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Cotton gins

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**Texas Cotton Gin**  
**Hub of the Cotton-Growing**  
**Community**  
**1965-66**

**COTTON ECONOMIC RESEARCH**

**The University of Texas • Austin**



Research Report No. 83

TEXAS COTTON GIN  
HUB OF THE COTTON-GROWING COMMUNITY  
1965-66

Cotton Economic Research  
The University of Texas  
Austin, Texas

A Part of  
The Cotton Research Committee of Texas

## PREFACE

The Texas cotton gin is the first step in the ladder reaching from grower to consumer in the Texas cotton industry. Since there are fewer gins than there are growers, the gin is the beginning of the concentration process necessary to merchandise the millions of bales of Texas cotton produced annually. The local gin is important to the grower as a place which will process his seed cotton into bale form, perhaps buy his bales and/or his cottonseed. The grower can often obtain planting seed, insecticides, fertilizers, other chemicals, mulch, and many other services and assistance which he may need. Thus during the cotton growing and ginning season, the local gin becomes the hub of activity in many of the cotton-producing areas in the state.

This report is an effort to indicate the role which the cotton gin plays in the local community of Texas. Data are included whereby a gin in a community can compare its own operation with the average data for the gins in its crop reporting district, with other districts, or with the state average. Results contained herein are based on the data reported by over 18 percent of the state's active cotton gins for the 1965-66 season. Part of the district fluctuation between seasons may to some degree be due to sampling error resulting from a smaller number of replies in some of the districts for the 1965-66 season.

We wish to express our appreciation to those gin owners who cooperated with us in this endeavor. Thanks are also extended to those persons who assisted in preparing the data and who reviewed the manuscript for publication.

Cotton Economic Research

August 1966

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## INTRODUCTION

Cotton has been grown as a cash crop by Texas producers for over 140 years, and its presence (uncultivated) was noted over 430 years ago in 1530 by Cabeza de Vaca. In his travels through Texas, de Vaca noticed the Indians were using cotton in the making of cloth. Colonel J. E. Groce, who is considered to be the father of the modern Texas cotton industry, built a cotton gin in the year 1825 not far from the town of Hempstead on the Brazos River (4).\* The next 90 years saw the production of cotton increase by leaps and bounds from the first 100 acres in 1821 to nearly 12 million acres in 1914 which produced 4.6 million bales of cotton. During this same interval, the number of cotton gins increased to a high of 4,694 active gins in 1914. At this time the state average number of bales ginned per gin was only about 1,050 bales annually (9).

These early gins were located in the central, eastern, and southeastern parts of the state which were also the major production areas at that time. The early varieties planted were often those which the grower had brought with him from the southeastern part of the United States. The cotton produced was often longer in staple than is being grown in these areas today. Cotton was also harvested by hand as production had not reached the degree of mechanization now being experienced. In the 50 years since 1915, the cotton acreage planted and harvested decreased; and currently acreage is, in many cases, 40 percent of what it was in the period 1924 through 1930. Yet the number of bales produced is the same for all practical purposes. During this 50-year period, the production

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\* Figures in parentheses refer to items in the Reference List.

of cotton in Texas moved from the central and southeastern sections of Texas to the Lower Valley, Trans-Pecos, and High Plains areas of the state (6).

With this movement of the cotton production to the new areas of the state, gins had to move or perish. During this 50 years, some gins moved and many perished. In this same time interval farming, and cotton production in particular, went through a major renaissance. The old method of laissez faire production went out, and mechanization came on the scene. At the same time, and because of this change in area and method of production, the gins became more mechanized in order to gin more cotton in a shorter time period. Thus in the 1965-66 season, there were only 27 percent as many gins in the state as there were in 1914. However, the present gins, on a state-wide average, gin nearly four times as many bales per gin as was ginned in 1914.



## PRODUCTION

To determine the location of the active gins by the counties in which they were located in the 1965-66 season, see Figure 1. A list of counties located in the various crop reporting districts of Texas is found on page 5 following the map.

Production for the 1965-66 season on a state-wide basis was above the total for the previous two seasons. On the basis of the crop reporting districts, the production of some was above last season's totals and others was below. Increased production was noted in Districts 1-S, 2, 3, 4, 7, and 10-A. The prime reason for the increased production was due to the increased yield experienced in all crop reporting districts except District 9. The state average yield per acre reached the new high of 402 pounds per harvested acre. The 1965-66 season production in 500-pound gross weight bales and yield by crop reporting districts is in Table 1. Further information as to production and quality data for the 1965-66 season crop can be obtained from Summary Report--Texas Cotton--1965-66 Season, Cotton Economic Research Report No. 81, issued during the early part of 1966 (7).

