

# FARM CO-OPERATIVE DIVISION

A MESSAGE TO EVERY MEMBER.

## THE CO-OPERATIVE MOVEMENT.

Speech given by E. T. Hobart at the Fifth Birthday Dinner of the Interstate Associated Creameries, October 4, 1935, at the Multnomah Hotel, Portland, Oregon.

Editor's Note: Because of the length of this article it will be necessary to print it in two installments, appearing in consecutive issues of the Herald.

"When I was asked to speak on this occasion I was asked to discuss briefly the development of the co-operative movement. This is rather like the negro maid we had in Washington. My wife found her busily writing away in the kitchen one day and asked her what she was doing. Her reply was that she belonged to a reading club and she was writing a ten minute paper reviewing the development of religion during the ages.

"I have almost as great a task as she had. The cooperative movement has ebbed and flowed but with a steady advance.

"One of the first major helps given by the government to cooperative marketing was the establishment, under the law passed in 1929, of the Division of Cooperative Marketing as a unit of the Bureau of Agricultural Economics of the Department of Agriculture. To this division was entrusted the work of research into all the various phases of cooperative marketing, organization, operating methods, finance and so forth.

"In 1929 shortly after the Agricultural Marketing Act was passed, the division of cooperative marketing was transferred from the Department of Agriculture to the Federal Farm Board. As the major function of the Farm Board was the making of loans to farmer owned and farmer controlled cooperatives, the work of the cooperative division gradually drifted away from its true course until practically all its work was connected with the servicing of loans which had been made to cooperative associations.

"During this period almost no research work was done and it was not until the Amended Agricultural Marketing Act of 1933 was passed that the research work was again brought to the fore.

"As you know in the Amended Act of 1933 the Cooperative Division was made one of the four units of the Farm Credit Administration and a separation was made within the division itself. One part set up to handle the loan work with cooperative associations is the Central Bank for Cooperatives, and the other part was set up as the Research and Service Section. This section was entrusted with fulfilling the mandates of the Cooperative Marketing Law of 1926.

"At present the research and service section is working on numerous research projects dealing with various phases of cooperative marketing. For example, the Interstate Milk Producers association requested a study of the problems involved in the delivery of milk from the farm to the market in order that they might be able to arrive at figures which would represent a reasonable and just charge for the movement of their product. The Nebraska Creamery association requested a survey of the cooperative creameries in Nebraska for the purpose of developing plans for more coordinated and efficient merchandising of the cooperative butter produce in Nebraska. A similar study is being made of the cooperative creameries in Iowa. While this study is not complete, the results secured so far show enormous possibilities for savings in the re-arrangement of procurement routes and the merging of some of the smaller, less efficient units in order to secure the volume which reduces unit costs of procurement and manufacture.

"A comprehensive study of the location and utilization of surplus milk in the northeastern states is being carried on with a view of eliminating the waste in the handling of this milk and the securing of the maximum possible return from this by-product of the fluid milk markets.

"In other lines a very complete survey of the operation of the Indiana Farm Bureau Federation is being made with the idea of working out better and more efficient merchandising and purchasing methods.

"Another study is being made of advertising policies in relation to the merchandising of walnuts, and still another as to the advantages

and disadvantages of the auction method of selling oranges.

"Still another study which comes nearer to the interests of those present, is the study which has just been started of the feed operations of the various cooperative associations in Oregon. This study is, in the nature of exploration into the possibilities of the development of an organization which could supply feed to the various associations and eliminate the multiplicity of operations now carried on and ascertain whether or not more efficient operation can be secured.

"In a broad sense the primary purpose of farmers' cooperatives is to secure the greatest possible financial benefits through cooperative sale of their products and the cooperative purchasing of their farm supplies. However, the movement as such goes further and as Justice Brandeis of the U. S. Supreme Court says: farmers through the creation and operation of their cooperatives are seeking to establish an "economic democracy on lines of liberty, equality and fraternity."

Therefore, in considering the cooperative movement we must consider more than the mere buying and selling; if one does not look to the educational, cultural and spiritual values in and resulting from this movement, one does not properly evaluate the movement.

However, to turn to the very practical side of farmer cooperative purchasing and marketing, we must realize that a farmer cooperative must render a service to its members. It must operate as efficiently as the proprietary corporation and in addition must render the educational and cultural services to its members. If it cannot do this it is doomed to ultimate failure.

The cooperative movement should not look to the elimination of private business—rather it should look upon such cooperative marketing as a complement and supplement, and a check on private business. The competition between cooperative and private business should be based upon the efficiency of operation and upon the part of the cooperative the securing of the greatest possible returns to its members. Both types of business are looking for profits—the private company for the purpose of making returns to its stockholders through buying cheap and selling dear; the cooperative wants its savings so that it can secure as a payment to its members the greatest possible share of the consumer's dollar.

