, however, the many failures have been forgotten and only the few successes are remembered. The possibility of success in a properly conducted cooperative undertaking having been demonstrated, the movement in that direction has been greatly accelerated, and the rush of druggists to connect themselves with cooperative schemes of all kinds once more illustrates the common tendency of men to go in droves, and to do what other men are doing.

The doubting Thomases who refused to have anything to do with the original undertakings while they were in the experimental stage have swung from over-caution to over-confidence and are fairly falling over one another in their anxiety to connect themselves with anything that looks like a cooperative enterprise or that is labeled as such by its promoters.

Many of these are foredoomed to failure, and many of those which do not fail absolutely, to a precarious existence. They must glean in a field that has already been passed over by the earlier concerns, and in order to gain a foothold will need to put forth far greater efforts than were required of their predecessors.

Not only will their own success be problematical, but they will jeopardize the success of the existing concerns, for whether intended by their founders to be competitive or not, they must from force of circumstances become direct competitors of those already in the field, and to that extent diminish the opportunities for the successful continuance of the latter.

This is overdoing cooperation. It is traveling back over the road to the competition of individualism, to escape the evils of which the cooperative movement was inaugurated, for there is nothing to distinguish excessive competition between cooperative societies from excessive competition between partnerships, corporations or other kinds of commercial units.

Nor does it appear that this excessive multiplication of cooperative enterprises is at all necessary in order to serve the retailer in the way that cooperation is intended to serve him. The essential quality of true cooperation is not to earn excessive dividends on stock, but to secure reliable and economical service for the stockholder.

If it is necessary to become a stockholder in order to secure the service desired, the retailer can still procure stock in the established concerns, and even if required to pay a much higher price for it than when it was in the experimental stage the price, in most cases, will be no more than its original cost plus accumulated earnings, and hence the purchaser is getting all he pays for, without the risk which the original investor was required to assume.

Certainly it would be better, far better, to have a comparatively limited number of sound and conservatively managed concerns with widely distributed stock and ample surplus, and able to render certain and adequate service, than a multitude of small concerns of limited capital, giving slender and uncertain services and

of questionable responsibility, and liable by their failure to bring the entire co-operative movement into disrepute.

It is a problem well worth pondering over.

It is possibly an old fashioned and out-of-date theory, but until I learn of stronger reasons against it than any I have yet heard, I shall hold to the faith that the best cooperation, and that which will best serve the drug trade as a whole is that wherein the manufacturer, the jobber and the retailer, while co-operating within their respective classes for their own profit shall also cooperate honestly and heartily with each other for the welfare of all.

J. H. BEAL.



A CRITICISM OF AMERICAN MEDICAL EDUCATION.

SEVERAL years ago Abraham Flexner, working under the auspices of the Carnegie Institution, made a report upon the conditions prevailing in the medical schools of this country that proved to be a disagreeable surprise to those of us who had flattered ourselves that American medical educational methods were on a par with the best of European models.

In a recent number of the *Atlantic Monthly*, (Nov., 1913) he returns to the charge, and under the caption, "The German Side of Medical Education," makes a comparison of German and American medical schools that is far from flattering to the institutions of the Western Continent.

Of the German institutions he has little to say that is not complimentary, while of the American schools his remarks are almost wholly condemnatory, though here and there he admits that a few American institutions are not as bad as most of the others, and that in recent years there are some slight signs of improvement.

Speaking of the possibility of sampling the American system as a whole, he says:

"It is even a question whether such a hodgepodge as American medical education is really capable of being sampled or represented at all."

Referring to the fact that our students go to Germany and that German students do not come to us, and the reason for this one-sided movement we read that:

"Until, however, eager foreigners begin to flock to American schools for the purpose of continuing their studies, it is extremely likely that the one-sided movement of American students to Germany will be construed by laymen to mean that they find something there which is not found with equal ease and in equal abundance in the medical schools of their own land.

"To what is this superiority, if such it be, due? It is to be attributed in the first place to the fact that a wise and powerful government has drawn a sharp line below which no medical school can live."

Admitting that there are differences in quality among German institutions he comes perilously near to saying that even the worst of them are equal to our best, as for example:

"But for us the important point is that the differences never cut below a cer-