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VIRGINIA

AGRICULTURAL ECONOMICS SPECIALIST

ANNUAL REPORT 1931

Index		Page
1 a 5	Taxes.....	192-202
1 b 4.14	Strawberry accounts.....	28
1 b 5	Farm accounts.....	10-14
1 b 5.3	Inventories.....	15-19
1 b 9	Outlook information.....	33-34
1 c 1.3	Fertilizers.....	91
1 c 3.26	Milk - producers' association.....	46-67
1 c 3.91	Eggs.....	67-73
1 c 3.821	Poultry.....	76-89
1 c 8	Transportation.....	182
1 c 7	Inspection and grading.....	69-73
1 c 8	Accounting for cooperative association..	62
1 d 5.1	Community programs.....	64, 94

AGRICULTURAL EXPERIMENT

ANNUAL REPORT

OF THE EXPERIMENT STATION

OF THE

DEPARTMENT OF AGRICULTURE

FROM JANUARY 1, 1900 TO DECEMBER 31, 1901.

Submitted by

Dr. E. E. Tamm

Blackburg, Va.

November 20, 1902.

INDEX

The General Situation	1
Existence of the Economic Problem	5
Methods Used to Help Farmers Meet the Situation	8
Cash Accounts	10
Farm Inventories	12
Reorganizing Concentration Farms	21
Single Enterprise Crop Accounts	29
Feasibility Account	34
Outlook Work	35
Virginia Farm Economics	42
Special Meetings and Addresses	44
Marketing Fluid Milk	47
Marketing Dairy Products	59
Marketing Eggs	70
Marketing Poultry	74
Marketing Turkeys	77
Cooperative Purchasing	78
Marketing Home Products and Local Produce	79
Livestock Marketing	120
Railroad Rate Cases	120
Farmers' Educational and Organizational Work	121
Tobacco Educational and Organizational Work	121
Taxation	120
Organizational Procedure	122
Statistical summaries	124-125
Outlook	123

AGRICULTURAL ECONOMICS

The General Situation

Since 1921 the agricultural industry in Virginia has been in more or less a continuous state of depression. There have been good years but the unprofitable years have more than outnumbered the good ones.

The majority of farmers sell at wholesale and buy at retail. During the last few years farm and retail prices have been out of adjustment. During the rapid rise in prices occurring between 1914-1919, farm prices rose more rapidly than retail prices. It was comparatively easy for farmers to make money. Even the inefficient were prosperous. Coincident with the great fall in prices which occurred in 1921, farm prices fell more than retail prices. Since 1921 the farm price level has been consistently below the retail price level. This is well illustrated in the case of food. In 1917 when prices were rising, the farm price of food was 121 per cent of its 1910-14 average while the retail price was 125 per cent of the pre-war average. In 1921, a year of falling prices, the farm price of food averaged 20 per cent above its pre-war level while the retail price remained 25 per cent above its pre-war average. In September 19 the the index number of the United States farm price of food was 54 and that of the retail price 125. The relationship between the farm and retail price of food is shown in Figure 1.

INDEX NUMBER

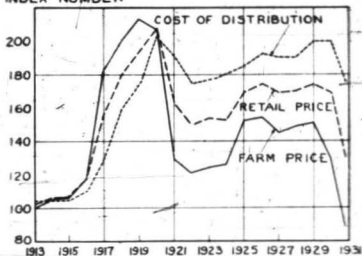


Fig. 8.—Prices paid to farmers for food, the cost of distribution, and retail prices of the same foods. (1918-14=100)

During the period of the rapidly rising price level farm prices rose more rapidly than retail prices because the costs of distribution lagged. When deflation occurred farm prices went down farther and faster than retail prices because the cost of distribution remained high.

During a rising price level farming is relatively prosperous. The major emphasis is on increased production. It should be because the costs of production rise less rapidly than the selling price of the finished product. During a falling price level it is more difficult to make money in farming. Only the more efficient succeed. Costs fall less rapidly than the value of the finished product. Therefore, efficient, economical production should be emphasized. A farm management program designed to teach farmers to produce more efficiently and to maintain a well balanced system of farming is particularly important at this time.

Since 1921 retail prices have remained high while farm prices have been comparatively low. This is true because the costs of distribution have failed to fall to any great extent. In September 1924 the farm price of food was 84 per cent of its pre-war level while the retail price was 23 per cent above and the cost of distributing this same food 77 per cent above the 1913-14 average. The law of supply and demand determines the retail price. The farm price is what is left after the costs of distribution have been subtracted from what the consumer pays.

Solution of the Economic Problem

Inasmuch as the causes of the present agricultural depression seem to be difficult for many to diagnose, it is not surprising that the remedy should be difficult. So keep constantly before us, however, "The prices which farmers receive for what they sell is low compared with Govt payments, loans, and the prices paid for what they buy." This relationship is likely to continue for some time to come.

In order to meet the situation, there are a number of things which can be done by governmental action and some things which can be done by the individual action of farmers. The following suggestions, it seems to us, require governmental action:

1. The establishment of a stable standard of value. While it is too late to undo the past, it is highly important that injustices due to an unstable price level should be prevented in the future. This is an important international problem. It cannot be solved by one nation alone, but needs the concerted action of many nations. War is the chief cause of the fluctuating value of our present standard of value. Money has been cheapened during all our important wars. One

of the principal arguments against war lies in the fact that nearly all important wars are accompanied by violent monetary inflation followed by deflation.

3. The cancellation or the adjustment of reparations and war debts. The payment of international war debts is one of the principal reasons for the recent drastic decline in agricultural exports from this country. If the United States continues to insist upon the collection of international debts she must be prepared to export less to countries which formerly were our best customers. The problem of international debts is an important farm problem because the payment of these debts is seriously interfering with the sale of American farm products abroad. The collection of its international debts by the United States would injure farmers more than the collection of a similar amount of Federal taxes.

4. A readjustment of tax burdens. Recent investigations show that taxes take around 20 per cent of the net rent of farm real estate as compared to only 10 per cent of the net rent of city real estate being so assessed. Hence the farm tax on real estate, in Virginia is about 1/3 higher than similar city lands. (Va. Agr. Expt. Station Bul. 566, p. 8)

5. A revision of the tariff. The operation and many of the provisions of our present tariff are unfair and unjust. In some instances unreasonable measures are used to prevent the bringing in to our ports of some foreign products, the importation of which would result in slight injury to us. It is very likely that our present tariff policy is resulting in retaliatory measures on the part of foreign countries. The exclusionary policy which we are now following is placing a serious handicap on our export trade. We need to recognize that if we wish to sell that we must also expect to buy.

4. A long-time program of land utilization is advisable. We need a comprehensive classification of land in the United States so that we may determine just what lands are suited to profitable agricultural production and what lands are not. There is undoubtedly enough good land in the United States to supply us with all the agricultural products which we need for many years to come. In the mean time, we are beginning to suffer from a lack of forests and play grounds. We need more forests not merely because of the wholesale timber which they will yield, but also to provide recreational facilities for our growing city population. Much of the land which is poorly adapted to farming would make excellent forests and parks. The proper solution of the marginal land problem requires governmental action. Legislative action and long-time financing are required.

There are at least two things which farmers can do through cooperative associations:

1. The formation and operation of cooperative marketing associations. The cooperative marketing of farm products presents a partial solution of the marketing problem to the extent that farmers by cooperative action can do a better and more efficient job of marketing than existing private agencies. If the cooperative association cannot make savings for its members or perform services which existing private agencies are unable or unwilling to render, there seems to be little need for its existence or chance for its success.

2. The formation and operation of cooperative purchasing organizations. Where there is a sufficient volume of business for efficient operation, the

cooperative purchasing associations presents an excellent opportunity for farmers to secure important financial savings in the purchase of farm supplies. Ordinarily, the majority of farmers purchase at retail. A well managed cooperative purchasing association permits farmers to make savings by purchasing at wholesale.

There are a number of things which individual farmers can do in adjusting their farm operations to the prospective economic situation. There are two ways of obtaining a satisfactory price - reducing production, and reducing costs. When the price of one product such as wheat is out of line with other prices, reduced production is the major remedy. However, when the whole price level falls, reducing costs is the major remedy. The following individual adjustments are suggested.

1. The individual farmer, must base his plans on what prices are likely to be rather than upon what he thinks they should be. This is no time to let habit, tradition and emotion rule. The time has passed when farmers can successfully meet the necessary problems of adjustment through knowledge gained from experience alone. In times of rapidly changing conditions, habit and tradition are serious barriers to progress. If Virginia farmers are to successfully meet the problems of the present economic situation, their business plans must be based more on reason and less on habit, tradition, and emotion.

2. The individual must emphasize economy of production. It is very likely that our farmers must learn to produce farm products at a profit at pre-war prices or less during the next 10 years.

3. Farmers should increase yields per acre and per animal. Yields per acre and per animal must be increased by relatively cheap methods. This means

continue to work poor land and to care for poor animals. With the prospect of low prices and high wages there will be greater loss than usual from farming poor land or keeping poor animals.

4. It is important to take better care of good land and good animals. This involves balanced feeding for animals, the use of rotations including legumes, the use of good seed and the proper disease and insect control measures.

5. Many farm operators need to increase the size of their businesses. Most farm businesses are too small to provide full, profitable employment for the available labor force. This is due primarily to the fact that farm businesses have not been enlarged to make use of labor that has been released by the increased use of labor saving machinery. In many cases, the destruction of this business will mean buying or renting good land from an adjoining farm. In other cases, it will mean more productive livestock or a larger acreage of intensive crops on the present farm area.

6. Plan equipment, cropping system and livestock program for the maximum utilization of labor. It is important to organize and plan work at the time and in the manner that will make an hour of labor count best.

7. Postpone buying new equipment unless it will pay for itself quickly. Plans should be made to repair the old for present use.

8. More of the family living should be obtained from the farm.

9. Supplies should be purchased in quantity and for cash, if possible.

10. Farmers should support successful cooperative marketing and purchasing associations.

11. Farmers should pay more attention to the production of high quality food products. In the deflationary period following the Civil War the prices

of the dealer trade such as eggs and butter were generally better than the prices of other farm products.

18. The method of financing the farm business should, in many cases, be reorganized.

19. A period of depression such as the present is a good time to learn how to broaden and enrich farm life without too much cash outlay. If this is done, farm people will know how to live better when economic conditions improve.

Methods Used To Help Farmers Meet The Situation

During 1931 the work in Agricultural Economics was divided into the following projects:

1. The farm inventory and credit statement.
2. The farm cash account.
3. Reorganizing demonstration farms in the tobacco belt.
4. The single enterprise cost account with strawberry growers.
5. The single enterprise cost account with peanut growers.
6. The single enterprise cost account with miscellaneous crops.
7. The poultry account with commercial flocks.
8. The general farm account.
9. The agricultural outlook.
10. Virginia Farm Economics.
11. Special meeting and addresses.
12. Marketing Fluid Milk.
13. Marketing Dairy Products other than Fluid Milk.

14. Marketing Plans
15. Marketing Channels
16. Cooperative Purchasing
17. Marketing Home Products and Local Products
18. Livestock Marketing
19. Tobacco Marketing
20. Fruit and Vegetable Marketing
21. Taxation

Cash Accounts

During 1961 the distribution of cash account books was larger than in any previous year. Approximately 300 books were started in 1961 as compared with 242 for 1960 and 225 in 1959. However, a smaller number of farm account schools were held this year than usual, due to the limited amount of time the specialist had to devote to this project.

Purpose -

The primary purpose of the cash account project is to interest and train farmers in keeping records of their farm business. The farmer who keeps accurate records of his business throughout the year is able to make an analysis of his business at the close of the year. This analysis will bring out the strong as well as the weak points in his business. By comparing the results of his year's business with that of his neighbors, the individual farmer can see how his efficiency as a farmer compares with that of his neighbor. The real purpose of farm account work is to help the farmer organize his business so that he will be enabled to increase his profits from year to year. To feel that farmers should use farm accounts and the short and long-time outlook for agriculture as a basis in planning their farming program. By analyzing his record and applying the outlook to his individual case, the farmer should be enabled to gradually reorganize his farm and materially increase his earnings over a period of years.

Method -

The method of securing enrollment and the way in which demonstrations were held was practically the same as that used in former years.

The only follow-up work on the farm account project was through circular letters to the cooperators. He believes that some personal follow-up should be done in order to make our farm account project successful.

Farm Accounting Demonstrations - 1931

<u>Date</u>	<u>County</u>	<u>Community</u>	<u>County Agent</u>	<u>Books Started</u>
Feb. 4-6	Adams	New Church Foggsboro Hoggsboro Klons Central	W. C. Strong	5 5 4 3 20
Feb. 28	Marion	Varina	L. E. Walker	7
March 2	Hottel	Blackstone	H. P. Oliver, Jr.	7
" 5	Fulson	Dublin	E. C. Gidgely	15
" 7	Wise	Wise	Alfred Hunt	15
" 11	Pittsylvania	Chatham	J. E. Stone	17
April 6	Prince George	Princely George	H. L. Hobbs	4
A total of 12 demonstrations were held in 7 counties. Books started by demonstrations =				100
A total of 285 books were mailed to farmers by request. Books started by mail =				285
A total of approximately 100 books were started by agents. Books started by agents =				100
Total number of books in 28 counties =				585

Results -

Forty completed 1930 accounts were audited during the latter part of April and the first part of May. The income for the 1930 crop year was low in every case, only one or two of the farmers showed an operator's earnings for the year. The rest of the group showed losses on their year's operations.

The corrected accounts were returned to the cooperators along with suggestions based on their individual records. The purpose of these suggestions was to show each man how his income might be increased next year.

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA

EXTENSION SERVICE

Wm. A. G. Cook,
Col. & Field Invt.
2 U. S. P. A.,
Charleston.

Charleston, Va.
January 20, 1941.

TO ALL COUNTY AGENTS:

Dear Sir:

You will perhaps recall Dr. Hart's talk at our Extension Workers Conference a few weeks ago. Dr. Hart stated that the reason we do farm management extension work is "to help farmers make more money". We have just gotten out a new cash account book, a copy of which is enclosed. We believe that by encouraging and helping farmers keep an account of their business we will be helping farmers make more money. The new account will show the farmer where he is making money and in many cases it will also show him where he is losing money. Farm accounts will point out ways and means by which the farmer will be enabled to increase his profits from year to year. We believe we are more concerned to a farmer than are these figures taken from his own account book.

I hope that you will look over the enclosed bulletins and that you will like it. Every effort has been made to simplify the account book and it is hoped that more Virginia farmers will keep an account this year than ever before.

I am wondering if you are planning to do any work on farm accounts this year. If you are, would you like for us to help you hold one or more farm account schools? If you would like to hold such a school this year and wish to secure our help, please send us the following information: (1) number of schools to be held in your county, (2) number of days per week available, (3) approximate dates of meetings (note: specialists will not be available until after February 21), (4) number of books you wish to use.

If you would like to secure help in holding farm account demonstrations, please let us know by February 1 so we are unable to arrange our schedule of work at this time. If you do not wish to hold meetings and need your account books for distribution, please send in your request.

Thanking you for this and your past favors, and with best wishes, I am

Yours very truly,

W.A.G.
Enc.

E. J. Bushells, Jr.
Farm Mgt. Demonstrator.

P. S. The enclosed inventory circular is to be used in connection with the cash account book.

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA

EXTENSION SERVICE

W. Agr. & Mech.
Col. & Poly. Inst.
A. V. S. S. B. B.
Cooperating.

Blacksburg, Va.
February 25, 1924.

TO 1923 FARM ACCOUNT KEEPERS:

DEAR SIR:

We hope that you have completed your 1923 account book and this is to remind you that we will be glad to close out and summarize your completed book for you. No charge is made for this service, and the information contained in your book will be treated as confidential. Drop me a card today and a large self-addressed envelope for sending in the book will be mailed you. Your book will be summarized and returned to you with helpful suggestions.

We are enclosing copies of our new farm account book and the inventory book which is to be used with the cash account book. Your first job will be to take an inventory. The totals from the inventory book should be transferred to page 27 of the cash account book.

You will notice that the enclosed farm account book is quite different from the form used last year. We have made several changes in the book and have tried to make it more nearly fit your needs. We hope you will like it, and that you will keep records of your farm business this year. Instructions for starting and keeping the account will be found on page 1 of the book.

If you have already received a new account book from your county agent, or, in the event you do not feel that you can keep an account this year, please give this copy to your neighbor and try and get him interested in keeping accounts. If this is not possible, please write us and we will send you an envelope to use in returning the books to us.

Yours for better farm accounts,

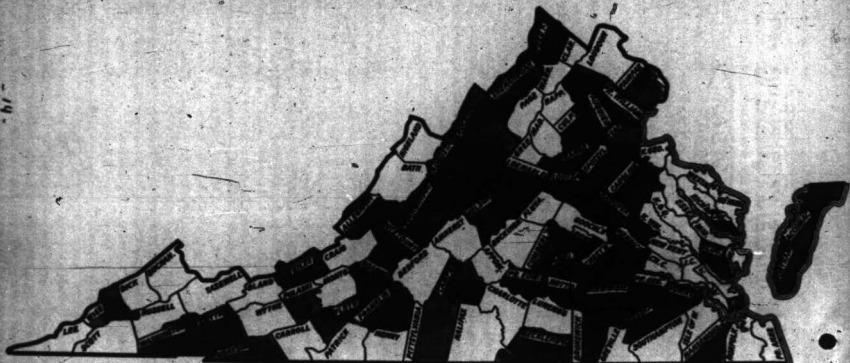
W. J. Munkala, Jr.
Farm Mgt. Demonstrator.


WJM
Encl.


KEEP FARM ACCOUNTS - TIME SPENT IN KEEPING ACCOUNTS WILL PAY YOU
GOOD PROFITS.

Farm Management Projects

Cash Accounts



 Farm Accounting Demonstrations

 Farm Accounts in counties not having demonstrations.

Farm Inventories

The purpose of our farm inventory work is to get as many farmers as possible to take an inventory at the beginning and end of each year. By doing this the farmer can tell whether his business is progressing or going backward and how much. An inventory also provides a valuable list of property to be used in case of loss by fire, or in the settlement of an estate. The inventory serves as a basis for filling out a financial or credit statement which the farmer can file with his banker in case he desires credit. Most bankers consider their farmer patrons much better credit risks if they are businesslike enough to file a credit statement at the bank.

During the latter part of the Fall of 1920 the specialist, with the assistance of Dr. Hart of Cornell (at that time with the N. A. E.), revised the inventory form which had been used the previous year. In addition, a credit statement was worked up and incorporated in the inventory circular. However, before having it printed, this credit statement received the approval of the Agricultural Committee of the State Bankers' Association.

During the month of December 1920, a circular letter was sent to each county agent, Smith-Hughes teacher and bank in the state inviting them to cooperate with us in the distribution of the inventory and credit statement blanks. Each of these agencies responded and the response was good, especially was this true of the Smith-Hughes teachers. Mr. Greenleaf of the Agricultural Education Department informed us that in most cases his men devoted one or more of their evening classes to the subject of inventories and credit statements at the beginning of the year, at which time the farmers were assisted in listing their

inventory and making out a credit statement. These teachers will also assist the farmers in making out their closing inventory.

Requests for more than 5,000 copies of the inventory and credit statement form were received and filled. These forms were distributed by the above named agencies in 34 Virginia counties.

Some Comments on the Inventory and Credit Statement

A Smith-Hughes teacher wrote us "This circular appears to me to be the best of its kind that I have seen".

Another Smith-Hughes teacher stated "Its simplicity is what strikes me most and I am going to try to get some of my farmers to use it this year."

A banker stated in a letter to us "We have examined with profit your farm inventory and credit statement circular and consider it as practical as anything of the nature we have seen".

Another banker wrote "We have found it very difficult to get the farmers to take any interest in taking inventories or keeping any kind of records, but this statement is so good that we are going to call you to send us 100 of them and we will endeavor to have them used by our former customers".

"We have the copy of your Extension Circular #298, and wish to congratulate you upon getting out such a useful form.--- For some time we have been looking for some form of inventory and credit statement combined, for use among our farmers in obtaining credit information, and we find that your form fills every requirement", writes a banker.

Va. Agr. & Mech.
Col. & Poly. Inst.
U. S. D. A.,
Cooperating.

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
BUREAU OF VIRGINIA

EXTENSION SERVICE

Blackburg, Va.
December 2, 1935.

TO THE COUNTY AGENTS OF VIRGINIA:

Subject: Farm Inventory and Credit Statement.

Dear Sir:

Inventory time is fast approaching. We have just published a new circular "How to Take a Farm Inventory and Make Out a Credit Statement". We are enclosing a copy for you to look over and hope that you will be able to distribute a number of them among your farmers who are especially interested in such work. For your convenience, we are also enclosing a card to be used in ordering this circular. Please fill the card out and return it soon in order to prevent the Christmas mail rush.

Virginia farmers, as you know, have experienced a bad year. Their incomes have been seriously reduced by the drought and low farm commodity prices. In absence of increased income, many farmers will find it necessary to call on their bank for production credit. Bankers as a rule are interested in securing a credit statement from their borrowers and patrons. They will consider a farmer a better credit risk if he is businesslike and files a credit statement. We believe that farmers should also be urged to take inventories at the beginning of the year. An inventory will show the farmer how much he is getting ahead financially, and a credit statement will improve his credit rating at the bank. Let's fill in lines and get them interested in this project.

A similar letter is being sent to the teachers and Smith-Snyder members in your county.

With best wishes and the season's greetings, I am

Very truly yours,

W. J. Bushelle, Jr.
Farm Mgt. Demonstrator.

COOPERATIVE EXTENSION WORK

IN

AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA

EXTENSION SERVICE

To: Agr. & Mech.
Col. & Poly. Inst.
A. U. S. D. A.,
Cooperating:

Blackburg, Va.
December 8, 1939.

TO THE BANKERS OF VIRGINIA:

Subject: Credit Statement for Farmers:

Dear Sirs:

Virginia farmers, as you know, have experienced a bad year. Their incomes have been seriously reduced by the low level of farm commodity prices and the low crop yields caused by the drought. On account of decreased incomes there will be an increased demand by farmers for credit. Many farmers throughout the state will find it necessary to call on their bank for production credit.

In view of the above facts, we feel that you will be interested in our new publication "How to Take a Farm Inventory and Make Out a Credit Statement". A copy of this circular is enclosed. We believe that every good farmer should be encouraged to take an annual inventory and file a credit statement with his banker. By doing this, the farmer is enabled to determine how much he is getting ahead financially, and you, as a banker, will be able to get a better line on your farmer patrons as to their credit rating.

The credit statement (pages 3 and 4) was approved by the Agricultural Committee of the Virginia State Bankers' Association. We are in a position to supply you with additional copies of this circular without cost to you. If you desire to obtain copies of this publication, please send us your order as soon to avoid the Christmas mail rush. The Inventory and Credit Statement are usually made out by farmers around January 1.

Hoping that you will cooperate with us in this matter and with the season's greetings, I am

Very truly yours,

W. J. Nicholls, Jr.
Farm Mgt. Demonstration

WJN

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA

Va. Agr. & Mech.
Col. & Poly. Inst.
& U. S. S. A.,
Cooperating.

STATIONER GENERAL

Blacksburg, Va.
December 8, 1920.

TO THE AGRICULTURAL INSTRUCTORS OF VIRGINIA

Subject: Farm Inventory and Credit Statement.

Dear Sir:

I have just stopped by Mr. Henry Greenleaf's office and showed him a copy of our new Extension Circular No. "How to Take a Farm Inventory and Make Out a Credit Statement". At his request, I am enclosing a copy for you to look over.

The time for taking inventories is fast approaching and we hope that you will be able to distribute a number of these circulars among your farmers who will use them. Please send us your order at once in order to prevent the Christmas mail rush.

Virginia farmers, as you know, have just experienced a bad year. Their incomes have been seriously reduced by the drought and low farm commodity prices. On account of decreased incomes, many farmers will find it necessary to call on their bank for production credit. Bankers as a rule are interested in securing a credit statement from their borrowers and patrons. They will consider a farmer a better credit risk if he is businesslike and files a credit statement. We believe that farmers should also be urged to take inventories at the beginning of the year. An inventory will show the farmer how much he is getting ahead financially and a credit statement will improve his credit rating at the bank. Let's fall in line and get farmers interested in this project.

A similar letter is being sent to the county agent and the bankers of your county.

With best wishes and the season's greetings, I am

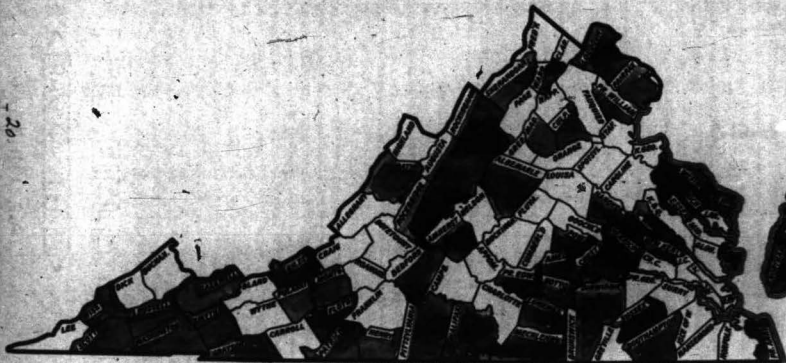
Very truly yours,

W. J. Rockwell, Jr.
Farm Mgt. Demonstrator.

WJ/R

Farm Management Projects

"Farm Inventory and Credit Statement".



Reorganizing Demonstration Farms

The project of "Reorganizing Demonstration Farms in Tobacco Belt" reported in detail in the Annual Report 1937, was conducted this year in the usual way. On April 8-11, Mr. A. F. Brodell, Mr. E. E. McSwain and the specialist visited the cooperating farmers in Charlotte County to determine the extent to which they had followed the recommendations made in 1935. Most of the men in this project are gradually making the changes recommended, however, in most cases they are so handicapped by a shortage of money that they must of a necessity go very slowly in their reorganization program.

At the time of the visit a farm survey record for the 1938 crop year was taken from each cooperator and some suggestions and recommendations were made. The records were tabulated by Mr. Brodell, and a copy was sent each cooperating farmer.

Additional information as to mortgages and other debts on real estate was obtained from about 40 farmers, in addition to the group mentioned above. In many cases the farms were mortgaged for more than they are now worth. As Mr. Brodell has not yet compiled these figures no data is available for this report.

Single Enterprise Account Project

Prior to this year no single enterprise account work was ever done in Virginia. During the early part of the year the specialist prepared a crop account book and during the latter part of the year a poultry account book was prepared. A large portion of the specialist's time was spent on the single enterprise account project. During the year 80 strawberry, 80 peanut and 48 poultry records were started by the specialist.

1 - CROP ACCOUNTS

The purpose of the crop account work is to secure accurate cost and cultural practice data on individual crops. The information secured from the records on a single crop will be summarized and taken back to the farmers in group meetings. In these meetings the various factors affecting the cost of production of the crop, as brought out by the records, will be discussed.

Since the methods used in running cooperatives for the strawberry and the peanut cost account projects differed, these projects will be treated separately.

1 - Methods used and results of strawberry cost account project.

The strawberry account project was started in cooperation with Mr. D. I. Tucker of the Horticultural Department. The cooperators in this project were lined up through the use of a circular letter (see exhibit). This letter was mailed to a selected list of growers in the Norfolk and Eastern Shore areas of Virginia. Replies were received from about 80 of the growers in these areas indicating their willingness to keep records on their strawberry crop. The records in this project are to run for the life of the bed, that is, the records will run from the time the plants are set out until the bed is plowed up one, two or three years later.

Mr. Tucker and the specialist visited each of the prospective operators during the period from May 12 to 22, inclusive. This visit was made after the plants had been set out and soil cultivation had been given. On this visit the books and expense records were brought up to date. Each grower was given instructions on how to keep the records. Fifty records were started.

During the period July 15-21 inclusive, the specialist made a check up visit to each of the growers keeping strawberry records. In most cases the specialist found it necessary to bring the books up to date as the growers had failed to make all of the necessary entries. A seasonal visit was made during the period September 14-19, at which time the records were again checked and brought up to date.

Although the records will not be taken up until next spring, the check up visits indicate that about 90% or 45 of the records will be completed.

B. Methods used and results of peanut cost account project.

The cooperation in the peanut account project was related by the county agents. During the period June 15-July 1 the specialist spent two days in the field with each of the county agents in our eight peanut counties. On this visit the agent and the specialist visited as many peanut growers as possible. At the time of the visit the specialist made all necessary labor and expense record entries and explained the book to the cooperators.

During the period August 7-21 the county agent and the specialist made a second visit to each of the cooperators. At this time the records were checked over and in case the farmer had not made the necessary entries, the specialist made them for him and brought book up to date.

Each of the cooperators will be re-visited in January or February and the final entries will be made and the books will be taken into the office for communication.

A brief statistical summary of the present cost account project is given below:

County	Agent	Days Worked	Number of accounts started
Blount	Redwell	2	5
Greeneville	Dugan	2	12 (and 5 cotton records)
Hammond	Gillette	1	5 (5 additional started later by Gillette)
Swain	Cole	2	12
Prince George	Hobbs	2	12
Yule of Night	Dillard	2	12
Swain	Davis	2	12
Swain	Cook	1	11
Total: 8 counties		14	69
Average records per county			11

In addition to the above list some of the agents started additional records after the specialist left the county.

The check-up visit in August indicated that about 80% of the present records will be completed.

II - Poultry Account Project

The poultry account project was begun during the latter part of the year and no definite figures on this project can be given at present. This project, in brief, is a continuation of the poultry survey made by the experiment station. This project is being carried on with men having 500 or more hens in their flocks.

By mail now (December 1) the specialist has started a total of about 45 records in Orange, Page, Prince William, Loudoun, Calverton, Danvers, Hardee and Chesterfield counties. The research people are also assisting in starting these records and from present indications it appears that a total of 500, or more, of these records will be started.

Dear Sir,

We are very pleased to receive the questionnaire which you returned recently and to learn that you were willing to cooperate with the extension division and keep a glassberry record this year. Mr. Foster, of the horticultural department, your county agent, or I, will call on you in the near future and explain the project to you and help start your account.

We have tentatively arranged the following schedule for visits:

Northampton County - May 18-22

Agouane County - May 25-30

Northampton - June 2-6

Looking forward to having the pleasure of working with you and thanking you for your cooperation, I am

Very truly yours,

V. J. Beckwith, Jr.

Area Mgt. Demonstrator.

SM/S

COOPERATIVE EXTENSION WORK
OF
AGRICULTURE AND HOME ECONOMICS - EXTENSION SERVICE
Va. Agr. & Mech. Col. & Poly. Inst. & U. S. D. A.,
Cooperating.

Blacksburg, Va.
July 30, 1931.

DEAR FRANK CROWER:

You will perhaps recall that your county agent and I called on you a few weeks ago and helped you start a record on your peanut crop. We are planning to call by to see you sometime in the near future and we will help you check up on your account book and make the necessary entries. Our tentative schedule of visits is:

Isle of Wight County	-	August 7 and 8.
Southampton	" - "	" 10.
Greensville	" - "	" 12 and 13.
Sussex	" - "	" 14 and 15.
Prince George	" - "	" 17 and 18.
Surry	" - "	" 19.
Madison	" - "	" 20.
Dinwiddie	" - "	" 21 and 22.

Very truly yours,

W. J. Muckolls, Jr.
W. J. Muckolls, Jr.
Farm Mgt. Demonstrator.

WJH/S

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA

EXTENSION SERVICE

Va. Agr. & Mech.
Col. & Poly. Inst.
& U. S. D. A.,
Cooperating

Blacksburg, Va.
July 13, 1931.

DEAR PEANUT GROWER:

I want to take this opportunity to thank you for cooperating with us in keeping a peanut account this year. You will perhaps be interested to know that we started a total of 89 peanut accounts in the 8 peanut counties of the state.

We hope that you are keeping your account up to date. We would like to remind you that you should enter all work done on the peanut crop (or on the portion of the crop on which you are keeping a record). These entries should be made on pages 2 to 5, and, any cash expenses, other than expenses for labor, should be entered on page 6 of your record book.

I hope that we will be able to call on you again within the next few weeks.

Again thanking you for your cooperation,

I am

Very truly yours,

W. J. Nuckolls, Jr.

W. J. Nuckolls, Jr.
Farm Mgt. Demonstrator.

WJN/S

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA

VIRGINIA AGRICULTURAL AND MECHANICAL
COLLEGE AND POLYTECHNIC UNIVERSITY
AND UNITED STATES DEPARTMENT OF
AGRICULTURE, COOPERATION

EXTENSION SERVICE

Blacksburg, Va.
June 12, 1931.

Dear Strawberry Grower:

Mr. Tucker, of the horticultural department, and I, want to take this opportunity to thank you for cooperating with us in keeping a strawberry account for us this year.

We hope that you are keeping your account up to date. We would like to remind you that you should make entries of all work done on the strawberry crop. These entries should be made on page 2.

I hope to be able to call on you personally within the next month or two.

Again thanking you for your cooperation,

I am

Very truly yours,

W. J. Nuckolls, Jr.
W. J. Nuckolls, Jr.
Farm Mgt. Demonstrator.

WJN/MS

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA

EXTENSION SERVICE

W. A. G. & Wash.
Col. & Exp. Inst.
& U. S. D. A.,
Cooperating.

Blacksburg, Virginia
April 20, 1932.

Dear Strawberry Grower:

The departments of horticulture and agricultural economics, U. S. I., are anxious to obtain some cost and cultural practice data on Virginia strawberries.

To do this, it will be necessary for us to start some strawberry accounts this year. Your name has been furnished us by the experiment station and we are wondering if you would like to cooperate with us in this project. The account book will be furnished you free of charge and a man from the extension division will help you to start and close your account. After the study is completed, the extension division will bring the information to you.

Help us and help yourself by answering the following questions and return to us in the enclosed self-addressed envelope. (No postage is required).

Approximately how many acres of berries did you have in 1931?
in 1932? Do you plan to
plant after the first year? or do you
have them down for two years?
Are you willing to cooperate with the extension division and keep a
strawberry record?

Thanking you for your cooperation, I am

Yours very truly,

E. J. Bushnell, Jr.
Farm Mgt. Demonstrator.

W.A.G.

Enclosure

32

Outlook Work

In the Fall of 1950, Dr. C. C. Taylor and Dr. E. H. Young attended the regional outlook conference of the Appalachian states at Washington. Mr. Beckells attended the regional outlook conference for the Southern states at Atlanta. Mr. Beckells and Dr. E. H. Young attended the National Outlook Conference in Washington.

The specialists in this department assisted in writing up the State outlook report for 1950.

During February, Dr. Young and Mr. Beckells made talks at each of the regional outlook conferences as follows:

- February 9. Richmond.
- February 11. South Boston
- February 12. Lynchburg
- February 15. Harrisonburg
- February 16. Marion

On February 19, an outlook talk was made before the Chesterfield County Advisory Board at its annual meeting. On February 24th a similar talk was given before a group of farmers at Varina, Henrico County. Outlook material was also used in connection with each of the farm account schools held during the year.

In the Fall of 1951, Dr. Young attended the regional outlook meeting of the Appalachian states at State College, Pennsylvania. He acted as chairman of the potato committee. Mr. Beckells and Mr. Mendenhall attended the Southern Outlook Conference at Memphis. Both these men brought back to Blacksburg all the available information possible. After these reports were brought back to

Blacksburg they were segregated and distributed among the subject matter specialists, who studied them carefully. The various sections of the outlook report were written by the various subject matter specialists with the aid and advice of the different members of the Agricultural Economics Department. Individual reports were at first presented before a conference of specialists and district agents. This conference was held on November 20 and December 1. Each report was thoroughly discussed by the group. The reports were then revised and given to the Director of Extension who consolidated them into a state outlook report which was printed in time to distribute to the county agents at the Agents' Meeting during the week of December 14-19, 1931. The first two days of the annual agents' meeting was given over to the thorough discussion of the outlook. A program follows.

Radio talks were given each month over the local radio station on timely economic information. Similar information along with special price information was prepared each month for the Extension Division News (a sample sheet attached). Information of a similar nature was also mimeographed and called around the first of each month to each county agent and the outlook reporter of each local community organization.

TENTATIVE PROGRAM FOR EXTENSION CONFERENCE

December 14 to 19, 1931

Blacksburg, Virginia

Monday, December 14
Auditorium Patton Hall

7:30 P.M. Address. Dr. Julian A. Burruss.
8:00 Plan and Purpose of Conference. Director Jno. R. Hutcheson.
8:30 Plans for meetings of home agents. Miss Maude E. Wallace.

Tuesday, December 15

Morning Session

9:00 The General Agricultural Situation. Dr. H. H. Young.
Agricultural Economics Department, V.P.I.
10:00 Discussion.
10:20 Recess.
10:30 Foreign and Domestic Factors Affecting Supply and Demand
of Virginia Farm Products. Dr. L. H. Bean, Bureau of
Agricultural Economics.
11:30 Discussion.
11:45 The Outlook for Tobacco in Virginia. J. L. Maxton.
12:15 Dinner.

Afternoon Session

1:30 The Outlook for Cotton and Peanuts. W. J. Buckrolls.
2:00 The Outlook for Potatoes and Truck Crops. L. B. Dietrick.
2:30 The Outlook for Feed and Grain Crops. W. H. Byrne.
2:50 Recess.
3:00 The Outlook for Apples and Other Fruits. A. H. Teske.
3:30 The Outlook for Poultry Products. Gordon H. Ward.
4:00 The Outlook for Beef Cattle, Sheep and Hogs. G. C. Herring.
4:30 The Outlook for Dairy Products. R. G. Connolly.

Wednesday, December 16

Morning Session

- 9:00 Methods Used in Getting Outlook Information Over to Farmers Bankers and Others. A.E. Mercker, Bureau of Agricultural Economics.
- 9:30 Discussion.
- 9:45 The Necessity for a Regular Flow of Timely Economic Information. Dr.H.H.Young, Agricultural Economics Department, V.P.I.
- 10:20 Recess.
- 10:30 Applying Outlook Information to the Individual Farm. C. Arnold, Bureau of Agricultural Economics.
- 11:15 Discussion.
- 11:30 Practical Crop Suggestions for 1932. T.B.Hutcheson, Agronomy Department, V.P.I.
- 12:15 Dinner.

Afternoon Session

- 1:30 Why Some Farms Pay Better than Others. Dr.H.H.Young, Agricultural Economics Department, V.P.I.
- 2:00 Discussion.
- 2:15 How to Use and Analyze Farm Accounts. C.Arnold, Bureau of Agricultural Economics.
- 3:00 Recess.
- 3:15 How to Analyze a Farm Business. Dr.H.H.Young, Agricultural Economics Department, V.P.I.
- 4:00 Discussion.

Thursday, December 17

Morning Session

- 9:00 What Kind and How Much Fertilizer can Farmers Afford to Use at Present Prices for our Principal Crops. T.S.Hutchison, Agronomy Department, V.P.I.
- 9:45 Discussion.
- 10:00 The Value of Lespedeza and How I get Farmers to Grow It. S. F. Grubbs, County Agent, Wampbell.
- 10:15 The Value of Sweet Clover and How I get Farmers to Grow It. J. R. Lintner, County Agent, Loudoun.
- 10:30 Recess.
- 10:40 The Value of Alfalfa and How I get Farmers to Grow It. L. M. Walker, Jr., County Agent, Henrico.
- 11:00 Securing and Using Pasture Improvement Demonstrations. F. E. Bird, County Agent, Smyth.
- 11:15 Suggestions for Cheapening the Dairy Ration. C. W. Holdaway.
- 11:45 Suggestions for Cheapening the Poultry Ration. H. L. Moore.
- 12:15 Dinner.

Afternoon Session

- 1:30 The Proper Relationship Between Extension Workers and Cooperative Marketing Associations. S. L. Cox, J. H. Quisenberry, F. B. Moore
- 2:15 The Present Status of the Eastern States Cooperative Livestock Marketing Association. Paul Fletcher.
- 2:30 Discussion.
- 2:45 Recess.
- 3:00 How the Farm Board is Cooperating with Extension Workers. Charles Alvord, Field Agent, Federal Farm Board.
- 3:30 Future Plans for Egg Grading. J. H. Meek, State Division of Markets.
- 4:00 The Present Status of the National Wool Marketing Association. K. A. Keithly, Federal Farm Board.

Friday, December 18
Morning Session

- 9:00 The Necessity of Extension Work Reaching More People More Effectively. Jno.R.Hutcheson, Director of Extension.
- 9:30 The County Advisory Board and How I Use It. Mrs. Bessie Dunn Miller, Home Demonstration Agent, Albemarle County.
- 9:45 How I Use Community Extension Committees. T.T.Curtis, County Agent, Orange.
- 10:00 How Community Extension Committees Have Added to the Effectiveness of My Work. Miss Ruth Jamison, Home Demonstration Agent, Augusta County.
- 10:15 How-I Plan and Use Regular Community Meetings. N.H.Williams, County Agent, Mecklenburg.
- 10:30 Discussion.
- 10:45 Recess.
- 11:00 Getting Local Groups to Select Demonstrations and Demonstrators. T.O.Scott, County Agent, Albemarle.
- 11:15 Making Demonstrations Effective. J.C.Eller, County Agent, Culpeper.
- 11:30 Work in the Communities with Teachers of Vocational Agriculture.
- 11:45 Summary. E.L.Huxford.

12:15 Dinner.

Afternoon Session

- 1:30 Making the 4-H Organization Function More Effectively. G.A.Elcan.
- 1:45 How Our Organization Functions - Iris Ritenour, Home Demonstration Agent, Washington. Joe Phipps, County Agent, Washington. Discussion.
- 2:05 Training and Using Leaders. Miss Maude E. Wallace. Discussion.
- 2:25 Club Meetings. Miss Nellie Hughes.
- 2:40 Our Club Meetings. Celia Swecker, H.D.A. Orange County Dungan McKinsey, County Agent, Louisa. Discussion.
- 3:00 Recess.
- 3:10 4-H Club Community Activities. Dr. I.W.Hill, U.S. Dept. Agriculture.
- 3:30 Where are We Going in Club Work? Dr. C.B. Smith, U.S. Dept. Agri.
- NOTE:- Saturday morning reserved for conferences between county agents and specialists.

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA

VIRGINIA AGRICULTURAL AND MECHANICAL
COLLEGE AND POLYTECHNIC INSTITUTE
AND OTHER STATE DEPARTMENT OF
AGRICULTURE, CONSERVATION

EXTENSION SERVICE

Blacksburg, Virginia

February 4, 1931.

TO OUTLOOK REPORTERS:

We are enclosing outlook material to be
used at your monthly community meeting.

Yours very truly,

W. J. Nicholls, Jr.

W. J. Nicholls, Jr.

Farm Management Demonstrator.

WJN/S

Encl.

THE VIRGINIA AGRICULTURAL SITUATION
 What to Produce—How Much to Produce—When to Sell
 Foresight springs from intimate knowledge of the past

Prices on Virginia farms, as reported by the Virginia and United States Departments of Agriculture, show 4 increases and 6 decreases during the month, and during the year no increases. The largest gains during the month were in lambs, apples and potatoes. During the year the greatest drop was in eggs.

	Virginia Price				Relative Price		
	Jan.	Dec.	Jan.	Average	Compared with 'av. of		
	15	15	15	5 yrs.	100 during 1910-14		
1931	1930	1930	1910	Jan.	Dec.	Jan.	
	(mo.	(yr.	to		(mo.	(yr.	
	(now)	(ago)	(ago)	1914	(now)	(ago)	(ago)

Farmers' Purchases (U. S. retail)

<u>Livestock</u>							
Hogs, per 100 lbs.	\$6.40	\$6.60	\$9.60	\$7.38	114	117	130
Beef Cattle, per 100 lbs.	6.00	5.90	8.70	5.21	115	111	167
Lambs, per 100 lbs.	7.70	7.10	---	6.19	124	115	---

<u>Livestock Products</u>							
Farm butter, per lb.	.28	.31	.35	.24	117	129	143
Butterfat, per lb.	.28	.31	.37	---	---	---	---
Wool, per lb.	.23	.24	.35	.22	105	109	158
Eggs, per dozen	.28	.32	.40	.20	140	160	200
Chickens, per lb.	.18	.18	.23	.14	129	129	165

<u>Crops</u>							
Wheat, per bu.	.93	.94	1.27	1.00	95	94	127
Cotton, per lb.	.093	.094	.156	.115	81	82	156
Potatoes, per bu.	1.25	1.20	1.45	.83	151	145	175
Sweet Potatoes, per bu.	1.20	1.20	1.25	.77	156	156	162
Apples, per bu.	1.15	1.10	1.45	.62	186	176	234

Farm Prices

A further sharp drop in the level of farm prices from November 15 to December 15 caused the index of prices received by farmers to fall below 100 for the first time since November, 1925. On December 15, the index of farm prices reached 97 compared with 103 in November, 135 in December, 1929, and 100 in the five years before the war.

The December decline in the general index was caused by lower prices of cotton, potatoes, hry, hogs, eggs, butter, wool and chickens, which more than offset the somewhat higher prices of oats, barley, wheat, flax and apples. Still lower prices since December 15 have prevailed for grains, hogs, wool and butter, while prices of cattle, lambs and cotton have been slightly higher and the level of farm prices for January is likely to remain close to the December level.

The December level of commodity prices was the lowest for the year. From December, 1929, to December, 1930, the general level of wholesale prices declined 25 points. Farm products prices and textile products have declined more since December 1929 than the average of all commodities; food products and building materials declined about as much as the general index, and metals, fuels and chemicals declined less. During the first week of 1931, prices remained practically unchanged from the level of the latter half of December.

Business Activity Low

Business activity, like commodity prices, ended the year at the lowest level so far during the depression. The lowest points of previous business depressions have been marked by such events as advances in stocks and bonds, low interest rates, low raw material prices, and increased employment in key industries. But the recent tendencies have been of such short duration that it is uncertain that they mark the turning point of the present depression. Even if this should be the turning point, it is not likely that there will be any marked improvement in the demand for farm products in the near future. Any noticeable improvement in agricultural prices during the next few months would have to arise out of shortages in market supplies, rather than from improvement in industrial demand.

