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## The Marketing of Farm Products in Falls County, Texas

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THE MARKETING OF FARM PRODUCTS IN  
FALLS COUNTY, TEXAS

By

Alton E. Scott

Approved By:

Advisor

[REDACTED]

A Thesis Submitted in Partial Fulfillment  
of the Requirements for the Degree of

Master of Science

In The

Graduate Division

of

Prairie View Agricultural and Mechanical College  
Prairie View, Texas

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A. E. S.



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## CHAPTER I

### INTRODUCTION

#### Statement of the Problem.

The goods that farmers grow and sell must be stored, transported, processed, and delivered in the form and at the time and to the places that consumers desire. This is in itself the basic problem of marketing. The welfare of farmers who produce for market depends upon the solution of the problem of efficient marketing of their products. A high standard of living for the millions of consumers who cannot grow their own food or even see the farm where it is grown is impossible without an efficient marketing system.<sup>1</sup> Marketing agencies cannot stay in business without finding solutions to marketing problems and making the necessary changes in their operations. This land cannot support its present population and the increases to come without producing food and fiber where it can be produced best, and such specialized production is impossible without a complicated marketing system which must be continually improved. Hence, we can see the problem of marketing farm produce is not localized, nor is it limited to the producers. It is a basic problem for all of the people of the United States, consumer as well as producer.

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<sup>1</sup>U.S., Department of Agriculture, The Yearbook of Agriculture, 1954. Marketing (Washington: U.S. Government Printing Office, 1954) pp. 19-21.



It is felt that marketing practices engaged in by the farmers of Falls County contribute to their economic status in direct proportion to the efficiency of these practices.

Purpose

The purpose of this study is to investigate the practices as they are carried out by the Negro farmers of Falls County and suggest areas of improvement.

Definition of Terms.<sup>2</sup>

The terms defined below are used throughout the text in the discussion that follows:

**Marketing**-All business activities involved in the flow of goods and services from the physical production to consumption.

**Distribution** - This relates to the buying and selling functions of marketing.

**Market** - An economic sphere within which price making forces operate and in which exchanges of title tend to be accompanied by the actual movement of the goods affected.

**Merchandising** - Concerns itself particularly with the internal or management of problems of such institutions or of groups of market organizations.

**Middlemen** - Individuals, firms, corporations that stand between prime producers and ultimate consumers, assume title or assist directly in its transfer, and receive a profit for the risks they assume in addition to being paid for the cost

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<sup>2</sup>H. H. Maynard, T.H. Beckman, Principles of Marketing (New York: Ronald Press Co., 1946) pp. 3-4.



of their services or take whatever losses are incident to the assumption of an entrepreneur's functions.

Marketing Functions - A major economic activity which is inherent in the marketing process, pervades it throughout, and which through a continuous division of labor tends to be specialized. The marketing functions are listed below:

- |                        |                    |
|------------------------|--------------------|
| 1. Assembling          | 5. Standardization |
| 2. Storing             | 6. Selling         |
| 3. Financing           | 7. Transportation  |
| 4. Assumption of risks | 8. Processing      |

Retail Sales - Sales made to consumers, rather than dealer or merchant.

Commodity Credit Corporation - An agency of the Federal Government that seeks to stabilize the prices of agricultural commodities through loans to farmers on commodities stored. This agency may be referred to in this paper as C.C.C.

#### Scope.

This study is limited to the study of the marketing practices of one-hundred Negro farmers located in Falls County, Texas, who are engaged in general farming.

#### Methods.

A thorough search of literature on the subject of marketing was first employed as background material as it was felt the problems of the farmers of Falls County in relation to the disposal of their produce were of a similar nature to those of the farmers of the United States as a whole; that



assisted in the collection and compilation of the data from the questionnaires. A personal interview was used with each questionnaire. The information derived from these findings is presented in tabular form with a discussion to explain the significance. An effort is being made in this investigation to interpret these findings, and to give credence to the authenticity of other information presented.

It is sincerely hoped that the results of these findings will enable the farmers of the county to realize the weaknesses of their marketing practices and to seek a cure for some of the ills plaguing farmers in their fight for a larger share of the consumer dollar. The table following indicates the type of enterprises engaged in by the group of farmers surveyed for this study.

TABLE I  
ENTERPRISES ENGAGED IN BY 100 FARMERS FOR THE  
PRODUCTION OF MARKETABLE COMMODITIES

Enterprise	1951 to 1955					Average
	1951	1952	1953	1954	1955	
Cotton	91	83	85	79	72	84
Corn	35	53	47	61	64	52
Maize	22	44	46	58	49	44
Cows (beef)	41	49	49	52	46	47
Hogs	81	78	91	52	46	69
Broilers	3	3	5	4	7	4
Tomatoes	12	10	3	7	8	8

Source: Survey of 100 Farmers, Falls County.

