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MARKETING FARM PRODUCTS



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MARKETING FARM PRODUCTS*

By O. B. JESNESS

Marketing questions are of vital interest to farmers and farm boys and girls and the following brief lessons on the marketing of farm products have been prepared to give the farm boys and girls some information regarding marketing methods and problems. The subject is too big to cover fully in a few simple lessons of this kind, but it is hoped that this material may be helpful and that it will lead to further reading and study along this line. The boys and girls who enjoy reading can find much additional information in farm papers, newspapers and agricultural college and agricultural department bulletins.

LESSON I

What Marketing Includes

Years ago practically all the people in this country lived on farms or close to farms. That was before there were any large centers of population, such as we have now in New York, Chicago, Philadelphia, Boston and many other large cities. In those days the process of marketing farm products was simple. People to a large extent produced what they needed, not only of food, but also of other products. There was, of course, some exchange of products, but there was no elaborate system of distribution such as is necessary today in getting products from the farm to the consumer.

Better transportation and storage facilities have been important not only in the development of large cities, but also in bringing about greater specialization of production on the

*This circular has been prepared especially for members of boys and girls clubs and other farm boys and girls, but it should also be of interest to older persons.

farms and in increasing the variety of food products which are consumed both on the farm and in the city. If you stop and think of the original sources of the food which finds its way to your table at the present time, you will readily appreciate that this is so. A person may have for his breakfast oranges which have been shipped from California or Florida, breakfast food made in a distant state out of wheat or corn grown in some other state, toast which may have been made out of flour or wheat from another state, bacon coming from a distant packing plant, coffee from South America, sugar from Cuba, and so on for the rest of the products concerned.

Such illustrations give us some idea of how we have outgrown the system of former days and why marketing is more complicated than it used to be. Marketing really includes a variety of important steps. While it might be said to include the transfer of goods from the seller to the buyer and the payment for the same, several steps may be involved in this because several transfers between the time the product leaves the farm and reaches the consumer's table in a distant city may be necessary. Transportation and very frequently storage are included. Not only may there be several different dealers, one or more railroad companies and storage companies concerned, but also banks, as they have a part in getting the money transferred from the buyer to the seller.

Marketing of farm products has been receiving a great deal of attention during recent years. Farmers have become convinced that they must pay attention to the marketing as well as to the production of their products if they are to succeed. There is much lack of information regarding what really takes place in the marketing of farm products and it is highly important that these questions be studied carefully by farmers and farm boys and girls.

QUESTIONS

1. Is our system of marketing farm products simpler than it was fifty or one hundred years ago? What reasons is your answer based upon?

2. The United States produced over 350 million bushels of potatoes in 1919. Do you think the farmers could have found a market in this country for that amount of potatoes fifty years ago? If not, why?

3. From what sources did the food products which you had for breakfast today come?

4. Why is it important to study about marketing?

LESSON II

How the Farmer Sells His Products

Every wide-awake farm boy and girl has noticed different ways in which farm products are sold by the farmers in the community. Livestock is sold to local buyers who make a business of buying up stock which is ready for market and loading this stock into livestock cars and shipping it to some central market such as Cincinnati, Louisville or East St. Louis. Some farmers who raise stock in large numbers, or who feed in large numbers, have sufficient stock to fill cars and may ship their own stock to market. In some communities farmers have formed cooperative shipping associations thru which they ship their stock to market. Some stock may be bought up by a local butcher shop in order to supply meat for the community.

Grain and hay are produced in larger amounts than needed for use on the home farm in many cases, and such surplus is sold to local buyers who ship it out, or it may be sold to local mills or to feeders or other farmers in the community.

Eggs are sold to local stores or in some cases to local produce buyers. Cream frequently is sold to a local cream station or creamery, or may be shipped by railroad to a creamery at a distant point. If butter is made on the farm in larger amounts than needed for home use, the surplus usually is sold to local stores, or in some cases it is sold by the farmer direct to consumers. Dairy farmers near towns and cities may deliver

whole milk to consumers, to city milk distributing plants or to grocery stores.

The method of sale which has been employed in the case of tobacco differs from those in use for most other farm products in that a large amount of it has been sold by auction on the floors of loose-leaf warehouses. The grower brings his tobacco to the warehouse and it is packed on baskets which are arranged in rows on the warehouse floor with sufficient space between the rows for the passage of the auctioneer and the buyers. The tobacco is sold basket by basket. The warehouse company furnishes the selling place for the tobacco, holds the sale and attends to the payment to the grower and collection from the buyer for the tobacco thus sold. The organization of the Kentucky tobacco growers into large marketing associations have changed the methods of marketing for the tobacco controlled by these associations as the organization does not employ the auction method but sells tobacco in large lots on the basis of grade.

