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**PAST TRENDS OF COOPERATIVE MARKETING AND ITS PRESENT
ECONOMIC STATUS IN UTAH**

A Thesis

Presented to

**The Committee on Graduate Work
Utah State Agricultural College**

In Partial Fulfillment

**of the requirements for the Degree
Master of Science in the School of
Commerce**

Department of Agricultural Economics

By

LaMoine B. Christiansen

May 1938

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TITLEPAST TRENDS OF COOPERATIVE MARKETING AND ITS PRESENT
ECONOMIC STATUS IN UTAHINTRODUCTION

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The agricultural interests of the United States and Utah have experienced some trying situations during the past quarter century. Periods of depression followed by periods of expansion and prosperity have resulted in a condition of instability and insecurity in agriculture.

The effect of alternate periods of prosperity and depression in agriculture becomes increasingly important as agriculture changes from self-sufficing to commercialized types of business enterprises. Many of the difficulties inherent in the present complex social and capital structure were of minor significance in the early types of agricultural activities.

Changing conditions in agriculture and in social institutions in general have necessitated that action be taken in behalf of agriculture; that some of the disturbances and chaos resulting from rapidly changing economic conditions might be mitigated. Many attempts have been made to relieve the undesirable situations which have prevailed in our agricultural industry. Some measures of relief have been supplied by various legislative action; other movements have resulted from activities on the part of farmers' organizations.

Among the remedies proposed for relieving the depressed agricultural situation was the movement for cooperative enterprise, especially those

adventures in the realm of cooperative marketing. This movement, according to many, was to serve as the panacea or "cure all" for the undesirable disturbances in the field of agriculture.

With the general evolution of the cooperative idea as a possible remedy for agricultural ills, government aid was solicited in an effort to promote and encourage agricultural cooperation. Various legislative acts, both state and federal, were passed and numerous political gestures made in the farmer's behalf. This was largely the result of the realization of a long felt need on the part of agricultural leaders; however to some extent it may have been an act of political strategy by those desiring the support of the national farm bloc.

No matter what the reason, the fact remained that sentiment was created and interest was secured favoring the development of agricultural cooperatives. Farm organizations, professional promoters, agricultural extension services, and other educational institutions have all exerted an influence on the character and direction of cooperative development.

Just what effect this cooperative movement has had on the agricultural situation in Utah and its present status, is the primary purpose of this treatise. The historical background and development of cooperative tendencies will be presented briefly in an effort to show the growth and development of cooperative marketing along with its present economic status in Utah.

PURPOSE

To analyze and interpret the historical growth and development of farmers' cooperative marketing organizations in Utah along with an appraisal of their present economic status.

METHOD OF STUDY

As a background and direct influence on cooperative marketing development in Utah a study of the historical developments in farmers' cooperation was devoted primarily to information published by the Division of Cooperative Marketing of the Bureau of Agricultural Economics and by the Farm Credit Administration. This information was supplemented by other sources such as published texts, special papers, and other treatises which the author found available.

The information and data assembled, dealing with the present status of farmers' cooperative marketing associations in Utah, were taken from survey records secured from the associations by the Berkeley Bank for Cooperatives. During the summer of 1937 the Berkeley Bank for Cooperatives of the Farm Credit Administration made a regional survey of all agricultural cooperative organizations eligible to borrow from them. The writer participated in this study as an employee of the Berkeley Bank for Cooperatives and later obtained permission to make an analysis of the Utah Cooperative Marketing Associations from the data obtained through this study.

These data secured through personal contact by use of the survey method of research have also been supplemented by information received by correspondence and direct contact with managers, secretaries, and others holding responsible positions in Utah's cooperative organizations, and by information found available in the files of the Department of Agricultural Economics.

HISTORICAL

Various aspects of cooperative effort might well be thought to have accompanied the very dawn of history. Yet in its infancy and rudi-

mentary form it would have been difficult to recognize and appreciate. The cooperative tendencies of man, to a certain degree, have tended to express themselves in his activities since the beginning of communal life. It might be said that unorganized cooperation is very old indeed, but that modern organized business cooperation is of comparatively recent origin. Cooperation in its organized form, as a direct predecessor and influence on American cooperative movements, is thought to have begun in England about 1840 with a group of dissatisfied workers of the textile industry. These pioneers have been given much credit for beginning and for aiding in perpetuating the cooperative movement and the principles upon which it was founded.

European Influences

During the Industrial Revolution in Great Britain (1837-1844), general economic conditions were accompanied by poverty and distress. The English working man of this period bore nearly the full burden of taxation and as a consequence the income and its purchasing power among the working class was very meager indeed. This period was characterized by many strikes which usually terminated unsatisfactorily for the strikers. They were so poor that they were unable to hold out long, and there was a surplus of labor which must live even though the wages were pitifully small. In 1844 the flannel weavers at Rochdale struck. There had been a boom in the woollen industry the preceding year and the manufacturers had prospered. The workers asked for a share of this prosperity but were refused. The men struck but soon of necessity were forced to return to work. Empty stomachs and children crying for bread were unanswerable arguments.

Some of these woollen weavers very wisely decided that if they could not secure an increase in wages, the next best thing would be to increase the purchasing power of the wages received. This they planned to do through cooperative buying in an effort to reduce living costs. In their consideration of ways and means of increasing their purchasing power they were not unmindful of previous attempts at cooperative effort which had failed. In the solution and determination of the direction in which they were to combine their efforts they were ever remembering the reasons of past failures and their own efforts were exerted in an effort to avoid past mistakes. The idea of cooperative buying appealed to them and they formed "The Rochdale Society of Equitable Pioneers." There were at first only about a dozen members, but this number had increased to twenty-eight when the organization was completed.

"The Rochdale Society of Equitable Pioneers would doubtless have had an even shorter lease of life than did most of the so-called cooperative stores which preceded them had it not been for their wise plan of organization. They studied the obstacles that had confronted other organizations and adopted rules that would obviate or at least lessen such troubles. Their success may be said to have hinged largely upon the following six principles." ¹ The first three of these are of such prime importance that they have often been called the essentials of business cooperation.

1. One man, one vote.
2. Dividends on capital stock limited to current interest rates.
3. Earnings divided in proportion to patronage.

¹/ Filley, H. C., "Cooperation in Agriculture", page 22.

4. Goods sold at regular retail prices.
5. Business conducted on a cash basis.
6. Number of shares which one member might own limited.

It is upon these principles adopted by the dissatisfied Rochdale pioneers that much of the present day cooperative philosophy is based.

Among the leading cooperative enterprises in the United States influenced by the Rochdale cooperative movement was the Workmen's Protective Union which opened its first store in Boston in 1845. Since that time the working people have made continuous attempts to establish cooperative societies. Many of these early societies in America lacked the fundamental qualities of cooperation. Those who could be classed as cooperative were wanting in cooperative education. Their members rarely understood the nature of their enterprises; and as a result most of them failed.

European influences have contributed directly to cooperative development in the United States through the immigration to America of Scandinavian peoples and other groups of Europeans well founded in cooperative principles and philosophy. Many of these groups settled in the Mid-Western sections and Great Lakes regions of the United States.

For years there poured into the United States a stream of these immigrants from countries having well-established cooperative movements. These people brought with them not only knowledge of what their native societies were doing but they brought a cooperative spirit. They established many of the early cooperative enterprises in this country, some of which have survived to the present time. A few such enterprises date back forty or fifty years. The immigrant people united with the American born and tended to promote cooperation. Among these people, many of our present agricultural cooperatives have been organized.

The farmers have taken the lead in cooperative buying and selling in the United States. This is partly due to the fact that until 1921 the farmers were the largest class. Unlike Great Britain and the other industrial countries with a large cooperative development, it has not been industrial workers but the farmers who have taken the lead. As before-mentioned much help has come from the agricultural population who emigrated to the United States from Denmark, Germany, Norway, Sweden, and Finland. But old American stock has also done much for this development. The strength of the cooperative movement is in the rural districts. The native born are now taking an important part. ²

Influence of Farmers' Organizations

One of the first important movements in cooperative development in the United States came during the depression of 1872-1877. The Grange, the oldest of the general farm organizations, had been formed in 1867. It was the intention of its founders that it be a fraternal order, but farmers who found themselves in the depression following the panic of 1873 turned to the new organizations in an effort to lessen the distressing consequences of economic maledjustments. In 1875, 8,667 local Granges were organized and the following year there were 11,941 such local organizations. Considerable collective buying was undertaken by these units and in the South, the state granges gave attention to the marketing of cotton. Cooperative grain marketing was undertaken in California and a cooperative bank was established in San Francisco. However, with the passing of this period of stress, interest in cooperative activities waned. ³

^{2/3} Verbasse, J. P., "Cooperative Democracy", page 53.
^{3/3} Farm Credit Administration, "Statistics of Farmers' Cooperatives", page 7.

The Farmers' Alliance, American Society of Equity, and the "Farmers' Union" and other general agricultural organizations followed in many respects the principles and philosophy of cooperation advocated by the National Grange. These organizations each had some influence and exerted some pressure which latter culminated in successful efforts in agricultural cooperatives.

In 1915 a new farmers' movement had its inception in the form of the American Farm Bureau Federation. This organization immediately began to expand and develop and from 1915-1920 the farm bureau movement grew by leaps and bounds. It was not alone, however, in its growth, for other agricultural organizations were making good headway. The Grange was showing new signs of life after a period of dormancy. The Non-Partisan League was born; the Society of Equity was doubling its membership and the Farmers Union was gathering strength. The Farm Bureau movement, however, took the lead.

The objectives of the National Farm Bureau Federation fall into three categories: (1) economic, (2) political, and (3) educational.

Taking up the economic aims we find that the Federation planned (1) to extend cooperative marketing of farm produce to the point where maximum results would be secured for both producer and consumer; (2) to limit marketing profits and costs; (3) to regulate the flow of farm products to the markets so that sharp and extreme price fluctuations would be eliminated; (4) to reduce production costs; and (5) to provide cheaper fertilizer for the farmer.

Likewise, their legislative objectives were pretty comprehensive as the following catalogue shows. The Federation stood for (1) the protection of the rights, interests, and needs of the farmer; (2) the legality of collective bargaining; (3) the representation of farmers on all boards

or commissions that affect agriculture; (4) the consideration of farmers' interests in taxation, monetary and banking reforms, transportation matters, the development of markets or any other proposed legislation, state or national, which would strike at the welfare of the agricultural classes; (5) an agreement or an arrangement between labor and capital with a view of eliminating wastes arising out of strikes; (6) the modification of the Federal Farm Loan Act and an addition to provide for personal credit; and (7) the effective regulation of monopolies.

Equally interesting and far-reaching are its educational objectives. Among the aims may be mentioned (1) the creation of a better attitude on the part of urbanites toward the farmer's interests in the social and economic structure; (2) the encouragement of a more economic food production; (3) the development of a higher rural standard of living; (4) the appraisal of agricultural sentiment bearing on proposed legislation.

The officials, the active spirits of the Federation, agreed at the outset on commodity-marketing. That is to say, each cooperative association formed should be for the purpose of marketing one farm product or at most a few related farm goods. They also seemed to favor pooling of some sort, although there was considerable disagreement on this phase of the marketing program. Some wanted compulsory pooling while others favored voluntary pooling. Some believed that one of the primary functions of the cooperative was price control, while others thought little of this device, but more of methods to improve marketing services. With such philosophies of economics the leaders began to seek out methods to attain their marketing objective.

While cooperative development fostered by a farm bureau movement has had its difficulties, yet the results have been encouraging. Many cooperative concerns dot the land where formerly there were few. Helpful agricultural laws and legislation have been influenced and supported by this organization.

Education along agricultural lines in production and financing as well as in marketing has been effectively provided through the Farm Bureau and other farmers' organizations. ⁴

In 1923 the National Council of Farmers Cooperative Marketing Associations was formed, an organization which has a present membership of several strong farm cooperatives and of over six hundred thousand individual members. Another organization which had contributed to cooperative education and one which has influenced cooperative growth is the American Institute of Cooperation which was organized in 1925. This organization of an educational type, brings national agricultural leaders together to discuss cooperative problems.