## CHAPTER II

### HISTORICAL AND RELATED INFORMATION

#### Population Factors.

Falls County is prominent farming and livestock growing county on the Blacklands - Post oak Belt line. The county has a large rural population, 89.2 per cent; of which 59.7 per cent of this number live on the farms. The population is represented according to race with 59.7 per cent Anglo-American; 32.1 per cent Negro; and 8.2 per cent Latin American. The largest town in the county, Marlin, has a population of 7,099<sup>4</sup>. Marlin is the county seat. The table below gives other pertinent facts concerning the population of the county.

TABLE II

#### STATISTICAL INFORMATION CONCERNING FALLS COUNTY

Item	Amount
Area in square miles. . . . .	761
Population (1950) . . . . .	26,724
Population per square mile. . . . .	35
Urban Population . . . . .	7,099
Rural Population . . . . .	16,625
Number of farms . . . . .	2,901
Average farm acreage . . . . .	154.7
Number of farm owners . . . . .	1,040
Number of farm tenants . . . . .	1,283
Income . . . . .	\$21,232,000
Value of manufactured items . . . . .	\$613,000
Tax value . . . . .	\$19,932,517
Source: Texas Almanac, 1956-57 (Dallas, Texas The Dallas Morning News ) p. 633	

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<sup>4</sup>Texas Almanac, 1956-57 (Dallas, Texas: The Dallas Morning News ) p. 481.



## Resources

Falls county was named for the falls located on the Brazos river that flows through the county, cutting it approximately in half. This river may well prove to be one of the most valuable resources to the farming interests of the county. The land drained by the Brazos is fertile, for the most part, and in recent years, farmers in the Brazos bottomlands have been practicing irrigation, using the waters of the Brazos directly, or from wells located near the river. Dams that have been constructed on the Brazos river in recent years have lessened the ravages of floods that rendered much of the land unusable in former years.

Most of the land in the county is blackland, and of average fertility. This probably explains the growing of cotton, grain, and beef cattle as the principal agricultural products by a majority of the farmers (Table II). There are adequate facilities for the handling of these commodities in the county in the way of gins, cotton seed oil mill, and a large livestock auction facility located three miles from Marlin, the county seat. A grain storage facility is now under construction in the town of Marlin that will have adequate facilities for the storing and handling of the grain produced in the county. This storage facility will be in operation for the 1956 crop. Sufficient labor has been available in past years for the harvesting of the crops, especially cotton. During years of an abnormally large



crop of cotton, migratory labor has been brought into the county to assist in the harvesting.

The principal resources of the county are of an agricultural nature. This is borne out by Table II, that indicates a total of \$21,232,000 income for the county in 1954, with only \$613,000 of this amount from manufactured items.<sup>5</sup> There is little income from oil and gas which have been located in the county, but this has proven rather insignificant in value, compared to that derived from farming.

The county seat of Falls county, Marlin, is a health resort and hospital center. There are two large hospitals and bath houses to accommodate health seekers and those who wish to bathe in the mineral waters that flow from springs located in Marlin. There are also two bath houses for the use of Negro patients. A veteran's hospital with a 185 bed capacity is also located in Marlin. Marlin is the trading center of the county, and the point where most of the agricultural commodities are sold and shipped.

#### Value of Products Produced

Falls county farmers produce mainly staple crops on the blacklands and in the river bottom areas. Some vegetable crops are grown in the sandy land area, but cotton, grain, and beef cattle are produced mainly elsewhere. There has been considerable interest in beef cattle growing in recent years, and a few growers are in the registered

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<sup>5</sup>Ibid., p. 683

Hereford cattle production business. There is also a growing interest in dairying brought on mainly by the activities of the Rural Youth Dairy Heifer Awards program that was instituted by the Chamber of Commerce and other interested business organizations of Marlin. Approximately five hundred registered Jersey Heifers have been awarded to rural youth of the county. Twenty-five of these heifers have been awarded to Negro farm boys. However, the dairying industry is just getting under way in the county. The following table indicates those crops that provide the main source of income for the farmers of the county.