The Burley Tobacco Growers' Cooperative Association was organized in 1921 and handled a large proportion of the 1921 crop of Burley tobacco. The Dark Tobacco Growers' Cooperative Association has been organized in western Kentucky and Tennessee. Under the cooperative marketing plan, the members deliver their tobacco to a loose-leaf warehouse controlled by the association where it is packed on baskets, graded and weighed. The member receives a statement which shows the number of pounds of tobacco of each grade delivered by him and an advance in accordance with the tobacco which he has delivered. The tobacco is pooled in making sales; that is, the returns are averaged in making payment to the growers so that all tobacco of each grade is paid for at the same price. Payments may be made to the members from time to time as the tobacco is sold, but final payment is not made until all the tobacco has been sold.

It is unnecessary to go into a detailed discussion of how all the different products of the farm are sold. What has been

said is sufficient to bring out the point that many products of the farm are grown in larger amounts than needed for the home community so that they must be sent to other markets where there is need for them. It is for this reason that a marketing system is absolutely necessary. Farm production frequently is highly specialized. Thus, Kentucky produces about one-third of the tobacco crop of the United States. A large proportion of the potatoes grown in the United States is produced in a few states such as Maine, New York, Michigan, Wisconsin and Minnesota. California and Florida produce most of the oranges, but the entire country furnishes a market for them. The local buyers of farm products represent one important link in the chain of distribution.

QUESTIONS

1. Are all the farm products grown in your county consumed there? If they are not, what is the reason?
2. What products are sold from your home farm? To whom are they sold?
3. Are the buyers of your farm products the final consumers, or are they dealers who sell the products to others?
4. Why is a marketing system necessary?

LESSON III

Central Markets

The farm products which are shipped out of the local market usually go to some large central market where they are manufactured, stored, consumed or shipped out to other markets. Livestock is shipped from local points to stockyards at central markets. Meat packing plants are located at the important central markets for livestock and buy the animals they need at the stockyards. The meat and by-products are then distributed to a large number of cities and towns to supply the needs of the consumers.

Some of the wheat is used by mills located in wheat growing sections, but large quantities are brought into central

markets and sold or stored there, awaiting purchase by flour mills or export to foreign countries. Wool and cotton find their way to manufacturing points or to markets from which they are exported. Large cities draw upon considerable areas of farming country for different farm products, such as fruits and vegetables, eggs, poultry and butter, and many of these cities also serve as distributing points for supplying other markets with their needs. Chicago, for instance, receives large quantities of farm products which later are shipped out to smaller cities and towns. Kentucky towns and country get many of their products from such central points as Louisville and Cincinnati, such products in one form or another having been brought there from many other points.

The work of handling and distributing all the food products required daily by the people who live in New York, Chicago and similar cities is far from being simple. In such cities several million persons are living in a small area and all require food and other products every day. Trainloads of farm products come into such markets every day, many of them carrying highly perishable fruits and vegetables which have to be handled quickly so that the city homes will get them before they spoil.

The principal market district for fruits and vegetables in the city of Chicago is what is known as South Water street. Farm boys and girls who visit Chicago should not fail to see this street in the early hours of the day when business is at its height. Products are piled high on the sidewalk and in the stores along the street. Wagons and trucks heavily loaded with farm products crowd almost every inch of space. Buyers come and fill their needs and the products are hauled away to stores all over the city, where they are bought by the consumers who carry them to their homes, leave directions to have them delivered, or order them by telephone. Some of the buyers are hucksters and push-cart peddlers who travel about the city selling the products from their wagons or carts. The city dwellers usually buy in comparatively small quantities. Many

products are perishable and cannot be kept very long; besides, many city homes are in apartments and flats where storage space is very limited. Such pictures help one to realize that our methods of marketing are not simple and cannot be made as simple as they were before we had any large cities.

QUESTIONS

1. What central markets do the farm products of your county go to? Why do they go to central markets?
2. What happens to farm products shipped into central markets?
3. Why is it not a simple matter to keep the large cities properly supplied with food so that the people can have the supplies they need?
4. Do you think all the people in Chicago could get their food supplies direct from the farm? What reasons have you for your answer?

