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Cooperative Live Stock Shipping
Associations in Missouri

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Cooperative Live Stock Shipping Associations in Missouri

RALPH LOOMIS

Cooperation among farmers in the shipping of livestock is now common practice. Cooperative shipping by farmers' livestock shipping associations applies primarily to those farmers having less than a carload of stock to market at any one time. The shipping association is a voluntary unincorporated organization of farmers operating under a constitution and by-laws which calls for a board of directors and a manager as the operating officers.

The organizations are unincorporated because they operate on a membership basis and there are no laws in Missouri for the incorporation of membership organizations. They are non-profit organizations, the manager shipping the stock for his association and deducting from the shipment his wages and actual shipping and selling expenses. He also collects from the receipts of the first shipment a small membership fee. Many incorporated farmers' organizations handle livestock shipping as a side line.

Shipping associations proper have divided themselves into two classes. One class operates from one shipping point although it may have stock handled at other points occasionally. The other form is a county wide organization operating from all shipping points in the county. The manager in the latter case usually has assistants to help at various points. All labor such as bookkeeping and rendering of statements is done from the manager's office.

IMPORTANCE OF COOPERATIVE LIVESTOCK MARKETING

The cooperative plan of marketing livestock has been quite generally adopted in the territory supplying the Missouri primary markets.

The Missouri Experiment Station in March, 1921, listed 275 Missouri organizations representing 74 counties. There are at present more than 300 associations actively at work representing more than 60,000 farmers.

Our neighboring states of Illinois and Iowa have approximately 350 and 700 associations respectively. It is estimated that on March 1, 1921, there were actively engaged in marketing in the United States approximately 5,000 of these shipping associations.

The average membership of 56 Missouri associations as reported in March, 1921, was 140. Because of the method of enrolling members (each member having his membership deducted from the proceeds of his first shipment) older organizations show a large membership. Those associations that had been in operation for more than one year showed an average membership of 177, while those less than one year old showed an average membership of 105.

Estimates received from various sources indicate that even as early as 1920 from 25 to 30 per cent of the shipments received at Missouri's primary

markets were cooperative shipments. The highest percentage in any class of stock is in hogs, the lowest in cattle because of the fact that cattle are more often fed in car lots. Occasionally all the hogs received in any one day at a primary market are from cooperative shipping associations. In considering these percentages it should be remembered that the shipping association concerns primarily those farmers who produce stock in less than car lots.

NEED FOR LIVESTOCK SHIPPING ASSOCIATIONS

Before the organization of farmers' cooperative livestock shipping associations the farmer who produced less than a carload of stock either sold his stock to local buyers or shipped with a neighbor. Farmers had long felt that the margin between what they were offered by local private buyers and the prices quoted for that class of livestock on the market was too wide, but standing alone they were more or less helpless to better their condition. The shipping association was the enlarging and improving of the plan formerly followed by two or more neighbors shipping together. Put on a systematic basis it made the shipping associations of today.

PRACTICES WHICH LED TO THE SHIPPING ASSOCIATION

Data taken from the records of the Meadville Shipping Association show that the farmer was justified in feeling dissatisfied with the old system of marketing and that the shipping association is to be a decisive factor in correcting abusive practices followed previously by some farmers and private buyers. Farmers have been known to fill their stock excessively before delivering to local buyers. Where this is done it forces the buyer to make the purchases on a wider margin than would otherwise be necessary. This works a hardship on the honest producer who does not fill his stock.

Dealers have also been known to show favoritism by paying higher prices to certain men, particularly to car-lot producers. This means the small producer must suffer by selling on a wider margin. Local buyers also usually follow the policy of docking all sows and stags at the local shipping points. This often results in more loss through dockage than the primary market results would justify. The experience gained in neighborhood shipments made the association successful by teaching neighbors to work together and giving them all more accurate knowledge regarding shipping costs and the difference between local and primary market prices.

EARLY GROWTH OF SHIPPING ASSOCIATIONS

Shipping associations were first operated among the lamb producers of Tennessee. Cooperative shipments of lambs were being made more than 50 years ago. A cooperative shipping association for all classes of livestock is recorded as being organized at Superior, Nebraska, in 1883; another one in 1904 at Postville, Iowa. The Litchfield, Minnesota, association formed in 1908 has been the organization copied by the majority of shipping associations formed in the United States since that time. In 1915 the United States Department of Agriculture had a list of some 500 associations of which approximately 200 were in Minnesota.