TABLE III

## VALUE OF PRODUCTS SOLD IN FALLS COUNTY, 1949

Crops	Value
All farm products . . . . .	\$10,624,789
All crops . . . . .	7,280,901
Field crops (other than fruits and nuts)	7,112,373
Livestock . . . . .	3,342,793
Livestock and livestock products, other than dairy . .	2,613,130
Poultry . . . . .	595,424
Dairy . . . . .	134,239
Vegetable . . . . .	125,016
Horticultural specialities . . .	1,259
Forest . . . . .	1,095

Source: U. S. Department of Agriculture, Agricultural Census, 1950. (Washington: U.S. Government Printing Office)

The total income received from the sale of all field crops represents 71.3 per cent of the total value of all crops. The sale of livestock and livestock products amounted



to 20.5 per cent of the total value of all products. These two items represent 91.8 per cent of the income for all farm commodities in the county. These figures would indicate that the principal source of income for the farmers of Falls county was from the sale of livestock and field crops. According to the United States Census of Agriculture, 1950, the principal field crops grown in the county are cotton, grain sorghums, and corn. From this same source, we can discover that the principal class of livestock grown in the county is beef cattle.<sup>6</sup> From the facts given above, we could assume that the marketing problem in Falls county would be centered around the efficient disposal of cotton, grain, and beef cattle.

of the farmers had not preferred to plant cotton, they would jeopardize their entitlement to a cotton allotment for future years. The above mentioned facts concerning cotton allotments for the years 1954 and 1955 also explains the slight drop in the number of cotton farmers for those years. In many cases, especially on the smaller farms, the acreage allotments created a hardship in allowing too few acres to permit the economic production of cotton. On many of the larger farms, many of the lessees were deprived of a crop of cotton as a result of cotton acreage allotments. The fluctuations in the number of acres of grain planted is related to a drop in the number of allowable acres of cotton.

#### Harvesting

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<sup>6</sup>U.S. Department of Agriculture, Census of Agriculture, 1950. (Washington: U.S. Government Printing Office) p. 531.

## CHAPTER III

### MARKETING COTTON

Table III indicates that an overwhelming majority of the farmers surveyed grew some cotton. During the period covered by the survey, 1951 to 1955, cotton was in a very favorable price position, especially in 1951 and 1952. Also, in 1954 and 1955, the cotton allotment program of the Commodity Stabilization Service was in effect. This encouraged the planting of cotton, other factors notwithstanding, so as to maintain a history of cotton for the farm. That is, if some of the farmers had not preferred to plant cotton, they would jeopardize their entitlement to a cotton allotment for future years. The above mentioned facts concerning cotton allotments for the years 1954 and 1955 also explains the slight drop in the number of cotton farmers for those years. In many cases, especially on the smaller farms, the acreage allotments created a hardship in allowing too few acres to permit the economic production of cotton. On many of the larger farms, many of the lessees were deprived of a crop of cotton as a result of cotton acreage allotments. The fluctuations in the number of acres of grain planted is related to a drop in the number of allowable acres of cotton.

#### Harvesting

In a discussion of the marketing of cotton, we must



begin with the harvesting of the crop, as this is an important function of marketing. The methods employed in harvesting cotton and the subsequent handling procedures affect the grade of the ginned cotton, and therefore has a direct bearing on the price received.

Machine harvesting of cotton has not proven satisfactory in the county as yet. However, in years that sufficient hand labor is not available, some machine harvesting is used. There is a problem of defoliating the cotton for successful harvesting that has to be perfected before this method will produce satisfactory results. All of the farmers surveyed indicated they used hand labor in the harvesting of their cotton crop. *can handle the cotton efficiently,*

The cotton harvest in Falls county usually begins in August, and extends into December. In former years, picking of the cotton out of the bur was entirely employed in Falls county, but during the past six years, "pulling" cotton is employed almost entirely. Pulling cotton involves removal of the entire bur during harvesting. This is a much faster method, but lowered grades usually results. This will be discussed later in grading. Pulling also increases the price of ginning, as the cost is based on the total pounds of seed cotton in the bale. This increases ginning charges by approximately one-fourth. Too, the gins of the county are not sufficiently equipped to handle pulled cotton satisfactorily. Special equipment is needed to break the burs so that a good



sample may be presented to the buyer. Pulling cotton results in much of the cotton being harvested in a state that is too green, as the green bolls are pulled with the dry ones. This also affects the grade, and has an effect on the gin turnout.

From the foregoing facts, we can see how the harvesting of the cotton crop can affect the grade, consequently the price received. Regardless of the knowledge that most farmers have concerning the adverse effects of pulling cotton, most of them still employ this method due to the faster harvesting procedures. It seems the problem of a higher grade is thrown on the shoulders of the ginners. Equipment must be improved to the point that the gin can handle the cotton efficiently, regardless of how it is harvested.