LESSON IV

Middlemen and Their Services

Dealers who are engaged in handling products between the producer and the consumer are often called middlemen. Just what middlemen are and what work they perform is not always clear to everyone. It frequently is said that there are too many middlemen and that middlemen ought to be put out of business.

First of all let us see if there is any need for middlemen and their services. It has already been pointed out that much of the farm production is specialized; that is, the farm grows the products best suited to the soil and climate of the section and those which are found the most profitable. Consumers of these products are located in all parts of the country. We have already had a glimpse of some of the problems and work involved in getting the products from the farm to the consumer. The middlemen at local points, such as local buyers and local stores, are the connecting link between the farm and

the central market. The middlemen in the central market, in the same way, supply the connection between the local market and other points.

There are various classes of middlemen in central markets, among which may be mentioned commission men, wholesale receivers, jobbers and brokers. The exact meaning of these terms differs somewhat in different markets and for different products. In general, however, the following may be given as representing the use of these terms in the fruit and produce trade: A commission man is one who acts for the shipper in making sales and who deducts as his pay a certain commission or fee from the amount received. You may ship a carload of potatoes to a commission man and he will act as your agent in selling it, collecting the money and sending it to you after he has taken out his commission. The term "commission man" is frequently used incorrectly to apply to all classes of middlemen. A commission man does not buy your products. If the dealer buys your products instead of serving as your agent in finding a buyer for them, he is a wholesale receiver or jobber. Wholesaler, or wholesale receiver, is the term frequently applied to dealers who buy and sell products in large quantities, usually in carload lots. A jobber may buy products directly from the country shipper, but he usually sells in less than carload lots to the retailer. The jobber frequently buys from the wholesaler or commission man and sells to the retail store, buying carload lots or less and selling in smaller lots as most retailers cannot buy as much as carload at one time. The average store cannot buy potatoes and apples in carload lots so they buy in smaller lots from jobbers who in turn have bought in large lots from other dealers. A broker is a dealer who, like the commission man, acts for the shipper and does not himself buy the products. He usually gets a certain fee for each car instead of a certain per cent commission, and his authority is usually more limited than that of the commission man. Some middlemen may serve as more than one of the above. Thus, some dealers buy goods at wholesale as well as

sell goods for a commission. Some wholesale firms also do the work of jobbers. Large chain store companies which operate a number of retail stores have their own wholesale departments.

Persons who talk about doing away with the middlemen are not always acquainted with the work performed by them. Most middlemen are rendering some definite service which is desired either by the buyer or the seller and if certain middlemen are done away with, we either must be willing to get along without their services or we must provide something else in their place. Not all middlemen are equally efficient, just in the same way as some farmers are better than others. Naturally it is to the interest of the farmer and the consumer that the middlemen do their work in the best and cheapest way possible.

Like other men, some middlemen are dishonest. Laws have been passed by the National Congress and State Legislatures to stop dishonest business methods and some rules of the trade are intended to check dishonesty as much as possible and to weed out the dealers who are dishonest. The farmers for their own protection should satisfy themselves that the men with whom they deal are well established and have the reputation of being reliable.

QUESTIONS

1. What is a middleman?
2. Are there any middlemen in your locality?
3. Can you name three or more classes of middlemen?
4. Does a commission man buy goods? What is one difference between a jobber and a broker?
5. Could you get along without any middlemen? Could your friends living in cities get along without the services rendered by middlemen?

LESSON V

Transportation and Storage

What has already been said indicates the important place occupied by transportation and storage in the marketing of

farm products. Think of how dependent your own farm community is upon transportation. Were it not for railroads and other means of getting products from one point to another, each community would have to rely on its own products and each community would have to furnish the market for the products grown there. No large cities would be possible without means of transportation. The specialized farm production already referred to would not be followed because that would mean a greater production of some products in the community than is needed and there would be no way of getting the surplus to other communities where it is needed.

The steam railroads, of course, are the most important means of transportation we have in reaching distant markets with our products. The railroads have extended their lines to all parts of the country and thereby the market for farm products has been extended. Kentucky strawberries are now marketed in Michigan, Ohio, Pennsylvania, New York and other states, while if there were no means of transportation, it would only be worth while to grow enough berries to supply the needs of the locality in which they are grown and as many persons in the community would grow their own berries, there would be little demand for them. The same would be true with other farm products.