Wheat

Cash wheat prices in the United States were slightly higher in December than in November. As the season progresses, new crop prospects will become more important in affecting prices of cash wheat. Except in the event of a very small production of wheat in the United States in 1931, it will be necessary for the United States to export considerable quantities of wheat as the new crop begins to move to market in volume. In view of the present low prices in world markets, and the prospect of continued abundance of world supplies, no material improvement in cash prices during the remainder of the present season seems likely to be maintained in the United States.

Corn

Farm stocks of corn January 1 are estimated to be about 21% smaller than a year ago. It appears that corn is being fed liberally, and corn supplies are likely to be reduced to very low levels by summer; and market supplies during the next few months are likely to be small. If an acute shortage of corn should develop later in the season, it would result in a temporary upswing of corn prices.

Hogs

Contrary to usual developments at this time of year, a seasonal upswing in hog prices has not yet started. Ordinarily, the winter low point in hog prices is established before the Christmas holidays, but this winter prices eased downward throughout December and a new low was made the week ending January 10th. In most years, when the market distribution of hogs is normal, hog prices move upward in January. In those years when the supply from January to March is relatively large, compared to the supply in the preceding three months, the seasonal advance in prices occurs later in the year and either no advance takes place, or is very small, in January and early February. There are indications that the supply this January and February may be relatively heavy.

Cattle

Cattle prices were generally steady during December. An upward trend in the better grades of beef steers carried the average weekly price of choice steers at Chicago, the last week in December to the highest level since the latter part of May, but prices of lower grade beef steers, butcher cattle, and stockers and feeders fluctuated within narrow limits during the month.

Market supplies of cattle during the first quarter of 1931 are expected to be smaller than during the first quarter of 1930. Slaughter will be larger relative to marketings than a year earlier, for shipments of stocker and feeder cattle as large as during the first quarter of 1930 are hardly to be expected. In spite of the short corn crop, the finish of fed cattle during these months will probably be equal to last year. Although the usual seasonal trend of prices of fed cattle is usually downward during this period, it is not unlikely that the supply of such cattle this year will be small enough to prevent any considerable decline from present levels.

Eggs and Poultry

The downward trend of egg prices, resulting from the seasonal increase in receipts, is likely to continue until early spring, reaching a level much below that of a year ago. Consumption is poor in spite of present low prices, with no prospect of immediate improvement. Demand from storage operators during the into-storage season will probably be weak, since prices during the out-of-storage period this season have been somewhat lower than during the into-storage period.

Egg consumption in December was 10% above that of December a year ago. This is relatively low in view of 23% heavier receipts and 45% lower prices than a year ago. It is doubtful if consumption will improve materially until business conditions are better.

The farm price of chickens is probably at the low point and, since the peak of receipts has passed, is likely to begin the seasonal advance soon. Low storage stocks should tend to make this advance greater than a year ago.

New Account Book

All good business men keep accounts of their operations. Now is a good time for Virginia farmers to start an account of their 1933 business. The Extension Division has just published a simple farm account book which we hope will be used by many of our farmers this year. Write the Extension Division today and your copy of the account book will be sent free of charge. Farmers may also secure a crop account upon request.

Virginia Farm Economist

In times like the present it is very important to give our farmers and farm leaders all the worth while facts concerning the economic situation as it affects agriculture. The purpose of Virginia Farm Economist is to supply ^{farmers} others who are interested with up-to-date facts concerning:

The general business situation

The Virginia farm price level

The prices of important Virginia farm products with comparisons

Recent research work

Important public problems

Specific timely suggestions for meeting the situation

The Dairy market situation

The Egg market situation

The poultry market situation

Virginia Farm Economist is published monthly and at present is sent to a mailing list of approximately 2000 persons. The first issue was published in July and was mailed to about 1,000 persons. County agents, teachers of agriculture, leading farmers, country bankers and agricultural leaders in other states are the people who make most use of this bulletin. The bulletin is not sent out indiscriminately but only to those persons who wish to make use of it.

VIRGINIA FARM ECONOMICS

Department of Agricultural Economics and Rural Sociology
 VIRGINIA POLYTECHNIC INSTITUTE
 BLACKSBURG, VIRGINIA

Published and distributed in furtherance of the purposes provided for in the Act of Congress of May 8, 1914,
 Jan. 8, 1915, amended, the Director of Extension Service.

No. 5

NOVEMBER, 1931

AGRICULTURAL AND BUSINESS CONDITIONS: 1910-14-1930

Year	Wholesale prices of all commodities (1)	Farm Prices		Consumer prices of food		Cost of distrib- uting food (5)	Cost of distrib- uting United States (6)	Prices paid by farmers (7)	Purchas- ing power of farm products (8)	White employment N. Y. factory workers (9)
		Virginia (2)	United States (3)	Farm (4)	Retail (4)					
1913	102	100	100	100	103	104	104	100	100	—
1914	99	97	102	105	106	105	104	101	101	101
1915	102	94	100	106	107	105	102	106	94	104
1916	125	113	117	117	117	110	112	123	95	116
1917	172	170	176	181	156	129	131	150	117	132
1918	192	195	200	200	180	159	160	178	112	164
1919	202	223	209	213	194	174	182	205	102	190
1920	226	200	205	207	207	202	212	206	100	227
1921	143	147	116	130	163	190	180	156	74	207
1922	141	139	124	121	150	175	168	152	82	202
1923	147	144	135	124	154	177	172	153	88	220
1924	143	141	134	126	153	180	170	154	87	228
1925	151	149	147	152	169	185	175	159	92	228
1926	146	144	136	154	174	192	176	156	87	234
1927	139	142	131	145	169	190	173	154	85	236
1928	143	138	139	149	170	190	171	156	89	237
1929	141	146	138	151	174	199	172	155	89	242
1930	126	127	117	129	169	200	166	146	80	232
May, 1930	130	132	124	137	170	199	169	150	83	235
June	127	151	123	136	166	191	167	149	83	234
July	123	106	111	124	160	191	164	148	75	230
Aug.	123	115	108	121	159	193	164	147	73	230
Sept.	123	126	111	126	160	196	164	146	76	233
Oct.	121	119	106	120	158	197	164	144	74	226
Nov.	117	163	103	117	152	190	161	142	72	221
Dec.	115	101	97	108	147	201	161	139	70	222
Jan., 1931	112	102	94	104	146	197	158	137	69	218
Feb.	110	93	90	97	143	192	152	136	66	221
Mar.	109	105	91	99	145	192	151	134	68	225
April	107	113	91	100	144	192	150	133	68	221
May	104	121	86	96	140	178	150	131	66	217
June	102	95	80	91	135	172	150	130	62	212
July	102	84	79	89	135	175	150*	129	61	213
Aug.	102	87	75	89	134	175	150*	127	59	212
Sept.	101	87	72	84	133	177*	150*	124	58	211
Oct.	100	79	68	80*	—	—	—	123	55*	205
Nov.	—	73*	71*	—	—	—	—	123*	58	—

* Preliminary.

(Footnote on page 2)

FARM PRICES

During November there was a slight up-turn in the level of farm prices. On November 15 the weighted index number of farm prices in the United States was 71 compared with an index of 68 on October 15.

The weighted index number of the 27 products included in the Virginia Index fell from 79 on October 15 to 73 one month later. The decline in the price of tobacco and the relatively heavy weight which this product occupies in the Virginia Index are the factors most responsible.

Of the important crops in Virginia wheat, rye and cotton made significant price advances during the month, while sweet potatoes, apples and tobacco declined in price.

The price of milk failed to make its usual seasonal advance, remaining at the same basic price as in October. Butter advanced one cent per pound in conformity with its normal seasonal rise. The value of milk cows rose while beef cattle fell. This is an abnormal relationship. The value of beef and dairy cattle usually move together. The rise in dairy cattle prices is likely to be temporary.

The price of eggs maintained its usual seasonal advance. The value of chickens declined but the decline was not as much as normal so the index number rose.

The price of hogs continued its downward trend. This is likely to continue because we are on the downward side of the hog cycle.

Sheep and lamb prices increased during the month. This was to be expected because we are at or near the bottom of the sheep cycle. It would not be surprising if sheep, lamb, and wool prices were to rise for two or three years.

H. N. Young.

WHOLESALE PRICES SINCE 1797*

The curve in Figure 1 gives a picture of wholesale prices in the United States during the last 135 years. Wholesale prices during the five year period, 1910-14, are used as a base and are called 100 per cent. All other prices are relative to the base period price. For example, the index number of the weighted average yearly wholesale prices of 136 commodities in 1890 was 151, which means that the general level of wholesale prices in 1890 was 51 per cent higher than the 1910-14 average. The index number of the weighted average wholesale prices of 350 commodities in 1930 was 126, or stated in another way, the general price level in 1930 was 26 per cent higher than the 1910-14 average.

The index of wholesale prices previous to 1890 is the one computed by Professors Warren and Pearson of Cornell University. The remainder of the index is the one computed by the Bureau of Labor Statistics and has been converted to the 1910-14 base. An index of this kind is very useful because

*Much of the material for this article was obtained from current issues of Farm Economics, Cornell University, and the September issue of the Cleveland Trust Company Business Bulletin.

it gives a good picture of past history. The people who make the most accurate predictions in regard to the future are usually the ones who have made the most careful study of the past.

There have been three times since 1800 that prices in the United States have been very high. Each one of these peaks in prices occurred during or

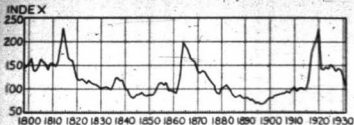


Fig. 1 — Wholesale prices in the United States since 1797

Financial inflation has occurred during each one of our important wars. At the close of each war or soon afterward rapid deflation occurred. After each war the pre-war price level was eventually reached.

shortly after a major war. In December, 1814, the index number of wholesale prices was 242; in September, 1864, it was 231, and in May, 1920, it reached the high point of 244. During each one of these war periods prices did not rise merely because there was a war, but because of the monetary inflation which accompanied these wars. Wars which do not affect the monetary policy of a country have little effect on prices. The Mexican War and the Spanish-American War are examples of such cases.

Prices have risen during each one of our important wars, chiefly because of inflation. Inflation is not new. All the civilized countries of the world have tried it at some time during their history. It was tried even in China before Christ was born. Regardless of when it occurred, the result has always been the same: Prices have risen.

There are a number of ways of inflating the currency. In medieval times the currency was inflated by calling in the coins, melting them up and then mixing in some inferior metal. The mixture was re-coined and the money put back into circulation. By this process the amount of money in circulation was increased more rapidly than the physical volume of production. Prices rose. We no longer use these methods of inflating the currency. During the Civil War we inflated largely by means of the printing press. During the World War our currency was inflated mainly by the rapid expansion of credit.

Whenever the amount of money in circulation increases faster than the volume of production, prices rise. When the reverse of this occurs, prices fall. We experienced a very severe price drop in 1920 and 1921, mainly because of deflation. For the same reason prices fell after the War of 1812 and after the Civil War. A large part of the price drop which has occurred during the last two years has been because of deflation. A large part has been due to business depression. The depression which we are now passing

VIRGINIA
PRICES PAID TO PRODUCERS FOR FARM PRODUCTS
 (As reported by the United States Department of Agriculture)

	Wheat c.	Corn c.	Oats c.	Rye c.	Hay c.	Potatoes c.	Cotton c.	Sweet Potatoes		Apples c.	Bright Tobacco c.	Dark Tobacco c.
								Per 100 lbs.	Per 100 lbs.			
1916-17												
January.....	103	69	71	13.79	3.4	12.4	81	77	96	12.7	7.3	6.3
February.....	104	70	72	14.16	3.6	12.7	86	81	99	10.1	7.2	6.3
March.....	104	71	72	14.36	3.7	12.7	86	80	97	7.3	6.3	6.3
April.....	105	73	72	17.33	3.8	12.7	96	80	104	.....	.....	.....
May.....	105	73	72	17.19	3.9	12.7	101	82	113	.....	.....	.....
June.....	104	71	72	17.09	4.0	12.9	95	82	119	.....	.....	.....
July.....	99	71	72	17.43	3.9	12.9	89	82	84	.....	.....	.....
August.....	99	73	73	15.61	3.7	12.4	89	79	94	.....	.....	.....
September.....	99	79	47	15.66	3.7	12.3	79	79	75	.....	.....	.....
October.....	100	75	49	15.57	3.4	12.3	71	79	58	.....	.....	.....
November.....	101	72	48	15.59	3.2	12.3	72	79	58	.....	.....	.....
December.....	101	69	48	15.77	3.2	12.3	76	79	84	.....	.....	.....
Average.....	102	74	59	14.29	3.6	12.6	85	79	84	.....	.....	.....
1914	101	82	53	16.76	3.5	9.6	89	.....	.....	.....	.....	.....
1915	120	87	60	17.46	3.5	10.1	86	.....	.....	.....	.....	.....
1916	123	86	61	19.86	3.9	15.3	102	.....	.....	.....	.....	.....
1917	217	147	84	16.68	6.6	24.1	124	.....	.....	.....	.....	.....
1918	218	150	101	17.8	6.4	29.8	164	.....	.....	.....	.....	.....
1919	223	177	99	17.1	6.1	31.4	200	.....	.....	.....	.....	.....
1920	240	190	110	18.3	7.6	23.7	153	.....	.....	.....	.....	.....
1921	287	217	121	19.51	8.5	14.3	123	.....	.....	.....	.....	.....
1922	165	79	63	11.2	4.7	20.9	89	.....	.....	.....	.....	.....
1923	118	98	64	10.0	4.3	29.1	146	.....	.....	.....	.....	.....
1924	130	113	70	11.7	3.8	24.7	137	.....	.....	.....	.....	.....
1925	145	124	79	13.4	3.4	21.4	175	.....	.....	.....	.....	.....
1926	147	94	62	10.9	4.3	12.8	116	.....	.....	.....	.....	.....
1927	135	96	63	11.3	4.9	17.9	90	.....	.....	.....	.....	.....
1928	135	106	64	12.6	5.0	18.1	104	.....	.....	.....	.....	.....
1929	136	107	67	13.9	4.9	17.7	124	.....	.....	.....	.....	.....
1930	99	104	60	10.2	3.8	10.5	114	.....	.....	.....	.....	.....
1931												
November.....	95	108	60	11.1	32.60	3.2	9.7	119	120	106	9.3	7.9
December.....	94	101	62	10.3	32.60	3.2	9.4	120	120	109	7.9	9.7
1931												
January.....	93	99	67	10.0	32.60	3.2	9.3	120	125	115	6.3	9.3
February.....	91	105	65	10.5	32.60	3.2	9.3	115	125	106	5.3	4.5
March.....	91	95	58	9.2	32.60	3.7	10.1	123	130	123	2.9	4.1
April.....	91	96	59	9.0	32.60	3.9	9.7	130	135	130	.....	.....
May.....	89	95	54	8.2	32.60	4.1	9.3	135	135	130	.....	.....
June.....	87	91	54	7.1	30.00	3.9	9.2	130	140	140	.....	.....
July.....	89	87	45	6.5	16.30	3.8	9.0	115	65	70	.....	.....
August.....	81	82	36	5.2	14.30	3.6	.....	110	60	55	.....	.....
September.....	81	71	36	5.0	13.30	3.1	5.9	65	65	50	.....	.....
October.....	81	58	36	5.1	12.00	3.3	4.8	69	60	49	.....	.....
November.....	62*	48*	36*	5.2*	12.00*	.....	6.0*	48*	40*	7.5*	.....	.....

INDEX NUMBERS (CORRESPONDING MONTHS 1916-17 = 100)

	Wheat	Corn	Oats	Rye	Hay	Potatoes	Cotton	Sweet Potatoes		Apples	Bright Tobacco	Dark Tobacco
								Per 100 lbs.	Per 100 lbs.			
1914	99	111	104	104	99	97	76	100	100	62	89	96
1915	118	118	120	123	107	97	80	101	80	65	81	88
1916	130	116	122	124	97	100	121	120	126	76	122	131
1917	213	199	168	219	205	182	191	192	199	111	204	178
1918	214	207	202	247	144	246	236	216	197	119	270	236
1919	219	239	198	233	153	225	249	233	194	162	300	281
1920	266	243	229	254	171	211	188	189	228	130	308	266
1921	154	115	126	156	120	121	113	136	137	214	180	178
1922	118	107	118	100	107	142	128	94	128	136	204	206
1923	111	102	126	142	112	169	201	172	135	124	180	200
1924	127	123	149	162	128	161	196	185	118	106	179	252
1925	142	121	146	184	116	190	171	206	130	115	136	251
1926	144	127	136	151	116	125	162	196	216	79	172	164
1927	132	130	139	154	105	150	153	196	140	109	168	141
1928	132	142	128	171	95	139	144	124	104	98	142	151
1929	129	145	134	167	94	136	146	126	137	144	141	141
1930	97	143	129	142	117	106	83	134	134	124	62	118
1931												
November.....	94	150	125	159	145	119	79	153	164	143	65	104
December.....	93	146	129	146	143	100	76	154	162	131	60	124
1931												
January.....	90	143	114	141	143	94	75	148	162	131	59	112
February.....	88	138	114	132	132	100	79	134	149	139	43	82
March.....	88	134	116	129	130	100	80	142	157	129	40	79
April.....	87	132	113	128	130	100	76	135	162	123	.....	.....
May.....	85	124	104	128	131	105	73	134	152	119	.....	.....
June.....	84	118	102	126	122	98	64	137	95	118	.....	.....
July.....	60	113	96	90	97	98	70	129	78	109	.....	.....
August.....	52	105	71	71	92	97	.....	124	78	98	.....	.....
September.....	52	96	74	74	85	94	68	82	86	.....	.....	.....
October.....	51	71	79	69	77	68	39	79	81	60	.....	.....
November.....	61*	68*	75*	74*	73*	.....	49*	56*	52*	57*	.....	.....

* United States prices.

* Preliminary.

* To be revised later.

VIRGINIA PRICES PAID TO PRODUCERS FOR FARM PRODUCTS

(As reported by the United States Department of Agriculture)

	Milk cwt.	Butter lb.	Milk cows cwt.	Eggs doz.	Chick- ens cwt.	Beef cattle cwt.	Sheep cwt.	Lambs cwt.	Wool lb.	Hogs cwt.	Horses head
1928-29	23	36	39.04	28.0	12.0	4.90	4.16	6.02	34	7.32	129
January	23	36	39.04	28.0	12.0	4.90	4.16	6.02	34	7.32	129
February	24	36	38.76	28.0	12.0	5.04	4.20	6.04	34	7.30	142
March	22	36	39.12	18.0	12.0	5.14	4.20	6.42	32	7.50	142
April	23	35	40.14	17.0	12.0	5.28	4.45	6.70	32	7.52	143
May	23	31	40.70	17.0	14.3	5.50	4.44	7.00	32	7.34	148
June	23	18	40.08	17.0	15.4	5.22	4.20	6.62	32	7.16	144
July	22	19	39.88	17.0	15.1	5.18	3.90	6.20	32	7.14	145
August	22	20	39.44	19.0	14.2	5.22	3.80	6.27	32	7.12	141
September	22	22	41.22	22.0	14.0	5.22	3.90	6.72	32	7.30	143
October	22	23	40.78	23.0	13.8	5.16	3.80	6.70	32	7.19	140
November	23	24	40.12	20.0	13.1	5.22	4.00	6.60	32	7.34	140
December	22	23	39.94	20.0	12.7	5.28	3.91	6.75	32	7.31	137
& average	22	23	39.98	22.0	13.4	5.21	4.11	6.14	32	7.30	142
1929	21	23	42.75	20.0	14.3	6.27	4.30	7.02	31	7.95	142
January	20	25	42.50	19.0	13.8	6.08	4.51	7.41	26	7.17	129
February	22	26	44.00	21.0	15.0	6.27	5.37	8.32	30	8.22	126
March	24	23	51.75	21.0	15.0	7.96	7.46	12.15	34	12.90	126
April	21	40	63.00	25.0	23.9	9.84	9.08	13.50	70	16.22	121
May	24	46	72.50	30.0	30.4	10.46	8.25	15.00	34	16.05	126
June	27	50	67.50	42.0	31.4	9.28	7.16	13.75	44	13.74	139
July	26	33	51.75	28.0	23.8	6.22	3.87	9.37	18	8.32	126
August	25	30	42.75	25.0	22.8	5.78	4.73	10.58	32	8.37	90
September	30	35	42.25	26.0	23.8	6.19	5.31	11.46	44	8.34	87
October	29	33	41.00	26.0	22.9	5.84	5.43	11.65	39	8.36	81
November	29	33	40.50	28.0	23.0	5.16	5.45	12.10	38	11.07	72
December	29	32	43.00	28.0	23.0	6.28	5.05	12.78	37	12.29	69
1930	30	33	52.50	34.0	33.7	7.21	6.40	12.56	35	10.84	76
January	32	36	71.00	38.0	34.7	8.90	6.78	12.85	47	9.56	83
February	32	35	77.00	38.0	35.7	9.11	6.33	11.72	37	9.95	87
March	31	31	60.00	35.0	18.9	5.70	4.00	6.90	23	9.10	79
November	30	31	52.00	32.0	17.5	5.90	3.70	7.19	24	8.60	73
1931	30	28	49.00	28.0	18.1	6.08	3.90	7.70	23	8.40	71
January	31	34	49.00	18.0	18.2	6.00	4.00	7.70	22	8.00	71
February	31	34	47.00	17.7	19.0	5.80	3.70	7.40	20	7.80	74
March	30	33	49.00	18.0	21.8	6.00	3.70	8.00	18	8.00	74
April	28	33	48.00	15.3	20.1	5.90	3.50	8.20	16	7.50	77
May	28	19	44.00	14.5	21.0	5.50	3.30	7.30	14	7.00	74
June	28	19	43.00	14.4	20.4	5.20	2.70	6.90	15	7.00	67
July	28	21	41.00	17.0	21.8	5.00	2.70	6.80	15	7.10	66
August	28	22	41.00	21.5	19.7	5.20	2.70	6.80	16	6.70	68
September	28*	23	40.00	24.0	18.9	4.90	2.70	6.80	16	7.10	61
October	28*	24*	41.00*	25.0*	18.1	4.80*	2.90*	6.80*	16*	6.40*	64
November	28*	24*	41.00*	25.0*	18.1	4.80*	2.90*	6.80*	16*	6.40*	64

INDEX NUMBERS (CORRESPONDING MONTHS, 1910-14 = 100)

	Milk	Butter	Milk	Eggs	Chick- ens	Beef cattle	Sheep	Lambs	Wool	Hogs	Horses
1914	91	100	107	91	104	120	105	114	95	109	100
1915	87	109	106	96	100	117	110	121	114	96	91
1916	96	113	119	95	114	122	121	129	120	113	89
1917	113	143	129	141	145	152	184	198	245	177	89
1918	135	174	158	159	188	189	236	232	318	222	92
1919	148	200	181	177	213	201	291	246	245	220	89
1920	141	217	190	196	228	178	174	224	200	168	92
1921	150	156*	120	122	180	119	94	148	62	122	72
1922	109	130	107	114	166	111	115	172	145	123	63
1923	100	152	106	118	169	119	129	187	200	114	61
1924	126	145	108	118	166	112	137	199	177	114	67
1925	126	129	101	121	172	117	140	198	177	112	61
1926	126	139	108	127	181	121	148	208	168	104	48
1927	130	143	121	109	172	138	156	205	159	148	54
1928	139	154	178	127	179	171	165	209	214	131	58
1929	139	153	182	136	186	178	154	211	167	106	61
1930	135	135	151	114	158	139	112	144	104	121	58
1931	125	129	125	121	144	109	99	123	104	124	50
November	124	124	130	107	138	113	95	123	109	118	53
1931	130	108	126	100	144	122	94	128	96	115	51
January	129	92	126	79	141	119	95	127	92	110	50
February	141	92	120	95	144	118	86	115	87	105	52
March	140	100	122	105	140	112	83	119	91	105	51
April	121	110	118	90	140	107	78	117	73	102	53
May	121	104	108	97	138	105	79	110	64	96	51
June	127	100	108	92	145	100	79	94	65	98	45
July	127	105	105	104	145	96	95	104	68	100	47
August	127	100	100	98	141	98	77	105	73	92	48
September	127	100	98	96	137	95	68	98	73	79	44
October	122*	100*	102*	96*	138*	92*	72*	104*	73*	74*	45

* Basic price of fluid milk, 3.5 per cent butterfat. Washington price, weighted 3; Richmond price, weighted 1.
* Preliminary. (To be revised later.)

through is not an ordinary business depression. In an ordinary business depression prices recover after business picks up. The fall in prices this time is probably to a permanently lower level.

The history of agriculture and business has been very similar in each one of our important war periods. In each case the war time rise in prices was accompanied by a wave of prosperity for the farmers. During the period of a rapidly rising price level the prices which farmers received for what they sold increased more rapidly than the prices of things which they purchased. Much of the increased profits obtained were used to buy more land. An era of farm land speculation took place, resulting in a phenomenal rise in land values. Many farms were purchased at the peak of prices with a small down payment and a heavy mortgage.

This period of relative farm prosperity was a difficult time for city laborers because the cost of living rose more rapidly than wages. Industrial disputes and strikes were frequent. This was the period of farm conservatism and city radicalism.

Toward the end of each one of our major wars, or shortly afterward, prices reached their peak and soon turned down. With price deflation came business depression for farmers and city people alike. In each case the depression was accompanied by a collapse in the farm land boom and many farmers found themselves in the possession of farms which they had purchased at the war time peak of prices. Many of them lost their farms because they could not meet their annual payments with the cheaper priced farm products. Others struggled on with a heavy interest burden, many of them finding that their farms depreciated in value faster than they could pay for them.

In each case the primary post-war deflation soon ran its course. After this there occurred a period of city prosperity, but one of continued farm depression. City wages remained high while the prices of food were comparatively low. After paying the weekly grocery bill the city laborer found that he had more than the usual amount of money left to spend for other things. Many city workers therefore decided that a larger and a better house was necessary. In each case a city building boom resulted. Of course a part of this building boom was the result of the making up of building shortages that accumulated during the previous war period of inflated prices. Accompanying the building boom was a general era of speculation, the latter stages of which were of the wildest type. The speculative fever reached such a height that securities were no longer bought and sold on the basis of earning power, but because of their ability to register a price increase, and stock prices rose because of that ability, not because of their earning power. People in general lost their business judgment.

These eras of farm depression and city prosperity did not last long. In each case the city real estate and construction boom was overdone, and collapsed, followed by a general decline in business activity. In each case the secondary post-war depression was a period of distress for both farmers and city people alike. The effects of the secondary post-war depression were more disastrous to city dwellers than those of the primary post-war depression.

During the city real estate and building boom many city workers purchased homes with a small down payment and a large mortgage. When depression came, accompanied by unemployment, many city people found that they could not meet the payments on their homes. Consequently, many of them lost their homes. Many others found the value of their real estate falling faster than they could make the payments.

It took about 10 years for these developments to take place. The peak of prices of the War of 1812 came in 1814. The secondary war depression started with the panic of 1825. In the Civil War the peak in prices came in 1864, and the first full year of the secondary post-war depression was 1874. After the World War the peak in prices was in 1920, and the first full year of the secondary depression was 1930.

When drastic inflation and deflation occurs a definite chain of events is started. During each one of our wars in which the monetary policies of the country were affected the following things happened and in the order given:

1. A rise in the general price level.
2. A period of farm prosperity and farm land speculation.
3. A severe fall in prices accompanied by depression.
4. A period of city prosperity and speculation accompanied by a continuation of farm depression.
5. Secondary price deflation and secondary depression.

Why Farming is Depressed

Many reasons are given for the agricultural depression. The most popular explanation is overproduction. Many economists hold this view. It is a known fact that overproduction does cause a fall in prices. When prices fall it is very easy to say that overproduction did it.

In Table 1 are shown the index-numbers of the per capita production of agriculture since 1919. The basic data were computed by the Bureau of Agricultural Economics and published in the Yearbook of Agriculture, page 974, 1931. The index numbers as published there have been converted to the per capita basis by the writer. These indexes are based on estimates of production for sale and for consumption in the farm home. Products fed to livestock and used for seed were not included.

TABLE 1.—INDEX NUMBERS OF THE PER CAPITA PRODUCTION OF AGRICULTURE, 1919-1930 (1919-1927 = 100)

Year	Grains	Fruit and vegetable	Fresh crops	Meat animals	Dairy products	Poultry products	Cotton and cottonseed	All products
1919.....	100	87	78	102	86	91	97	97
1920.....	122	407	90	96	84	88	115	102
1921.....	105	78	76	94	94	98	66	90
1922.....	102	111	102	95	96	99	73	96
1923.....	97	108	99	107	103	107	88	101
1924.....	98	104	100	106	107	98	106	104
1925.....	92	95	112	99	107	100	124	103
1926.....	89	111	109	96	109	106	130	106
1927.....	91	98	121	97	108	109	97	106
1928.....	98	113	115	97	110	104	106	104
1929.....	80	98	129	96	112	106	108	100
1930.....	77	101	124	89	110	107	102	96

From the data presented in Table 1 it is very difficult to see where there has been any general overproduction in agriculture during the last 12 years. The trend of production in the case of truck crops, dairy and poultry products has been distinctly upward. A definite trend is lacking in the per capita production of fruit and vegetables, cotton and cotton seed, while the per capita production of grains and meat animals, has been consistently downward.

The worst years of agricultural depression were probably 1921 and 1930. It is very significant that during both of these years agricultural production showed a marked decline as compared with the years immediately preceding. It requires a very striking imagination to call this overproduction. Many economists, however, have risen to the occasion in their definition of "surplus" which "refers to a quantity of products which is in excess of what may be sold at prices which are generally satisfactory to producers." Such a definition may be in conformity with the views of many orthodox economic theorists, but it is very confusing to most other people.

Many economists hold the view that there is too much science in agriculture; that because of the general advance in scientific knowledge farmers are getting so efficient that they are producing too much. There are many persons who believe that a declining efficiency of the individual farmer would be a help to agriculture. It is a curious doctrine which states, "the more inefficient we all become the more we shall all have."

Another reason which is assigned as the cause of agricultural depression is the declining demand for farm products. When the country is passing through a severe business depression similar to the present one and that of 1921 severe unemployment results. City workers are unable to purchase many of the things they formerly enjoyed. Consumption declines. *The declining demand which accompanies a city business depression does not account for the fact that agriculture continues to be depressed long after the city worker gets his job back.* The falling demand which accompanies a severe city business depression adds to the acuteness of agricultural distress, however.

The decline in demand due to a falling off in our export trade is very likely one of the factors contributing to agricultural distress in this country,

TABLE 2.—INDEX NUMBERS OF AGRICULTURAL EXPORTS FROM THE UNITED STATES, 1921-1930.

Year	Agricultural exports other than cotton and tobacco		Cotton		Tobacco	
	Quantity	Value	Quantity	Value	Quantity	Value
1919-14.....	100	100	100	100	100	100
1921.....	218	313	75	97	132	458
1922.....	195	242	71	122	114	327
1923.....	155	196	62	144	123	343
1924.....	149	227	78	172	147	366
1925.....	134	210	86	192	135	343
1926.....	127	197	105	148	136	306
1927.....	111	209	108	150	143	312
1928.....	126	180	102	167	184	345
1929.....	136	177	88	140	177	326
1930.....	108	127	77	90	177	323

Data from Commerce Yearbook, page 210. 1931.

especially during the last two years. During the war period our agricultural exports were greatly increased. From the close of the World War until 1929 we were gradually losing the markets which we acquired for our agricultural products during the war. Since 1929 this movement has been accelerated by the burden of international debts, particularly German reparations and the allied debts to the United States. Due to the fall which has occurred in the World price level during the last two years the debtor nations have been making frantic efforts to reduce the importation of products from foreign countries in order that they may improve their trade balances. Since 1927 there has been a rapid decline in our cotton exports. Cotton is an important item in our export trade, usually amounting to about half our total agricultural exports.

Another cause of the agricultural depression is inflation followed by deflation. In the opinion of the writer, this is the most important reason. This is the reason which has been advanced and which has been so ably defended by Professors Warren and Pearson of Cornell University. The monetary theory of depression does not agree with many of the so-called commonly accepted principles of economics. Therefore, in the minds of many people it is wrong. As far as the writer knows no claim has ever been made that deflation is the sole cause of agricultural depression. We admit there are other causes, but we believe inflation followed by deflation to be the most important reason for agricultural distress.

When monetary inflation occurs, resulting in a rapid rise in the price level, all prices do not move up together. Farm prices rise more rapidly than retail prices. For example, the average farm price of food in the United States in 1918 was 100 per cent higher than the pre-war 1910-14 average. During this same year the average retail price of food in the United States was 80 per cent above its pre-war level. This discrepancy between the farm price and the retail price of food occurred because of the lag in handling charges. In 1918, handling charges were only 59 per cent higher than the pre-war average. During a rising price level it is comparatively easy to make money in farming, and agriculture on the whole is relatively prosperous.

When deflation occurs farm prices fall more rapidly and go down farther than retail prices. Handling charges have a tendency to remain fairly constant and consequently lag behind. The index number of the farm price of food in the United States in 1920 was 207. In 1921 it fell to an index of 130, a fall of 37 per cent. At the same time the retail price of food dropped from an index of 297 to 163, or 21 per cent. Handling charges declined less than 6 per cent. In 1917 the index number of the farm price of food was 181 and the retail price 156. Ten years later the index number of the farm price of food was 145 and of the retail price 169. Changes of this kind cannot be explained by either supply or demand. It is a clear case of maladjustment—the failure of one price level to keep up with the other. If there had been no inflation followed by deflation there would have been little maladjustment.

The curves in Figure 2 represent this maladjustment graphically, and explain the reason why a declining price level is so disastrous to farming.

When prices fall, retail prices fall more slowly than farm prices because handling charges lag. The failure of handling charges to make a more rapid adjustment is probably due largely to the fact that they are made up to a large extent by city wages. It is a well known fact that wages always lag behind the general price level, both in going up and in coming down.

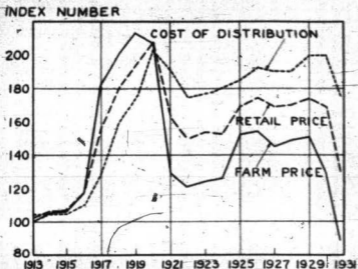


Fig. 2—Prices paid to farmers for food, the cost of distribution, and retail prices of the same foods. (1910-14=100)

During the period of the rapidly rising price level farm prices rose more rapidly than retail prices because the costs of distribution lagged. When deflation occurred farm prices went down farther and faster than retail prices because the cost of distribution remained high.

Prices Not Likely to Rise

Thus far history has been repeating itself in a remarkable way. Prices have declined after each one of our great wars. In each case prices continued to the pre-war level and lower. After the Napoleonic Wars in Europe wholesale prices in England declined for 38 years. Following the War of 1812 wholesale prices in the United States declined until 1843. Following the Civil War the general price level did not reach its lowest point until 1894. During each one of these periods the price decline was not continuous. There were many ups and downs.

If history repeats itself again we may reasonably expect that prices will eventually fall considerably lower than they now are. If such should be the case we are likely to have several short periods of rising prices before the bottom is finally reached. When business recovery finally occurs we are very likely to experience some rise in prices. Such a rise should not be con-

sidered to be permanent; nor should we expect, when business recovery comes, that prices will rise to their 1929 level.

It is possible that the present monetary difficulties of the world may have considerable effect on our price level for the next year or two. The fact that England and a number of other countries have deserted the gold basis at least temporarily, may cause a lessening in the demand for monetary gold. If a considerable slackening in the demand for monetary gold should occur it is possible that a rise in the price level may result, in those countries which decide to remain with the gold standard. There is nothing certain about this. The only thing certain about prices is, their uncertainty.

In view of what has happened in the past under somewhat similar conditions it would seem to be the part of wisdom for farmers and others to look forward to and to prepare for a slowly declining price level for a few years more. This does not mean that we are likely to experience a continuously declining price level, but rather one in which the price decline a little more than offsets any rises which may occur.

If our prediction of a generally declining price level should prove to be true Virginia farmers may well expect that there will continue to be considerable disparity between the prices farmers receive for what they sell and the prices they pay for what they purchase. Stated in another way, the purchasing power of farm products is likely to remain low for a few years. There are a number of things which individual farmers may do to improve their business situation.

Adjustments to Make

Since the things farmers buy are likely to remain high relative to the prices of products which they sell one of the most obvious things for the individual farmer to do is to reduce his costs of production. The most important way of reducing the cost of production of a crop is to grow the crop in such a way that good yields may be obtained economically. In most cases this means production on land adapted to the crop, the use of good seed, efficient cultural methods, an efficient fertility maintenance program and scientific methods of disease and insect control.

In order to reduce the cost of producing livestock products it is particularly important for livestock men to keep high producing animals only. The cost of producing a gallon of milk is much higher in the case of a cow producing 4,000 pounds per year than in the case of one yielding 8,000 pounds of milk. The high producing cow gets more milk from a bag of feed or a ton of hay or an hour of labor expended on her than does the low producer. The hen which lays 150 eggs per year is a more efficient user of feed and labor than the one which is just an average hen. This is an excellent time to cull our livestock herds and to raise heifers from our best producers only.

In a large part of Virginia we need to seriously consider getting more of our living from the home farm. When we purchase a can of tomatoes at the grocery store we are doing so at the high retail price. Most farmers can well afford to have a good garden, a flock of hens, one or two hogs, two or three

cows and a small farm orchard in which are grown the common fruits of the region.

Farm labor continues to remain high relative to the prices which farmers receive for the products which they sell. It is very important to use labor efficiently. Some of the best ways of using labor efficiently are:

1. The production of high yielding crops on good land.
2. Scientific care and management of high producing livestock. The man who feeds poor hens and milks poor cows is wasting his time. So is the man who has good cows and fails to care for them properly.
3. Careful planning of the work. This includes such things as providing jobs for rainy days and repairing machinery during slack seasons of work, so that it will be in running order when it is most needed.
4. The operation of a business large enough to make it possible to use labor efficiently.
5. The operation of a business so balanced as to provide productive work throughout the working day and throughout the year. There are few businesses in the world so profitable as to permit the average operator to remain idle a large part of the day, and remain on a vacation a large part of the year.
6. Improving the farm layout. This includes such things as field rearrangement so that fields may be few in number, large, and rectangular in shape.
7. The use of labor saving machinery where it is justifiable.
8. Doing things on time. This is particularly applicable to cultural operations. For example, it is far easier to kill weeds before they are large enough to be seen than to wait until it looks as though we had done something when we cultivate.

During the next few years, there are likely to be violent fluctuations in the prices of individual crops, due to the fact that the wild scramble of going from one thing to another hoping to hit the right thing is likely to continue for a few years. This is no time for a farmer who has a well established business to be jumping from one thing to another. A better procedure would be to decide on the business program which seems likely to pay best in the long run, and to stay with it within reasonable limits.

The foregoing program, if carried out, will not increase production but will improve the business efficiency of the individual farmer.

H. N. Young.

THE NOVEMBER DAIRY MARKET REVIEW

Production Conditions

The total production of milk in the United States during November was about 5 per cent greater than last year and still more above the five year average. This increased production was the result of 4 per cent more cows being milked and heavier than usual production per cow. The heavy pro-

TABLE 3.—NOVEMBER PRICES OF MILK AND CREAM.*

FLUID MILK TERRITORY	PRICE PAID TO PRODUCER F.O.B. MILK PLANT						
	RETAIL		Grade A	Grade A	Milk for	Sweet	
	Price per quart on the domestic 3 1/2-4% Fat		Grade A	Grade A	Milk for	Sweet	
			4% Fat	4% Fat	Manufacturing 4% Fat	Cream	
			Per 100 pounds†				
Marblehead	14c.		\$2.34	\$2.32		90c.-95c. fat	
Richmond	13-14c.		2.34		1.20-1.30	90c.-95c. fat	
Boston	14c.		2.35	2.10		90c.-95c. fat	
Worcester	13-14c.		2.35	2.31		90c.-95c. fat	
Philadelphia	12c.		2.00	1.85			

CREAMERY TERRITORY	PRICE PAID TO PRODUCER F.O.B. MILK PLANT						
	RETAIL		Fluid Milk	Milk for Manuf'g		Sweet Cream	Sour Cream
	Price per quart on the domestic 3 1/2-4% Fat		per 100 Lbs.	Per 100 Lbs.	Grade 1	Grade 2	Per Lb. Fat	Grade 1 Grade 2
				Dollars	Dollars	Cents	Cents
Abington	Cents	Dollars	Dollars	Dollars	Cents	Cents	Cents
Bristol	12	2.32	1.40			28 1/2	24 1/2
Charlottesville		2.61 1/2	1.40			30	25
Charlottesville			1.50	1.30			
Farmville							
Harrisonburg	10-11	2.50	1.60	1.50		32	25
Lynchburg	14						
Spring Grove							
Staunton	12-14	2.50	2.00			31	25
Staunton							
Tamworth		1.65		1.55			25 1/2
Waynesboro							
Waynesboro	10-12 1/2	2.40				32	25

* Data supplied by local correspondents.

† Divide price per hundred pounds by 11.6 to get price per gallon.

‡ October prices.

§ Express paid by creamery.

TABLE 4.—STOCKS OF DAIRY PRODUCTS.
(Thousands of pounds)†

	November 1931	October 1931	November 1930	5 year average
Creamery butter in cold storage	56,164	50,173	109,448	114,082
American cheese in cold storage	64,971	65,832	78,519	78,164
All other cheese in cold storage	17,789	17,603	17,474	17,653
Condensed milk in manufacturers' hands	27,295	31,536	46,413	
Evaporated milk in manufacturers' hands	229,805	134,498	224,498	
Dry skim milk	20,374	23,197	28,710	
Total milk equivalent manufactured products	2,590,712	2,927,292	2,944,249	
20% cream—40 quart cans	125,000	135,000	235,000	
20% cream—40 quart cans	1,800	4,000	11,000	

TABLE 5.—WHOLESALE PRICES OF MILK AND DAIRY PRODUCTS.

	South Atlantic States		New York		Philadelphia				Richmond			
	2.5% Fluid Milk per 100 lbs.		92 Score Butter per pound		40% Cream 10 gal. cans		90 Score Butter per pound		Single Dairy Cheese per pound		Butter pound cart.	
	1931	1930	1931	1930	1931	1930	1931	1930	1931	1930	1931	1930
January	\$2.09	\$2.49	29.5c.	26.6c.	\$11.50	\$14.87	27.7c.	25.4c.	17.0c.	21.5c.	32.5c.	35.0c.
February	2.02	2.52	28.4	25.7	12.90	15.90	27.4	24.9	16.1	21.2	32.5	35.0
March	2.04	2.45	28.9	27.2	13.25	16.00	28.2	26.2	15.7	20.5	32.7	35.0
April	2.79	3.35	35.0	32.5	12.71	15.81	25.8	27.7	15.1	20.5	32.9	34.5
May	2.73	3.30	33.7	34.8	10.45	15.82	23.0	23.9	13.7	19.6	27.5	32.5
June	2.65	3.25	33.5	32.9	10.25	14.75	22.3	20.9	14.1	18.2	26.1	32.5
July	2.21	2.75	31.5	31.2	12.71	15.66	24.0	23.7	13.0	17.5	26.0	32.5
August	2.28	2.75	32.0	32.9	14.17	17.88	27.0	27.4	14.0	18.0	26.0	32.5
September	2.45	3.13	32.5	32.7	13.75	17.38	26.9	27.7	14.8	20.1	25.3	32.0
October	2.69	3.29	32.7	32.9	14.25	15.97	26.4	26.6	16.2	19.2	26.8	34.4
November	2.50	3.20	32.0	32.1	13.05	14.65	25.5	25.5	14.9	18.2	25.2	31.7
December	2.50	3.20	32.0	32.1	12.50	14.00	25.0	25.0	14.7	17.7	24.7	31.7
Average	\$2.30		34.5c.		\$15.47		24.5c.		15.5c.		28.7c.	

duction per cow is the result of heavier feeding on account of the very favorable spread between the price of milk and butterfat and feed cost. Farmers have marketed many less cows and heifers during 1931 than during previous years and are milking a larger proportion of their cows.

In spite of the advances in feed costs and the declines in butter prices during November, the relation between feed cost and the sales price of milk and butterfat is more favorable than usual. With the cheap grain supply, farmers are finding they can market it to better advantage in the form of milk or butterfat than for cash. Pastures in the important dairy regions have shown remarkable recovery from the summer drought and have provided grazing during practically all of November. This has helped to stimulate production.

Farm correspondents in Virginia reported 3 per cent more cows in November than a year ago. A slightly larger proportion are being milked this fall but the total milk production is only about as large as in 1930. In the western half of the state, producers have apparently been discouraged by the low prices of dairy products and have curtailed production to below that of last year. Production in the Shenandoah Valley shows a substantial increase. Apparently the majority of Virginia farmers have been slow to increase the feeding of cheap grain to their dairy cows.

Market Conditions

Fluid milk markets throughout the United States received fully as much milk during November as a year ago and in some sections they received a larger volume. With consumption below even last year's sub-normal volume, a large amount of surplus milk on most markets has been going into cream and manufactured products.

In most of the Virginia cities the supply of fluid milk has been no larger than a year ago and, in some instances, it has been less. The surplus has not been burdensome in most cases.

With a plentiful supply of sweet cream in most markets changes in demand have been the primary influence on prices. With the cool weather consumption decreased during the forepart of November but improved with warmer weather at the end of the month.

The butter market has been very sensitive to changes in production and receipts. Experience during recent months has shown that if butter is to be moved into consumption in sufficient volume to clear the receipts from the market, the price must be low. Butter production has increased to above last year's volume and this comparison is expected to continue during the winter. Surplus milk in the cities is being converted into butter. Cheese factories and condenseries are also diverting part of their milk into butter. Storage stocks of butter are a little over 50 per cent of the 1930 volume and a little under 50 per cent of the five year average.

The production of cheese increased markedly in November and was about 15 per cent above a year ago. With the decline in cheese prices, part of the milk usually going into cheese is being diverted into butter and this is

holding down cheese production. Stocks of cheese in storage are below last year and below the five-year average. The demand, however, is very poor. During November the production of evaporated and condensed milk was below last year.

During the first of November storage stocks were 40 per cent below last year and one-third of the five-year average. They were further reduced by an increased movement into consumption.