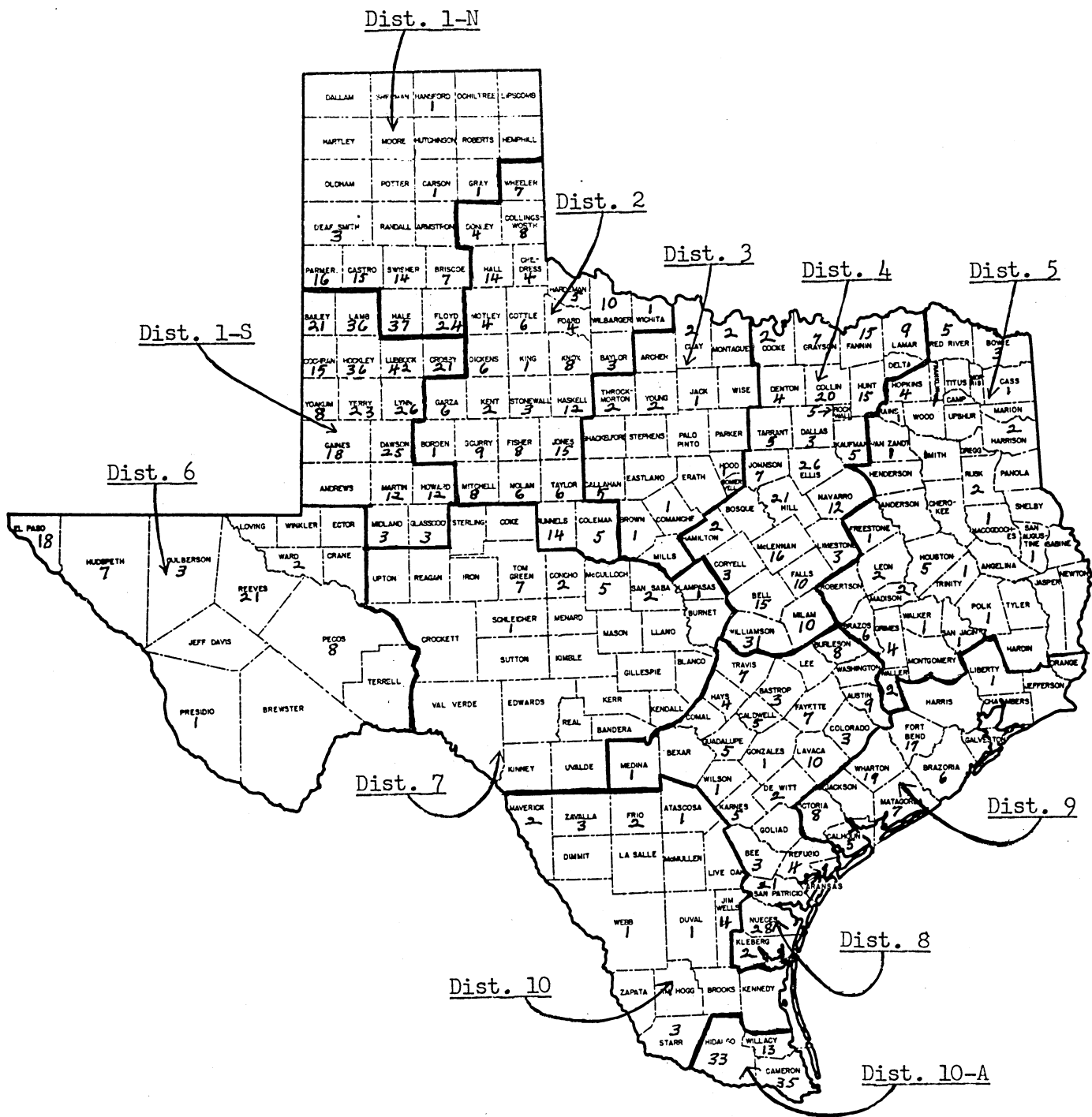


Figure 1. ACTIVE TEXAS COTTON GINS, 1965-66 SEASON

Reference (3).

COUNTIES IN TEXAS CROP REPORTING DISTRICTS

District 1-N

Armstrong	Hutchinson
Briscoe	Lipscomb
Carson	Moore
Castro	Ochiltree
Dallam	Oldham
Deaf Smith	Parmer
Floyd	Potter
Gary	Randall
Hale	Roberts
Hansford	Sherman
Hartley	Swisher
Hemphill	

District 1-S

Andrews	Howard
Bailey	Lamb
Cochran	Lubbock
Crosby	Lynn
Dawson	Martin
Gaines	Midland
Glasscock	Terry
Hockley	Yoakum

District 2

Baylor	Jones
Borden	Kent
Childress	King
Coleman	Knox
Collingsworth	Mitchell
Cottle	Motley
Dickens	Nolan
Donley	Runnels
Fisher	Scurry
Foard	Stonewall
Garza	Taylor
Hall	Wheeler
Hardeman	Wichita
Haskell	Wilbarger

District 3

Archer	Montague
Brown	Palo Pinto
Callahan	Parker
Clay	Shackleford
Comanche	Somervell
Eastland	Stephens
Erath	Throckmorton
Hood	Wise
Jack	Young
Mills	

District 4

Bell	Hill
Bosque	Hunt
Collin	Johnson
Cooke	Kaufman
Coryell	Lamar
Dallas	Limestone
Delta	McLennan
Denton	Milam
Ellis	Navarro
Falls	Rockwall
Fannin	Tarrant
Grayson	Williamson
Hamilton	

District 5

Anderson	Morris
Angelina	Nacogdoches
Bowie	Newton
Brazos	Panola
Camp	Polk
Cass	Rains
Cherokee	Red River
Franklin	Robertson
Freestone	Rusk
Gregg	San Augustine
Grimes	San Jacinto
Hardin	Shelby
Harrison	Smith
Henderson	Titus
Hopkins	Trinity
Houston	Tyler
Jasper	Upshur
Leon	Van Zandt
Madison	Walker
Marion	Waller
Montgomery	Wood