Governmental Influence

With a changing type of agricultural enterprise from a smaller self-sufficing to a larger commercialized type there have also arisen certain inherent ills which farmers have attempted to remedy by securing legislative support.

These acts have contributed to the relief of agricultural distur-

⁴/ Conish, Newel E., "Cooperative Marketing of Agricultural Products", page 417.

bances and have proved beneficial to agriculture as a whole. Some have specifically influenced and affected cooperative growth and development and can be considered as significant influences contributing to increased interest and development of farmers' cooperative marketing enterprises in the United States.

The Sherman Anti-trust Act passed in 1890 restricted and limited the activities of large business organizations. As larger and larger agricultural cooperatives were organized the question as to the application of the Sherman Act to such associations claimed the attention of agricultural leaders. In order to clarify the situation when the Clayton Act was enacted in 1914, language was included in Section Six with reference to the status of farmers' organizations. This section reads as follows:

"That the labor of a human being is not a commodity or article of commerce. Nothing contained in the Anti-trust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purpose of mutual help and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objectives thereof; nor shall such organizations, or members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade under the anti-trust laws."

This act granted farmers' cooperatives some legal encouragement and made farmers' organizations exempt from the provisions of the anti-trust laws.

The Capper-Volstead Act became a law on February 18, 1922. It is entitled, "An Act to Authorize Association of Producers of Agricultural Products," and the first part of the act reads as follows:

"Persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairy men, nut or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling and marketing

in interstate and foreign commerce, such products of persons so engaged. Such associations may have marketing agencies in common; and such associations and their members may make the necessary contracts and agreements to effect such purposes; Provided, however, That such associations are operated for mutual benefit of the members thereof, as such producers, and conform to one or both of the following requirements:

First: That no member of the association is allowed more than one vote because of the amount of stock, or membership capital he may own therein or,

Second: That the association does not pay dividends on stock or membership capital in excess of eight per centum per annum.

And in any case to the following:

Third: That the association shall not deal in the products of non-members to an amount greater in value than such as are handled by it for its members."

Section six of the Clayton Act refers only to nonstock organizations so that an association of producers formed with capital stock would not be entitled to the benefits thereof. Owing to this fact and for the further purpose of making the status of associations of producers under the Federal Anti-trust Laws more clear than was done by Section six of the Clayton Act, the Capper-Volstead Act was passed. ⁵

The Cooperative Act of 1926 established the division of cooperative marketing and further defined cooperative rights, and exempted qualified associations from paying income tax.

Other governmental support was obtained in the form of more abundant and readily available credit facilities thus increasing the supply of credit to be used in the development of cooperative marketing enterprises. In 1921, during the depression then prevailing, the War Finance Corporation was authorized to make loans to agricultural cooperative organizations

^{5/} U.S.D.A. Dept. Bul. No. 1106, "Legal Phases of Cooperative Associations, page 37.

and to farmers and livestock men. This was apparently the first government credit made available to be used to support and maintain cooperative marketing association with sound financial backing.

One of the significant legislative enactments to offer large scale support to agricultural cooperatives was the Agricultural Marketing Act of 1929. The purpose of this act was stated in the act as follows: "To establish a Federal Farm Board to promote the effective merchandising of agricultural products in interstate and foreign commerce and to place agriculture on a basis of economic equality with other industries." The two methods by which this act proposed to do this was, namely: (1) By encouraging cooperative marketing by farmers and (2) By aiding in the prevention of surpluses in any agricultural commodity. A revolving fund of \$500,000,000 was set up to finance this legislation and the influence of this act upon cooperative expansion must not be underestimated.

The Farm Credit Act of 1933 established the Banks for Cooperatives which replaced the Agricultural Marketing Act of 1929. This act tended to consolidate and combine all agricultural credit agencies under one control and supervision which is known as the Farm Credit Administration. This step has again materially bettered and strengthened the status of cooperative marketing organization in making capital readily available for operation and expansion.

The influence of government on cooperative development has been secured indirectly through directed research, extension work, and other related educational activities. While these activities may not be measured directly yet the influence exerted by such activities can hardly be over-

estimated.

Influences Tending to Restrain the Growth of Agricultural
Cooperation in United States

The cooperative movement did not gain the essential momentum to carry it into significance until the beginning of the new century and, as a consequence while cooperation was making remarkable progress in Europe during the past century, it advanced but slowly in this country. One reason for this slow progress is that until 1915 there was no national central source of information as had existed in European countries. People started societies which were not cooperative in method and attempted to run them without guidance. Besides this, there were economic reasons. A new country with limitless opportunities feeds the spirit of individualism. Profit making business and the quest for the dollar dominate the public mind. Each individual hopes to get more than his neighbor in the competitive struggle. In no other country has the urge for individual profit-making become so strong and the opportunities so great as in the United States.

Cooperation in the United States has had to do with a mixed population. People of alien races with different customs, religions, and languages do not generally mix well in a cooperative enterprise.

Fluctuations of population were caused by the narrowness and expansion of the country. The people were restless. They were not permanent in residence but were ever mobile. The presence of frontiers to the westward toward which a fluid population could move was an obstacle to the stability necessary for cooperative organization. People, who are not long in contact with one another, but are always having strange neighbors, develop an individualistic and suspicious attitude.

The backwardness of cooperation in the United States was due also to the fact that poverty is so overshadowed by wealth that the escape from poverty always seems possible because of the abundance of opportunity. The idea that men can grow rich by his own individual efforts has deterred people from uniting in a project which is based upon acknowledgement of the need of mutual aid and in which the early rewards are meager while the efforts are great. These American characteristics are incidental to a new and wealthy country.

United States has been the land of the great god, "Business". The laws, as well as the psychology, are adjusted to the profit making system. The influential elements in each community are the boards of trade, merchants' associations, and chambers of commerce. These organizations are composed of the prominent citizens and as a result they have dominated the press, the school, and public thought as well as private industry. These bodies, found in almost every community, are generally opposed to cooperative movement. Often the methods that can be used by powerful organizations to destroy a weaker one are resorted to by these elements to suppress cooperative associations.

Another serious hindrance to cooperative progress has been the multitude of spurious "cooperative" societies. They have varied from the fanciful schemes of well-meaning persons to the most unscrupulous frauds. These enterprises have taken millions of dollars from working people, leaving them hostile to true cooperation.

Present Status of Farmers' Cooperatives in United States

The general trend of cooperative development in the United States

since the beginning of the new century has continued upward. This gradual growth has been achieved in spite of many counter movements and impediments which have resulted from over enthusiasm in some instances and from a failure to appreciate in others. During the year 1934-35 cooperative marketing and buying associations, in the United States, together numbered 10,700 with 3,280,000 members and did a business of over a billion and a half dollars. This was a gain in twenty years of 4,700 associations and 2,480,000 members.

It will be seen that the number of active associations engaged in agricultural marketing and selling had been decreasing to some extent since 1930 when there were approximately 12,000 associations (Figure 1). The decline was caused largely by consolidation of associations and the development of sales agencies which served the farmers formerly belonging to many local associations. This is true particularly with regards to livestock marketing associations. Associations handling grain, fruits and vegetables have also decreased numerically. This does not, however, imply that there was a material decrease in the number of members engaged in cooperative activity. Accompanying the decrease in the number of associations, there has been an increase in the average number of members per association.

The number of associations primarily engaged in marketing was greatest in 1924 when more than 10,550 were active. Since 1931 the number of active associations has decreased slightly (Figure 1).

Cooperative trends are perhaps best indicated by the percentage gains and losses of total cooperative business by the various agricultural regions. In 1913 approximately 45 per cent of the cooperative business was handled by the associations in the ^{West} seven North Central States. In 1935 only about 27 per cent of all the business was credited to the cooperatives of these states. The East North Central group has gained in relative impar-

ACTIVE FARMERS MARKETING ASSOCIATIONS IN UNITED STATES

1900 - 1935

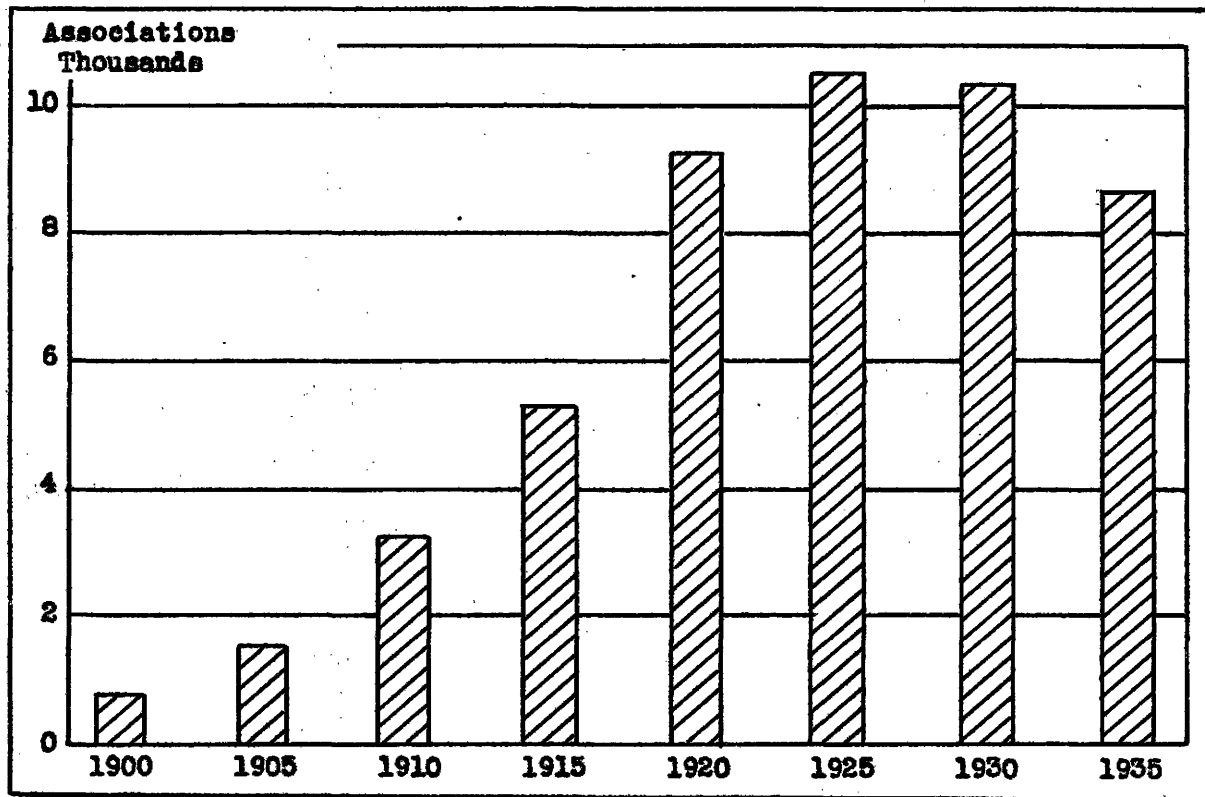


Figure 1. - The great majority of farmers' cooperatives formed prior to 1922 were local associations for making butter and cheese; for assembling grain at country elevators and shipping the same to terminal markets; for packing fruits and vegetables; collecting and consigning wool; and for shipping livestock in carlots to the public stockyards. These locals were primarily engaged in performing one or more of the marketing functions. In addition to the marketing associations there was a constantly increasing number of cooperatives for purchasing farm supplies. With the development of the large-scale centralized association, local marketing organizations were formed less frequently and existing organizations were consolidated. Despite the decrease in number of marketing associations membership has increased.

Adapted from Figure 6, page 12, Bulletin No. 6, Farm Credit Administration.

tance since 1913 as have also the East South Central, the New England, the Middle Atlantic and Mountain groups (Figure 2).

