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COOPERATIVE LIVE-STOCK SHIPPING ASSOCIATIONS

By

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SUMMARY

1. Cooperative live-stock shipping associations are especially adapted to localities where considerable stock is marketed in less than carload lots, and where there exists an economic need for them.

2. The Manager is the most important single individual in the organization, and therefore great care should be exercised in choosing a man for this position.

3. Losses of animals in transit are, to a very large extent, due to improper feeding, handling and loading before the stock leaves the local shipping point, and are, therefore, largely within the control of the shipper.

4. Grading hogs at the shipping point is advisable when greater net returns can be received for hogs so graded and when the local manager understands the grades and classes desired on the market to which he is shipping.

5. To operate successfully an association must have:

- a. Sufficient business.
- b. Efficient management.
- c. Loyal support of its members at all times.

6. When properly operated live-stock shipping associations have rendered a financial saving to their members, developed a better grade of live stock and encouraged a spirit of cooperation in the community.

7. Incorporation under State laws will strengthen the business standing of the association and is usually advisable.

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COOPERATIVE LIVE-STOCK SHIPPING ASSOCIATIONS

By O. B. JESNESS and DANA G. CARD

Ten or twelve years ago cooperative live-stock shipping was unknown in most localities. A few communities, especially in the North Central States, had associations for this purpose and their success was so outstanding that the development since that time has proceeded with remarkable rapidity. Thus, it is estimated that there are nearly 5,000 cooperative live-stock shipping associations operating in the United States at present. Minnesota, Wisconsin, Iowa, Nebraska and Kansas were among the States in which the early growth took place, but more recently the movement has been spreading rapidly to other states so that many organizations have been formed in Missouri, Illinois, Indiana, Ohio, Virginia, Tennessee, and other nearby States. There are a few live-stock shipping associations in Kentucky at this time and the interest which is being displayed indicates that a number of others will be formed in the near future.

Live-stock shipping associations have furnished a cheaper method of marketing live stock, have saved their patrons actual dollars and cents, and for that reason have been successful and have extended over a vast territory within a period of a few years. Cooperative shipping has placed the farmer in more intimate touch with market conditions and demands, and, therefore, it is not surprising that one result obtained by cooperative shipping associations in many localities has been an increase in the amount of live stock raised and an improvement in

its quality. Success in cooperative shipping has encouraged farmers to form cooperative organizations to market other farm products and the training received in cooperative shipping has been valuable in achieving results in more difficult lines of cooperative marketing.

CONDITIONS FAVORABLE TO COOPERATIVE SHIPPING

Like any other cooperative marketing association a live-stock shipping association must be needed in a community before it will succeed there. The association must return more money to the farmer than he would be paid by the local live-stock buyer. An estimate as to whether this can be done or not may be obtained by finding the freight, commission and other charges, and estimating the shrinkage in weight of the stock while in transit, then comparing the price which the local buyer pays plus all shipping and selling expenses, with the price paid at the central market. Cooperative shipping meets with the greatest favor in communities where the farmers are dissatisfied with existing methods, and in such communities one or two successful shipments are usually sufficient to demonstrate the value of this form of selling.

A cooperative live-stock shipping association is adapted to the locality where there is a need for an economical marketing process and where most of the live stock is marketed in small quantities, but where the aggregate is comparatively large. A community which ships out an average of one car each week or every other week furnishes enough business so a manager may be employed for a comparatively small sum per car. While shipping associations work mainly for the benefit of the farmer who does not have enough stock to fill a car, the man who has sufficient cattle of his own to ship in carload lots sometimes finds it advantageous to ship through an association.

HOW A COOPERATIVE LIVE-STOCK SHIPPING ASSOCIATION OPERATES

First, the live stock farmers in a community meet and decide to ship their stock together, and to form an organization for that purpose. Each man should agree to market his stock through this association, as in so doing he will help to protect himself as well as his neighbor against attempts to break up the association. The members elect a board of directors to have general charge of the business. The directors in turn select a manager to attend to all shipments. He is the main gear wheel in the whole machine and what he does or does not do will in a large measure determine whether the association is a success or a failure. The operations of a shipping association are as follows:

1. The manager keeps in touch with the farmers having stock to ship and knows approximately when this stock will be ready for shipment. Each farmer notifies the manager when his stock will be ready to ship, the number of head and approximate weight on shipping day so a list of the stock ready for shipment can be made.

2. When sufficient stock is listed to fill a car the manager orders a stock car through the local railroad agent, and notifies all farmers having stock listed as ready for shipment, to deliver this stock at the local shipping point on a certain day.

3. The manager is at the shipping point on the day of shipment to receive the stock as it is delivered. Each man's stock is weighed separately and marked, usually by clipping the hair, so they may be distinguished from the other stock in the car. In some cases hogs are graded, as will be explained later, which eliminates the necessity of marking each animal separately. The manager must use every precaution possible to prevent unnecessary losses and should inspect all animals carefully and refuse to ship cripples or animals in an unhealthy condition. This precaution saves money for the association because weak or diseased animals are often seriously injured or killed when loaded in cars with other stock.

