

# AGRICULTURAL COOPERATION

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## GRAIN MARKETING COMPANY IS NOW OPERATING

Memberships on the boards of trade at Chicago and Kansas City have been acquired by the newly formed Grain Marketing Company, Chicago, it is announced. Furthermore, applications are being prepared for seats on all the important grain exchanges in the United States.

The offices of the several commercial companies brought together by the new cooperative enterprises are now being consolidated. It is estimated that the saving in expense for office rent, clerical hire, leased wires, cablegrams, inspection service, laboratories, etc., will amount to over \$3,000,000 a year.

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## PLANS FOR INTERNATIONAL INSTITUTE OF COOPERATION

At a meeting at Cleveland, Ohio, August 11 and 12 a statement covering the purpose and scope of the proposed International Institute of Cooperation was formulated and adopted. This statement sets forth that the Institute "is designed to promote research and general education in the broad principles and ideals upon which the cooperative movement rests."

It is planned that the Institute afford a clearing house for discussion among persons interested in cooperation. It is expected that the Institute will be a "training school for leaders and managers in cooperative enterprises, teachers in colleges and research and extension workers." At the first session which will be held in the summer of 1925, attention will be given to "the organization and management of agricultural cooperatives and the technique of cooperative marketing of farm products." Each week of the Institute, special consideration will be given to the marketing problems of specific commodities or special lines of cooperative business.

The plan and scope of the Institute is to be placed before the cooperative associations of the United States, that as many as desire may attend a meeting to be held in Chicago early in December for the purpose of completing the organization and incorporating the Institute.

LIVESTOCK SALES AGENCY PAYS PATRONAGE DIVIDEND.

Net profits for the Michigan Livestock Exchange, Detroit, Mich., for its second year of existence which closed May 3, 1924, amounted to \$18,555. Of this amount \$10,000 was used for the purpose of a 12% refund on all commissions paid by local shipping associations for the sale of livestock on the Detroit market. The remaining profits, \$8,555, are being used as working capital. The \$5,582 loaned by the local shipping associations to the exchange for working capital when it began, has been returned to the associations.

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REPORT OF AN ASSOCIATION FOR COLLECTIVE BUYING.

The annual statement of the Aroostook Federation of Farmers, Caribou, Me., for the year ending June 30, 1924, shows fertilizer sales for the year amounted to \$103,100, resulting in a net profit of \$11,994.22. Sales of general merchandise amounted to \$4,253 and resulted in a loss of \$238. Other items brought the net income to \$11,875. Expenses amounted to \$11,371 including \$298 for advertising; \$768 for directors' fees and expenses; \$7,703 for manager's and office salaries; \$1,048 for office supplies; \$1,006 for general expenses; and \$546 for traveling expenses.

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FARMERS SELL GRAIN THROUGH OWN AGENCIES IN FIVE MARKETS

Reports from six farmer owned and controlled sales agencies established in terminal grain markets report the handling of over twelve million bushels of the 1923 grain crop. Two of the organizations reporting were operating in the Kansas City market and one organization at each of the four markets, Chicago, Minneapolis, St. Paul and Omaha. The associations and the amount of grain handled by each are as follows:

<u>Organization</u>	<u>Bushels</u>
Equity Union Grain Co., Kansas City, Mo.	5, 30,000
Farmers Union Jobbing Assn., Kansas City, Mo.	3,780,640
Farmers Elevator Commission Co., Minneapolis, Minn.	2,000,000
Equity Cooperative Exchange, St. Paul, Minn.	1,447,000
(Through Exchanges own elevators, only.)	
National Grain Commission Co., Omaha, Nebr.	272,000
U. S. Grain Growers, Inc., Chicago, Ill.	12,031
Total	<u>12,511,671</u>

There are a number of terminal market selling agencies from which reports are yet to be received.

MINNESOTA POTATO GROWERS SECURE WAREHOUSES

In order that it may fill orders for potatoes promptly the Minnesota Potato Growers' Exchange, St. Paul, Minn., is leasing, buying or building warehouses at all important shipping points. Up to August 5 arrangements had been made for the operation of approximately 150 warehouses. In addition arrangements had been completed for financing warehouse construction at points where adequate storage space cannot be obtained otherwise. The shipping point warehouse campaign is in addition to the farm storage program recently launched.

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MAINE POTATOES SOLD IN SIXTY POOLS

Final statements in connection with the marketing of the 1923 potato crop have been prepared by the Maine Potato Growers' Exchange, Caribou, Maine. The accounting took into consideration approximately sixty pools with as many different net prices to growers. There were seven grades or kinds of seed potatoes, one special grade, five preseasonal pools, and four varieties of table stock. The territory served by the exchange is divided into four marketing districts with a price differential for each kind and grade of potatoes. Net prices to producers varied from \$.74 a barrel for second grade table stock in district No. 1, to \$3.60 a barrel for certified Irish Cobbler seed potatoes in district No. 3.