The cooperative marketing of grains, fruits and vegetables has lost in relative importance since 1913, while the cooperative associations handling dairy products, livestock and cotton have gained in percentage of total business conducted by all the associations (Table 1).

The outstanding states as to number of associations were Minnesota, Wisconsin, Iowa, and Illinois and the states leading in membership were Minnesota, Illinois, Iowa, Wisconsin and Missouri, in the order named.

Sales by cooperatives for, or to, farmers amounted to \$1,530,000,000 during the 1934-35 marketing season. In most cases these sales included the crops produced during the 1934 Calendar year, the number of animals marketed in that year and the fertilizers, seeds, feeds, etc., required by the farmer for production purposes. More than half of the total business reported was transacted by associations in the North Central States, nearly a fifth by those in the Atlantic Coast States, nearly a sixth by those in the three Pacific Coast States and about a tenth by the associations in the eight South Central States.

The 2,300 cooperatives handling dairy products accounted for nearly 29 per cent of the total business. The next important group consisted of 3,125 associations handling grain. These associations were responsible for about one-fifth of the cooperative business. The fruit and vegetable cooperatives were reported to have consummated about 13 per cent of the total business.

GEOGRAPHICAL DIVISIONS OF UNITED STATES

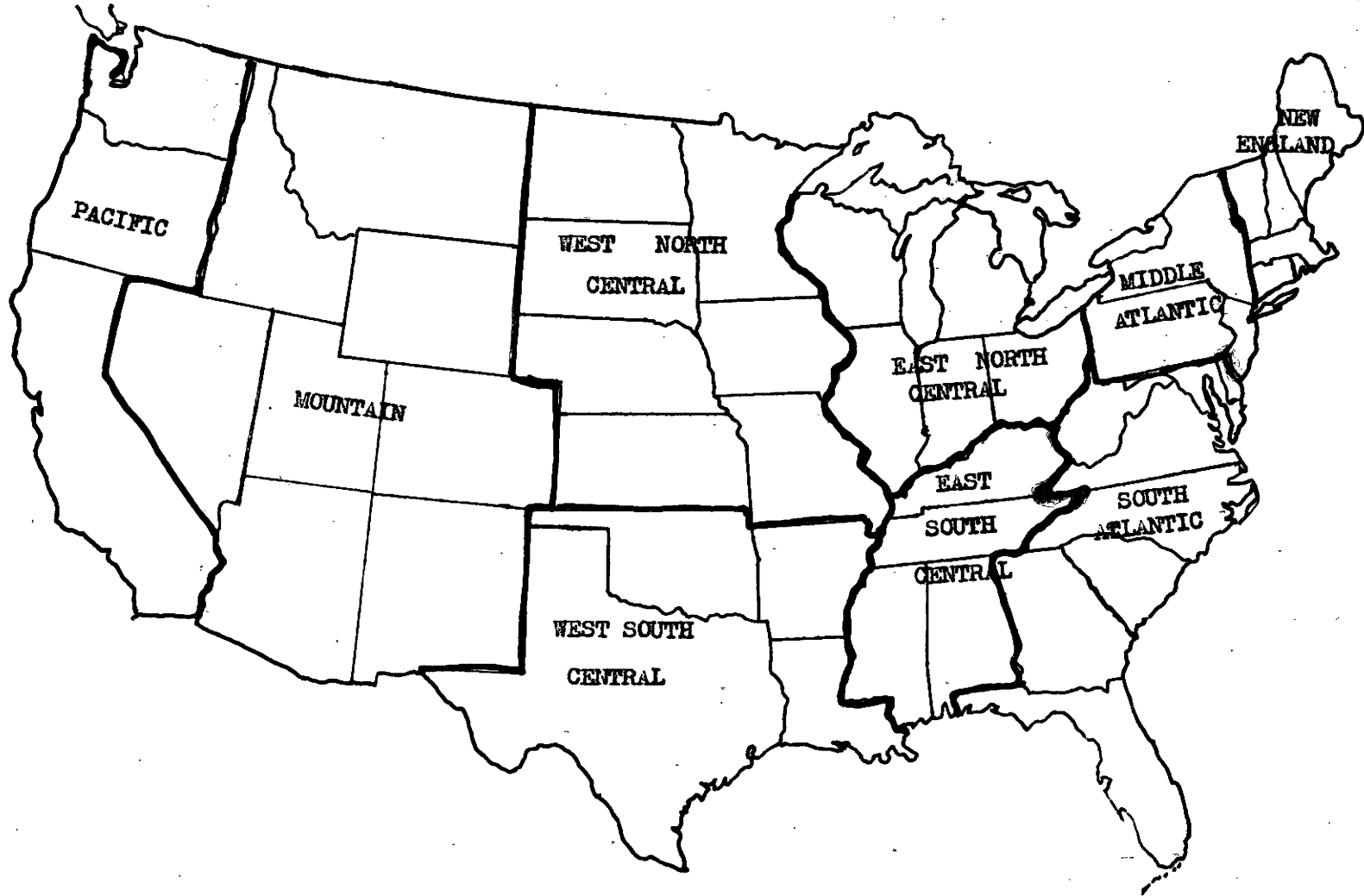


Table 1. - Percentage of Estimated Business for Farmers' Selling and Buying Associations by Geographic Divisions and Commodity Groups for Specified Marketing Seasons ^{1/}

Geographic Division & Commodity Group	1913	1921	1923-	1929-	1933-	1934-
			26	30	34	35
	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
Geographic Divisions:						
New England	2.1	1.9	3.5	3.7	4.0	3.8
Middle Atlantic	4.9	7.5	6.4	9.3	11.2	11.1
East North Central	16.5	18.1	23.3	23.6	22.3	23.6
West North Central	45.1	42.5	34.9	34.4	27.0	27.2
South Atlantic	5.7	4.0	6.5	4.5	4.2	4.3
East South Central	3.0	.8	4.9	2.6	3.7	3.7
West South Central	3.1	5.5	5.4	4.9	6.6	5.8
Mountain	2.9	2.8	2.9	2.8	4.3	4.3
Pacific	15.7	15.9	13.4	14.4	16.7	15.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Commodity Group:						
Cotton	4.9	1.9	6.2	4.4	7.3	6.5
Dairy Products	19.2	15.1	22.3	27.2	27.9	28.8
Fruits and Vegetables	22.5	17.0	11.7	12.8	13.3	13.1
Grain	42.1	38.4	31.2	27.6	20.9	20.6
Livestock	1.6	6.5	13.3	12.8	11.9	11.4
Nuts	--	1.3	.7	.6	.9	.7
Poultry Products	--	1.2	1.7	3.2	3.5	3.3
Tobacco	.8	.2	3.8	.3	.4	.5
Wool and Mohair	--	.8	.4	.4	1.0	1.0
Miscellaneous Marketings	7.0	3.0	3.1	3.1	1.8	1.7
Purchasing	1.9	4.6	5.6	7.6	11.1	12.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Number of Associations	3,099	7,374	10,803	12,000	10,900	10,700

^{1/} Farm Credit Administration Bulletin No. 6, Table 1, Page 13.

Table 2. - Farmers' Selling and Buying Associations, Estimated Membership, and Estimated Business, With Percentages for Geographic Divisions, Leading States, and Commodity Groups, 1934-35 Marketing Season ^{1/}

Geographic Division State, & Commodity Group	Associations		Membership		Estimated Business	
	Number	Per Cent	Number	Per Cent	1,000 Dollars	Per Cent
Geographic Division						
West North Central	4,695	43.9	1,166,470	35.6	416,550	27.2
East North Central	3,799	26.2	919,440	28.0	361,320	23.5
Pacific	779	7.3	169,320	5.2	247,900	16.2
Middle Atlantic	463	4.3	212,000	6.5	169,090	11.1
West South Central	633	5.9	197,900	6.0	80,790	5.3
Mountain	493	4.6	135,940	4.1	66,490	4.3
East South Central	264	2.5	216,530	6.6	55,320	3.7
South Atlantic	400	3.7	147,650	4.5	65,770	4.3
New England	174	1.6	114,550	3.5	59,370	3.8
Total	10,700	100.0	3,280,000	100.0	1,530,000	100.0
State:						
Minnesota	1,416	13.2	338,100	10.1	122,450	8.0
Illinois	761	7.1	269,630	8.2	141,700	9.3
Iowa	1,000	9.3	259,480	7.9	105,830	7.0
Wisconsin	1,118	10.5	192,500	5.9	73,490	4.8
California	425	4.0	77,380	2.4	150,910	11.8
New York	255	2.4	124,200	3.8	124,320	8.1
Missouri	479	4.5	174,150	5.3	61,930	4.0
Nebraska	534	5.0	130,770	4.0	46,100	3.0
Ohio	335	3.1	167,600	5.1	63,980	4.2
Indiana	266	2.5	160,100	4.9	40,000	2.6
Michigan	320	3.0	129,510	3.9	42,050	2.8
North Dakota	513	4.8	67,630	2.1	25,640	1.7
All Others	3,279	30.6	1,154,550	35.2	500,400	32.7
Total	10,700	100.0	3,280,000	100.0	1,530,000	100.0
Commodity Group:						
Dairy Products	2,300	21.5	750,000	22.9	440,000	28.8
Grain	3,135	29.2	580,000	17.7	315,000	20.6
Livestock	1,197	11.2	410,000	12.5	175,000	11.4
Fruits & Vegetables	1,062	10.1	158,000	4.8	200,000	13.1
Cotton & Products	305	2.9	255,000	7.8	100,000	6.5
Poultry & Products	164	1.5	85,000	2.6	55,000	3.5
Wool & Mohair	119	1.1	71,000	2.2	15,700	1.0
Tobacco	16	.1	30,000	0.9	7,500	.5
Nuts	33	.3	14,800	.4	11,300	.7
Forage Crops	29	.3	6,900	.2	1,830	.1
Miscellaneous Selling	404	3.8	109,300	3.3	23,670	1.6
Purchasing	1,908	17.8	790,000	24.1	167,000	12.2
Total	10,700	100.0	3,280,000	100.0	1,530,000	100.0

^{1/} Farm Credit Administration Bulletin No. 6 Table 2 Pages 16, 17.

The important states from the standpoint of value of goods handled were California, credited with \$180,910,000; Illinois, \$141,700,000; New York, \$124,520,000; Minnesota, \$122,450,000; and Iowa, \$106,820,000.

Growth and Development of Cooperation in Utah

The development of the cooperative movement in Utah may now be more specifically reviewed. The spirit of cooperation seems to have been a part of the very souls of the early Mormon pioneers. Their every effort seemed to be primarily that of helping or aiding their fellow church members. Their religious training and type of family life contributed greatly toward the cooperative movement in Utah.

From the very beginning the people in Utah had manifest an interest in cooperative activities. During pioneer days considerable activity took place in the cooperative building of canals and roads and in other cooperative endeavors. Cooperative stores were located in most of the farming sections of the state and during the peak of their operations did a very large business.

Following the decline of the cooperative stores, or during the period of 1896-1910, expansion of cooperative marketing along commodity lines took place. Most of the cooperative associations organized during this period were organized to handle dairy products, fruits, and vegetables. These associations were mainly incorporated under the general corporation laws of the state, stock being sold to the producers to raise funds for purchase of necessary equipment and to supply other needed capital. At that time there was no other law in the state under which cooperative mar-

keting associations could be incorporated. Because of embodied evils and natural consequences, practically all the associations organized on this basis had gone out of existence by 1918. The disappearance of cooperative marketing associations, during this period was due largely to the lack of cooperative law, such as we have today, which provides facilities for farmers to keep control of their associations.

The problem that confronted the farmers was the right to sell or negotiate the sale of their products cooperatively. It took considerable effort on the part of farmers of this state to establish the fact that the sale of their goods collectively was a right that still belonged to them. A very interesting part of the historical development of the cooperative movement in Utah is connected with the question of the farmers' right to sell his products other than through private agencies. ⁶

The idea of marketing cooperatively was a new development with these people and it grew very slowly. The second and third generations of Utahns were individualistic indeed. They were converted to cooperation where money and labor were scarce, but pooling their goods and selling as one lot was a different proposition.

