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COOPERATIVE MARKETING IN MINNESOTA

A stimulation in interest in cooperative marketing is resulting from the emphasis placed upon cooperation as a means of solving some of the economic difficulties of agriculture. Minnesota has occupied a position of leadership in the field of cooperative marketing of farm products for a long time. The high ranking of this state is accounted for primarily by the large number of cooperative creameries, farmers' elevators and livestock shipping associations which have been established by farmers.

A survey made by the U. S. Department of Agriculture (See U. S. D. A. Technical Bulletin 40) shows that on the basis of reports received by that Department from farmers' cooperative associations, Minnesota was the leading state in the number of associations in 1925, having nearly 13 percent of the total number reporting. It also ranked first in the estimated membership and estimated volume of business, having 8.1 percent of the total membership for the country and 9.4 percent of the total amount of business.

Minnesota's cooperative development has been particularly along the lines of local enterprises. However, there are several large-scale associations which have gained national prominence. This is especially true of the Land O' Lakes Creameries, the Twin City Milk Producers' Association and the Central Cooperative Association.

Dairy Cooperatives

The cooperative creamery movement in Minnesota has been underway for the past forty years, the first cooperative creameries in the state having been organized in 1889. Dairying was not extensive in the state at that time and the principal market outlet available for the farmer was in the form of farm-made butter. The lack of uniformity and quality in the product made the returns to many farmers unsatisfactory. The early cooperative creameries did not encounter difficult competition under these circumstances and often were relatively simple organizations having only limited equipment. The cooperative creamery movement grew steadily with the expansion of the dairy industry. By 1906, there were 726 creameries in Minnesota of which 555 were cooperative. The total output of creamery butter that year was 86 million pounds. According to the 1928 report of the State Dairy and Food Department, there were 860 creameries in Minnesota in 1927, and of these 656, or over three-fourths of the total, were cooperative. The total output of creamery butter that year was over 275 million pounds. The latest year for which the distribution of the total production according to the classification of creameries is shown, is 1924. During that year, cooperative creameries made 68 percent of the total centralizer creameries made some over 22 percent and independent creameries made a little over 9 percent. These figures show clearly the important place occupied by cooperative creameries in this state.

The Land O' Lakes Creameries, Inc., is a central selling organization, in which over 400 cooperative creameries are members. Most of the member creameries are located in Minnesota. This organization was first formed in 1921 under the name, Minnesota Cooperative Creameries, to assist in quality improvement and to effect economies in transportation. The present name was adopted in 1924 in which year active marketing operations were begun. About 33 million pounds of butter were handled by it in 1924. By 1928, this had increased to over 86 million pounds. During the latter year, it also sold 566 carloads of sweet cream, over 5½ million pounds of dried milk products, 3 million dozen eggs and nearly 2 million pounds of poultry. This organization has laid emphasis upon quality improvement and standardization, finding markets and advertising its products. During the period of its operation, the proportion of high-scoring butter has shown a marked increase. A much wider distribution of Minnesota butter has been obtained and the organization's brand has become widely known.

Another important dairy marketing association in the state is the Twin City Milk Producers Association. This organization was formed in 1916 for the purpose of giving the producers greater representation in the sale of their product. Milk distributors in the Twin Cities are supplied with their daily requirements of fluid milk and the balance of the available supply of milk is manufactured into a variety of products. During the past year it has handled more than 300 million pounds of milk with sales totalling over 10 million dollars. The association represents the producers in arriving at prices to be paid for fluid milk. It also supervises tests and weights and checks up on the quality of the milk delivered. Its activities in providing facilities for the manufacture of milk not required by the fluid milk trade has served to stabilize the situation in its market.

Minnesota produces some cheese and has some cooperative cheese factories. The Dairy and Food Department reported 52 cheese factories making a total of seven million pounds of cheese in 1927. Of the 52 factories, 37 were cooperative. A number of the cooperative cheese factories market their product through the National Cheese Producers' Federation, with headquarters in Wisconsin.

Livestock Marketing

The cooperative livestock shipping movement spread rapidly after the establishment of an association at Litchfield in 1908. Many of these associations are somewhat informal in character and it is difficult to obtain definite record of all of them. It has been estimated that over 700 associations have been organized but that less than 600 are in operation. An estimate made a few years ago indicated that a little over 60 percent of the total shipments of livestock in Minnesota were being handled by cooperative shipping associations. Changes in marketing methods such as the extension of trucking and of country buying have caused some associations to discontinue active operations.