Total expenses and deductions connected with the marketing were 52.5¢ a barrel. The expenses for the actual handling of the potatoes were: warehousing, 17.8¢; demurrage and reconsigning, 1.2¢; interest and exchange, .3¢; selling, 5.1¢; car linings, 1.5¢; insurance, 1.7¢; total, 27.6¢. The general expense less income credit was 5.2¢ and the deductions because of insurance on farm storage, sacks and twine, adjustments, reserves and warehousing program were 19.7¢, making the total 52.5¢ as above noted. Attention was called by the management to the fact that the organization rendered certain services which heretofore the producers have provided for themselves or have gone without, for instance insurance on stock stored on farms. The deduction for reserves is an investment in the business and the deduction for warehousing program will be covered by common stock in the warehousing corporations.

At the annual meeting of the board of trustees held July 15 and 16 general policies for the ensuing year were adopted. The legal department was instructed to prosecute vigorously all breaches of contract. It was also decided that no releases should be issued in the matter of the delivery of potatoes under contract, regardless of whether or not there may be crop mortgages upon the potatoes. Furthermore, it was decided to prosecute persons outside the exchange who induced breaches of contract, also those spreading false reports about the operation or management of the exchange.

The annual meeting was attended by 59 trustees representing 29 member associations.

BONDS OF MILK MARKETING COMPANY BEING REDEEMED.

As a means of helping to reduce the debt of \$400,000 which the present officers of the Milk Producers' Cooperative Marketing Company, Chicago, Ill., inherited, these officers have drawn neither salary nor per diem for the time they have given to the affairs of the company during the past two years. They have, as a result of their efforts, accumulated funds sufficient to reduce the debt to less than \$300,000.

When the present officers assumed control of the company there were unpaid milk accounts amounting to over \$400,000 and practically no funds with which to make payments. Interest bearing bonds were issued to the milk producers and since then the officers have concerned themselves with the problem of accumulating the money with which to redeem these bonds.

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OHIO MILK PRODUCERS CONSIDER EXPANDING

At the last meeting of the advisory council of the Ohio Farmers' Cooperative Milk Association, Cleveland, Ohio, consideration was given to the question of making a deduction of 4% of gross sales for the purpose of creating a fund for acquiring plants that the association might itself handle the milk produced by its members. It was decided that the advisory councilmen should hold meetings with the members of their respective locals and learn the wishes of the membership.

The secretary of the association in a circular letter to the membership, points out that with its own receiving plants it would sell only class 1 milk to the dealers and would hold the class 2 milk at the plants to be separated and sold as cream or worked into by-products. Furthermore, it would be possible to pasteurize and bottle milk for the small distributors who would be glad, it is believed, to purchase milk ready for distribution.

In the opinion of the secretary, it is only a question of time when the association will have to carry the milk of its members directly to the consumers. He, therefore, suggests that the association begin in a small way to distribute milk and gradually work up to the point, where it distributes all the milk delivered to it.

The original organization was formed about five years ago. It was reorganized early in 1923 and in 1924 was reincorporated under the Ohio Cooperative Act of 1924. It has a membership of about 3,500 and supplies about 75% of the fluid milk used in Cleveland. The association collects by auto truck, and at a considerable saving in expense for transportation, the milk of its members and delivers it to the dealers. The association enters into price agreements with the dealers, collects pay for the milk delivered and settles with its producer members. The milk is handled in two pools, class one milk and class two.

MILK PRODUCERS FURNISH CAPITAL FOR COOPERATIVE ENTERPRISE

Announcement has been made by the Dairymen's League Cooperative Association, Inc., New York City, of the issuing of six per cent certificates of indebtedness to cover the deductions made during the business year ending March 31, 1924 for use as capital. Fifty-two thousand certificates with a total face value of \$2,537,319 are being issued. These are dated April 1, 1924, and are payable May 1, 1929. Interest is payable May 1 of each year and is collected by the holders of the certificates through the device of detachable interest coupons, coupon No. 1, payable May 1, 1925, calling for interest for 13 months. The total interest for all the certificates for the period of five years and six months amounts to \$773,882.

The certificates are in multiples of one dollar and payable to bearer, except when registered by the holder. They have been made payable at banks conveniently located to the persons to whom issued.

These certificates are to cover deductions made from amounts paid members of the association for milk delivered during the year ending March 31, 1924, the deductions being made at the average rate of 9.57¢ for each one hundred pounds of milk. The total deductions for the year were \$2,562,300.07 or \$24,981.07 more than the amount for which certificates of indebtedness are being issued. This \$24,981.07 is the odd cents due members in addition to the even dollars covered by the certificates and will be returned to the members as part of their thirteenth check.

The amounts deducted so far by the association for use as capital are as follows:

Year Ending:	Deductions :	Average Rate	:Certificates	:Certificates
March 31 :	: of Deductions	: of Deductions	: of Indebted-	: Payable
:	: Per 100 lbs. Milk:	: ness	: May 1	
:	:	: (Series)	:	
1922	: \$4,307,060.24:	1.68¢	: A	: 1927
1923	: 4,621,915.83:	13.76¢	: B	: 1928
1924	<u>1/2,562,300.07:</u>	9.57¢	: C	: 1929

<sup>1/</sup> Certificates issued for only \$2,537,319.