The individual was confident of his ability as a salesman and felt certain that his goods were of a better grade than were those of his neighbors. He therefore refused to sell in a pool and accept the lower price which he was certain the quality of his neighbors' goods must bring. Individuals did not like to accept the grades that their products would warrant. They hesitated at waiting for returns when their products were sold through

^{6/} Thomas, W. P., "Recent Developments in Cooperative Movements", p. 8.

a cooperative. They were not inclined to turn over their goods to a manager of whom they knew little. To these problems were added all the prejudice, doubt, and hesitancy which other influences in the trade could find and invent.

A few courageous leaders finally ventured into the new movement with some vigor, but not without misgivings. Unfortunately some of these leaders were lacking in experience and training. Boards of directors were unwilling to delegate to managers authority, commensurate with the responsibility necessary, to carry into execution the functions of their office. Incompetency, distrust and dishonesty became evident in many places and cooperative marketing suffered a succession of blows from which it took years to recover.

Faith of the few leaders was not shaken, however, and the movement, although retarded, did not die. New attempts were made at organization, even under questionable legal status, for there were no state laws providing specifically for agricultural cooperative marketing institutions.

Attempts had been made by those interested in the cooperative movement, to secure special legislative provisions for this type of business organization. The need for such, however, failed to gain popular support and approval and consequently little action was forthcoming until public sentiment became more zealous in this direction.

While several associations or organizations were established during the early part of the new century under the general corporation laws, yet these associations lacked the true principles and methods of cooperative enterprises. This they could not do until legal enactment allowed them certain definite powers and legal rights, such as a unique and different form

of business organization might require.

From 1916 until 1921 there was a period of metamorphosis going on in which the fundamental philosophy and principles of cooperative marketing were being formulated. Although there was no outward expression in the form of incorporated associations during this period, yet this was the period in which the State Farm Bureau was instrumental in developing and encouraging cooperative practices among farmers' groups. These were the formative years in the development and organization of the cooperative movement which was later to become a significant institution in the field of marketing.

Legislative action was solicited and obtained in 1921, when an act providing for agricultural cooperatives was passed in both houses of the legislature by large majorities favoring its adoption. Governor Charles B. Mabey, however, vetoed this act, giving as the reason for his veto constitutional conflict rather than a lack of sympathy for the cause.

Senator Edward Southwick from Lehi, Utah County, was persistent in his demand for the passage of this act and as a result a new bill was presented at the following session of the State Legislature in 1923. This time the pressure was applied with more vigor and the support was more pronounced. The act was passed on January 25, 1923 and accepted as the first cooperative statute for the State of Utah. This bill became effective on May 8 of the same year. Minor changes were made on two following occasions which resulted in more prescriptive limitations and in the general toning down of the first act. In substance, however, the act remains the first written except for a few minor restrictions and limitations which have resulted from more careful legal analysis and from federal restraint.

This act passed in 1923 was the first law providing for agricultural cooperatives in an attempt to make clear the legal position of these

producer-owner enterprises and to encourage the movement. This trend toward more orderly marketing of agricultural products was still further encouraged by the adoption, in 1933 by the Utah Farm Bureau, of a program fostering properly organized and managed cooperative marketing associations.⁷

Legislative acts of major significance had been passed by federal bodies favoring cooperative development in an effort to foster and promote a more general movement among agricultural interests in cooperative marketing. These various acts tended to grant agriculture more liberties and to provide less restrictions and as a consequence real cooperative marketing encouragement was provided by Federal⁸ and then in turn by state governments.

The Agricultural Cooperative Associations Act of Utah gave cooperatives of Utah definite legal rights. The year of greatest activity among cooperative minded farmers in Utah was 1932 when about twenty per cent of all incorporated associations on file with the state commissioner of agriculture, were organized. This was the year following the passage of the Federal Agricultural Marketing Act and the establishment of the Federal Farm Board to foster direct marketing by American farmers. The activity continued through the succeeding years but at a decending rate. In 1934, however, following the creation by the Federal Agricultural Credit Corporation of the banks for cooperatives, the rate of growth was again accelerated.

A large percentage of the associations organized in this state have ceased operations or have become defunct for various reasons. Many

^{7/} State Planning Board, Preliminary Study of Agricultural Cooperation in Utah, p. 4.

^{8/} Op. cit. page 11.

of those which filed charters and articles of incorporation have failed or discontinued, almost with their inception, due to conditions and situations some of which were inherent within and some of which were beyond control of the association.

It would be a false assertion or contention to assume that all cooperative organizations had met with immediate and continued success. It would be just as absurd to assume that all those which had discontinued had suffered an ignominious fate. Yet it must be realized that many of these associations have ceased operations and can no longer be considered as part of the cooperative mechanism of the state. A list of the associations which are actively engaged in the marketing functions providing services for Utah farmers at the present time is appended.

ECONOMIC ANALYSIS

Collective Bargaining Associations in Utah

Collective bargaining for the sale of agricultural products is a distinct department of the cooperative marketing program. Bargaining associations do not attempt to handle the products of their members but, instead, their function is a bargaining one, without involving the additional responsibility of assembling, processing, or distributing the product.

The primary aim of a collective bargaining association is to increase the bargaining power of its members by bringing together under contract a large number of members who agree to sell through the association, thereby giving the association power to bargain for the sale of a large volume of products. In addition to this a bargaining association tries to encourage the production of a superior product and to promote and maintain

policies beneficial to its members. Bargaining for higher prices and desirable practices for the members of the association stands as the significant achievement resulting from collective bargaining organizations in agricultural enterprises.

The importance of collective bargaining in Utah can hardly be appreciated until we recall that almost one hundred per cent of the sugar beets and canning crops of the state are marketed through collective bargaining associations. In the field of dairy products we also find a bargaining association.

Utah Sugar Beet Cooperative Association. - During the early years of the sugar beet industry in Utah many beet growers felt that the manufacturers were dictating the price of sugar beets and concluded that they were not receiving a fair price for their beets. Dissent over prices and distance to and congestion at loading points, along with dissatisfaction over weights and tare and dockage supposedly occurring in loadings, were all factors which contributed to action being taken by beet growers in attempting to organize a cooperative marketing association.

The organization of the State Farm Bureau in 1916 was, in part, the result of an effort on behalf of some of the leaders endeavoring to establish a sugar beet organization. Once the Farm Bureau was established one of its first functions was to negotiate, on behalf of the farmers, with the sugar manufacturers for the sale of the sugar beet crop. These early negotiations were interesting due to the fact that for the first time the sugar manufacturers acknowledged the right of growers to unite in an organized manner to bargain for the sale of their product. A fundamental weakness

of this set-up was that the Farm Bureau was a general farm organization not solely interested in sugar beet problems and also the fact that the beet growers were not bound together by contract.

After operating several years through the Farm Bureau, it was decided to organize a beet growers' association in which the members would bind themselves by contract to give the association exclusive right to bargain for the sale of their product. The new type of organization was incorporated in 1924 and was known as the Utah Sugar Beet Cooperative Association.

The territory surrounding each factory or group of factories was organized as a local unit of the larger association (Table 3). These several units were then federated in a state association which was authorized to do business for the entire body of sugar beet growers throughout the state. Within one year after the beginning of this association's activities, it was estimated that the membership of this association included about ninety-eight per cent of the beet growers of the state, the members of the locals being members also of the state organization. Representatives of the state organization meet with the representatives of sugar companies each year and make agreements as to the price to be paid for the coming year's crop. It is a case of purely cooperative and collective bargaining. The central association has contracts with the locals and farmers, but its direct relationship with the farmers usually ends with the price fixing agreements. After the bargaining has been settled, the sugar companies purchase and deal directly with the farmer. The state association makes contracts, but does not handle the products.

Table 3. Local Sugar Beet Cooperative Associations in Utah ¹

Name	Year Organized	County
Cache County Sugar Beet Association	1934	Cache
Devis County Sugar Beet Growers Association	1934	Devis
Garland Sugar Beet Association	1934	Box Elder
Salt Lake-Tooele Beet Growers' Association	1934	Salt Lake and Tooele
Sanpete-Sevier Sugar Beet Association	1934	Sanpete and Sevier
South Box Elder Beet Growers' Association	1934	Box Elder
South Sevier Sugar Beet Growers Association	1934	Sevier
Weber Beet Growers Association	1934	Weber

^{1/} This study does not include the Franklin County local in Idaho.

The state association takes a scale-off of two cents on every ton of beets hauled to the sugar factories. Scale-off is deducted by sugar companies from each grower's payment and remitted to state association. ⁹ This scale-off is used and distributed as follows:

The State organization retains one-half cent while the locals and the National Beet Growers' Association each receive three-fourths of a cent on each ton sold.

This scale-off is used for the operation of the various local organizations and for services, such as legislative support, which the state and national organizations extend to the farmers and sugar beet industry as a whole. The operating expenses of this type of association are relatively small due to the type of association and the function they perform.

^{9/} As stipulated by the Sugar Beet Growers' Marketing Agreement.

The average yearly tonnage sold through the state association from 1933-32 was 621,000 tons. The tonnage decreased to about 500,000 tons in 1936 and increased again in 1937 to about 600,000 tons, which brought the producers a gross sum of \$3,195,000 (Table 13). Fluctuations in volume have been the result of decreased or increased acreages due to price changes or other factors and do not indicate withdrawal of support from this organization.

The large membership in this association includes almost all individuals engaged in the production of sugar beets. The total membership belonging to the Utah Sugar Beet Cooperative Association in 1936 was 7,335 growers (Table 4).

Table 4. Membership of Local Sugar Beet Associations
In Utah, 1936

Name	Membership
Cache County Sugar Beet Association	1530
Davis County Sugar Beet Growers Association	530
Garland Sugar Beet Association	425
Salt Lake-Tooele Beet Growers' Association	540
Sanpete-Sevier Sugar Beet Association	350
South Box Elder Beet Growers' Association	450
South Sevier Sugar Beet Growers Association	309
Utah Central Sugar Beet Growers Association	1521
Weber Beet Growers Association	1500
Total	7335

This association has done much to alleviate difficulties and misunderstanding arising between processors and producers. It has tended to promote closer cooperation and understanding as to grades, juice content, dockage, tare, disease control, and the use of loading dumps, along with

helping to establish prices received by producers for their products. This association has been instrumental in negotiating a profit sharing contract between members and the sugar companies. Practices and policies have been determined through cooperative effort, due to increased bargaining power, which has added significance to the Utah sugar beet industry.¹⁰

The Utah State Canning Crops Association.- The Utah State Canning Crops Association is another important cooperative marketing association of the bargaining type. The beginning of cooperation among canning crop growers had its inception about 1916-17 when, as in the sugar beet industry, the growers decided that united effort might help solve their problems with respect to grading, prices received, and other difficulties confronting them. This cooperative movement was fostered and promoted by the State Farm Bureau Federation much the same as the state sugar beet association was sponsored.

This program was followed until about 1934 when the canning crop growers of some areas began to incorporate local associations which were separate and distinct units apart from the local farm bureau organizations. These movements began almost simultaneously in a number of areas (Table 5).

The local units had much in common as their problems were fundamentally the same. The natural result was cooperation between these scattered locals in an effort to magnify their bargaining strength. As the result a federated type of bargaining association was incorporated in 1934, under the cooperative statute of the State of Utah. This association is known as the State Canning Crops Association with its headquarters at Logan, Utah.

^{10/} Winder, H. S., "Collective Bargaining in Sugar Beets", paper presented before the American Institute of Cooperation, 1932.