As you have watched freight trains pass by you very likely have noticed special cars which have been developed for special needs. The ordinary box cars are used for farm products such as grain, which are non-perishable. Refrigerator cars, which are especially built and are kept cool with ice, are used in shipping fruits, vegetables, meats, butter and other perishable products for long distances. The refrigerator car has made it possible to ship perishable products all the way across the country. The refrigerator car is sometimes used to protect products from the cold in winter weather. Thus, potatoes from northern states may be shipped in refrigerator cars to keep them from freezing during winter weather. Livestock cars, built especially for the transportation of livestock, are

in common use, and there are special poultry cars for carrying live poultry.

Electric lines running out into the country from cities or between cities are used to some extent for carrying farm products such as milk and vegetables. Boats on the Great Lakes and on the Ohio, Mississippi and other rivers, also are important in transporting farm products. The motor truck has in recent years become of considerable importance in carrying farm products in some sections. Motor trucks are used mainly for short distances and where the roads are good. Many communities now have commercial motor truck lines which carry farm products to market and bring farm supplies to the country. Some of these lines are owned cooperatively by farmers.

Many farm products are seasonal in production; that is, they are ready for market at some particular season. Highly perishable products such as tomatoes, and the like, must be used within a few days after ripening, unless they are canned. There are many products not so perishable which are held in their original form for a long time. Storing such products is an important part of marketing and is of direct interest to the farmer. There are two types of storages: one warehousing or common storage, and the other, cold storage. Wheat, wool, cotton, tobacco and the like are warehoused until needed. Eggs, butter, meat, and other perishable products are kept in cold storage at low temperatures.

It may not occur to you that cold storage for eggs interests the farmers directly, but it does. More eggs are produced in the spring and early summer than in the late summer and fall. The consumers, however, need eggs from day to day. If there were no cold storage all eggs would have to be used during a comparatively short period after they are laid. There would be many more eggs than needed at one time of the year and not enough at another. The farmer would have difficulty in selling his eggs when his hens are laying the most and the price would be very low. Cold storage saves up the eggs from the spring and summer so that they are available for

use during fall and winter. This makes a better market for the eggs during the season of heavy production and, of course, keeps the price from going as high as it otherwise would during the season of low production.

QUESTIONS

1. What means are used in getting products from your farm to market?
2. What means of transportation are used in getting products from your local market to central markets?
3. What would happen to large cities if all means of transportation were taken away?
4. What is the most important method of transportation for getting farm products to central markets?
5. What different kinds of railroad cars for carrying farm products have you seen?
6. Why is storage necessary for farm products?
7. Name three farm products that are stored in warehouses? Three that are stored in cold storages?
8. Why is the farmer interested in having cold storage available for storing eggs?

LESSON VI

Prices of Farm Products

What is price? Did you ever attempt to tell anyone what price really means? Yes, you say, price means what you get for an article or what you have to pay for it. If you can sell your corn for sixty cents a bushel, you say that is the price of corn. In other words, that is the value of corn expressed in terms of money. Is the price of corn always the same? No, it not only is different at different times, but there are different kinds of prices on the same day depending upon the location of the market and other things. The farmer will get a certain price for corn at his local selling point. The local dealer who buys the corn to ship out to another market will base his price on what he can get for it in that market. As the cost of trans-

portation and handling in getting the corn to market must be paid, the price paid to the farmer will be less than the price in the central market.

You have heard about the law of supply and demand. This is an economic law which means that the supply, that is the amount of a product which can be had, and the demand, that is the need for that product, have an effect on its price. That is why the price of a farm product is less during years of large production than during years of small production, other things being equal. This is not as simple as it sounds. In the case of many products of the farm one must consider the supply of the entire country or the whole world rather than only the local supply. The farmers in your county may have their wheat destroyed by a storm. You say that since the supply has been lessened, the price ought to go up, but perhaps the rest of the country has had a good yield so that the total production is large and the price may be low instead of high. The United States may have a small crop but Australia and other important wheat countries may have an unusually large crop and on that account the world production must be considered. In the case of crops which can be shipped for long distances the supply of a larger territory must be considered more than in the case of products which are more nearly local in nature. On that account local factors have greater influence on the price of whole milk sold to consumers than they have on the price of wheat or potatoes. The area from which fresh milk may be obtained by a city is limited, while potatoes and wheat can be shipped in from distant points. The supply of related crops also must be considered. Thus, the supply of one grain may affect the price of another. Strawberries and other berries may sell at high prices some seasons when other fruits such as apples and peaches have been destroyed by frost. Then, the demand is not always the same. If business conditions are good and the people all have work at good wages, they will be able to buy and the demand will be good, while if conditions are not so good, they will buy less and

the demand will be lessened. European countries such as France, Belgium and Germany, have not been able to buy as much of some products since the war as they did before, so that the demand in such countries for many things is not as good as before the war.