In addition to the certificates of indebtedness in series A, B and C, there were outstanding on May 31, 1924, certificates issued prior to April 1, 1922, amounting to \$755,648.53.

The president of the association in his annual report, made under date of June 19, 1924, made the following statement:

We have in liquid assets, exclusive of plants, enough cash, supplies and merchandise to pay 52% of all the certificates outstanding against the association. The other 48% is made up of the value of plants, buildings and equipment. All repairs and minor improvements have been charged to expense, thus the security behind your certificates of indebtedness makes them worth 100 cents on the dollar.

COOPERATIVES PROPOSE TO DEAL WITH COOPERATIVES

As a result of the recent trip to Europe by representatives of the Kentucky, Virginia and Carolina tobacco associations, a trial order for 300 hogsheads of tobacco has been received from a foreign manufacturer, according to a statement recently made by James C. Stone, president of the Burley Tobacco Growers' Cooperative Association, Lexington, Ky. President Stone further said, in speaking about the foreign trip, "There are seven million members in the British Cooperative Societies. They buy for their members as well as sell for them and to them in their 1,600 stores in Great Britain. They did not know that they could buy their tobacco requirements from their brother cooperators in America. They asked me to come to Manchester and explain the American system at a meeting of their directors and I did this. These cooperatives now are planning to send a commission over here to look into our methods and probably buy some of our tobacco."

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TOBACCO ASSOCIATION WORKING ON FOREIGN MARKETING POLICY

Four recommendations have been made by the representatives of the Tobacco Growers' Cooperative Association, Raleigh, N. C., who recently visited Europe in behalf of additional market outlets for American tobacco. The recommendations are:

1. That the association arrange for representation abroad. If it is not possible to obtain exclusive representation from an established firm that a new selling organization should be created.
2. That the sales department of the association be given authority to carry a reasonable stock of tobacco at the various strategic marketing points in Great Britain and in Continental Europe.
3. That a trade-mark be adopted, registered and placed on all packages of leaf tobacco sold by the association.
4. That a competent man be designated to keep in close touch with the foreign situation, including representatives of purchasers who visit this country and to extend to them such courtesies as will further the best interests of the association in the matter of the development of foreign markets.

The association, through its board of directors, has decided to close its books against new members for the handling of tobacco of the 1924 crop on the dates that it begins receiving tobacco in the various districts. The reason for this is the desire to hold expenses to a minimum. An organization has been set up for handling as economically as possible the amount of tobacco covered by the contracts already held by the association. To undertake to handle a larger amount would throw the marketing machinery out of balance and thus increase the per pound expense.

New members, however, will be received throughout the coming year for the crops to be produced in 1925 and 1926.

COTTON SALES AMOUNTED TO FOURTEEN MILLION DOLLARS

Sales by the South Carolina Cotton Growers' Cooperative Association for the year ending June 30, 1924 amounted to \$14,988,261. Of this amount \$2,573,695 was received for long staple cotton of the 1922 crop and \$12,414,566 for cotton of the 1923 crop. A total of 121,270 bales of the 1923 crop were received. In addition the association had on hand 37,947 bales of the long staple cotton of the 1922 crop. During the year 17,309 bales of the long staple cotton of 1922 were sold. The total number of bales of unsold cotton at the close of the year was 56,946 with an estimated value of \$8,542,674. This carry-over consists of 20,638 bales of the long staple of 1922 and 36,326 bales of 1923 cotton.

Among the items of expense for the year were the following: interest and discount, \$365,345; administration, \$30,449; cotton handling, \$35,289; field service, \$40,912; finance, \$12,997; office, \$73,498; sales and grading, \$46,942; insurance, \$95,443; storage, \$82,606. It is interesting to note that \$1,083 was expended for advertising; that directors' expenses amounted to \$4,493; that expenses for entertainment were but \$21.50 and expenses for arbitration, \$116.10. The legal expenses for the year were \$2,671. Miscellaneous income amounted to \$2,500 and receipts from membership dues to \$31,197.

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FINAL SETTLEMENT MADE ON NORTH CAROLINA COTTON

Checks in final settlement of the 1923 cotton delivered by members of the North Carolina Cotton Growers' Cooperative Association were mailed early in August. Final settlement was made on the basis of 29¢ a pound for middling cotton seven-eighths to one inch staple, less \$3.23 a bale for operating expenses and 1% of gross sales for reserve for working capital.

While 29¢ was the average selling price for middling, seven-eighths to one inch staple, there were many bales of cotton which were sold at a lower average price and many bales which sold at a higher average price. The 130,716 bales of the 1923 crop handled by the association sold, according to grade, length of staple, color and condition, in 164 pools made up of bales of like quality. Each bale was settled for on the basis of the average price for all the bales in the pool. The average prices for these pools varied from 21.04¢ a pound to 35.06¢. Total sales for the season amounted to \$18,376,243.

Cotton was assembled and stored at 70 points and in making sales shipment was made from the point that would permit of the most economical handling for the association.

As local cotton mills withdrew from the market in the early spring it was necessary for the association to sell in foreign countries in order to get the money for a final settlement in August as had been planned. All but about 3,000 bales had been sold when the final checks were mailed out. Plans are now being made for handling the 1924 crop.