Table 5. **Locals of State Canning Crops Association
In Utah, 1936**

<u>Name</u>	<u>Year Organized</u>	<u>County</u>
Box Elder County Canning Crops Growers' Association	1933	Box Elder
Canning Crop Growers' Association of Morgan-Summit Counties	1924	Morgan and Summit
Davis County Canning Crops Association	1921	Davis
Salt Lake County Canning Crops Association	1932	Salt Lake
Sanpete Canning Crops Association	1924	Sanpete
Utah County Farm Bureau Canning Crop Growers' Association	1932	Utah
Utah-Idaho Canning Crops Association	1923	Cache
Wasatch County Canning Crops Association	1924	Wasatch
Weber County Canning Crops Association	1924	Weber

The State Canning Crops Association is represented by a board of directors comprising the presidents of each of the various local organizations. These boards determine the policies and practices to be followed by the state organization. Operating deductions or scale-offs, of one per cent of gross value on peas and of five cents per ton on tomatoes, are used to pay the expenses of the state and local associations. The processors withhold this scale-off from the payments to members, as provided in the marketing contracts. The canning companies in turn make payments for total scale-off to the state association.

In many of their activities the canning crops organizations are almost identical or analogous to the sugar beet associations in that the contracts price for the various products is determined and established by the state association leaving the canning and processing companies to deal and close transactions directly with the individual members. The processors withhold the scale-off making this payment in turn to the State Canning Crop

Growers' Association.

The sales through the state association have grown in volume until the total value of sales through the State Canning Crop Growers' Association amounted to \$1,263,258 for the 1936 marketing season (Table 18). The membership in the local associations has grown from the beginning until a membership of 4,633 was reached in 1936 (Table 6).

Table 6. Membership of Locals of State Canning Crops Association, Utah, 1936

Name	Membership
Box Elder Canning Crop Growers' Association	409
Canning Crops Growers' Association of Morgan-Summit Counties	190
Davis County Canning Crops Association	335
Salt Lake County Canning Crops Association	200
Sanpete County Canning Crops Association	350
Utah County Farm Bureau Canning Crop Growers' Association	794
Utah-Idaho Canning Crops Association	705
Wasatch County Canning Crops Association	150
Weber County Canning Crops Association	1500
Total	4,633

The State Canning Crops Association has consolidated a number of more or less independent and separate local associations into a federated bargaining type of cooperative marketing association. Bargaining power has been enhanced; better grading and standards have resulted; and more friendly relations, practices, and policies between growers and processors have been the result.

The Cache Valley Dairy Association. - The Cache Valley Dairy Association is probably the most outstanding example of the bargaining type association in the sales of dairy products.

This association was organized in 1931 and its first function was one of supervision and education. It extended its efforts toward milk testing and herd improvement. Since 1935 the Cache Valley Dairy Association has negotiated contracts for its members. It has grown in membership until about 950 producers belong to this association at present (Table 17). Sales negotiated by this association amounted to \$1,364,076 for the 1936 marketing season (Table 18).

Processing and Handling Associations in Utah

The cooperative marketing associations of Utah which actually handle the physical product and serve as the marketing agency in assembling, processing, and selling may be grouped into the following: (1) Dairy associations, (2) Poultry Associations, (3) Livestock and Wool Associations, (4) Fruit and Vegetable Associations, and (5) Seed and Grain Associations.¹¹ These cooperatives have been established to market the predominating types of agricultural products in this area.

Weber Central Dairy Association. - One of the outstanding cooperative marketing associations in the dairy group is the Weber Central Dairy Association which was first begun about 1923 and later incorporated in 1924. The central organization at Ogden has eighteen locals. Each local has a representative in the central association known as a director. The local group organizes and elects a board and the members sign five year marketing contracts with the central association.

Milk is delivered to the central dairy by the local organization. It is handled on a two-week pool basis, prices being determined by the grade

^{11/} A list of the active cooperative marketing associations in Utah appears in Appendix I.

or quality of the product. A scale-off of one cent per pound butterfat is withheld as a capital retain. Deductions are made to meet operating expenses and the balance remaining is distributed to members as patronage dividends at the end of the year. The Central association has agreements for shipping its surplus products, if any, to the Challenge Creamery Company in Los Angeles. It is not, however, a subsidiary or member of this company.

The sales volume of the Weber Central Dairy Association in 1935, the first year of its operation was \$127,212 and for 1936 it reached \$498,132. This volume of sales has only been exceeded in 1930 when the sales of this association reached a high of about \$768,000. The membership has grown from 230 members in 1935 to over 1500 in 1937. The decrease in sales volume from 1930 to 1936 is not the result of decreased interest or support of this cooperative as can be readily seen in its increased membership. It is the result of decreased prices rather than a decreased volume of business.

The Weber Central Dairy Association has been successful in decreasing the costs of marketing and in standardizing and grading the products. This association has faced numerous difficulties but these problems have been gradually overcome. The problem now prevailing is due to a generally low price level for dairy products rather than to any disturbances within the functioning of the cooperative association itself. ¹²

The other operating cooperative dairy associations of the state include the Salt Lake Milk Producers and a number of small associations (Table 7). Lack of sufficient information rather than bias or prejudice is the reason for no definite treatise on the Salt Lake Milk Producers. The other

^{12/} Information on Weber Central Dairy Association secured from conversation with W. P. Thomas and from masters thesis by Merrill Stucki.

small associations operate much the same as other successful cooperatives. Their success, as noted in decreasing costs and in increasing the farmer's net income, seems quite apparent.

Table 7. Active Dairy Marketing Associations in Utah for 1936

Name	Year Organized	Location
Cache Valley Dairy Association	1931	Logan
Draper Dairy	1922	Draper
Fairview Dairy Association	1924	Fairview
Juab County Dairy Association	1930	Nephi
Salt Lake Milk Producers Association	1924	Salt Lake City
Weber Central Dairy Association	1925	Ogden

Utah Poultry Producers Cooperative Association. - "The Utah Poultry Producers Cooperative Association has been an important factor in making poultry production a leading agricultural enterprise in its area. This association, with headquarters at Salt Lake City, had its origin in Gunnison Utah in 1929 as a local, privately owned, marketing agency handling eggs on a commission basis. In 1933, it was incorporated as a cooperative marketing association on a state-wide basis. Its operations now cover all of the important poultry-producing sections of Utah, as well as a part of southern Idaho.

"Membership in the Utah Poultry Producers Cooperative Association has increased from 270 in 1934 to 6000 in 1936. The number of handling and grading plants have increased from four in 1934 to twenty in 1936. The number of cases of eggs shipped and area served have also increased from date of organization down to the present time. Value of products marketed

has increased from \$582,025 in 1923 to \$6,294,546 in 1936."¹³

The activities of Utah Poultry Producers Cooperative Association have recently been summarized as follows:

"Separate egg and turkey-marketing contracts running for 5 and 10 years, respectively, are made directly with members. The association has no smaller local or intervening associations. The contracts may be canceled by either the members or the association at specified times, after due notice.

"The total value of business done in 1936 amounted to more than 9 million dollars. The marketings consisted of 15 million dozen eggs, nearly 2½ million pounds of poultry, and over 6 million pounds of turkeys. In 1936 the sales value of supplies purchased for members was nearly 3 million dollars; these supplies constituted 31.5 per cent of the total business. The purchases for members in 1936 included over 161 million pounds of feed."

"To meet its financial requirements the association employs the following methods of obtaining funds: (1) Retains or "Scale-off" deductions of 1 cent per dozen on eggs, 5 cents per sack on manufactured feed, and 2 per cent of gross returns on turkeys.....

"The association operates on a cost basis from week to week. Excess accumulations of capital are returned to members in the form of interest on stock or on certificates of interest -- rather than as patronage dividends in proportion to the volume of business handled.

"A strong financial condition has been maintained. The net worth of the association in 1936 was nearly 1½ million dollars. Current liabilities have not exceeded 26.5 per cent of the current assets at the close of any year since 1931.....

"The study shows that the Utah Poultry Producers Cooperative association has benefited its members and the poultry industry of the state in a number of ways. As a marketing agency it has made outside markets more readily available, thus providing continuous and reliable outlets. Producers now receive higher prices, based on eastern wholesale markets. Poultry products are marketed at cost. More efficient production with emphasis on quality has been encouraged. The association has made satisfactory feeds and supplies available at cost, assisted

^{13/} John J. Scanlan, "Business Analysis of Utah Poultry Producers Cooperative Association", F. C. A. Bulletin No. 19, page 34.

with feed and disease problems, created producer savings, instituted a program of cooperative group life and fire insurance for its members, made production credit more easily available, and otherwise represented the interests of producers." 14

Draper Egg Producers Association, Inc. - In January of 1935 an interesting development took place in Draper when some of the principal poultry producers of this area withdrew from the Utah Poultry Producers Cooperative Association and formed their own organization known as the Draper Egg Producers Association, Inc. This organization was established in an attempt at direct marketing of poultry products on the New York market. It is organized as a capital stock corporation, yet in principle and objectives it was formed as a non-profit association. Deductions, or scale-offs, are withheld to cover operating costs. At the end of each year patronage dividends are paid the members out of savings and earnings accumulated during the year. This organization has been expanding and increasing its membership which should provide evidence of its success.

The Utah Wool Marketing Associations. - In a number of localities and under varying conditions and circumstances there have been organized a number of wool marketing associations. These organizations have in the main tended toward the unincorporated, informal pool type which have been based almost solely upon a gentlemen's agreement type contract. This type of association, in many cases, has been short-lived due to laxity of organization and inherent weaknesses of this form of cooperative.

14/ Scanlan, John J., Summary, "Business Analysis of the Utah Poultry Producers Cooperative Association, F. C. A. Bulletin No. 19.

There have been a number of wool marketing cooperatives of this type, however, which have functioned well and which have served a need of a centralized locality. Among these, ^{are} the Jerico Wool Pool and the Summit County Wool Pool. Of these only ^{the} Summit County Pool is functioning at the present time.

The Summit County Wool Pool is closely supervised and affiliated with the county farm bureau. The members of this association are, in the main, small producers. Their small flocks are home fed in winter. Selection of breeding stock for fleeces production and care and attention received by the stock are factors contributing to the high quality of wool produced.

This Association was organized in 1925 at Coalville, Utah, and it has remained in operation continually since that time. A deduction is made per fleece which is used to defray the very minor costs arising. The Summit County Wool Association acts as a collective bargaining association and on some occasions has shipped collectively. In building up the size and quality of the wool pool, this association has tended to attract competitive buyers.

These numerous small wool pools intermittently organized and dissolved throughout the state of Utah gave rise to the Utah Wool Marketing Association which attempted to organize a coordinated marketing association with more strength and more permanency than had characterized the scattered small wool pools.

The Utah Wool Marketing Association is a state-wide organization which began in 1926 at Salt Lake City and was incorporated under the cooperative statute of the state. The wool producers of the state sign marketing agreements with the state association, which in turn signs contracts

with the National Wool Marketing Corporation with which the state association is affiliated. There are no locals or branches of the state organization, although sheepmen from certain areas usually ship their clips collectively and various sections are represented on the board of directors. The cost of operation is met by a scale-off of about two and one-fourth cents per pound for all wool marketed through the association. About one-half cent goes to the state organization and the remainder to the National Wool Marketing Corporation.

The volume of business handled through the Utah Wool Marketing Association has fluctuated considerably from year to year, and the general trend has been downward. These decreases have been due to decreases in numbers of sheep shorn, decrease in size of fleece during drought years, and to a decrease in membership. The decrease in membership has been due to the fact that some growers have ceased operations while others withdrew due to dissatisfaction with the Association. 15

The Producers Livestock Marketing Association. - The Producers Livestock Marketing Association of Salt Lake City, Utah, was organized on April 5, 1935 by livestock producers of the States of Utah, Wyoming, Nevada, and Idaho. This association was incorporated under the Cooperative Act of the State of Utah on a capital stock basis.

The association started active operations in May, 1935, at both Salt Lake and the Ogden Markets and in June the association took over an already established sales agency on the Los Angeles market.

Membership in the association is restricted to bona-fide livestock producers and farmer members required to purchase one share of common stock

15/ Merrill Stucki, "An Economic Study of Farmers' Cooperative Business Associations in Utah", a masters thesis written in 1933, page 79.

and sign a marketing agreement with the association. The members are represented at meeting other than stockholder meetings, by a board of directors, fifteen in number who are elected annually on a district basis from the various states. ¹⁶

This livestock marketing association has grown in membership from less than one hundred the first year of its organization to 543 members in 1936 (Table 17).