After a large number of shipping associations had been formed, a central organization was established by them to handle matters of general interests. As an outgrowth of this, the Central Cooperative Association was organized in 1921 as a cooperative sales agency on the South St. Paul market. This association handled 19,805 cars of livestock in 1928. This represented 28 percent of the receipts, making it by far the largest selling agency on that market. Included among the selling agencies on the market are two other cooperatives, the Farmers Union and the Peoples Cooperative Sales Agency.

Grain Marketing

Cooperative grain marketing has occupied a prominent place among farmers' marketing activities for a number of years. Unsatisfactory conditions surrounding

the marketing of grain led to the organization of a number of farmers' elevator companies during the nineties and the movement has continued so that at present there are in the neighborhood of 400 farmers elevators in Minnesota.

Many farmers' elevators were established before the extensive development of cooperative laws and before the understanding of cooperative principles were as general as at present. As a result, some are organized as ordinary business corporations rather than as strictly cooperative concerns. Later organizations have followed cooperative plans more closely and some of the earlier companies have been reorganized on a cooperative basis.

Farmers' elevators handle in the neighborhood of one-half of the grain shipments of the state. In addition to their grain business, many farmers' elevators transact a large volume of business in sidelines, handling a variety of such supplies as fuel, flour, feed, seeds, lumber, twine, cement and other products required by farmers. Due to the decline in importance of cash grain crops in some parts of the state, there are farmers' elevators in which the handling of sidelines has become the prominent part of the business.

Cooperative grain marketing in Minnesota has been largely in the form of local enterprises. While organizations have been established at different times to enter the terminal markets, they have not succeeded up to the present in achieving a prominence corresponding to the central selling movements for dairy products and livestock. The Minnesota Wheat Growers Cooperative Association, frequently referred to as "the Wheat Pool," has operated in terminal markets for several years with a limited volume of business. The Farmers' Union Terminal Association is another sales organization handling grain in terminal markets. The establishment of a national grain corporation as a result of the activities of the Federal Farm Board is stimulating interest in terminal selling activities and plans are now underway to bring the various interests together in connection with terminal selling operations.

Other Products

While Minnesota does not occupy a leading place among the wool producing states, still this product is of some importance to many Minnesota farmers. The Minnesota Cooperative Wool Growers Association has been in operation as a central wool marketing organization for wool growers in the state since 1923. In 1928, this association handled over 900,000 pounds of wool. It has warehouse facilities at Wabasha which are available for handling and grading the wool and for its storage until sold.

Several years ago, Minnesota was the headquarters for an extensive poultry and egg marketing association formed to assemble, grade and market eggs and poultry. This enterprise encountered difficulties which it was not able to overcome and discontinued operations. While there is no longer any separate central marketing organization for poultry producers, large quantities of eggs and poultry are being sold through the Land O' Lakes Creameries.

Another important product for which there is no extensive cooperative marketing development is potatoes. Two attempts have been made to establish state-wide marketing organizations but in both instances the associations discontinued after a year or two of activity. There are some local marketing enterprises among vegetable and fruit growers. One of these is at Hollandale as a marketing outlet for the vegetables which are produced in large quantities in that locality. Raspberry growers in the vicinity of Minneapolis have organized for the sale of their product. Market gardeners in the vicinity of the Twin Cities and Duluth recently have been giving consideration to the possibilities of organizing to handle some of their marketing problems and an organization for this purpose has been started in the Minneapolis area.

PRICE INDEX NUMBER FOR NOVEMBER 1929

The index number of Minnesota farm prices for the month of November 1929 was 100.6 as compared with 100, which represents the average of the prices prevailing in the three months of November 1924-25-26. The corresponding index for November 1928 was 96.1 and for November 1927 was 96.5.

The price index of 100.6 for the past month is the net result of increases and decreases in the prices of farm products in November 1929 over the average of November 1924-25-26, as shown in the following list:

Principal Farm Products which Showed Price Increases and
Decreases in November 1929 when Compared with Average
Prices in November 1924-25-26

<u>Increase in November 1929</u>		<u>Decrease in November 1929</u>		<u>No Change</u>
Flax	Chickens	Wheat	Hogs	Corn
Potatoes	Butterfat	Oats	Lambs-Sheep	
Cattle	Milk	Barley	Eggs	
Calves		Rye	Hay	

The November 1929 prices of these products have also been compared with the prices of October 1929 for increases and decreases. The products are shown according to this comparison in the following table.

Principal Farm Products Which Showed Price Increases and
Decreases in November 1929 when Compared with October
1929

<u>Increase in November 1929</u>	<u>Decrease in November 1929</u>		<u>No Change</u>
Eggs	Wheat	Calves	
	Corn	Cattle	
	Oats	Lamb-Sheep	
	Barley	Chickens	
	Rye	Butterfat	
	Flax	Hay	
	Potatoes	Milk	
	Hogs		

D. D. Kittredge