FIGURES BEARING ON THE COST OF MARKETING

Figures comparing in a rough way the efficiency of six cooperative marketing associations and 35 cotton merchants for the season 1922-23 are given in the recently issued report of the Federal Trade Commission on the cotton trade. The figures show that the six cooperative associations during the period covered handled 514,511 bales of cotton which they sold at an average of \$137.61 a bale. They paid out \$1.86 for interest and \$5.83 for general expenses or a total of \$7.69 and they accounted to their grower members on the basis of an average of \$129.92 a bale. The report points out that as a considerable quantity of the cotton handled by the six associations was cotton with a staple of one and one sixteenth inches or longer, the average price was somewhat higher than would otherwise have been the case, and probably higher than for the other cooperative associations operating that season.

The thirty-five cotton merchants handled 1,796,610 bales which were sold at an average price of \$134.15 a bale. As the cotton cost them on the average \$122.09 a bale, their gross margin was \$12.06. Their general expense was \$5.26 a bale; interest, \$1.01; loss on futures, \$5.47; and net income, 32¢ a bale.

It will be noted that the average selling price for the 35 merchants is \$3.46 under that of the six associations. The average amount credited to the growers is larger than the amount paid by the merchants, who in many cases bought from smaller merchants, rather than producers. It seems reasonable to conclude that the increase in the average amount actually realized by the cooperative growers was greater than the \$7.33 difference in the two sets of figures. While the general expense and amount paid for interest were higher in the case of the associations than for the merchants, the associations, with one exception, had no losses because of future trading. Such losses with the merchants amounted to \$5.47 a bale.

Below are figures from table 16 in the above mentioned report for each of the associations. These figures are on a per bale basis.

Association:	Net Selling Price <sup>1/</sup>	General Expense	Interest	Total Expense and Interest	Producers' Equity
No. 1	\$161.20	\$6.39	\$1.55	\$7.94	\$153.26
No. 2	141.74	6.57	3.19	9.76	131.98
No. 3	144.60	6.02	1.97	7.99	136.61
No. 4	128.96	6.19	1.95	8.14	120.82
No. 5	138.36	5.36	1.01	6.37	131.99
No. 6	131.04	4.83	1.46	6.29	124.75
Average	137.61	5.83	1.86	7.69	129.92

<sup>1/</sup> A loss on futures was deducted in the case of one association before arriving at the price.

The wide difference in average selling prices for the various associations is due largely to differences in the class of cotton handled.



SOUTH DAKOTA WHEAT ASSOCIATION ISSUES INSTRUCTIONS

Instructions for the delivery of the 1924 wheat crop have been issued by the South Dakota Wheat Growers' Association, Aberdeen, S. Dak. Members are instructed to deliver their grain at any bonded elevator, taking a storage ticket, which they can mail to the association or forward through a bank along with a sight draft. The association agrees to provide the funds for the advance payment which is determined by the amount, kind, variety and grade of wheat delivered and also to issue a pool receipt which will indicate the equity of the grower in the wheat pool as regards further advances and final settlement.

Elevators receiving wheat for the association are instructed to forward at their convenience grain which will average as regards grade and quality with the grain for which storage tickets were issued.

It is proposed by the association to have milling tests made of sample lots of wheat for the different producing sections and to pay premiums in connection with the final settlement.

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COOPERATIVE MARKETING IN CANADA'S PRAIRIE PROVINCES

According to a statement appearing in the Official Organ of the United Farmers of Alberta steps are being taken to incorporate the Canadian Cooperative Wheat Producers, Ltd., for the purpose of serving as a central selling agency for the cooperative grain marketing associations in the three prairie provinces of Alberta, Saskatchewan and Manitoba. There are to be nine directors, three from each provincial pool. And each of the pools is to take one-third of the proposed capital stock of \$150,000.

During its first eight months of existence the Alberta Cooperative Wheat Producers, Ltd., sold more than 38,000,000 bushels of wheat. This was sold at an average price of \$1.02 in store at Fort William. The official statement of the board of trustees of the association made under date of July 5 states that the administrative expenses to be deducted which included officers in Calgary, Winnipeg and foreign countries, also directors' fees and expenses, will total less than one-half cent a bushel. This association began operating October 29, 1923 and its first business year closes with July 15, 1924.

Efforts are being made to coordinate the activities of the livestock shipping associations in Alberta, Canada. It has been proposed that all the associations be brought under a single management that competition between the associations in the matter of selling might be done away with. It is urged that considerable can be done to regulate the flow of stock to market, thereby mitigating "the severe breaks in prices which frequently occur on local markets because of temporary heavy runs of stock thereon."

MICHIGAN ELEVATOR EXCHANGE COMPLETES FIFTH YEAR

The annual report of the Michigan Elevator Exchange, Lansing, Mich., indicates that the net worth of this cooperative enterprise was in excess of \$35,000 at the close of the business year, June 30, 1924. The exchange is a federation composed of 91 local marketing associations, and it functions as a selling agency in the matter of marketing the carlots of grain, beans and hay turned over to it by the member associations. According to the statement of its manager, the exchange did the largest business in its history the past season but with the smallest amount of net gain. This was largely due to declining prices for beans.