The cooperative association is in a position through its closer contacts with its members and is able to perform an educational service, which can result in an improvement of quality and the securing of a higher price for a higher class piece of merchandise.

The question of income tax exemption which is one of the sources of a great deal of criticism is based I believe on the theory that the cooperative is a non-profit organization and that the dividends to the producer are based on the product delivered rather than upon the capital investment in the enterprise and that the producer as such carries the same income tax liability as any other private citizen.

The farmer cooperative cannot hope to be able to promise its members a greater price for their products than is warranted by the purchasing power of the consumer. Neither can it, through the mere fact that it is a cooperative, hope to effect any great savings over the operation of the private corporation. Many corporations have been doing business for many years and have not been asleep when it comes to reducing their cost of doing business to a minimum. Their urge to do this is no more or less than the desire for profit.

Therefore, the successful cooperative can only do as good a job as the private corporation in its manufacturing, its shipping and its sales.

Where the cooperative can hope to secure benefits for its members is through the elimination of the profit item. Under efficient and economical operation, the cooperative can show improved returns to its members largely through these items and these items only.

It is for this reason that the cooperative must operate as efficiently as the most efficient of its competitors. Any inefficiency in operation will result in a decrease in the profit item and a corresponding decrease in the returns to its members.

We have with us this evening, members of the State Bankers Association and to them I wish to point out that the farmers cooperative movement is a real bulwark for the competitive, capitalistic society. Such a society is based on a spirit of independence and the ability of the people to take care of themselves.

The farmers of the United States who are members of cooperative associations are almost without exception supporters of the Constitution and the type of society which has made this country great.

The farmer, in his cooperative association, wants an equal right and opportunity to secure economic independence. This independence is based on his ownership of the soil and one who owns his land, is in the long run poor material for communistic activities.

(Concluded next week)

**Notice to Customers.**  
Custom grinding will be done for customers at the Farm Bureau Co-operative on any day except Monday and Saturday, Henry Sommerer, manager, announced.

### New Dance Orchestra.

Westland Grange is sponsoring an old time dance Saturday, November 16th. Music will be furnished by Westland's new orchestra. Ladies will be admitted free. Supper of hot hamburger and coffee will be served by the Home Economics club. Everybody welcomed.

### Credit Union Service.

The Hermiston Oregon Credit Union office will be open every Friday between 2:00 and 4:00 o'clock P. M. The office will be found in the Grange Co-operative building.

### Winter Closing Hours.

Beginning November 4th, the Farm Bureau Co-operative of Hermiston and the Co-operative Service Station will close at 5.00 P. M.

### Wool Show Scheduled.

The Umatilla West End Women's Auxiliary to the Oregon Wool Growers' association is sponsoring a wool show at the city hall in Echo, Friday, December 6. Prizes will be offered for articles made of wool. Any person can compete for these prizes, but the prize winning articles are to be displayed again at Bend at the Oregon Wool Grower's convention, January 10 and 11.

### CATTLE DISEASE CONTROL PROGRAM IS EXPANDED.

Dairymen of Umatilla County are showing an increasing interest in the program of the U.S. Department of Agriculture to test cattle for the disease known as mastitis.

The County Agent's office is authorized by the statement that the mastitis control project of the Federal Government is now in operation in Oregon. Where cattle are found to have the disease, and where proper procedure in connection with the test has been followed, the government is providing a maximum indemnity of \$20.00 for grade cattle and \$50.00 for registered purebreds.

Applications to be secured in handling this test can be used from the Federal Veterinarians handling the testing work in the county, and also from the office of the County Agent at Pendleton, or the Assistant County Agent at Hermiston.

### WHEAT LEAGUE TO MEET IN PENDLETON DECEMBER 6 - 7.

Pendleton, Ore.—Preliminary organization matters have been completed for the annual convention here of the Eastern Oregon Wheat League scheduled to be held December 6 and 7. James K. Hill, past president and chairman of local arrangements, announces that the coming meeting will undoubtedly be the largest in the history of the league.

Four major committees have already been organized and officers of these will work with corresponding county representatives appointed by each county member of the state executive committee. Each county group will draw up its own report and then have a representative at Pendleton the day before the convention opens, at which time the four state committee reports will be drawn up in preliminary form.

These committee reports will deal with weed control and soil conservation; agricultural adjustment, finance, taxation and legislation; transportation and rural electrification; and production, handling and marketing. By having the committee reports prepared in advance, they will be brought before the convention throughout the program when speakers deal with corresponding topics, thus insuring careful and detailed consideration of every recommendation, points out Mac Hoke, state president.