### Grading

After the cotton has been ginned, it is shipped to the warehouse in Marlin for compression and storage. Here a sample is taken, and mailed to Waco where the grading is done by cotton classers operating under the Smith-Doxey Act. The classing of cotton is another free service performed by the United States Department of Agriculture for the cotton farmers. The farmer usually receives his class card within a week after ginning his cotton. This card is helpful in appraising the value of the cotton as the grade and staple length is given. The farmer can then compare prices as given in agricultural market services, and arrive at some basis of



of agreement with the buyer. If the cotton is placed in the commodity credit corporation loan channel, then the class card must accompany the warehouse receipt, along with the loan documents. The loan value of cotton is directly based on grades and staple lengths, even more than the private buyers. The following table indicates the variations in price for cotton of different staple lengths.

TABLE IV  
THE PREMIUMS ON COTTON OF DIFFERENT STAPLE LENGTHS AT LEADING MARKETS, 1935 - 36

Staple Length	Premium Points <sup>a</sup>
1 1/4 inch . . . . .	460
1 3/16 " . . . . .	251
1 1/8 " . . . . .	171
1 1/16 " . . . . .	122
1 " . . . . .	77
15/16 " . . . . .	37
7/8 " . . . . .	.basis
13/16 " . . . . .	-39

<sup>a</sup>A point equals one hundredth of a cent.

Source: L. J. Norton and L. L. Scranton, The Marketing of Farm Products, (Danville Ill.: The Interstate, 1949) P. 371

Although harvesting has some effect on the staple length of cotton, the variety planted, moisture conditions and the type of soil on which the cotton is grown determine the length of the staple for the most part.

The following table indicates the premiums and discount for cotton based on grades.

Credit Corporation. Table VI, below, indicates the number of farmers using each channel for the five years, 1951 to 1955.

TABLE V  
THE PREMIUMS ON COTTON OF DIFFERENT GRADES  
AT LEADING MARKETS, 1935-36

MARKET CHANNELS PATRONIZED BY 100 FARMERS

Grade	Premium Points <sup>a</sup>
Middling fair . . . . .	74
Strict good middling . . . . .	63
Good middling . . . . .	53
Strict middling . . . . .	37
Strict low middling . . . . .	47
Low middling . . . . .	-101 (Discount)
Strict good ordinary . . . . .	-127 "
Good ordinary . . . . .	-206 "

<sup>a</sup>A point equals one hundredth of a cent.

Source: L. J. Norton and L. L. Scranton, The Marketing of Farm Products, (Danville, Ill: The Interstate, 1949) p. 371

Table V indicates the importance of the handling of cotton in such a manner as to produce the highest grade and staple length possible. This is especially true now that most of the crop produced in the county is placed in the C.C.C. loan. Cotton marketed in this manner is sold by grade and staple length, based on the class cards received by the farmers from the cotton classing center. As cotton producers are depending more and more on the loan facilities of the C.C.C., they are becoming more cognizant of the importance of producing quality cotton.

#### Marketing Channels

The marketing channels available to the cotton farmers of Falls County are (1) local buyers, and (2) Commodity



Credit Corporation. Table VI, below, indicates the number of farmers using each channel for the five years, 1951 to 1955.

TABLE VI  
MARKET CHANNELS PATRONIZED BY 100 FARMERS  
FOR THE SALE OF COTTON, 1951 to 1955

Crop Year	Commodity Credit Corporation (Number)	Local Buyer (Number)
1951	34	45
1952	23	55
1953	47	36
1954	68	9
1955	70	2

Source: Survey of 100 farmers, Falls county.

The table above indicates a trend toward the use of the facilities of the Commodity Credit Corporation for the disposal of cotton. This was due to the unfavorable price of cotton on the open market in 1954 and 1955. During the years of good cotton prices (1951 to 1953), fewer farmers placed their cotton in the C.C.C. loan, but as the spread between the prices offered on the open market and those available through a C.C.C. loan narrowed, more of the producers used the facilities of this governmental agency. Too, the farmer feels he is being given a fair price based on the grade and staple length of his cotton when he places his cotton in the loan. The local buyer still buys some cotton however, and sometimes purchases the loan equities from farmers that

have placed their cotton in the government loan. It can be seen that until the price of cotton rises substantially above parity price, the local buyer will have little cotton being offered to him for sale.