4. After weighing and marking each man's stock the manager makes out a slip showing the owner's name, the number and kind of stock delivered and how they have been marked. He keeps a copy of this and gives one copy to the owner as a receipt. (See page 7.)

5. When all stock has been weighed and marked and is ready for the car, the manager makes out a list, or manifest as it is called, of all the men having stock in the shipment, the number of head and kind each man delivered and how they were marked. A sample manifest is shown on page 7. Three copies of the manifest are made, one is tacked on the inside of the car with the stock, one copy is sent to the commission firm chosen to sell the stock, and one copy is kept by the manager as a record.

6. After the car has been properly prepared the stock is loaded and the manager ships or "bills out" the car with the local freight agent and directs it to be sent to the market and commission firm which have previously been chosen.

7. The manager accompanies at least part of the shipments to market in order that he may become personally acquainted with the commission firm with which the organization is dealing and that he may be familiar with the methods of handling stock in the stockyards.

8. After the stock has been sold in the yards, the commission firm sends a statement, or "account sales," to the manager. This account sales shows the weight of each man's stock when sold, and the price received for each. (See page 8.) From the total of this amount the commission firm subtracts charges for freight, yardage, feed, commission, and sometimes insurance. Thus, when the manager receives the returns from each shipment he must distribute these charges among the va-

MANIFEST
FARMERS' LIVE-STOCK SHIPPING ASSOCIATION.

Shipped to Ky.
Date....., 192.....
..... (Name of commission firm)
Address.....
Car Initials..... (I. C.)..... Car No..... (46938)..... Routing..... (Railroad).....

Name	No. Head	Kind	Marking	Remarks
John Jones	1	Cow	1 left hip	.....
Henry Jackson	1	Cow	x left hip	.....
John Doe	7	Steers	no marks	.....
Wm. Smith	1	Steer	1 right hip	.....
Roy Hagar	5	Hogs	11 across back	.....
Tim Johnson	4	Hogs	1 across back	.....
George Lee	11	Hogs	no marks	.....
Fred Bradley	6	Hogs	1 on rump	.....
Arch Stewart	1	Stag	1 left hip	.....
Albert Brooks	7	Hogs	1 right hip	.....
.....
.....

(Upon delivery of the stock a form similar to the upper portion of the following is filled out and given to the farmer as a receipt. This is made in triplicate, two copies being on the complete forms and when the returns are received, the manager fills in the lower part of these forms, and sends one copy to the farmer and retains the other for his files.)

FARMERS' LIVE-STOCK SHIPPING ASSOCIATION.
MEMBERS' RECEIPT AND PRORATED ACCOUNT SALES.

Duplicate P. O....., 192.....
In account with..... ROY HAGAR.....

No. Article	Classification	Home weight	Shrinkage	Net weight	Price	Amount
5 Hogs	11 across back	980	10	970	10c	\$97.00
.....
.....

Weigher..... (Local Manager).....

Freight	Selling Com.	Insurance	Y'd'g & Feed	Labor		Total exp. net weight
\$2.06	\$1.00	\$0.75	\$1.00	\$0.59	Hogs	\$5.39
.....	.....	.....	.....	.....	Veals	.....
.....	.....	.....	.....	.....	Cattle	.....
.....	.....	.....	.....	.....	Sheep	.....

Enclosed find check No. 173 for balance due..... \$91.61

SAMPLE ACCOUNT SALES.

.....(Name of Commission Firm).....
(Market) (Date).....
 Sold for account of.....(Name of Shipping Association).....
 No.....(Shipping Point).....(Post Office).....

Purchasers	Cattle	Hogs	Sheep	Weight	Dock	Price	Amount	Total
.....	1 cow	.....	.....	750	.....	6c	\$45.00	1 left hip
.....	1 cow	.....	.....	870	.....	6¼c	54.38	x left hip
.....	7 steers	.....	.....	7,080	.....	8½c	601.80	no marks
.....	1 steer	.....	.....	1,200	.....	9¼c	111.50	1 right hip
.....	.....	5	.....	970	.....	10c	97.00	11 on back
.....	.....	4	.....	910	.....	9½c	86.45	1 on back
.....	.....	8	.....	2,430	.....	8½c	206.55	no marks
.....	.....	3	.....	420	.....	9¼c	38.85	no marks
.....	.....	6	.....	970	.....	10c	97.00	1 on rump
.....	.....	7	.....	1,720	.....	10c	172.00	1 right hip
.....	.....	1 stag	.....	400	.....	4½c	18.00	1 left hip
.....	.....	.....	.....	17,720	.....	.....	.....	\$1,528.03

Car. No.	R. R. Weights	Rate			
46938	20,000	.....	\$37.50	Freight Ch'gs	\$37.50
.....	Yardage	\$6.40
.....	Hay 300 lbs.	6.00
.....	Corn 2 bu.	3.00
.....	Inspection	.....
.....	Insurance	5.00
.....	Commission	16.80
.....	Net proceeds	\$74.70
.....	\$1,453.33

rious shippers in proportion to the amount of stock shipped by each. Some associations are following the practice of having the commission firm prorate these charges among the shippers, but it is usually found more satisfactory to have the manager do this as he is in a better position to adjust unusual losses or shrinkage.