The dried milk markets developed a firmer tone during the month. Previous low prices have stimulated the demand from bakers and confectioners as well as from manufacturers of animal feeds. Production increased over the 1930 volume but stocks are not increasing.

The Price Situation

A drop in the price of fluid milk in Ohio and Tennessee brought the average price for the United States to a new low level of \$2.10 per hundred for 3.5 per cent milk as against \$2.68 per hundred pounds a year ago. With continued large production and curtailed demand, prices in Virginia and adjoining territory have continued at about the levels established last spring.

The large surplus of fluid milk has resulted in a plentiful supply of sweet cream. Prices have fluctuated with weather conditions. In November the price per 10 gallon can of 40 per cent cream averaged \$13.05 in Philadelphia.

The price of butter has varied with changes in the receipts because dealers are uncertain about consumer demand and are moving their supplies into consumption in order to avoid losses from a possible price decline. Prices recovered during the forepart of the month from the drop at the end of October. Heavier receipts and reports of increasing production forced the price on 92 score butter in New York down to about 30 cents at the close of the month. The average for the month was 31 cents. In Philadelphia, the November price of 90 score butter averaged 30 cents a pound.

The demand for cheese continued poor during November and with production increasing noticeably the market was forced to drop prices steadily in order to keep the receipts moving into consumption channels. The month opened with a price range of 13-15 $\frac{3}{4}$ cents and closed with a range of 14 $\frac{1}{2}$ -15 cents. The average price of Single Daisy cheese in Philadelphia during November was 15 cents.

Producers supplying factories making evaporated and condensed milk during November received \$1.23 which was practically the same as the October price but 44 cents less than a year ago. Wholesale prices of canned milk to the distributing trade held stable at 10 to 20 per cent under last year. Prices of different types of dried milk continued to improve during November.

GORDON H. WARD.

THE NOVEMBER EGG MARKET REVIEW

Production Conditions

The production of eggs during November was about as large as last year in spite of the fact that the number of birds in farm flocks was about 5 per cent less. This large production was the result of increased production per bird resulting from very favorable weather conditions, close culling and heavy feeding of cheap grain. The number of birds in the Middle West, where about two-thirds of the eggs received at the principal markets originate, is only one per cent under the five-year average. Commercial flocks on the Pacific Coast and along the Atlantic Seaboard are about ten per cent smaller than last year.

In Virginia the number of birds in farm flocks is about two per cent less than last year but only very slightly below the November average for the years 1928-1930. Birds in commercial flocks are reported to be about ten per cent under last year. The ratio between feed cost and the price of eggs is very favorable. This is stimulating heavy feeding and large production. Favorable weather is also helping the poultryman.

Market Conditions

Receipts of eggs at the Four Markets during November were slightly under last year. Receipts of white eggs showed more of a decrease than did eggs from the farm flocks of the Middle West. There are considerably fewer pullets on the Pacific Coast and along the Atlantic Seaboard and these are coming into production later than a year ago.

Storage holdings of eggs in the shell are 15 per cent less than last year's large stock and 2 per cent under the five-year average. The total supply of frozen eggs and eggs in the shell is 7 per cent above the five-year average, however. The consumption of shell eggs from storage has been less than normal and the prospects are that too many will be held after January 1st to be moved into consumption at a profit.

TABLE 6.—WHOLESALE PRICES OF EGGS.

	NEW YORK				RICHMOND						
	New Jersey Eggs (1)		Pacific Coast Eggs (2)		Mid-Western Mixed-colored Fresh Flocks						
	1931	1930	1931	1930	1931	1930					
January	28.6c	45.0c	35.0c	45.0c	25.1c	41.8c	23.5c	42.5c	26.5c	18.0c	47.5c
February	23.8	40.1	25.5	40.5	20.6	36.3	17.6	35.3	.....	17.0	40.0
March	25.0	32.2	27.2	32.8	23.0	28.4	21.2	25.4	.....	20.2	30.5
April	28.8	31.3	27.4	32.1	23.3	28.2	19.3	25.4	.....	18.2	34.5
May	22.9	30.3	25.8	33.0	22.2	28.7	18.3	25.3	.....	16.4	24.0
June	24.5	30.4	28.7	33.3	22.2	27.7	17.0	23.9	.....	17.4	24.0
July	29.0	32.4	29.0	34.2	28.0	27.0	19.0	22.0	.....	17.0	22.0
August	22.0	28.2	23.0	29.6	27.0	26.0	20.0	24.0	21.7	.....	18.0
September	27.3	44.4	38.0	43.3	28.8	34.0	20.8	25.3	28.3	30.0	23.5
October	44.0	51.9	48.9	51.4	32.0	32.4	24.3	25.0	28.3	33.7	25.7
November	43.3	51.7	44.3	52.5	29.7	33.6	28.3	32.7	31.7	40.0	29.5
December	.....	37.3	.....	36.9	.....	27.6	.....	28.4	.....	32.5	.....
Average	.....	38.5	.....	39.9	.....	31.3	.....	27.7	.....	.....	28.3

(1) Without premium.

(2) In shell or shell treated.

The Price Situation

The prices of fancy white eggs failed to reach as high a peak during November as they did in October, which is rather unusual. The prices of Near-by Extras and Pacific Coast Extras averaged slightly less in November than they did in October, whereas the November average price is usually the highest for the year. Reduced consumer purchasing power is probably the main reason for the lower prices because receipts were no larger than last year.

The prices of farm flock eggs from the Middle West advanced over the October price on account of the smaller receipts of these eggs. However, the advance was less than last year. Unless unusual weather conditions intervene prices of all classes of eggs can be expected to follow the usual seasonal decline until spring.

GORDON H. WARD.

THE NOVEMBER POULTRY MARKET REVIEW

Production Conditions

There is a larger number of broilers and fewer chickens and fowl than a year ago: This situation can be expected to last through the winter and spring.

Due to the warm weather at Thanksgiving time fewer turkeys were sent to market than was anticipated. This means that there will be a larger number for the Christmas market than last year. Growers will probably find it advisable to hold any birds not in fine condition for Christmas and feed them cheap corn to increase their weight for sale during January and February.

Market Conditions

Receipts of dressed poultry during November were again below last year's figures. Receipts of live poultry, with the exception of the truck and express receipts of nearby poultry at New York, were also less than a year ago. The market for live poultry was about steady with the receipts approximately in balance with the demand.

In spite of the fact that receipts of dressed poultry were less than in 1930 the volume going into storage is as large as it was last year. This reflects the curtailed consumer demand. Total stocks of frozen poultry are 10 per cent larger than in 1930 and 2 per cent above the five year average. Broiler holdings are 12 per cent larger than last year but 7 per cent under the five year average. However, this is offset by holdings of fryers which are 20 per cent over the five year average. Winter broilers will therefore meet strenuous competition from frozen poultry.

The Price Situation

The supply of turkeys for Thanksgiving was relatively small and prices were up to last year's level. Many people with reduced incomes therefore turned to other types of poultry. This helped to maintain the prices of fowl and broilers. Prices of live poultry in Richmond held up fairly well.

GORDON H. WARD.

TABLE 7.—WHOLESALE PRICES OF LIVE POULTRY.

	New York Prices of Express and Truck Receipts										Richmond Prices					
	Fowl				Broilers						Hens				Broilers	
	Cooled		Laghorn		Rocks		Rohs		Laghorn		Cooled		Laghorn		Mixed	
	1921	1920	1921	1920	1921	1920	1921	1920	1921	1920	1921	1920	1921	1920	1921	1920
January.....	24.3c	22.3c	20.3c	29.3c	31.0c	30.5c	29.1c	28.3c	28.1c	30.4c	21.0c	21.5c	15.3c	14.0c	27.7c	22.1c
February.....	22.5	20.6	20.3	25.3	25.1	23.2	22.5	20.7	25.9	21.8	19.4	24.0	18.3	16.0	26.9	26.0
March.....	23.4	20.5	21.3	29.7	35.0	29.4	31.9	28.5	33.6	28.7	20.7	22.5	18.2	15.0	29.4	25.0
April.....	24.4	22.8	24.3	25.8	35.3	36.8	31.6	30.6	30.0	29.4	21.5	22.0	19.3	16.5	26.4	25.0
May.....	23.1	25.7	19.9	24.5	30.5	26.6	28.5	22.4	25.9	26.1	19.9	22.0	17.7	15.5	21.9	26.0
June.....	21.4	23.5	17.6	19.9	29.1	23.5	26.6	27.5	21.7	21.9	19.4	22.5	13.5	16.0	28.4	24.5
July.....	21.4	24.0	17.9	19.2	27.7	30.4	24.3	24.9	21.6	21.4	17.5	20.0	13.5	15.0	28.0	24.5
August.....	22.5	21.6	18.4	16.8	25.6	25.9	23.3	22.6	20.3	22.8	19.0	19.5	15.0	15.0	24.0	24.0
September.....	24.9	25.3	18.7	19.6	24.7	27.6	26.9	22.6	26.0	22.4	20.3	20.7	14.3	14.6	22.9	25.0
October.....	22.6	23.3	16.5	15.9	25.7	28.0	26.0	23.9	16.9	21.3	19.7	19.0	14.1	14.0	22.0	24.5
November.....	21.0*	22.5	15.4*	19.1	24.1*	27.5	21.0*	24.5	.....*	22.6	19.5	18.5	13.6	14.0	20.6	20.5
December.....	.....	22.5	.....	17.4	.....	22.4	.....	26.5	.....	25.2	.....	18.5	.....	14.5	.....	20.5
Average.....	.....	25.7	.....	21.9	.....	21.8	.....	27.8	.....	26.1	.....	21.0	.....	15.0	.....	24.0

*Preliminary

Special Meetings and Addresses

During the year members of the Department have given 17 addresses before Chapters of Counties, Rotary Clubs, Farmers' picnics, and other organizations of a similar nature. Addresses before Rotary clubs, etc. were a very excellent way to bring accurate and up-to-date agricultural information to the attention of city and village people who deal with farmers. It is thought that meetings of this kind help to create a more sympathetic attitude on the part of nonfarmers toward farmers.

Because of conflicting dates and the press of other work it has been necessary for members of the Department to turn down approximately 25 requests to address meetings of a similar nature.



Marketing Fluid Milk

The Situation

With the exception of Charlottesville, Roanoke, and Washington, conditions surrounding the marketing of fluid milk in the cities of Virginia have been rather unsatisfactory to the producers. This has led to the organization of several cooperative associations to market the milk of their members and work toward the stabilization of the market.

Early in 1930 the consumers in Norfolk were paying 12¢ per quart for milk for which the producer received 8¢. It has been estimated that the distributors received an average of about 4¢ per gallon for the milk they sold in fluid form and paid the producers 20¢ per gallon, leaving a difference of about 16¢ per gallon. A study by the Virginia Agricultural Experiment Station showed that reasonably efficient milk distributors can cover all costs and obtain a profit with a margin of 5¢ per gallon. After the United States Dairy Products Corporation bought the Richmond Dairy Company in Richmond, the price to the consumer was reduced 4¢ per hundred pounds and the price to the producer was reduced 10¢ per hundred. In addition, the quantities for which the producer was paid the full basic price of fluid milk were cut about 25%, further reducing his income from milk sales. At Staunton, where the U. S. Dairies had bought the Blue Ridge Milk Company, the company tried to get the producers to improve the quality of their milk sufficiently to meet the requirements for fluid milk to be shipped to Philadelphia. The methods used in this attempt were not always diplomatic and the price offered seemed low in comparison with Philadelphia prices.

In September 1930, there were three cooperative associations acting as bargaining organizations, calling their member's milk to city distributors; the Albemarle Dairyman's Association at Charlottesville, the Maryland-Virginia Milk Producers' Association of Washington, D. C., and the Norfolk Cooperative Milk Producers' Association at Norfolk. The first two had been in operation for several years. The Norfolk Association had been organized in the spring and was still struggling to establish itself on the market.

The Richmond Cooperative Milk Producers' Association was just completing its organization in the August of September. The Augusta Cooperative Milk Producers' Association was in the first part of a membership campaign to secure enough members controlling a sufficient portion of the milk in the territory to be able to bargain for its sale.

Activities in Meeting the Situation

Norfolk

The latter part of August the officers of the Norfolk Cooperative Milk Producers' Association sent a letter to the Birtcherd Dairy Company stating that they had decided it would be necessary to revise the terms of the contract between the two organizations and mentioning an increase in price, as of October 1st, 1931. Although a subsequent letter of a conciliatory nature was sent soon afterward, the Birtcherd Dairy Company, a subsidiary of the U. S. Dairy Products Corporation, decided to cease buying from the Association and offered the members of the Association individual contracts. The Association refused to release the members from their contracts with the association. A few of the members, however, did sign these individual contracts with the Birtcherd

Dairy. The Association later used these numbers for breach of contract and settled the suits out of court, the contracts being held binding by the lawyers.

On October 1st the Association offered the Birtchard Dairy the milk of its members as Association milk at the prices that had been paid previously. The company refused to take the milk on these terms. In the afternoon the Health Department ordered the milk removed, as the Association had its pasteurizer had operated and the cream put in storage. The Birtchard company negotiated a truce with the Association under which the milk would be delivered at the previous prices pending the negotiation of definite agreements as to prices and conditions of sale.

During this period of time the Birtchard company used strenuous efforts to secure sufficient milk from members of the Association on individual contracts and from others so that it would not have to buy any milk from the Association. The officers of the Association were unable to secure any definite commitment from the company, other than that they wanted the milk delivered by the members of the Association. Each time of payment during the fall, the members were paid for a decreasing proportion of their milk at the basic price and more and more at the surplus price of 10¢ per gallon. At first the Association was able to pay these members out of the adjustment fund sufficient to make the price to them the same as to other members. The officers were urged by Dr. Ward to reduce the basic quantities of all members and so increase the payment of the Associate Dairy Company into the adjustment fund so that the payments to the members delivering to the Birtchard Dairy could be met. This

was not done until December and after the adjustment fund had been completely depleted and the Birtcher Dairy had failed to receive their adjustment payments for two fifteen day periods.

Many of the officers of the Association had taken a belligerent attitude toward the Birtcher Dairy. Acting on instructions from the officers of the Birtcher Dairy that a new manager of the association with a conciliatory policy would help in working out a solution to the problem, we (V. A. Jackson and Dr. Ford) suggested that the association employ a full time manager who had had experience in cooperative marketing of milk. They employed Mr. Chester F. Hetch of the Maryland-Virginia Association field service department. Dr. Ford spent considerable time working with Mr. Hetch helping him get acquainted with the situation and advising with him. He worked out an agreement with the Dairy whereby they would pay the brokerage to the association authorized by the members, establish definite basic quantities, on the basis of a cut of 2¢ per gallon in the basic price. The directors refused to agree to this proposal and in other ways opposed the policies which Mr. Hetch proposed. He, therefore, resigned and returned to Washington the middle of December.

Mr. E. H. Williams, who had previously been serving as manager on a part time basis, thereupon resumed his duties. The Birtcher Dairy notified him that after January 1st all milk delivered to them would be paid for at the 12¢ price. The association made arrangements with the Woodale Dairy to handle all of the milk of its members. The basic quantities of the members were set December 1st and to adjust them to the greatly reduced sale of fluid milk. Mr. Williams found it

of sufficient importance to maintain contacts with the Birchhead Dairy that signed an individual contract with the Dairy and continued to deliver his milk there.

All during the spring the Birchhead Dairy made every effort to secure sufficient milk from every available source to avoid buying from the association. It had to buy from 100 to 200 gallons a day most of the time. It was greatly hampered in its efforts to get milk by a city ordinance limiting the distance from which milk could be shipped to Norfolk, except in emergency, to 20 miles. The health department refused to allow milk to come from farther away as long as sufficient milk was available within this area where it could be personally supervised by the department. The U. S. Dairy therefore brought suit against the City to test the ordinance, in the form of an application for a writ of mandamus to compel the issuance of a permit to bring in milk from Curran Hook Farm and Hazel Brothers Dairy, near Richmond. Both of these producers were members of the Richmond Association and through the efforts of the Norfolk Association gave testimony that they would not allow their milk to be shipped to Norfolk if they could help it, and would not permit the Norfolk inspector to inspect their dairies. The court held the 20-mile limit ordinance unconstitutional but upheld the discretion of the health officer to limit the source of the milk supply to farms that could be conveniently inspected.

During the summer the demand for fluid milk increased so that in July 1917 the association could increase the basic quantities of the members 10%. Another increase of 20% was made in September and a 25% increase in October. This brought the basic quantities back to what they had been a year earlier. At about the same time the manager of the association, Mr. Williams, negotiated

with the Hirstcheri Dairy to buy milk from the association at \$1.70 per hundred for basic milk, \$2.70 for 20% additional, and \$6.00 for surplus milk for manufacturing purposes. These prices went into effect in November.

During the period under review Dr. Ward advised frequently with the board of directors and manager of the Norfolk Association regarding policies and business practices. He instructed the taster and office man, Mr. Swilling, in the keeping of the books of the association along the lines outlined by Dr. Taylor. He has not succeeded in getting the manager to submit a monthly financial report to the directors because he is afraid they will want to distribute the reserves to the members. He has attended several meetings of the members to explain cooperative marketing of milk and help build up confidence in the policies of the management. The management has called upon him repeatedly to assist in the equitable revision of the basic quantities of the members.

In order to help explain the operations of the association to the members and others, Dr. Taylor and Dr. Ward prepared the bulletin, "The Norfolk Plan of Marketing Milk", a copy of which is included in the appendix. To help bolster the morale of the members during the trying days during the fall of 1930, Dr. Ward prepared the circular, "A Tale of Two Cooperatives", illustrating the importance of loyalty. A copy is included in the appendix.

Dr. Ward has repeatedly urged upon the management the necessity of carrying on a continuous campaign of education among the members regarding the activities of the association and the principles of cooperation. Mr. Williams started to have monthly meetings in each section of the territory served, but only one meeting or at most two, has been held in the regular routine. No news letter or other publication is sent to the members. The officers

apparently understand very little of the real importance of membership education and are prone to rely on legal force to keep the members in line with the program of the association.

Richmond

The Farmers' Milk Producers' Association had been active among the dairymen in the Richmond area for several years, primarily as an educational organization. When the milk distributors reduced prices in the summer of 1930, the leaders decided to re-organize into a bargaining association and incorporate under the cooperative marketing act. Mr. Taylor assisted in drawing up the organization plans and preparing the articles of incorporation, contract, and by-laws. Mr. Ward spoke on the general plan of cooperative marketing of milk and explained the developments at Norfolk at the organization meetings held during the early part of September.

Immediately after starting formal business operations in November, 1930, the association sought to secure recognition from the distributors. Neither the U. S. Dairy Products Corporation Subsidiary, the Richmond Dairy, nor the locally owned Virginia Dairy, would recognize the association, nor would they honor the orders signed by the members ordering them to deduct the brokerage from their milk checks and pay this to the association. The Richmond Dairy did send out a form and ask the producers if they really wanted the money paid to the association to sign another order. This the members did and the Richmond Dairy on the basis of these individual orders, has remitted the association 1/2 per hundred brokerage.

The directors of the association showed great patience and have been very conciliatory toward the distributors. The president of the association, Mr. Carter, during the winter, held numerous conferences with the president of the Michigan Dairy, Mr. Scott, and worked out an agreement whereby the association and the dairy company would not take on new shippers without conferring with the association, and the company would pay the brokerage authorized by the members. However, shortly afterward, the dairy company announced a 5% cut in basic quantities and a cut in the price of surplus milk to \$1.00. This was below the price of butterfat. The association protested a gentlemanly fashion and the price was raised by the dairy company to \$1.25.

It became clear during the winter that the dairy companies would not recognize the association and officially purchase milk from it unless that was the only way in which it could get milk. So the association tried to interest other national dairy chains to come into Michigan and recognize the association. No success was found for these efforts. The association, therefore, turned its attention to preparations for a show-down with the distributors to demonstrate the power of the organization. The association found that the Michigan City Health Department would be willing upon to protect the local producers from outside competition if the distributors should refuse to take association milk. The State Dairy and Food Division, however, will enforce the state law and not allow the importation of milk from outside the state from unlicensed sources. The association has carefully drawn up its plans and has proceeded to equip a plant where, if the dealers refuse to buy milk from the association, it can turn the milk of its members into sweet cream and provide an outlet for them. The officers, hope that this will not be necessary.

In the meeting the association has entered suit in a friendly manner to test the legality of the enforcement of the orders signed by the members authorizing the distributors to deduct the brokerage from the milk checks due the members and pay this to the association. In the meeting also, the members have loaned the association money with which to equip the plant. Matters will probably come to a head about the first of 1932.

Dr. Ward has kept in contact with the manager of the association, Mr. F. A. Bushman, and has conferred with him regarding tactics and policies. Mr. Bushman has held numerous meetings with the members to keep them thoroughly informed regarding the affairs of the association and asked Dr. Ward to speak at as many of these as he could. Dr. Ward talked on cooperation, explained the situation and progress at Norfolk, and given the members material on the subject for dairying. He has also drawn up plans for helping to finance the operations in case the association is forced to operate its plant.

Lynchburg

Early in November, 1931, Dr. Ward was called to Lynchburg to assist the county agents from the surrounding territory in working out a program for stabilizing the market for the benefit of the dairymen. The manager of the oldest distributing plant in the city has not used test in his dealings with the producers. There has been a constant increase in milk production and the dairymen have sought to sell him their milk. When he has had all the milk he needed, he has refused to buy and has refused to renew contracts with old shippers. This has forced several of the dairymen to go into the retail, distribution business. In order to get business

in the face of increased consumer buying, there has been considerable price cutting. There are four distributing plants when one could operate more efficiently. In order for these plants to stay in business they have had to pass all of the price cuts back to the producer. The result has been declining prices to the producers supplying the distributing plants to the point where they have become desperate.

At the first meeting Dr. Ward suggested an organization of cooperative associations to bargain with the distributors and establish a stable market. Following this the producer-retailers might be induced to dispose of their business to distributing plants and thus further reduce the ruinous competition between too many sellers of milk. The producers thought that all that was needed was an agreement between the producer-retailers and the distributors regarding a fair schedule of prices and prices would be fairly satisfactory to everyone.

A committee studied the situation and recommended that the distributors agree on the prices between them and then the others could follow in line. Dr. Wright, of the Service Company, reported a price schedule of 12¢ straight for quarts and 24¢ straight for pints to retail customers. Fifty cents a gallon in bottles and 45¢ a gallon in bulk to wholesale customers. The distributors all agreed to this and some of the producer-retailers. A committee was appointed to see other producer-retailers to get them to agree.

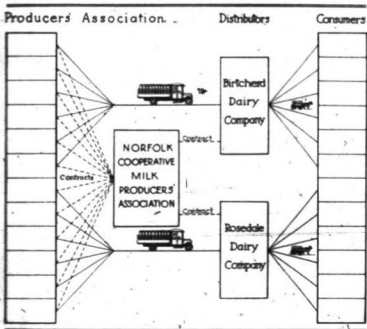
In the discussion about maintaining prices Dr. Ward pointed out the necessity of a producer's organization to maintain prices to the distributors. A committee was appointed to draw up plans for such an association, and he is working with them.

Norfolk Plan of Marketing Milk

By
C. C. TAYLOR
Agricultural Economist

and

G. H. WARD
Marketing Specialist, Dairy and Poultry Products



VIRGINIA AGRICULTURAL AND MECHANICAL COLLEGE AND POLYTECHNIC INSTITUTE
 AND THE UNITED STATES DEPARTMENT OF AGRICULTURE, COOPERATING
 EXTENSION DIVISION, J. NO. R. HUTCHESON, DIRECTOR
 BLACKSBURG, VIRGINIA

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Norfolk Plan of Marketing Milk

(Baltimore Plan)

By C. C. TAYLOR, *Agricultural Economist*, and
G. H. WARD, *Marketing Specialist, Dairy and Poultry Products*

The Plan in Brief

The dairymen around Norfolk have recently joined together to form the Norfolk Cooperative Milk Producers' Association in order to bargain collectively with the milk distributors for the sale of their milk. This association is following plans developed by similar associations now operating in Washington and Baltimore. Each dairyman has signed a contract agreeing to consign all his market milk to the association. The association has agreed to sell the members' milk to the best advantage and guarantees that the producer will be paid monthly, less a brokerage of not more than 1 cent per gallon. The association pays necessary expenses (about $\frac{1}{4}$ cent per gallon) out of the brokerage and deposits the balance in a revolving reserve fund. The producer will be repaid his deposit in the fund as soon as it is large enough to care for any emergency that may threaten the members.

The association sells the milk of its members to the distributors. These dealers have contracted to pay an agreed price for all milk sold for fluid consumption. The dealers have also agreed to pay for surplus milk used in the manufacture of dairy products a price based on the monthly market value of butter, plus any additional sum agreed upon.

Each producer is paid the fluid milk price for his basic allotment and the surplus price for any milk delivered above this amount. The basic allotment is his proportionate share of the milk sold for fluid consumption during the fall of the year. The distributor pays the producers directly, after deducting and remitting brokerage to the association. When a distributor's sales of fluid milk are larger than his purchases of basic milk from producers, he pays the difference between the basic price and the surplus price on his excess fluid sales into an adjustment fund. When a distributor's sales of fluid milk are less than his purchases of basic milk, he draws the difference in price on this amount from the adjustment fund.

The plan thus provides a permanent market for the producer and secures for him the full market value for his milk. It also guarantees the distributors and consumers an adequate supply of high quality milk at reasonable prices. The greatest advantage, however, is the automatic check which the basic allotment plan places upon a disastrous over production of surplus milk. A more detailed review of the aims and advantages of the plan follows:

What the Norfolk Plan of Marketing Milk Accomplishes

1. Adjusts production to consumer demand.
2. Stabilizes the price of fluid milk to producer, distributor and consumer.
3. Establishes confidence in the fairness of prices.
4. Guarantees producers full market value for production in excess of fluid consumption.
5. Guarantees an adequate supply of quality milk to distributors and consumers.
6. Fosters efficiency in distribution to the consumer.

Essential Features

1. The existence of a cooperative association.
2. Cooperation between producers, distributors and the city health department.
3. Individual basic allotments of production assigned equitably to producers by the association on the basis of past production and totalling not more than normal fluid sales on that market. Basic allotments must be raised or lowered only by the association and only in accordance with established rules. Non-members must bear their share of the surplus.
4. A two price system: Distributors buy basic milk for fluid sale at a fair and relatively permanent price level; surplus, or Class 2 milk, at a lower and variable price based on prices of dairy products; appropriate butterfat differentials paid for milk testing more or less than 4%. The margin between basic price and retail price must not be too profitable to distributors, nor should the price of basic milk be too far above the price of surplus. Either mistake will cause producers to retail their own milk independently of both the association and the distributors. If production of Class 2 milk is persistently excessive, the price must be lowered. If such production remains dangerously low, the price must be raised. Thus, an adequate supply of high quality milk is assured.
5. Each distributor pays his producers basic price for basic allotment and surplus price for all surplus milk.

6. Each distributor reports to the association after each milk settlement (semi-monthly) the individual quantities of basic and surplus purchases from both members and non-members, the total basic purchases (which may be less than total basic allotments), the total quantity of fluid sales (including retail and wholesale bulk and bottled milk, chocolate milk and special buttermilk) and the excess or deficiency of total fluid sales as compared with total basic purchases.

7. Each distributor pays into the association adjustment fund the difference between surplus price and basic price on any excess of fluid sales over basic purchases, or he draws from the fund this price difference on any deficiency of fluid sales under basic purchases.

8. Each distributor deducts the brokerage, as established by the association, from the semi-monthly remittances of the distributor to the member producers and remits such deductions to the association semi-monthly.

Advantages to Producer

1. Protection against being cut off by dealer when fluid sales are low.
2. Assurance that dealer pays basic price for all fluid sales (either directly or indirectly through adjustment fund).
3. Assurance that his basic production will bring a stable and reasonable price.
4. Assurance that dealer pays full market value for all surplus milk.
5. Automatic check upon over-production (surplus price for increased production).
6. Opportunity to increase production at will (if willing to accept surplus price for the increase).
7. Opportunity to increase basic allowance whenever fluid sales show persistent increase.
8. Payment for all milk delivered to distributor is guaranteed.
9. Butterfat test and weights for payment checked by producer's representative.
10. The market for quality milk is expanded.

Advantages to Distributor

1. Adequate supply of high quality milk guaranteed by association.
2. Cost of fluid sales definite and stable.

3. No loss from selling basic milk at cream prices.
4. No inducement to increase number of producer-distributors.
5. Can give entire attention to plant operation and sales.
6. Surplus adjusted to dealers' requirements.

Advantages to Consumer

1. Assures abundant supply of fresh milk of high quality at reasonable prices.
2. Avoids annoyance of frequent price changes.
3. Avoids annoyance of milk price wars and milk famines.

Questions and Answers Concerning the Plan

Question 1: How is each producer's basic allotment quantity determined?

Answer: Each producer's basic allotment is that part of his fall production during one or more previous years which was consumed as fluid milk.

Question 2: Suppose total daily production during the fall is 10,000 gallons and fluid consumption for the year averages 8,000 gallons per day. Producer C averages 100 gallons per day. Is this his basic allotment for the year?

Answer: No. Only 80% of his production was consumed as fluid milk, so his basic allotment is 80 gallons per day.

Question 3: If a new producer enters the association, how is his basic allotment calculated?

Answer: He is (at present) given an allotment of 50% basic and 50% surplus.

Question 4: Producer B has a basic allotment of 100 gallons. In May, he averages 150 gallons per day. How much is he paid?

Answer: Basic price for 100 gallons and surplus price for 50 gallons.

Question 5: Producer A has a basic allotment of 50 gallons. In May he averages 40 gallons per day. How much is he paid?

Answer: Basic price for 40 gallons.

Question 6: If producer B buys more cows and produces 150 gallons per day next fall, will his basic allotment be increased to 150 gallons?

Answer: No, only if the increase in fluid sales, or the decreases of basic production of other producers (especially during the fall), give rise to additional basic to be allocated.

Question 7: If producer C has a basic allotment of 80 gallons and if his fall production is only 70 gallons, will this affect his basic allotment?

Answer: Yes, his basic allotment for the next year will be only 70 gallons and 10 gallons of basic will be allotted to others. The market needs milk in the fall and those who produce to supply this demand deserve the largest basic allotment for the rest of the year.

Question 8: Can a producer produce as much as he wishes at all times?

Answer: Yes, but he understands that his individual contribution to surplus production will be paid for at surplus prices.

Question 9: Distributor X sells 2,000 gallons of fluid milk at wholesale and retail, both bulk and bottled. How much does this milk cost him?

Answer: Full basic price.

Question 10: Distributor X sells 500 gallons of milk as cream and manufactured products. How much does this milk cost him?

Answer: Only the surplus price.

Question 11: Producers deliver 2,000 gallons of basic milk at basic price and 400 gallons of surplus milk at surplus price to distributor X, who sells 2,200 gallons as fluid milk and manufactures only 200 gallons. Does X gain by this?

Answer: No, he pays the difference between the surplus price and the basic price on 200 gallons into the adjustment fund of the association.

Question 12: The producers who supply distributor Y with milk deliver 2,200 gallons of basic milk and 300 gallons of surplus. However, the distributor sells only 2,000 gallons as fluid milk so that 200 gallons of basic milk must be sold as cream, etc. Does Y lose by this?

Answer: No, he draws the difference between basic and surplus price on 200 gallons from the adjustment fund.

Question 13: If distributor Y loses customers to distributor X, must Y reduce the basic allotments of his producers?

Answer: No, because Y would draw from the adjustment fund to maintain his payments to producers until a shift of one or more producers from Y to X is deemed mutually desirable.

Question 14: Could both distributors draw from the adjustment fund during the same month?

Answer: Yes, unless it was already depleted; in this case they would be credited with funds due from the adjustment fund.

Question 15: How is depletion of the fund guarded against?

Answer: First, if heavy withdrawals from the fund have continued because of a decrease in total fluid sales in the city, the association orders basic price to be paid on only 90 per cent of each producer's base. Second, it may also be built up by a payment of one-half or three-fourths cent per gallon of fluid sales.

Question 16: Can the adjustment fund get too large because of continued increases in fluid sales?

Answer: No, the association does one of two things: (1) Increases each man's fall average 5 or 10 per cent and notifies distributors of increased basic for which basic price shall be paid. (2) Orders a temporary addition to be made to surplus price.

Question 17: Can the adjustment fund get too large because of decreases in basic production?

Answer: No, the association raises the fall average of deserv-ing producers.

Question 18: Who are the deserving producers?

Answer: Those who have produced the greatest percentage of surplus during the fall months when milk demand is greatest and who have sustained such production.

Question 19: Who handles the adjustment fund?

Answer: The association manager.

Question 20: Who owns the adjustment fund in case of dis-solution of the fund?

Answer: The association members.

Question 21: What is the proper size of the fund?

Answer: About 10 per cent of monthly sales.

Question 22: How is basic price determined?

Answer: By bargaining between the association and the dis-tributors, considering retail prices and the probable effect of price on production.

Question 23: How is surplus price determined?

Answer: By the formula: Monthly price 92 score butter at New York market times 4, plus 20%, plus 50% of the difference between this result and basic price, equals the price of 100 pounds (11.6 gal.) of 4% milk.

Question 24: Why is this particular formula used?

Answer: Dealers can pay for surplus milk only what they can obtain from the sale of manufactured dairy products. Butter is the least valuable manufactured dairy product. In 100 pounds of 4% milk there are 4 pounds of butterfat. Twenty per cent more butter can be made from milk than it contains butterfat. A large part of a dealer's surplus purchases is used for sweet cream, ice cream, and in other products of greater value than but-

ter. To take care of this, the surplus price is established at half way between the butter value of the milk and the basic fluid price.

Question 25: If 92 score butter is 40 cents per pound and basic milk is 39 cents per gallon, what will the surplus price be?

Answer: 40 cents times 4 is \$1.60. Add 20% of \$1.60 and the butter value of the milk is \$1.92 per 100 pounds. This divided by 11.6, gives 16.55 cents per gallon. Thirty-nine cents less 16.55 cents is 22.45 cents, and half of this is 11.23 cents. Add 11.23 cents to 16.55 cents and a price of 27.78 cents (or 28 cents) per gallon is obtained for surplus milk, plus or minus butterfat differentials.

Question 26: What price is paid for high testing milk, either basic or surplus?

Answer: If basic price applies to 4% milk, the price is $\frac{1}{2}$ cent per gallon higher for each $\frac{1}{10}$ per cent above 4%. The price is correspondingly lower for milk testing below 4%.

Question 27: How are the operations of the association financed?

Answer: By a deduction of $\frac{1}{2}$ or 1 cent per gallon brokerage for operating expenses and reserves. The operating expenses are chiefly for a manager, milk tester, stenographer and book-keeper. They usually cost less than $\frac{1}{4}$ cent per gallon. The remainder of the brokerage is deposited in the reserve fund of the association. The reserves are credited pro rata to the producers and are later paid back to them in rotation as new additions to the reserves are added. Interest earned on this fund at Baltimore is now more than enough to cover all operating expenses so that the deductions are repaid in full.

THE NORFOLK MILK

(PATTERNED AFTER)

The following prices are merely illustrative. For

BASIC ALLOTMENT

CURRENT PRODUCTION

PRODUCER A



50 gallons per day

PRODUCER B



100 gallons per day

PRODUCER C

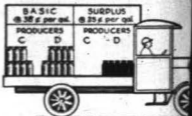
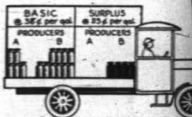


50 gallons per day

PRODUCER D



90 gallons per day



MARKETING PLAN (BALTIMORE PLAN)

of price see questions 22 and 23 on page 10.

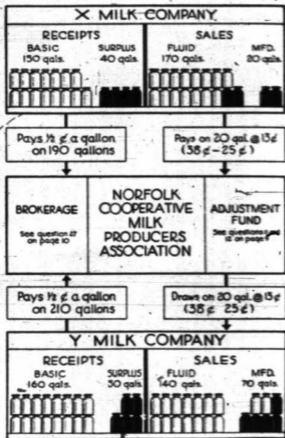


EXHIBIT A

FORM OF STATEMENT TO ASSOCIATION

Semi-Monthly Report of Milk Sales and Purchases to
Norfolk Cooperative Milk Producers' Association

Dairy From _____ Through _____

Producer's Name	Test	Basic Delivery	Extra Basic	Surplus	Total Delivery	1/4c gallon Brokerage																																																												
Total																																																																		
Outside purchases																																																																		
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EXHIBIT B

INDIVIDUAL CONTRACT

Contract of P. O. Address

THIS AGREEMENT, Made this day of 193.....
between the NORFOLK COOPERATIVE MILK PRODUCERS' ASSOCIATION, a cooperative marketing corporation incorporated under the laws of the State of Virginia, party of the first part, and hereinafter called the Association, and a member of said Association, who is operating a dairy farm or farms in the County of State of Virginia, and hereinafter called the producer.

WITNESSETH. That, in consideration of the covenants and agreements herein contained, the said parties have agreed, and do hereby agree as follows:

1. The PRODUCER agrees to consign or to have consigned to the ASSOCIATION or in accordance with its instructions, all milk and or cream produced on the said farms, except such milk and or cream as is required for home and farm consumption for and during the term of three years from the date hereof, and thereafter for successive periods of one year therefrom, unless and until thirty days' notice is given in writing by either party to the other before the expiration of any such period, that this contract will be then terminated, and to deliver or have delivered said milk and or cream pure and unadulterated, in condition suitable for sale in the Counties of Norfolk and Portsmouth, Va., to such plants or other consignee as may be designated from time to time by the ASSOCIATION.

2. The ASSOCIATION agrees to sell or dispose of all the said milk and or cream consigned to it or on its order under the terms hereof to the best advantage in its power and to remit the proceeds thereof to the PRODUCER, less the deductions hereinafter mentioned, or at its option may authorize the purchasers of such milk to pay direct to the PRODUCER not later than once each week all of the purchase money except the said deductions.

3. The ASSOCIATION shall deduct from the proceeds of all such sales such uniform percentages as it charges other producer members for like services, which may be necessary to meet expenses incurred or to be incurred, together with such other sums as may be necessary to cover operating expense, interest, overhead, depreciation, all obligations or debts of the ASSOCIATION lawfully incurred as well as to create reasonable reserves or other funds reasonably estimated as essential or profitable to be incurred by the ASSOCIATION pursuant to its charter and by-laws; provided, however, the total of all deductions, made under this contract, shall not in the aggregate exceed one cent per gallon for fluid milk, and at the rate of five cents per gallon for 20% cream, unless such excess be first recommended to the ASSOCIATION by two-thirds of the Board of Directors thereof, and such recommendation be approved by an affirmative majority vote of the members of the ASSOCIATION, parties to this and to contracts similar to this, who are in no default at the time, attending in person and voting on, such question at local meetings held for that special purpose.

4. The PRODUCER reserves the right to retain for home and farm use such of his milk and or cream as he may need from time to time. He shall not sell otherwise any products contracted to the ASSOCIATION except such as are offered to the ASSOCIATION, as herein provided and rejected by it, but upon written application of the PRODUCER and permit in writing signed by the secretary, the ASSOCIATION may allow all or a limited portion of the product of such PRODUCER to be sold otherwise under terms and conditions to be specified by the ASSOCIATION.

5. If the PRODUCER is offered a direct contract for his milk and or cream, said PRODUCER shall report such offer to the ASSOCIATION. The ASSOCIATION may permit members to contract their milk and or cream for limited periods directly to dealers or distributors, but only on terms, conditions and regulations assented to by the ASSOCIATION in writing, provided the ASSOCIATION is assured full, and prompt payment of the proper pro rata of all expenses and deductions authorized by this contract or

by the by-laws of the ASSOCIATION, and which are deducted from the proceeds of milk and or cream of like kind and quality produced by other members, all subject to such fair and equitable differentials as to quantity, seasonal variations of quantity, conditions of production, preservation, time and place of delivery and other reasonable elements as the ASSOCIATION may from time to time establish and apply to other producers, all of which are hereby authorized, to the end that the net price received by each producer shall be uniform with that received by all other producers for milk of the same quality produced and marketed under substantially the same conditions.

6. The PRODUCER will execute from time to time when and as requested by the ASSOCIATION one or more orders, in duplicate or otherwise, on forms approved by the ASSOCIATION, directing the vendee to whom any of his milk, cream or dairy products are now or hereafter delivered to pay to the ASSOCIATION the proportion of the gross proceeds thereof required by the ASSOCIATION under the provisions of Sections 3 and 5 hereof, and in event of the change of such vendee, from time to time to execute such other and further orders as may be requisite to enable the said ASSOCIATION to make such collections and execute acquittances thereof, and hereby authorizes the ASSOCIATION, at any time while this contract is in effect, to change the name of the drawee of any order executed under it, heretofore or hereafter, to the end that this contract may be fully performed.

7. (a) Inasmuch as the remedy at law would be inadequate, and inasmuch as it is now and ever will be impracticable and extremely difficult to determine the actual damage resulting to the ASSOCIATION, should the PRODUCER fail to sell and deliver all of his milk the PRODUCER hereby agrees to pay to the ASSOCIATION for all milk delivered, consigned or marketed or withheld by or for PRODUCER, other than in accordance with the terms hereof, the sum of five cents per gallon as liquidated damages, averaged for all milk, for the breach of this contract; all parties agreeing that this contract is one of a series dependent for its true value upon the adherence of each and all the PRODUCERS to each and all of the said contracts.

(b) The PRODUCER agrees that in the event of a breach or threatened breach by him of any provision regarding delivery of milk, the ASSOCIATION shall be entitled to an injunction to prevent breach or further breach thereof and to a decree for specific performance hereof; and the parties agree that this is a contract for the purchase and sale of personal property under special circumstances and conditions, and that the buyer cannot go to the open markets and buy milk and replace any which the PRODUCER may fail to deliver.

(c) If the ASSOCIATION brings any action whatsoever by reason of a breach or threatened breach hereof, the PRODUCER agrees to pay to the ASSOCIATION all costs of court, costs for bonds and otherwise, expenses of travel and all expenses arising out of or caused by the litigation, and any reasonable attorney's fee expended or incurred by it in such proceedings; and all such costs and expenses shall be included in the judgment and shall be entitled to the benefit of any lien securing any judgment hereunder.

8. The ASSOCIATION agrees to exercise its best efforts to sell at fair prices all the milk and or cream produced by its members, including the PRODUCER herein named, consigned and delivered as herein provided, and in event of inability to sell same as fluid milk or cream to convert same into other dairy products and dispose of same and collect the proceeds and distribute the net proceeds between the PRODUCER and the other producer members of the ASSOCIATION in the manner herein contemplated and provided for by the charter and by-laws of the ASSOCIATION, as they now are or may be from time to time hereafter amended in a manner provided by law, its charter or its by-laws, which are hereby referred to and made a part of this contract and to faithfully and impartially perform and administer this agreement, its charter and by-laws, and it is constituted the sole arbiter of all questions essential to or arising in connection with such distribution.

9. It is agreed that this contract shall terminate unless the Board of Directors of the ASSOCIATION finds on or before July 1, 1930, by reference to the records of milk received by Norfolk and Portsmouth milk dealers in the year 1929, that sixty per cent of the volume of Norfolk and Portsmouth

Directors and members of the ASSOCIATION in the manner provided in said contract.

This order is irrevocable within three years from this date, and then only in the manner and within the periods specified in said contract.

WITNESS my signature and seal this _____ day of _____ 193_____

(Signature) (Seal)
Witness _____
(Post Office Address.)

EXHIBIT C

CERTIFICATE OF INCORPORATION OF

NORFOLK COOPERATIVE MILK PRODUCERS' ASSOCIATION

This is to certify that we, the undersigned persons engaged in the production of agricultural products, do hereby associate ourselves to establish a corporation, not organized for profit, in which no capital stock is required to be issued, under and by virtue of Chapter 151, Code of Virginia, 1919, and Chapter 48, Acts of the General Assembly, 1922, and acts amendatory thereof, for the purposes, and under the corporate name, hereinafter mentioned, and to that end we do, by this our certificate, set forth as follows:

1. The name of the corporation shall be "NORFOLK COOPERATIVE MILK PRODUCERS' ASSOCIATION."

2. The principal office of the corporation shall be in the City of Norfolk, Virginia.

3. The purposes for which this association is formed are as follows:

- (a) To market and sell dairy and other agricultural products;
- (b) To engage in any activity in connection with the marketing, selling, harvesting, preserving, drying, processing, canning, packing, storing, handling, shipping, and or utilization of dairy and other agricultural products;
- (c) To buy and sell dairy and other farm supplies;
- (d) To finance any one or more of the above enumerated activities;
- (e) To do each and everything necessary, suitable or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated; or conducive to or expedient for the interests or benefit of the association, and to contract accordingly, and in addition, to exercise and possess all powers, rights, and privileges necessary or incidental to the purposes for which the association is organized or to the activities in which it is engaged; and in addition, any other rights, powers, and privileges granted by the laws of the state to ordinary corporations, except such as are inconsistent with the expressed provisions of this act, and to do any such thing anywhere.

4. The period of duration of this corporation shall be unlimited.

5. The affairs of the corporation shall be managed by a board of directors composed of not less than five nor more than fifteen members. One member of the board of directors shall be appointed annually, and vacancies in the office of such director filled, by such public official or commission as shall be designated in the by-laws of the corporation; the other members of the board of directors, and their successors; shall be elected by the members of the corporation.

6. The names and residences of the directors, who, unless sooner changed, are to manage the affairs of the corporation for the first year, together with the names, residences and postoffices of the president, vice-president, and secretary of the corporation, are:

President: G. W. Wade, Franklin, Va.

Vice-President: J. W. Halstead, 3011 Vendome Terrace, Norfolk, Va.

Secretary: B. M. Williams, R. F. D. No. 4, Box 74, Norfolk, Va.

Directors: G. W. Wade, Franklin, Va.; J. W. Halstead, 3011 Vendome Terrace, Norfolk, Va.; B. M. Williams, R. F. D. No. 4, Box 74, Norfolk, Va.; J. M. Branch, Smithfield, Va.; D. A. Winslow, Norfolk, Va.

