

FARM CO-OPERATIVE SELLING

By **GLENN G. HAYES**

(© 1934, Western Newspaper Union.)

How Organization Benefits Cotton Growers.

A CLOUDLESS September morning. The cotton fields lay still and white, drenched in heavy dew. The thin white haze that had wrapped the valley in the darkness slowly rose to be dissolved in sunshine.

Across the fields came snatches of song, a bit of conversation, the lilting note of a whistler. It was cotton-picking season in Louisiana. A blue-eyed little girl with long black braids of hair tied together with a shoestring looked up from her half-filled bag of cotton. She was listening. From across the valley came the slow, even tongs of a school bell. For three years she had listened to the tong—tong—tong of the bell—but school wasn't for the poor whites; there was the cotton.

She'd "had her learnin'. Most four years of it. That was more'n most the kids got"—so she consoled herself and turned again to her picking.

She is only one of a million children that King Cotton has cheated out of an education—out of the joys of childhood. On two million cotton plantations boys and girls, black and white, are the slaves of cotton. Dixie is the home of more than half of all the world's cotton. Its average crop of 12,000,000 bales is double the amount grown in the remainder of the globe. Yet, despite this supremacy in world production the South has kept poor. Cotton is king, but his throne is being undermined by the poverty of his kingdom.

For sixty years the Southern states have led with the highest percentage of illiteracy in the United States, with the lowest percentage of landowners. The standard of living among the cotton growers is the lowest of any class of farmers. For two hundred years the South has been trying to raise itself out of its poverty, its illiteracy. The effort has been wasted.

Discovering the Defect.

In 1920 began the dawn of a new day. Agricultural leaders declared that all that was wrong in the cotton states was their system of marketing. By changing their marketing methods the whole South could be put on a higher economic plane. Up to this time the marketing to the producer meant merely hauling the baled product from the gin to the merchant with the crop mortgage or to the public square, where buyers offered cash. That was marketing—dumping de luxe.

Three-fourths of the cotton is grown by the tenants and small landowners, who are always a year behind when it comes to money matters. They live on credit extended by their home-town merchants, who take a lien on the crop as security. At marketing time if cotton prices are low the producer is simply out of luck. He can't afford to hold his crop for better prices for his debtors are demanding. And very likely if he did hold it prices wouldn't improve, for prices on cotton exchanges are largely manipulated by speculators and traders. These small growers know nothing about the grades or classifications of cotton. They leave that to the judgment of the buyers and buyers are not always honest. The whole system of marketing is made to benefit the buyer.

Before the Civil war the outstanding feature in the marketing of cotton was the English factorage system. The factor invariably required the commission of the entire crop for the sale of which he charged a commission. The planter's basis of credit was usually fixed on balage; on an advance of so many thousand dollars so many bales of cotton were required to be shipped. A penalty commission was charged for every bale short of the contract number. The system had far-reaching results. It established one of the most vicious circles possible to any industry. It was a business of unusual hazards for both the factor and the planter. But the planting end was fundamentally unsound. It couldn't have stood up many more years if there had been no Civil war.

Another result was the concentration in a few important cities and towns of practically all of the bulk wealth of the cotton-growing South. The interior country which was practically the sole source of this wealth was in a state of hopeless economic dependence on these urban centers. This condition was not relieved until after the mortgage loan companies went into operation about thirty years later.

What Brought the Change.

For two and a half decades following 1885 there were some very definite changes for the better in cotton marketing. Local factors still did a large part of the business, but under a modified system. Local buyers established themselves in every small town. Local banks were organized, local compresses and warehouses were built. The market had met the producer half way. Next came country buying. The planter could sell his crop at his own gin platform. This was a change in the method of marketing, but the sys-

tem itself remained almost the same. The one difference was that the grower might be present at every stage of the proceedings.

The change which made the transaction visible to the eye of the producer is responsible for co-operative marketing. It brought a psychological change. Closer connection with his crop after its production made the buyer think more of the problems of marketing.

In 1873 the Alabama Grange put a sales representative in New York. The Mississippi Grange sent a man to represent them in Liverpool. Other state Grange organizations hired a man to represent them on the various cotton markets. In some instances warehouses were leased where the producers sent their cotton for grading and sometimes for actual selling. Cotton marketed in this way did bring higher prices, but the market as a whole was unaffected.

From 1900 on producers made numerous attempts to market cotton co-operatively. In 1902 the Farmers' Educational Co-operative was organized in Texas. Its first work was the staging of a campaign for maintaining the price of cotton by fiat. Many local associations were established, usually centered around a warehouse. These associations did eliminate some dishonest grading and buying, they provided good storage, but they offered no real solution to the marketing problem.