Remember in thinking about the law of supply and demand that you must consider a great many things besides conditions in your own neighborhood. The law operates in a general way. It is interfered with sometimes by other things. It may not always work to bring about the same sort of changes in all places. Because it does not do so, some persons charge that the law of supply and demand is no longer in operation.

QUESTIONS

1. What is meant by the price of an article?
2. Is the price of a farm product such as corn always the same? Is it the same in all places?
3. What is meant by the law of supply and demand?
4. If your county has a poor wheat crop but the crop in the rest of the country is good, will that mean that your county will have high prices because of the small supply of wheat?
5. Is the demand for an article always the same?
6. Do you think the law of supply and demand is simple?

LESSON VII

Market Information

The successful farmer keeps in close touch with market conditions. He pays attention to market prices and to reports of production and receipts on markets. Doing so, helps him plan his farming and also helps him in selling his products so as to get the best results. Of course, weather and so many other things have an effect on production that no one can predict exactly for long periods in advance what the market conditions are going to be. This makes it necessary to keep informed regarding the markets all the time.

Have you a newspaper at hand, especially a daily paper? Turn its pages until you come to the market page. Here are

given the market prices of various farm and other products as well as information and opinions regarding market and business conditions of interest to the subscribers. Some farm papers also have pages devoted to such market information.

The market quotations given in papers may be based on prices actually paid in the market referred to, or they may be based on opinions of persons in the market or on averages.

Market information is gotten from various sources. Dealers in central markets frequently send out information to shippers and others regarding conditions in their market. Publications have men who keep in touch with certain markets. The United States Bureau of Agricultural Economics regards market information of such importance to the farmer that it gathers and distributes market news on different farm products in various markets. That Bureau has men stationed in many of the important market centers of the country and also has men located at important shipping points for some products, especially fruits and vegetables, to gather information. This information is distributed by mail and telegraph, and thru the columns of newspapers and other publications.

The development of the wireless telegraph and telephone has a connection with the distribution of market news as during recent months the radio has become a popular means of sending out information of this character. Governmental and state institutions as well as private agencies are giving a great deal of attention to the dissemination of market information in this manner. The rapid progress being made in communication by wireless indicates that in the future this will occupy an important place in keeping the farmer informed on market conditions.

QUESTIONS

1. Why does a farmer study market reports?
2. Why is it important for the farmer to know about market conditions?

3. From what sources can the farmer get market information?
4. What market information can you find in daily newspapers?

LESSON VIII

Standardization—Grading—Inspection

A matter which is receiving much attention at present is that of standardization. Standards for farm products are important in marketing. Not all wheat is of the same quality and the same is true of other products. The buyer usually wants to know about the quality of the product he is getting and the seller wants to know whether or not the price he is receiving is what he ought to get for a product of that grade. In the case of products for which standard grades have been established, buying and selling is frequently on the basis of such grades. Thus, in the important grain sections, grain is bought as being of a certain grade instead of just grain. The market is also quoted according to grade and the farmer, knowing the grade of his product, can tell what price it is likely to bring.

Products which have been graded according to standard grades can be sold in accordance with such grades while ungraded products and those for which there are no uniform standard grades ordinarily can be sold only after the buyer has had an opportunity to examine them. A car of number two yellow corn can be sold as such and the buyer will know what kind of corn he is getting when he would be unwilling to buy a carload of corn of which he did not know the grade, unless he first had an opportunity to inspect it and determine its quality or grade.

Standards for some farm products are the result of federal or state laws. National standards for grain and cotton are in effect as the result of laws passed by Congress. A number of the states have passed laws providing for state standards for certain products. Not all the standards are the result of legis-

lation; some are the result of custom which has been developed by the persons in the trade or in producing regions. Farmers' cooperative organizations frequently have developed certain grades for the products which they sell. The Warren County Strawberry Growers' Association is an example of a Kentucky organization doing this.