The first cooperative shipment of record in Missouri was made by the Lamb Club organized in Boone County in the spring of 1911, after the plan followed in Tennessee. This club was formed by members of the Missouri Farm Management Association near Columbia. When the first shipment was made there existed between the price local dealers were offering and the St. Louis price a margin of \$2. On the first shipment, a car of 126 lambs, a saving of \$84 was effected. Ninety-seven lambs out of this shipment sold for \$7.50 per hundred. A few days previous to the time of this shipment a local buyer had offered $5\frac{1}{2}c$ a pound for all the lambs he could find in the neighborhood without regard to quality. The farmer owning the 29 cull lambs in this lot was offered $5\frac{3}{4}c$ a pound the day before the shipment was made. This is an early instance of where the man having stock of good quality was expected to help sell the poor quality stock of the neighborhood.

A community club at Forker Station in Linn County affords the first Missouri example of cooperative shipping where all classes of stock are handled. This club employed a secretary-manager in the fall of 1915 shipping out livestock and shipping in feed under the title "Forker Cooperative Association". In 1917 this association formally organized, and adopted a constitution and by-laws on the Minnesota plan. Its activities were discontinued in 1918.

The first cooperative association organized under a constitution and by-laws in Missouri was that formed at Meadville in September, 1916. This organization has been in continuous operation since that time. Within a year after the opening of this association eight other similar associations were formed at adjoining stations. During the first five months of operation the Meadville association marketed 36 cars of livestock. Many farmers shipped through the association although they had to haul or drive their stock 15 to 18 miles. Table 1 shows the growth of business of the Meadville and adjoining associations during the first four active years of their operation.

The second association to organize under a constitution and by-laws on the Minnesota plan was formed at Centralia in November, 1916. This association was formed under the auspices of the Missouri Farmers' Association. From the records on file at the Missouri Experiment Station there are now over 300 associations operating in Missouri, 129 of which have been formed by the Missouri Farmers' Association, 100 through the county Farm Bureaus, 12 through the Farmers' Educational and Cooperative Union, 3 by the Grange and the remainder without any very definite overhead organization work.

LOCAL SAVINGS OF SOME SHIPPING ASSOCIATIONS

The savings made possible through an organized shipping association can be best appreciated by considering Tables 2 and 3. These tables show the amount of livestock marketed from a shipping station where a local association was later established (Table 2) and an annual statement (Table 3) from the shipping association organized at this point.

Four buyers operating at Meadville during the year, July 1, 1915, to June 30, 1916, shipped a total of 85 cars of livestock. Other cars of stock shipped by feeders and horse buyers, made a total shipment from Meadville

for that year, of 181 cars. The four local buyers evidently made most of their living from the 85 cars of stock which they shipped. During the year 1918 the shipping association marketed 83 cars of stock. The manager of this association received as his commission \$889.01, or a little more than \$10.00 per car. Clearly four private buyers could not live on this sum of money, they must have been taking a much larger toll or they would not have continued in business.

COST OF MARKETING LIVESTOCK

The cost of marketing livestock is dependent on two classes of factors. The first class includes fixed charges such as freight, feed, yardage, commission, weighing, inspection, etc. The second class includes variable factors such as insurance, bedding, material for partitioning car, management, shrinkage, etc. In the livestock shipping association there is added an additional fixed factor of membership fee and a variable factor of sinking fund. This latter item eventually displaces the insurance charge.

When money values are applied to these cost items and a summary is made, an amount is found which may be called the shipping margin, thus the shipping margin is the difference between the primary market price computed on weight at the market and the net value on home weight.

Table 4 gives the cost of marketing the three classes of livestock from a certain point in Missouri to three different primary markets. The first market 91 miles from the local shipping point gives figures for the St. Joseph market, covering the period from September, 1916, to January, 1919. The actual cash marketing expense for hogs to St. Joseph during that period of time was 43c per hundred. This item includes all the fixed and variable factors mentioned above, except shrinkage. When shrinkage is computed it makes a shipping margin of 58c. To cover all shipping expenses 13c per hundred must be added to the cash charges of shipping, making a shipping margin of 58c. In shipping cattle the computation is made in exactly the same way. The cash shipping expense was 38c per hundred, but shrinkage added to this cash expense 32c, making the shipping margin 70c. For sheep the cash expense for shipping was 60c per hundred, but a large percentage of shrinkage made the shipping margin \$1.43. The data for Kansas City and St. Louis are also presented in this table on all classes of stock for which information was obtainable.