7. The amount of real estate to which the holdings of the corporation at any time are to be limited is 7,000 acres.

8. Twenty per cent of the members shall constitute a quorum at any meeting of the members of the corporation.

9. The property rights and interests of each member shall be in proportion to the certificates of indebtedness issued and outstanding, as recorded in the books of the corporation.

In witness whereof we have set our hands this the 25th day of January, 1930.

G. W. WADE,
J. W. HALSTEAD,
B. M. WILLIAMS,
J. M. BRANCH,
D. A. WINSLOW.

State of Virginia,
County (or City) of Norfolk, to-wit:

I, Alice Strawhand Hart, a notary public in and for the county (or city) and State aforesaid, do certify that G. W. Wade, J. W. Halstead, B. M. Williams, J. M. Branch, D. A. Winslow, whose names are signed to the writing above, dated the 25th day of January, 1930, have acknowledged the same before me in my county (or city) aforesaid.

My term of office expires on the 10th day of February, 1933.

Given under my hand this 25th day of January, 1930.

ALICE STRAWHAND HART,
Notary Public.

EXHIBIT D

BY-LAWS OF THE NORFOLK COOPERATIVE MILK PRODUCERS' ASSOCIATION

Article I—Name

Section 1. This association, incorporated under the Virginia cooperative marketing law of 1922, shall be known as the Norfolk Cooperative Milk Producers' Association. Its principal office shall be located in Norfolk, Virginia.

Article II—Objects

Section 1. The purposes for which this association is formed are as set forth in the articles of incorporation of this association.

Article III—Membership

Section 1. Any producer of milk, either a person or a corporation, of good character, in the territory supplying Norfolk, Newport News, Portsmouth, and Hampton, may become a member of the association by complying with the uniform membership requirements. This association will not market the products of any non-member until permitted by law.

Section 2. All members must sign the standard marketing agreements offered by the association to its members when presented to them for signature and acceptance.

Section 3. Upon entering into such a marketing agreement and after paying a membership fee of one dollar (\$1.00) which may be used for organization expenses or any other proper expense of the association, the association shall issue a receipt for such membership fee which receipt shall constitute a certificate of membership to the applicant. Such certificate of membership shall not be transferable.

Section 4. Membership shall be terminated whenever a member ceases to produce milk for sale, and or whenever the membership contract is terminated.

Section 5. In the event of dissolution of any co-partnership admitted to membership hereunder, each co-partner who shall thereafter continue to produce milk or cream for sale, as an individual, shall thereby and thereupon

succeed to individual membership in the association and shall be entitled to all benefits and subject to all obligations of such without the requirement of further fees.

Section 6. The property rights and interest of each and every member of this association shall be in proportion to the contributions made by each and every member to the surplus funds of the association, and the association shall issue annually to the members certificates of indebtedness, showing each member his equity in the surplus accumulations of that year.

Section 7. The death of any member shall automatically cancel his membership in this association and his heirs and assigns shall be paid in accordance with the terms printed upon the certificates of indebtedness.

Article IV — Fiscal Year — Meetings

Section 1. The fiscal year of the association shall begin January 1st and end the 31st of the following December.

Section 2. The annual meeting of the association shall be held in Norfolk, Virginia, within fifteen days of February 1st of each year at 11:00 a. m.

Section 3. Special meetings shall be called by the President. He shall call such meetings whenever 20% of the members shall so request in writing.

Section 4. Notice of all meetings shall be mailed by the Secretary to each member at least ten days previous to the date of the meeting.

Article V — Quorum — Proxy Voting

Section 1. At any meeting 20% of the members present in person or represented by proxy shall constitute a quorum.

Section 2. The special form of proxy (mailed ballot), stating the decision of the signer of the proxy on stated issues, shall be used to the exclusion of all other proxies.

Article VI — Directors and Officers

Section 1. The board of directors of this association shall consist of seven directors, one of whom shall be known as the public director. The public director shall be appointed annually and vacancies in the office of such director filled by the Director of the Virginia Agricultural Extension Division. The other members of the board of directors shall be elected by the members at their annual meeting and shall hold office for one year and until their successors have been duly elected and qualified.

Section 2. The board of directors shall meet within thirty days after their election and shall elect by ballot a President and a Vice-President from among themselves, a Secretary and a Treasurer or a Secretary-Treasurer and the Secretary may or may not be a member of the association. Such officers shall hold office for one year and until their successors are duly elected and qualified.

Section 3. Any vacancy in the board of directors, except the public director, shall be filled for the unexpired year by the remaining members of the board of directors, and directors so elected shall hold office until their successors shall be elected at the regular annual meeting of the association.

Section 4. Four members of the board of directors shall constitute a quorum at any meeting of the board of directors.

Section 5. Directors shall be paid not to exceed \$3.00 per day for each meeting of the board of directors attended, providing a quorum be present.

Article VII — Duties of the Directors

Section 1. The board of directors shall manage the business of the association and shall make the necessary rules and regulations not inconsistent with law or with these by-laws, for the management of the business.

Section 2. The board of directors shall employ a business manager, fix his compensation, and dismiss him for cause. He shall have charge of the business of the association under the direction of the board of directors.

Section 3. The board of directors shall require the Treasurer and all other officers, agents and employees charged by the association with the responsibility for the custody of any of its funds or property, to give bond with sufficient surety for the faithful performance of their official duties, which bond shall be paid for by the association.

Section 4. The board of directors shall meet quarterly at such time and place as may be determined by the board of directors. Special meetings of the board of directors shall be held upon call of the President or upon written request of four directors.

Article VIII — Duties of Officers

Section 1. The President shall preside over all meetings of the association and of the board of directors. He shall call special meetings and perform all acts and duties usually required of an executive and presiding officer.

Section 2. In the absence or disability of the President, the Vice-President shall preside and perform the duties of the President.

Section 3. The Secretary shall keep a complete record of all meetings of the association and of the board of directors; serve all notices required by law and by these by-laws; keep a complete record of all the business of the association and make a full report of all matters of business pertaining to his office to the members at their annual meeting, and make all reports required of him by law, and perform such other duties as may be required of him by the association or the board of directors. The Treasurer shall receive and disburse all funds and be the custodian of all the property of the association.

Article IX — Duties and Powers of the Manager

Section 1. Under the direction of the board of directors the manager shall employ and discharge all employees, agents, or laborers, and shall perform such duties as may be required of him by the board of directors.

Article X — Revolving Fund

Section 1. This association shall be organized without capital stock, and funds shall be accumulated in a revolving fund to meet the capital requirements of the business.

Section 2. All expense of maintaining the association, including, among other things, rent, salaries, taxes, insurance, advertising, necessary reserves, and the like, shall be met from the membership fees and the charges provided in the marketing agreements.

Section 3. Any surplus over and above the actual expenditures, reserves and obligations of the association shall be calculated annually and the fair and just equity of each member in this surplus shall be determined, and such equity shall be in proportion to the contributions made by that member during that year, in accordance with the provisions of the membership contract.

Section 4. In any year in which the annual surplus amounts to \$500 or more the association shall issue to each member each year a certificate of indebtedness showing the equity of said member in the surplus funds accumulated during the preceding year. Said certificates shall be payable to said member whenever, as determined by the board of directors, the revolving fund has accumulated to ample proportions, at which time the oldest outstanding certificate shall be paid in total amount to be determined by the board of directors.

Article XI — Voting Rights

Section 1. Each member shall have only one vote.

Article XII — Accounts and Auditing

Section 1. This association shall install adequate books and accounting devices to conduct the business in a safe and orderly manner. An annual audit shall be made by a public accountant previous to the date of each annual meeting, at which meeting his report shall be presented in full.

Article XIII — Amendments




Section 1. These by-laws may be amended by a majority vote in the affirmative of the members present or represented by proxy at any meeting at which a quorum be present or represented by proxy.

COOPERATIVE EXTENSION WORK IN AGRICULTURE AND HOME ECONOMICS
 State of Virginia, Va. A & M College & Poly. Inst. & U. S. D. A., Cooperating
 EXTENSION SERVICE




LOYALTY

A STORY OF TWO COOPERATIVE MARKETING ASSOCIATIONS.

The Members Of This Association Didn't Stick Together

(1)		(2)		(3)	
COOPERATIVE ASSOCIATION	DISTRIBUTING COMPANY	COOPERATIVE ASSOCIATION	DISTRIBUTING COMPANY	COOPERATIVE ASSOCIATION	DISTRIBUTING COMPANY
We are paying all we can. STICK TOGETHER.	We pay highest prices. We buy from individuals ONLY.	We cannot continue to operate unless we have more MEMBERS.	OUR getting the best returns for their produce	CLOSED because of lack of business SUPPORT by MEMBERS.	NOTICE of ever-production prices must be lowered.
					

The Members Of This Association Were Loyal To One Another

(1)		(2)		(3)	
COOPERATIVE ASSOCIATION	DISTRIBUTING COMPANY	COOPERATIVE ASSOCIATION	DISTRIBUTING COMPANY	COOPERATIVE ASSOCIATION	DISTRIBUTING COMPANY
Be LOYAL and help work for a better market.	Sign an INDIVIDUAL contract for higher prices.	We have contracted to supply Distributing Co. with high quality products.	After date our supply thru the Cooperative Association	Thru cooperation with Distributing Co. we are expanding the market on a stable base.	We find it most satisfactory to buy thru the Cooperative Association.
					

LOOK AHEAD! Your cooperative association is trying to work out an improved marketing plan with the distributors and secure equitable treatment for all the producers in your territory. Your association needs **YOUR** support in this endeavor. Be **LOYAL** to your fellow members and we will all move forward **TOGETHER.**

Marketing Dairy Products

The Situation

In September 1933 there were only four cooperative associations manufacturing dairy products, the Carroll County Cooperative Cheese Factory, the Spring Grove Cooperative Creamery, the Shenandoah Cooperative Milk Producers' Association, and the Valley of Virginia Cooperative Milk Producers' Association. In the Shenandoah Valley section of the state there are so many small communities that none have sufficient volume to operate with business economy. In the Spring Grove territory and through the southside into southeast Virginia the volume of cream and milk production is not sufficient to provide sufficient volume for economical operation of the existing plants throughout most of the section. There is relatively little interest in cooperative marketing. We do not see that a cooperative could help the situation very much. Most of the attention was, therefore, devoted to assisting the existing organizations. We did help, however, in the organization of two new organizations, one in Augusta County and one in Townsill County.

Activities in Meeting the Situation

Augusta County

During the summer of 1933 interest arose in a cooperative association to help the farmers of Augusta county dispose of their milk and cream to better advantage. County Agent Colner called upon Dr. Taylor for assistance and a certificate of incorporation, contract and by-laws were prepared. During the

latter part of September they called upon Dr. Ward to assist in the organization work. He spent over a week in the county meeting with the organization committee drawing up plans and visiting farmers with local people. He explained cooperative marketing and the local people solicited membership. A membership fee of \$1 was collected, but not a sufficient number joined to pay the expenses of the solicitors, so that method had to be abandoned. The farmers did not seem to be reading the small amount of newspaper publicity that he was able to secure. The time of year may have been an important factor as the farmers were very busy with their corn cutting. The organization committee, with a few notable exceptions failed to take an active part in the solicitation work.

All the farmers shipping to either grocery in Stanton were circled and announced meetings in the neighborhood, but the attendance was discouragingly small. Local people advised that the farmers would not attend local meetings even as poorly as they did the Stanton meeting. In the middle of December another county meeting was held. The main speaker was the secretary of the Interstate Milk Producers' Association which represents the producers on the Philadelphia market. Mr. Jolliffe explained the basic surplus plan in effect on that market. Even with the large proportion of surplus allotted to new shippers, the association price would have been somewhat higher than the price being offered by the Elm Ridge Milk Company which was shipping to Philadelphia. At this meeting the membership was increased to about 100, but these people did not control a sufficient proportion of the milk and cream to have much bargaining power. They voted to incorporate and Dr. Ward assisted them in securing their

charter. Organization work was to continue, but from all we can learn it has ceased and the whole matter is in suspense. The farmers seem very much discouraged by the relatively low price offered for milk and cream and apparently have lost interest in their dairies as a source of income. County Agent Cotner suggests that organization work be suspended until prices of dairy products improve. The August Cooperative Milk Producers' Association planned to act as a bargaining association to sell milk and cream to the plants primarily for manufacturing purposes.

Townell County

County Agent Foster called upon us early in 1931 to come to Townell County to assist with the drawing up of a charter for an organization to be called the Townell Blue Grass Dairies. Although it was to be incorporated under the regular corporation laws, it was to be cooperative in essence. This organization was to take over title to about \$2000 of cheese making equipment which had been purchased by a trustee with funds subscribed by the dairymen and evidenced by notes. The notes were to be exchanged for stock. The Blue Grass Dairies were to make a contract with the Darter Creamery Company to lease the machinery and operate a cheese factory in North Townell to provide an outlet for the Grade B milk produced in the county and the surplus Grade A milk of the dairymen selling to the fluid milk distributors in the coal fields. We suggested that the Blue Grass Dairies be incorporated under the cooperative law, but the producers had authorized the committee to incorporate under the ordinary corporation law, and they were under pressure of time to incorporate in time to conclude the contract with Darter.

Later Dr. Hart was called back to help with drawing up the plans, constitution of incorporation, contract and by-laws of the Inverell County Cooperative Milk Producers' Association, to act as a bargaining association to sell the Grade A milk to the distributors. He spent all the organization meeting. A few months afterward he was again called upon to help modify the contract to enable the association to operate the cheese factory and pay the producers the proceeds from the sale of the manufactured products, less the operating expenses. Carter had withdrawn from the contract with the Blue Cross Dairy and the Milk Association decided to combine the Grade A and Grade B producers. All milk is now delivered to the Association plant. Grade B milk is made into cheese. The Grade A milk is pasteurized and cooled and sold to the distributors for fluid use or manufacture into ice cream. Any further surplus Grade A is made into cheese. The association also ships sour cream to Ohio to be made into butter, together with the sweet cream and they cream from the cheese operations. The association is also undertaking the bottling of milk to be sold direct to the coal companies in the coal fields. We have advised proceeding slowly with this venture because they will be competing to a certain extent with the Southern Refrigerating Company which is at present their biggest customer. This company sells bottled milk in the coal fields as well as using large quantities in making ice cream. The milk for ice cream sets more than the milk put into cheese so the Association cannot afford to lose this outlet until it has an outlet for all its Grade A milk in fluid bottle trade.

We have assisted the bookkeeper in getting up his records and in figuring the net prices which the association can pay for the various classes of milk delivered by the members. He is convinced of the necessity of accumulating reserves

and is doing this in spite of the desire of the directors to return the producers as high prices as possible. Safety is more important than high prices.

Valley of Virginia Cooperative Milk Producers Association

This is one of the most progressive and best managed associations in the state. The directors, as well as the management, are alert to adopt improved practices. They call upon the Extension Service frequently for various types of assistance.

During the winter a small group of chronic losses demanded that in order to cut down expenses that all salaries be cut and that the field service be entirely eliminated, in spite of the fact that the staff had taken a ten per cent cut in salaries and the field service had been upheld by the membership at the recent annual membership meeting. The directors were in a quandary as to what to do and called upon Director Hutchinson and Dr. Ford to advise with them. He advised them to decide what they wanted to do about the field service and stand firm on their decision in spite of the opposition. They decided to uphold their previous stand that the field service was responsible for building up the volume handled and thus reducing the expense much more than the cost of the field service. They announced their decision and their reasons at the next meeting and their firm stand defeated the losses, who were dissatisfied themselves with the other members by their inaction.

The management later called upon Dr. Ford to assist in working out a perpetual inventory system which enables them to keep track of their stocks of products on hand at all times. It is instrumental in checking up on possible leaks. He also helped in putting out a basis and surplus plan for the producers of special grade milk which is used to distribute to the local consumers.

These producers produce more than the local market will consume. According to the plan devised they are paid for their milk during the summer months on the basis of their proportionate share of the sale of the surplus milk based on their production during the six fall and winter months.

During the spring, summer and early fall Dr. Ward assisted in the negotiations between the Valley Association and the Maryland-Virginia Association regarding the Valley Association selling fluid milk on the Washington market. The Valley Association received an attractive offer from a newly established Washington distributor and was anxious to take advantage of it, not wishing to sell through the Maryland-Virginia Association which had insisted upon each individual member of the Valley Association joining the Washington association. After considerable negotiation, it was agreed that the Maryland-Virginia Association will assist the Valley Association in expanding its market for low cream ingredients in Washington and will advise with the Valley Association regarding changes in the regulations affecting milk products coming into Washington. Any member of the Valley Association wishing to sell on the Washington market will be accepted by the Maryland-Virginia Association while still retaining his membership in the Valley Association. We regard this last provision as of a temporary nature for unless the Maryland-Virginia Association will accept one contract from the Valley Association covering all milk the members may want to ship for fluid use in Washington. We fear that we will not be able to dissuade the Valley Association from going onto the Washington market independently when its members get ready to fix up their dairies to meet Washington requirements.

Union State
INDEX

The Valley Association asked us for suggestions for a program of field service of the year. We suggested monthly meetings in the various communities of the county sponsored by the Association to take up dairy production and cooperation. They approved the idea, but thought it best not to sponsor the meetings on account of the controversy about the association during the winter. The field service was cooperated with the county agent in making up the program for a series of four meetings in each of six communities.

The program calls for two teams of speakers to cover two meetings on each of three nights. The dairy department supplies two specialists to talk on dairy production. We prepare a talk and supply it together with an outline to County Agent Cox, one of them gives the talk or has the assistant county agent, Little, give the talk at one meeting while he speaks at the other. The program includes music or other entertainment. The G-H Clubs put on a skit for the August meetings. The September meetings dealt with diseases of cattle as were limited to dairymen. The October meetings came at the end of the month and Dr. Ward spoke on cooperative marketing of butyrs. The home demonstrations clubs provided either skits or a kitchen band as entertainment. The meetings were short with the talks limited to ten or fifteen minutes. With the entertainment feature we are getting women and children out as well as the men. Publicity is given through the newspapers in advance. Dr. Ward prepares a circular letter announcement which is mimeographed and sent to County Agent Cox to mail out. We feel we are

building a reputation for interesting meetings which will build up the attendance. When we have not run into competition with church affairs or other community activities, the attendance has been encouraging.

The original plan was to get local committees interested in sponsoring and conducting the meetings as part of the activities of community organizations. Dr. Ward went around with County Agent Cox to visit the local leaders and helped to interest them. However, Mr. Cox has been used to doing most of the work himself and now took most of it out of the hands of the local people. We wish that more responsibility would be given to the local people.

Shenandoah Cooperative Milk Producers Association

In the early spring of 1931 Mr. Talbot, who was making the Farm Survey of cooperatives in Virginia informed us that the Shenandoah Association had accumulated a big accounting deficit because it had failed to charge up sufficient depreciation. He established contacts and went into the situation with the officers. It took considerable argument to convince them that they should increase their charge for depreciation and that it was not safe to count on the deductions from non-member's milk checks (which were being held for them as certificates of indebtedness if they would join) not being claimed and leaving a fund in the treasury. As soon as milk product prices improve they will probably increase their charges for depreciation to cover the reduction in value of their machinery.

Later in the spring they called upon us to advise with them regarding their financial problems. Due to the low prices of their products the US Subsidies had not been sufficient to meet the amounts due the producers to repay earlier certificates and interest. We advised that they give the members new certificates payable at the discretion of the Board of Directors instead of at any definite date so as to avoid such a predicament in the future. This would eliminate the necessity of paying cash at the time the certificates come due in June. In order to satisfy the members they borrowed from the bank to meet the payments due January 1st and issued the new type of certificates for the debentures for the year ending June 1, 1961.

This organization does not yet appreciate the importance of quality and refuses to adopt a grading system similar to that upon which the Valley Association has built its success. They greatly over-wart their manager and under pay him.

During Green Cooperative Campaign

The manager, W. McNeil, has called upon us to assist in increasing the volume of green for the campaign in order to reduce the per unit cost and enable the organization to pay the producers better prices. In order to do this a continued program of education among the farmers of the adjacent counties to increase their production of green will be necessary. This is chiefly a farm management question. If it can be shown that it will pay farmers to produce more green on their farms, it is possible that the volume may be increased.

Onion Skin

Fidelity

The Extension Program

The Extension Project in Norfolk for the year was primarily devoted to assisting in the organization of new associations and increasing the efficiency of the operations of existing associations.

During the year we assisted with the organization of the Richmond Cooperative Milk Producers' Association, the Augusta Cooperative Milk Producers' Association and the Newell County Cooperative Milk Producers' Association.

To help the existing associations increase their operating efficiency we advised with the board of directors of the various associations on business policies and tactics in handling operations. Advice was also given on price policies, but was not accepted by the Norfolk Association because it involved a reduction.

Continuous effort has been made to impress the associations with the necessity of education of the membership. The Valley Association does some educational work through the field service men, but he spends most of his time managing the plant operations. A monthly letter is sent out with the checks, but most of this material deals with market conditions. The Richmond Association sends out occasional circular letters explaining matters to the membership and also holds local meetings. None of the associations carry on any real education in the principles of cooperation. We must put more emphasis upon this to build up the loyalty of the members to their organization.

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Marketing Plan

The Situation

In September, 1950, there was only one agency that we knew of in the state which was buying eggs on a graded basis, the City Produce Company in Harrisonburg. They were using their own grade standards and made only two or three broad grades.

Most of the eggs produced by farm flocks are sold to country stores or other agencies on a nest run basis. This gives no encouragement to the production of quality products. A few farmers sell direct to consumers in nearby towns or cities at the established market price for nest run eggs. Most of the commercial poultrymen have a special local market that pays something of a premium over farm eggs, or ship direct to a buyer in the northern markets. In some sections hatcheries are an important outlet.

The Producers Cooperative Exchange is the only cooperative in the state shipping eggs. They make only two grades to the producers, luxury eggs and mixed farm eggs. The Rockbridge Farmers' Exchange handles eggs for its patrons but supplies mostly local customers and very rarely ships. There is no real effort being made in a cooperative way to improve the quality of our eggs and develop a reputation for Virginia eggs on the markets to which they are shipped so that a premium might be obtained for a quality product.

Activities in Meeting the Situation

In the fall of 1950 the State Division of Markets began offering Federal-State grading and inspection service on eggs. The first grading station started was in Kilmarnock, in connection with the Farmers Feed Service. At the end of November, 1951, there were seven stations in operation and more applications were on file than could be met with the existing force.

The agency which wishes to use the grading service makes a contract with the Division of Markets agreeing to follow the instructions of the Division regarding the handling of the eggs. The Division pays the licensed grader and the station operator results to the Division 1¢ per dozen for the grading service. If the amount of the 1¢ charge does not equal the grader's salary, the station operator is required to remit the balance to the Division and, if necessary, is allowed to use the grader in his other business when not busy with grading eggs.

The station has to provide the space and dark room for grading eggs together with the simple equipment required. The eggs are received from the farmer and a receipt issued. A record is kept of the grading of the eggs. After they have been shipped and returns have been received from the market, the station operator makes out the statement for the farmer and remits to him the price received, less the agreed deductions to cover expenses.

A local committee of farmers is organized to agree upon the deductions with the station operator. The county agent and a man from the Division of Markets are ex-officio members of this committee. The deductions have generally been:

1. Grading	1¢
2. Cart and packing	1¢
3. Overhead expenses	2¢
4. Transportation	<u>10¢</u>
Total Deductions	14¢

The transportation charge will, of course, vary with the distance from market and as the volume increases the overhead charge per dozen will be reduced. In some instances where the local price has been as high as the central market price

During the fall, the station operators have paid the farmers the full market price received and have not made any deductions at all, in order to maintain the interest in the grading station.

We have had very little to do with the establishment of these grading stations or with their operation. The Division of Markets has handled it almost entirely and has not called upon us to help even with educational work. Dr. Ward did speak at the Poultry Institute at Hillsbrook in January, 1931, but that was primarily an extension project of County Agent Cass. At that time he also showed our film strip of marketing eggs. From that we can learn very little has been done in the way of surveying the territory or carrying on educational work prior to the establishment of these grading stations. The feed dealers have been more interested than the producers and have rushed ahead with the proposition. Consequently, they had a slow time in developing interest and support for the stations. They are primarily a dealer proposition with local farmers feeling vitally no responsibility for the life of the station.

The biggest difficulty has been to secure outlets in Washington, Baltimore and New York which would pay a sufficient premium to enable the stations to pay a higher weighted average price to producers than the local and local buyers. These outlets have been limited and have restricted the development of these stations that have been established. The Division of Markets has not been able to give much assistance in establishing these connections, other than getting the names of possible buyers. They have had a few inquiries and have

helped in every way they could. Mr. Loucks did make one trip to New York and during the fall of 1931 Mr. Rogers accompanied Mr. Oliver of the VMS Richmond Service store to New York as a delegation from the grading stations. Satisfactory connections were established for period of short production, but when production increased there was less interest in Virginia eggs and the prices received were not satisfactory. The OLV has an agency in New York and the Farm Board Cooperative, Dairy and Poultry Cooperatives has an agency in New York. One of these might well serve for our agency.

In the spring of 1932 the Eastern Shore Poultry Association became very much interested in the cooperative marketing of eggs. They called upon us to assist with their program. At first it appeared that a shore-wide association with a Federal-State grading station at the north end would be most economical. Trucks were interested in picking the eggs up at depots all along the main highway and charging the farmer a through rate to market. The eggs would be left at the grading station on one trip and graded eggs taken into market. Feed orders would also be pooled.

It developed, however, that the jealousy between Northampton County and Accomac County is such that they are unwilling to work together on such a program. A plan was worked out whereby one station would be operated by Mr. Wilcox in connection with his feed store at Newcomer in Northampton County and a second station would be operated in Accomac County by Mr. Blount in connection with his feed business at Hursey. The Eastern Shore Poultry Association would have agreements with both station operators and market the eggs from both. It developed that the poultrymen in the northern part of Accomac County, who should form the backbone of such a movement prefer to sell to marketers who will buy on the grades of the poultrymen. They continue this even though they lost \$600 because a marketer failed to pay up last spring. The movement in Accomac County is, therefore,

is supposed until these can get ready to compete. Northampton plans to go ahead with its grading station under agreement between the County Poultry Department Association and Mr. Williams.

Dr. Ward served in an advisory capacity at the meetings working out these plans and discussed cooperative marketing at the meetings. There is great need for further educational work in cooperation and cooperative marketing on the Eastern Shore and elsewhere in the poultry sections. To help in stimulating interest in selling eggs on grade, Dr. Ward published a poster that has been used very successfully in Iowa. The Extension Service in Iowa very kindly let us use their cuts and ideas.

Marketing Poultry

The Situation

The only cooperative associations handling poultry, to our knowledge, are the Beachside Poultry Exchange and the Producers Cooperative Exchange. The former handles local trade only. The Producers Exchange does ship to northern markets at times. It pays only a flat price at time of delivery and does not make any deferred payments that we know of. Practically all of the farm poultry is sold to local stores, produce dealers or butchers. Some specialized poultrymen ship direct to dealers on the Northern markets.

In various sections of Beachside Virginia where the local markets for poultry have not been satisfactory, the Division of Markets, through Mr. Keithly, has in times past arranged for poultry sales. The Division secured bids on cars of poultry and accepted the highest bid. The county agents arranged the local publicity and the farmers brought their poultry into the shipping point the day the car was scheduled. The buyer paid cash and usually well above the local market. Opposition

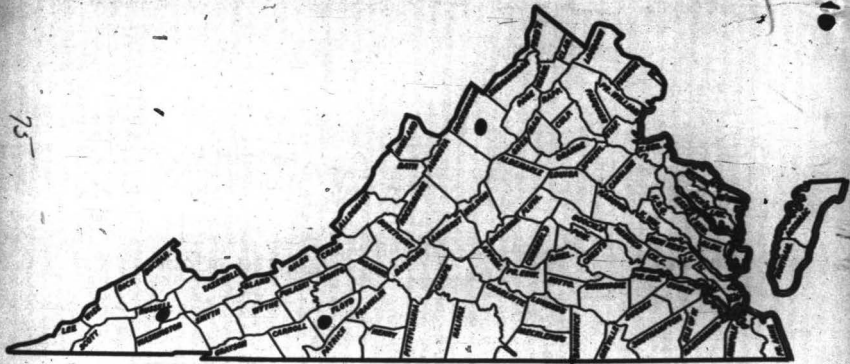
developed to this activity on the part of the Division and it was discontinued in 1930.

Activities to Meet the Situation

In the Fall of 1929 we cooperated with Mr. Kibbly and the Poultry Department in drawing up plans for a Southside Poultry Marketing Committee. Local committees were to be elected by the farmers and the chairman of the local committees were to form the Southside marketing committee to get and accept bids. The local committees were to attend to local arrangements and publicity with the aid of the County Agent. Nothing ever developed out of this, possibly because Mr. Kibbly was transferred to the Farm Board and Dr. Ward was busy with other things and did not push it. Interest seems to have revived somewhat in Pittsylvania County after Thanksgiving, 1931.

In the spring of 1931 the Petersburg, or Southside Cooperative Exchange called upon us to help in working out a plan for marketing broilers cooperatively. Dr. Ward helped draw up a plan and contract. Under this plan the producer agrees to operate two brooders of about 500-600 chick capacity according to the instructions of the Exchange. The Exchange secures orders in advance for broilers. It expedites these orders among the growers in turn, filling the man's first brooder and then the next man's and coming back to the first man to fill his second brooder after all the other man's first brooder is filled. The man raises the broilers according to the instructions of the Exchange and market them through the Exchange when the Exchange instructs them to deliver. In this way the Exchange has control over the adjustment of the volume and quality of the production to the demand. Work of signing up the farmers has been proceeding

LOCATION OF TURKEY FOOLS ARRESTED



study, educating men regarding the proposition and getting the better producers signed up first to make a success of the venture before expanding very much. Operations will probably begin this spring.

Marketing Turkeys

The Situation

Turkey growing is an important farm enterprise in many sections of the state. In the Northern part of the state many of the birds are sold by the farmers through the Washington curb market or to dealers in Washington. Around Richmond and Norfolk the local trade is the primary outlet. In the Shenandoah Valley some birds move into Washington, but the produce companies ship a large number to Philadelphia and New York, both live and dressed. Breeder raising of turkeys has made most progress in Rockingham County and area around Calverton and Orange. In Southwest Virginia most of the turkeys are raised on Free Range. Local buyers usually buy them on the hoof and dress them for shipment. In some places the turkeys move to dressing plants in Bristol. Many farmers in Montgomery County dress their own birds and ship to dealers in Philadelphia and New York. They get better returns than by selling alive to local buyers, who often take advantage of the farmer's lack of knowledge concerning market values.

Meeting the Situation

In the fall of 1920 a group of farmers, stimulated by Mr. Paul Shinsbert, developed considerable interest in cooperative marketing of turkeys and wanted help in incorporating an association to market all kinds of farm products. He

ascertained that the Washington Farm Bureau was not in a position to handle these marketing activities and were agreeable to having this group to proceed with the idea that later the two organizations might be consolidated if the new venture was successful. We urged the farmers to send a survey to determine whether there was sufficient interest to make such a venture feasible. They secured enough members to subscribe the \$5 membership fee to get enough money to incorporate and practically insisted that we help them with their charter, even though they had not completed the survey. They held meetings before Christmas and with the help of Mr. Willardson of the Federal Poultry Board and Mr. Ford of this department, organized a turkey pool to sell the birds alive. They secured a number of bids on the 500 birds pledged to the pool. The City Poultry Company of Harrisburg put in the highest bid, about 2¢ over the local market. The pool officials delivered only about 200 turkeys to the produce company. The balance they killed, dressed, and trimmed to Washington to sell on the curb market. The market was over-supplied and they called upon the U. S. Department of Agriculture to help find a market. The department helped them and with the improvement in the demand at the last minute, they sold out at a high price. The producers were pretty well satisfied, but the pool made a bad reputation with the local produce houses because it did not deliver the turkeys it had agreed to and took orders which have not yet been returned.

In the fall of 1931 we again assisted with a turkey pool in Washington County for Thanksgiving. The Farm Bureau cooperated and the Leary Spring group dropped into the background. Through the community meetings on

77

cooperation and dairying in the end of October and newspaper publicity, we assisted in developing interest. At a meeting at Harrisonburg on November 4th, at which Dr. Hart spoke, a committee was appointed to handle the selling of the turkeys, with Mr. Smith of the Farm Bureau as secretary and manager. They wanted about 5000 birds in the pool. No local buyers would bid and the bids from outside were below the local market price. The pool was therefore forced to relinquish the birds to the individual farmers to sell as best they could.

In the summer of 1924 the Palmetto Cooperative Exchange asked us to help work up a turkey pool in their territory. After conferring with the poultry department and the Division of Markets, Dr. Hart drew up plans for a Southeast Virginia Cooperative Turkey Pool, to function as a federation of county pools. The county pools, according to the plan, were to operate dressing stations and dress the birds of the members. The birds were to be graded and sold on the basis of Federal-State grades and the producers were to be paid on the basis of this grading. The demand for Federal-State graded turkeys is increasing and premiums can be secured for fancy birds which cannot be obtained when the birds are sold alive. Furthermore, a reputation can be developed for graded Virginia turkeys which cannot be developed with live birds.

A circular letter was sent out during the summer explaining the proposition and suggesting that local groups get started with the organization work. (See appendix for copy of letter.) A short explanatory article was also published in Extension Division News. No response was received and a second letter

(see appendix) was sent out in September. It was not until late October that inquiries came in. Suggestions for organizing generally and county units of the turkey pool, how to organize and operate the dressing stations, and how the Southwest Virginia Turkey Pool would operate were prepared and distributed. Interest sufficient to warrant holding meetings developed only in Casperson, Russell and Floyd Counties. Pools were operated only in Floyd and Russell counties, and these handled live birds instead of dressed birds because the local people did not want to bother with the dressing station and expended their money upon delivery of the turkeys. The live pools were instrumental in raising local prices from 12 to 14¢ to 18-20¢ pound so that the people were well satisfied. Considerable attention was given to be carried on to interest these people in the advantages of selling their birds dressed and graded according to Federal State standards. This should be done during the present winter in order to get the organization to functioning in time for Thanksgiving of 1932.

1237

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA

GENERAL AGRICULTURAL AND MECHANICAL
COLLEGE AND POLYTECHNIC INSTITUTE
AND UNITED STATES DEPARTMENT OF
AGRICULTURE, WASHINGTON

EXTENSION SERVICE

Blacksburg, Va.
Sept. 22, 1931.

TO THOSE INTERESTED IN MARKETING TURKEYS:

Last summer I wrote you that there is interest in some of the southwestern counties of the state in the organization of a turkey pool to market turkeys for Thanksgiving and Christmas this year. The program as tentatively outlined calls for meetings of the turkey growers in each of the counties that are interested in the project. These meetings will elect a county committee of three or five members. The chairmen of the county committees will be the board of directors of the Southwest Virginia Turkey Pool, if there is sufficient interest to make such an organization feasible.

The turkey pool could operate dressing stations at points located conveniently for the farmers who deliver their turkeys. Skilled men can be employed to do the all important work of killing and plucking the birds. The turkeys can be graded by Federal-State graders and the farmers paid according to the grades which they deliver so that those who take better care of their birds will receive a reward. It will probably be feasible to sell the turkeys f.o.b. the grading station and pay the farmers as soon as the birds are sold.

In order for the pool to operate economically and make contracts for the sale of the birds, the directors must know in advance how many birds the pool will have to handle. The growers will probably be asked to sign contracts to deliver their turkeys to the pool but each farmer will probably be allowed to decide the proportion of his birds which he will market at Thanksgiving and at Christmas on the basis of information supplied by the pool. The contracts will state the maximum amount which the pool will be allowed to deduct from the sales price in order to cover its expenses.

Last Christmas there was an actual shortage of certified Federal-State graded dressed turkeys in some of the large city markets. The demand for graded turkeys is increasing and better returns can be anticipated than by selling alive. If you are interested in the proposed Southwest Virginia Turkey Pool, get in touch with your county agent and arrange the meeting in your county. Please also notify the Extension Division at Blacksburg so that we can get the representatives of the different counties together and organize the pool in time to handle turkeys for Thanksgiving.

Yours for a turkey pool.

Gordon H. Ward

Gordon H. Ward
Ext. Assoc. Agr. Economist.

GHW/S

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA
EXTENSION SERVICE

Sta. Agr. & Mech.
Col. & Poly. Inst.
& U. S. B. A.,
Wooperting.

Blacksburg, Va.
July 16, 1933.

Dear Friends:

The Pulaski Cooperative Exchange is interested in the operation of a Turkey Pool in its territory to handle the marketing of turkeys for Thanksgiving and Christmas. Mr. Loucks of the Division of Markets, suggests that a turkey pool will be of much greater benefit to the participants if it includes the great majority of the turkey growers throughout Southwest Virginia. A pool of this size would be able to operate two or three killing and dressing plants from which it would be able to sell Federal-State graded dressed turkeys for which the demand is expanding. Last Christmas there was an actual shortage of these certified Federal-State graded dressed turkeys in some of the large city markets.

If a Southwest Virginia Turkey Pool is to function next fall, it is none too early to commence the foundation work. The first step is to find out whether the turkey growers are interested in a turkey pool. Are the farmers in your territory interested in a better market for their turkeys? What do the members of your community agricultural committees think of the proposition?

Here is a suggested plan of operation. The farmers interested in the pool should form a county committee. The chairman of these county committees would form the board of directors of the Southwest Virginia Cooperative Turkey Pool. This board of directors would handle the marketing of the turkeys. Arrangements for two or three dressing stations should be made at points located conveniently for farmers to deliver their turkeys. The State Division of Markets will assist in securing skilled men to do the all-important work of killing and plucking the birds. The Division will also provide Federal-State graders to grade the dressed turkeys and certify the quality to the buyers. Growers will be paid according to the grade of the turkeys they deliver so that those who take better care of their birds will receive a reward. It will probably be feasible to sell the turkeys f.o.b. the dressing stations and pay the farmers as soon as their birds are dressed and graded.

In order to operate the plants economically and make contracts for the sale of the birds, the pool will need to know how many birds it will have to handle. The growers should be requested to sign contracts to deliver their turkeys to the pool, but each grower should be allowed to decide the proportion of his birds which he will market at Thanksgiving and at Christmas on the basis of information supplied by the pool. These contracts should run for at least three years but the growers should be allowed to withdraw during a stated period each year. The contracts should state the maximum amount which the pool would be allowed to deduct to cover its expenses.

Yours for cooperation,
Gordon H. Ward.
Gordon H. Ward
Ext. Assoc. Agr. Economist

SUGGESTED PROCEDURE IN ORGANIZING COMMUNITY AND COUNTY
UNITS OF THE SOUTHWEST VIRGINIA COOPERATIVE TURKEY POOL

1. Call a meeting of the leading turkey growers, explain the proposition to them, and elect an organizing committee with a chairman. Where there is a cooperative exchange or a cooperative livestock association or wool pool, it may be better to build the organization of the turkey pool around the existing cooperative.

The officers and manager of the cooperative can serve as a nucleus with important turkey growers added to the committee.

Please send the names and addresses of the members of the committee and of the chairman to G. E. Ward, V. P. I., Blacksburg, who will notify you as to the names of the chairman of the other county committees and arrange a meeting of the chairman for the first week of November to organize the Board of Directors of the Southwest Virginia Cooperative Turkey Pool.

2. Put out as much newspaper and other types of publicity as possible regarding the pool. Mention the outstanding success of the Northwest Cooperative Turkey Pool serving the farmers in Wyoming, Utah, Idaho and Montana; also the turkey pools operated yearly by the Land O'Lakes for the farmers who are members of the local creameries which are federated into the Land O'Lakes organization. The basis of the success of these pools has been the selling on a graded basis. The Southwest Virginia Pool will sell on the basis of Federal-State grading and will pay the farmers accordingly. Experience indicates that the farmers will secure a larger proportion of top grade turkeys if the killing and dressing is done by experienced experts at a central station. A killing station can be operated wherever there are 200 or more birds to be killed in a given territory. The cost per bird will be less as the number of birds killed in a plant increases. If 2,000 turkeys can be shipped from a given point in a refrigerator car, the transportation cost will be about half the express cost. The movement is under way in Grayson, Pulaski and Russell counties and will probably extend into Montgomery, Smyth and Washington.

3. Arrange local meetings at convenient points to discuss the proposition with farmer's having turkeys to sell this fall.

4. At these meetings explain the plan of operating the pool and how it can benefit the local farmers. The producers will secure the central market price for dressed turkeys, less the actual operating expenses of the pool. Have the organization committee take charge of these meetings. Point out that the turkeys will be of better quality and bring better prices if the farmers will start immediately to feed a mixture of old corn and wheat, about half and half, giving the turkeys all they will eat morning and night. If only new corn is available, feed very little of it at the start and gradually increase the amount. At the end of a week the turkeys should be receiving all the corn they will eat morning and night. With the present prices of corn, this is a very good way to market the crop. The pool will accept turkeys dressed by individual farmers but it should be pointed out that unless the farmer is experienced in killing and dressing that he will secure better results by having the pool do this for him.

5. Ask for a show of hands to see how many people are interested in the pool plan.

6. Ask each person how many turkeys they have to market this fall and the approximate number they wish to sell at Thanksgiving and at Christmas. List their names, addresses and number of turkeys on a sheet of paper, or circulate paper through the audience and have them make the entries. Add up the number of turkeys that the pool might handle and the approximate number to be marketed at Thanksgiving and at Christmas.

7. Announce the total number of birds listed and the number ready for market at Thanksgiving and at Christmas.

8. Tell the people that if a minimum of 2,000 birds can be handled by the pool at Thanksgiving and another 2,000 at Christmas, a saving of between a cent and a cent and a half per pound can be secured by shipping in car-lots. State that we have represented at this meeting and ask whether we shall proceed. Call for a show of hands in response to this question.

9. If they want to go ahead, call out the names of the people listed and ask each one if he will put his birds in the pool. Check the names of those entering the pool. Inform the people that when they have entered their birds in the pool they will be expected to deliver them because the pool will be planning its operations on the basis of the number they have agreed to deliver.

10. Tally the number of birds entered in the pool and announce the number entered for Thanksgiving and for Christmas. Ask where more turkeys might be secured for the pool. Have the organization committee get the names of prospective pool members in each section of the territory and make arrangements to visit these people. Check up on the members of the committee in a few days to see that they get busy. Be sure that members of the committee keep the secretary of the pool informed of the number of birds signed up, particularly the number entered for Thanksgiving, so that arrangements can be made for the sale of this number of birds.

11. The responsibility for making definite arrangements for the operation of the dressing station should be definitely placed on certain people. If a cooperative association is backing the pool plan, the manager of the cooperative or one of his assistants may be induced to assume the responsibility of the management of the pool operation. If not, the organization committee should appoint a sub-committee to arrange the matter, or it would be preferable for them to employ someone to act as manager, as there will be plenty of work to do.

If the farmers can conveniently bring all of the birds in the territory to one place as a shipping point, this is a better arrangement, as it will then be possible to load the dressed turkeys directly into the cars. If this arrangement is not feasible, definite arrangements should be made for the operation of killing stations at convenient points throughout the territory where 200 or more birds can be assembled. If several stations are to be operated, a definite schedule must be drawn up so that the expert killer can spend a day or part of a day at each point. Arrangements must be made to have 20 to 40 boys, girls and women to do the pinning of the birds after the expert has killed and roughed them.

The killing station should provide space so that at least 20 turkeys can be hung up at one time and the pickers will have room to work on all sides of the birds. An expert killer can keep between 20 and 40 pickers busy, so space should be provided for the number that he can handle. The

more light the better, as it will enable the people to do better work. If necessary, the work can be done out of doors where two-by-fours can be set on posts 7 to 8 feet off the ground so that the turkeys will hang with their wings about on a level with the killer's elbows. Additional space is needed in which to hang up the birds to cool, and they must not touch any object, nor touch each other while cooling, if they are to be as attractive as they should be. If the weather is cool, an ordinary shed will be sufficient, otherwise arrangements must be made to cool them in cold water or ice water, or put them in a cold storage room.

Arrangements must also be made to get the simple equipment and supplies required for the operation of the station. If the farmers are unwilling to wait for their money until the proceeds can be secured from the buyers and distributed, it will be advisable to see the local bankers and if possible arrange for advance payments. A schedule for the operation of the dressing station must be worked out. Shipments must be made not later than the 21st. From the 18th to the 20th are better dates for the closing of the shipments. Dressing operations should be finished a day before shipments are made to provide time for the Federal-State grading and proper packing of the birds.

Prepared by Gordon H. Ward
V. P. I., Extension Division
Hacksburg, Virginia.

RECOMMENDATIONS FOR OPERATING A TURKEY DRESSING PLANT BY A LOCAL COOPERATIVE
TURKEY POOL

The organization committee, or managing committee, of the local turkey pool should appoint a paid manager to handle the business of the pool and manage the dressing plant. Wherever there is a cooperative association existing in the territory it will probably be advisable to have the management of that association attend to the management of the turkey pool. The following matters need careful consideration in the successful operation of the turkey dressing plant.

1. Engage a competent, experienced man to do the killing and rough plucking of the birds. This is most important because it helps to determine the grade into which the dressed turkeys will fall. The attractive appearance of turkeys, properly bled and dressed without tearing the skin in removing the feathers, brings more than enough to pay the additional cost of an expert. An experienced turkey killer can be engaged at Pulaski to work on the basis of ten cents per bird where less than 200 turkeys are to be killed and dressed, and 8 cents per bird when more than 200 are to be handled. In addition, he must be paid travelling and living expenses when operating away from Pulaski. The Extension Division, V. P. I. is trying to secure the names of other competent turkey killers. Experts may be available in the local community at less expense, but it is important to make sure of a man's ability before engaging him.




2. A competent killer of turkeys will work fast enough to keep from 20 to 40 people busy taking the pin feathers off the birds that he has killed and rough plucked. This pinning can be done by local boys, girls and women and a sufficient number should be engaged to handle the operations efficiently. The cost of pinning seems to generally run between 3 cents and 5 cents per bird. In view of the larger number of pin feathers on the birds at Thanksgiving, it would seem fair to pay 5 cents per bird for pinning at Thanksgiving and 3 cents per bird at Christmas.