From the foregoing statements it will be seen that each individual shipment is a separate and distinct business transaction, meeting its own expenses, and for this reason, a live-stock

shipping association needs no capital and requires only a very simple form of organization. The financing is taken care of by each man waiting for his money until returns are made, which usually takes about a week.

The manager is usually paid a stated amount per hundred pounds of stock shipped through the association, which is an incentive for him to encourage cooperative shipping as much as possible. While most associations pay a specific amount per hundred pounds of stock shipped, some pay a percentage of gross receipts, and others pay a stated amount per carload. The usual amounts paid under these various methods are from 5 to 12 cents per hundred pounds of stock, 1 to 1½ per cent of gross receipts, or from \$12 to \$18 per car handled.

A small insurance or protection fund is often created by holding in reserve a specific amount per hundred pounds home weight, to be used in reimbursing members who may suffer loss through injury or death of animals in transit. This amount varies from 1 to 4 cents, frequently being 1 or 2 cents higher for hogs than for cattle. Some associations take out live-stock policies with insurance companies in which case the actual cost of insurance is deducted from the returns. (See page 11.)

THE SELECTION OF A MANAGER AND HIS IMPORTANT POSITION

From the preceding discussion it will be seen that the success or failure of a shipping association to a very great extent, depends upon its manager. If he is in sympathy with the movement, is capable, and makes an earnest effort to develop cooperative shipping, success is more certain than if the manager lacks enthusiasm and is in doubt as to the possibilities of cooperative marketing. It is well to employ a manager who has had some experience in shipping stock, although the methods of shipping may be quickly learned by anyone chosen as manager of the association. In selecting the manager, the directors of an association should look for a man of integrity, honesty and tact, who

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has a pleasing personality and sound business judgment and who carries the good will of the community with him and believes in cooperation.

DUTIES OF THE MEMBERS

Each member should realize that volume of business is one of the foundation stones of the association, and should always ship his stock through the association even in the face of temporary higher bids from its competitors. One of the most frequent and most difficult problems which associations encounter is the failure of members to deliver stock which they have listed for shipment. This results in partially filled cars with excessive freight charges for those whose cattle are shipped. Some associations have adopted the scheme of fining members who fail to deliver stock to the extent of what their share of freight charges would have been. This would not be necessary, however, if every man would play fair with his neighbor in a true cooperative spirit.

Members should handle their stock properly before shipment in accordance with suggestions from the manager. This, as will be shown later, is only good business as it reduces the shrinkage and in the end works a benefit to each individual shipper.

LOSSES OF ANIMALS IN SHIPMENT AND HOW TO PREVENT THEM

Losses which occur in shipping stock are of two kinds. First, accidents which result in crippling or the death of animals, and, second, a loss in weight which an animal usually undergoes between the time it is loaded in a car at the shipping point and when it is sold on the market. Losses of the first kind may be insured against either through insurance companies or an insurance fund, as has been mentioned. A cooperative association should never carry this risk without some means of protection for its patrons, as it has not sufficient financial backing to sustain a heavy loss if one should occur. It is well for an

association just starting business to carry insurance with some reliable live-stock insurance company, at least on its first few shipments. This will give the association an opportunity to begin the creation of an insurance fund if the members prefer this form of protection. The advantage of such insurance policies is that a definite premium is paid and the insurance company carries the risk. In case of loss where insurance is carried with an insurance company, the latter pays a certain amount per head for animals killed. The rates of insurance companies usually vary from 9 to 12 cents per head on hogs, 15 to 20 cents on cattle, and 5 to 6 cents on sheep, depending upon the distance to market. For mixed cars these rates are increased 25 per cent which reflects the increased risk in placing stock of different kinds in the same car.

When an insurance or protection fund is created by the association, as is the common method of insuring against losses, the amount is based on the pounds of stock shipped. The usual amount withheld for this purpose by associations is 2 or 3 cents per hundred pounds of stock. It is common to hold 2 cents per hundred pounds of cattle and 3 cents per hundred pounds of hogs shipped through the association. Other things being equal, the rate must be higher when prices are high than during periods of low prices. Although most losses occur in transit they can be controlled to a very large extent by the shipper. Unhealthy animals when crowded in a car with stronger ones may get down and be trampled to death. Wagon boxes, loading chutes, car floors, etc., not in proper condition may result in crippled animals which, of course, can not hold their own in crowded cars with other stock. Hogs are often over-heated in summer and loading into a car in a heated, excited condition frequently results in suffocation. In summer the bedding should always be drenched with cold water before loading hogs. Cars with dry, dusty bedding may cause suffocation among hogs and in cold, damp weather, filthy, wet bedding in a car may deliver its load of stock on the market in a very undesirable condition.