Its volume of sales in 1936 amounted to \$4,808,104 (Table 18). About 60% of its business was with Utah members.

Timpanogas Cooperative Marketing Association. - The Timpanogas Cooperative Marketing Association was organized at Provo in 1923 and became a member of the Federated Utah Fruit and Vegetable Association. ¹⁷ This association has been conducting its business independently since 1926 when it withdrew from the Utah Fruit and Vegetable Association. The association is financed by a scale-off which covers operating expenses and also contributes to capital surplus which is to be used to place buying strictly on a cash basis. When this fund gets to a point where it is considered large enough to take care of the business, the policy of the company is to continue a reasonable scale-off which will retire ownership stock which is issued to offset the capital reserve. Stock is issued to cover the capital reserve. This stock has a par value of five dollars per share, has no voting rights, and is issued according to patronage done with the association. The stock

^{16/} Mann, L. H., "Cooperative Marketing of Range Livestock", F. C. A. Bulletin No. 7, page 47.

^{17/} Utah Fruit and Vegetable Association was at one time leading cooperative marketing association of the federated type. It is defunct at the present time.

may be retired, thereby eliminating ownership in the company by growers who go out of the fruit growing enterprise. Oldest stock holders will be given preference in this privilege.

The Timpanogas Cooperative Marketing Association has very nominal overhead charges. It pools its sales for the season which are comprised mainly of peaches, apples, and pears. The volume of sales of the association has been rather irregular due to the changes and fluctuations in fruit crop from year to year.

The principal reason why the Timpanogas Cooperative withdrew and has remained apart from the State Fruit and Vegetable Association is that its overhead is less and thus it nets a little higher price for its products than was possible when it was connected with the Utah Fruit and Vegetable Association.¹⁸ Criticisms against the Fruit and Vegetable Association furnished other motives for a separate organization.

The membership in the Timpanogas Cooperative Marketing Association has shown considerable fluctuation due to the fact that some growers have ceased production of fruits while there have been others which have become members after beginning fruit production. At the present time there are 110 members. Their volume of sales has increased from about \$50,000 in 1926 to \$141,500 in 1936.¹⁹

The Timpanogas Cooperative Marketing Association has been successful in achieving its purpose in reducing costs, in improving grades and stan-

^{18/} Stucki, Merrill, "An Economic Study of Farmers' Cooperative Business Associations in Utah", masters thesis written in 1933, page 62.

^{19/} Taken from records secured by the author while employed by the Farm Credit Administration.

dards, in establishing market contacts, and in rendering service to its increasing membership.

The other fruit and vegetable associations of the state are considerably smaller in size and in volume of business handled. (Table 8). Yet in their restricted areas many of them have served successfully the needs of their members in providing facilities and services generally provided by cooperative marketing associations. Among these associations we find some of the first cooperative marketing associations organized in the State of Utah.

Table 8. Operating Fruit Associations in Utah, 1936

Name	Year Organized	Location
Brigham City Fruit and Produce Cooperative	1908	Brigham City
Mapleton Fruit Growers' Association	1917	Mapleton
North Ogden Fruit Exchange	1923	North Ogden
Timpanogas Cooperative Marketing Association	1923	Provo

Since the State Fruit and Vegetable Association ceased operations in 1935, most of the locals of the state organization have also ceased to exist. With the dissolution of this large organization there followed a material decrease in cooperative associations within the state which were handling fruits and vegetables for their members.

Table 9. Operating Vegetable Associations in Utah, 1936

Name	Year Organized	County
Davis County Asparagus Association	1931	Davis
Flowell Growers, Inc.	1930	Millard
Nube Cooperative Marketing Association	1935	Utah
Sevier Potato Growers' Association	1936	Sevier
Upper Sevier Potato Growers' Association	1936	Garfield

Seed and Grain Associations. - The seed and grain associations of the State of Utah are found in the South Cache Growers Cooperative, Inc. which was organized in 1935 at Hallsville, and the Superior Sugar Beet Growers Association which was organized in 1934 at St. George, Utah.

The South Cache Growers Inc.; - The South Cache Growers Inc. was the only remaining local operating under the Intermountain Grain Growers Inc. for the 1937 marketing year and it may presently be dissolved as the result of prevailing difficulties and the lack of loyal support on the part of members. 20

The Superior Sugar Beet Growers Association; - The Superior Sugar Beet Growers Association was organized to encourage and promote the production of disease resistant sugar beet seed. This association markets through contracts held with the Utah-Idaho Sugar Company, operating expenses being met by a half per cent scale-off from gross income from seed sold. The increasing membership and volume of business of this association seem to indicate a successful cooperative marketing association.

Non-Operating Associations

Of the cooperative marketing associations organized in the State of Utah there have been many which have ceased operations or become defunct for various reasons (Table 10). This is not such a bad picture as it may at first appear, however, when we realize that some of these associations have been combined or consolidated into other operating cooperatives. In many instances this has been the most desirable and logical thing to do. This has contributed to increased volume of business of particular organi-

20/ Information obtained from Secretary of South Cache Growers Inc. in personal interview.

nations and has materially reduced costs of marketing to the smaller associations. Those associations which have succeeded have invariably been the larger associations.

Table 10. Cooperative Marketing Associations Which Have Ceased Operations, Last Year Operated, and Reasons for Discontinuation

Name	Last Year Operated	Reasons for Discontinuation
Fruit and Vegetable		
Dixie Cooperative Produce Association	1933	Poor management and lack of support
Cannon Valley Producer, Inc.	1932	Too low prices. Member of Utah Fruit and Vegetable Association
Honeyville Producers, Inc.	1935	Member of Utah Fruit and Vegetable Association
Hurricane Fruit and Produce Company	1931	Lack of interest and non-support
LaVerkin Fruit Growers Association	1932	Lack of interest and non-support
Layton Producers Association	1933	High rates charged by commission brokers
Morgan Vegetable Growers	1933	Insufficient volume of business, lack of interest and poor management.
North Ogden Onion Growers Association	1933	Reduction in acreage and falling onion market
Payson Fruit Growers	1932	Lack of support
Piute-Garfield Seed Potato Growers Association	1928	Lack of confidence
Payson Onion Growers	1934	Low volume of business and poor prices.
Pleasant Grover Cooperative Marketing Association	1936	Unit of Utah Fruit and Vegetable Growers Association
Pleasant Grove Fruit and Vegetable Growers	1933	Low volume of business, poor management and lack of confidence
Riverton Produce Association	1932	Poor market
Salt Lake County Celery Growers Association	1932	Too many varieties made packing and marketing difficult
Salt Lake County Fruit and Vegetable Association	1933	Insufficient volume
Sevier Fruit and Vegetable Growers, Inc.	1936	Unit of Utah Fruit and Vegetable Growers Association
Spanish Fork Cooperative Association	1930	Low business volume and lack of cooperation
Springville Cooperative Marketing Association	1931	Lack of cooperation and small volume of business
Utah Fruit and Vegetable Growers Association, Inc.	1936	Insufficient capital and mismanagement
Washington Growers Association	1932	Poor management and no interest

Table 10 (Con't).

Name	Last Year Operated	Reasons for Discontinuation
Brigham City Fruit Growers Association	1908	Reorganized as Brigham City Fruit and Product Cooperative
Cache County Fruit and Vegetable Association	1936	Insufficient volume and lack of cooperation and confidence
Cache County Potato Growers	1934	Unit of Utah Fruit and Vegetable Association
Cache Valley Growers Association	1935	Lack of confidence and insufficient volume of business
Circleville Growers, Inc.	1935	Lack of interest, loyalty, and cooperation
Corinne Producers, Inc.	1935	Hold state organization responsible.
Elberta Fruit and Vegetable Association	1931	Lack of interest, insufficient business and poor management
<u>Dairy Associations</u>		
Ephraim Cream Producers Association	1929	Never incorporated nor operated. Lack of interest
Fountain Green Cooperative Dairy		Never operated - insufficient interest
Gunnison Valley Cream Pool	1933	Disagreement as to policies and management
Indianola Cooperative Dairy Assoc-	1936	Dissatisfaction because of failure to receive patronage dividend
Moroni-Wales Cooperative Dairy		Never operated. Unit of Utah Wasatch Dairy. Lack of leadership
Mt. Pleasant Cooperative Dairy Association	1935	Never functioned. Unit of Utah Wasatch Dairy
Ogden Cooperative Creamery	1935	Wrong location, insufficient volume, lack of cooperation, poor management
Riverton Dairy Inc.	1932 or 1933	High hay prices caused sale of cows. Low milk prices
Scipio Creamery Company	1930	Inefficient management
Uintah Basin Dairy Association	1934	Failure of Sweet Clover Creamery to pay price above market price as agreed.
Uintah Meadows Dairy Association	1935	Western Creamery offered 1¢ more for butterfat than they could pay so members dropped out.
Utah-Wasatch Dairy	1936	Bankrupt due to poor management
West Hillard Dairy Association	1935	Lack of leadership and regulations due to M.R.A.
Cache County Farm Bureau Dairy Cooperative	1935	Absorbed by Cache County Dairy Association because powers too limited

Table 10 (Cont').

Name	Year Last Operated	Reasons for Discontinuation
Cedar Valley Dairy Corporation		Never operated
Chester Valley Cooperative Dairy Association	1935	Lack of adequate prices
<u>Livestock and Livestock Products</u>		
East Millard County Wool Pool	1928-1929	Depressed market
Beaver County Farm Wool Pool	1928	Disease in herds and falling wool prices
Uintah Farm Bureau Cooperative Association	1936	Poor management, no contracts, and farmers sold to truckers
Oak City Farm Bureau	1935	Lack of volume
Monroe Lamb Feeders Association	1932	Lack of interest and poor management
Nanti Wool Pool	1928	Borrowed credit and consequently had to let credit agencies handle marketing
<u>Grain and Seed</u>		
Cache Farm Bureau Grain Association	1930	Taken over by Cache County Grain Growers, Inc.
Cache County Grain Growers, Inc.	1933	Scattered over too wide an area
Blue Creek Grain Growers, Inc.	1932	Merged into the Farmers National Grain Corporation
Nest Cache Growers, Inc.		Insufficient volume of business
Kasatch Seed Growers Cooperative Association	1933	Insufficient membership
Kasatch County Seed and Marketing Association	1934	Insufficient volume
Mt. Pleasant Honey Producers Association	1922	Low prices forced members to sell their bees.

There have been some cooperative marketing associations, however, which have failed, the causes being the same in most cases as those contributing to the failure of similar organizations in many other states. They have failed because of high pressure solicitation of membership, lack of sufficient volume of business, lack of membership loyalty and confidence which in turn was the result of the failure, on the part of the members,

to appreciate the need for cooperative marketing organizations. These reasons for failure can be allocated to poor management, incapable directors, to members themselves, and to inherent weaknesses in the organization of the cooperative associations.

Causes For Discontinued Operations. - The principle of cooperative marketing appears to be perfectly sound but in practice many causes for failure are encountered. These weaknesses are more or less universal and will be stated briefly somewhat in order of their importance as they pertain to cooperatives in general and to Utah in particular.

Poor management is probably the greatest weakness and shortcoming of the farmers' cooperative associations. The successful marketing association depends for its efficiency upon the character of the management probably more than on any other factor. Many undertakings have failed because of weakness in management when all other important requisites were favorable. Causes of this poor management can be listed as: low pay for services, insufficient incentives, lack of power and authority, instability of positions and the lack of internal driving power. These have all tended to promote and encourage improper management of associations which in turn have resulted in the failure of marketing associations.

Inadequate financing has spelled the doom of many cooperative marketing associations. Capital is needed for equipment, plants, and buildings and for operating purposes. In the past due to lack of finances there has been an unduly long wait on the part of the producers for final payments on commodities. More operating capital is needed to place sales on a cash basis. The failure to recognize this need has been a prolific cause of

business failures among farmers' cooperative associations.