District 6

Brewster	Loving
Crane	Pecos
Culberson	Presidio
Ector	Reeves
El Paso	Terrell
Hudspeth	Ward
Jeff Davis	Winkler

District 7

Bandera	Llano
Blanco	McCulloch
Burnet	Mason
Coke	Menard
Concho	Reagan
Crockett	Real
Edwards	San Saba
Gillespie	Schleicher
Irion	Sterling
Kendall	Sutton
Kerr	Tom Green
Kimbel	Upton
Kinney	Uvalde
Lampasas	Val Verde

District 8

Aransas	Guadalupe
Austin	Hays
Bastrop	Karnes
Bee	Kleberg
Bexar	Lavaca
Burleson	Lee
Caldwell	Medina
Colorado	Nueces
Comal	Refugio
DeWitt	San Patricio
Fayette	Travis
Goliad	Washington
Gonzales	Wilson

District 9

Brazoria	Jefferson
Calhoun	Liberty
Chambers	Matagorda
Fort Bend	Orange
Galveston	Victoria
Harris	Wharton
Jackson	

District 10

Atascosa	La Salle
Brooks	Live Oak
Dimmit	McMullen
Duval	Maverick
Frio	Webb
Jim Hogg	Zapata
Jim Wells	Zavala
Kenedy	

District 10-A

Cameron	Starr
Hidalgo	Willacy

Table 1. TEXAS YIELD AND PRODUCTION IN 500-POUND GROSS WEIGHT  
BALES FOR THE 1965-66 SEASON BY CROP REPORTING DISTRICTS

District	Yield--Pounds Per Harvested Acre	Production in 500-Pound Gross Weight Bales
1-N	594	555,400
1-S	506	1,693,400
2	306	683,100
3	194	21,000
4	237	468,600
5	383	91,700
6	688	194,000
7	283	57,300
8	327	276,100
9	424	200,800
10	277	40,500
10-A	511	383,100
State	402	4,665,000

Reference (7).

GENERAL

The ownership of Texas cotton gins can be divided into four major types or categories which are individuals, partnerships, corporations, and cooperatives. Individual ownership accounts for the largest part of the gins in the state and amounted to nearly 43 percent during the 1965-66 season. Table 2 shows the number of active Texas gins and the percentage of each type of ownership. Other information that is of interest is the percentage of all gin owners who also farm. These figures are broken down by type of ownership for the four major types. As would be expected, a large percentage of the cooperative gin owners also farm. Table 2 indicates that 82.7 percent of all the cooperative gins have owners who farm. It was determined that 58.5 percent of all the gin owners farmed during the 1965-66 season.

As noted previously, the respondents amounted to over 18 percent of the gins that were active during the season. Fewer gins participated this

Table 2. TYPE OF GIN OWNERSHIP AND PERCENTAGE OF OWNERS WHO FARM

Ownership	Number of Active Gins	Percentage of Total Active Gins	Percentage of All Owners Who Farm
Individual Owner	551	42.9	46.2
Cooperative	336	26.2	82.7
Corporation	209	16.3	52.8
Partnership	181	14.1	58.8
Estate	4	.3	--
State of Texas	2	.2	--
Total	1,283	100.0	58.5

Reference (3) and original data.

season than last. This was particularly true for the individually owned gins, while the number of corporations and cooperative gins reporting increased over last season. These facts tend to enter a slight amount of bias in some of the data. In an effort to eliminate possible bias, these data, in most cases, were developed on the basis of volume handled, or on a per-bale basis, rather than on a gin basis. Often gins did not reply or furnish data for all questions. Thus it was impossible to develop data for all crop reporting districts and/or average data for some items. This was particularly true for District 3.

One change that the respondents indicated as having taken place is the increased number of moisture control and/or moisture restoration systems which had been installed. Table 3 gives the percentage of gins having such systems by crop reporting districts for the two seasons based on the respondents replies. These moisture control systems are used to assure the proper moisture level or content of the seed cotton when it leaves the feeders and enters the gin stand, thus minimizing fiber damage. These systems cost from \$5,000 to \$10,000 depending on the manufacture and the type employed. Most of the systems on the market today are manufactured in Texas. Thus money spent for this equipment benefits the Texas cotton industry as well as other segments of the economy in the state.

The state average number of battery type lint cleaners was 1.7 per gin for the 1965-66 season based on the respondents replying. These battery lint cleaners are manufactured in the state by a number of gin machinery manufacturers. The price of this equipment is dependent on the gin plant capacity in which the equipment is to be installed. A gin plant with a capacity of eight bales or less per hour can obtain a lint cleaner for a little over \$11,000, while a double or tandem lint cleaner will cost

Table 3. PERCENT OF GINS HAVING MOISTURE CONTROL OR MOISTURE RESTORATION SYSTEMS, 1964-65 AND 1965-66 SEASONS

District	1964-65	1965-66
1-N	43	74
1-S	72	76
2	9	17
3	NA	NA
4	9	14
5	8	18
6	36	100
7	NA	30
8	17	23
9	4	16
10	17	33
10-A	32	23
State*	28	37.8

NA - Not available.