In some cases the shipping margin may be less than the cash expense of shipping. This will be where a gain in weight is realized rather than a loss in weight. This table will explain the fact that cash marketing charges vary only a little at different markets, while the charges due to shrinkage are the important ones to consider. For illustration, the cost of marketing 112 miles was 2c more per hundred than for marketing 91 miles, while the shipping charges for the 242 miles distance was 5c more than for the 91 miles distance. Notwithstanding this fact, the shipping margin for 91 miles was 58c, for 112 miles it was 70c and for the 242 miles it was 79c, thus the difference in market price must be interpreted not only in difference in cash cost of shipping, but more particularly in the difference in time in transit which affects directly the rate of shrinkage. In other words, for a man living near the Kansas City market, the St. Louis market must pay enough

higher price to offset not only the cash marketing charges but also the much greater difference due to greater shrinkage and longer haul.

Tables 5 and 6 give data on the rate of shrinkage and on dockage received by the Meadville shipping association. Table 5 gives data for hogs alone, and Table 6 gives comparative data for two years for hogs, cattle and sheep. Shrinkage will vary, but figures of this kind are valuable to farmers' shipping associations in comparing the price local buyers are offering with primary market prices. The figures indicate that normally, on about a 10-hour haul a shrinkage may be expected for the various classes of livestock as follows: for hogs 1 pound per hundred or 1%; for sheep 7 pounds per hundred or 7%; and for cattle 4 pounds per hundred or 4%.

Shipping associations should keep such records for their own information. At the local point from which this information was collected, it was claimed that private buyers were asking a margin of \$1.00 to \$3.00 on all classes of livestock. The extremely wide margin was particularly noticeable with butcher cattle and veals.

According to the foregoing figures, the only time when this shipping margin would be justifiable would be in the case of sheep where the margin was about \$1.50.

SAVINGS OF SHIPPING ASSOCIATIONS

Opinions concerning savings have been collected from various shipping associations by the Missouri College of Agriculture. Only one association admitted that it had made no particular saving over the old method of doing business. The other associations claimed to have made savings from \$20 to more than \$100 per car. Some organizations estimated their savings on a basis of so many cents per hundred pounds. Savings given in this way varied from 25c to \$1.00 per 100 pounds, with an average saving of 60c per 100 pounds. This would mean a saving on hogs of about \$100 per car. This amounted to slightly over 5% of the value of the stock shipped. A summary of these reports is given in Table 7.

Table 8 shows the division of marketing costs for the Meadville Shipping Association for the year 1918. The marketing expense according to this study was 74% of the total cost of doing business. Management made a charge of 12.6%; sinking fund and membership fees made a charge of 11.4%. The local buyers at any shipping point would have to pay all loss in transit and their own living from these two items.

The man producing less than a carload of livestock is very materially benefited, either directly or indirectly, by a shipping association in his neighborhood.

TABLE 1.—SUMMARY OF BUSINESS DONE BY SEVEN OF THE OLDEST LIVESTOCK SHIPPING ASSOCIATIONS IN MISSOURI

Association	1916 (6 Mos.) Cars	1917 Cars	1918 Cars	1919 Cars	1920 Cars
Meadville	36½	71	83	68	95
Chula .....	.....	33	54	54	68
Linneus .....	.....	7	38	34	43
Brookfield .....	.....	32	51	30	42
Laclede .....	.....	53	56	65	72
Wheeling .....	.....	16	65	75	70
Marceline .....	.....	6	41	26	50
TOTALS	36½	218	388	352	440

TABLE 2.—METHOD OF MARKETING STOCK FROM MEADVILLE, MO., BEFORE A SHIPPING ASSOCIATION WAS ORGANIZED, JULY 1, 1915, TO JUNE 30, 1916.

Buyer No. 1	16 cars
Buyer No. 2	23 cars
Buyers Nos. 3 and 4	46 cars
Sub-total	85 cars
Shipped by car-lot feeders	46 cars
Horses and Mules shipped by buyers	50 cars
Grand total	181 cars

TABLE 3.—ANNUAL STATEMENT MEADVILLE COOPERATIVE SHIPPING ASSOCIATION, 1918.

RECEIPTS:	DISBURSEMENTS:
For Livestock .....\$226,104.62	Freight\$ 2,113.59
	Insurance and Inspection 21.90
	Feed 1,195.85
	Yardage 564.90
	Selling Commission 1,318.00
	Lumber 18.65
	Weighing 65.00
	Straw, paint, nails, rope 54.29
	Mem. fees collected* 137.00
	Sinking fund 660.49
	Management 889.01
	Paid out for livestock 219,065.94
\$226,104.62	\$226,104.62

*Membership fees appear as an expense for the reason that they are deducted from the proceeds of shipments by the manager for each member and paid over to the treasurer of the association.

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TABLE 4.—COST OF MARKETING LIVESTOCK.