Inasmuch as the Commodity Credit Corporation plays such an important role in the marketing of cotton in the county, a brief discussion is given here on its operation. The C.C.C. was organized in 1933 for the purpose of buying surplus commodities during periods of over production, to be put on the market during periods of scarcity. If the farmer cannot sell his cotton on the open market and receive a fair price, he can borrow an amount, usually less than 100 per cent parity, on the crop. The farmer has the option of redeeming the cotton by paying the loan indebtedness, or he may allow the C.C.C. to take possession of the cotton to satisfy the indebtedness. The latter is practiced unless there is a rise in the price of cotton after the harvest season. If there is a rise in price, the producer may sell his equity to a buyer, or he may actually pay off the loan, regain possession of the cotton, and sell to a local buyer. In either case, the producer has until July 1st (or August 1st) to redeem his cotton. If it is still in the loan by July 1st following the crop year, the C.C.C. retains possession, and the cotton may be disposed of at the discretion of this agency. In either case, the farmer is relieved of the responsibility of repaying the loan. Table



VI, page 16, shows the shift from selling cotton to a local buyer to selling through the C.C.C. in recent years. The following table gives the comparison of prices paid on the open market to those received through the loan for the years in question.

TABLE VII  
AVERAGE PRICES RECEIVED BY FARMERS AND LOAN  
PRICES OF COTTON, UNITED STATES,  
1951 to 1955

Year	Market price	Loan price
1951	37.60	30.46
1952	34.17	30.91
1953	32.10	30.80
1954	33.52	31.58
1955	33.27	31.70

Price quoted in cents per pound.

Source: U.S. Department of Agriculture,  
Agricultural Marketing Service  
Statistics, (Washington: U.S.  
Government Printing Office, 1955)  
p. 77

## CHAPTER IV

### MARKETING GRAIN

#### Harvesting Grain Crops

The principal classes of grain grown in Falls County are corn and grain sorghums.<sup>7</sup> Some oats are produced in the county, but this crop is used mainly for the grazing of cattle during the winter months, and very little is harvested for grain. In recent years, the growing of grain sorghums has taken on increased importance due partly to the cotton allotment program, and because grain sorghums may be handled easier for harvesting and preparation for market than corn. However, because of the similarity of methods used in the marketing of corn and grain sorghums, these crops will be discussed together in this paper.

Most of the harvesting of grain in the county is done with machinery. Large combines that may be adapted for use with corn or grain sorghum are operated by custom operators who will harvest and thresh or shell the grain in one operation. After the grain is harvested, it is then hauled in for sale or storage. The farmers surveyed indicated no problems as to securing adequate services for this stage of

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<sup>7</sup> Ibid, p. 351



production. There are instances where the excessive growth of grass and weeds in the crop made harvesting a problem or in extreme cases impossible with machinery. In these cases, harvesting by hand was necessary. Even then, no labor problem for harvest existed as the grain crop usually matures before the cotton crop, and sufficient labor is available.

### Storage of Grain

The availability of adequate storage facilities for grain has been a problem among the farmers of Falls County. In past years, before the widespread use of tractors, most of the corn stored on the farm was used for the feeding of workstock and other classes of livestock kept by the farmers. Now, very little grain is fed on the farm, consequently, that part stored is usually designated for sale at a later time when prices are favorable. Grain stored for the purpose of sale must be kept in better condition than that stored for home consumption. It must be kept free from excessive damage by insects and rodents. This has caused many of the old barns, etc. formerly used for storage to become outmoded. There is a definite need for adequate storage facilities for grain in Falls County.

A large portion of the grain harvested in the county in recent years has been stored for loan considerations through the Commodity Credit Corporation. In order to qualify stored grain for a loan in the C.C.C., certain standards must be met. This usually requires the construction of new storage



space on the farm. Grain stored for C.C.C. loan must be in good quality at the time of storage, free from excessive moisture, and kept free from damage from insects and rodents. Farmers that do not have adequate storage facilities on the farm and desire to build a place have been able to secure a loan from the C.C.C. for construction of farm storage. These loans are made for a period of four years, and cover up to eighty per cent of the cost of construction. After construction of satisfactory storage facilities, the farmer can then take advantage of the C.C.C. loan, and in some cases can realize greater profits from his grain by selling it in the spring when higher prices are in effect. There is usually a significant difference between the price of grain at harvest time, and the price that can be realized through storing it for a C.C.C. loan. Table VIII points up the difference between market price and loan price over the past five years.

The widening gap between prices paid on the open market and those received through a C.C.C. loan is revealed in Table VIII. This can mean added profit to those farmers who take advantage of the C.C.C. loan by storing their grain in adequate storage places.

The problem of storage of grain in Falls County has been realized by the farmers to such an extent that there is now under construction a grain storage facility, for farmers, in Marlin to store grain under satisfactory conditions



for a C.C.C. loan, or to sell to private buyers. This facility will be in operation for the 1956 crop. The building

TABLE VIII

AVERAGE PRICES RECEIVED BY FARMERS AND LOAN PRICES  
OF CORN, UNITED STATES, 1951 to 1955

Year	Market Price	Loan Price
1951	1.66	1.67
1952	1.47	1.60
1953	1.42	1.60
1954	1.38	1.62
1955	1.25	1.58

Price quoted in dollars per bushel.