\* Weighted average.

Reference (2) and original data.

\$22,000, or twice the price of the single cleaner. For gin plants with an hourly capacity greater than eight bales an hour, the price of the single machine will be slightly over \$20,000, while the cost of the tandem lint cleaner is double the cost of a single one.

The average number of employees per gin based on the respondents' replies by crop reporting districts for the 1965-66 season and earlier seasons is in Table 4. Data furnished by the respondents indicate that the employment per gin has increased, although some of this increase may

Table 4. AVERAGE NUMBER OF EMPLOYEES PER GIN BY  
CROP REPORTING DISTRICTS

District	1960-61	1963-64	1964-65	1965-66
1-N	19.3	22.8	22.5	28.5
1-S	18.5	20.3	21.4	29.6
2	12.2	13.3	10.9	20.2
3	7.0	6.7	5.0	NA
4	8.3	11.9	11.1	14.5
5	NA	12.0	10.1	10.1
6	9.0	15.4	14.1	20.4
7	8.4	9.3	8.0	13.0
8	8.9	10.2	13.1	12.8
9	8.4	16.7	18.7	19.1
10	NA	11.2	9.2	17.8
10-A	18.9	19.7	17.1	26.2
State*	NA	15.4	15.2	20.9

NA - Not available.

\* Weighted average.

Reference (2) and original data.

be due to the increased number of corporation and cooperative gins reporting. The increased production of the 1965-66 crop would also, in some cases, necessitate an increase in the number of gin employees in those districts involved. Some of this increase may also be due to the inadvertent inclusion of some of the employees from related gin businesses with those involved in ginning.

The respondents indicated whether they had installed new equipment in their gin plant before the start of the 1965-66 ginning season. The



percentage of gins reporting the addition of new equipment on a state average was the same as reported for the previous season. The state average was 45 percent of the gins reporting the addition of new equipment prior to the start of the season. Some of the districts had a higher percentage for the 1965-66 season than the previous season and others less for this item of new equipment added. The percentage of gins which reported the installation of new equipment prior to the 1965-66 and the 1964-65 seasons by crop reporting districts is in Table 5. Not

Table 5. PERCENTAGE OF GINS ADDING NEW EQUIPMENT PRIOR TO 1964-65 AND 1965-66 SEASONS

District	1964-65	1965-66
1-N	59	46
1-S	51	36
2	27	44
3	NA	NA
4	42	44
5	41	36
6	29	40
7	NA	45
8	45	65
9	50	63
10	67	50
10-A	54	47
State*	45	44.9

NA - Not available.

\* Weighted average.

Reference (2) and original data.

included in this table on new equipment added are several new gins built or the complete remodeling of other gins just prior to the start of the ginning season. The average cost of these new or remodeled gins amounted to \$231,000 per plant on a state-wide basis.

Rock and green boll removal equipment, plus stick machines, appeared to be the principal items which gins in nearly all crop reporting districts had installed as new equipment prior to the start of the ginning season. In the High and Rolling Plains areas the gins leaned toward the installation of moisture control systems, precleaning equipment, and new gin stands. In the remaining areas of the state, except the Trans-Pecos area, the installation of lint cleaners followed rock and green boll traps and stick machines as the prominent type of new equipment installed.

The average cost of the new equipment installed prior to the 1965-66 ginning season by crop reporting districts is in Table 6. Also included is the average cost of this equipment. The 1965-66 average cost of new equipment was \$13,634 per gin. This was about \$4,500 less per gin on the basis of the state average than the cost of new equipment added prior to the 1964-65 season. During the 1965-66 season, the cost of new equipment added in Districts 6, 7, and 10 ranged from \$1,000 to \$8,000 per gin for those gins adding such equipment. In Districts 1-N, 5, and 10-A the cost ranged from \$700 to \$20,000 per gin, while in Districts 2, 4, and 8 the cost ranged from \$700 to \$35,000 per gin for new equipment. Districts 1-S and 9 had a range in the cost of new equipment from \$1,000 to over \$80,000 per gin.

The average value of the gin plants by crop reporting districts for the 1964-65 and 1965-66 seasons is in Table 7. The overall state average gin value is up slightly in 1965-66 over the 1964-65 season average by

Table 6. AVERAGE COST OF NEW EQUIPMENT ADDED  
PER GIN PRIOR TO 1964-65  
AND 1965-66 SEASONS

District	1964-65	1965-66
1-N	\$39,712	\$16,139
1-S	25,654	20,065
2	13,455	15,152
3	NA	NA
4	10,316	8,170
5	5,240	9,333
6	21,966	2,500
7	15,000	5,000
8	21,150	10,777
9	12,821	23,545
10	18,117	4,667
10-A	13,025	7,380
State*	\$18,210	\$13,634

NA - Not available.  
\* weighted average.  
Reference (2) and original data.