3. A place must be secured in which to do the killing and dressing. The place must be large enough for the crew of 20 to 40 pinners and the expert killer to work without getting in each other's way. The more light in the place the better.

A place must also be secured to hang the birds to cool if the weather is cold enough so that the birds will be thoroughly chilled overnight. Racks or nails driven in overhead beams must be so arranged that the turkeys when hung will not touch each other or any object. If the weather is warm, arrangements must be made to cool the birds in cold storage or by the use of cold spring water or ice water, after which the birds should be thoroughly dried.

4. The method of conducting the killing and dressing operations must be planned carefully in advance in order that the operations may proceed without a hitch.

a. Arrangements must be made to receive the birds. The farmers should be instructed to give the birds no feed the night before they are delivered to the plant. Some of the farmers who wish to deliver the first thing in the morning should be asked to coop their birds up early the previous day and keep them without feed, but provide plenty of water. The bird's esophagus must be entirely empty or the meat will spoil before it can be delivered to the consumer.

- 2 -
- b. Provision should be made for keeping the turkeys in the shade from the time they are delivered at the dressing plant until they can be killed. The crates should be placed at a place convenient for the killer to remove the birds for killing operations. The manager should arrange to give farmers leg bands and have the farmers put a leg band on each turkey he delivers. The manager should keep a record of the numbers on the leg bands of each farmer's turkeys as a means of keeping track of the number of turkeys each farmer delivers that are placed in each grade by the Federal-State graders, so that the farmers can be paid on the basis of these grades. These bands can be secured in quantities of a 1,000 or more for approximately \$5.00 per thousand.
 - c. Provision should be made for holding the turkeys by their feet so that their wings are opposite the elbows of the person who does the killing. Short pieces of heavy cord with a loop or ring in the end can be used for holding the turkey's feet. Metal shackles into which the turkeys' feet slip and hold the feet about a foot apart allow for more rapid and convenient plucking of the feathers. These shackles can also be purchased, or can be made locally, by cutting wire barrel hoops into two pieces and bending the ends in this shape: . These shackles can also be made out of 3/16th inch iron rods. Between 20 and 40 should be provided in order that the dressing operations may proceed as fast as the expert killer can kill the birds.
 - d. The expert who does the killing will supply his own tools for killing the birds.
 - e. Weighted blood cups should be provided to the same number as the shackles so that a cup can be hooked into the lower jaw of each turkey to hold the head during the bleeding and dressing process. These weighted cups hold the turkey's head down, and thus provide for the proper bleeding of the bird. These cups can be purchased, or can be made by taking a large sized tin can and a piece of wire bent in the following shape: ; fastening the wire into the tin can by filling the can half full of cement so that the finished product looks like this: 
 - f. The feathers will be dropped onto the floor as they are pulled from the turkeys, but some sort of receptacle should be provided into which the feathers can be put when they get too deep on the floor. If it is desired to make up the large tail feathers and wing feathers into turkey dispatches a few boxes or bags should be placed conveniently for the killer to drop these feathers into.
 - g. Enough pinners should be engaged so that there will be one pinner for each shackle. The pinner will thus be ready to start on the turkey just as soon as the killer has gotten the big feathers off the bird.

- h. The killer should inspect each bird as the pinner finished it, and approve the job before the turkey is removed from the killing room and hung up to cool. Each pinner should have a card attached to him or her by a string, and the person who does the killing and inspecting will punch this card as each turkey is approved. The killer should be provided with a punch to do this with and the punch should make a hole other than the common round hole in order to avoid trouble in the form of cheating. The management should provide loops of strong cord to go around the turkey's leg with which to hang the turkey while cooling.
- i. The birds should be hung up to cool where they will not touch each other. It is important that the turkeys be thoroughly cooled not later than the morning following the day on which they are killed. Ordinarily the nights in Southeast Virginia in late November and December will be cold enough to do this. If the weather should be warm, it will be necessary to arrange to put the turkeys in a cold storage room over night, or to cool them in tanks of cold spring water or ice water. If the birds are cooled in water they should be allowed to dry thoroughly before they are packed and shipped.
- j. The morning after the turkeys are killed someone should be engaged to wash out the turkeys head and mouth to get all the blood out; otherwise the blood will spoil and produce an objectionable odor that will interfere with the sale of the bird. The same person should be sure that the turkeys' feet are washed clean and that the vent is also clean. This work can usually be done for 1 cent per bird.
- k. Each turkey's head should be wrapped with paper. These wraps can be purchased in quantity through the Southwest Pool. The wrapping needs to be done so that the wrap will stay on the bird and have a neat appearance. If possible, an experienced person should be engaged to do this. The cost of the paper and labor should not be over 2 cents per bird.
1. Space should be provided and tables or large boxes provided for the use of the Federal-State graders when they are grading the turkeys.
- m. Boxes or barrels should be secured in which to pack the dressed birds after they have been officially graded. Sugar barrels can probably be secured for about 25 cents apiece, and will hold from 20 to 25 turkeys. The cost of the receptacle and the labor of packing should not exceed 2 cents per bird.

4 -

8. If there are farmers who wish to deliver dressed turkeys to the pool, arrangements should be made for them to make delivery at the time the Federal-grade grades are grading the turkeys killed in the plant. This one farmer has had considerable experience in dressing turkeys; they should be discouraged from doing it themselves and encouraged to deliver their birds alive to the pool.

9. The manager or secretary must make a record of the numbers on the tag bands of the turkeys and their weights placed in the various grades by the Federal-State graders. This is very important, as it provides the means whereby each farmer can be paid according to the grades of the turkeys which he delivers.

7. Shipping arrangements should be made in plenty of time. If 2000 or more birds are going to be shipped from one point, a refrigerator freight car should be ordered sufficiently long in advance to have it ready to load at the desired time. Refrigerator freight to New York will cost in the neighborhood of 2-1/2 cents per pound. Shippers will cost about 2-1/2 cents a pound, and a car can be engaged when at least 12,000 pounds of turkeys are to be shipped at one time.

If the dressing plants are located at a distance from the railroad shipping point, arrangements must be made in advance for trucking the dressed turkeys to the shipping point.

6. Instructions as to the buyer to whom the turkeys will be shipped will be received from the officers of the Southwest Virginia Cooperative Turkey Pool.

5. If possible, the farmers should be induced to wait for the payment for their turkeys until the money can be received from the purchaser, the expense of operating the pool covered, and the account due each farmer cleared and the checks mailed. If the farmers are unwilling to wait, arrangements should be made, if possible, to advance about 50% of the market value for dressed turkeys. It may be possible to induce a local bank to make these advances if the bank is given title to the turkeys with an arrangement that the pool will sell the turkeys for the account of the bank under a deed of trust. As a last resort the officers of the pool may be willing to sign notes with the bank.

10. When all the turkeys have been sold and the expenses for operating the pool at Thanksgiving have been paid, the expenses of the fall should be computed. The same procedure should be followed at Christmas. The expenses should be pro-rated over the various grades and the checks made out to the farmers on the basis of a price for each grade; the differential between the various grades being determined by the sales price.

The expenses of the dressing operations are estimated as follows:

1. Receiving and banding the turkeys	0	1¢
2. Killing and roughing	0	8-10¢
3. Pinning	0	5¢
4. Washing heads and feet	0	1¢
5. Wrapping heads and packing	0	<u>3¢</u>
Total expense dressing and wrapping	0	18-20¢

Assuming the turkey's average only 10 pounds, this is equivalent to 2 cents a pound.

The estimated total expenses of operating the pool are estimated as follows:

1. Dressing and wrapping	2¢	-	2¢
2. Packing	1¢	-	1¢
3. Freight or Express	1½¢	-	2½¢
4. Selling expense of the Southwest Turkey Pool	1¢	-	1¢
5. Management and bookkeeping expense	1¢	-	1¢
6. Trucking to the railroad	1¢	-	<u>2¢</u>
Estimated total operating expenses	7¢		10¢

These estimates have been made on what is considered a liberal basis so as to try to over-state the probable expense rather than underestimate it. It is hoped that the actual expenses will be nearer 7 cents than 10 cents.

It can be figured that turkeys will shrink between ten and twelve per cent in weight as a result of the killing and dressing operations. A 15-pound turkey will thus weigh between 13 and 13½ pounds dressed. This shrinkage of about a pound and three-quarters, figured at 15 cents a pound live weight, would be about 1½ cents per pound on the dressed weight. In order to make a favorable comparison with selling on a live basis the dressed turkeys must bring at least 1½¢ a pound above the live price, when all expenses are deducted from the dressed price.

On the basis of present market prices for dressed turkeys it appears as though the Thanksgiving market would average about 36 cents a pound for the best turkeys, and at least 30 cents a pound. The pool should be able to return the producers within 7 to 10 cents of this price. Figuring the loss of about a cent and a half a pound, due to shrinkage in dressing, farmers could figure upon the pool returns being 9 to 12 cents below the New York price for dressed turkeys, and compare this with the local price offered for live birds.

For further information, write to G. E. Ward, Extension Service, V. P. I., Blacksburg, Va.

COOPERATIVE PURCHASING

The Situation

The survey of cooperative associations made by the Federal Farm Board in the spring of 1934 showed 43 cooperative purchasing associations operating in the state. Twenty-three of these operate warehouses and the others sell from the car-door for cash. Even with the approximately 20,000 farmers doing some business through agencies of the Virginia Seed Service, it is not likely that there are more than 60,000 of the 170,000 farmers in Virginia purchasing even a part of their supplies cooperatively. There is here a great opportunity for educational work.

The Farm Board survey also revealed a need for improvement in business practices to increase business efficiency. Expenses ranged from 2.16 to over 10% for associations operating warehouses. The average was 4.25 of sales. If we could help the associations with expenses above average to come down to the present average it would be of real service to their members.

From personal contact with the associations, we know that they are not carrying on any real educational efforts to build up the loyalty of their members. They do not keep their members informed about the activities and policies of their organizations. They rely primarily on price appeal to hold their members and draw new patrons. The managers frequently complain that the members buy elsewhere when the merchants sell at lower prices than the cooperative membership. Education would overcome a large part of this difficulty.

Activities to meet the situation

Our activities in the field of cooperative purchasing included helping to establish new associations and improve the functioning of existing associations.

Organization of New Associations

At the request of the County Agent and the chairman of the County Youth Relief Committee, Dr. Ward helped draw up the plans for the operation of the Halifax Cooperative Fertilizer Purchasing Committee. The plan was also to the chairman of the community agricultural committee and a leading farmer from each community were called into a meeting on short notice. They approved the plan and arranged the publicity and the calling of community meetings to explain the proposal to the farmers. No man was able to attend any of the community meetings. The farmers placed orders for over 2,000 tons of fertilizer and 20,000 tons of ingredients. The committee employed a secretary for about six weeks to handle the business and things were handled satisfactorily at normal cost. The committee called for bids from the various fertilizer companies and secured bids at prices several dollars below the prevailing local prices. The successful bidder used his sub-wholesaler agents in the territory to handle the delivery and collection of the cash at delivery.

The farmers apparently were well pleased with the success of their efforts in cooperation and indications are that they will continue this work next year.

Assistance to established associations

The Fossil Farm Bureau asked Dr. Ward to speak at their annual meeting in January, 1931. He spoke upon the fundamental principles of cooperation and

used educational work to carry the message to the members. He suggested various types of educational material to the directors and managers, including posters and little inserts to be wrapped up with the patrons packages to carry the message of cooperation into the homes. The responsibility was left to the manager and his reaction was that price appeal was what counts and that educational material is a waste of money. Dr. Ward did succeed in getting him to subscribe to the magazine, "COOPERATION", the publication of the Cooperative League of the U. S. A. for each of the directors.

The manager of the Rockingham Farm Bureau responded more favorably to Dr. Ward's suggestions for education and was interested in using some of the inserts. He supplied them with samples, but to date has not heard of his ordering any from the Central States Cooperative League which prints them.

The Rockingham Farm Bureau and the Auguste Farm Bureau were organized under the 1922 Cooperative Law and in their charter and by-laws provided that the equity of the members should be equal. This worked all right when the membership was small and stable, but as members dropped out and new people joined, under this provision the new people had as much equity as the oldest member who had contributed to the capital funds for several years. We were therefore called upon to assist these organizations to come under the provisions of the 1930 Cooperative Marketing Act, and to revise their charters and by-laws to provide for the issuance of certificates of indebtedness to each member for his annual membership dues and to make the equity proportional to the certificates held by each member. The revision has been completed for the Auguste association, but

The Rockdale procedure is still in vogue. There are several associations which also need to amend their charters to come under the new law, and some are still operating under the ordinary corporation laws.

One of the fundamental principles of cooperation is that the members be supplied with their goods at cost plus operating expenses. This can be accomplished in two ways. The Rockdale principle, followed by most of the city consumers cooperatives, assumes sales at the current market prices and refunds the difference to the members in proportion to their patronage at the end of every six months or a year. Most of our Virginia purchasing associations, on the other hand, have had little more than enough to cover expenses to the cost of the goods and sold the farmers at just as low prices as possible. The result has been that the prices charged by competing agencies have come down to meet the cooperative prices wherever possible. The result is that many farmers cannot see the advantage of membership in the co-op because prices are not much lower than the merchants charge. Dr. Ward has urged the Farm Bureau and other cooperative purchasing organizations to adopt the Rockdale system because it shows concretely the savings achieved through cooperative effort and offers some advantage to the member of the cooperative. The Virginia Food Service is giving the proposal serious consideration, but the other associations have not yet shown much interest in the proposal.

The Virginia Food Service called upon Mr. Russell and Dr. Ward to work out a more democratic method of electing the directors. We suggested a plan

of electing the director by districts in which the volume of UMS business would be about the same. The chairman of the UMS Advisory Board for the potato agencies and the presidents of the local cooperatives would each have one vote in electing the director from their district. As the number of cooperatives increases, this will enable them to control the UMS and take it into a federation of local cooperative purchasing associations for wholesale purchasing. At present the UMS is favorable to the proposal and it will probably be adopted by the membership in time to apply for the next election in the summer of 1932.

The UMS has adopted the practice of holding local meetings of the patrons of each of its agencies to explain to them the principles upon which the UMS is based and its methods of operation. A local advisory board is elected to express the desires of the patrons regarding the services they receive and other matters of interest to them. At these meetings some entertainment and music is provided to liven up the program and refreshments are served at the close. The attendance is much larger than at our regular Extension meetings. They are building up a reputation for interesting meetings that will increase the attendance in future years. We could well follow their example, at least to the extent of urging local people to provide entertainment from home talent at their meetings to consider educational topics of interest to the farmer and the farm family.

In the winter of 1930-31 the Agricultural Conference Board called upon the Extension Division to make a survey of cooperative purchasing in the state and make recommendations. The survey was made by the Federal Farm Board. In

prepared some tests and recommendations which were presented at the meeting of the Conference Board at the meeting of the Institute of Rural Affairs. He presented data on the business operations of the purchasing associations, as revealed by the Farm Board Survey (see appendix) which indicated the need for increasing business efficiency. Dr. Ward suggested the advisability of organizing a cooperative league of the purchasing associations of the state to develop a system of uniform accounting and provide periodical auditing by accountants trained in cooperative business to present their audits at the meetings of the boards of directors and point out how efficiency could be improved. Dr. Ward also suggested that such a league could provide group insurance for banking employees and for fire coverage. Such a league could also be of great value in helping the associations with their educational work, publishing a monthly paper, and providing spaces for the local associations to publish material they wished to reach their members. The League could also issue papers, inserts, and help with local educational programs. The League could also assist the Farm Bureau Federation in the organization of new associations. The League would look toward the affiliation of all the local co-ops with the Virginia Seed Service, which would become a federated wholesale buying agency controlled by the co-ops through the election of directors.

There were very few comments because everyone seemed very much absorbed about the McCormick celebration. Mr. D. R. Shank suggested the co-ops in the Conference Board have the Conference Board perform the services Dr. Ward had

outlined and include marketing as well as purchasing associations. Mr. Holzinger wanted to know what would become of the functions of the Farm Bureau Federation. Mr. Kirby of the Producers Cooperative Exchange wanted to know why Dr. Ward suggested the VSB as the wholesale agency. Other pressing matters have prevented us following up this program. Inasmuch as Dr. Ward was appointed adviser to the Conference Board Committee on Organization, he will use this position to urge the development of some kind of an organization to federate the local associations in order to increase their business efficiency and carry on educational work to develop greater loyalty among the members.

Early in the summer we learned that a private food company, the Allied Mills had come into Shenandoah County and affiliated with the Shenandoah Farm Bureau. The Allied Mills had obtained a site on a railroad siding, put up a warehouse and rented it to the Farm Bureau and had secured a new manager for them, a former Allied Mills distributor. After all this was done, the food company told the Farm Bureau it was under no obligation to buy its foods. In addition, the Allied Mills went to Mr. Holzinger of the State Farm Bureau Federation and offered him assistance in organizing at Winchester and at Staunton. The food company went through the territory and interested farmers in their food, located the Farm Bureau, and tried to create a demand for a Farm Bureau. Mr. Holzinger accepted this type of assistance and organized at Staunton and Winchester where the VSB already had agencies. Mr. Holzinger did not know the VSB was already in the territory.

Such an alliance of local cooperative purchasing associations with a private food company was working away from the development of an integrated system of cooperative wholesale and retail purchasing. We found that the VSB was interested in cooperating more closely with the Farm Bureau and had long offered to assist in

attending the Farm Bureau. Apparently Mr. Haldinger did not accept this offer because he thought the VBS would in return require the Farm Bureau to handle VBS supplies exclusively. A Conference was arranged between Mr. Hyer and Mr. Haldinger during the District of Rural Affairs and an attempt was made to bring them together, but without much success. Their controversy involved the relations of the important co-operatives and farm organizations, so a conference was arranged in Richmond the middle of September. At this meeting the whole situation was aired and the Farm Bureau agreed with the Change to concentrate on retail co-operative purchasing and leave the Change to social and educational work. Another conference was arranged in Charlottesville. This lasted for over twelve hours. At one time we thought an agreement had been reached, but Mr. Haldinger backed out then he came to see that close affiliation with the VBS would mean repudiation of the Allied Mills assistance. He did agree to work with the VBS in developing a Farm Bureau at Leesburg. The VBS pledged full support and asked Mr. Haldinger to let them know when he was ready to start work. The next thing I heard Mr. Haldinger and the Allied Mills men were conferring with the Farm Bureau people at Leesburg. Fortunately the local people were not interested, as the territory is still open. Progress has taken place toward consolidating the Farm Bureau and VBS agency at Staunton. This may be completed before spring. Winchester and Shenandoah will take longer to work out. Continued efforts will be made to bring the VBS and Farm Bureau together in the interest of a more effective system of co-operative purchasing.

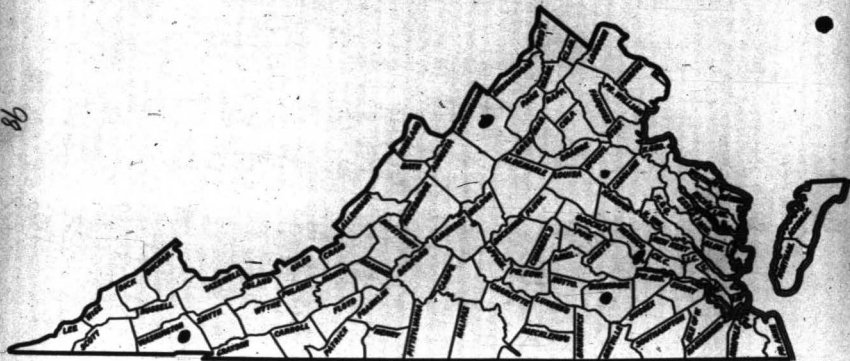
Maintaining Farm Profits and Local Profits

The Situation

In these times of stress and curtailed farm income, the women of our farms

LOCATION OF FARM GARDENS AND HOME PRODUCTS MARKETING

ORGANIZATIONS ASSISTED



are showing increasing interest in marketing garden and home products in the towns and cities. They are finding in several places that sales of boxed goods, canned fruits and vegetables, garden products, eggs, poultry and dairy products will help increase the farm income. They know very little about marketing and have called upon us for assistance. In the fall of 1938 there were only two women's markets that we know of in the state, one at Petersburg and one in Swanton, both stall markets under the guidance of the Home Agents.

In Southwest Virginia the great drop in tobacco prices has led the farmers to seek some other crops to support the farm families. They are inquiring what can be grown in place of tobacco and have called upon us to help in this diversification work. In Albemarle County, on the other hand, the farmers produce more garden truck than the local market can absorb and they want help in marketing it to better advantage.

Activities to Meet the Situation

During the year Dr. West helped in the organization of two new groups to market farm garden and home products and assisted two organizations already functioning.

Rockington Farm Remodelers Market

In the early spring Dr. West was called upon to help a group of women from Bridgewater community organize a market through which to sell farm home and garden products in Harrisonburg. He discussed the stall market as compared with the cooperative commission agency type of market, and recommended the latter. (see appendix for list of points). They adopted the commission plan, but

failed to take the advice of the home agent and Dr. Ward as to rational organization and methods of procedure.

They selected a machinery warehouse and display room in which to hold their market Saturday mornings because it was offered to them free. They failed to advertise and being in an out of the way part of town do not get very much business. The result is that they have not averaged more than \$20 sales per Saturday for about 8 families. The plan is to discontinue the market during the winter and reorganize on a county wide basis in the spring.

Richmond Home Demonstration Market

In the late winter Dr. Ward was called to attend a conference of home agents in Richmond to advise with them in drawing up plans for a market. They planned to rent a stall or booth in the city market in Richmond and with four counties cooperating, keep the market open every day. They agreed to the plan of calling on the committee plan, but insisted upon getting the woman's name on her product as sold and in setting up certain days for each county to sell. The result has been that a number of women have established contacts with city consumers and are selling direct. Jealousy developed between the counties over whose products were to be sold first when products were left over from one day to the next and a new group from another county came in with products to sell. In addition, sales were disappointingly small. In a big city the better class of trade that would be most interested in the quality products of the market does most of its buying in community stores and does not shop in the central downtown market area. The curtailed consumer purchasing power has also restricted purchases by these people

who might buy because they sleep in the market. The home demonstration booth is consequently having difficulties in paying expenses and in selling enough to warrant very many women using it as an outlet. A few women with specialists who send in quality products which have developed a regular clientele of buyers are now doing most of the business handled by the booth.

Petersburg Home Demonstration Market

The Petersburg Market has been operating for a few years and is in a city small enough for housewives to do most of their shopping in the central part of town, yet large enough to have sufficient demand to make the market able to sell about \$100 of products on Saturday. The market is set up in a tobacco warehouse and each woman sells her own products from her own stall, rented from the organization.

The drawback to this type of organization is the waste of time for so many people to stand by their products over half a day to sell a few dollars worth, and price cutting in order to move a small surplus when a woman wants to sell out and get home. The quality of many of the products could be improved, especially the manner of dressing the poultry and the grading of the eggs.

Abingdon Home Demonstration Market

During the fall of 1931 Dr. Ward was called upon to advise with the home agent in Washington County regarding the operation of their market for home and garden products. They were using a gift shop as a sales agency which was selling the products on 10% commission. The shop was located on one edge of town out of the shopping district and sales had been disappointingly small.

Dr. Ward suggested they find a vacant store room in the center of town and engage it for Saturdays at a nominal rental, put a small advertisement in the bottom of the daily paper Fridays announcing the market for the following day, and employ someone to give the market full time on Saturdays. Dr. Ward supplied them with simple accounting forms on which to keep their records and render an account of sales to the producer.

Most of these suggestions have been acted upon and the market moved to the center of town. Some improvement in sales has been reported. They are about meeting expenses with the commission reduced to 10%.

Charlottesville Produce Marketing

In the early spring Dr. Ward was called to Charlottesville by the Albemarle Chamber of Commerce, a city-country organization, to help work out plans for improving the marketing of local green produce. He suggested the organization of a cooperative commission agency to help standardize the grading and marketing of the products. Such an agency could also handle the shipping of any surplus that might occur and thus avoid breaking the local prices below the general market level for the section of the country.

The leading growers thought that sufficient improvement could be secured by working on the grading of the products and have been trying this procedure during the 1931 season.

Produce Marketing in the Danville Area

In the spring of 1931 Dr. Ward was called to Danville to attend a conference and speak at a meeting of the Retail Merchants Association and Chamber of Commerce, to consider ways to improve the market for local green fruits and

vegetables in Danville. These people were interested in expanding the market for these products to help overcome the effects of the decline in tobacco prices upon farm incomes. Dr. Ward advised a cooperative selling agency to handle the marketing and ship out what could be sold to good advantage. Mr. Hill of the Danville public market explained the operation ^{of} the city stall market.

Dr. Ward was later called back to help make a survey of the quantities of the different kinds of fruits and vegetables consumed in the city that might be grown in the surrounding area. With the help of the secretary of the retail merchants association, Dr. Ward collected data on the quantities shipped into Danville by rail and then got from the retail grocers estimates of their sales of the different products. On the basis of this survey, he made recommendations looking to the increasing of the production of eggs and poultry, dairy products, and the growing of more late Irish potatoes, sweet potatoes and late cabbages. The sales should be handled by a cooperative selling agency.

With the assistance of the County Agent, a series of local meetings was held in the surrounding communities and the proposition explained to the farmers. They expressed some interest, but several interests opposed the proposals on various grounds so that nothing developed. The survey, however, is serving as the basis for outlining a diversification project for both Halifax and Pittsylvania counties.

To aid in informing the people about the cooperative marketing of produce, we mimeographed an article on the subject. (See appendix)

American Institute of Cooperation

The middle of June Dr. Ward attended the American Institute of Cooperation at Manhattan, Kansas, with County Agent Feister from Grayson County. They learned much of interest and value concerning cooperative marketing and purchasing.

Dr. Ward prepared a report which was circulated through the Department and to Director Hutchison. A news item and an article were published in Extension Division News. A report on Membership Relations, as discussed at the Institute was mimeographed and sent to the managers of cooperative associations. (See Appendix) Other material is on file available for use when and as needed.

SOME DATA ON COOPERATIVE PURCHASING ASSOCIATIONS IN VIRGINIA

There are 42 associations; 19 do a car-door business and 23 operate warehouses. Fairly comparable information is available on:

	18 Car-Door Associations	14 Warehouse Associations
Incorporated	2	13
Incorporated under cooperative laws	0	7
Incorporated under corporation law	2	6
Total Number Patrons Served	2,700	9,600
(1930 Census shows 170,000 farms in Virginia)		
Average Number Patrons	150	680
Average Purchases Per Association	\$27,700	\$126,300
Average Purchases Per Patron	\$ 300	\$ 525
Average Volume Per Employee	\$27,700	\$ 40,400
Average Expense - % of Sales	1.55%	6.5%
Range in Expenses	0.5% - 5%	2.1% - 10.3%
Average Gross Margin	1.55%	9%
Range in Gross Margin	0.5% - 5%	0 - 12.7%
Most Important Products	Feed, Fertilizer, Seed	Feed, Seed, Fert.
Operate - Cash or Credit	Cash	Cash and Credit
% Capital out in Credit	0	4% - 110%
Average Labor and Mgt. Cost	1.55%	3.7%
Average Real Estate Expense	-	0.7%
Average General Expenses	-	2.2%
Average Inventory Turnover	-	19 times a year.

Clay C. Knicker, Utah Poultry Producers Cooperative Assn.

The success of a cooperative association depends upon a satisfied membership. The members expect perfect service from their association so the association must use the most efficient marketing methods. The associations are apt to overlook the value of field service men but they must give the members the facts about the association and keep up contact with the members individually. Field service men are one of the most effective means of carrying on this work. Our association also uses a weekly contact letter which is sent to the members with their checks for the eggs they have delivered the previous week. These letters cover important facts about the organization and give information to counteract any rumors which may be circulating in the territory.

The association has local units covering the various localities supplying eggs to the association. Each local unit has presiding officers and various committees which really function to look out for particular interests of the members. It is a definite policy of the association to keep as many members as possible busy in these various committees. These committees are called upon to make a report at each monthly meeting of the local and are conducted by the presiding officer. If they do not bring in a report showing activities.

The presidents of the local units are organized into county groups which meet quarterly to discuss the activities of the association. The county groups are organized into a state federation which meets quarterly to plan the work of the association and of the locals for the next few months, and this activity is reported back to the members in the locals. This system gives the local officers some real responsibility and keeps them active in behalf of the association.

The association operates on the principle that education is of vital importance to the association as a means of giving the association the sympathetic understanding of the problems of the central organization. They believe "sympathy comes with understanding". Not only must the members sympathize with the problems of the management but the management must understand production problems and sympathize with the difficulties of the individual producers.

The association must tell producers what a quality product is and how to produce it. It is fundamental that the same principles must be gone over year after year in order that the new members of the association will come to an appreciation of that real quality eggs are. The directors must be continually convinced of the importance of the cooperative ideal and their wholehearted support of the movement must be perpetually called for. This emotional process must be carried on in the directors' meetings. There must be candid discussion of all important problems and when agreement is reached on important matters, every member of the board must support the decision of the group.

It is also of the utmost importance that the staff members be given an idea that they must give courteous and businesslike attention promptly to the members whenever they come to the warehouses of the association to deliver eggs and purchase feed. Prompt and efficient service is a great aid in maintaining a satisfied and boosting membership.

The locals are encouraged to conduct a social program in conjunction with their business and educational meetings. Many of the more active ones give dances and hold outings and picnics. Annual poultry days on the order of Switzer's Institutes are held in many parts of the state and the most active membership support for the association comes from those localities where the locals carry on the most active programs and keep the members inside clear from the various petty hills that are apt to give them a distorted picture of the association.

THE PRESENT STATUS OF COOPERATIVE MARKETING
AND COOPERATIVE PURCHASING AMONG THE
FARMERS OF VIRGINIA

A Preliminary Report

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From 1919 to 1924 there was a consistent growth in both cooperative marketing and purchasing, in Virginia. According to the federal census the value of farm products sold cooperatively was \$10,186,092 in 1919 and \$20,912,352 in 1924. The business of cooperative marketing doubled in 5 years. Cooperative purchasing increased from a volume of \$1,305,659 in 1919 to \$1,256,068 in 1924.

Since 1924 the value of farm products marketed cooperatively has shown some decline. The 1930 figures are abnormally low because of the drouth and the rapidly declining price level. After discounting the abnormality of the 1930 season we are still confronted with the fact that there has been a rather consistent decline in the total value of farm products sold cooperatively. During the last 6 years the cooperative sales of poultry and dairy products have increased. Livestock marketing has remained nearly constant. During this period there has been a rather consistent decline in the volume of truck crops sold cooperatively. This is probably due more to a declining price level than to an actual falling off in the physical volume of commodities handled. Increasing competition has had some effect on the cooperative sales of truck crops.

The cooperative purchasing of farm supplies has increased more than 500 per cent in the last 6 years. In 1930 the value of farm supplies purchased cooperatively by Virginia farmers amounted to \$6,444,161 contrasted with \$1,256,068 in 1924. It is in this field where we may reasonably expect the greatest rate of growth in the near future.

The Farm Board Survey recently completed recorded the existence of 70 active farmers cooperative associations in this state. Twenty-eight of this number are classified as marketing associations and 42 purchasing organizations. Fourteen associations performed both services. Records were obtained from 66 associations.

Nineteen of the 40 purchasing associations from which records were obtained operated on a car door basis only. Table 1 shows the kind and quantity of each important product handled by these associations.

Table 1. Farm Supplies Purchased Cooperatively By 19 Associations Operating on a Car-Door Basis.

Kind of product handled	Number of associations	Value of product handled	Per cent of total value
Feed	11	\$ 321,971	58.07
Fertilizer	15	165,622	29.87
Orchard Supplies	1	12,297	2.22
Spray Materials	1	10,577	1.91
Seeds	7	9,100	1.64
Wire Fencing	1	2,000	0.36
Groceries	3	1,150	0.21
Coal	2	700	0.13
Binder Twine	3	695	0.13
Miscellaneous	-	30,435	5.46
Total		554,547	100.00

Feed purchases accounted for more than half the value of all products handled on the car door basis. Feed and fertilizer together made up about 88 per cent of the total car door business. Other items were relatively unimportant.

The kind and quantity of each important product handled by 21 purchasing associations doing a warehouse business are shown in Table 2.

Table 2. Farm Supplies Purchased Cooperatively by 21 Associations Operating Warehouses.

Kind of product handled	Number of associations	Value of product	Per cent of total value
Feed	22	\$ 3,323,236	55.43
Seed	11	873,599	14.84
Fertilizer	19	655,045	11.13
Containers	7	200,008	3.40
Fencing and Nails	7	60,548	1.03
Binder Twine	3	37,107	0.60
Groceries	6	150,000	2.55
Ice	1	11,000	0.19
Spray Material	1	1,679	0.03
Miscellaneous	-	577,392	9.80
Total	21	5,889,614	100.00

109

Feed, seed, and fertilizer were the most important items purchased cooperatively by the organizations doing a warehouse business. These three items together accounted for 82 per cent of the total volume of business of these 21 organizations. Fifty-six per cent of the total purchases consisted of feed alone.

The classification of cooperative sales according to important commodities is given in Table 3.

Table 3. Classification of Cooperative Sales According to Commodity Groups, 28 Cooperative Marketing Organizations.

Commodity	Number of associations	Volume of Sales	Per cent of total volume
Truck crops	6	\$ 7,208,972	59.22
Whole milk	4	3,286,341	26.72
Other dairy products	5	476,220	3.90
Livestock	6	633,580	5.18
Apples	3	242,067	1.98
Poultry and Eggs	6	140,468	1.15
Grain	5	86,317	0.71
Wool	6	129,033	1.04
Total	-	\$12,223,098	100.00

The cooperative sales of truck crops is larger than the combined total of all the other commodities sold cooperatively. Whole milk sales were second in importance amounting to more than 26 per cent of all cooperative sales. The cooperative sales of other dairy products were 4 per cent and that of livestock 5 per cent of all sales. The combined total sales of apples, poultry and eggs, grain, and wool amounted to less than 5 per cent of all cooperative sales.

Volume of business is probably the most important factor affecting the financial success of farmers' cooperative business organizations. Table 4 shows the distribution of volume among the 28 cooperative marketing organizations from which records were obtained. The volume indicated does not include the supplies which were purchased cooperatively by these marketing organizations. The total volume of business in Tables 3 and 4 will therefore not check.

110

Table 4. Distribution of Volume in 26 Cooperative Marketing Organizations.

Volume in dollars	Number of associations	Total volume	Average volume per association
2,000 - 9,999	5	\$ 30,747	\$ 6,149
10,000 - 49,999	8	126,750	24,594
50,000 - 99,999	6	435,898	72,650
100,000 - 299,999	5	977,505	195,500
300,000 and over	4	10,284,546	2,566,136
All associations	26	11,905,444	426,194

Fifteen marketing organizations had a volume of business of \$50,000 or more. Thirteen had less than this amount and five had a volume of less than \$10,000 each. While we do not know definitely what volume of business is necessary to insure success in a cooperative marketing organization, it should be reasonably clear that an association which does not have more than a \$10,000 business is usually operating under severe handicaps. Its overhead expenses are likely to be very high, especially if fixed assets are necessary. This makes it difficult for it to compete with larger and more efficient businesses. It cannot afford to hire any more than a part-time manager. It often cannot afford competent office help to keep the desired accounts. Consequently, the part-time manager who of necessity becomes a "jack of all trades" keeps what records are kept. In many such cases the accounts are conspicuous by their absence.

Table 5 shows the distribution of volume in the 19 purchasing organizations doing a car door business. In these organizations all the business was done from the car door. The manager was usually a farmer who devoted a part of his time to the cooperative business. All the managers worked on a commission basis. Some were paid by the ton, a few on a straight per cent of the sales price and others on the per car basis. A strictly cash business was conducted in most cases.

Table 5. Distribution of Volume in 19 Purchasing Associations Doing a Car Door Business.

Volume of business in dollars	Number of associations	Total volume	Average per association
Less than 10,000	7	\$ 53,687	\$ 7,670
10,000 to 19,999	4	55,025	15,256
20,000 to 39,999	4	120,760	30,190
40,000 and over	4	315,078	78,768
All associations	19	554,547	29,187

The distribution of volume in the 21 purchasing associations doing a warehouse business is given in Table 6. The volume of business done per association is much higher in the case of the warehouse businesses than with the car door associations. It needs to be. The car door organizations own no property and consequently have no overhead costs. Inasmuch as the managers are paid on a commission basis, increasing the volume of business has no effect on the wage cost per ton of feed purchased. The principal advantage of a large volume in the car door business is its effect on the purchasing efficiency of the organization. In the case of the warehouse business an increasing volume results in lowering

Table 6. Distribution of Volume in 21 Purchasing Associations Doing a Warehouse Business.

Volume of business in dollars	Number of associations	Total volume	Average per association
Less than 50,000	4	\$ 144,438	\$ 36,107
50,000 to 99,999	7	531,112	75,873
100,000 to 149,999	4	484,078	121,020
150,000 to 399,999	1	181,009	181,009
400,000 and over	5	4,341,959	868,392
All associations	21	5,682,586	270,599

the costs per unit of doing business. In most cases it is doubtful if it pays to operate a cooperative purchasing organization with warehouse facilities unless

the volume of business is at least \$50,000 per year. It is likely that four of our cooperative purchasing organizations are too small to obtain good business efficiency.

In the future more attention needs to be given to volume of business. Many cooperative associations have been organized in localities where the volume of business was so small that the cooperative would not be able to operate efficiently if it had been able to obtain all the business of the community. We have never heard of a cooperative organization which succeeded in getting the entire business of a community.

The necessity of a large volume of business in any organization depends primarily upon the size of the fixed charges to be met. In an organization owning a large amount of real estate and expensive equipment a large volume of business is imperative. A livestock shipping association owning no real estate and little or no equipment can operate efficiently on a much smaller volume of sales than a dairy products manufacturing plant.

The majority of the existing cooperatives in this state are in sound condition as far as volume of business is concerned. It will be necessary for a few to increase their volume before they can ever hope to operate efficiently.

There are a number of ways of increasing the volume of business of a cooperative organization. The cheapest way of obtaining increased volume is through the voluntary contribution of satisfied users. The most expensive way of adding to volume is by means of high pressure membership campaigns. A very dangerous way of getting a larger business in the case of cooperative purchasing organizations is through the unwise extension of credit.

A second factor affecting the business efficiency of farmers cooperative organizations is that of financing. Adequate financing insures financial stability and therefore permanency. It also affects business efficiency through

- 7 -

its influence on the working capital of an organization. No association can operate to its maximum efficiency if it is continually hampered by a lack of working capital.

The initial financing of every cooperative organization is important. Under the Virginia Law a cooperative may be a capital stock or a non-stock organization. The popular conception of a non-stock cooperative is often erroneous. With many people non-stock means non-capital. Consequently, many non-stock cooperatives have been organized on a "shoe string". Whether or not a cooperative should be stock or non-stock depends primarily on whether its need for capital is greater than its need for membership control. With the capital stock form of organization, it is easier to obtain capital but it is more difficult to control the members. In the case of the non-stock organization it is difficult to raise large amounts of capital but easier to control members.

In Virginia, there are 23 capital stock associations. All of these have financed a part of their permanent capital by means of the sale of common stock. Five of the 23 sold preferred stock. A large part of the permanent capital of one organization was donated. Seven organizations had a mortgage on their real estate. All these methods of financing the permanent capital needs are sound. Two organizations used the demand notes of their directors to finance a share of their permanent capital needs. This method of financing is about the last word in financial unsoundness. It is dangerous. It is also a distinct violation of the true spirit of cooperation. If the members of a cooperative association are not willing to finance their own organization there is considerable question as to whether they really want it.

There are 46 cooperative non-stock associations in this state. Thirty-seven of these organizations have no permanent capital. Many of them do not need any. All the car door purchasing associations have no fixed assets and therefore have

114

no need for permanent capital. Livestock shipping associations have little or no need for permanent capital.

Four of the non-stock organizations financed their permanent capital needs by means of certificates of indebtedness, and four by means of membership dues. These methods of financing are satisfactory where the permanent capital needs are small. Neither method is satisfactory in the financing of real estate. The five year rotating certificate of indebtedness is too short for purposes of financing real estate ownership. In case it is desired to finance real estate by certificates of indebtedness, they should be indeterminate.

A complete record of the methods of financing temporary capital needs was obtained from 32 associations. The frequency and relative importance of each method used is shown in Table 7. The fact of outstanding importance in the financing of the temporary capital needs is the extensive use of directors demand notes. When the directors of an organization find it necessary to give their personal notes to a bank for the purpose of obtaining temporary capital it usually indicates that the banker thinks the association to be an unsound credit risk due to poor financial condition. It sometimes indicates that some of the competitors of the cooperative are influential members of the Board of Directors of the local bank.

Table 7. Methods of Providing Temporary Capital Needs in 32 Farmers' Cooperative Organizations.

Per cent of current liabilities	Number using accounts payable	Number using notes to others than directors	Number using directors notes
0	6	19	25
1 - 19.9	8	0	0
20 - 49.9	12	5	2
50 - 100	6	8	7

Because of lack of adequate accounts it has been possible to make a business analysis of the financial condition of less than one-half the farmers cooperative

business organizations of the state.

In most instances the ratio between the current assets and the current liabilities is considered to be the best single indication of the ability of a business to meet its short time financial obligations. For most types of business a current ratio of 2 to 1 is considered necessary to insure current financial stability. The amount to which it is safe to narrow down this ratio depends primarily on the type of business. If there is a uniform volume of business throughout the year it is often safe to operate on a current ratio which is much narrower than 2 to 1. The Dairymen's League of New York is an example of such an organization. Its current assets are usually little in excess of its current liabilities. Two factors make this a safe policy for the League to follow. First, there is a fairly uniform volume of business throughout the year; and secondly, the League owes the bulk of its short time obligations to its own members.

The G. L. F. follows a different policy in regard to its current ratio. Its business is highly seasonal. During most of the year it finds it necessary to carry several times as large a volume of current assets as its current liabilities amount to in order that it may have a sufficient amount of working capital during the period of peak business. During most of the year a current ratio of 2 to 1 would be too narrow for such an organization.

A third factor which enters into the size of the current ratio is the quality of the current assets. Many cooperative organizations still carry accounts receivable on their books at their full face value, making no allowance for bad debts. We have known of cooperative organizations which carried railroad claims at their full face value. All doubtful assets should be rigidly scaled down. Table 8 shows the distribution of 30 cooperative associations according to the size of the current ratio. It is very evident from this table that at least 5

Table 8. Distribution of 30 Cooperative Associations According to the Size of the Current Ratio.

Current Ratio	Number of Associations
Less than 1 : 1	5
1 : 1 to 2 : 1	6
2 : 1 to 3 : 1	7
3 : 1 and over	12

associations are "skating on thin ice" as far as their current financial condition is concerned. Of course, we know nothing concerning the financial condition of the organizations which did not keep accounts. The sad part of it is that some of them probably know little concerning their own financial condition.

This situation may be improved in a number of ways. Some associations are operating on too small a margin of profit. Consequently, they are almost continually short of working capital. By increasing the operating margin, larger cash reserves can be built up, thereby making it unnecessary to resort to such heavy bank borrowings and to demand notes of directors.

A few cooperatives have turned back too large a share of their earnings to the members and have failed to build up adequate financial reserves. This is not sinful but it is dangerous.

The best measure of the ultimate solvency of an organization is its net worth. Net worth is the difference between total assets and total liabilities. Any organization having more liabilities than assets has no net worth and is consequently insolvent. However, an organization may be temporarily insolvent yet ultimately it may be able to meet its obligations. In the business world it is usually considered advisable to have a net worth which is at least one-half the amount of the total assets. Table 9 shows the distribution of 32 cooperative organizations according to the relative importance of the net worth compared with the total

117

Table 9. Distribution of 32 Cooperatives According to the Relative Importance of the Net Worth Expressed as a Percent of the Total Assets.

Per cent net worth is of total assets	Number of associations
No net worth	3
Less than 24	2
25 to 49	6
50 to 74	10
75 and over	11

assets. From this table, it is at once apparent that 5 of our cooperative organizations are in a very undesirable financial condition. Six others have a smaller net worth than is desirable, while 21 of the 32 whose records were analyzed are in very excellent condition as far as their ultimate solvency is concerned. These facts suggest that at least 11 of our cooperative organizations need to build up larger surpluses. No one knows about the ones which failed to keep adequate accounts.

The efficiency with which cooperatives use capital is one very important factor affecting their business efficiency. Inventory turnover is one of the most useful measures of capital efficiency. It is useful only in the case of purchasing organizations, however. It has little significance with selling associations. Total capital turnover is a much better measure of capital efficiency in the latter case. Table 10 shows the distribution by groups of 19 purchasing associations according to inventory turnover. The average, 19.6, compares very favorably with that of private dealers doing a similar business. In New York in 1924 the average inventory turnover of 44 private feed dealers was 10.27 and of 83 feed stores in 1926, 10.03. (Cornell Experiment Station Bulletin 505, page 27). Only 4 of the 19 Virginia cooperatives referred to in Table 10 had slower rates of inventory turnover. The reasons for the slow rates

Table 10. Distribution of 19 Purchasing Associations According to Inventory Turnover.

Inventory turnover times per year	Number of associations
Less than 5	1
5 - 9.9	3
10 - 14.9	4
15 - 19.9	3
20 and over	8
19.6	Average

of turnover in these 4 cases may be accounted for largely by the large stocks of goods on hand and by the kind of products handled. The last year has been a particularly bad time to carry large merchandise inventories because of the rapidly declining price level. Even during periods of normal price relationships it is poor business to tie up too large a proportion of the working capital in inventories.

The character of the products handled has a marked effect on the rapidity of the inventory turnover. Most cooperatives should deal sparingly in things which move slowly. If it is desired that such things be handled they should be dealt in on order basis. Before a cooperative orders a carload of fencing it probably should know where it can sell a large share of it. It is pretty good business from the standpoint of the cooperative to let the competitors handle the slow moving forms of merchandise.

From the standpoint of total capital turnover the 19 cooperative purchasing associations referred to in Table 10 were nearly twice as efficient users of capital on the average retail food stores referred to in New York.

The turnover of notes and accounts receivable is one of the most important measures of capital efficiency in cooperative purchasing associations.