Where freight charges are made on a certain minimum weight per car, there is a temptation on the part of some shippers to attempt to "get their money's worth" by crowding in stock up to that amount. These shippers are usually the losers, however, as overloading nearly always results in excessive losses. Light loading is almost as objectionable as overloading because it makes heavy freight costs and also gives the animals greater opportunity to injure each other than if the car is properly loaded.

As mixing stock of different kinds in the same car is the cause of numerous losses, two kinds of stock should never be shipped in the same car without a strong partition separating them. Bulls and vicious animals when shipped with other stock should always be tied securely or partitioned off in one end of the car. One vicious animal, especially if it has horns, placed in a carload of stock may do damage several times over what its carcass is worth. In some instances losses occur by animals escaping from the cars at feeding points and by railroad accidents, in which case claims may be made against the railroad company.

LOSSES IN WEIGHT OR SHRINKAGE

An animal commonly weighs less when sold on the central market than when delivered to the home shipping point. This loss in weight is termed "shrinkage." Shrinkage varies widely but is more or less under the control of the shipper. Conditions affecting the amount of shrinkage are similar to those just enumerated as causing losses through the death of animals in transit.

The practice of giving hogs a large feed of water and grain or "swill" just before shipment is fast passing into disuse, although it is yet one of the common causes of excessive shrinkage in weight. The hog is filled up on water or feed which largely passes off before it reaches the market scales. The unduly large feed, excitement of shipping, and strange environment all tend to throw the animal's digestive tract out of order, which leaves

it in poor condition to make use of the feed and water offered at the stockyards before sale. If on the other hand the animal is given a normal dry feed before shipment, it will arrive at the stock yards hungry and thirsty, and will make good use of the feed given it.

Driving stock long distances to shipping point causes an excessive loss in weight, due to offal and perspiration, so most shippers deliver their hogs, sheep and calves in wagons, while heavy cattle are more often driven in. Just as the distance from farm to shipping point affects the shrinkage, the distance from shipping point to market has its effect. The greater the distance, the longer stock must stay in the crowded car, and the longer the excitement prevails, the greater the shrinkage will be. Weather conditions also affect the shrinkage, cold, rainy weather and hot, sultry weather both having a tendency to increase the shrinkage. In short, anything which adds to the discomfort of stock will increase, and anything which adds to its comfort will decrease the shrinkage.

The shrinkage, as far as it affects the producer's price directly, ends when the animal passes over the scales and is sold in the stockyards. As a means of overcoming this loss in transit and from humanitarian considerations, all stock brought into the stock yard is allowed feed and water, termed a "fill," before it is sold. This feed is furnished by the stockyard company and is charged against the shipper, and this is another reason why animals should be in the best condition to take advantage of it. Shrinkage, figured as the difference between home weight and market weight after animals have been fed and watered in the stockyards, varies from nothing up to five per cent or more.

Another important source of loss not so frequently noticed by the live-stock shipper, although part of it may be due to his carelessness, is the loss of meat on account of bruises. The Institute of American Meat Packers estimates that an average of one-half pound of meat per hog killed in the United States is lost on account of bruises and that in 1919 this loss was

equivalent to 80,295 hogs of 190 pounds each, or 575 carloads, which figured at \$17.85 per hundred pounds, the average price paid at Chicago during that year, meant a loss of \$3,508,880.00. Losses on cattle are estimated to be 1.27 pounds per head, making a total loss during the year of as much meat as a city with a population of 63,000 would normally consume in a year's time. While all these losses are not preventable, losses resulting from the use of clubs, prod poles and whips, or kicks from the driver's foot should be eliminated. Animals should never be beaten except in cases of absolute necessity. A light whip carefully and wisely used will nearly always obtain the desired result with cattle. The best instrument for handling hogs is a "slap jack," which consists of a broad canvas strap similar to a razor strap, attached to a handle.

SUGGESTIONS FOR MARKING STOCK

Stock in a cooperative shipment, unless graded, must bear a distinctive mark for each individual owner and this calls for an effective yet simple method of marking. The most common and most convenient method of marking cattle and hogs is that of clipping the hair to show Roman numerals on the hip, back, side or shoulder of the animal. Common shears, sheep shears, or narrow clippers are used for this purpose. Paint has been used in marking, but this is undesirable because rainy weather or the rubbing of animals together may cause it to smear and render identification difficult. Paint, however, may be used on sheep, although branding fluid is preferred, because it does not injure the wool. When paint is used it should be a kind which dries very quickly. In marking sheep a corn cob or small brush about an inch wide may be used to dip into the branding fluid or paint and make small spots on the rump, back, over the shoulders, or on the neck, but never down on the sheep's side because they will smear and are hard to see at best. Various combinations of these small spots will permit the marking of sheep or lambs from a large number of owners. A sample of markings is shown on the manifest (Page 7). These marks may

be increased in number or numerous combinations made to meet the requirements of the association.