Table 7. AVERAGE VALUE OF GIN PLANT OR COST  
BY CROP REPORTING DISTRICT FOR 1964-65  
AND 1965-66 SEASONS

District	1964-65	1965-66
1-N	\$215,300	\$248,300
1-S	221,600	236,600
2	175,100	249,700
3	65,000	NA
4	106,500	96,200
5	97,200	72,900
6	200,900	142,800
7	107,000	164,000
8	115,100	78,000
9	106,300	143,400
10	130,000	105,300
10-A	243,300	238,800
State*	\$163,100	\$174,900

NA - Not available.  
\* Weighted average.  
Reference (2) and original data.

about \$12,000. The total estimated value of the Texas gin installations amounts to over \$224 million. Put another way, the gin plant valuation in Texas during the season represents an investment of \$48 for every bale ginned during the season.

The average number of bales ginned per gin by crop reporting districts for the 1965-66 season and other selected years are in Table 8. The number of respondents replying to this item for Districts 3 and 7 was insufficient to develop a reliable average for these two districts. Also shown is the estimated number of bales ginned per gin by crop reporting districts for the 1965-66 season based on the USDA data. This table gives the picture over the years as to the volume ginned per gin by crop reporting districts. The production for the state has been more or less constant while the number of active gins has been on the decrease resulting in the increased volume per gin over the years. The area (crop reporting district) fluctuations for the crop years of 1963, 1964, and 1965 are due to variations in yield caused by different varieties planted and environmental conditions which influence production.

The average number of bales required to break even during the 1965-66 and 1964-65 ginning seasons by crop reporting districts is in Table 9. Also included is the percentage that the break-even point is of the average number of bales ginned for the two seasons. With the reduction in the planted acreage for the 1966-67 season, the gins will be hard-pressed to exceed the break-even volume during the coming season. The number of active cotton gins during the 1966-67 season will, without a doubt, decrease again as they have with each passing year.

The new equipment installed prior to the start of the season and the condition of the seed cotton arriving at the gin all contributed to an

Table 8. AVERAGE NUMBER OF BALES GINNED PER GIN BY CROP REPORTING DISTRICTS FOR SELECTED YEARS

District	1935	1940	1945	1950	1955	1960	1963	1964*	1965**	1965*
1	1,460	1,650	638	2,755	3,792	4,938	5,279	5,539	5,556	5,948
2	1,488	1,378	1,266	2,188	2,311	3,924	3,393	2,907	3,800	4,065
3	1,041	797	253	710	717	912	1,000	1,058	1,133	Ins.
4	835	1,055	973	1,127	1,512	1,478	1,904	1,982	1,815	2,001
5	615	864	336	606	1,538	1,372	1,911	1,973	2,015	2,042
6	1,764	3,396	3,295	2,533	4,030	4,255	4,476	5,321	3,328	3,627
7	927	889	638	1,624	928	2,978	1,718	1,074	3,066	Ins.
8	615	618	705	912	976	1,651	1,539	2,317	1,993	2,108
9	684	1,492	909	1,404	2,475	1,379	3,160	3,570	2,805	2,438
10	748	1,056	1,514	2,124	3,136	3,402	2,850	4,423	4,443	4,482
State	854	1,040	870	1,568	2,290	3,062	3,346	3,233	3,709	3,952

\* Averages based on gins reporting at end of 1964-65 and 1965-66 seasons.

\*\* Estimated averages based on USDA, C&MS, Cotton Division data.

Ins. - Insufficient data to develop average.

Reference (2,5,9).

Table 9. BREAK-EVEN POINTS FOR 1964-65 AND 1965-66 SEASONS

District	Number of Bales That Must be Ginned to Break Even		Percentage Break-Even Point is of Average Bales Ginned	
	1964	1965	1964	1965
1-N	3,090	2,435	59	48
1-S	2,956	2,848	52	43
2	2,095	2,367	72	58
3	1,100	Ins.	76	NA
4	1,438	1,326	72	66
5	1,110	920	56	45
6	2,450	2,500	46	68
7	1,665	1,850	NA	NA
8	1,344	1,290	58	61
9	1,644	1,458	46	60
10	1,815	1,820	77	60
10-A	2,794	2,655	56	55
State	2,108	2,038	65	52

Ins. - Insufficient data to develop averages.

NA - Not available.

Reference (2) and original data.

increased ginning rate for the 1965-66 season. The average number of bales ginned per 12-hour shift per gin by crop reporting districts is located in Table 10. Also included are the ginning rates for selected earlier years. The increased ginning rate will also decrease the unit costs involved in the ginning process as will be seen in a later section of this report.

Ginning rate is also dependent on the availability of cotton at the plant at the beginning and end of the season and the efficiency of the

Table 10. AVERAGE NUMBER OF BALES GINNED PER GIN FOR A 12-HOUR SHIFT BY CROP REPORTING DISTRICTS FOR SELECTED YEARS

District	1940	1945	1963	1964	1965
1-N	45.0	45.8	90.0	107.4	119.8
1-S	50.5	51.6	79.2	108.8	121.3
2	48.6	48.9	69.6	70.0	96.0
3	39.5	39.9	46.8	34.0	Ins.
4	48.9	47.0	56.4	57.6	59.6
5	40.5	42.6	57.6	57.0	59.0
6	44.2	42.4	66.0	62.8	71.0
7	39.6	42.0	82.8	50.0	75.0
8	47.4	44.9	68.4	65.5	75.6
9	47.2	45.7	67.2	67.7	74.7
10	46.8	48.9	64.8	75.8	82.2
10-A	51.5	53.1	91.2	101.4	113.6
Others*	36.8	37.7	--	--	--
State**	46.1	46.1	70.8	78.7	90.8

Ins. - Insufficient data to develop average.