Carlots of products were sold for member associations for one-half the usual charge for covering the exchange's expense and in some cases without any charge whatever for the expense of marketing. Owing to the growth of the poultry and dairy industries in the territory served by the member associations the amount of grain available for shipment is decreasing year by year and in consequence a greater part of the business of the exchange consists in the marketing of dry beans and hay.

The past year completes the third for the bean department. A total of 1,250 cars was handled during the year compared with 750 for the preceding year. About one-seventh of the bean crop of the state is marketed through the exchange. During the year a plan was worked out for marketing the choice hand-picked stock under the brand name of "Michelex". An elevator and warehouse company was formed as a subsidiary organization and a terminal elevator and warehouse equipped with picking and cleaning machines and with storage capacity for 100 carloads, was leased and operated for ninety days. During the period, what appeared to be a surplus crop with a tendency to depress the market, was handled. Steps are now being taken by the exchange to purchase the terminal elevator. (See Agricultural Cooperation for August 11, 1924, page 263.)

Shipments of hay increased fifty per cent over the preceding year. A total of 1,557 car loads was handled. In the opinion of the manager of the department the prices received on the whole were better than for the previous year. Rejections by buyers were fewer than formerly. It is proposed to give more consideration in the future to the matter of uniform loading of cars as well as to the proper grading of the hay.

Claims amounting to \$3,176 were filed by the traffic department during the year and there was collected \$2,633.

In summing up the results of the year the manager of the exchange in his annual report calls attention to the fact that no new cooperative associations were formed and that the progress made represented, "a slow steady growth, the holding of old friends and trade, and the making of new friends."

KANSAS WHEAT GROWERS WIN TWO CASES

On July 5, 1924, the Supreme Court of Kansas decided the case of the Kansas Wheat Growers' Association v. H. J. Floyd and the Farmers State Bank of Wichita; and that of the Kansas Wheat Growers' Association v. Ben Robben and the Farmers State Bank of Mount Hope. Owing to the similarity of these cases, they were consolidated by the supreme Court and only one opinion was rendered. Floyd and Robben each entered into contracts with the association under which they agreed to deliver all the wheat raised by them during the years 1921 to 1925, inclusive, to the Association for marketing. Each of them executed chattel mortgages to the banks covering the wheat raised by them in 1923. Floyd and Robben threatened refusal of delivery to the Association of the crops raised in 1923 and each of the banks claimed the right to have the crop mortgaged to it, delivered to it under its chattel mortgage. Owing to these facts the Association brought suit to enjoin Floyd and Robben from disposing of their wheat outside of the Association. The lower court refused to enjoin them and the Association appealed. On the trial in the lower court Floyd and Robben each attempted to show that the Association's agent, who procured their signatures to the marketing contracts, made false representations to them which were believed and which caused them to sign the contracts. The Supreme Court said that if evidence were sufficient to show fraud there would be nothing for it to do but affirm the judgment of the lower court. In this connection the Supreme Court said:

The evidence on the part of Floyd was that the representations made by the agent of the plaintiff were that the contract contained the provision that the plaintiff would pay 75% of the value of the wheat on its delivery. Floyd read the contract and discovered that the provision was not in it. He then signed it. The evidence was not sufficient to show that he had been deceived by the fraudulent representation.

The evidence of Robben to show fraud was of a different nature. His testimony was to the effect that--

"When I signed the contract they said they would pay me a dollar a bushel or whatever the local elevator would pay me and at the end of the year they would pay me a dividend on that. I found out that they would not do that and under these circumstances, if the wheat was not mortgaged, I could not afford to deliver it to them."

That did not amount to a representation of a then existing fact. The representation was a promise of what would be done in the future and was not sufficient to constitute a fraud.

With respect to the chattel mortgages held by the banks, attention is called to the following extracts from the opinion of the Supreme Court:

The contracts in controversy contained the following provision:  
"If the Grower places a crop mortgage upon any of his crops during the term thereof, the Association shall have the

right to take delivery of his wheat and to pay off all or part of the crop mortgage for the account of the Grower and to charge the same against him individually."

"The Grower shall notify the Association prior to making any crop mortgages; and the Association will advise the Grower in any such transactions."

The mortgages placed on the wheat were valid mortgages, but at the time they were signed, the mortgagees had knowledge of the rights of the plaintiff under the contracts and knew that the contracts protected the rights of the mortgagees. The rights of the growers of the wheat and of the mortgagee were controlled by contracts. It follows that the rights of the mortgagees were inferior to the rights of the plaintiff under the contracts.

It will be observed from the foregoing that, owing to the fact that the banks knew of the contracts entered into by Floyd and Robben with the Association at the time the chattel mortgages were executed and inasmuch as the contracts contained provisions providing that the Association should have the right to take delivery of the wheat and pay off the chattel mortgages of the banks, the rights of the banks under the circumstances were held to be inferior to those of the Association. In its opinion the Supreme Court referred to the case of the Kansas Wheat Growers Association v. Schulte 113 Kan. 672, 216 Pac. 311. This case was discussed in the issue of Agricultural Cooperation for October 22, 1923, p.1.