Products should be graded carefully before they are sold. If products are bought and sold on the basis of grade, the man who has good quality products is rewarded and his efforts to market products in proper condition are encouraged. If the same price is paid for all eggs whether their quality is good or poor, there will be no encouragement for the farmer to deliver eggs of high quality. The same is true of cream and of other farm products.

The inspection of products to determine their grade and condition is another matter of importance. In the case of grain, there are licensed inspectors in important markets who pass on the matter of grade. The United States Bureau of Agricultural Economics maintains inspectors in various large markets whose duty it is to inspect fruit and vegetable shipments when they are requested to do so. If you ship a car of apples or similar product to a market where one of these inspectors is stationed and the man to whom you ship them claims that they are not of the quality represented, you can request the government inspector to examine the car for you and report the result to you. A fee is charged to help cover the cost of this service.

A great variety of packages and containers, such as barrels, boxes, crates and baskets of various sizes and shapes, are used in shipping farm products. At the present time there are more shapes and sizes than necessary so that it is not always easy to tell off-hand just how much a certain package holds. Thus, there are many different styles and sizes of the round stave basket (or bushel basket as we frequently call it). These could be standardized so that there would be half-bushel, one bushel, one and one-half bushel and two bushel sizes instead of

a large number of varying sizes which are in use at present. If this is done no one would buy a 27 or 30-quart basket in the belief that it was a bushel basket. Some of these packages are being standardized by law and others likely will be so that they will hold a certain amount of products and be of such shape as not to lead the buyer into believing that they are larger than they really are. In addition to being of standard size, it is important that packages be made strong enough to stand shipment and at the same time not be too heavy or bulky.

QUESTIONS

1. Why are standards for farm products important?
2. How do standards help in selling farm products?
3. Name two products for which there are Federal standards established by law.
4. Why should farm products be bought and sold according to definite grades?
5. Why does the U. S. Bureau of Agricultural Economics have inspectors to inspect fruit and vegetable shipments?
6. Why should packages and containers be standardized?

LESSON IX

Cooperative Marketing

Farmers in many places have organized cooperative associations thru which they are marketing their farm products. A farmers' cooperative marketing organization is made up of a number of farmers and has for its purpose getting better results in marketing. There are certain principles underlying the organization which everyone should know so that they can tell a cooperative organization from one which is not cooperative. Each member has only one vote at the meetings of the organization instead of having a vote for each share of capital stock as is the custom in companies which are not cooperative. The membership usually is made up of growers. Some capital, that is, money to run the business, frequently is required for

such organizations and each member is paid a fair interest on the money which he furnishes, as, for instance, six or eight per cent a year. A business company which is not cooperative has in mind earning profits for the stockholders and pays such profits out as dividends on capital stock. That is, the share of the profits which a man gets depends on the amount of money he has invested in it and not on the amount of business he does with the organization. In a cooperative organization he gets returns in proportion to the amount of business he does thru the organization.

It is estimated that there are 15,000 or more farmers' marketing organizations in the United States and that these do an annual business of about two billion dollars. In the Middle West there are over 4,000 farmers' grain elevators thru which grain is sold by the farmers. Dairy farmers have several thousand local cooperative creameries and cheese factories. Live-stock is shipped cooperatively in many places. Fruit and vegetables are being sold thru organizations of farmers and the same is true of eggs, cotton, wool, tobacco, nuts and other farm products. Many selling organizations also buy farm supplies for their members and in addition there are many farmers' buying organizations.

Cooperative marketing organizations can serve the farmer in various ways. They can help in standardizing his products and in grading them. They can keep in touch with markets. They can employ expert salesmen who will know how to market the products handled and get better results than can the individual, unorganized farmer. They can often increase the use of products by means of advertising. In short, they get better results for the farmer in selling his products than he usually can when selling his products by himself.

Kentucky has had farmers' marketing organizations for a number of years and recently the interest in cooperative marketing in this State has increased greatly. The Burley Tobacco Growers' Cooperative Association, with a membership of about 76,000 tobacco growers, and the Dark Tobacco Growers' Coop-

erative Association, with about 60,000 members, are among the largest cooperative marketing organizations in the United States. Strawberry growers have several cooperative marketing associations thru which strawberries are marketed. Live-stock is being shipped cooperatively in some parts of the State. Market milk producers in the vicinity of the larger cities have organizations. Cream is being handled by cooperative cream shipping associations at various points. A movement to establish cooperative creameries is under way in several districts. Several egg marketing associations are in operation. Growers of Bluegrass seed have recently established an organization to market their seed. Cooperative marketing is also being employed by growers of potatoes and other vegetables. Considerable wool is being marketed thru wool pools. There are a number of cooperative stores in the State and, in addition, supplies are purchased cooperatively thru other organizations. From this it will be seen that considerable progress along cooperative marketing lines has been made in the State. Present indications point to an increased development in this field of endeavor.