\* District location unknown.

\*\* Weighted average.

Reference (2,8) and original data.

personnel employed by the gin, plus the care and condition of the gin equipment involved. Each year there is indication of more speed and greater production being undertaken by the modern gin plant.

COST

The average ginning charge per bale for the state during the 1965-66 season based on the respondents' replies amounted to \$18.97 per bale. This is slightly over \$1.00 a bale higher than the average for the previous season which amounted to \$17.93 per bale. The average ginning charges per bale for the 1965-66 and preceding season by districts are in Table 11. The average operating cost per bale as reported by the respondents is also

Table 11. AVERAGE GINNING CHARGES AND AVERAGE OPERATING COSTS INCLUDING BAGGING AND TIES PER BALE BY DISTRICTS FOR 1964-65 AND 1965-66 SEASONS

District	Operating Cost		Ginning Charge	
	1964-65	1965-66	1964-65	1965-66
1-N	\$16.19	\$14.37	\$19.05	\$19.96
1-S	15.55	14.08	18.58	19.41
2	15.25	14.36	17.43	18.46
3	15.70	NA	17.95	NA
4	14.07	15.69	16.13	18.53
5	12.00	12.00	16.43	16.55
6	13.77	12.37	17.66	19.10
7	10.45	12.05	15.00	16.07
8	13.64	15.39	17.25	18.86
9	11.62	14.21	16.04	16.94
10	14.82	14.21	18.17	18.62
10-A	14.69	15.44	19.17	20.27
State*	14.79	14.28	17.93	18.97

NA - Not available.

\* Weighted average.

Reference (2) and original data.



shown in the same table by crop reporting districts. The average operating cost of \$14.28 per bale based on the respondents' replies was 50 cents a bale less than the average for the previous season. This decrease in operating cost per bale is due to the increased volume ginned which reduced those fixed costs involved in the total operating expense. Labor, although not a fixed cost, can be held down on a per-bale basis if the supply of cotton to be ginned is steady enough to eliminate the need to shut down the gin due to a lack of cotton. Also if the supply of cotton is sufficient to allow an efficient rate of ginning, the labor cost on a per-bale basis can be reduced (2).

Labor cost involved in ginning is one of the major operating expenses when the cost of bagging and ties are excluded. The average labor cost on a per-bale basis by crop reporting districts for the 1965-66 and previous season is in Table 12. The state average labor cost per bale is 25 cents per bale less for the 1965-66 crop than it was for the 1964-65 crop. Districts 7, 8, 9, and 10-A showed an increase in the labor cost on a per-bale basis over the 1964-65 cost. The increased volume ginned per plant, coupled with the higher ginning rate during the season, resulted in reduced labor cost as stated earlier although the number of employees increased during the season.

The total amount of wages paid also increased in 1965-66 over the preceding season. Shown below is the average payroll per bale by volume ginned for the 1965-66 season and the previous season:

<u>Season</u>	<u>0- 1,000</u>	<u>1,001- 2,000</u>	<u>2,001- 3,000</u>	<u>3,001- 4,000</u>	<u>4,001- 5,000</u>	<u>5,001 and Over</u>
1964-65	\$4.40	\$5.40	\$5.86	\$5.13	\$4.73	\$4.07
1965-66	5.60	5.15	5.29	4.97	5.28	4.69

Table 12. AVERAGE LABOR COST PER BALE BY CROP REPORTING DISTRICTS FOR 1964-65 AND 1965-66 SEASONS

District	1964-65	1965-66
1-N	\$5.27	\$4.75
1-S	4.87	4.41
2	5.64	4.82
3	NA	NA
4	5.53	5.23
5	4.90	3.92
6	4.10	4.02
7	4.90	5.72
8	4.46	4.93
9	4.00	4.59
10	5.49	4.50
10-A	4.31	5.00
State*	\$4.90	\$4.65

NA - Not available.

\* Weighted average.

Reference (2) and original data.

The 1965-66 season per-bale cost by crop reporting districts based on respondents' information for such items as electricity; supplies; all maintenance including parts; fire fighting equipment including night watchman; insurance; taxes; and water, plus gas, diesel and other fuel are in Table 13. Also included in this table are the average number of employees per shift, average number of employees who are residents of the local community and the percentage of the total employees who are residents.

Table 13. COST ITEMS ON A PER BAILE BASIS BY DISTRICTS, AVERAGE IN DOLLARS PER BAILE

District	Electricity	Water, plus Gas, Diesel & Other Fuel	Supplies	Maintenance Including Parts	Fire Fighting Equipment*	Insurance	Taxes	Average Number Employees/Shift	Average Number of Resident-Employees	Percent of Total Employees Who are Local Residents
1-N	\$1.59	\$0.62	\$0.34	\$3.83	\$0.08	\$0.73	\$0.34	11.8	8.7	31
1-S	.93	.77	.31	2.22	.13	.57	.22	11.6	9.3	31
2	1.24	.46	.40	1.86	.24	.71	.29	9.1	13.9	69
3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	1.20	.84	.16	2.02	.11	.96	.29	8.3	10.2	70
5	1.04	.63	.17	1.40	.04	.43	.18	6.5	8.6	85
6	1.40	.42	.12	2.95	.16	.64	.13	9.0	17.4	85
7	.98	.56	.12	2.32	NA	.47	.13	6.5	5.5	42
8	1.16	.88	.28	3.50	.34	.86	.28	8.2	11.6	91
9	.94	.51	.22	2.47	.08	.98	.30	9.6	15.0	79
10	1.20	.41	.15	2.77	.22	.93	.48	9.7	15.8	89
10-A	1.09	.26	.15	1.85	.10	.82	.49	10.2	22.5	86
State**	\$1.13	\$0.65	\$0.28	\$2.40	\$0.14	\$0.70	\$0.28	9.6	11.8	60

NA - Not available.  
Original data.