L. S. Halbert.

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#### COURSES IN COOPERATION AT CORNELL UNIVERSITY

Two courses in agricultural cooperation and one in collective bargaining are offered by the New York State College of Agriculture of Cornell University, Ithaca, N. Y., for the coming school year. One course will deal with agricultural cooperation in the United States and other countries and one with the principles of cooperative organization, corporation laws, financing of associations, relations to membership and business policies. The course in collective bargaining will consider collective bargaining and its use by labor, capital and agriculture and the policy of collective bargaining. The course will also include a study in price determination.

In addition to the courses in cooperation, several courses are offered in marketing, agricultural prices, statistics, etc.

The new courses have been developed in response to a definite demand which crystalized during the 1924 session of the New York State Legislature in the form of an appropriation "to establish a course or courses in the study of marketing and agricultural business and to provide for such research work as may be necessary to properly conduct the study of marketing and agricultural business."

CALIFORNIA RICE GROWERS REPORT SUCCESSFUL YEAR.

The Rice Growers of California, Sacramento, Calif., handled 128,224,800 pounds of rice during the year ending June 30, 1924. With a commission of five cents per one-hundred pounds, the income of the association from the sale of rice was approximately \$65,000. The expenses for the year were \$60,661 made up of items falling under the following heads: office administration, \$18,181; warehousing and grading \$15,950; management, \$15,537; sales, \$4,047; interest, insurance and taxes, \$3,839; market information, \$3,103. The excess of income over expenses was \$5,355, while the total credit balance in the surplus account on June 30 was \$17,736. This amount represents the accumulations since October 13, 1921, in addition to paying heavy losses incurred by the preceding organization.

The number of pounds of rough rice handled, the income, expenses and excess of income over expenses for the past three years are as follows:

Year Ending:	Pounds of	:	:	:	Excess Income
June 30.	Rice	:	Income	Expenses	Over Expenses
1922	156,613,740	:	\$78,306.87	\$61,672.21	\$16,634.66
1923	178,496,060	:	89,248.03	76,765.68	12,482.35
1924	128,224,800	:	66,016.20	60,661.07	5,355.13

Owing to economic conditions in Japan it was not possible to sell as large quantities in that country as had been planned, however, the sales in Honolulu, South America and Porto Rico were increased so that the selling campaign was the "most successful" in the history of the organization. Members of the association received an average return of \$2.82 per one-hundred pounds of rough rice. In commenting upon this in his annual report the general manager said, "The price is in excess of the cost of production and indicates that our members have for the third successive year received more for their product relatively than has the producers of any other cereal crop in the country."

The association maintains a foreign market advisor who keeps it informed regarding economic conditions in Japan and probable demand for rice. It is estimated that one-half of the annual rice crop must be sold in foreign countries.

A unique feature in the marketing plan of the association is the "minimum system", which, it is stated, "has worked in spite of all prophecies that it would fail."

Each member, upon the delivery of his rice has the right to name the minimum price he will take for his crop, and to later change the minimum upward on ten days' notice, and downward on immediate notice. The result has been that the association has had a continuous and orderly flow of rice, and at no time in three years has there either been an unsound withholding from the market or a glut of rice beyond the ability of the market to buy. The success of the minimum system is based upon the regular weekly

market letters which continuously inform the members accurately upon the conditions of markets and the opportunity for sales. These market letters are based upon market information gathered from the trade and from the world-wide research on the rice industry which the association has carried on.

Attention is called by the general manager to the fact that "the present association has continuously operated upon a budget plan and has persistently kept within its budget allotments.

In speaking of the prospects for the future, the general manager says, in his report:

It must not be presumed, however, that rice can be produced in California profitably without commodity control and without a thorough understanding of the problems of rice exporting. Whenever a commodity is produced in excess of domestic consumption, export markets must be found and stabilized if the producer is to receive a satisfactory return.

Attention is called to the per capita consumption of rice in the United States which is now about 5.3 pounds, the same as it was 20 years ago. During the World War, when efforts were being made to save wheat, the per capita consumption rose to 9.2 pounds.

After three years in the service of the Rice Association, Ralph P. Merritt tendered his resignation as president and general manager effective June 30, last. In summing up his experiences he gives expression to the following conclusions:

Fundamentally, failure comes from two causes: lack of understanding of the real meaning of cooperative marketing, and lack of proper management. There are no secrets in cooperation. An organization, to be successful in the marketing of its products, must develop out of the willingness of producers of a similar commodity to join together for the orderly distribution of their product under management of their own choosing and under a method best adapted to the commodity in question. . . .

Marketing one's goods is not a political matter; it is a business function. Management must be chosen for business ability and must be paid accordingly. Management must have the ability to create a partnership with the members based on the idea that the management is solely a trustee for the goods and the welfare of those whose products are sold through such an organization.

Mr. Merritt has been directing the affairs of the Sun-Maid Raisin Growers for about a year and resigned from the rice association in order that he might give more of his energies to the solving of the problems connected with the marketing of raisins.