Source: U.S. Department of Agriculture, Agricultural Marketing Service Statistics, (Washington: U.S. Government Printing Office, 1955) p. 68

and equipment is being financed by local farmers through the purchase of capital stock in the enterprise. Those owning stock in the storage facility will have first choice to the storage space. Equipment is being installed to dry the grain so as to bring the moisture content down to the requirements necessary for a C.C.C. loan. This storage facility should prove helpful to the small producer who cannot afford to construct satisfactory grain storage on the farm, and enable him to secure a better price for his crop. Increased acreages of grain sorghums in the county grown on a commercial scale has made adequate storage space a necessity.

### Marketing Channels For Grain

Grain grown in Falls County is marketed through two sources, local buyers, and the Commodity Credit Corporation. The table presented below shows the number of farmers marketing their grain through each channel.

TABLE IX  
GRAIN MARKETING CHANNELS PATRONIZED BY FARMERS  
IN FALLS COUNTY, 1951 to 1955

Year	Commodity Credit Corporation	Local Buyer
1951	0	18
1952	1	39
1953	9	30
1954	47	9
1955	44	15

Source: Survey of 100 farmers, Falls County.

This table shows a steady increase in the number of farmers storing their grain for later sale through the C.C.C. This is due to the unfavorable price relations in 1954 and 1955 on the open market, and the possibility of securing better profits through use of C.C.C. facilities, (see Table VIII). Most of the grain sold to local buyers is sold at harvest time by those farmers who do not have adequate storage places for their grain. However, the small producer, selling the surplus left from that needed for feeding his livestock usually sells to the local buyers because of the



small quantities involved. Invariably, the large producers prefer to store their grain for disposal at a later time when the price tends to rise in the spring of the year.

In a discussion of the marketing of livestock, some mention of the long-time cycles, trends and short-time fluctuations should be made. In the price trends of any class of livestock, high prices will be followed by lower prices, that in turn will be followed by higher prices. This complete round from low prices to high prices and back to low may be called a cycle.

To be able to understand a cycle, we can compare the changes in prices and production. These factors move together, but in opposite directions. Favorable conditions, such as a high price and a large supply of cheap feed, stimulate increased interest in hogs. Farmers begin to hold back breeding stock. This shortens the market supply and lowers market receipts. But as increased numbers of hogs come on the market in a year or so later, the price falls, and this causes the farmers to become discouraged, he then begins to sell his breeding stock. As the number of animals decline, prices begin to rise again. This completes the cycle. There are two basic forces at work here; (1) variations in feed supply, and (2) the tendency of the profits in any competitive business to seek a level<sup>6</sup>. A large crop

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<sup>6</sup>L. J. Norton and L. I. Sevanton, *The Marketing of Farm Products*, (Danville, Ill: The Interstate, 1949) p. 211

## MARKETING LIVESTOCK

The length of cycles vary with the class of animals. Hog In a discussion of the marketing of livestock, some mention of the long-time cycles, trends and short-time fluctuations should be made. In the price trends of any class of livestock, high prices will be followed by lower prices, that in turn will be followed by higher prices. This complete round from low prices to high prices and back to low may be called a cycle.

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which results in low prices for feeds will stimulate livestock production, particularly, hogs; a short crop, resulting in high priced feeds, discourages production.

The length of cycles vary with the class of animals. Hog cycles usually run from the high to the low, and back in prices in four year cycles. The cycle of prices for cattle requires from twelve to fifteen years to complete. There are other factors that cause a variation in livestock prices; such as (1) short-time production cycles, and (2) cycles in demand caused by variations in business activity. In many instances, the production cycle is shortened from that explained above. Changes in demand also exert an influence on prices of meat and hence livestock. The income of the working people has much to do with the demand for meat. During periods of high employment, more of the workers wages are spent for meat.<sup>9</sup>

#### Seasonal Movement

Most classes of livestock have a regular seasonal movement, hence the prices vary from season to season. The price of hogs is usually highest in late summer and early fall months. It declines in December, rises in April, declines in May and June, and rises to September or October. These variations are caused by the number of receipts of animals at the large livestock marketing centers. The variations are not perfectly regular, but on the average,

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<sup>9</sup>Ibid, p. 215

we can expect these seasonal variations.

Different classes of cattle have different seasonal variations. Feeder cattle are typically lowest in price when the numbers coming in from the range are largest and highest in the Spring when cattle go into pasture. Finished cattle are cheapest in late spring when they are scarest. We cannot overlook the influence of supply and demand on the prices of farm products.