\* Including night watchman.

\*\* Weighted average.

Electric power averaged \$1.13 per bale state-wide for the season, while water plus gas, diesel and other fuels combined amounted to 65 cents per bale. The state average cost per bale for supplies amounted to 28 cents per bale, while all maintenance costs per bale including parts amounted to \$2.40. The state average for the season in relation to the cost per bale for fire fighting equipment, including expenses for night watchmen, amounted to only 14 cents per bale. Insurance expenses on a per-bale basis amounted to 70 cents for the state average.

Taxes on a per-bale basis were less this season than last, but it must be remembered that this is a fixed cost and decreases as the volume ginned increases as occurred this season. The average taxes paid per gin amounted to 5.8 percent of the average gin payroll on a state-wide basis, or 28 cents a bale.

Data received indicated that the state-wide average number of employees per shift per gin was 9.6 for the season. The average state-wide number of resident employees per gin was 11.8. The respondents reported that on a state average, 60 percent of their employees were local residents of the community in or near which the gin was located.

In an effort to show by crop reporting districts what the gins spent during the 1965-66 season for the various per-bale cost items in Table 13, Table 14 was constructed showing the estimated total district expenditure per item. The state estimated expenditure for the nine items in Table 14 amounted to over \$55 million during the 1965-66 season. The Texas gins had payrolls that amounted to over \$22½ million for the season which was about 24 percent of the total state revenue derived from ginning charges for the 1965-66 crop. The electric power purchased by the gins to process the seed cotton into lint amounted to over \$5 million. Texas cotton

Table 14. ESTIMATED TOTAL EXPENDITURE BY ALL TEXAS GINS IN CROP REPORTING DISTRICTS DURING 1965-66 SEASON FOR SELECTED ITEMS

District	New Equipment	Payroll	Electric	Water, plus Gas, Diesel & Other Fuel	Supplies	Maintenance Including Parts	Fire Fighting Equipment*	Insurance	Taxes
1-N	\$ 934,900	\$2,638,200	\$ 883,100	\$ 344,300	\$ 187,200	\$2,125,500	\$ 43,900	\$ 405,400	\$ 188,800
1-S	2,831,300	7,467,900	1,574,900	1,303,900	531,700	3,752,600	215,100	961,900	372,500
2	752,200	3,292,500	847,000	314,200	276,700	1,271,200	165,300	485,000	198,100
3	Ins.	NA	NA	NA	NA	NA	NA	NA	NA
4	802,900	2,450,800	562,300	393,600	73,100	944,700	52,500	447,500	135,900
5	140,000	359,500	95,400	57,800	33,200	128,200	3,900	39,700	16,500
6	60,200	779,900	271,600	81,500	22,900	572,300	30,800	123,200	25,200
7	54,100	163,900	56,200	32,100	6,800	133,000	NA	26,900	7,400
8	824,100	1,361,200	320,300	243,000	78,400	965,200	92,500	236,900	77,300
9	941,800	921,700	188,800	102,400	43,400	495,800	16,900	197,600	60,200
10	35,000	182,200	48,600	16,600	6,000	112,300	9,000	37,700	19,400
10-A	281,700	1,915,500	417,600	99,600	57,500	709,500	38,300	313,000	187,700
State	\$7,658,200	\$21,533,300	\$5,265,800	\$2,989,000	\$1,316,900	\$11,210,300	\$ 668,200	\$3,274,800	\$1,289,500

\* Including night watchman.  
Reference (7) and original data.

NA - Not available.

gins contributed over \$1 $\frac{1}{4}$  million to the tax coffers of the state and local governments during the season and paid over \$3 million for insurance during the 1965-66 season.

## A GIN IN THE COMMUNITY?

The cotton gin is a processor, market place, store, information bureau, service center, and source of employment to many a Texas cotton-producing community. The cotton gin performs a service to the grower by ginning his seed cotton and baling the lint for him. The gin then serves as a market place to the grower since he can sell his lint and/or seed to the gin in most instances if he so desires. The gin acts as a store by selling the grower such items as livestock feed, fertilizer, planting seed, insecticides, mulch, and chemicals. The cotton gin serves as an information bureau in relation to cotton matters such as current market price for cotton, government loan data, and effect of current legislation, both federal and state, on the grower and ginner alike. A gin acts as a service center by obtaining or furnishing the grower with trailers, trailer maintenance, field and harvest labor or equipment, transportation of cotton to the compress, and grade and staple of cotton ginned for the grower. The gin also furnishes employment to the people of the local cotton growing community.