Some association managers become careless about marking stock but it must be remembered that these marks are the only means of identification which the commission man has and distinct markings enable the commission man to give better service. It is advisable to have one man do all the marking for each carload of stock because the marks on a group of animals should be as distinct and as uniform as possible.

SUGGESTIONS FOR GRADING HOGS

On some markets where "order buyers" must buy their stock and ship it out on an early train, these buyers may pass up ungraded cooperative shipments for shipments which they can buy in a bunch and run over the scales in carload or nearly carload lots. This feature sometimes creates a better demand for unmarked hogs on the early market, which has resulted in some associations grading their hogs at home. When grading is done at the shipping point the manager must be familiar with market demands and grades because he must grade the hogs to correspond with the final grades on the market. Each man's hogs are graded and weighed by grade, but not marked as in other cooperative shipments. Each shipper is given a receipt showing the number of hogs delivered in each grade and their weight. The returns come by grades so the local manager prorates all expenses, shrinkage, etc., on the basis of home weight, rather than market weight. Grading ordinarily is not advisable until the manager is familiar with market demands, and the association is well established, and then only when an advantage is to be obtained by so doing. One advantage of grading is that the hogs are weighed in larger groups when sold, which saves some in the "break" of the scales. Large scales in the stockyards break at ten pound intervals and are read to the lower ten pounds, so that weighing the stock in small lots may result in some loss.

Grades at the shipping point are largely based on weight although rough and smooth packing sows (those showing signs of having had pigs) are graded on appearance. The grades suggested by the Bureau of Markets, U. S. Department of Agriculture, and used by that Bureau in its market news service on live stock, are as follows:

- Heavy—250 pounds and up.
- Medium—200 to 250 pounds.
- Light—150 to 200 pounds.
- Light Lights—130 to 150 pounds.
- Pigs—130 pounds down.
- Rough and smooth packing sows.
- Boars and stags.

As allowance must be made for shrinkage and variation in grading, the home weights used in grading should be a few pounds heavier than indicated in the above.

SUGGESTIONS FOR HANDLING AND SHIPPING— SELECTION OF A MARKET

The selection of a market is a comparatively simple matter although in some cases there are two or more markets available to the association. When two or more markets are available, the market may be selected after comparing freight rates, commission charges, yardage and feed costs, and the capacity of the various markets.

The selection of the commission firm which is to handle the shipments of the association is another important matter. The firm selected should be one which is well established and reliable. At most markets there are live-stock exchanges which prescribe and enforce rules under which the commission firms that are members must operate and as these regulations cover dishonest practises, the problems of unjust treatment may be largely eliminated by the selection of a firm which has been in operation long enough to demonstrate its standing.

When a shipping association first starts operation, it may be well to ship to a commission firm other than the one patronized by the local buyer who is in competition with the association. The commission firm trying to be loyal to its patrons might tend to slight the cooperative shipments, while on the other hand, by shipping to another firm, this firm will usually give its best service in an attempt to get the business which has previously been handled by one of its competitors. The commission firm does not buy the stock itself but acts as a selling agent for the shipper so any difference would be due to the diligence and selling ability displayed. The manager should become personally acquainted with commission men as soon as possible, as this usually results in more satisfactory dealings between them.

CLEANING AND BEDDING CARS

All old bedding and manure should be cleaned out of the cars, because such refuse generates heat and gives off poisonous gases. The cars should then be freshly bedded with sand, straw or sawdust before loading stock into them. This is an important but frequently neglected point as stock is often loaded into cars having a two or three-inch layer of mud and manure on the floor. Protection against extremes in temperature should be made by drenching the bedding in hot weather, and by lining the cars up a couple of feet from the floor with heavy paper in extremely cold weather. Stock which has been properly fed and handled before loading will stand extremes in temperature much better than stock which has been given abnormal feed and water or has been loaded in an overheated condition.

When different kinds of stock are loaded in the same car, substantial partitions should be placed between them. Partitions are too often made of insufficient strength to withstand the strain, resulting in a condition of affairs worse than if no partition had been used. A satisfactory partition can be made by using eight or nine 2x4's, the ends of which are placed between the slats of the car against an "upright" if possible, being held

firmly in place by wedges driven in between the 2x4's and the car slats. Nailing these cross pieces should never be resorted to except in cases of absolute necessity. Some cooperative shipping associations are using a gate made of strong material, which is wired to its place in the car and is returned to the shipping association by freight after the car has been unloaded. A partition should always be high enough to prevent stock from jumping over it and no opening large enough for cattle to get their heads through should be left.