Table 11 shows the distribution of 19 cooperative organizations grouped according to the number of days sales outstanding in receivables.

Table II. Distribution of 19 Cooperative Purchasing Organizations Grouped According to the Number of Days Sales Outstanding in Receivables.

Days sales outstanding in receivables	Number of associations
0	1
1 - 9.9 A	7
10 - 19.9	2
20 - 29.9	2
30 - 49.9	3
50 and over	4
25	Average

The number of days sales outstanding in receivables is obtained by dividing the notes and accounts receivable outstanding by the amount of the average sales per day. The average number of days sales outstanding in the 19 organizations referred to in Table II was 25. This compares very favorably with an average of 49.63 for 61 private feed stores in New York in 1924 and 46.61 for 63 similar stores in the same state in 1926. (Cornell Expt. Station Bulletin 505, page 26). It is likely that the majority of the cooperative purchasing associations in this state practice a more businesslike attitude toward accounts receivable than do a majority of their competitors. There is ample opportunity for improvement in a few cases. As far as possible it is important that a cooperative purchasing association do a cash business even at the expense of a loss in volume. The presence of a large amount of receivables on the books is a distinct handicap to any organization. Uncollected accounts increase the cost of doing business because they make bad debts possible and they reduce the amount of working capital, thereby increasing the necessity of bank borrowings and interest charges. All this has the effect of making it necessary to operate on a larger gross margin, thereby making it more difficult to compete successfully with private organizations.

Labor efficiency is another factor affecting the business efficiency of cooperative organizations. Table 12 shows the distribution of 18 cooperative purchasing associations according to sales per employee. These are all retail organizations.

Table 12. Distribution of 18 Cooperative Purchasing Organizations According to Sales Per Employee.

Sales per employee	Number of associations
Less than \$20,000	1
\$20,000 - 29,000	2
30,000 - 39,000	6
40,000 - 49,000	4
50,000 and over	5
\$41,462	Average

The average sales per employee are considerably higher than the average of private retail feed dealers in New York. In 1924 the average sales per employee in 54 stores was \$32,920 and in 1926 in 83 stores it was \$31,373 (Cornell Expt. Station Bulletin 506, page 25). Three only of the 18 purchasing associations referred to in Table 12 fell below these averages in labor efficiency. When it is considered that wages are higher in New York than in Virginia, it seems very probable that the great majority of the farmers' cooperative purchasing organizations use labor much more efficiently than their competitors.

The final test of the business efficiency of an organization is its cost of doing business per dollar of sales. In New York the cost of doing business was 10.8 per cent of net sales in 47 feed stores in 1924 and 11.0 per cent in 83 similar stores in 1926. (Cornell Expt. Sta. Bul. 506, page 20). An analysis of 17 cooperative purchasing organizations in Virginia show an average cost of doing business of 6.6 per cent of net sales. Seven of these organizations con-

131

ducted their business at a cost of less than 6 per cent of net sales, three only operated at a cost of 10 per cent or more.

The gross margin represents the difference between the purchase price and the sale price. It includes, therefore, the cost of doing business and profits, if any. In New York the gross margin averaged 11.1 per cent of net sales in 47 feed stores in 1924 and 11.6 per cent of net sales in 83 feed stores in 1926. (Cornell Expt. Sta. Bul. 505, page 20). The distribution of 19 cooperative purchasing associations grouped according to differences in the gross margin is shown in Table 13. It seems probable that the majority of our cooperative purchasing associations are operating on a smaller margin of profit than their competitors. This is hard on the competitors. It permits the cooperative association to offer more favorable prices to its customers than the private dealer with the larger margins.

Table 13. Distribution of 19 Cooperative Purchasing Associations According to Differences in the Gross Margin

Per cent gross margin is of net sales	Number of associations
Less than 6	5
6 - 6.9	3
7 - 7.9	0
8 - 8.9	3
9 - 9.9	4
10 and over	4
8.5	Average

A gross margin can be too small. A few of our organizations have been operating on such a small gross margin that they have been unable to build up adequate financial reserves with which to carry them along during periods of depression. Some of the organizations suffer almost continuously from lack of working capital. This situation may be remedied in some cases by raising the

gross margin and by plowing back a share of earnings into surplus.

Upon the whole, the financial condition and the operating efficiency of the majority of the cooperative purchasing and marketing associations from whom we were able to obtain adequate records have been satisfactory. A few have shown unsatisfactory financial condition and a small number are undoubtedly less efficient than the majority of their business competitors.

The following specific recommendations are offered for the improvement of farmers cooperative marketing and purchasing organizations in Virginia.

1. More care should be used in organizing new cooperatives. Before a new organization is established there should be a definite need for it. Cooperative business usually works best and is most needed where there is a lack of competition among dealers. The degree of competition among dealers depends primarily upon two things, the product and the place. In many communities some products are natural local monopolies. Fluid milk is an example of such a product. In most communities dairymen have only one or two outlets for their milk. Under such a situation cooperative marketing is needed to give farmers an equality of bargaining power.

Eggs produced near the large consuming centers gives us an example of a product for which the competition among dealers is very keen. A New Jersey poultryman has hundreds of potential outlets for his eggs. There is no need for a cooperative in a strongly competitive market merely for the purpose of making the profits of a middleman.

At a farther distance from market the poultryman has fewer outlets for his eggs. Competition among dealers is less keen. A greater tendency toward local monopoly exists. Cooperatives are needed. It is no accident that cooperative marketing has developed to such an extent far from market.

If a cooperative cannot increase the bargaining power of farmers then one

should be very certain before establishing such an organization that it will be able to render some valuable service which existing private dealers are unable or unwilling to perform. The majority of our successful cooperative purchasing organizations render many services formerly not adequately performed by private dealers.

2. A number of our cooperatives need to increase the volume of their business if it can be done economically.

3. A number of our cooperatives need to keep more adequate accounts. After the accounts have been kept they should be used. Cooperatives whose business justifies it should keep sufficiently detailed accounts to enable them to form balance sheets and operating statements. After such statements have once been made, they should be analyzed and studied in order that the weak points in the business may be discovered and definite plans made for improving the operating efficiency. Some of the smaller organizations may need assistance in establishing their accounting systems. It may be desirable that organizations with a similar type of business have uniform accounting systems. This will permit more accurate comparisons between associations and will make it easier to suggest improvements.

4. A few cooperatives need to bolster up their financial condition. Methods of doing this have already been discussed.

5. It is likely that one organization is adequate for all the wholesale purchasing business in the state. To have more than one wholesale purchasing organization seems like a useless duplication of effort. According to H. E. Babcock, Manager of the G.L.F. Exchange,

"The meanest competition in the world is that between cooperatives. No cooperative wholesale purchasing service buying for a region can hope to succeed if within that region are other cooperatives trying to do the same job". (Journal

of Farm Economics, July 1931, page 433).

6. It is likely that a few cooperative organizations need to give more attention to the education of their members. Farmers cooperative associations are democratic organizations with compulsory democratic control. In order to hold the good will of its members it is necessary that the cooperative educate them and keep them educated as to its problems and policies. The responsibility for membership education rests with each individual cooperative association.

Cooperative marketing and cooperative purchasing are forms of business activity. There is magic about either one of them. If farmers cooperative business organizations are to be truly successful in rendering the maximum of service to the farmers of Virginia they must be operated according to sound business principles.

COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS
STATE OF VIRGINIA

EXTENSION SERVICE

Va. Agr. & Mech.
Col. & Poly. Inst.
& U. S. D. A.,
Cooperating

The Curb Market vs. The Cooperative Sales Association

There are two main types of producers' markets for garden and home products in our Virginia cities. Both have their advantages and disadvantages that should be considered in relation to local conditions.

Advantages of the Curb Market

1. Easy to start, because only parking and selling space is required.
2. Easy to operate, because fees can be collected from users of each stall or space.
3. Small cost of operation because of little equipment needed.
4. Low selling expense to producers using the market.
5. No high priced sales manager is required.
6. Producers can often sell a whole load direct to a dealer.

Disadvantages of the Curb Market

1. Congests traffic and discourages housewife customers.
2. Difficulties with adjoining property owners.
3. Difficult to secure enough space suitably located.
4. Takes too many people too long to dispose of their products.
5. Sellers cut prices to dispose of their load and disrupt prices.
6. Surpluses force prices down disproportionately low.
7. A large number of competitive sellers have less bargaining power.
8. Producers establish direct relations with consumers and cease to use the market.
9. Difficult to develop and maintain uniform grades and quality of products.
10. Difficult to maintain the reputation of a brand supposed to represent quality.

Advantages of the Cooperative Sales Association

1. Sales manager establishes and maintains prices according to quality and supply and demand for products.
2. There is no price cutting to disrupt the market.
3. The manager keeps surpluses off the market.
4. Surpluses can be stored temporarily, or sold on outside territory.
5. Saves time because producers can remain at home and put their time to productive uses and home duties.
6. Economical transportation through one person hauling all the products from a given neighborhood.
7. Products can be graded and standardized for quality.
8. Quality goods can be branded and a reputation developed.
9. Requires small space, which can be located conveniently in the shopping district.
10. Volume provides superior sales management at economical cost.

Disadvantages of the Cooperative Sales Organization

1. Requires a membership fee to provide for equipment, containers and wrapping material.
2. Requires a capable sales manager.
3. Not always possible to secure a capable sales manager for one day a week at the start of the market.
4. The money sales cost, while small, is greater than for the curb market.
5. A well located sales room may not be obtainable at a reasonable price.
6. Requires volume to make economical operation possible.

Suggestions For Procedure In Organizing a Market

1. Call together the people who may be interested in the market.
2. Discuss the possible need of a market for garden and home products.
3. Mention that there are different types of markets.
4. If interest warrants, form an organizing committee.
5. Appoint interested people to study different types of markets and report at next meeting.
6. Appoint committee to study possible locations of the market and consult Health Department about sanitary selling requirements. Report at next meeting.
7. Write to the Extension Marketing Specialist, Blacksburg, for sources of information and his possible attendance at next meeting.
8. At the second meeting discuss the advantages and disadvantages of the different types of markets and decide which type the interested people wish to operate.
9. Appoint a committee to draw up by-laws for the organization, formulate rules and regulations, and consider the matter of incorporation under the cooperative association law.
10. Appoint a committee to arrange for the site of the market or store and secure the necessary equipment and supplies.
11. Appoint a committee to secure a competent part-time manager, probably one of the group interested in the project.
12. At the third meeting act on the reports of the committees and determine the day for opening the market.
13. Arrange for abundant publicity and suitable advertising, either through the manager or publicity committee.
14. Be sure the chairman, president or manager checks up carefully with the committees and the people who are to bring in products the day before opening, so that the market will open properly and function smoothly from the start.

HAVING THE SEW SYSTEM PROBLEM FOR LOCAL GROWER PROBLEMS

By
 Gordon H. Bond, Extension Specialist in
 Agricultural Economics, Madocburg, W.

Surpluses trouble not only the wheat and cotton producers, the dairymen, and producers of other types of farm products, but they also cause the market gardeners around our big cities some sleepless nights trying to figure out how to pay their bills for supplies and provide their families with the necessities of life and a few modest comforts the producers feel they deserve in return for their products. The surplus problem is not confined to the Ohio Valley, the market gardeners and greenhouse men in Ohio and other industrial states are also confronted with this seemingly universal problem.

In trying to solve this problem of preventing a local surplus from driving prices below the cost of production, the growers around Akron and Cleveland, Ohio, turned to cooperative marketing to dispose of the local surpluses of garden crops in distant markets less well supplied with these products. In many instances these cooperatives have been able to maintain relatively stable seasonal price levels on these surplus crops at profitable figures by withdrawing the surplus from the local market and offering to the local trade only what it would take at reasonable prices. But to appreciate how they could accomplish this it is necessary to understand the history of these associations and the conditions which they had to face.

For many years the only marketing facilities the city of Akron afforded for the local farmers and vegetable growers were the unreserved privileges of loading their wagons and trucks against the curb of one of the principal streets of the city in the wee small hours of the morning and wait for whatever customers the dawn might bring. So in 1921 when the city council threatened to raise the license fee for this parking privilege from \$15 to \$35, the local growers thought it was time to protest. They therefore organized a committee of 40 farmers who waited upon the city fathers and persuaded them to leave the license fee at the old figure.

The next spring, however, the growers found themselves ordered away from their old places and relegated to an inconvenient and crowded place on a side street. The need for more general expression of the demands of the growers became apparent and an association was formed, which soon had about 250 members. Officers of the association presented the growers' case to the city council and secured the privilege of using the street around one of the city parks for the farmers' market.

But as these facilities were very un satisfactory and the Council could not be induced to do anything for the growers, the members of the Market Growers' Association decided in the winter of 1922 that the only way out was to provide their own market. They organized the SEABY GROWERS MARKET COMPANY and in January 1923 secured an option on an abandoned ball park about a mile from the center of the city. The terms of the purchase called for a payment of 25 per cent of the price immediately and 25 per cent each year thereafter, giving the growers three years in which to pay. The price set was \$70,000.

In a few weeks the 300 growers living within 20 miles of Akron had subscribed for almost all of the authorized capital stock of \$75,000. Work was started at once to demolish the ball park and the salaries of the lumber paid for covering the 5 acres with sidewalks and laying the walk for

customers to inspect the produce on display. These walks were separated by 60 foot driveways for the grower's trucks and the customers' cars, but even this space has proved inadequate.

Four hundred stalls were provided and the annual rental was fixed at \$75 per year. Members of the association owning one or more shares of stock got a reduction of \$35 in their stall rent, so that most of the annual renters are members. Transients wanting to rent a stall for a single market day were originally charged \$2 if living within 20 miles and \$10 if they came from more distant sections. This tended to discourage "outsiders" from coming and "spilling" the market for the local growers. But with the improvement in the roads, more trucks kept coming from 100 to 150 miles away, frequently bringing full loads of a single commodity such as sweet corn at the height of the local season for this crop. To meet this situation a new regulation was made allowing the manager to use his discretion in fixing the fee for these transients according to the state of the market. When the "outsiders" come in and threaten to break the market, the fee goes up to \$25 and even \$50 for a big truckload. The result is these distant farmers are taking their loads elsewhere and reducing the surplus problem for the regular Akron growers.

About 75 per cent of the produce handled through the market is sold to retail grocers and the balance to housewives who come in their own automobiles and on the street cars to buy direct from the farmers. The produce dealers handling shipped-in fruits and vegetables want to cater to the grocer trade, so many of them rent stalls in a special section of the market at from \$100-\$150 per year and transfer the produce from their trucks direct to the grocers' delivery cars. Country buyers who come into Akron with produce they have purchased from farmers, also rent stalls in this dealer's section.

These rentals have been adequate to pay the operating expenses of the market and provide a moderate surplus. In 1924 part of this money was used to erect a \$18,000 brick building housing rest rooms and a restaurant which provides good service and pays rent of 10 per cent of the receipts. The next year another row of stalls was added and the entire number of 470 stalls roofed at cost of \$15,000. More stock was sold to help finance this addition and many new members taken in. In 1927-1928 the directors believed that the volume of sales could be increased if a store building was provided and a refrigerator installed to hold perishables when weather conditions caused temporary surpluses. So a brick building was erected in one corner of the property in which a retail store and a wholesale department are operated by the growers company throughout the week whereas the farmers' market is held only on Tuesday, Thursday, and Saturday. It was necessary to place a \$40,000 mortgage on the building to help finance it, even though the stock was increased to \$100,000 and the membership to 350. In 1929 the company had an opportunity to purchase a large lot across the street from the market which is used as parking space for buyers cars and trucks and helps to reduce the congestion in the market proper. Out of the earnings from the stall rentals and commission department, the company expects to pay 6 per cent per year dividends on the stock and pay off the mortgage on the building and complete the payments on the parking space.

The wholesale and retail department of the company is operated on a commission basis. The growers deliver their produce to the "house" which charges a straight 10 per cent commission for selling. This department has been receiving increasing patronage from the progressive growers who find they can save much valuable time by turning the selling of their produce over to

129

the experienced salesman of the company and deriving the time that would otherwise be spent on the market to improve the quality of their produce and uniformly and attractiveness of their "packs".

The "house" acts as a stabilizing influence on the stall market in many ways. The manager keeps in touch with the large produce markets and knows the current prices of the various commodities. He keeps the prices on the produce he has for sale in line with the larger markets. He has these prices posted during the main season of the stall market so that the farmers know what prices they are justified in asking for what they have to sell. It seems that prices are more stable from day to day and prices asked by different growers on the same day are more uniform. But the commission department proves of greatest value in disposing of surpluses.

The manager keeps track of the amounts of the various products offered by the growers on the stall market each morning. When he notes an increase in volume which threatens to exceed the local demand, then depress prices, he requests the members to bring a third, or a half, of their stock of the product over to the "house". This surplus is loaded into a truck and hauled to Pittsburgh, Toledo, or Detroit and sold for what it will bring. The proceeds, after deducting expenses and commission, are distributed to those who contributed to the load. These growers may get less for what they shipped out, but the local price is maintained at a level which provides the local consumers with all they want and still gives the producer a reasonable profit. The improved returns from this method as compared with the old method of letting the local price drop to a point where speculators would buy to ship out to the other markets have been such as to win the hearty support of the producers.

The market government around Cleveland had been dissatisfied with the cash market provided by the city for many years and had made several unsuccessful attempts to provide marketing facilities of their own. But when an ordinance was proposed in the winter of 1920 to abolish the Farmers' curb market, the growers' association decided it was time to act. So they incorporated the Cleveland Growers Marketing Company with capital stock of \$150,000 in the spring of 1921 and, in about three weeks time had secured subscriptions for lots of from 5 to 10 shares from about 375 growers totaling about \$125,000. With the 10 per cent deposit required by law the committee purchased a plot 265 by 300 feet on one of the main streets in the produce market section of the city. It was first proposed to erect a large building on this site to house a commission agency for the members, but the expense seemed beyond the means of the growers and many would not agree to advance all their crops by the "house" to stalls. So a one-story building 55 by 140 feet was erected in the summer of 1921 and 150 stalls were provided for those who did not want to sell through the commission department.

These stalls are rented by the season to members of the association at prices ranging from \$60 to \$150 depending upon location. Stalls not used on a particular market day are rented to other members for the day for \$25. For two years the stall market operated in the open, but in 1924 roofs were erected over the stalls to protect the growers' their produce, and the buyers from the elements. The stall market is operated as a separate department and has been self-maintaining.

The commission house ground for business in March, 1922, and during the fire at north side sold \$50,000 worth of produce for the members. Sales for the first year amounted to \$600,000 and have been increasing each year since. The first year showed an operating loss of \$4,000 due to the inexperience of the management and lack of proper records. Efficient operating

methods which worked out the second year and the commission department has shown a vast gain every year since. The early managers were former commission men and were capable salesman, but their idea was to sell the goods as rapidly as possible, cutting prices if necessary in order to interest buyers. Fortunately, the association has been able to induce members who have been successful in their own business operations to serve as manager of the commission business for different periods and these men have been able to maintain policies favorable to the growers and dispose of the produce without loss through spoilage. Their success in this respect has been instrumental in increasing the membership to about 450, of whom approximately 150 sell the larger part of their produce through the commission house. The members are not under contract to deliver their crops to the commission department, so that the increase in the bulkings handled, which in 1929 amounted to about 1,500,000 packages valued at \$1,250,000 is indicative of satisfied members.

One of the contributing factors to the success of this commission department is the large volume of greenhouse produce handled. Growers of about 80 per cent of the 300 acres of glass in the Cleveland area are selling through the Cleveland Growers Marketing Company. These greenhouse crops are harvested from about October on through the winter and spring, into late summer when the volume of outside produce increases. This maintains a large volume of business through the year, utilizes the plant and keeps an experienced labor force engaged permanently.

The produce is handled through the house with a minimum of labor. The members deliver their produce in baskets, usually half-bushel baskets, with a handle. This style of package is not only more convenient to handle on the movable tracks to which the baskets are transferred from the grower's track, but buyers find it more adapted to the quantity which they can use, particularly consumers who come in large numbers at certain seasons of the year. The grower can deliver any time at his own convenience, except during the hours of 5 to 7 A. M. when the rush is greatest on the stall market and the approach to the commission house is too congested. It takes only about 15 minutes to unload, as against the several hours required to dispose of a load on the stall market. Consequently the more progressive growers are giving more of their patronage to the "house" and are using the time thus saved to produce and pack better quality produce, uniformly graded, which will more readily sell at higher prices.

During the early years, the selling charges were a straight 10 per cent commission. But the selling expense is incurred on a per unit basis rather than a value basis, so the charges are now 7 cents for peck and half-bushel packages, 10 cents for bushel baskets, and 6 cents on four-quart and small sized packages. These charges average only about 6 to 7 1/2 per cent of the value of the merchandise. This service also seems fairer to the patrons. In the winter the greenhouse produce moves readily at comparatively high prices while the low priced stuff in the summer and fall is difficult to sell. The per unit charges are more in line with this selling expense and stimulate the greenhouse men to deliver produce when the house needs the volume, and discourage growers from burdening the commission house with the surpluses they themselves have trouble to dispose of.

When produce is to be shipped out, as is nearly 80 per cent of the greenhouse produce, it has to be packed to ensure the baskets will arrive in good condition. This costs the grower 1 cent per package and when the shipment has to be protected against freezing, the charge for this service is also 1 cent per package. Most of the growers deliver their produce in good condition, but for those who do not, the house "re-conditions" for 1 cent per package.

131

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Each package is stamped with a code number so that the sales of each member is accurately accounted for. Each grower is given an itemized receipt for each load he delivers. At the end of each week he receives an itemized statement showing the disposition of each package, the price received, commission and expenses deducted, and the amount being remitted. With the efficient office force and methods worked out by the management, these detailed statements of account are not expensive to draw-up, and they keep the grower informed about his business. The increased returns for quality goods are clearly apparent. Some of the regular patrons pay large commissions, a few running as high as \$4,000 a year. All members paying commission of \$50 or more during the year receive a patronage refund on the commission deductions at the end of the year.

The manager of the commission department follows all the important produce markets very closely. He visits big cities like Boston, Chicago, St. Louis, Pittsburgh, Detroit, Toledo, and Louisville, every year and maintains contacts with leading produce houses. Sales are made direct to these dealers whenever there is more to be gained for the members by selling in these outside markets than in Cleveland. During the fall and winter most of the business is with these out-of-town markets, about 80 per cent of the greenhouse produce being shipped out. As far as possible sales are made F. O. B. Cleveland, which reduces the risk and responsibility of the grower's company. Truck shipments are proving most satisfactory, being more rapid and delivering the produce in better condition. Where possible the trucks are loaded at the grower's packing shed and sent direct to the out-of-town customer, thus reducing handling of the produce, and the charges as well.

During the summer and fall when the outdoor crops tend to get in excess of the local demand, the commission department watches the other markets closely and when there is opportunity to sell elsewhere at higher than local prices, sales are made and the produce trucked from the grower to the distant customer. In this way the customer gets superior produce and the grower the maximum price which the consumers within trucking distance from Cleveland will pay. The growers are increasing the efficiency of the marketing machinery and are getting the benefits of these savings, as well as those which come from a more stable market through the season.

Livestock Marketing

Results of Year's Work

Mr. Fletcher began work on a part time basis with the Extension Division on July 1, 1931. He has been largely confined to problems having to do with cooperative livestock marketing.

Since July 1, Mr. Fletcher has worked in cooperation with Farm Board representatives and livestock and Extension Division representatives from the states of New York, New Jersey, Maryland, Pennsylvania, West Virginia, Tennessee and North Carolina, in drafting a livestock marketing plan for the eastern territory. A plan for securing membership in Virginia for the Eastern Livestock Cooperative Marketing Association was drafted.

At this time the Virginia branch of the Eastern Livestock Cooperative Marketing Association has a membership of 1200 who ship approximately 200 cars of livestock annually. It is believed that the Eastern can sign up 2500 members in Virginia who ship approximately 1000 cars of livestock annually. This objective should be reached by spring.

Statement showing present status of the Virginia branch of the Eastern Livestock Cooperative Marketing Association.

<u>Stocks Sold</u>	<u>Shares</u>	<u>Value</u>
Preferred	250	\$2500
Common	1000	<u>1500</u>
Total		\$4000

Exhibit A shows the physical set up of the Eastern Livestock Cooperative Marketing Association.

In the course of working on a terminal marketing plan, a need for more cooperative shipping associations in Virginia was indicated. However, certain

existing Virginia shipping associations need to be expanded.

With these needs in mind, a local has been set up at Weyan's Cove and negotiations made for expanding the one at Ferrisburg. Tentative plans have been made for setting up such an organization at Bedford. It is believed that a need for such organizations exist in Russell and Smyth counties. There is also a possibility for expanding certain small organizations that exist in Carroll, Floyd and Scott counties.

Means and Agencies

Dissemination of Information pertaining to Eastern Marketing Plan.

A series of nine regional meetings were held at strategic points for producers located in the forty principal livestock producing counties in Virginia. County agents and agricultural teachers, together with some of their influential producers from each of these counties, attended one of these meetings. The approximate average attendance at these meetings was 50. The plan used in conducting these meetings is set forth in Exhibit B.

After conducting the regional meetings a plan for a local educational campaign was worked out in cooperation with Mr. C. H. Kinzid, Field Representative for the Eastern Livestock Marketing Association. Funds for employing Mr. Kinzid were provided by Mrs. Emery of Staunton County. His duty is to sell stock for the organization. The Extension Division Representatives have not in any way participated in an actual sign up campaign. Exhibit C shows the plan used for holding local meetings.

County agents have been acquainted with the work through newspaper articles, regional meetings, circular letters, mimeographs and special programs held at county agent conferences. Samples of these methods are attached as Exhibit B, together with the schedules.

Exhibit B. Advertising methods used.

Schedule 1. Newspaper articles.

Schedule 2. Circular letters.

Schedule 3. Special mimeographs.

EXHIBIT A

THE EASTERN LIVESTOCK COOPERATIVE MARKETING ASSOCIATION, INC.

BY-LAWS

We, the undersigned, being all the incorporators, directors and stockholders of the Eastern Livestock Cooperative Marketing Association, Inc., do hereby adopt the following as and for the By-laws of said Association.

ARTICLE I.

Location and Corporate Seal

Section 1. The principal office of this Association shall be located in the City of Baltimore, State of Maryland.

Section 2. The corporate seal shall be circular in form and shall have inscribed thereon the name of the Association and the year of its incorporation.

ARTICLE II.

Purposes

The purposes for which this Association is formed are set forth in paragraph numbered third of the Certificate of Incorporation.

ARTICLE III.

Members

Section 1. The term "members" as used in these by-laws refers only to the common stockholders of this Association. Only those who are actually engaged in the business of producing livestock and who have entered into an agreement with this Association in the form prescribed by it and who are otherwise found eligible by the Board of Directors of this Association are eligible to subscribe and/or own common stock in this Association.

ARTICLE IV.

State Advisory Board

Section 1. The Board of Directors of this Association shall provide for the selection of advisory boards in each State covered by the operations of this Association. Such advisory board shall be elected by members in each State under regulation to be prepared by the Board of Directors of this Association.

Section 2. (Duties of the State Advisory Board) The advisory board shall organize with a chairman and a secretary. The board shall have charge of the direction of acquisition of members within the State, with the maintenance of field work within such State and such other duties as may be prescribed from time to time by the Board of Directors.

Section 3. The Chairman of the State Advisory Board from any given State shall be one of the directors of the Association from that State.

Section 4. For the purpose of carrying on organization and field work within the confines of each State covered by the operations of this Association, the Association shall pay to the advisory board for each State a sum to be determined by the Board of Directors of the Association.

- 2 -

ARTICLE V.
Meetings of Members

Section 1. The annual meetings of this Association shall be held at the principal office of the Association on the second Tuesday of February of each and every year at 10:00 o'clock a.m. if not a legal holiday and if a legal holiday then on the day following at the same hour, in Baltimore, Maryland, or at such other place in the State of Maryland as the Board of Directors may by resolution provide.

Section 2. Special meetings may be held at any time or place pursuant to a resolution of the Board of Directors or the executive committee or by a call signed by ten per cent of the members of record. Calls for special meetings shall specify the time, place and the purpose thereof and no business other than that specified shall be considered.

Section 3. A written or printed notice of every regular or special meeting stating the time and place and in case of special meetings the objects thereof shall be given each member of the Association by mail at least ten days before any such meeting.

Section 4. Ten members of record shall constitute a quorum for the transaction of business at any meeting of the Association.

Section 5. An auditing committee consisting of three members shall be selected by the delegates of each annual meeting. It will be the duty of this committee to examine the audit of the records and affairs of the Association and make a report at the next annual meeting.

ARTICLE VI.
Election of Directors

Section 1. (Apportionments of Directors and Qualifications) If the Association has from 50 to 500 members in a State they shall be entitled to elect a person for the office of director from that State and if the number of members in a State exceeds 500 they shall be entitled to elect two persons for the office of director from that State except that there shall be two directors from the State of Maryland at all times as required by law. No person who is engaged in any way in selling livestock on his own account in competition with the Association shall be eligible as a director of this Association. Until otherwise changed by the Board of Directors the districts of this Association shall consist of the various States in which the Association has members.

Section 2. At least three weeks prior to any annual meeting of the Association the secretary of the Association or some other person designated by the Board of Directors or the executive committee shall advise the members residing in a particular State of the time and place for the holding of a meeting for the election of persons for the office of director from that State. States having a membership that entitle them to elect two persons for the office of director shall elect one person to be a director for one year and one person to be a director for two years, after which elections for all directors shall be for two years and the two directors required by law from the State of Maryland shall be elected in the same manner.

Section 3. Those persons named as directors in the Certificate of Incorporation shall serve until the election of their successors. The term of office of all directors shall commence on the day of the next annual meeting of the Association following their election.

ARTICLE VII.
Board of Directors

Section 1. Regular meetings of the Board of Directors shall be held at least semi-annually, at such time and place as the directors may elect, except that the directors shall hold a meeting at least ten days after the annual meeting of the members. Special meetings may be called upon order of the president or on petition of one-third of the directors. Notice of special meetings shall be mailed by the secretary to each director at his post office address of record at least five days before the date of the proposed meeting. Attendance at any special meeting by the directors shall constitute waiver of notice thereof; and directors either before or after a meeting may waive notice thereof.

Section 2. A majority of the Board of Directors shall constitute a quorum at any meeting.

Section 3. The Association shall have an executive committee consisting of the president of the Association and two other directors to be chosen by the Board of Directors. The executive committee shall meet at the call of the president and shall have power to transact such business as may have been delegated to it by the Board of Directors, which, between meetings of the Board of Directors, may be all the business of the Association.

Section 4. The Board of Directors shall have the power:

(a) To direct the affairs and business of the Association, to determine the methods for handling, marketing, buying and/or selling livestock and other commodities, and to prescribe rules and regulations and the rates and charges incident to the handling of livestock and other commodities.

(b) To select one or more banks to act as depositories of the funds of the Association and to determine the manner of receiving, depositing and disbursing the funds of the Association and the form of check and the person or persons by whom the same shall be signed with the power to change such banks and the person or persons signing such checks and the form thereof at will.

(c) To prescribe the person or persons who may execute papers of any kind or character for and on behalf of the Association.

(d) To have an annual audit made of the records and affairs of the Association by a certified public accountant whose report shall be filed with the Board of Directors prior to the annual meeting. Fiscal year shall correspond to the calendar year.

(e) To require employees handling funds of the Association to give bonds for the faithful performance of their services.

Section 5. Directors shall receive \$5.00 per day for time actually spent travelling to and from and attendance upon meetings and any necessary expenses incurred by them in attending meetings or transacting authorized business of the Association.

ARTICLE VIII.

Officers

Section 1. At the first meeting of each Board of Directors held in any year they shall elect a president, vice-president, secretary and treasurer but the same person may be elected secretary-treasurer. All officers shall be members of the Board of Directors except the Secretary and the Treasurer or the Secretary-Treasurer.

Section 2. Any officer may be removed by a three-fourths vote of the entire membership of the Board of Directors. If a vacancy occurs on the Board of Directors it shall be filled at a special meeting of the members in the district in which the vacancy occurs which shall be called in the manner proscribed for regular meetings thereof.

ARTICLE IX.
Duties of Officers

Section 1. President. The president shall preside over all meetings of the Association and of the Board of Directors and the executive committee. Subject to the general direction of the Board of Directors, he shall have general supervision over the affairs of the Association.

Section 2. Vice-President. In the absence or disability of the president or his refusal or failure to act his duties shall devolve upon and be discharged by the vice-president.

Section 3. Secretary. The secretary shall keep a complete record of all meetings of the Association and the Board of Directors and shall have charge and supervision of the books and records of the Association. He shall serve all notices required by law and by these by-laws and shall make a full report of all matters and business pertaining to the office and to the members of the annual meeting. He shall make all reports required by law, shall perform such other duties as may be required of him by the Association, the Board of Directors or the executive committee. Upon the election of his successor the secretary shall turn over to him all books and property belonging to the Association that he may have in his possession.

Section 4. Treasurer. The treasurer shall perform such duties with respect to the finances of the Association as may be required by the Board of Directors or the executive committee.

Section 5. Manager. The Board of Directors of the Association shall employ and fix the salary of a manager who shall have general and active management of the business of the Association subject to the direction of the Board of Directors and such rules and regulations as it may from time to time adopt.

(a) He shall supervise the establishment of proper records and accounting methods covering transactions of operating units and shall prescribe regulations for the preparation and submission of such reports from operating units as may be required and for the auditing of all the books and records of such operating units.

(b) He shall furnish at all regular meetings of the executive committee and of the Board of Directors complete reports which shall cover in detail the operation of the Association together with such other information as may be required by the executive committee and the Board of Directors.

(c) He shall employ the personnel necessary in his judgment to the efficient conduct of the business, subject to the approval of the Board of Directors of the Association.

ARTICLE X.
Relations with Other Corporations

Section 1. The National Livestock Marketing Association. Following favorable action by the Board of Directors of the Association, the Association may apply for

membership in the National Livestock Marketing Association.

Section 2. The National Order Buying Company. Following favorable action by the Board of Directors of the Association, the Association may apply for membership in the National Order Buying Company or may contract with the National Order Buying Company for the purpose of obtaining the services thereof.

ARTICLE XI.
Amendments

These by-laws may be amended in the manner prescribed by law.

IN WITNESS WHEREOF, we have affixed our hands and seals

Signatures

(Copies furnished by Department of Agricultural Education, V.P.I.)

THE EASTERN LIVESTOCK COOPERATIVE MARKETING ASSOCIATION, INC.

MARKETING AGREEMENT

The Eastern Livestock Cooperative Marketing Association, Inc., hereinafter referred to as the "Association" is a cooperative livestock marketing association, and the undersigned hereinafter referred to as the "Producer" is desirous of furthering the cooperative marketing of livestock and subscribes for _____ shares of common stock of the Association and tenders _____ dollars (\$) and note for _____ dollars (\$) in payment therefor.

Producer agrees to market through the Association all of Producer's livestock that is marketed on any terminal market where the Association maintains or has a designated marketing agency.

Producer agrees to file with the Association at such times as may be called for by the Association and upon forms to be furnished by it schedules showing the number, age, kind and quality of each type of livestock for sale by Producer.

The Association agrees to furnish to Producer first class marketing service and to maintain for the exclusive and confidential use of its members marketing information covering supply and demand conditions and facts pertaining to current prices and price trends for livestock.

Producer agrees to the articles of incorporation and by-laws of the Association and it is understood and agreed that Producer may cancel this contract in the month of December of any year if he is not indebted to the Association by giving written notice thereto, which cancellation shall be effective on the first of January following.

It is understood and agreed that this agreement shall be effective on a day specified by the Board of Directors of the Association in a notice published in newspapers circulating in the territory in which the Association has stockholders, stating that the Board of Directors has found that at least \$25,000 of the capital stock of the Association has been subscribed for and that the parties signing agreements similar to this one normally market at least 2,000 cars of livestock each year at the stockyards at Baltimore, Md., Jersey City, N.J., and Lancaster, Pa.

IN WITNESS whereof the parties hereto have affixed their hands and seals as of the _____ day of _____, 193_____.

THE EASTERN LIVESTOCK COOPERATIVE MARKETING ASSOCIATION, INC.

By _____
Its Secretary

Producer _____

Address _____

Head of livestock marketed by member, per year: (Please give conservative estimate)

Calves _____ Fat steers or heifers _____

Cows _____ Stocker steers or heifers _____

Hogs _____ Sheep and lambs _____

Terminal market used by member _____

Truck or carlot shipments? _____

THE EASTERN LIVESTOCK COOPERATIVE MARKETING ASSOCIATION, INC.

ARTICLES OF INCORPORATION

THIS IS TO CERTIFY:

First: That we, all of whom are engaged in the production of agricultural products as farmers, the subscribers, J. W. Jones, whose post-office address is Olney, Maryland; Robert W. Farmer, whose post-office address is Derwood, Maryland; Thomas B. Glascock, whose post-office address is Upperville, Virginia; Ross H. Tucker, whose post-office address is Lewisburg, West Virginia; F. T. Wilson, whose post-office address is Lewisburg, West Virginia; and John Barton Payne, whose post-office address is Warrenton, Virginia, all being of full legal age, do, under and by virtue of the Cooperative Association Law of the State of Maryland authorizing the formation of cooperative associations, associate ourselves with the intention of incorporating such an association.

Second: The name of the Corporation (which is hereinafter called the Corporation) is the EASTERN LIVESTOCK COOPERATIVE MARKETING ASSOCIATION, INCORPORATED.

Third: The purposes for which the Corporation is formed and the business or objects to be carried on and promoted by it are as follows:

(a) To promote and provide a medium for unity of effort by producers in the handling and marketing of livestock and all other agricultural products; to reduce waste in the marketing of livestock and all other agricultural products; to effect economies with reference thereto and to do anything that is conducive to carrying out the policy of the Congress of the United States of America stated in the Agricultural Marketing Act, approved June 15, 1929 (Public No. 10, 71st Congress) with respect to livestock.

(b) To promote, foster and encourage the intelligent handling, grading, buying, selling and shipping of livestock and all other agricultural products and/or to render any service or engage in any activity in connection with the purchase, selling or supplying to the common stockholders hereof of supplies, machinery or equipment or in the financing of any one or more of such activities.

(c) To acquire, handle and market livestock and all other agricultural products on any basis that may be agreed upon and in any capacity and to do anything that is conducive to any of such purposes.

(d) To acquire, interpret and disseminate information relative to livestock and all other agricultural products together with information pertaining to agricultural cooperation, for the purpose of furthering the interests of this Corporation and of its common stockholders.

(e) To purchase, hold, transfer, sell and/or release the shares of its capital stock as provided by law.

(f) To do any or all of the things deemed necessary or advisable for furthering the preparing for market, grading, processing, handling and/or marketing of livestock and all other agricultural products.

The objects specified herein shall, except where otherwise expressed be in no way limited or restricted by reference to or inference from the terms of any other clause or paragraph of these Articles of Incorporation.

The foregoing shall be construed both as to objects and powers and the enumeration thereof shall not be held to limit or restrict in any manner the general powers conferred on this Corporation by the Cooperative Association Law and other Laws of the State of Maryland, all of which are hereby expressly claimed.

Fourth: The post-office address of the place at which the principal office of the Corporation will be located is Baltimore Stock Yards, Baltimore, Maryland. The resident agent of the Corporation is J. T. Jones, whose post-office address is Olney, Maryland, and who is an officer of this Association. Said resident agent is a citizen of the State of Maryland and actually resides therein.

Fifth: The Corporation shall have nine directors two of whom shall be residents of Maryland and the following: J. W. Jones, Olney, Maryland; Robert W. Farmer, Derwood, Maryland; Thomas B. Glascock, Upperville, Virginia; Ross H. Tucker, Lewisburg, West Virginia; W. W. Jarvis, Myrock, North Carolina; Roy Bell, Blountville, Tennessee; Samuel T. Atchley, Trenton, New Jersey; B. H. Wilson, Coatsville, Pennsylvania; Howard E. Babcock, Ithaca, New York, shall act as such until the first annual meeting or until their successors are duly chosen and qualified. The number of directors may be changed in such lawful manner as the by-laws may from time to time provide.

Sixth: The total amount of the authorized capital stock of the Corporation is fifty thousand dollars (\$50,000) represented by 25,000 shares, of which 25,000 shares of the par value of one dollar (\$1.00) per share are common stock, and 1,000 shares of the par value of twenty-five dollars (\$25.00) per share are preferred stock.

No dividends shall be paid on either common or preferred stock in any year in excess of eight per cent per annum. In the event of liquidation or dissolution, either voluntary or involuntary, the holders of preferred stock shall be entitled to receive out of the assets of the Corporation the par value of their stock in full satisfaction thereof before any distribution is made among the holders of the common stock, who shall then be entitled to participate in the assets of the Corporation, on the basis of the number of shares of common stock held by each of them. The preferred stock of this Corporation shall carry no vote and no person by reason of the ownership thereof shall be entitled to vote in any meeting of this Corporation.

Each eligible holder of common stock shall be entitled to only one vote regardless of the number of shares owned by him.

The amount of business that this Corporation may do for non-members shall not exceed that done for or on account of the common stockholders hereof. Reasonable reserves of net earnings if any as determined by the Board of Directors shall be set aside from year to year. After setting aside such reserves and after the payment in the discretion of the Board of Directors of this Corporation of a fair rate of interest or dividend but not in excess of eight per cent in any year, the balance of the net savings of the Corporation shall be distributed on a patronage basis to common stockholders in proportion to the volume of business contributed by each of them.

Amounts carried to reserves from business done in any year shall be allocated on the books of the Corporation on a patronage basis for that year, or in lieu thereof the books and records of the Corporation shall afford a means for doing so at any time so that in the event of dissolution or earlier if deemed advisable, in the sole discretion of the Board of Directors, such reserves or any part thereof may be returned to patrons.

IN WITNESS WHEREOF, we have signed these Articles of Incorporation on this 22nd day of August 1931.

WITNESS:

<u>Harold C. Smith</u>	as to	<u>J. W. Jones</u>
<u>Harold C. Smith</u>	as to	<u>Robert W. Farmer</u>
<u>J. A. Johnston</u>	as to	<u>Thomas B. Glascock</u>
<u>H. D. Knapp</u>	as to	<u>Ross H. Tuckwiller</u>
<u>H. D. Knapp</u>	as to	<u>F. T. Wilson</u>
<u>Francis J. Marshall</u>	as to	<u>John Barton Payne</u>

(Copies furnished by Department of Agricultural Education, V.P.I.)

THE EASTERN LIVESTOCK COOPERATIVE MARKETING ASSOCIATION, INC.

Pertinent Information

Q. What is the Eastern Livestock Cooperative Marketing Association, Inc.?

A. It is a regional marketing agency set up for the purpose of serving livestock producers in Virginia, West Virginia, Maryland, Tennessee, North Carolina, New York, New Jersey and Pennsylvania.

Q. How is this Association governed?

A. It is governed by a board of nine directors. The present board consists of one outstanding livestock producer from each of the eight States mentioned, with the exception of Maryland, which has two directors to comply with the Maryland law. In addition to the board of directors, the plan provides for an advisory board or council from each State. This board consists of not less than five members whose duties are to secure membership, build up volume and direct field service within their State.

Q. How was the first board of directors of this Association selected?

A. At the suggestion of the temporary committee representing the producers, the directors of each of the eight States mentioned made recommendations for the appointment of the first board of directors who will serve until their first annual meeting at which time the producer members will elect their own directors.

Q. Who are these directors?

A. Virginia Thomas E. Glascock, Upperville, Va., President, an outstanding livestock producer, operates over 5,000 acres of land.

Maryland J. W. Jones, Olney, Md., Secy-Treasurer, a breeder of pure bred Harford cattle, a banker and business man. R. W. Farmer, Dorwood, Md., a large livestock producer.

Tennessee Roy F. Ball, Blountville, Tenn., one of the largest feeders and grazers in Tennessee, active in cooperative work.

Pennsylvania B. H. Wilson, Coatesville, Pa., manager of a large livestock farm.

West Virginia Ross H. Tuckwillor, Lewisburg, W. Va., a large farmer secretary of the West Virginia Livestock Marketing Association, also manager of the Greenbrier Shipping Association.

North Carolina W. W. Jarvis, Moyock, N. C., one of the largest and most progressive farmers in his State.

New York H. E. Babcock, Ithaca, N. Y., is general manager of the Grange League Federation Exchange of New York, which federation is one of the most successful of the farm business organizations in existence.

New Jersey No director has yet been selected.

Q. Who started the movement for this organization?

1. Livestock producers from the States of Maryland, Pennsylvania, North Carolina, Tennessee, Virginia and West Virginia met with representatives of the Farm Board and of various State Agricultural Colleges in November, 1930 and appointed a committee to work out plans for such an organization. Livestock producers, representatives of dairy associations, farm organizations, extension and agricultural college workers, together with representatives of the Farm Board, attended the various meetings during the past year and definite plans were perfected for the establishment of this Eastern Livestock Marketing Association.

Q. Why was this movement started?

1. Because eastern livestock producers feel the need of a more efficient marketing service and feel that now is an opportune time to establish such an agency as a part of the National Livestock Marketing Association.

Q. What services will this Association offer?

1. It will maintain efficient sales agencies at the terminal markets of Baltimore, Jersey City, Lancaster, Pa., and other points as needed. If it is desired a direct to packer sales service may be established in certain areas through the service of the National Order Buying Company which is a member of the National Livestock Marketing Association.
2. As a member of the National Livestock Marketing Association it will be able to offer its members a financing and buying service for the purchase of feeder cattle or sheep for feeding or pasturing purposes, through the National Feeder and Financier Corporation, a subsidiary of the National Livestock Marketing Association.
3. It will offer a research and market information service.
4. It will maintain a claim and transportation service.

Q. When will this agency start operations?

1. Just as soon as enough producers are sufficiently interested and have signed the marketing agreements so that the board of directors will feel reasonably sure that a minimum of 2,000 carloads of livestock will go through these terminal agencies the first year of operation, thus assuring sufficient volume, and as soon as at least \$25,000 worth of capital stock is subscribed by producers.