Inadequate volume of business has often been the cause for the failure of associations. With a small volume of raw products to be marketed operating expenses become so great that they eat up and in many cases become greater than the gross margin allowed by other marketing agencies. An association of this kind is disadvantageous to its members and consequently many of the farmers lose interest and discontinue their support, thus resulting in its failure.

Disloyalty of members and failure to conform to marketing agreements, contracts, and the lack of faith in the cooperative are serious weaknesses of a cooperative marketing association which makes failures almost inevitable. Where membership loyalty can not be maintained, an association cannot hope to succeed.

Lack of the need for an association in many cases predetermined that the life of an association would be very short. If the association has been sponsored and organized under pressure and high-powered salesmanship and yet offers no positive benefits or services once it is formed, then its existence, of necessity, becomes short-lived.

Failure of directors to recognize and uphold their obligations and excessive overhead costs oftentimes result in conditions causing suspension of operations. In many cooperatives overhead expenses have remained practically the same, while the prices of the farmers' products have declined from twenty-five to seventy-five per cent during the past few years. A smaller net margin to the farmer is the result.

The general feeling and sentiment within the state, among those

best acquainted with cooperative marketing activities, is that most failures have resulted from improper management, lack of sufficient volume of business, and from the lack of support and membership loyalty. Many have been subject to high pressure salesmanship and consequently there has resulted a decreasing interest and a failure to appreciate the need for the cooperative association once high pressure salesmanship and oratory is discontinued.

The State Fruit and Vegetable Growers Association, at one time a significant and important cooperative marketing agency in the state, and the Utah-Wasatch Dairy Association, once prominent in marketing dairy products, are the outstanding failures which have accompanied cooperative marketing development in Utah in recent years. The causes given for these failures are the same as those discussed above. There remains a possibility that these associations may now be defunct only to rise again under reorganized and rejuvenated circumstances. This is not entirely improbable when one recalls the hectic history of the California Fruit Growers' Exchange and its final successful triumph.

PRESENT STATUS OF COOPERATIVE MARKETING ASSOCIATIONS IN UTAH

During 1936 the number of active associations doing business in Utah was forty-nine.²¹ These were comprised of canning crop locals, sugar beet locals, and one dairy association of the bargaining type, and dairy, poultry, livestock, wool, fruit, vegetable and seed, and grain associations, of the handling and processing type.

Assets

A tabulation of the assets of the cooperative marketing association

^{21/} List of associations appears in Appendix I.

engaged in the handling and processing of farm products in Utah for 1936 shows about seventy-two per cent of the value of the associations in current assets while only about twenty-eight per cent remains in other and fixed assets. "Other" assets as used here included doubtful receivables. Over ninety-nine per cent of the assets in inventory belong to dairy and poultry marketing associations. About ninety-eight per cent of the total fixed assets as buildings and equipment belong to associations handling dairy and poultry products. This indicates that the other types of associations are operating on rental basis or else they are insignificant in a size comparison. (Table 11).

Liabilities

A combined liability table for 1936 shows about \$612,000 can be classed as current liabilities. This would indicate that the current liabilities would equal only about thirty-six per cent of the total current assets. This shows a very desirable situation so far as obligations currently payable contrasted with liquid assets, available to meet these obligations, is concerned. Fixed liabilities equals only about twelve per cent of total liabilities which indicates but very little long term or mortgage indebtedness. (Table 12). Total liabilities amount to \$689,068 as against total assets of \$2,213,909. Liabilities equal only about thirty-one per cent of total assets showing a liquid situation prevailing among the cooperative associations of the state. The size of liabilities correspond with size of assets for the same corresponding associations.

Net Worth

The net worth of the cooperative associations in Utah for 1936 was made up of capital stock, certificates of interest, book credit, reserves

Table II. - Current, Fixed, and Total Assets of Agricultural
Cooperative Marketing Associations in Utah
For the Fiscal Year 1936

P should be with Rice

Type of Association	Number of Ass'ns	Current Assets				Fixed Assets			Other Assets	Total Assets
		Cash	Notes	Inven- tory	Total	Land	Bldgs. & Equipment	Total		
		Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Dairy	7	17,061	93,245	23,490	133,796	9,846	124,161	134,007	19,111	286,914
Poultry	7	32,752	873,855	548,190	1,454,807	27,310	263,625	291,435	110,000	1,856,242
Livestock	1	10,091	8,951	--	19,042	--	4,890	4,890	8,389	32,321
Wool	2	10,132	46,275	--	56,407	--	342	342	64,980	121,729
Fruit	4	2,650	3,719	865	7,234	--	5,476	5,476	300	13,011
Vegetable	5	805	462	150	1,416	--	150	150	--	1,567
Seed & Grain	2	1,125	28	350	1,503	--	600	600	22	2,125
Grand Total	28	74,616	126,545	573,945	1,674,205	37,556	399,244	436,900	209,802	2,313,909

Source of Data - The data in this and the following tables are taken from records obtained in a study conducted by the Berkeley Bank for Cooperatives under supervision of the Farm Credit Administration. These records have been checked by the Bank and rechecked by the author. The author is using these records and data in this study upon consent of the Berkeley Bank for Cooperatives with whom he was employed during this study.

Table 12. - Current, Fixed, and Total Liabilities for Agricultural
Cooperative Marketing Associations in Utah
for Fiscal Year 1936

Type of Association	Number of Ass'ns	Current Liabilities				Fixed Liabilities		Total Liabilities	
		Accounts	Notes	Accrued	Total	Mortgages	Other		
		Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	
Dairy	7	29,691	13,319	4,820	47,830	17,386	2,242	19,628	67,518
Poultry	7	305,468	260,193	--	565,661	12,602	--	12,602	568,263
Livestock	1	4,105	325	--	4,430	--	--	--	4,430
Wool	2	--	--	--	--	45,007	--	45,007	45,007
Fruit	4	1,248	1,676	28	2,952	--	--	--	2,952
Vegetables	5	--	--	--	--	--	--	--	--
Seed & Grain	2	183	217	--	400	--	--	--	400
Grand Total	28	340,693	268,230	4,908	611,831	74,995	2,242	77,237	689,068

and surplus. The combined net worth of these associations for 1936 was \$1,624,840 (Table 13). About seventy per cent of this total net worth was evidenced by members certificates of interest, thus indicating the predominating method of providing capital requirements for cooperative marketing associations in this region. About ninety-six per cent of the total net worth of Utah associations is in poultry and dairy associations. This tends to indicate again the ranking importance of these types of associations in this area.

a consolidated balance sheet statement of all cooperative marketing associations in Utah (exclusive of the bargaining type of association) for 1936 shows total assets of \$2,313,909 offset by total liabilities of \$689,068 and total net worth of \$1,624,841 (Table 14). The ratio of liabilities to assets indicates that the marketing associations all appear to be in a liquid condition. The highest ratio appears among the wool marketing cooperatives with liabilities equalling thirty-seven per cent of assets. The livestock associations with fifteen per cent shows the lowest ratio of liabilities to assets.

Operating Income and Disbursements

The income derived by these associations from membership fees, assessments and from capital and operating retains for 1936 amounted to \$2,236,810 while the total expenses for that year amounted to \$1,989,898 (Table 15). Income over expenses then shows \$246,912 which was used in building capital reserves and in providing surpluses which were evidenced by ownership claims in the form of stocks, certificates of interest, or book credit. Some associations showed small net losses for the year.

**Table 13- Distribution of Net Worth for Agricultural
Cooperative Marketing Associations in Utah
for Fiscal Year 1936**

Type of Association	Number of Ass'ns	Capital Stock		Certifi- cates of Interest	Book Credit	Reserves	Surplus	Total Net Worth
		Dollars	Dollars					
Dairy	7	11,337	--	168,824	16,925	-1,841	24,151	219,396
Poultry	7	17,702	18,166	953,386	--	8,737	229,938	1,287,979
Livestock	1	343	12,590	--	--	14,460	--	27,393
Wool	2	--	--	--	74,589	2,134	--	76,722
Fruit	4	425	--	8,119	--	--	1,514	10,058
Vegetables	5	--	--	--	1,220	--	347	1,567
Seed & Grain	2	70	--	--	350	--	1,305	1,725
Grand Total	28	29,877	30,756	1,150,329	93,025	23,490	317,305	1,624,840

Table 14. - Consolidated Balance Sheet of Agricultural Cooperative Marketing Associations in Utah for 1936 Fiscal Year

Type of Association	: Number : of : Associations	: Liabilities and Net Worth				: Ratio of : Liabilities : to Assets : Per Cent
		: Assets : Dollars	: Liabili- : ties : Dollars	: Net : Worth : Dollars	: Total : Dollars	
Dairy	7	286,914	67,518	219,396	286,914	24
Poultry	7	1,856,242	568,265	1,287,979	1,856,242	31
Livestock	1	32,321	4,928	27,393	32,321	15
Wool	2	121,729	45,007	76,722	121,729	37
Fruit	4	13,011	2,982	10,029	13,011	23
Vegetables	5	1,557	—	1,557	1,557	0
Seed and Grain	2	2,125	400	1,725	2,125	19
Grand Total	28	2,313,909	689,068	1,624,841	2,313,909	

Table 15. - Operating Statement for Farmers' Cooperative Marketing Associations in Utah for Fiscal Year 1936

Kind of Association	Number of Associations	Receipts	Expense	Net Loss
		Dollars	Dollars	or Gain Dollars
Collective Bargaining				
Canning Crops	10	16,788	21,603	-4,815
Sugar Beet	10	19,127	17,150	1,977
Dairy	1	2,333	2,555	-222
Total	21	38,248	41,308	-3,060
Handling and Processing				
Dairy	5	910,155	785,012	25,143
Poultry	7	1,274,999	1,059,191	205,808
Livestock	1	62,705	60,451	2,255
Wool	2	29,321	17,034	11,287
Fruit	4	17,079	12,553	4,527
Vegetable	5	4,129	3,554	575
Seed		540	197	343
Grain		653	469	184
Total	24	2,198,582	1,948,590	249,992
Grand Total	45	2,236,830	1,989,898	246,932

These losses were provided for by current assets on hand from the year previous or were operated on borrowed funds. The associations operating at a loss for the year were all of the bargaining type.

Borrowings

The borrowings of the cooperative marketing associations for 1934, 1935, and 1936 showed an increase from \$1,013,887 in 1934 to \$1,180,139 in 1935 and a further increase to \$2,345,053 in 1936 (Table 15). This increase in borrowed capital indicates that the cooperatives of the state have taken advantage of cheap operating capital and have been financed by sources other than their own members. This borrowed capital has been used primarily for operating purposes, as the length of the term of the loan indicates. Five thousand dollars was the maximum of long term loans outstanding in any of the three years. This shows only an insignificant percentage of borrowed capital in long term loans.

The borrowings of the cooperatives for 1936 were greater than the total assets of the associations. This fact is not alarming, however, when we realize that these loans are secured by warehouse receipts, or bills of lading on the products handled through the associations. This type of loan eliminates the necessity of having long term loans backed by mortgage securities.