As freight charges frequently are based on a certain minimum weight per car, there is a natural tendency to load as nearly to that weight as possible even though a very crowded condition may result before this weight is reached. A committee giving consideration to this question at a recent conference of live-stock interests recommended the following as safe weights for loading single-deck, standard 36 foot cars.

- Cattle, 22,000 pounds or 22—1,000 pound steers.
- Hogs, 16,000 pounds or 80—200 pound hogs.
- Sheep 12,000 pounds or 160—75 pound lambs.
- Calves 14,000 pounds or 56—250 pound calves.
- Stock cattle, 20,000 pounds or 25—800 pound steers.
- Stock hogs, 14,000 pounds or 112—125 pound hogs.

ACCOMPANYING SHIPMENTS

The manager should accompany at least the first few shipments to market in order that he may become thoroly familiar with the method of handling stock in the yards and that he may become personally acquainted with the commission firm to which the shipments are consigned. Frequent trips to the market will keep the manager in touch with market demands and conditions, and may help the association's shipments sell to better advantage.

HOW STOCK IS HANDLED IN THE STOCKYARDS

A brief description of how stock is handled after arriving at the yards may be of interest to those who are not familiar with stockyard conditions. As most stockyard sales are made during the forenoon, carloads of stock arriving late in the day must be held over until the next day. When a car of stock arrives at the yards, the commission firm has or should have a bill of lading, sent by the shipper, which gives the car initials and number. When the car is unloaded the stock is counted and compared with the manifest which was made out by the manager and sent with the bill of lading. The stock is then put into a pen where feed and water are available. The animals generally have sufficient time to eat, drink and become rested before the day's sales begin. When sold, whether to one man or to several, they are weighed according to marks and driven to the pens where the new owner is accumulating his stock. The bulk of stock is sold in the stockyards to three classes of buyers, namely, local packers, speculators, and order buyers who ship to other markets and to packing houses.

ESSENTIALS FOR SUCCESS

Experience of shipping associations shows that there are at least three essentials for success in cooperative shipping of live stock, as follows:

1. Sufficient business.
2. Good management.
3. Loyal membership.

The amount of business available for an association must be sufficient to make carload shipments possible and should be sufficient to reduce the overhead expenses per car to a minimum. A large volume of business will command better attention on the stockyards than an occasional carload. One of the greatest difficulties which some associations have met is the failure of members to deliver stock for shipment when listed, which forces

shipment of partially filled cars with freight based on a full carload, thus increasing the freight charges for those men who deliver their stock at the proper time.

Good management includes careful and judicious expenditure of funds, careful handling and loading of stock, efficiency in the matter of listing and making up shipments, as well as sufficient advertising to increase shipments through the association. A good manager is constantly on the lookout for errors at the stockyards.

Loyal membership includes support and patronage by the members at all times and especially at times when local opposition may attempt to destroy the association by offering unusually high prices. The members must stand by their association through thick and thin if it is to be of ultimate benefit to themselves.

FORM OF ORGANIZATION USED

The live-stock shipping association is one of the simplest forms of cooperative marketing. It is usually a cooperative non-stock, nonprofit organization controlled by its members through a board of directors. These directors elect officers for the association and select a manager, who is held accountable to the board of directors, to handle the shipments of stock. A small membership fee ordinarily is charged to cover a few little necessary expenses, but no capital is needed because each shipment of stock takes care of its own financing. The form of organization and rules governing it are set forth in by-laws drawn up and adopted by a vote of the entire membership.

HOW TO ORGANIZE

The steps to be taken in forming a live-stock shipping association are:

1. Community meetings to arouse interest in cooperative shipping, and to explain the methods of operation and what may be expected of a shipping association should be held. A full and free discussion of cooperative shipping should be had at these meetings.

2. If it is agreed to have an association, steps may be taken to form a definite organization, solicit members, employ a manager, and begin shipping.

3. The organization will be strengthened by incorporation under State law.

4. When successful the organization may be enlarged so as to include several shipping points in the same locality, or a county unit made up of several local associations may be formed if conditions are favorable.

ADVANTAGES OF LIVE-STOCK SHIPPING ASSOCIATIONS.

The outstanding advantages of a live-stock shipping association are three in number. First, the farmer receives the market price for his stock less the actual expenses of marketing, which in many instances means a considerable financial saving. Second, it tends to improve the class of live stock raised in the territory served by the association. Third, it develops the spirit of cooperation among farmers in the community. This last may seem of minor importance, but it is far from that in this present day of farmers' cooperative enterprises.

Financial savings are made by eliminating some of the expenses which local buyers must of necessity incur, by distributing the risk usually carried by the local dealer over all men contributing to a particular shipment, by reducing the amount of work connected with shipping to a minimum, and by increasing the volume of business carried on through one channel, thus increasing efficiency in handling.