SIDE-LIGHTS ON COOPERATION IN INDIA

An examination of a report on the working of the Cooperative Societies in the Presidency of Bengal, India, for the year ending June 30, 1923, leads to the conclusion that the problems of cooperation in that far away country-are not so very different from those in the United States. The report made under date of November 15, 1923, is by the Registrar of Cooperative Societies, Bengal.

It appears that the government of Bengal has undertaken a detailed supervision of the cooperative movement for the registrar has a large staff of assistants, including 66 inspectors and 70 auditors for the year covered by the report. Furthermore, the registrar and his principal assistants spend a large part of their time in visiting societies and supervising their activities. The compensation of about three-fourths of the auditors "is met by the imposition of audit fees on the older societies." The auditing of the societies, less than 18 months old, however, is at public expense.

In addition to the regular members of the staff of the registrar, there are 41 honorary organizers, who receive travelling allowances from the department budget. Then there are 26 honorary organizers whose travelling allowance is paid by the central banks which are gradually assuming much of this type of activity. In commenting upon the work of the honorary organizers, the registrar says, "Some of the honorary organizers have doubtless belied all hopes, but the majority of these voluntary workers have freely given of their time and labor and have rendered invaluable assistance as propagandists. They have, therefore, deserved well of the movement and will continue to be indispensable until it has so far advanced as to be able to build up and pay for an agency of its own for organization work."

In addition to the supervision by the government, the societies had under their control 215 supervisors, 34 of whom were paid by the government.

The cooperative societies in Bengal have been classified as agricultural, non-agricultural and higher cooperative organizations. The latter are in the nature of district or overhead organizations serving locals, and are somewhat similar to the federations of associations in the United States. According to the report of the registrar, there were 7,822 cooperative societies of all kinds on June 30, 1923. This number was an increase of 1143 over the preceding year. The number of societies of the various kinds and the membership of each for the last two years were as follows:

Kind	1921-22		1922-23	
	Number	Membership	Number	Membership
Agricultural Societies	6,146	180,781	7,213	201,236
Non-Agri. Societies	453	68,720	513	79,721
Unions	6	200	6	213
Central Banks	73	10,364	89	11,722
Provincial Banks	1	77	1	89
Total	6,679	260,142	7,822	292,991

The percentage increase in total number of organizations was 17.1% and the increase in membership, 12.6%.

The agricultural societies were classified as (1) credit societies, (2) purchase and sale, (3) irrigation, (4) production and sale and (5) others. Below are given the statistics regarding number of societies and membership for the years 1921-22 and 1922-23.

Kind of Societies	1921-22		1922-23		Increase or Decrease	
	Number	Members	Number	Members	Number	Members
	:	:	:	:	Per cent	Per cent
Credit	6,047	170,067	7,011	186,944	15.9	9.2
Purchase and Sale	15	3,834	21	4,147	40.0	8.2
Irrigation	29	1,318	114	4,689	293.1	255.8
Production and Sale	50	5,512	55	5,284	10.0	4.1
(Milk Societies)	(47)	(2,468)	(52)	(2,040)		
Others	5	50	12	172	140.0	244.0
Total	6,146	180,781	7,213	201,236	17.4	11.3

<sup>1/</sup> Decrease.

In commenting regarding the credit societies the registrar said:

No surprise need be felt at the predominance of this type of society for historically cooperative effort was first directed in this country towards the provision of easy credit facilities for the agriculturist and not only is it the simplest to introduce amongst illiterate people at the outset, but it is upon this more than upon anything else that the welfare of a peasant community hinges . . . . There was no relaxation of the efforts to improve the workings of these societies . . . A watch was maintained over the rectification of defects disclosed at the annual audit. . . . Inquiries were frequent into the working of bad societies, which were reorganized, where possible and the hopeless amongst them liquidated. Disputes were filed against the worst defaulters who would not pay off amicably and the refractory members were expelled.

The credit movement has gained such strength now that it advances by its own momentum and as a system of agricultural finance it continues to serve its purpose better than anything else that has yet been devised.

In discussing the activities of the purchase and sale societies the registrar commented as follows:

The members are very often apt to lose sight of the fact that unless they are prepared to merge their interests into those of the society it is not likely to succeed. The sale societies should also be in a position to have some command over the members' crops.



All but three of the production and sale societies appear to be societies for the handling of milk for Calcutta. The report says, "The milk maintained its high reputation for quality and was in greater demand than supplies from other sources with the result that it obtained better rates."

One society maintained during the year three charitable dispensaries, one veterinary dispensary, a number of primary and secondary schools and three libraries.

In speaking of the societies for the sale of members' agricultural products the registrar says:

Six such sale societies were started during the year, but they have still to surmount considerable difficulties, and central banks naturally do not want to take upon themselves the financial responsibility for ventures of this kind until the struggles of small societies have indicated the frequent causes of failures and chalked a clear line of advance out of these difficulties. Some measure of financial assistance by the State, particularly in the shape of loans repayable within sufficiently long period and on easy terms, is therefore required, especially for the provision of storage accommodation.