QUESTIONS

1. What is a cooperative marketing organization?
2. Are there many cooperative marketing organizations in the United States? In Kentucky?
3. Name as many kinds of cooperative marketing associations as you are able.
4. How does cooperative marketing help the farmer?

LESSON X

Organizing for Cooperative Marketing

When the question of organizing a cooperative marketing association comes up in your community, the first thing to do is to study the local conditions to see what can be done. It is well to find out how your neighbors feel towards an organization. Investigate how the products are being handled locally

at the present time and decide whether or not you think a cooperative organization could do it better or more cheaply. Look into the way in which your products are handled after they leave the local market. If an organization is going to succeed it must have enough business to support it. Find out what need there is for an organization because if the farmers feel a need for one they will support it.

Meetings of farmers in the community should be held and the proposed organization should be taken up and talked over fully at such meetings. The farmers coming to such meetings can decide after thinking about the matter, whether or not they feel that a marketing organization should be undertaken by that community. At such meetings, those attending should name one of the best leaders present as chairman of the meeting. Some one should also be named as secretary for the meeting in order that a record of what is done will be kept.

If the farmers decide to organize they should select a committee to work out detailed plans of organization and operation. Complete by-laws should be prepared by this committee and when these by-laws are ready they should be taken up at a meeting of the interested farmers and be passed upon by them. The by-laws should contain a working plan for the organization and as they are very important they should be drawn up with a great deal of care. The County Agent and the College of Agriculture can help in drawing up the necessary by-laws and plan of organization.

A cooperative marketing organization is a business organization and it must have business to transact and have persons in charge who know how to transact it. The members furnish the business by turning over their products to the organization and they hire a man who knows how to take charge of selling these products. Unless the members stand by the organization it will not live very long, or if the man in charge does not know his business no money will be saved by having an organization and as it is formed to save money, it will soon go out of business if it does not do so.

There are many different kinds of farmers' cooperative marketing organizations and they are not all alike in the way they are organized and do business. It would take too much space to describe all kinds so a livestock shipping association has been selected for this purpose. When farmers who have enough stock to market it in carload lots feel that they can gain something by shipping their stock to a central market themselves, they may organize a shipping association. The number of farmers needed to start an association of this kind varies. The amount of stock is more important anyway than is the number of members. There should be members having enough stock to fill a livestock car every week or every other week if the best results are to be gotten. Some of the larger associations ship several cars a week.

A man is selected as manager to take charge of the shipping. He gets in touch with the farmers in the community by telephone, by mail or sees them in person and finds out how much stock they have which they are ready to ship thru the association. When he has enough stock promised to fill a car he orders from the local railroad agent a livestock car and tells the farmers to bring the stock to the local shipping yards on a certain day. He is at the yards on that day and as each man comes in he weighs the stock and marks each animal, giving the owner a receipt.

The marketing is done by clipping Roman numerals or other marks in the hair on the back, shoulders or hips of the animals in the case of cattle and hogs, and sheep are marked by making spots on the wool along the back with paint or a special marking fluid. The idea of marking is so that each man's stock can be easily recognized.

When all the stock has been received, it is loaded into the livestock car which has been placed on the sidetrack by the railroad company in response to the order of the manager of the association. The car is sent to some central livestock market where the stock is unloaded in pens in the stockyards and is given feed and water provided by the stockyard owners.

The manager often goes along with the car to see that everything goes all right. The stock is shipped to a commission man and he sells it to buyers for packing plants or others. The commission man sends the money received for the stock to the manager after taking out his commission, freight, charge for feed and other expenses incurred. The manager divides the money among the farmers according to the stock each had in the shipment.

Cooperative marketing is being talked of very much nowadays and many organizations are being formed. Farmers and farm boys and girls should be interested in finding out all they can about cooperative marketing because marketing is so important and cooperation is so valuable in bringing about better marketing methods. There are many articles in farm papers, agricultural college and government bulletins and books on cooperative marketing which contain interesting information on this subject.