The production of beef cows is being carried on by many farmers of Falls County as a supplementary enterprise. The fluctuations in the number of farmers carrying this enterprise is not as marked as those for crops and hogs. This is understandable as we can realize the time and expense involved in the building of a beef herd. In 1952, a severe drop in cattle prices was experienced by the farmers and ranchers of the county, and country. Table X indicates the feed relationship to prices for hogs and cattle during the years covered by this study.

The table following explains why the farmers shifted away from the production of hogs in 1955 when the ratio of corn to value of pork became unfavorable. It is considered unprofitable to feed hogs corn when the ratio falls below 1: to 11.6. Hog production requires less capital expenditure to get started than beef cattle, consequently there is greater fluctuation in the number of farmers growing hogs during years of unfavorable prices. This was the case in 1954 and 1955.



TABLE X

## HOG-CORN AND BEEF STEER-CORN PRICE RATIOS

UNITED STATES, 1951 to 1955

Year	Hogs <sup>a</sup>	Beef Steers <sup>b</sup>
1951	12.4	19.9
1952	11.0	18.4
1953	15.0	15.2
1954	15.0	15.4
1955	12.1	16.4

<sup>a</sup>Number of bushels of corn equal in value to 100 pounds of pork, live weight.

<sup>b</sup>Number of bushels of number 3 yellow corn equal in value to 100 pounds of beef steers sold out of first hands at Chicago for slaughter, average for all grades.

Source: U.S. Department of Agriculture, Agricultural Marketing Service Statistics, (Washington: U.S. Government Printing Office, 1955) pp. 69-70.

### Market Channels For Livestock

Falls County affords excellent market facilities for livestock. An auction facility is located two miles from Marlin that handles an average of 600 head of livestock at each sale. Sale days are on Mondays, and buyers from other points of the State are present to bid on the cattle and hogs offered for sale. Many of the stocker cattle are sold to other ranchers of the county. There are other livestock auction sale barns located in nearby towns that afford a market outlet for cattle grown in the county. The lack of

rail shipping services at the livestock market hampers its operation however. Some of the larger cattle growers ship their cattle through an auction sales barn located in another town near Marlin. Truckers pick these cattle up on the ranches where they are grown, and haul them to this market.

The prices paid at the local livestock auction is generally in line with those being paid at the larger central markets such as are found in Fort Worth. The price of hogs is usually one cent per pound less than those paid at Fort Worth. However, on some sale days, the same prices are paid for market hogs and steers as those offered at the larger sales centers, especially when the demand for these classes is greater than the supply.

The operation of this auction sale facility for livestock is considered an advantage for the small producer of livestock, those that have an occasional hog or cow to sell. This is much better than the methods formerly used for selling livestock by the small producer. Before the establishment of this auction in Marlin in 1950, the small producer had no idea as to the value of his produce, and even if he did, it would not have been economical to haul one hog or one cow to a distant city to sell it. At the auction, there are many buyers bidding for the livestock offered, and a fair price is likely to result for the producer. A small commission is charged by the sales company, but it is well worth



this charge to the seller. The seller may reject any bid made, and take his product to some other market, or back home, if he is not satisfied with what is offered.

The principal farm products in Yell County for sale are (1) cotton (2) grain sorghum, and (3) beef cattle and hogs.

The problem relative to marketing cotton centered mainly around the production of a quality product as to grade and staple length. The methods employed in harvesting and ginning the cotton were found to have an effect on the grade. The use of improved varieties could improve the staple length.

The problems encountered in marketing grain were in securing adequate storage space for the grain produced, especially that part used for sale or placement in the Commodity Credit Corporation loan. Many of the small producers could not afford the farm storage construction. There is now a storage facility under construction in the county that will aid in the solution of this problem.

The sale of livestock in the county is facilitated by a livestock auction barn located in the county. The farmers need to be aware of the cyclic trends in price and how to take advantage of seasonal variations. The survey showed a tendency of the farmers to produce hogs during those years that prices were favorable in relation to the prices of beef.

## CHAPTER VI

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### Summary

The principal farm products in Falls county for sale are (1) cotton (2) grain sorghums, and (3) beef cattle and hogs.

The problems relative to marketing cotton centered mainly around the production of a quality product as to grade and staple length. The methods employed in harvesting and ginning the cotton were found to have an effect on the grade. The use of improved varieties could improve the staple length.

The problems encountered in marketing grain were in securing adequate storage space for the grain produced, especially that part kept for sale or placement in the Commodity Credit Corporation loan. Many of the small producers could not afford on the farm storage construction. There is now a storage facility under construction in the county that will aid in the solution of this problem.