Membership

The total membership in cooperative marketing associations in Utah for 1936 amounted to 25,512 with a total number of patrons for the same year amounting to 22,091. This would indicate that some of the members had not done business with the association for that current year. With 1,157 non-

Table 16 . - Borrowings of Farmers' Cooperative Marketing Associations in Utah
1934, 1935, and 1936

Type of Association	1934				1935				1936			
	Term of Loan			Total	Term of Loan			Total	Term of Loan			Total
	Short	Medium	Long	Loans	Short	Medium	Long	Loans	Short	Medium	Long	Loans
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Poultry	981,940	--	--	981,940	1,131,364	10,500	--	1,131,864	2,298,172	15,802	--	2,303,974
Dairy	--	31,347	--	31,347	7,350	23,375	--	30,725	10,200	23,375	--	33,575
Livestock	--	--	--	--	10,000	--	--	10,000	--	825	--	825
Fruit	2,000	--	--	2,000	2,000	--	5,000	7,000	2,000	--	3,800	5,800
Vegetable	--	--	--	--	200	--	--	200	579	--	--	579
Grain	--	--	--	--	--	350	--	350	--	300	--	300
Total	983,940	31,347	--	1,015,287	1,140,914	34,225	5,000	1,180,139	2,300,951	40,302	3,800	2,346,053

members doing business with the associations during this year it leaves a total of 20,934 members actually doing business with cooperative marketing associations in Utah for 1936 (Table 17). The total membership of all cooperative marketing associations of over twenty-three thousand does not imply that there are more than this number of farmers belonging to associations in Utah. In numerous instances there are some farmers who are members of a number of cooperatives. In some sections of the state almost all the farmers of the area belong to some cooperative marketing association.

Volume of Business

The volume of business or total gross sales through farmers' cooperative marketing associations for 1936 amounted to \$20,355,568. These associations also carried on a purchasing service for their members doing a business the same year of \$2,839,579 (Table 18).

The sales value of dairy products marketed through cooperative marketing associations in Utah during 1936 were divided between butterfat, raw milk, retail and wholesale milk, retail and wholesale cream, milk powders, and butter. The total combined sales of dairy products amounted to \$1,794,838 (Table 19).

The total poultry product sales for 1936 of \$7,126,176 is broken down between eggs, poultry, turkeys, and egg meats (Table 20).

The volume of sales of vegetables marketed by farmers' cooperatives for 1936 shows asparagus, potatoes, cabbage, and onions as those vegetable crops handled during that year. The sales value of these products through

Table 17. Membership and Patrons of Farmers' Cooperative Marketing Associations in Utah During 1936

Kind of Association	Number of Ass'ns	Members	Non- Members	Total Patrons
Collective Bargaining				
Canning Crops	9	4,633	433	5,035
Sugar Beets	9	7,335	330	6,149
Dairy	1	950	--	950
Total	19	12,918	763	12,154
Handling and Processing &				
Dairy	5	1,758	68	1,797
Poultry	2	7,437	--	6,437
Livestock	1	343	256	600
Wool	2	295	--	295
Fruit	4	415	54	469
Vegetable	5	165	15	178
Seed and Grain	2	181	--	181
Total	21	10,594	394	9,957
Grand Total	40	23,512	1,157	22,091

20,695

Total No. Farmers Utah
Total ^{coop} membership U.S.

3,270,000

Total number of Farmers U.S.

6,812,350

Table 18. Volume of Sales of Farmers' Cooperative Marketing Associations in Utah, 1936

Kind of Association	Number of Ass'ns.	Sales	
		Purchases Dollars	Dollars
Collective Bargaining			
Canning Crop	9	--	1,263,258
Sugar Beet	9	--	3,195,000
Dairy	1	--	1,364,076
Total	19	--	5,822,334
Handling and Processing			
Dairy	5	16,066	1,200,836
Poultry	2	2,857,759	7,126,176
Livestock	1	--	4,653,884
Wool	2	--	1,044,545
Fruit	4	18,551	197,271
Vegetable	5	2,203	65,322
Seed and Grain	2	--	243,000
Total	21	2,889,579	14,531,034
Grand Total	40	2,889,579	20,353,368

**Table 19. Amount and Value of Dairy Products Marketed
by Farmers' Cooperative Marketing Associations in Utah During 1936**

Product	Unit	Volume	Value Dollars
Butterfat	Pounds	603,150	291,116
Raw Milk	Pounds	249,743	132,689
Retail and Wholesale Milk	Quarts	1,269,483	199,708
Retail and Wholesale Cream	Quarts	41,966	18,020
Milk Powder	Pounds	1,718,093	134,994
Butter	Pounds	1,031,677	365,747
Other		--	66,564
Total		--	1,794,838

**Table 20. Amount and Value of Poultry Products Marketed by
Farmers' Cooperative Marketing Associations in Utah During 1936**

Product	Unit	Volume	Value Dollars
Eggs	Cases	641,469	5,518,888
Poultry	Pounds	2,265,458	500,660
Turkeys	Pounds	5,858,269	1,027,176
Egg Meats		--	79,456
Total		--	7,126,176

farmers' cooperative marketing associations for 1936 was \$64,332 (Table 21) ²²

^{22/} This does not include value of vegetables marketed by the State Canning Crops Association, which is a bargaining type of association.

Table 21. Amount and Value of Vegetables Marketed
By Farmers' Cooperative Associations in Utah, 1936

Product	Unit	Volume	Value
Asparagus	Pounds	417,005	19,702
Potatoes	100# Bags	28,000	42,850
Cabbage	Tons	20	300
Onions	50# Bags	6,000	1,500
Total			64,332

Fruits marketed by cooperatives for 1936 include peaches, apples, prunes, apricots, cherries, and berries. The total value of these sales for 1936 amounted to \$193,271 (Table 22).

All tables showing volume of sales, membership, size of business, operating costs and other data indicate the significance and predominating importance of a small number of cooperative associations handling a few specific products.

Table 22. Value of Fruits Marketed by Farmers' Cooperative
Marketing Associations in Utah During 1936

Product	Value Dollars
Peaches	124,414
Apples	30,000
Prunes	7,500
Apricots	10,601
Cherries	17,620
Berries	2,996
Total	193,271

SUMMARY AND CONCLUSIONS

The growth and development of the farmers' cooperative movement in the United States in general has been exemplified very definitely by the development and increase of cooperative marketing enterprises among farmers of Utah. The impelling force and momentum which has been evident in the country as a whole has been felt in the state of Utah, and this spirit and philosophy of cooperative marketing has become a vital concern of those who were attempting to decrease the disparity between price paid producers and the price paid by consumers for the farmers' product.

Since 1921 the agricultural industry of United States and of Utah has been in an almost continuous depression. National and state governments have enacted legislation for the purpose of helping farmers to help themselves in overcoming the depressed situation. The establishment of the Federal Farm Board has been an influential factor in aiding and assisting in the development of large-scale cooperative marketing associations throughout the United States.

The influence of various governmental activities such as the Federal Farm Board and the development of cooperative statutes along with the State Farm Bureau's sponsorship have all tended to keep Utah well up in the trend towards cooperative marketing among Utah farmers. Mergers, amalgamations, federations, and new organizations are tending to develop a complete and effective cooperative marketing program in Utah.

There have developed a few cooperatives such as the Utah Poultry Producers Cooperative Association, Utah Sugar Beet Cooperative Association, Weber Central Dairy Association, Salt Lake Milk Producers, Utah State Cen-

ning Crops Association, and the Utah Wool Marketing Association, which have handled the greater volume of cooperative marketing in the state. However, the smaller associations located throughout the state can not be overlooked. These, although small, have served the needs of people who were in the less strategic positions with respect to selling on a profitable market.

Since the beginning of the cooperative marketing movement in Utah there has been an increasing volume of sales through cooperative channels. In 1936 total sales reached \$20,353,368 (Table 16). This shows that a large amount of the farmers' products are marketed through the cooperative marketing associations of the state.

The total number of members belonging to the various farmers' cooperative marketing associations in Utah during 1936 was 23,512 (Table 17). There were, however, farmers who belonged to more than one association so this does not connote over 23,000 individual farmers as members of cooperative associations in the state.

Causes of failures have been studied and sound principles advocated which, it is believed, should promote effective and successful associations. Of the associations in Utah some have failed because they did not heed sound policy and practice. Others which were based upon those necessary fundamentals have resulted in successful operations. Failures and successes have provided a better knowledge of those practices which are best to follow and those which must be avoided.

Just what success the farmers' cooperative marketing associations in Utah are to achieve would be difficult to forecast. Many strong qualities as well as some of the weaknesses appear in many of them. For the streng-

thening of the cooperative marketing movement as a whole, steps should be taken to secure highly efficient management, increased volume, reduce operating costs, more adequately finance, improve, and standardize products, eliminate unnecessary competition and duplication, secure membership loyalty and to coordinate the program as a whole.

As to the outlook for cooperative marketing associations in the future, it is felt that the efficient cooperatives based on sound principles and practices will continue to operate successfully. There may be mergers and federations and an elimination of the unsound associations. However, the principle of cooperative marketing is sound and organizations based on such principles may be expected to continue operations and to increase in size.

APPENDIX I

List of Active Farmers' Cooperative Marketing Associations in Utah 1936

<u>Association</u>	<u>Year Organized</u>	<u>Address</u>
Bargaining Associations		
Utah State Canning Crops Association	1934	Logan
Box Elder County Canning Crops Growers' Association	1933	Tremonton
Canning Crops Growers' Association of Morgan-Summit Counties	1924	Morgan
Davis County Canning Crops Association	1921	Layton
Salt Lake County Canning Crops Association	1933	Sandy
Sanpete County Canning Crops	1924	Ephraim
Utah County Farm Bureau Canning Crop Growers' Association	1932	Pleasant Grove
Utah-Idaho Canning Crops Association	1923	Hyde Park
Wasatch County Canning Crops	1924	Heber
Weber County Canning Crops Association	1924	Hooper
Utah Sugar Beet Cooperative Association		
Cache County Sugar Beet Association	1924	Richmond
Davis County Sugar Beet Growers Association	1924	Keyville
Garland Sugar Beet Association	1924	Garland
Salt Lake-Tooele Beet Growers' Association	1924	Riverton
Sanpete-Sevier Sugar Beet Association	1924	Gunnison
South Box Elder Beet Growers' Association	1932	Brigham City
South Sevier Sugar Beet Growers Association	1924	Richfield
Utah Central Sugar Beet Growers Association	1923	Spanish Fork
Weber Beet Growers Association	1924	Key

List of Active Farmers' Cooperative Marketing Associations in Utah, 1936 - 2

<u>Association</u>	<u>Year Organized</u>	<u>Address</u>
Bargaining Associations (Cont.)		
Cache Valley Dairy Association	1931	Hyde Park
Handling and Processing Associations		
Dairy		
Draper Dairy	1922	Draper
Fairview Dairy Association	1924	Fairview
Juab County Dairy Cooperative Association	1930	Nephi
Salt Lake Milk Producers' Association	1924	Salt Lake City
Lehi Dairy Association	1923	Lehi
Layton-Kaysville Dairy Association	1928	Layton
Weber Central Dairy Association	1925	Ogden
Poultry		
Draper Egg Producers Association, Inc.	1933	Draper
Northwestern Turkey Growers Association	1930	Salt Lake City
Utah Poultry Producers Cooperative Association	1923	Salt Lake City
Riverton Poultry Association	1930	Riverton
Bear River Valley Poultry Association	1930	Tremonton
Nephi Poultrymen, Inc.	1925	Nephi
Provo Community Brooding Association	1930	Provo
Sevier County Poultry Association	1925	Richfield
Vegetables		
Davis County Asparagus Association	1931	Woods Cross
Flowell Growers, Inc.	1930	Fillmore

List of Active Farmers' Cooperative Marketing Associations in Utah - 5

<u>Association</u>	<u>Year Organized</u>	<u>Address</u>
Handling and Processing Associations (Cont.)		
Vegetables (Cont.)		
Nabe Cooperative Marketing Association	1935	Payson
Potato Growers Association	1936	Joseph
Upper Sevier Potato Growers' Association	1936	Panguitch
Fruit		
Brigham City Fruit and Produce Cooperative	1908	Brigham City
Mapleton Fruit Growers' Association	1917	Mapleton
North Ogden Fruit Exchange	1923	North Ogden
Timpanogas Cooperative Marketing Association	1923	Provo
Wool		
Summit County Wool Pool	1925	Coalville
Utah Wool Marketing Association	1926	Salt Lake City
Livestock		
Producers Livestock Marketing Association of Salt Lake City	1935	Salt Lake City
Seed		
Superior Sugar Beet Growers Association	1934	St. George
Grain		
South Cache Grain Growers Cooperative, Inc.	1935	Wellsville

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