This complete study carried on in each county of the wheat belt, will correspond in many respects to the studies preceding the farm outlook conferences being held in many of the diversified farm counties, explains Chas. W. Smith, O.S.C. extension man and secretary of the league.

Following are the committees and their chief officers:

Weed control and soil conservation—Major O. M. Babcock, Pendleton, chairman; W. E. Ruckman, Alcega, vice-chairman; Walter Holt, secretary.

Agricultural adjustment, finance, taxation and legislation—E. M. Hilden, Arlington, chairman; Angus McLeod, Dufur, vice-chairman; E. R. Jackman, O.S.C., secretary.

Transportation and rural electri-

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ification—Burt Johnson, Ione, chairman; Alec Johnson, Fossil, vice-chairman; Joe Belanger, Heppner, secretary.

Production, handling and marketing—C. B. Andrews, Kent, chairman; E. H. Miller, Lexington, vice-chairman; G. R. Hyslop, O.S.C., secretary.

### CCC HANDS JOLT TO FIRE DEMON IN PAST THREE YEARS.

Three years of CCC activity have set an all time record for low fire losses on the national forests of Oregon and Washington, according to recent announcement by the U. S. Forest Service. In 1935 fire losses sank to the lowest level since 1907, totaling slightly more than 6,000 acres, according to the foresters. In 1934 a large fire on the Colville forest in northern Washington brought the year's total loss within national forest boundaries to 25,000 acres, but 1933 showed only 7,200 acres burned over. The three year total of 38,000 acres smashes all previous records, ranking against the next best total of 84,000 acres for three consecutive years.

"Undoubtedly the CCC has been largely responsible for this record," said regional forester, C. J. Buck, in discussing the fire report. "We have had more than the average number of small fires this year—1,600 of them. Our worst fire, the McKenzie Bridge fire early in September taxed every effort of the Forest Service and the CCC. It burned over 2,400 acres, but without the prompt and energetic work made possible by 1,500 fire fighters, it might easily have developed into a colossal blaze that would have wiped out forests on ten or twenty times that acreage."

"For the 30 years of forest service history the average annual acreage loss within national forest boundaries has exceeded 100,000 acres," said Buck. "Fires in 1910 rolled up the appalling total of 580,000 acres burned on national forests in Oregon and Washington. So recently as in 1929 acreage inside the forests of the two states suffered a 358,000 acre loss and in 1918, 340,000 acres were sacrificed on the altar of this fire god."

The completed roads, trails, telephone lines and fire hazard reduction projects which represent most of the CCC accomplishments of the past three years have been instrumental in speeding up action on incipient fires and come in for much of the credit for the low fire record, according to forest officials. In addition, the availability at strategic points of competent fire fighting forces ready to answer the fire alarm at a moment's notice has proved invaluable in furnishing adequate forest protection.

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### O.S.C. DADS TO HAVE BIG DAY AT COLLEGE NOV. 16.

CORVALLIS—The Oregon State College Dads' club will celebrate its second birthday anniversary with a many-sided program for Dads' Day at O.S.C., Saturday, November 16.

Though following but a week after Homecoming, the visiting dads will have as leading attractions a Pacific coast conference football game with Idaho, the first inter-collegiate crew race with a California university eight, the annual student horticultural show, and an opportunity for those who arrive early to make a forenoon tour of experiment station tracts, greenhouses and laboratories. The final event will be a banquet in the Memorial Union building with student and faculty leaders as speakers.

Hal T. Hutchinson, Portland, president of the club, reports that membership has grown from an original 150 to more than 400 and that they expect to double this soon. When organized the club was dedicated to the three-fold purpose of support of all higher education in the state of Oregon, preservation of the traditions and usefulness of Oregon State college, and co-operation with similar and kindred organizations throughout the state.

### WITH FARMERS AROUND THE STATE

**Wheat Strips Control Blowing.**  
LAKEVIEW—Wind erosion was controlled well by ten strips of wheat drilled 60 to 80 feet apart on rolling summer fallow hill land on the N. K. Lantsberger farm at West Side, reports Vic Johnson, County Agent. The strips kept the soil from blowing, and Mr. Lantsberger has also noticed that they are keeping the snow from blowing off the hills, thus conserving moisture for the land.

**Schoolmam Oats Liked in Curry.**  
GOLD BEACH—Schoolmam oats have proved to be a good yielding crop for hay or seed and have shown more resistance to rust than any oth-

er variety grown in Curry county, according to R. M. Knox, county agent. Among those planting oats of this variety this year was O. P. Ferguson, who harvested four acres for seed, getting a yield of 57.1 bushels per acre. This crop was grown from locally produced seed, as are practically all of the schoolmam oats in Curry county now, Knox says.

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