The sale of livestock in the county is facilitated by a livestock auction barn located in the county. The farmers need to be aware of the cyclic trends in prices and how to take advantage of seasonal variations. The survey showed a tendency of the farmers to produce hogs during those years that prices were favorable in relation to the prices of feed.



The survey showed that in recent years, the farmers tended to place their cotton and grain in the Commodity Credit Corporation loan as the prices of these commodities on the open market dropped below those prices available through this loan facility. This necessitated adequate storage facilities for grain, and the need for production of a better grade of cotton.

Conclusions There is a growing tendency for farmers to receive less for their produce in proportion to the total amount spent by the consumer. This growing trend is something beyond the control of the farmer and is due mainly to the change in the buying habits of the American consumer. The following table indicates this trend.

TABLE XI

## MARKET CHARGES AND FARM VALUE FOR MARKET BASKET OF FARM

## FOODS AND FARMER'S SHARE OF DOLLAR CONSUMERS

## SPENT FOR THESE FOODS, UNITED STATES

1951 to 1955

Year	Marketing Charges 1947-49 equal 100	Farm Value 1947-49 - 100	Farmer's Share of Consumer's Food Dollar (cents)
1951	109	106	48
1952	114	103	47
1953	115	96	45
1954	116	91	43
1955	119	85	41

Source: U.S. Department of Agriculture, Agricultural Marketing Service Statistics, (Washington; U.S. Government Printing Office, 1955) p. 67.

One explanation for the situation depicted above is the demand consumers are making for more highly processed foods. Processing costs reduce the amount the farmer gets for his product. This situation has arisen from several factors. One is the increasing cost and difficulty in hiring cooks and house maids. Also the increase in the number of two income families, in which both the husband and wife work and do not have much time to spend in preparing meals. Another is the shift in population from rural to urban areas. All of these things contribute to the increasing demand for foods with "built in maid service"<sup>10</sup>. The middleman does not always derive the greatest profit as a large amount of the cost of farm commodities to the consumer goes for processing charges. In time of inflationary tendencies, the actual profit the middleman makes decreases.<sup>11</sup>

Finally, we can realize that the marketing process is expensive; and these expenses are constantly rising as consumers demand more highly processed goods. The producer must resign himself to the position of receiving less of the consumer's dollar spent for agricultural products. The farmer's share will steadily decrease. The final answer lies in efficiency of production. Farmers of Falls County, as well as the nation as a whole must look for means of cutting the cost of production if they are to maintain their position as prosperous producers in a prosperous economy.

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<sup>10</sup>Geoffrey S. Shepherd, Marketing Farm Products (Third ed; Iowa State College Press, Ames Iowa, 1955) pp. 478.

<sup>11</sup>Ibid, p. 479.



Recommendations *list in promoting more efficient means of*

It is apparent that the amount received from the sale of farm commodities by the farmers of Falls County will not increase in proportion to the amount paid by the ultimate consumer, but will decrease in the years ahead. Therefore, if the farmers are to derive more income from the sale of their products, the following recommendations should be instituted:

1. A thorough understanding of the basic forces which affect prices.
2. Recognize indicating factors governing the profitable adjustment of the supply of agricultural commodities.
3. Study various services performed by the marketing channels with the view of cutting costs in the marketing process.
4. Understand the nature and utilization of market reports.
5. Produce quality commodities.
6. Seek new market outlets.

Briefly, the answer to how the farmers of Falls county can increase the return for their commodities lies in efficiency. This relates to the production as well as the marketing processes. Production and marketing costs must be decreased if a reasonable profit is expected. The recommendations given

above would assist in promoting more efficient means of marketing farm products in Falls County.

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EXHIBIT A

MARKETING SURVEY OF FALLS COUNTY

1. Number of acres farmed \_\_\_\_\_
2. List the main crops grown for the years indicated.  
(List in order of importance based on amount of income derived therefrom).

<u>Year</u>	<u>Crop</u>	<u>Marketing Channel Patronized</u>
1951		

APPENDIX

1952		
1953		
1954		
1955		

EXHIBIT A

MARKETING SURVEY OF FALLS COUNTY

1. Number of acres farmed \_\_\_\_\_
2. List the main crops grown for the years indicated.

(List in order of importance based on amount of income derived therefrom).

<u>Year</u>	<u>Crop</u>	<u>Marketing Channel Patronized</u>
1951		
1952		
1953		
1954		
1955		



3. List the principal classes of livestock grown for the years indicated.

(List in order of importance based on amount of income derived therefrom).

<u>Year</u>	<u>Livestock</u>	<u>Marketing Channel Patronized</u>
1951		
1952		
1953		
1954		
1955		