The non-agricultural societies consisted of 186 credit societies, 76 stores, 232 artizan societies and 19 miscellaneous organizations.

Arbitration of differences arising in the operation of cooperative enterprises is encouraged and during the year 833 cases were handled. Of these it was necessary to go to court in 489 cases.

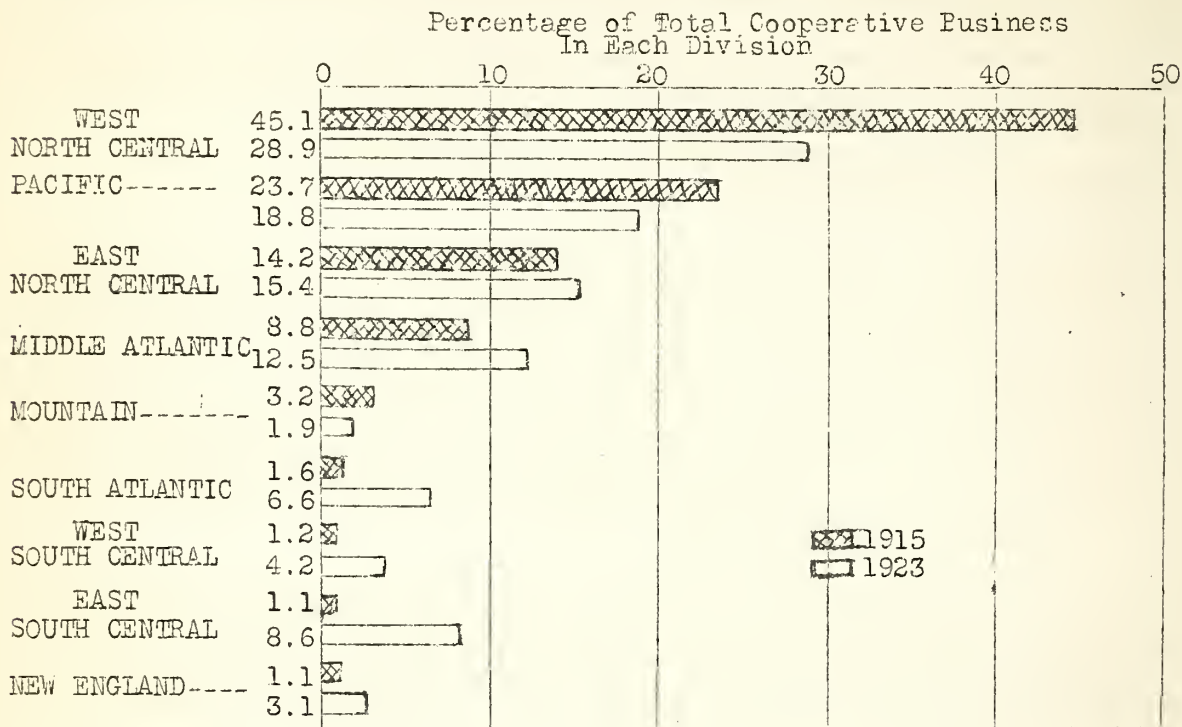
The liquidation of unsuccessful societies is considerable of a problem. The number of cases arising and the number closed each year since 1912 is as follows:

Year	: New Cases	: Cases Closed	: Cases Pending
1912-13	: 1	: -	: 5
1913-14	: 2	: -	: 7
1914-15	: 4	: 2	: 9
1915-16	: 43	: 2	: 50
1916-17	: 39	: 4	: 35
1917-18	: 29	: 8	: 106
1918-19	: 81	: 3	: 184
1919-20	: 38	: 39	: 185
1920-21	: 63	: 20	: 228
1921-22	: 147	: 7	: 369
1922-23	: 53	: 18	: 403

In closing his report the registrar says:

There can be no question now that public interest has been deepening with a growing appreciation of the increasing effect on the moral, material and economic well-being of those brought within its pale . . . . . In well-informed circles it is now generally recognized that it is the best system that has yet been devised for solving the problem of agricultural indebtedness in this country. .

PERCENTAGE DISTRIBUTION OF TOTAL COOPERATIVE BUSINESS 1915 AND 1923.



During the nine years from 1915 to 1923 there was a considerable change in the relative importance of the several geographic divisions of the United States as regards the total amount of cooperative business. In 1915 45.1% of the total business transacted was handled by the associations in the seven West North Central States, 23.7% by the associations in the three Pacific Coast States, 14.2% by the five East North Central States, while all the other states, 33 in number, handled the remaining 17%.

By 1923 the West North Central States, while still handling a greater volume of business than the states in any other geographic division, had lost 16.2 points in relative importance. This change does not mean a decline in cooperation in the seven states, but that cooperative activities increased more rapidly in other groups of states, than in the West North Central Division.

The Pacific States lost 4.9 points in relative importance and the Mountain States, 1.3 points. Gains were made as follows: East South Central States, 7.5 points; South Atlantic, 5 points; Middle Atlantic, 3.7 points; West South Central, 3 points; New England, 2 points; East North Central, 1.2 points. Gains in the southern states resulted largely from the business handled by the recently organized tobacco, cotton and rice associations.