A survey of several hundred live-stock shipping associations in Wisconsin* shows savings ranging from \$15 to \$250 per car of stock shipped, while one association in Kentucky reduced the usual margin paid for hogs from \$1.25 to \$0.75 per hundred, or a saving of \$0.50 per hundred weight of hogs shipped, an average of about \$80 per carload.

*Wisconsin Experiment Station Bulletin 314—"Wisconsin Live Stock Shipping Associations."

Since each man's stock brings exactly what it sells for on the market, farmers become more interested in studying market conditions to see what class of stock brings the top price. This tends toward better breeding, feeding, and care of animals and may develop a bit of rivalry among the stock men in a community to "top the market."

SUGGESTED FORM OF BY-LAWS

The following form of by-laws is suggested for the guidance of cooperative live-stock shipping associations in formulating by-laws suited to their local requirements.

SUGGESTED FORM OF BY-LAWS FOR A COOPERATIVE LIVE-STOCK SHIPPING ASSOCIATION

Article I.—Name; Place of Business.

Section 1. This Association shall be known as the.....
.....Cooperative Live-Stock Shipping Association. It shall be incorporated under State law and its principal place of business shall be at....., Kentucky.

Article II.—Objects and Powers.

Section 1. The objects of this Association shall be to encourage better and more economical methods of producing live stock; to get better results in shipping and marketing live stock; and to undertake any other activities which may be helpful to the members or of benefit to the community. In carrying out its objects this Association shall have power to ship and market live stock, to buy supplies, to rent, buy, build, own, or otherwise acquire, sell and control such buildings and other real and personal property as may be needed in the conduct of its operations.

Article III.—Membership; Fees; Voting.

Section 1. Any producer of live stock in the territory served by this Association may become a member of this Association by agreeing to comply with the requirements of these by-laws and paying a membership fee of (One dollar).*

Section 2. Each member shall have only one vote and no voting by proxy shall be permitted.

Article IV.—Fiscal Year; Meeting; Quorum.

Section 1. The fiscal year of this Association shall commence on (June 1) and end on the (31st day of the following May).

Section 2. The annual meeting of this Association shall be held at on the (second Wednesday of June) of each year at (ten o'clock A. M.).

Section 3. Special meetings of this Association may be called at any time by the President and he shall call such meetings whenever (ten) members shall so request in writing.

Section 4. Notice of the annual meeting shall be mailed to each member by the Secretary at least (two weeks) before the date of the meeting. At least (one week) before the date of any special meeting the Secretary shall mail notice of such meeting to each member, which notice shall state the purpose of the meeting and the nature of the business to be transacted.

Section 5. (One fourth) of the members shall constitute a quorum for the transaction of business at any meeting.

Article V.—Directors and Officers.

Section 1. The Board of Directors of this Association shall consist of (seven) members. After the adoption of these by-laws, the members shall elect by ballot from among their own number (three) directors to hold office until the first annual

*Matter in parenthesis is merely suggestive and should be changed to meet the needs of the organization.

meeting of the Association; (two) directors to hold office until the second annual meeting, and (two) directors to hold office until the third annual meeting. Thereafter the directors shall be elected in like manner for terms of (three) years. Directors, unless removed by a vote of the members, shall hold office until their successors shall have been elected and qualified and shall enter upon the discharge of their duties. Vacancies in the Board of Directors shall be filled until the next regular meeting of the Association by the remaining members of the Board of Directors from among the members of the Association.

Section 2. Any director may, for cause, at any annual meeting or at any special meeting called for the purpose, at which a majority of the members shall be present, be removed from office by vote of not less than two-thirds of the members present. Such director shall be informed in writing of the charges against him at least (ten) days before such meeting, and shall have an opportunity to be heard in person, by counsel, and by witnesses, in regard thereto, at such meeting.

Section 3. The Board of Directors shall meet within (ten) days after each election, and shall elect from among their own number a President, a Vice President, and a Secretary-Treasurer. Such officers shall hold office for one year or until their successors are duly elected and qualified. Their duties shall be those usually pertaining to their respective offices.

Article VI.—Duties of the Directors.

Section 1. The Board of Directors shall direct the management of the business of this Association and make such rules and regulations, not inconsistent with law or these by-laws, for the management of the business and the guidance of the officers and employees of the Association.

Section 2. The Board of Directors may employ and dismiss a Business Manager and fix his compensation.

Section 3. The Board of Directors shall require any officer or employee who is charged with responsibility for the custody of any of its funds or property to give bond with sufficient surety for the same. The cost of obtaining such bond shall be paid by the Association.

Section 4. The Board of Directors shall meet at least once in each (quarter). Special meetings of the board shall be held upon call of the president and he shall call such meetings whenever requested to do so, in writing, by (three) or more members of the board.

Article VII.—Duties of the Manager.

Section 1. Under the direction of the Board of Directors, the manager shall have charge of the business of the Association including the shipping and marketing of live stock, and the employment of necessary assistance. The manager shall keep in touch with market conditions and upon request shall supply the members with information regarding the same.