QUESTIONS

1. What should be the first step in organizing a cooperative marketing association?
2. What are some of the things you would want to know before deciding upon a cooperative marketing association?
3. Why are by-laws important? How should they be prepared? What are some of the things they should include?
4. What are some of the things an organization must have in order to succeed?
5. How much livestock should be available before organizing a livestock shipping association?
6. In shipping livestock cooperatively how is the livestock of a shipper kept from being confused with stock of other shippers?
7. What does the manager of a shipping association do?

LESSON XI

Improvements in Marketing Methods of Farmers

As farm boys and girls you will be interested in thinking about what farmers can do to improve methods of selling their products. First of all, farm products should be of good quality and should be properly standardized. The products from one farm and one section are sold in competition with products from other farms and sections, and it is the farms and sections which pay the most attention to quality and proper standardization that get the best results in selling. You likely have noticed this in your own neighborhood. Possibly apples are grown on farms in your section. Are some growers more careful in spraying their trees, in caring for their orchards, in packing and handling their fruit, and getting better results on that account? Probably butter is made on the farms in your locality and likely some of the farm women have a reputation for making better butter than the others and get better prices for it for that reason.

The man who studies market conditions and understands and uses market information is in a better position in selling his products than is the uninformed man. The farmer who knows what the market prefers and what it is willing to pay for also has an advantage. Some farmers have been able to find special markets for some of their products and are getting better results in that way. Special outlets are more apt to be found by the farmer who studies this matter and who produces good products than by the one who makes no special efforts along this line.

The biggest opportunity for improving the marketing methods of farmers is found in cooperative organization for marketing. Such associations bring together a number of farmers in united effort in working on problems of quality, standards, finding the best markets, getting market information, and in hiring expert salesmen whose work is to find markets and to sell products to the best advantage.

There are some evils in marketing which can best be corrected by passing proper laws or by government action. State and national governments are helping by developing uniform standards for products and containers, by inspection of products, by giving out market information, by investigating and correcting abuses and the like. Agricultural colleges and departments of agriculture are aiding by investigating marketing methods, by giving information regarding methods of organizing for cooperative marketing, by locating buyers and markets and in other ways. Much of the work of improving methods of marketing, however, must be done by the farmers themselves and by the persons in the trade. It is better to depend less on legislation and more on self-help in bettering marketing methods.

QUESTIONS

1. What have you heard farmers say regarding improvements which are necessary in methods of marketing farm products?
2. Why are standardization, good quality and proper grading important?
3. Why is cooperative marketing important?
4. What can National and State governments do in bringing about improvements?

BULLETINS OF THE COLLEGE OF AGRICULTURE
ON MARKETING

- Kentucky Experiment Station Bulletin 202—A preliminary study of the marketing of burley tobacco in central Kentucky.
- Kentucky Experiment Station Bulletin 221—Marketing hemp.
- Kentucky Experiment Station Circular 79—A suggested plan for marketing Kentucky wool.
- Kentucky Extension Circular 104—Cooperative live-stock shipping associations.
- Kentucky Extension Circular 115—Cooperative marketing.
- Kentucky Extension Circular 130—Marketing farm products.
- Kentucky Extension Circular 134—Plans for cooperative marketing.

A FEW OF THE BULLETINS OF THE U. S. DEPARTMENT OF
AGRICULTURE RELATING TO MARKETING

- Bulletin 266—Outlets and methods of sale for shippers of fruits and vegetables.
- Bulletin 477—Marketing and distribution of strawberries in 1915.
- Bulletin 558—Marketing grain at country points.
- Bulletin 860—The organization of cooperative grain elevator companies.
- Bulletin 937—The cooperative marketing of grain.
- Bulletin 977—Marketing hay at country points.
- Bulletin 978—Marketing hay through terminal markets.
- Bulletin 999—Prices of farm products in the United States.
- Farmers' Bulletin 656—The community egg circle.
- Farmers' Bulletin 830—Marketing eggs by parcel post.
- Farmers' Bulletin 979—Preparation of strawberries for market.
- Farmers' Bulletin 1080—Preparation of barreled apples for market.
- Farmers' Bulletin 1144—Cooperative marketing.
- Farmers' Bulletin 1196—Standard containers for fruits and vegetables.
- Farmers' Bulletin 1232—Seed marketing hints for the farmer.
- Farmers' Bulletin 1265—Business methods for marketing hay.
- Farmers' Bulletin 1266—Preparation of peaches for the market.