Class of Stock and Cost Items	Length of Haul		
	Sept. 16 to Jan. 19 91 Miles	Sept. 16 to Jan. 19 112 Miles	Sept. 16 to Jan. 17 242 Miles
Hogs			
Number sold	9862	785	223
Market price per 100 lbs.	\$15.37	\$15.36	\$9.70
Expense per 100 lbs. ....	.43	.45	.48
Shrinkage per 100 lbs. ....	.88 lbs.	1.60 lbs.	3.13 lbs.
Shipping Margin	\$.58	\$.70	\$.79
Av. Net Home Price	\$14.79	\$14.66	\$8.91
Cattle			
Number sold	836	220	9
Market price per 100 lbs.	\$ 7.71	\$ 7.24	\$5.84
Expense per 100 lbs. ....	.38	.37	.40
Shrinkage per 100 lbs.	4.11 lbs.	4.2 lbs.	5.0 lbs.
Shipping Margin	\$.70	\$.67	\$.69
Av. Net Home Price	\$ 7.01	\$ 6.57	\$5.15
Sheep			
Number sold	1701	266	.....
Market price per 100 lbs.	\$12.55	\$13.00	.....
Expense per 100 lbs. ....	.60	.58	.....
Shrinkage per 100 lbs.	6.7 lbs.	7.00 lbs.	.....
Shipping Margin	\$ 1.43	\$ 1.49	.....
Av. Net Home Price	\$11.12	\$11.51	.....

TABLE 5.—SHRINKAGE AND DOCKAGE RECEIVED BY MEADVILLE COOPERATIVE SHIPPING ASSOCIATION IN MARKETING 9,862 HOGS AT So. ST. JOSEPH, Mo. DISTANCE FROM SHIPPING POINT TO MARKET, 91 MILES. APPROXIMATE AVERAGE TIME STOCK IN TRANSIT, 9½ HOURS.

Period	No. Head	Weight Lbs. Per Head	Shrinkage		Dockage			
			Lbs. Per Head	Lbs. Per Cwt.	Sows		Stags	
					No.	Lbs.	No.	Lbs.
Sept., 1916, to Jan., 1917	1,947	191	0.8	0.43	12	480	4	320
Feb., 1917, to Jan., 1918	2,792	120	2.2	1.07	22	880	18	1,440
Feb., 1918, to Jan., 1919	5,123	219	2.6	1.20	49	1,960	25	2,000
Total or aver.	9,862	211	1.8	0.88	83	3,320	47	3,760

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TABLE 6.—SHRINKAGE; DIFFERENT CLASSES OF STOCK.
(Meadville, Missouri, Cooperative Shipping Association. Two 12-Month Periods.)

Class of stock, and period	No. head	Aver. wt. lbs.	Home wt. lbs.	Market wt. lbs.	Shrinkage		
					Total lbs.	Per cwt.	Per head
Hogs							
1st Year	4219	198	836,203	833,760	2,443	.29	.58
2nd Year	5512	211	1,164,610	1,151,360	13,250	1.14	2.4
Sheep							
1st Year	745	80	58,892	54,960	3,931	6.6	5.3
2nd Year	916	71	64,685	59,690	4,995	7.7	5.4
Cattle							
1st Year	492	652	320,720	310,150	10,570	3.3	21.5
2nd Year	506	495	238,790	227,140	11,650	4.6	23.

TABLE 7.—ESTIMATED SAVINGS OF 56 COOPERATIVE LIVESTOCK SHIPPING ASSOCIATIONS IN 1920.

Rate of saving per car	No. cars	Value	Saving per association	Per cent saved
\$100 or more	743	\$1,358,707.24	\$ 9,713.30	7.14
\$ 75 to \$100	573	\$ 965,429.34	\$43,645.00	4.52
\$ 50 to \$ 75	1,205	\$ 959,986.43	\$33,081.50	3.44
\$ 25 to \$ 50	495	\$ 840,044.49	\$18,821.50	2.24
Under \$25	115	\$ 181,954.86	\$ 2,300.00	1.26

TABLE 8.—DIVISION OF MARKETING COST; MEADVILLE ASSOCIATION, 1918.

Expense Item	Amount	Per cent of total
Marketing Expense		
Freight	\$2,113.59	30
Selling Commission	1,318.00	18.8
Feed	1,195.85	16.9
Yardage	564.90	8.0
Insurance and Inspection	21.90	.3
	5,214.24	74
Home Expense		
Management	889.01	12.6
Sinking Fund and Membership	797.49	11.4
Incidental	139.94	2.0
	1,826.44	26.0
TOTAL EXPENSE	\$7,040.68	100