Section 2. The manager shall keep in touch with the members and patrons with regard to live stock they desire to market through the Association, and when sufficient stock to fill a car has been listed, he shall order a car and notify each person having stock listed when to deliver the stock for loading.

Section 3. The manager shall be at the yard on shipping days and he shall receive, weigh, mark or grade and load all stock delivered for shipment. He shall have charge of the ordering of cars and of the shipping and sale of the stock, shall receive the money therefor, and after deducting his commission and other expenses incurred in making the shipment, shall pay the balance to the shippers in accordance with the stock delivered by each. He shall keep a complete record of each shipment made and of all the receipts and disbursements connected therewith. At each annual meeting of the members he shall give a complete report of the business for the previous year.

Article VIII.—Duties of Members.

Section 1. Each member shall report to the manager the kind of stock, the number of each and the approximate weight of each he desires to market through the Association and when it will be ready for market.

Section 2. A member having listed live stock for shipment through the Association shall deliver such stock as directed by the manager.

Section 3. Each member shall feed his stock prior to shipment in such a way as to reduce shrinkage as much as possible. The members shall observe the directions of the manager for feeding and handling their stock before shipment.

Article IX.—Expenses; Protection Fund.

Section 1. The expenses of operating this Association, including the commission paid the manager, shall be deducted from the returns received for live stock shipped before payment is made to the patrons.

Section 2. A protection fund shall be created by deducting and setting aside an amount to be fixed by the Board of Directors on each hundredweight of stock shipped but not to exceed (six) cents on every hundred pounds of weight of hogs and sheep and (four) cents on every hundred pounds of weight of cattle.

Section 3. The protection fund shall be used in paying losses that may occur as a result of injury to any stock between time of delivery to the Association and final sale. Any shipper whose stock has been injured while in charge of the Association, shall receive full payment therefor after deducting his proper share of the shipping expense. The payment of damage shall be based on a statement made by the commission firm having charge of the shipment, which statement shall show the amount received for the injured animal and the amount which in their opinion it would have brought if it had not been injured. No

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damage shall be paid for an animal which had been injured or which was not in a healthy condition when delivered to the Association.

Article X.—Accounts and Auditing.

Section 1. The Association shall install a system of accounts which shall be adequate to the needs of its business.

Section 2. The Board of Directors shall select an auditing committee of three members who are not directors, officers, or employees, of the Association. This auditing committee shall audit the books at least once each quarter. A complete annual audit shall be made by a disinterested, competent accountant previous to the date of each annual meeting, at which meeting his report shall be presented and considered.

Article XI.—Amendments.

Section 1. These by-laws may be amended at any meeting by a two-thirds vote of the members present, provided that notice of the proposed amendment is included in the call for said meeting.

SUGGESTIONS FOR INCORPORATING COOPERATIVE LIVE-STOCK SHIPPING ASSOCIATIONS

Many cooperative live-stock shipping associations are operating as unincorporated organizations, but the advantages of becoming incorporated under State law are such that it is advisable for cooperative shipping associations as well as other cooperative marketing enterprises to become incorporated. Among the advantages of incorporation are, the limitation of membership liability and the giving of a distinct legal status to the association so that it can sue and be sued, own, buy, rent and sell property in its own name, and in other ways act as an individual.

The cooperative law of Kentucky, which was enacted in 1918, provides only for cooperative organizations formed with capital stock, so live-stock shipping associations desiring to incorporate under this act must be formed with capital stock. However, Article VIII., Section 879, of the Kentucky Corporation

laws provides for the incorporation of organizations formed without capital stock and not operated for pecuniary profit. Various farmers' organizations in the State are incorporated under this Act and apparently incorporated under it can be obtained by live-stock shipping associations.

To incorporate under the latter Act, articles of incorporation must be drawn up, setting forth the name of the proposed corporation, the object for which it is formed, and such other facts as the signers may deem proper to mention. These articles are signed by three or more persons, usually directors of the association, filed in the office of the Secretary of State, and recorded in the County Clerk's office of the county where the principal place of business of the corporation is located. If it should be desired to organize with capital stock, the articles of incorporation must be in the form prescribed by state law for organizations formed with capital stock. Organizations formed with capital stock must observe the provisions of the "Blue Sky" law and must obtain permission from the State Banking Commissioner before offering their shares of stock for sale.

THE COUNTY UNIT PLAN

In some localities where several cooperative live-stock shipping associations have been organized in the same county or trade territory, or where several points have been ready for cooperative shipping, it has been found desirable to federate these local associations into a county unit or to organize one association for the entire county. A county manager is selected to have charge of the marketing, to receive all returns from commission firms, prorate the expenses on all shipments and make returns to the individual farmers. A local manager is placed at each shipping point to list the stock and make shipments, sending a copy of the manifest to the county manager, under whose direction he works. This concentrates the clerical work in one office where it may be taken care of efficiently. In addition the greater volume of business carried on through one channel makes it possible to employ better management.