During the World war the South had a taste of prosperity. There was real money in cotton. With the close of the war they feared a backset in their market. They determined to do what they could to stabilize their prices. With this in mind the American Cotton association was formed in 1918. In 1919 prices rose 66 per cent, due to an intensive acreage reduction. But the high prices brought a heavy 1920 crop. This, along with the general conditions, crashed cotton prices.

Cotton producers discovered that the conditions under which they were attempting to handle their business in 1920 were almost as unsound as the system under which their fathers had operated in 1860.

Aaron Sapiro met with the association in Montgomery and aroused interest by telling them the story of California's plan of co-operative marketing. The plan didn't meet with general approval. The association set to work to make a marketing plan of its own. When it was completed the growers couldn't be interested. Slowly the American Cotton association began to fade into the background.

In Oklahoma, Mississippi, Texas and North Carolina the Sapiro plan had found fertile soil.

The Oklahoma Cotton Growers' association was organized under the leadership of Carl Williams. The Sapiro plan is a simple piece of machinery. It is composed entirely of bona fide growers of cotton who sign contracts under which they pledge to deliver their cotton to the association for a certain number of years. The organization must acquire no cotton by purchase or trade and it is allowed to make no profits. Title to the cotton is vested in the association which agrees to resell the cotton and to pay the resale price less the cost of handling. The receipts are pooled by grade and staple regardless of the time of delivery or sale. This equalizes the returns to the growers.

The Oklahoma organization made its start in June, 1921. By April, 1922, 24,500 contracts had been signed, one-third of the Oklahoma crop acreage. In less than a year the association had completely replaced cotton brokers and secured directly for the growers the spinner and export price. The average price for the year was around \$7.20.

Results of Organization.

Growers in the Mississippi delta were next to organize. The Staple Cotton Growers' Co-operative association was formed, which signed 2,200 producers of long-staple cotton. In 1921 they marketed 155,000 bales, getting an average of more than six cents a pound more than outside growers.

The Oklahoma plan moved over the

line into Texas, where 82 per cent of the state's acreage was signed. One thousand of the Pima cotton growers of Oklahoma joined the Arizona Pima Cotton Growers' association, to which nearly half the acreage of the Salt River valley was pledged. During the first marketing year its sales topped the outside market from one to two cents per pound.

In five other states cotton growers began marketing the Sapiro way. There was North Carolina with 27,000 growers and 40 per cent of its acreage signed by November, 1921. Then followed the Arkansas Cotton Growers' Co-operative association; the Georgia Cotton Growers' Co-operative association; the South Carolina Cotton Growers' Co-operative association and the Alabama Farm Bureau Cotton association.

The last big step in the formation of the cotton marketing machine was the organization of the American Cotton Growers' exchange. This is an overhead agency which is attempting to bring together on a common basis the interests of all American cotton growers. It was created by the Arizona, Texas and Oklahoma associations in 1921. It aims to standardize the marketing of cotton on a national co-operative basis by co-ordinating the operations of its eight member state associations. Each state association retains full control of its own sales activities, but it is expected to employ the exchange whenever possible.

The co-operative movement has been blessed with two favorable seasons for its development. But it is still in an embryonic stage. It has had little influence on prices, but a great service has been rendered growers by selling cotton on a grade basis and by selling direct to the consuming trade.

FOR THE DIGNITY of the professional man or woman the Shelltex Shuron is dependable.

Available in cherry, crystal, brown-mottled, demi-amber and black.



Meade & Albro,

Optometrists, Manufacturing Opticians
Albany, Oregon

Just arrived!
Large shipment of
**Pabcolin
Rugs**
All new patterns
E. L. STIFF Furniture
Albany, Oregon

Why suffer from
headache?
Have your eyes
examined
S. T. FRENCH
Optometrist, with
F. M. FRENCH & SONS
JEWELERS—OPTICIANS
Albany, Oregon

Confectionery for the Affection-ary

If the way to a man's heart is through his stomach, as the old saying goes, then surely the right road to a woman's good graces is through a box of chocolates and bonbons. Of course only the daintiest morsels will accomplish that end, and "best" means Clarks'. Send a box today to your dearest. "Where there's a candy box, there the heart unlocks."

Clark's Confectionery



There's a sure cure for
hunger at the
Best sweets and soft drinks
at the
Best cuisine
Pleasant surroundings
Efficient service
W. S. DUNCAN
Albany, Oregon