Q. What is the authorized capital stock of this Association?

1. The Association has an authorized capital stock of \$50,000 consisting of 25,000 shares of common stock with par value of \$1.00 per share and 1,000 shares of preferred stock with par value of \$25.00 per share. Common stock of the Association may be purchased only by bona fide producers of livestock who have signed the agreement to market their livestock through the Association. The holders of common stock are entitled to one vote regardless of the number of shares owned. Preferred stock has no voting privilege and its dividends are noncumulative and limited to 8 per cent. After preferred dividends are paid and sufficient reserves are set up net earnings will be refunded to the producer members on a per share dividend basis annually.

A. The terminal market charges will be the same as the standard rate of charges on each market. However, all the earnings above the actual cost of handling, less dividends on the preferred stock and deduction of reserves will be prorated annually back to the producer members upon the basis of volume consigned to the Association.

Q. What will be the benefits to the producer under this system?

A. It will offer both the small and large producer an opportunity to have his livestock sold on its merits and any savings which may be made will belong to the producer.

Q. How can the producer make use of this Association?

A. Through his local livestock shipping association, if one is operating in his territory, or he may assist in the organizing of such local association, or he may ship or truck his own livestock direct to the terminal agency which offers the best market for his particular class or grade of livestock.

Q. What is the National Livestock Marketing Association?

A. The National Livestock Marketing Association is a federation of 20 cooperative sales agencies representing approximately 350,000 members. It operates on most of the principal livestock markets of the United States. This Association serves livestock producers from Buffalo on the East, San Francisco on the West and St. Paul on the North to Ft. Worth on the South. For the year 1930 the member agencies of this National Association handled over 8,000,000 head of livestock valued at over 164 million dollars. It is the largest organization of its kind in the world today.

Q. How successful have member agencies of the National Livestock Marketing Association been?

A. Numerous member agencies of the National are now handling from 20 to as high as 40 per cent of the entire receipts on the markets on which they operate. With this large volume they have been able to increase their bargaining power, have been instrumental in bringing in outside competition and have raised the level of livestock prices at their markets. Since 1922 when the first of these agencies was established nearly three million dollars in savings and refunds have been made. Substantial reserves have been set up. Improved facilities at stockyards have been provided. Hundreds of thousands of dollars in claims have been collected and a general improvement in stockyard practices and have been brought about through the efforts of the cooperatives. As a specific example let us take the Producers Commission Association of Cincinnati, Ohio. This Association, established less than six years ago, with \$36,000 in capital has set up a reserve of over \$100,000 in addition to returning over \$140,000 in cash refunds to its members and has been instrumental in the raising of price levels at the Cincinnati market on several classes of livestock. In addition to numerous other improvements in yard services and practices this agency leads all of the 20 firms operating on the Cincinnati market in volume of business. During 1930 it handled nearly 30 per cent of all the business coming to that market.

Q. How is it going to be possible for livestock producers in the eastern territory to secure such an association?

- A. Regardless of how much assistance the various extension departments, State marketing departments, Farm Board and other organizations may render, the success of this organization depends entirely upon the support given it by livestock producers in this territory. Judging from the success of similar organizations in other sections of the country there is no reason why the Eastern Livestock Cooperative Marketing Association should not succeed, but its success will depend entirely upon the support given it by the livestock producers in this area.

At a meeting held in Washington on September 5, 1931, the following amendment was passed by the board of directors that an advisory board of not less than 5 members be selected from each of the following states: Maryland, New Jersey, Virginia, West Virginia, Tennessee, North Carolina, Pennsylvania and New York.

The following committee was selected from Virginia:

Thomas B. Glascock, Upperville, Chairman
G. F. Holsinger, McChesneyville
S. J. Thompson, Founding Hill
W. F. Shiflet, Waynesboro
Frank S. Walker, Orange
W. H. Ferguson, Curle Neck Farm, Richmond
D. C. Barton, Dublin

(Copies furnished by the Department of Agricultural Education, V.F.I.)

EXHIBIT B

PROPOSED PLAN TO USE FOR SECURING EASTERN LIVESTOCK COOPERATIVE
MARKETING ASSOCIATION MEMBERSHIP IN VIRGINIA

The procedure to be followed in securing membership in the Eastern Livestock Cooperative Marketing Association in Virginia is to submit to the agricultural extension agents in the various counties, the vocational teachers, the existing cooperatives, and other similar individuals and organizations the purpose and plan of organization of the Virginia branch of the Eastern Livestock Cooperative Marketing Association. These organizations, together with county agents and vocational teachers, are to invite key livestock men from their respective counties to meet in district meetings with chairman discussed at the District and others to go over organization plans and appoint definite committees with a view of arranging meetings in the counties to which all livestock farmers are gone. This preliminary meeting of a few influential livestock farmers will be held so that farmers from groups of counties covering the territory may attend. For instance, some six counties territory to Abingdon will each send with their agricultural leaders some three to hold a farm key livestock farmers to the Abingdon meeting. After this series of meetings county meetings will be arranged by representatives present at the district meetings.

At the county meetings to which all livestock farmers are invited the purpose of the Eastern Livestock Cooperative Marketing Association will be set forth, plan of organization and solicitation of membership will take place. In addition,

a central county committee is to be appointed to solicit the quota of membership assigned to that county. The county quotas are to be made on basis of livestock produced in and shipped from the various counties.

This procedure is to be followed until the quota is subscribed. Such other data and information as will be of interest to the parent organizations will be covered and submitted at these meetings.

The matter of working out plans of district meetings and the grouping of counties convenient to these points is left to chairman Glendon W. Ketchum, field representative of the Farm Board, and Dr. Fletcher, assistant agricultural economist of the Virginia Agricultural Extension Division. These people are likewise allotted the duty of guiding the publicity.

EXHIBIT C
Marketing Livestock Cooperatively on the Terminal Markets

1st Meeting

I Organized marketing of livestock

1. History

- a. Pioneer period
- b. Expansion period
- c. Consolidation period and formation of National Livestock Marketing Association.
- d. National Livestock Marketing Association
 - (1) Structure
 - (2) Objectives

2. Move for organized marketing of livestock in Eastern territory.

- a. Formation of local shipping associations
- b. Study of terminal facilities for eastern producer by shipping associations.
- c. Solicitation of drought relief loans from Farm Board by eastern producers.
- d. Meeting of eastern producers at Farm Board office, November, 1930.
 - (1) Survey of markets requested
- e. Formation of Eastern Livestock Cooperative Marketing Association.
 - (1) Structure
 - (2) Officers
 - (3) Marketing agreement
 - (a) Necessity for
 - 1 Out-of-pocket cost of field service
 - 2 Permits reliable estimate of probable business at the beginning of the year
 - (b) Quota for eastern area
 - 1 State quota
 - 2 County quota

3. What can a cooperative terminal selling agency do for the eastern livestock producers
 - (1) Reduce marketing cost
 - a. Cite accomplishments of national as proof to this contention
 - 1 Total savings
 - 2 Refund to members
 - 3 Reserves set-up
 - (2) Give legal assistance by:
 - a. Collecting loss and damage claims for members.
 - b. Representing its members in rate cases.
 - c. Soliciting improved transportation facilities.
 - d. Supporting sound livestock legislation such as tariff, disease, embargo, etc.
 - (3) Protect markets
 - (4) Develop markets according to requirements
 - (5) Render better service on yards
 - (6) Give financial assistance
 - (7) Furnish better market news
 - a. Price
 - b. Supply of livestock
 - c. Changing market demands
 - (8) Develop direct selling
 - a. Packer
 - b. Feeders
 - (9) Create more bargaining power
 - (10) Market livestock in a more orderly manner.
4. Summary of main points and discussion by group.

II Local organization set up.

1. Elect chairman, vice-chairman, and secretary.
2. Provide canvassing teams to make house to house canvass.
3. Select a committee to call on business men and explain organization to them when deemed advisable.
4. Make a list of producers that should sign.
5. Make individual assignments of producers to be seen by canvassing teams. (Know your man)
6. Sell idea:- Every member get a member.
7. Set next meeting date, at which time canvassers will report and discuss objections offered and questions raised. (Suggest that canvassers keep a list of questions asked and objections raised to be discussed at second meeting.)

Second Meeting

I Order of business.

1. Call to order by chairman
2. Read minutes of last meeting
3. Roll call and report of canvassing committee.
 - a. Check up on community quota
4. Report of committee canvassing business men
5. Reassignment of teams for following week
 - a. May need special committees for specific persons.

II Necessity of a large percentage sign up.

1. Big volume insures economical operation, therefore greater savings and better service to members.
 - a. Overhead cost per unit of sale decreases as volume increases
 - b. Can employ better personnel.
 - (1) Specialized salesmen
 - (2) Can employ best salesmen
 - (3) General management can be entrusted to a person who does not have to sell.

- c. Makes possible the formation of a subsidiary to buy up odd lots and left overs that are usually handled by speculators.
- 2. More bargaining power
 - a. Small struggling firm is made the butt of discriminating trade practices and finds it difficult to:
 - (1) Secure respectful attention from
 - (a) Railroads
 - (b) Banks
 - (c) Packers and order buyers
 - b. Smooth out short time swings in market price
 - (1) Will not allow local conditions on other markets to very materially affect prices on normal markets.
 - (2) Reduces competition among sellers.
 - (a) Ordinarily market contains few buyers and many sellers.
 - (3) On recent realization of prices by organized buyers.
 - c. May be able to attract new or additional buyers.
- 3. More orderly marketing
 - a. Elimination of wide day to day fluctuations will cause a more even flow to market.
 - b. Supply information as to specific demands of particular markets.
 - c. Possible to divert feeder cattle to feeder without going through terminal market.
- 4. Have more weight in securing better transportations, rates, tariffs, etc.
 - a. Organization carries weight with a democratic government in direct proportion to the number of members.
- 5. Better statistical information.
- 6. May be able to develop direct marketing to:
 - a. Packers
 - b. Feeders

- III 1. Discussion of questions raised and questions asked
2. Advertise county meeting
3. Provide for conference of canvassing teams prior to county meeting for the purpose of summarizing community accomplishments. Questionnaire blanks will be furnished for this purpose.
4. Determine whether group wishes to discuss this topic further or other topics at meetings in the future.

County Meeting

- I Conference of county committeemen with representatives, chairman and secretary of local committees.
 1. Summarize county accomplishments. Questionnaires will be furnished for recording such data.
 2. Realign county committee if necessary - Additional appointments may be made.
 3. Make recommendations to be presented at general county meeting.
- II General County Meeting
 1. Report of county committee
 2. Discussion led by representative of Eastern Livestock Cooperative Marketing Association.
 3. General discussion
 4. Resolutions and declarations.

EXHIBIT 3

Schedule 1 - Sample News Articles

Cotton Skin

Trident

Schedule B - Circular Letters

THE EASTERN LIVESTOCK COOPERATIVE MARKETING ASSOCIATION, INC.

Proposed Sales Agencies At

Baltimore, Md. - Jersey City, N. J. - Lancaster, Pa.

Officers and Directors

Thos. B. Glasscock, Pres.
Upperville, Va.

J. E. Jones, Sec'y-Treas.
Rockville, Md.

Sam H. Tompkins,
Louisiana, La. Va.

Ray F. Hall,
Blacksburg, Tenn.

R. H. Wilson,
Crestonville, Pa.

R. W. Farmer,
Burrhead, Md.

H. E. Schenk,
Ithaca, N. Y.

H. W. Jarvis,
Baybrook, N. C.

Upperville, Va.
Nov. 5, 1931.

Dear Sir:

We expect to sponsor a meeting at Lexington in the Court House on November 10th at 1:30 P. M. Is this meeting either Mr. Deman, livestock member of the Iowa Board, or some other representative of the Board will discuss the advantages to be obtained by Virginia livestock producers by marketing livestock cooperatively at terminal markets. The matter of how a producer may avail himself of the services of The Eastern Livestock Cooperative Marketing Association will be explained by some representative of the organization.

Since we are going to a great deal of trouble so put on this meeting for the benefit of livestock producers in your area and because we feel that we can render you a much needed service, you are urged to attend.

It is almost impossible to reach all of the producers in this section with a letter. We would therefore appreciate the favor if you inform your neighbors of this meeting and bring as many of them to it as possible.

Very truly yours,

Thos. B. Glasscock
President.

G. H. Kincaid
Field Representative.

TBO/CHK/S

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167

Blacksburg, Va.
November 9, 1934.

Mr. Thomas B. Glanville, president of the Eastern Livestock Cooperative Marketing Association, and Mr. C. E. Tinsell, field representative of the Virginia branch of this cooperative, have informed me that this recently formed association wishes to sponsor a meeting at Orange on November 24th at 1:00 P. M. The objective of this meeting, according to these men, is to acquaint livestock producers, county agents and agricultural instructors with what terminal livestock cooperative selling agencies have done at other markets and to outline what the Eastern Livestock Cooperative Marketing Association proposes to do for Virginia livestock producers.

It is understood that either Mr. C. B. Humes, Farm Board member, or Mr. C. G. Randall, marketing specialist in charge of the livestock and wool section of the Farm Board, or Mr. E. B. Hunt, livestock marketing specialist for the Farm Board, will speak on the subject. "The advantages which livestock producers may expect by selling the livestock they ship to terminal markets cooperatively."

Mr. Thomas B. Glanville, president of the cooperative, Virginia member of the Board of Directors, and one of the largest cattle producers in the east, will outline the organization plan of the Eastern Livestock Marketing Association. He will also tell how a livestock producer can avail himself of the services of this terminal sales agency.

This organization desires to place this information before all of the important livestock producers in the state. They have decided that the following method will be the quickest and most efficient way to disseminate this information:

1. Hold regional meetings at strategic points throughout the state. To have agricultural leaders and key livestock producers from the central and tributary counties to attend these meetings. To invite all other people interested in this movement to attend these central meetings.
2. To partially depend on these people to carry this information back to their respective counties and communities.
3. To follow these regional meetings with more intensive programs in all of the important livestock producing counties in Virginia.

I feel that this is an opportunity for the extension workers to offer some real assistance and help to the Virginia livestock producers. The first and most important thing that we can do is to see that at least one, or better, two or more, key producers from each community in your county and the other counties assigned to this meeting attend. Since the Extension Division and the Education Department have offered their full cooperation in furthering this movement, the local educational campaign to be held in your county at a later date will be greatly simplified and made easier if the proper producers are at the regional meeting. For this reason, I suggest that you, together with the agricultural teacher or teachers, if any, in your county not only attend the meeting but also write an editorial effort to get some of your best producers to accompany you. It might be a good idea for you to give this program some publicity in your local paper.

Mr. Kincaid and I will visit you personally during the latter part of this week or first of next week. At this time we will explain this undertaking to you more fully. We will also bring with us some form letters written on association stationery to producers by Mr. Kincaid and Mr. Kincaid. We will expect you to furnish us with the names of men in your county who should receive them.

Trusting that I shall see you soon, I am, with best wishes,

Yours very truly, A

Paul L. Fletcher
Asst. Agr. Economist.

Copies of this letter were sent to:

J. C. Eller, Culpeper, Va.
T. D. Scott, Charlottesville, Va.
E. V. Brocken, Madison, Va.
T. E. Curtis, Orange, Va.

SCHEDULE 3

Included in this mimeographed article are tables showing (a) total savings made by cooperatives that are now members of the National Livestock Marketing Association; (b) amount and percentage of refunds made by agencies that are now members of the National Livestock Marketing Association; and (c) total amount of loss and damage claims collected for the account of members by livestock cooperatives of the National Livestock Marketing Association. For the most part these tables are self explanatory.

The first tabulation, Table 1, showing the savings made by cooperative livestock agencies, indicates that a total of \$2,902,658 has been saved out of the commission charged on livestock consignments by the various marketing agencies listed. These figures have no reference to the prices received for livestock, but are constituted from that portion of commissions collected which have been saved by the agency over and above operating expenses. The operating expenses for various livestock cooperatives are shown in Table 5, on the basis of the cost for selling a deck of livestock.

Table 2 shows that a total of \$1,625,947 in refunds has been paid out to the members of the livestock cooperatives out of the total figure of \$2,902,658. The difference between these two figures has been set aside by the cooperatives in the form of reserves. The membership refund is shown in Table 4 on a percentage basis.

Table 3 shows that \$328,567 has been collected for the account of members on damage claims by the cooperatives over a period of years. This is a service which the cooperatives are rendering free of charge to their members. Before the advent of livestock cooperative organizations, approximately 80 per cent of all claims went into the pockets of lawyers and attorneys who handled these damage claims for the accounts of shippers.

At a number of the larger livestock markets the cooperatives have organized subsidiary organizations for the purpose of buying and taking title to single head and small lots of livestock which, when offered for sale on their own merits, would sell substantially below their value. The purpose of these subsidiary organizations has been to assemble these odd lots of livestock into larger units where they would sell to better advantage than if the organization relied on traders and speculators for the daily cleanup. Through the employment of sufficient salesmen it has been possible to specialize the sales work, thus more nearly meeting the specialized buying of the packer interests and narrowing the daily price between stock of the same grades.

The livestock cooperatives have been of material assistance to growers in obtaining additional trains and improvement of service to market. Changes in loading time have frequently made it possible for stockmen from many areas to save a whole day in transit. Service to market is a problem confronting Virginia producers. The importance of this problem is emphasized by the following statement, taken from unpublished data of the Virginia Agricultural Experiment Station. "There is a close relationship between the time lambs are in transit to market and the amount in weight which they shrink. An analysis of the shrinkage records of 118 shipments made up of 25,210 lambs shipped from Virginia to Jersey City, showed that an increase of 10 hours in transit time was accompanied by an increase of .7 per cent in shrink, or approximately 260 pounds per average double deck car. The average transit time for the South-west Virginia shipments included in this study was 57.6 hours, and only about 33 hours of this was actual running time."

164

The livestock cooperatives have also assisted in hearings on freight rates before the Interstate Commerce Commission, and in a number of instances have been successful in obtaining adjustments in rates.

In the way of securing improved stock yard facilities, the cooperatives have been successful in obtaining new unloading chutes, improvement of feed records, new scales for the weighing of livestock, and additional pens for their care after receipt at the stock yards.

By handling a relatively high percentage of the total livestock arriving at market, the cooperatives have been able to strengthen the market. An example of this is shown by the experience of the Cincinnati producers where the hog market, since the coming of the cooperative agency, has been strengthened to a point where the general level of hog prices is higher than Chicago and Indianapolis, where it was generally based a few years ago. By opening the market for calves at Cincinnati, prices have been increased from \$1.00 to \$1.50 per one-hundred pounds. Before the Cincinnati producers opened for business, the calf market at Cincinnati was a closed affair with little competition. The cooperatives were instrumental in bringing new buyers into the market and opening the calf division until calves at Cincinnati are now sold on a competitive basis.

A large number of improvements which cooperatives have brought about at the markets where they operate might be enumerated. However, enough accomplishments have been outlined to give one an idea of what cooperative sales agencies have done in the few years that they have been operating.

TABLE 1. TOTAL SAVINGS MADE BY AGENCIES THAT ARE NOW MEMBERS OF THE NATIONAL LIVESTOCK MARKETING ASSOCIATION

(Figures represent dollars, - = Less)

Terminal	1922	1923	1924	1925	1926	1927	1928	1929	1930	Total
Buffalo		26,996	28,344	13,574	4,601	10,640	13,042	19,647	18,362	135,206
Chicago	22,533	125,759	126,411	63,209	-9,059	34,773	25,397	20,613	23,935	433,682
Cincinnati				19,898	29,341	56,589	56,062	52,069	41,717	235,676
Cleveland		7,151	31,727	3,297	505	5,374	5,054	-4,648	3,687	52,117
Detroit 1/		12,645	15,556	17,685	16,484	15,808	17,566	18,240	20,031	133,864
E. St. Louis 2/	43,399	98,583	122,650	109,158	128,769	156,215	159,665	129,960	128,896	1,037,275
Evansville			460	3,270	5,356	4,474	3,000	1,368	-4,662	13,336
Indianapolis										
3/	49,047	60,849	72,170	44,363	39,135	58,340	66,890	77,442	52,626	541,052
K. City		1,452	14,680	15,211	2,441	868	2,605	11,042	1,750	50,369
Peoria 4/		1,133	5,158	3,574	1,190	587	2,315	5,689	8,948	22,794
Pittsburgh			7,677	574	1,299	30	9,423	11,362	7,047	37,392
San Francisco				-92,657	25,072	75,854	78,438	58,301	-18,934	126,071
Sioux City			6,474	-1,225	-452	11,270	5,146	5,235	1,301	27,748
S. St. Paul	4,665	6,048	11,869	10,480						33,062
Springfield					556	959	2,279	6,048	7,132	16,974
Total	119,644	340,616	443,334	210,310	245,179	391,781	427,028	412,768	291,995	2,902,656

Note - The first year of operation does not usually include all 12 months.

Agencies at Denver, Des Moines, Ft. Worth and S. St. Joseph had not operated a full year when report was made.

1/ 1922, 1923 and 1924 began May 1, other years January 1.

2/ Part of the savings have been realized through reduced commissions.

3/ Includes time from May 15, 1922 to December 31, 1930.

4/ Earnings on non-member business. Has been set aside as reserve. Scheduled was misinterpreted by them. Total earnings over \$150,000.00.

Information furnished by National Livestock Marketing Association.

\$122,000.00 of which has been paid out as patronage refund to individual members.

161

TABLE 2. AMOUNT OF TREASURY MADE BY AGENCIES THAT ARE NOW MEMBERS OF THE NATIONAL LIVESTOCK MARKETING ASSOCIATION

Terminal	1922	1923	1924	1925	1926	1927	1928	1929	1930	Total
Buffalo		24,246	19,716	12,010		8,464			13,517	77,956
Chicago ^{1/}		69,084	103,482	82,540						255,086
Cincinnati				10,062	14,744	17,505	32,436	33,932	32,030	140,749
Cleveland				25,000						25,000
Detroit		7,000	10,000	16,000	14,215	15,532	15,654	16,526	16,186	111,282
K. St. Louis 40,408		81,696	55,787	39,078	41,889	45,886	48,069	45,979	49,935	447,423
Evansville						5,625	3,303			8,928
Indianapolis ^{3/}		35,716	49,989	32,601	34,909	26,187	35,942	36,341	36,512	300,197
K. City			None							
Peoria		5,739	15,221	15,807	15,339	15,965	17,425	17,683	19,523	122,500
Pittsburgh			8,856							8,856
San Francisco							38,575	36,338	596	75,509
S. City										8,588
S. St. Paul										33,081
Springfield							843	3,577	4,303	8,723
Total	40,408	225,461	265,035	242,164	180,896	135,132	192,247	198,394	194,581	1,623,947 ^{2/}

Information furnished by the National Livestock Marketing Association agencies at Denver, Des Moines, Ft. Worth and S. St. Joseph had not operated a full year when report was made.

^{1/} Includes \$7,601 for educational fund.

^{2/} Includes \$41,689 not designated by years.

^{3/} Twenty five per cent refund on commission collected from members.

^{4/} One sixth of 5 per cent charge (1929 sales paid in 1930) charge reduced to 2 1/2% in 1930.

TABLE 3. TOTAL AMOUNT OF LOSS AND DAMAGE CLAIMS COLLECTED BY AGENCIES THAT ARE MEMBERS OF THE NATIONAL LIVESTOCK MARKETING ASSN.

Terminal	(Dollars)									Total	
	1922	1923	1924	1925	1926	1927	1928	1929	1930		
Buffalo		No record prior to 1926.					5,514	9,536	8,434	23,484	
Chicago				13,506	19,465	16,047	19,425	17,087	10,301	96,600	
Cincinnati					300	2,241	1,563	2,192	2,416	8,711	
Cleveland		157	3,652	3,957	7,009	7,635	5,319	5,255	2,129	35,811	
Detroit				1,649	2,254	4,121	4,319	2,493	1,444	16,280	
E. St. Louis		3,846		(Approx.) 7,000	10,031	10,291	11,624	7,179	8,286	7,050	65,507
Evansville				No record							
Indianapolis	895	3,522	4,850	5,799	5,273	5,654	6,899	6,749	2,629	42,270	
K. City									approximately	10,000	
Peoria											
Pittsburg		Prior to 1930 claims handled through Chic. F. B.							4,965		4,965
San Francisco										17,019	
S. City		First two years claims handled by outside agency									4,800 Est.
S. St. Paul										3,906	
Springfield											
Total	895	7,525	15,502	34,941	44,592	47,720	50,220	52,367	39,366	326,557	

Information furnished by National Livestock Marketing Association.

Agencies at Denver, Des Moines, Ft. Worth and S. St. Joseph had not operated a full year when report was made.

1/ Includes \$35,427 not designated by years.

891

TABLE 4. PERCENTAGE PATRONAGE REFUNDIS MADE BY MEMBERS OF THE NATIONAL LIVESTOCK MARKETING ASSOCIATION WERE OF THE TOTAL COMMISSIONS COLLECTED

Terminal	1922	1923	1924	1925	1926	1927	1928	1929	1930	Total
Buffalo		22	20	15		10			15	
Chicago ^{1/}		30	30	25						
Cincinnati				18	18	18	25	25	25	22
Cleveland										
Detroit		10	12	15	18	18	16	17	15	15
S. St. Louis	40	40	25	20	20	20	20	20	20	24
Evansville										
Indianapolis ^{2/}										25
K. City	None									
Peoria		20	30	30	30	30	50	50	50	29
Pittsburgh			12							
San Francisco										10
S. City										20
S. St. Paul	Has used savings for organization work and expansion. Record value of business past two years.									
Springfield							20	33 1/3	33 1/3	31

Information furnished by the National Livestock Marketing Association agencies at Dover, Des Moines, Ft. Worth and S. St. Joseph had not operated a full year when report was made.

^{1/} Includes \$7,601 for educational fund.

^{2/} Includes \$41,669 not designated by years.

^{3/} Twenty five per cent refund on commission collected from members.

^{4/} One sixth of 3 per cent charge (1929 sales paid in 1930) charge, reduced to 2% in 1930.

691

TABLE 5. VOLUME OF BUSINESS, TOTAL OPERATING COSTS, AND OPERATING COSTS PER CAR FOR
12 PRODUCERS' LIVESTOCK COMMISSION ASSOCIATIONS

Year	Market	No. Decks Sold	Total Operating Costs	Operating Costs Per Deck
1928	Buffalo	6,165	64,446	10.94
1923	Chicago	15,854*	189,329	11.94
1928	Cincinnati	5,222	74,905	14.36
1928	Cleveland	4,262	55,876	13.12
1928	Detroit	5,550	69,571	12.15
1924	Evansville	1,260*	18,679	14.82
1928	Evansville	2,125	23,078	13.68
1928	Indianapolis	12,027*	129,529	10.76
1928	Kansas City	3,540*	61,757	17.41
1928	E. St. Louis	16,071*	207,345	12.36
1928	Peoria	2,913*	35,025	12.02
1928	Pittsburg	3,886	46,110	11.86
1928	Sioux City	3,940*	60,967	15.47

* Carts include double decks.

170

LIVESTOCK SOLD AND PERCENTAGE OF MARKET RECEIPTS BY AGENCIES THAT
 ARE NEW MEMBERS OF THE NATIONAL LIVESTOCK MARKETING ASSOCIATION,
 JANUARY 1 to DECEMBER 31, 1930.

	Cattle		Calves		Hogs		Sheep		Total	
	Head	Per Cent	Head	Per Cent	Head	Per Cent	Head	Per Cent	Head	Per Cent
Buffalo	13,407	10.3	44,822	31.2	286,382	41.7	226,062	37.6	522,693	36.6
Chicago	107,223	4.9	46,725	9.3	656,785	12.6	374,976	11.8	1,187,709	10.8
Cincinnati	21,866	12.6	30,761	29.2	238,696	35.6	40,641	22.6	331,962	28.4
Cleveland	12,466	11.9	38,687	26.1	106,459	20.7	104,223	23.2	263,855	21.7
Denver	21,528	7.5	1,151	2.2	1,983	1.4	31,556	2.7	56,220	3.4
Detroit	32,138	24.6	85,779	43.5	104,243	41.4	211,472	37.3	433,632	37.6
E. St. Louis	91,936	11.2	88,071	23.0	712,366	20.6	110,433	16.9	1,002,806	19.1
Evansville	7,480	22.1	10,154	25.3	69,681	29.4	11,196	32.3	98,481	28.5
Ft. Worth	7,871	2.5	11,156	5.4	348	.43	9,109	6.2	28,484	3.8
Indianapolis	62,053	27.9	55,747	32.6	557,014	33.6	85,019	31.7	709,833	32.7
Kansas City	46,889	2.7	12,529	3.4	145,522	7.2	46,630	2.3	253,570	4.1
Peoria	7,704	18.0	10,562	22.1	189,379	26.3	4,408	25.5	212,053	27.3
Pittsburgh	8,117	14.8	23,006	30.3	168,556	32.6	140,676	37.3	336,837	33.2
Sioux City	21,219	2.8	2,096	2.6	117,820	5.1	64,460	5.4	205,695	4.7
S. St. Joseph	27,616	10.7	4,729	7.6	17,160	2.5	19,533	2.8	69,838	4.1
Springfield	1,294	36.4	2,281	36.4	62,144	36.2	1,487	46.6	67,206	36.4
Total	492,896	6.7	468,258	19.9	3434,537	18.4	1494,103	15.1	5889,794	15.6

Taken from report of first annual meeting of the National Livestock Marketing Assn.

September 12, 1931.

Hon. Arthur Hyde,
Secretary of Agriculture.

Dear Mr. Secretary:

Re: Livestock credit service of National
Feeder and Finance Corporation of
Chicago, Illinois.

Mr. Demmon told me last evening that you would be interested in securing a statement outlining the livestock credit service of the National Feeder and Finance Corporation of Chicago and its credit corporations.

The National Feeder and Finance Corporation is a subsidiary of the National Livestock Marketing Association. It is a capital stock corporation set up with an authorized capital of five million dollars. All stock of this corporation is held by the National Livestock Marketing Association.

The National Feeder and Finance Corporation has three principal functions.

First: The organization of and participation in as a majority stockholder of regional credit corporations located at such points and operating in such a manner as may be determined by the Board of Directors. Five of these livestock credit corporations have been organized and are now functioning under the National Feeder and Finance Corporation. These follow the names and locations of these credit corporations: The National Livestock Credit Corporation, St. Louis, Missouri; Intermountain Credit Corporation, Denver, Colorado; National Finance Credit Corporation of Texas, Fort Worth, Texas; Waatch Livestock Loan Company, Salt Lake City, Utah and the Tri-State Credit Corporation, San Francisco, California.

Each of these credit corporations has an authorized capitalization of one million dollars, with the exception of the Tri-State Corporation, which has been recently set up with an authorized capital of \$500,000. These credit corporations have a total paid in capital of \$1,473,000. Of this amount the Farm Board has supplied, through a loan to the National Livestock Marketing Association, \$1,100,000 of the capital stock. The National Association in turn has used this loan to purchase the stock of the National Feeder and Finance Corporation, which in turn has been used by the National Feeder and Finance Corporation to purchase the common stock of the credit corporations, making the National Feeder and Finance Corporation the majority stockholder. The remainder of the stock, which is preferred stock, has been subscribed by individual producers and cooperative livestock marketing associations. As a specific example, let us consider the National Finance Credit Corporation of Texas. This Corporation is organized with a capital stock of one million dollars, consisting of \$200,000 preferred stock and \$800,000 worth of common stock; \$470,000 has been paid-in, consisting of \$70,000 worth of preferred stock and \$400,000 worth of common stock. Of this amount the \$70,000 worth of preferred stock has been subscribed by ranchmen in Texas who are members of the Texas Livestock Marketing Association. The \$400,000 worth of common stock has been invested by the National Feeder and Finance Corporation who has secured this money from a purchase of its stock by the National Livestock Marketing Association, who in turn has received \$400,000 from the Farm Board as a loan.

I should add here that the aim of the Farm Board is to assist livestock producers and their cooperative associations in building up a powerful centralized livestock credit agency which will have a paid in capital of several million dollars; an agency which will be owned and controlled by livestock producers;

... an agency which will have the same standing in the business world and the money market as, for example, General Motors Finance Acceptance Corporation, and one which will provide livestock growers and feeders with a sound and adequate system of financing for their livestock operations.

Plans are now under way to increase the paid in capital of the livestock credit corporations by one million dollars. Part of this amount will be subscribed by cooperative associations and individual feeders and ranchmen. The remainder will be supplied by the Farm Board by the method outlined above.

With this increased paid in capital the livestock credit corporations will have a line of credit through the Intermediate Credit Banks of approximately 25 million dollars. This should be ample to take care of the credit needs of feeders and ranchmen this fall who are members of the cooperative associations or who desire to become affiliated with the cooperative associations.

At present the livestock credit corporations have outstanding loans of approximately nine million dollars. This amount probably will be increased by several million dollars within the next month or two, as the managers of the credit corporations have informed us recently that they are literally "sumped" with applications for loans.

Second: The second function of the National Feeder and Finance Corporation is to make such advances to producers of cattle and sheep as will enable them to efficiently and effectively market the product of their herds and flocks. For years many sheep growers, in order to secure operating capital to carry them through the summer, have contracted to sell their lambs to speculators for a dollar a head advance on the lambs. This has resulted in the lamb crops passing out of the hands of growers and into the hands of speculators early in the fall. These speculators have frequently widened the margin between the grower and the feeder from a dollar or two or more, with the result that the feeders have paid higher prices for feeder lambs with growers receiving a correspondingly low price. This summer and fall the National Feeder and Finance Corporation has made advances totalling several hundred thousand dollars to lamb growers in the West.

Third: The third function of the National Feeder and Finance Corporation is to handle, buy or sell feeder stock both on and off the terminal livestock markets. The Corporation now has representatives in the range country, who are prepared to receive orders for feeder cattle and lambs, buy the stock and ship it direct from the range to the feed lot without going through intermediate hands. This service has been built up as the result of the demand from Corn Belt feeders for fresh stock, for stock which is moved direct without going through central market where it might be held in speculators hands for several days and become stale.

In conclusion, I want to point out just how the individual feeder or grower can secure credit for his feeding and pasture operations. A grower desiring credit simply makes an application to a member agency of the National Livestock Marketing Association. The name and address of these agencies follow:

Producers Commission Association,
Livestock Exchange Building,
Kansas City, Missouri.

Michigan Livestock Exchange,
Livestock Exchange Building,
Detroit, Michigan.

Producers Cooperative Commission Assn.,
Union Stockyards,
Pittsburg, Penn.

Texas Livestock Marketing Association,
202-6 Livestock Exchange Building,
Fort Worth, Texas.

Producers Cooperative Commission Association,
Stockyards, E. Buffalo, N. Y.

Western Cattle Marketing Association
114 Sansome Street,
San Francisco, California.

Producers Livestock Commission Company,
P. O. Box 334,
Springfield, Illinois.

Peoria Producers Commission Association,
Livestock Exchange Building,
Peoria, Illinois.

Producers Commission Association,
314-16 Exchange Building, Stockyards,
Sioux City, Iowa.

National Order Buying Company
608 So. Dearborn Street,
Chicago, Illinois.

Producers Commission Association,
14 Livestock Exchange Building,
Indianapolis, Indiana.

Iowa Livestock Marketing Corporation,
805 Valley National Bank Building,
Des Moines, Iowa.

Producers Cooperative Commission Association,
21-22 Livestock Exchange Building,
Cleveland, Ohio.

Producers Livestock Marketing Association,
Livestock Exchange Building,
So. St. Joseph, Missouri.

Evansville Producers Commission Association,
Livestock Exchange Building,
Evansville, Indiana.

Chicago Producers Commission Association,
515 Livestock Exchange Building,
Union Stockyards, Chicago, Illinois.

Intermountain Livestock Marketing Association,
Livestock Exchange Building,
Denver, Colorado

Producers Cooperative Commission Association,
Livestock Exchange Building,
Cincinnati, Ohio.

Producers Livestock Commission Association,
Livestock Exchange Building,
Nat. Stockyards, Illinois.

Farmers Union Livestock Commission Company,
Farmers Union Building,
So. St. Paul, Minnesota.

These agencies provide a form of application and also a financial statement which the grower fills out and mails to the agency. The association reviews the application and if it is passed on favorably it is sent direct to one of the credit corporations who handles its discounts. If the loan application is acted on favorably by the credit corporation, the grower executes a note which bears a rate of interest of 6 per cent and usually runs for nine months, and also gives a chattel mortgage on the livestock purchased and the feed for same. The note may be renewed if conditions justify a renewal. An inspector's report accompanies the grower's note and mortgage.

A feeder may secure a loan if he has sufficient feed on hand to finish livestock for market, or if the grower has the livestock and wants a loan to purchase feed he can secure same, provided, of course, that he would be considered a good risk.

The livestock sales agency which originates the loan endorses the grower's note. This is for the further protection of the credit corporation. All of the sales agencies maintain experienced stocker and feeder buyers who are qualified inspectors and approved by the Intermediate Credit Banks. Thus cattle or lambs which are purchased on the market would not carry any inspection fees as this service is provided by the cooperative associations without charge. Inspection rates in the country are paid by the borrower. It is the practice of credit corporations to hold the inspection expense to a minimum and not to make any more expense than is necessary to safeguard their collateral.

Hon. Arthur Hyde 9/12/31 - 5

The thought occurs to me that following your presentation of the livestock credit program of the National Association there might be a number of specific questions asked you. For this reason I have gone somewhat in detail in this communication in outlining the working system of the credit machinery of the National Feeder and Finance Corporation.

If you should desire additional information, Mr. Durran will be happy to supply you with same.

Very truly yours,

C. G. Kendall
Marketing Specialist in Charge,
Livestock and Wool Section.

SCHEDULE 4

WHAT ADVANTAGES SHOULD ACCRUE TO LIVESTOCK PRODUCERS
OF THE EASTERN STATES TERRITORY THROUGH THE
ORGANIZATION OF A COOPERATIVE LIVESTOCK
MARKETING ASSOCIATION.

Address by L. E. Mann, Senior Marketing Specialist,
Livestock and Wool Section, Federal Farm Board,
Washington, D. C. Before County Agents,
Hacksburg, Va., December 17, 1931.

The subject which has been assigned to me is one that I know you county agents are vitally interested in. Probably no other question is asked as many times of county agents by livestock producers as the one which I am to discuss with you this evening, namely, of what benefit will this cooperative livestock marketing organization be to the livestock producers of this territory; what are the advantages of such an organization; and what if any are the accomplishments of similar organizations in other territories?

This afternoon you have heard discussed the general working plan and program of the Eastern Livestock Cooperative Marketing Association. Before going into the matter of the advantages of a cooperative livestock marketing association I should like to call to your attention briefly the present system followed by livestock producers in much of this eastern territory. Just how is your livestock marketed locally at the present time and what are the advantages and disadvantages of such a system? Next, how is your livestock marketed at terminal markets under your present system and what, if any, are the advantages or disadvantages of this system?

I should like to outline the advantages of a cooperative system of assembling, grading and shipping from local points and of selling at terminal markets, and finally I want to bring to your attention some concrete illustrations of what other cooperatives in the various sections of this country have been able to accomplish in improving services at their various markets.

Getting back to the first main topic, that of your present system of selling livestock in this eastern territory. I am informed that much of the livestock is sold locally to dealers who in turn either consign it to terminal markets or direct to packers. It has also been a common practice in this territory to contract for the sale of livestock, especially cattle, several months ahead of the time when the livestock will be marketed. Some of this is sold to packers but a large percent goes to dealers or commission men. Naturally, in the case of a falling market, the man who has contracted his cattle several months in advance is the gainer, while with a rising market he is the loser. During the last few years, due to the drastic decline in cattle prices, a large share of these dealers have been forced out of business. In most cases these dealers are the least active during times of falling markets so that the livestock producers of Virginia cannot depend on such a system to serve them at all times.

Disadvantages of Present System of Local Marketing

Some of the disadvantages of such a system might be listed as follows: In the first place there is a tendency on the part of the local dealer to buy livestock largely on a "mine run" basis rather than to give the producer of a

quality product the additional price it deserves. Naturally there is a reason for this. If the dealer were to give one man 5 cents a pound for his cattle and a neighbor 3 cents a pound, he would have a lot of explaining to do to the party who sold his cattle at 5 cents. For that reason, he would much prefer to give an average price for most of the cattle in that particular neighborhood rather than to have a wide difference in price and a dissatisfied group of patrons. As a result, many producers or feeders do not follow market quotations as closely as they should; therefore, they are not as well informed as to the actual market sales price of different weights and grades of livestock as they might be. Only a small per cent of livestock producers go into the terminal markets and become acquainted with actual market values for livestock. The producer, under such a system, does not see the advantage of improving quality and as a result there has not been the improvement either in the quality of livestock produced or in the weight marketed that has occurred in other sections where the market prices are reflected directly back to the producer upon the basis of grade and weight at time of sale.

Disadvantages of Present System of Sale on Terminal Markets

Next, taking up the matter of the sale of livestock on the terminal markets what do we find at present:

(1) In the first place I am told that several of the commission agencies operating on these eastern terminal markets not only act as sales agencies for producers' livestock but many times actually purchase livestock in the country for their own account. This livestock, together with stock purchased by local dealers, many of whom are financed by commission agencies, comes on the market and is sold by these commission agencies at the same time as stock received from individual livestock producers. Naturally a commission agency having a direct interest in certain livestock, or in the financing of a dealer shipping such livestock, will do their best to obtain the most favorable price possible for such shipments as compared with a shipment from a small producer who may come in only once or twice a year.

(2) Another thing, I am informed that some commission agencies on eastern markets are large stockholders in packing plants and act as buyers for these plants. It can readily be seen that under such a system the livestock producer's interest is not the major interest of the commission agency which serves him.

(3) Under this present system the business coming to these various markets is split up in the hands of numerous commission agencies which reduces their bargaining power. According to a survey made in 1930, there were 12 commission agencies at Baltimore, 14 at Lancaster and 6 in Jersey City.

(4) A reduction in selling costs is not probable under the present system because the livestock producers have nothing to say as to the charges made.

(5) Under this system there can be no well directed effort toward an orderly marketing program as the major interest of each commission firm is to get the livestock into their market regardless of whether or not that market happens to be the most satisfactory one for that particular product because the commission firm knows that if the shipment goes to another market no revenue will be realized.

- 3 -

(5) Under the system, no uniform system of market information goes out from these various markets and it is hard to compare quotations on similar kinds of livestock. Naturally, the buyers and the commission agencies on these various markets are not interested in furnishing the livestock producer definite information as to what his livestock is worth at home for fear the local dealer cannot buy his livestock as easily, or that the producer might ship to other markets.

Advantages of the Cooperative Marketing System on Terminal Markets

Under the cooperative sales system livestock producers will have an agency at terminal markets which they own and control working for their interest.

- (1) This agency will furnish their patrons with the most accurate marketing information obtainable.
- (2) It will not be interested in any one market but will endeavor to divert and ship such livestock to the market where it will bring the producer the most money.
- (3) Such a selling agency would endeavor at all times to sell livestock strictly on a grade and weight basis so that the producer of a quality product would receive a premium as compared with the man producing a mediocre product.
- (4) The cooperative sales agency is interested in any improvement that can be made in transportation service, in local and terminal stockyard facilities, and in the collection of loss and damage claims.
- (5) It is interested in reducing marketing costs and eliminating unnecessary speculation and handling charges.
- (6) It is interested in developing an orderly production and marketing program.

With sufficient volume of business such an agency could exert a real influence from a bargaining standpoint as compared with the present system in which we have numerous independent and, to a large extent, disinterested selling agencies competing with each other in selling the farmers' livestock to a fairly well organized buying force.

Advantages of the Eastern Livestock Cooperative Marketing Association becoming a member of a National Livestock Marketing Association.

In addition to the above mentioned advantages there would be additional advantages to the Eastern livestock producers in becoming a part of a National livestock marketing program.

- (1) As a part of this National Livestock Marketing Association the Eastern Livestock Cooperative Marketing Association would be in a position to establish a regional credit corporation which would allow livestock producers to obtain finances for their feeding and pasture operations when such credit was not available locally at reasonable rates of interest.

(2) It would furnish eastern producers a means by which they could purchase their feeder stock from either mid-western markets or direct from the range territory through the National Feeder and Finance Corporation.

(3) It would have the additional advantage of having the experience of a parent organization which would be of invaluable assistance to this newly organized association during its early stages. At the start trained help in the way of salesmen and office force could be loaned the new association. If additional capital were needed for revolving fund purposes or for working capital, a reasonable amount could be advanced until proper reserves were set up.

(4) An interchange of ideas and market information from the various other member agencies of the National would be possible.

(5) Information from the research department of the National would be available to the eastern producers.

(6) The development of an orderly marketing program is one of the major projects of the National organization and this eastern territory certainly could benefit from such a system. This last summer a study of the major producing areas of the States west of the Missouri River was made for the use of the National and its sales advisory board. This study includes a blocking out of the major producing and marketing areas, time of movement of livestock in and out, destination of shipments, character of product produced, and factors influencing the production and marketing of livestock from these various sections. With such information in the hands of the National, real progress can be made in developing a more orderly system of marketing. A large national organization is of inestimable value to the livestock industry in representing livestock producers in matters of legislation, transportation, etc. Such an organization commands the respect of organized business.

Examples of What Livestock Cooperatives have Accomplished

In closing I should like to give you a few outstanding examples of what has been accomplished by livestock cooperative sales agencies which are members of the National Livestock Marketing Association. During the year 1930, twenty member agencies of the National Livestock Marketing Association handled over 8 million head of livestock, valued at more than 164 million dollars. During the period from 1923 to 1930 the total savings made by the member agencies of the National Livestock Marketing Association were nearly 3 million dollars. Of this amount over \$1,600,000 was returned in patronage refunds and according to their consolidated balance sheet of December 31, 1930 these agencies had in surplus account and in reserves over \$975,000. From the standpoint of the collection of claims from railroads for shippers on losses, crippled and dead stock these agencies have collected over \$325,000 since they started operations.

These are tangible results but of even more importance than these savings made are the improvements in selling and in the handling of livestock on our terminal markets and in the improvement of facilities and general market practices at these yards.

(1) On several markets the cooperatives are handling from 25 to 35 per cent of the entire business coming to those markets. With this volume of business under their control, the cooperatives have been able to raise the general level of prices as compared with other markets. This has occurred on the markets at Cincinnati, Peoria, Ill., Indianapolis, Ind., and at numerous others.

(2) On some markets the orders for certain classes of livestock were in the hands of only a few firms that kept prices down as compared with other markets. The cooperatives were instrumental in bringing in outside orders and on certain markets raised the prices on calves alone as much as \$1. to \$1.50 per hundredweight.

(3) It used to be and still is the practice on many of our midwestern and western markets that no feeder stock could be sold out of first hands but all must first be sold to a speculator or feeder dealer, who in turn sorts them up and sells them to the farmer who wants to buy feeder cattle. The cooperatives were the first to break away from this practice and on several markets other firms have been found to follow suit.

(4) The direct movement of feeder cattle and lambs from range to feedlot has been another one of the activities of the cooperatives. This has effected savings and has narrowed the price between what the range man received and the feeder paid.

These are but a few of the improvements that cooperatives have made upon the old system. Time does not permit me to go into more detail but this type of information is available and will be furnished any of you who are interested.

Before closing I want to sound a word of caution to you county agents. Do not over sell this proposition on such things as patronage refunds and savings.

Do not expect miracles of such an organization at the start. It has taken ten years or more for livestock cooperatives to get where that are today. It is extremely doubtful if eastern cooperative sales agencies will be able to make the showing that they have in the middle west, due to lack of hog business, lack of strong farm organizations and of active shipping associations, as well as a more general knowledge of livestock marketing than is the case in much of this eastern territory.

Livestock population is scattered and for that reason it is a more expensive territory in which to operate. It will be impossible to have a field organization big enough to solicit business intensively as is done by old line agencies. For that reason, it is very essential that livestock producers be well informed as to the plan, program and possibilities, as well as its limitations. A sufficiently large volume of business is essential to its success. A small struggling organization can accomplish very little.

The set-up of your local associations and local and county marketing committees is very important. Make every member a field man for the Eastern Livestock Cooperative Marketing Association. Have as your motto - "Every member get a member."

Cooperative marketing in this territory must expect its ups and downs as it has in other areas, but if livestock producers of this eastern territory really want to improve their present system they have it in their power to do so. To my way of thinking there is no more important project before the county agents of the livestock area of Virginia than that of the successful development of the Eastern Livestock Cooperative Marketing Association.

January 1, 1931 to December 31, 1931.

Freight Rate Cases

(1) Fruit and Vegetable Case

The growers of vegetables in the Norfolk and Eastern Shore areas of Virginia felt that the railroad rates on vegetables from these areas into the large consuming centers were unfavorable as compared to the rates from competing areas. Testimony embracing eight sheets of typewritten material and eight exhibits were prepared and submitted before the Commissioner at Norfolk on January 10th. The results of this petition of the growers to the I. C. C. were favorable although to a lesser extent than expected.

(2) General Fifteen Percent Rate Increase Case

The farmers of Virginia requested the Extension Division to prepare material to be submitted before the Interstate Commerce Commission at Washington on August 10th and 11th in opposition to the General Fifteen Percent Freight Rate Increase. Thirteen pages of typewritten testimony and nine exhibits were prepared and submitted before the Interstate Commerce Commission. The results of the opposition were favorable to Virginia farmers in that the Interstate Commerce Commission decision made comparatively no advance in freight rates on farm products.

Plant Nutritional and Commercial Post

In May a number of leading plant growers dissatisfied with the prices paid for plants, requested the Extension Division to assist them in an

Educational and Organizational Campaign . An educational campaign covering six week's time was put on in the counties of Dinwiddie, Sussex, Sampson, Southampton, Greenville, Isle of Wight and Henric counties at which considerable interest was shown. The organizational committee approved of Articles of Incorporation and a Contract. A definite organization campaign may be attempted during the first quarter of 1933.

Tobacco Organizational Work

The Educational and Organizational work with tobacco growers in both Wight and York halves has continued intermittently throughout the year. The goals set in the sign-up campaign were not attained. A more liberal interpretation of the contract by the Federal Farm Board had increased the interest and chances of organization. Meetings have been held at 125 local committees and active sign-up was carried on by growers during the last two months. The program for the new year includes a continuance of sign-up activity and actual setting up of an organization by April 1, 1933. In the Educational part, growers have been met in each of the 25 counties, the new plan of marketing and the situation has been clearly explained to those attending.

EXHIBIT 1

General trend of prices and purchasing power
(On Dwyer base, August, 1929-July 1934)

Year	Food and vegetables	Household necessities	Living products	Production	Non-durable goods	Capital goods	Services	Index of prices paid
1929	104	91	100	100	104	118	108	99
1930	96	100	97	97	91	101	96	101
1931	100	110	98	100	101	97	98	100
1932	95	98	100	100	101	97	100	100
1933	100	100	110	100	100	98	100	101
1934	100	95	104	98	100	98	100	104
1935	100	100	100	100	110	110	110	100
1936	117	100	170	100	107	107	170	100
1937	100	100	100	100	100	100	100	110
1938	101	100	100	170	100	100	100	100
1939	100	100	100	100	100	100	100	100
1940	110	100	100	100	101	101	110	100
1941	100	100	110	104	100	100	104	100
1942	114	100	100	100	100	110	100	100
1943	100	104	100	104	107	111	104	104
1944	100	100	100	107	101	107	107	100
1945	100	100	100	100	100	100	100	100
1946	100	100	100	100	100	100	100	100
1947	100	100	100	100	100	100	100	100
1948	100	100	100	100	100	100	100	100
1949	101	100	100	100	100	100	100	100
1950	100	100	104	100	100	110	100	100
1951	97	114	98	98	98	98	100	98

1/ Compiled by R. A. E., U. S. D. A.

2/ Based on retail prices paid by farmers for commodities used in living and production.

3/ Preliminary.

ANNEX 2
General trend of prices and wages ✓
(1929-1934 = 100)

Year	From wholesale prices of all commodities ✓	Industrial wages ✓	Prices paid to farmers for living products ✓	Prices paid to farmers for dead products ✓	Wages paid to agricultural workers ✓	Index of farm property taxes ✓
1929	100	100	100	100	100	100
1931	98	98	100	101	99	101
1932	99	100	100	101	100	104
1933	101	99	100	100	99	101
1934	101	100	101	107	100	108
1935	119	100	114	100	101	110
1936	120	100	100	100	100	100
1937	106	100	100	100	100	100
1938	113	100	100	100	100	100
1939	114	100	100	100	100	100
1940	119	100	100	100	100	100
1941	124	100	100	100	100	100
1942	137	100	100	100	100	100
1943	140	100	100	100	100	100
1944	134	100	100	100	100	100
1945	140	100	100	100	100	100
1946	137	100	100	100	100	100
1947	140	100	100	100	100	100
1948	144	100	100	100	100	100
1949	144	100	100	100	100	100
1950	145	100	100	100	100	100
1951	146	100	100	100	100	100
1952	147	100	100	100	100	100
1953	148	100	100	100	100	100
1954	149	100	100	100	100	100
1955	150	100	100	100	100	100
1956	151	100	100	100	100	100
1957	152	100	100	100	100	100
1958	153	100	100	100	100	100
1959	154	100	100	100	100	100
1960	155	100	100	100	100	100
1961	156	100	100	100	100	100
1962	157	100	100	100	100	100
1963	158	100	100	100	100	100
1964	159	100	100	100	100	100
1965	160	100	100	100	100	100
1966	161	100	100	100	100	100
1967	162	100	100	100	100	100
1968	163	100	100	100	100	100
1969	164	100	100	100	100	100
1970	165	100	100	100	100	100
1971	166	100	100	100	100	100
1972	167	100	100	100	100	100
1973	168	100	100	100	100	100
1974	169	100	100	100	100	100
1975	170	100	100	100	100	100
1976	171	100	100	100	100	100
1977	172	100	100	100	100	100
1978	173	100	100	100	100	100
1979	174	100	100	100	100	100
1980	175	100	100	100	100	100
1981	176	100	100	100	100	100
1982	177	100	100	100	100	100
1983	178	100	100	100	100	100
1984	179	100	100	100	100	100
1985	180	100	100	100	100	100
1986	181	100	100	100	100	100
1987	182	100	100	100	100	100
1988	183	100	100	100	100	100
1989	184	100	100	100	100	100
1990	185	100	100	100	100	100
1991	186	100	100	100	100	100
1992	187	100	100	100	100	100
1993	188	100	100	100	100	100
1994	189	100	100	100	100	100
1995	190	100	100	100	100	100
1996	191	100	100	100	100	100
1997	192	100	100	100	100	100
1998	193	100	100	100	100	100
1999	194	100	100	100	100	100
2000	195	100	100	100	100	100
2001	196	100	100	100	100	100
2002	197	100	100	100	100	100
2003	198	100	100	100	100	100
2004	199	100	100	100	100	100
2005	200	100	100	100	100	100
2006	201	100	100	100	100	100
2007	202	100	100	100	100	100
2008	203	100	100	100	100	100
2009	204	100	100	100	100	100
2010	205	100	100	100	100	100
2011	206	100	100	100	100	100
2012	207	100	100	100	100	100
2013	208	100	100	100	100	100
2014	209	100	100	100	100	100
2015	210	100	100	100	100	100
2016	211	100	100	100	100	100
2017	212	100	100	100	100	100
2018	213	100	100	100	100	100
2019	214	100	100	100	100	100
2020	215	100	100	100	100	100
2021	216	100	100	100	100	100
2022	217	100	100	100	100	100
2023	218	100	100	100	100	100
2024	219	100	100	100	100	100
2025	220	100	100	100	100	100
2026	221	100	100	100	100	100
2027	222	100	100	100	100	100
2028	223	100	100	100	100	100
2029	224	100	100	100	100	100
2030	225	100	100	100	100	100

✓ U. S. Bureau of Economic Analysis
 ✓ Bureau of Labor Statistics
 ✓ Weekly earnings N. Y. factory workers.
 ✓ Index of farm property taxes.
 ✓ U. S. Bureau of Economic Analysis - Cornell University. (See Nos. 9 and 90 for explanation)
 ✓ Last month in which data are available. (May)
 ✓ Last month in which data are available. (March)
 ✓ Last month in which data are available. (April)

EXHIBIT 2 - Average prices received by producers in Virginia 1920-1921 2/

Year	Wool			Cotton			Tobacco			Corn			Soybeans			Wheat			Oats		
	per lb.	per 100 lbs.	per 100 lbs.	per lb.	per 100 lbs.	per 100 lbs.	per lb.	per 100 lbs.	per 100 lbs.	per lb.	per 100 lbs.	per 100 lbs.	per lb.	per 100 lbs.	per 100 lbs.	per lb.	per 100 lbs.	per 100 lbs.	per lb.	per 100 lbs.	per 100 lbs.
1920	97	98	48	77	1.19	63	14.00	9.0	18.0	8.5	65	5.70	8.15	5.75	22	22					
1921	96	75	54	70	1.05	74	20.00	5.5	5.0	5.5	70	5.70	6.25	5.75	17	21					
1922	101	71	52	75	2.05	75	15.00	15.0	15.0	5.5	66	5.75	6.50	6.10	20	22					
1923	94	76	52	80	1.75	70	15.00	15.0	15.0	5.4	72	7.00	7.20	6.75	19	23					
1924	100	61	55	84	2.51	75	17.00	9.0	7.0	5.5	68	7.00	7.50	7.00	20	25					
1925	104	71	55	90	2.20	80	15.70	9.4	11.4	5.5	65	5.15	7.15	7.01	19	25					
1926	145	95	65	95	2.20	85	15.00	14.0	19.4	5.9	65	5.25	6.25	6.25	21	24					
1927	81.5	103	64	100	2.74	110	21.50	25.5	27.5	6.5	92	10.71	15.50	15.10	21	25					
1928	81.5	100	100	100	4.74	100	22.00	27.0	26.5	6.5	100	15.51	15.50	15.50	20	25					
1929	224	168	100	100	5.75	100	25.70	47.4	25.5	6.1	105	13.70	14.25	15.00	20	24					
1930	180	100	81	100	3.20	90	22.00	24.0	15.5	7.6	100	15.10	15.75	15.75	43	20					
1931	115	69	56	82	5.20	105	17.70	20.5	14.4	6.7	100	7.40	8.90	9.00	22	26					
1932	132	70	59	82	5.40	87	14.00	26.0	25.0	5.1	100	5.20	6.90	10.50	25	20					
1933	110	64	55	85	4.40	100	20.00	15.0	25.0	5.1	104	5.25	6.25	11.00	25	25					
1934	140	100	70	104	5.25	110	17.00	21.5	25.0	5.0	99	7.20	9.24	11.50	25	25					
1935	141	100	70	110	4.75	105	21.00	18.4	15.0	5.4	97	5.20	11.00	12.10	25	25					
1936	121	85	63	90	5.70	100	19.20	17.5	11.4	4.5	84	5.20	15.00	15.75	25	25					
1937	122	75	64	95	5.75	85	14.00	17.4	20.5	4.9	117	5.60	15.50	15.50	24	25					
1938	135	100	62	90	5.10	75	15.00	14.0	18.5	4.7	85	5.61	5.50	15.00	25	25					
1939	135	100	67	90	5.25	80	14.00	17.0	17.0	5.0	115	5.75	5.50	11.50	25	25					
1940	97	100	80	75	2.50	100	14.00	10.0	5.0	5.1	105	5.15	5.50	5.50	25	25					
1941	89	75	64	80	2.20	115	22.00	—	5.5	6.1	110	5.70	7.00	9.20	18	25					

1/ Compiled from U. S. D. S. Statistical Bulletin 15, p. 65, and Agricultural Yearbooks, and Virginia Experiment Station Technical Bulletin 207, pp. 175, Virginia Farm Statistics, 1920-30.

2/ Crops and Markets, June 1921.

156

INDEX No. 1 - Index No. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

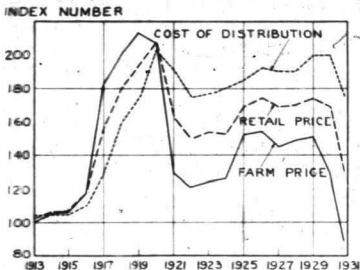


Fig. 2 - Prices paid to farmers for food, the cost of distribution, and retail prices of the same foods. (1910-14=100)

During the period of the rapidly rising price level farm prices rose more rapidly than retail prices because the costs of distribution lagged. When deflation occurred farm prices went down farther and faster than retail prices because the cost of distribution remained high.

EXHIBIT 2 - Prices of Farm Products in the United States 1/

Product	1914 year	May	June	May	June	May	June
	average August 1909 July 1914	average 1910-1914	average 1910-1914	1920	1920	1921	1921
Corn, per bu. cents:	64.2	64.2	65.4	77.7	78.0	78.3	82.8
Wheat, per bu. "	89.4	89.3	89.0	87.2	87.4	88.5	81.9
Oats, per bu. "	38.8	41.8	43.2	49.3	38.3	38.4	38.1
Hay, per ton, dala.	11.87	12.38	12.38	10.00	10.81	10.84	9.97
Potatoes, per bu. etc.	69.7	69.8	71.8	100.2	148.6	87.0	78.8
Beef Dettie, per 100 lbs. dollars	5.82	5.80	5.61	5.88	5.80	5.87	5.88
Pigs, per 100 lbs. dollars	7.24	7.33	7.14	6.99	6.10	6.35	6.7
Lamb, per 100 lbs. dollars	5.90	5.49	5.20	5.48	5.02	5.45	5.48
Veal Calves, per 100 lbs. dollars	4.78	4.38	4.77	5.48	5.82	7.33	6.81
Eggs, each "	142.00	144.00	143.00	78.00	77.00	89.00	87.00
Map. per 50 lb. cants	21.8	24.71	18.7	20.0	18.4	18.3	24.1
Sugar, lb.	28.8	24.1	28.2	27.7	24.7	25.9	24.4
Butter 1/4 lb.	-	-	-	28.8	21.4	21.2	28.8
Wool, per lb. "	17.8	17.8	17.8	18.4	18.2	14.4	18.8
Cotton, per lb. etc.	12.4	12.7	12.7	14.3	14.0	8.8	7.7

1/ Agricultural Statistics, 1921 (Bureau of Agricultural Economics U. S. D. A.)
(June and July)

EXHIBIT 4 - Cash shipments of 25 farm products
from Virginia 1928, 1929 and 1930

Product	1928	1929	1930
Apples*	19,320	14,771	---
Peaches*	224	222	---
Cabbage	1,420	1,940	1,720
Cauliflower	4	2	2
Cucumbers	220	170	120
Lettuce	27	21	14
Onion	170	224	120
Peas, white	27,220	21,222	21,720
Peas, sweet	4,222	7,222	5,227
Spinach	1,220	1,222	1,722
Strawberries	222	222	222
Tomato	277	222	222
Watermelon	222	227	222
Mixed Vegetables	2,111	2,127	1,227
Green peas	222	222	122
String beans	222	1,222	222
Total	44,222	27,222	(Incomplete)

*Incomplete

Compiled from Virginia Farm Statistics, 1930.

EXHIBIT 7 - Shipped shipments of livestock
originating within Virginia 1929
and 1930 $\sqrt{}$

	1929		Estimated shipped shipments	
	1929	1930	1929	1930
Cattle (Number of head)	101,000	90,000	2,000	4,000
Hogs, (Number of head)	100,000	80,000	200	300
Sheep and lambs (number of head)	271,000	261,000	1,000	1,000
TOTAL number shipped			3,200	5,300

$\sqrt{}$ Using 20 cattle, 100 sheep and lambs and 100 hogs per car load.

Compiled from Virginia Farm Statistics, 1930.

TABLE 2 - Total average and value of
Virginia field crops and
fruits 1913-1922 ¹

Year	Average	Value	Year	Average	Value
1913	4,809,000	169,189,000	1918	4,922,000	179,227,000
1914	4,809,000	164,216,000	1919	4,922,000	180,722,000
1915	5,161,000	182,702,000	1920	4,940,000	176,948,000
1916	5,322,000	212,072,000	1921	4,922,000	164,794,000
1917	5,442,000	205,212,000	1922	4,922,000	162,922,000
1918	4,834,000	194,222,000			
1919	4,975,000	247,942,000			
1920	4,975,000	229,021,000			
1921	4,908,000	152,222,000			

¹ Virginia Farm Statistics, 1922.

Function

During the summer of 1931 Dr. W. E. Burnett and Dr. Roy A. Hollinger, at the request of the Executive-Secretary of the Agricultural Conference Board of Virginia drew up a set of suggestions for improving the Virginia tax system in relation to the needs of usual life. This report was submitted for the consideration of the Virginia Board at its meeting at V. P. I. during July, 1931.

SUGGESTIONS FOR IMPROVING THE VIRGINIA TAX SYSTEM

IN RELATION TO THE NEEDS OF RURAL LIFE

(Compiled by W. E. Garnett, Rural Sociologist, and E. A. Ballinger, Agricultural Economist of the Virginia Agricultural Experiment Station, at the request of the Executive Secretary of the Agricultural Conference Board of Virginia, July 1931.)

One of the most important recommendations of the Virginia Agricultural Commission was that adjustments be made in the state's tax system so as to make it more favorable to rural life. The last Legislature took relatively little action on this recommendation. In the meantime a year of drought and low prices has enormously increased the farmers' handicaps and made the adjustments recommended more imperative.

The problem is one of many aspects and ramifications. This report will be confined to a brief consideration of two points: First, the need of adjustments more favorable to country life; and Second, suggested improvements.

A.

THE NEED OF TAX ADJUSTMENTS MORE FAVORABLE TO COUNTRY LIFE

This question has two inter-related phases:

1. The need of tax adjustments as a farm relief measure.
2. The need of providing adequate support for essential public services.

The farmers do not desire any special favors at the hands of the state in matters of taxation or in the support of essential public services. All they ask is equality. They want the policies which will in the long run best promote the interest of all the people.

It is recognized that tax adjustment is only one of the many measures needed to relieve the present plight of agriculture. There are many conditions beyond the farmers immediate control which make relief through other measures a very slow process. This condition makes immediate tax relief all the more important.

As A Farm Relief Measure

Even though the farmers have been relieved of state real estate taxes their tax bills are still excessive in proportion to their income as well as in proportion to the tax bills of other groups. In support of this statement the following facts are submitted:

1. Recent investigations show that taxes take around 20 per cent of net rent of farm real estate as compared to only 16 per cent of the net rent of city real estate being so absorbed. Hence the farm tax on real estate is around one-fifth higher than similar city taxes. (Va. Agr. Exp. Sta. bul. 266, p.3)
2. The farmer pays a relatively high tax on his property which is all visible. (See Comparative Cost of Co. Government for rates). In fact the farmers' taxes are more than double what they were in pre-war days while the price level for their products is now 20 per cent below pre-war. (Agr. Situation, June 1931, pp.3,19).
3. Farmers as consumers of goods and services pay a large indirect tax passed on to them by other groups without the power of passing on their own direct taxes to others. ("The farmers tax burden" Bul. of Raleigh Foundation, also Galpin, "The Rural Social Problem" ch.10.)
4. Available figures indicate that those engaged in agriculture are at a disadvantage compared to those engaged in many urban pursuits in the matter of property returns, wealth accumulation and current income. For instances:

Property Returns. The average interest rate earned by farm property in the United States as a whole, for the years 1924-1929, was reported as only four per cent. (Crop and Markets, Vol. 7, No. 9, p. 373); while according to a bulletin of the City National Bank, the average rate of dividends on 900 large corporations for the year 1929 was reported at 12 per cent. Available evidence indicates that the returns of Virginia agriculture for the years in question were below rather than above the figures for the country as a whole, while Virginia industrial and business returns compared favorably with those of other sections.

Current Income. All available farm income data indicate that exclusive of the supplies furnished by the farm (worth on an average about \$425 including rent and fuel, and usually produced at considerable cost) the average farm family has somewhat less than \$575 for its living expenses - for clothing, bought foods, doctor and dentist bills, new house furnishings, church and organization dues, books and papers, higher education of children, insurance, savings, payment on indebtedness, interest, luxuries, etc.

Approximately one-fifth of the farm owners reported in 1925 that their property was mortgaged to one-third of the value, hence interest payments are considerable. It will also take several years to recover from the losses and increased debts caused by the 1930 drought.

(Statement based on results of farm management and other survey reports, Virginia Farm Statistics, Agricultural Commission Report, Studies of Bureau of Economic Research, Bureau of Agricultural Economics, Census, etc.)

Furthermore, in the past ten years the farmers' dollar in terms of other commodities, has been worth only from 70 to 80 cents, 82 cents July 1, 1931. Today the farmer is getting only 86 cents where he got \$1.00 for his products in 1913. At the same time he is paying \$1.31 where it cost him only \$1.00 in 1913.

The dollar of no other class has suffered such a loss. In other words, industrial wages and salaries have been high for the past ten years in proportion to the cost of living, as compared to the farmer's income in relation to his cost. (Reports of Industrial Conference Board, Agr. Situation, etc.)

The fact that around 14,000 Virginia rural families had to have Red Cross aid the past year and that around 16,000 farmers were granted government loans under emergency relief acts - nearly one-tenth of the rural families - indicate that a very high percentage of the Virginia farm families are living on a very close margin.

Wealth Accumulation. According to the 1930 report of the Virginia Department of Revision (p. 19) only 14,362 people living in the Virginia counties reported an income of \$3,000 or over for 1929 as compared to 33,374 such returns from the Virginia cities which would be a rate of 8 per 1,000 for the county people and 47 per 1,000 for the urban group. Furthermore, it is generally recognized that practically all rural income tax payers are engaged in some other occupation than farming.

According to the same report, bonds, notes, and other evidences of debt returned for taxation, money, moneyed capital, and capital not otherwise taxed in 1929 amounted to \$131.44 per capita in the counties as compared to a per capita of \$459.16 in the cities, or a total of \$25,925,260 for the counties as compared to a total of \$322,765,717 in the cities. Again the non-farm population rather than the real farmers own most such property listed in the counties.

We also find from this same report that real property, (land, standing timber, lots, buildings, machinery and improvements, in the counties; and real estate, buildings, machinery and improvements, in the cities) amounted to \$277 per capita in the counties as compared to a per capita of \$951 in the cities; or a total of \$476,535,755 in the first case and \$663,703,060 in the second.

(The county assessment rates average less than the cities but not enough to account for such per capita differences).

The Relation of Tax Adjustment to Adequate Support
Of Essential Public Services

The farmers' taxes are primarily for the support of local governmental functions. Hence such taxes can only be reduced by:

1. Reducing the services provided for through such taxes.
2. Reducing the cost of services by improving the efficiency of county government.
3. Transferring to the state a greater share of the cost of essential services such as road construction and maintenance, school and health work support, provision for county and home agent work, etc.

Since public services are still below standard in many rural areas it would be disastrous to make material cuts here.

Something can and should be done by improving the efficiency of local government and the more efficient administration of public services. The county government commission will no doubt make recommendations as to means of such improvements.

The most promising source of farm tax relief is through increased state aid for essential public services such as schools, extension work, roads and public health work.

It is recognized that much of the present state support for such services now comes from non-rural sources. In the light of the figures given above, however, it is evident that such sources are still not contributing their proportionate share to the support of essential public services in the rural districts. With the tendency of country trade to go to the cities the country people are increasingly paying through the profits on their trade for a considerable share of the superior urban facilities.

Support of education should be increasingly considered a state function and responsibility because:

1. It is to the advantage of the whole state to have a high level of well being in all sections and among all groups. It is also to the advantage of the cities to be surrounded by prosperous rural areas. A high educational level will promote these things.
2. Rural districts are population seed beds. The rural districts of the state have around 13 more children per 100 population to educate and otherwise provide for, than the urban; whereas the cities have around 13 more per 100 population of adult workers between the ages of twenty and forty-five, this excess being largely drawn from the country — there was a net loss of 113,660 in the state's farm population between 1920 and 1930, or about 11 per cent as compared to an urban gain of 16.6 per cent. The cities suffer from ill trained rural migrants and benefit from well trained ones.

Evidence of the tendency of wealth to concentrate in the cities was given above. Wealth concentrated in the cities is drawn from the whole state and hence should be levied on by the state for the benefit of all the people.

3. Educational and health facilities in rural areas are very unequal. In 1929-30 according to the report of the State Department of Education, the average per capita expenditure for school purposes per Virginia rural school child was only \$39 as compared to \$55 per urban child, while the investment in school plant and equipment for the former was \$31 as compared to \$59.35 for the latter. Furthermore, the average annual salary of Virginia rural teachers was only \$688 as compared to \$1,427 for urban teachers, with great discrepancy in training also. More significant still, less than half as large a proportion of rural youth are going to high school as is the case with their city cousins. With the changing agricultural situation which forces an increasing proportion of rural young people into urban occupations this is an increasingly significant situation, as well as the fact that relatively few such young people are receiving the needed vocational guidance or special vocational training. Three rural children out of four are without adequate library facilities.

Only one Virginia rural child in four lives under the care of a complete staff of full time health officials, but nearly all the urban children of the state have the benefits of such care. The high cost of medical attention - often \$5 to \$10 per doctor's visit - coupled with the low farm income, means that medical attention is frequently not given in rural homes when needed. The same is true of dental care and hospitalization. The last report of physical inspection of the children through the schools shows 7.3 greater per cent of rural children with defects than urban. It also shows that only 25 per cent of the rural children with defective teeth had corrections made, as compared to 54 per cent of urban children needing dental work having such attention; while only 17 per cent of the rural children needing correction of vision got such attention as compared to 38 per cent of the urban children; and only 10 per cent of the rural children with throat troubles had corrective work as compared to 24 per cent of the urban. These conditions make adequate public health work all the more important.

4. Increased state support of schools and other public services would help to make an intelligent forest tax and land utilization policy possible, encourage the putting of marginal lands into forest, and encourage efficient forestry management. It is essential to remove most of the property tax from forest lands until the timber is at a profitable harvesting stage.

Since over one-third of the farm land of the state is now in forest and many thousand additional acres should be, the reduction of taxes on this land for a period of years until the timber is harvested and pays a severance tax, would work havoc with the budgets of many counties. Increased state aid for essential public services would facilitate a forest tax policy such as that provided for in the forest tax bill now being considered by the Agricultural Conference Board.

The State Department of Education's plan for the state to pay the salaries of all teachers up to a certain minimum leaving other expenses to the localities as well as the privilege of raising minimums, would help to equalize rural and urban educational conditions and also make possible some reduction of the rural tax burden without sacrificing school standards. The Department states that with an increase of two million dollars a year in its appropriations it could pay all teachers a minimum salary of \$80 per month for six months. The state now pays less than one-third of school cost.

Increased state support of agricultural and home economics extension work is desirable because:

1. It permits of more permanent planning of such work.
2. It insures the work in all counties (counties that now need it the most are sometimes without it because of lack of local funds or reactionary leadership).
3. It would make possible some reduction in local tax burdens. The practice followed in a number of states is to have the salaries of such agents paid from state and federal funds, and the office and travel expenses from county funds.

Increased state support and responsibility for local roads is desirable because:

1. To transfer additional road support to a state system, administered by the State Highway Department, and paid for through gasoline taxes, would help relieve farm real estate of tax burdens and also provide better roads.
2. The best country life demands still further improvement of roads. More than one-half of the farmers still live on unimproved roads.

Even if the question of tax relief were not involved the above facts would justify farm organizations in demanding that the state make provision in its budget for funds to more adequately support these essential public services for rural areas, and make the adjustments in its tax system necessary for providing such funds.

3.

SUGGESTED MEASURES FOR IMPROVING THE SITUATION AND POSSIBLE SOURCES OF ADDITIONAL REVENUE

- I. All possible tax relief should be secured through the reforms to be recommended by the County Government Commission.
- II. The burden of local taxes in the counties should be equalized, as between different taxpayers, by improving the assessments of local property. This is particularly important in the case of real estate, because real estate taxes amount to nearly two-thirds of the total local taxes paid in the counties of Virginia and all available information indicates that the present situation produces great inequalities in tax burdens as between different

landowners in the same county. It is suggested that the following changes in the procedure of assessing real estate should result in a material improvement in the situation.

- A. Return to the system of periodical re-assessments in the counties.
- B. Give the local Commissioners of the Revenue the duty of assessing real estate.
- C. Have the State Department of Taxation assist the local Commissioners of the Revenue by giving them the necessary supervision and instruction regarding the best methods of assessment and by helping in the preparation of local tax maps.
- D. Put the Commissioners of the Revenue on a salary basis and make the office appointive.

III. The state should materially increase its support of such essential public services as schools, roads, libraries, public health work and agricultural extension service. Such additional state funds should be expended according to plans approved by the respective State Departments responsible for such services.

If the state is to increase its aid to local public services it will be necessary for it to have increased revenues. The following possibilities whereby the state might increase its revenue without greatly adding to the farmers' present tax burdens, are suggested:

Changes in the income tax

Lower the personal exemptions for individuals to \$1,000 for single persons and \$2,000 for married persons and keep the present exemptions for dependents. This would not only increase the state's revenue but would require tax contributions from many persons who are able to pay some taxes but who now pay almost no taxes because they own very little property.

It is suggested that it would be desirable to add two more steps to the income tax rate for individuals. The scale of rates would then be somewhat as follows:

One and one-half per cent on taxable incomes up to \$3000	
Two and one-half per cent on taxable incomes of	3000 to 5000
Three per cent on taxable incomes of	5000 to 7000
Four per cent on taxable incomes of	7000 to 9000
Five per cent on taxable incomes in excess of 9000	

It is roughly estimated that this scale of rates and exemptions would produce about \$450,000 additional revenue per year.

It is also suggested that it would be desirable to raise the rate of the corporation income tax from three to four per cent. It is roughly estimated that this increase would produce about \$670,000 additional revenue per year.

At the present time rates of the income tax in Virginia are relatively low as compared with the rates in other states having state income taxes. According to data published by the National Industrial Conference Board the maximum rate for individuals in state income taxes was above 5 per cent (Virginia's rate) in 7 states and below 3 per cent in only three states. The same authority shows that there are 10 states with a corporation income tax rate higher than Virginia's, 2 with the same rate and 4 with lower rates.

Raise the rate of the gasoline tax from five to six cents. The proceeds of this tax should be used for road purposes. This might make desirable the discontinuance of the present direct state appropriation for roads.

It is roughly estimated that the addition of one cent to the present gasoline tax would produce about \$2,000,000 additional revenue per year.

At the present time three states, Florida, Georgia and South Carolina, have gasoline taxes of six cents per gallon and ten states, including Virginia, have five cent taxes. Most of Virginia's county roads are still being built and maintained with money secured from property taxes. A more equitable system would be to pay for them with revenue secured from an increase in the gasoline tax.

Add excise taxes on the sale of certain luxuries. The question of the desirability of such taxes is complicated by the fact that conditions are different for each commodity that might be taxed. Lack of space makes it impossible to discuss the advantages and disadvantages of a tax on all the different commodities that might be used for that purpose. However, the following table shows an estimate of the amount of revenue which the State of Tennessee might secure from certain excise taxes. (U. of Tenn. Ext. Bul. #1, Vol. 8). Since the population of Tennessee is almost the same as that of Virginia (in 1920 the population of Virginia was 2,309,187 and that of Tennessee was 2,337,885) these estimates probably give a fair indication of the amount of revenue Virginia could expect to secure from such taxes.

At the present time Tennessee has an excise tax on tobacco from which she secured \$1,259,776 of revenue in the fiscal year ending Feb. 28, 1929. The rates of this tax are:

Cigars, manufactured tobacco and snuff 10 per cent of the sale price.
Cigarettes, 1/5 of a cent per cigarette, unless the sale price is more than 1 cent, in which case the tax is 20 per cent of the sale price.

A similar tax in Virginia could probably be expected to yield a like amount of revenue.

The following states have tobacco sales tax laws now in force: South Dakota, Iowa, South Carolina, Georgia, Utah, North Dakota, Tennessee, Arkansas, Kansas, Alabama, Mississippi, Michigan, New Mexico. A number of other states are considering such laws.

The attached table taken from the Tennessee bulletin referred to above indicates the revenue which might be expected from excise taxes on the commodities listed.

Commodity or Service	A Conservative Estimate of Revenue Yield, 1929	Rate of Tax Assumed	Other Assumptions
1. Admissions to theatres, movies, concerts, dances, and all other places to which admissions are charged except agricultural fairs and programs for the exclusive benefit of charitable or educational institutions	\$ 574,000	1 cent for each 10 cents of admission price or 1/10 fraction thereof	Tenn. collections would have same relation to South Carolina collections in 1929 as Federal collections in Tennessee had to those in S. C. in 1921.
2. Soft Drinks - bottled and fountain.	1,700,056	1 cent for each 5 cents	Tenn. 1 1/2 times S. C. in 1929.
3. Chewing Gum and substitutes.	296,600	1 cent for each 5 cents	Tenn. consumption 1 per cent of U. S. total
4. Playing cards.	53,780	10 cents a pack	Tenn. using 1 per cent of those sold in U. S.
5. Jewelry, real or imitation including field, opera and marine glasses, lorgnettes and articles ornamented with precious metals or stones.	250,000	5 per cent of gross retail sales	Federal collections of 1923 rounded off.
6. Perfumes, cosmetics, toilet articles, proprietary or publicly advertised medicines and medicinal articles.	144,000	1 cent for each 25 cents or fraction thereof	Correcting 1920 collections in Tennessee by index of volume of wholesale distribution of drugs.
7. Ammunition.	71,700	10% or 15%	Tennessee 1 1/2% of U. S. total consumption and manufacturers' price averaging 40% of retail; or Tennessee 1 1/2% of U. S. total consumption and manufacturers' price 60% of retail. Tenn. 1 1/2% of U. S. total consumption and manufacturers' price 60% of retail.
8. Firearms	48,400	same as for seventh item.	
9. Fireworks	16,800	same as for seventh item.	

Commodity or Service	Conservative Estimate of Revenue Field, 1929	Rate of Tax Assured	Other Assumptions
10. Candy		1 cent	Tennessee would collect for each twice as much from examination, playing cards, and of re-candy as South Carolina.
		10 cents	Then subtracting estimates tall when 80% 4 and 7 therefrom.
		per pound	
	\$ 253,820	or over	
11. Expensive Dues and Initiation Fees More than \$10 per year to social, athletic and sporting clubs other than lodges.	63,857	10%	Federal collections in 1929.
12. Coffee	521,000	2 cents per pound	Tennessee per capita consumption 83% of U. S. average 1923-1927.
13. Tea	36,000		same as for item twelve.
14. Expensive Carpets, Luggage, and Wearing Apparel.	252,000	10% on retail above exportation	Federal collections for 1921
15. Tobacco pipes.	17,000		same as for seventh item.
Total of estimates on fifteen representative commodities.	4,305,813		

Organizational Procedure

Dr. G. E. Ward has been assigned the job of handling the marketing program in market milk, dairy products, poultry, eggs and cooperative purchasing. The time of Dr. Ward is mainly devoted to extension work.

The marketing program in fruits and vegetables, peanuts, and tobacco has been handled by Mr. J. L. Huxton. Mr. Huxton has also devoted a considerable part of his time preparing testimony to be used at public hearings in various railroad rate cases. The time of Mr. Huxton has been equally divided between extension and research work.

The livestock marketing program has been taken care of by Mr. Paul Fletcher. Mr. Fletcher began his extension duties with us on July 1, 1931. Since that time he has been employed on a half time basis by the extension division. The remainder of the time of Mr. Fletcher is given over to experiment station work.

Dr. W. J. Hutchalls has spent his entire time on the farm management program.

Since Dr. C. C. Taylor left the department on November 13, 1930, the work in Agricultural Economics has been in charge of Dr. H. H. Young. From January 1, 1931 to June 30, 1932, Dr. Young was employed on a half-time basis by the Extension Division. The remainder of his time was devoted to college work. Since July 1, 1932, the time of Dr. Young has been divided as follows: One-half College, one-fourth Experiment Station, and one-fourth Extension Division.

Dr. H. H. Young had devoted the majority of his extension time to assisting and advising the other members of the department in regard to their

work and in planning new work. About one-half the work of writing Virginia Farm Economics has been done by Dr. Young and the remainder by the other members of the department.

All members of the department cooperate in attending special meetings and in giving radio talks. One radio talk is given each week by some member of the department. During the third week of each month this department gives two radio talks.

All members of the department assisted with the outlook work.

An outline statement of the plan of work is given at the beginning of this report. The major phases of the work are marketing which is subdivided into the various commodity projects, farm management, and outlook work.

Dr. H. E. Young

MONTHLY SUMMARY

Month	Days in field	Days off the field	Number agents visited	Countries visited without agents	Meetings		Letters Written	Cir- cular letters sent within month	Circular letters sent out	Mails sent	Miles Traveled	
					Number	Attendance					1944	1945
December	2	29	2		2	20	122			1222		1222
January	2	29			6	204	42	2	942	2	22	1222
February	4	26			2	222	22	1	112	12	22	1222
March	2	28	1		2	112	72		22		1222	222
April	1	29			1	11	22			12	172	
May	2	28	1		1	22	22			12	22	
June	12	17			1	122	22		2		1222	
July	2	28			4	1222	22				1222	
August	2	28		1	2	1222	22	4	222	222	1222	
September	2	27	2		2	222	22	2	1222	222	1222	
October	2	27		1	1	72	22	1	22	1222	1222	
November	12	12	2	1	2	222	22				1222	
The Year	72	222	6	2	22	4222	222	12	2222	4222	12222	2222
Average	6.2	18.5	.7	.2	2.2	222.1	22.2	.2	272.2	411.2	1222.2	212.2

205

1945

J. L. Nathan

MONTHLY SUMMARY

Days in Month	Days in office	Days Agent's Travel	Meeting Extension Committee		Other Meetings		Letters written	Circulars Letters written	Number Circular Letters sent out	
			Number	Attendance	Number	Attendance				
January	19	5			1	25				
February	9	3			1	20	6			
March	3	2					2			
April	6	2	1	1	12	7	24			
May	6	2	7			7	25	12		
June	1	2				1	20	6		
July	2	2				2	120	22	50	
August	4	17	1			1	14	12		
September	2	2	2			2	20	6		
October	21	4					24			
November	12	4	2			7	200	20	400	
Total	62	42	14	1	12	22	372	100	12	1140
Average	7.5	4.1	1.2	.08	1.2	2	25.2	14.2	1.2	122.2

206

J. L. Mullen

Statistical Summary (Cont'd.)

	Full-time and part	Annual Leave	Miles Traveled		
			Auto	Truck	Other
January				1100	500
February	4			1000	
March	400				
April	20	4	200	1100	
May	20		400	200	
June	12	4		200	
July	20			200	
August	20		400	700	
September	20		200	100	
October			2000	2000	
November	20				
Total	400	8	2400	7000	500
Average	44.4	.9	272.7	777.8	55.6

206 (a)

Paul L. Fletcher

STATISTICAL SUMMARY

	Days in Field	Days in office	Annual Leave	No. agents visited	No. con- sult- ees visi- ted without agents	Other Meetings		Letters written	Circular Letters written	Circular Letters sent out	Miles Traveled	
						Number	Attendance				1933	1934
July	8	10		7	1	10	100	14	3	175	600	600
August	8	13				11	35	17			700	
September	10	0		7		10	100	10	1	30	600	600
October	6	9		3		3	15	25	0	2000	300	
November	15	4	1	11	3	11	375	60	3	375	1000	375
Total	47	36	1	27	4	35	575	126	7	3000	4000	1700
Average	6.3	7.3	.2	7.4	1.3	7.0	116.0	25.3	1	1000	666.6	345.0

209

STATISTICAL SUMMARY OF MEMBERSHIP WORK

Year	Days in month	Days in office	Amount in cents	Letters sent per day	Number of visits	Number of members	Visitation per first day		Letters written	Number of letters sent out
							per day	per cent		
1920										
Sept.	30	30			8	14	700		50	4
Oct.	31	31			8	8	600		100	2
Nov.	30	30			4	2	170		50	2
Dec.	31	31	2		4	2	200		100	2
1921										
Jan.	31	31								
Feb.	28	28			7	17	2470		200	4
Mar.	31	31				7	100		200	4
Apr.	30	30			4	10	200		200	4
May	31	31			6	10	300		200	4
June	30	30			4	1	20		100	4
July										
Aug.									5	1
Sept.	3	11		2	2	2	600		100	2
Oct.	30	7			3	12	600		115	11
Nov.	14	11			12	16	1100		140	2
Total	100	111	20	5	60	112	9700	5	1000	22
Average	12.5	7.6	2.4	.58	4.0	7.5	265.7	.58	112.4	2.4

(Continued next page)

208

Dr. G. E. West

Statistical Summary (Cont'd.)

Year and month	Bulletin sent out	Days' or days' extra visited	Miles traveled			
			Into	Out	Up	Down
1939						
Sept.			400	1400	700	
Oct.			275	1400	800	
Nov.	500		300	1200	300	
Dec.	100		100	190	400	
1940						
Jan.						
Feb.	10	1	300	1700	100	300
Mar.	100		300	1000		
Apr.	25		1000	1000	300	
May	10		2000	1100	300	
June	10		2000	100	0	
July						
Aug.						
Sept.	1		700	300	100	
Oct.			1075	1400	0	
Nov.	10		1000	300	300	
Total	666	1	10000	10010	4000	300
Average	27.7	.07	400.0	397.7	160.7	12.7

209

MILES TRAVELED

W. J. Bushnell, Jr.

MONTHLY SUMMARY

Days in field	Days in office	New Agents Visited	Meetings Held		Other Meetings		Letters Written	Circular Letters		Bulletins sent out	
			Committee Members Attendance	Other Attendance	Written	sent out					
Dec.	30									3000	
Jan.	19		1	30	11	1200	10	1	90	4500	
Feb.	28		0	210	0	110	07	1	200	400	
Mar.	30	0	0	0	0	0	70	0	110	107	
Apr.	19	0	0	0	1	20	15	11	1070	0	
May	17	14	4	0	0	0	00	0	100	10	
June	16	11	7	0	0	0	00	0	0	0	
July	11	14	4	0	0	0	07	0	400	10	
Aug.	10	20	0	1	0	0	10	1	100	0	
Sept.	0	0	0	1	0	0	0	0	0	0	
Oct.	10	10	0	0	0	0	10	10	6100	7	
Nov.	17	7	0	1	0	100	10	0	70	0	
Total	180	100	00	0	610	00	1000	000	04	10000	10107
av.	10	10.0	4	.07	51.1	0.0	100.0	00.0	4.0	000.0	000.0

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U. J. Nicholls, Jr.

Statistical Summary (Cont'd.)

Description	Area	Miles Traveled		
		Auto	Truck	Other
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9/14/41

The Outlook

The extension work in Agricultural Economics has experienced a tremendous growth during the last year. The principal aim in marketing have been to give assistance of an educational nature in the organization of new cooperative associations already in existence. The work needs to be extended so that assistance may be given private marketing organizations in increasing their marketing efficiency.

During the past year the equivalent of two full time men have been used in the extension program in marketing. According to Dr. Ford "There is enough work to be done in the field of marketing dairy and poultry products and cooperative purchasing to keep two or three men going at full speed. Under present arrangements I have to work long hours to get the urgent work done. I do not have time to give important matters the thought and study they deserve and it is impossible to keep up with the reading I should do. Consequently, the work is not done as well as it should be done". Dr. Ford's statement seems significant.

If during the next year the demands for marketing extension work continue to increase as they have during the last year the present personnel will be entirely inadequate to handle the situation.

If our present forces remain as it is we shall probably carry on about the same kind of a marketing program as at present.

The work in farm management has developed very rapidly during the last year. Mr. Hubells has done about all that could be expected of one man without the aid of clerical assistance. In spite of the fact that our work in farm management has shown marked expansion during the year we have little more than "scratched the surface". Without attempting to detract from the importance of the work done by

other departments it seems to us that it is imperative that some way be found to increase the personnel of the farm management extension work by at least the equivalent of one full time man. In view of the fact that the demands of the marketing program are increasing so rapidly it seems very desirable that we can shift any of our present force from marketing to farm management without serious injury to the marketing program. If we are to expand our farm management program at all we need a larger personnel. The use of clerical help would also be of a great deal of assistance. If we do not get an increase in personnel it will very likely be necessary for us to divide the time of our specialists as equally as possible between marketing and farm management.

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112