The cotton gins of Texas are located, for the most part, near a local community. Based on the respondents' replies, it was found that 37 percent of all gins which reported were within the city limits of such a community. Districts with the highest percentage of gins which reported as being within the environs of the community were 2, 4, 5, 8, 9, and 10-A. The other 63 percent of the state's gins reported they were within an average of  $4\frac{1}{2}$  miles of the nearest community. The average size of these communities, based on respondents reporting, was found to be slightly over 9,000 in population.

There are disadvantages to having a gin located in a community. The problem of air pollution is one that can be overcome with approved trash collection equipment. Noise is one objection which is not easily overcome. Vehicle congestion and traffic problems adjacent to a gin are objectionable at the height of the ginning season. The problem of the gin's being a fire hazard applies to the gin that burns its burs and trash.

On the other hand, there are advantages to the community in which the gin is located. This industry creates employment which, in turn, increases the revenue or income of those doing business with the gin. The gin is a purchaser of supplies and services from the local community firms, businesses, or individuals. These purchases are in the form of fuel, oil, gasoline, parts, paper, insurance, transportation, food, repairs, and many others. These all benefit the businesses of the local community through increased sales and revenue. The gin pays its share of the state, county, and local taxes. This benefits the entire community through increased tax revenue and decreased tax burden on other businesses and individuals in the community. A cotton gin in a community brings farmers, ranchers, and others to the community in search of the services which a gin offers, and when they are there they will purchase other items from other businesses in the community, thus increasing the sales and revenue to these other businesses. The presence of a gin in a community encourages other cotton-based enterprises and industries in locating in or near the community. Such industries would be gin repair and supply firms, livestock feed concerns, crushing mills, refineries, delinting plants, and numerous others.

Thus a gin, even with its disadvantages, has numerous advantages which far outweigh the disadvantages in terms of benefits brought to the



cotton producers and the local community in the form of employment and added income or revenue.

These local community cotton gins in the state employed over 16,000 local residents during the 1965-66 season. In addition, over 4,000 migrant personnel were also employed. Many of the resident gin employees in the southern part of the state become migratory personnel and move northward with the progress of the harvesting season. Thus a Lower Valley ginner will often go to a High Plains area gin after the ginning season is completed in the Valley. Resident employees from one area may become migrant employees in another area. The percentage of resident employees according to the crop reporting districts for the 1965-66 season is in Table 13. This migration of workers is borne out in this table by the high percentage of resident employees in the southern areas and the higher percentage of migrant workers in the northern areas.

Gins often must seek local financial assistance in order to accomplish the needed maintenance, repair, addition of new equipment, or replacement of old equipment. In such instances, the gin turns to the nearest financial source which is often the bank in the local community. The respondents indicated whether the local bank lent the gin money on which to operate prior to and during the 1965-66 season. The results of this question are present in percentage form by crop reporting districts in Table 15. Also the table indicates the percentage of gins which maintain checking accounts at the nearest local bank. On a state average, 42 percent of the respondents reported the borrowing of money from the community bank, and 89 percent reported the maintenance of a checking account at the nearest local bank. Thus the gin furnishes the local banks with income through interest on loans and the increased business activity of other

Table 15. BANKING IN RELATION TO THE 1965-66 SEASON BUSINESS

District	Percent of gins Borrowing Money From Nearest Bank	Percent of Gins With Checking Accounts At Nearest Bank
1-N	20	90
1-S	33	86
2	32	86
3	NA	NA
4	37	91
5	60	90
6	60	80
7	50	50
8	67	100
9	62	93
10	83	100
10-A	63	88
State*	42	89

NA - Not available.

\* Weighted average.

Original data.

businesses. This in turn adds to the overall benefit derived from the presence of a gin in the community.

The respondents reported that on a state-wide average, 72 percent of them maintained open accounts for their customers and that these open accounts represented 12 percent of their operating capital or revenue during the season.

The respondents were asked if they offered any of 19 services to their customers and if they made an additional charge for these services.

The results according to crop reporting districts for these 19 services are shown in Table 16. The asterisk adjacent to the percentage figures indicates that some of the gins in the area offering these services to their customers also charge for the services in addition to the regular ginning fee. A few of the services which the gins predominantly performed are: Purchase seed, transport bales to compress, sell planting seed, and purchase baled cotton from the grower.

In an effort to determine the value that is to be derived from the presence of a gin in the community, a table was constructed based on the information furnished by the respondents in relation to the state and crop reporting districts' average per gin for such items as taxes, payroll, utilities, insurance, etc. This estimated data is shown in Table 17. The amount shown is that which is estimated to be of benefit to the community and is based on ginning revenue only. It does not take into consideration the other gin income or revenue that is derived from the transportation of cotton to the gin, sale of planting seed, or other sales or services which also benefit the community.

The lower part of Table 17 entitled "Amount of Direct Benefit to the Community" indicates the estimated average amount in dollars which goes directly to the income of the community. Part of this total is from the amount expended by the gin for operating expenses which go to the benefit of the community in or near which the gin is located. The other portion of this total going to the community is the difference between the ginning revenue (based on ginning charges and volume ginned) less operating cost. It was assumed that 60 percent of the difference between ginning revenue and operating cost stayed for the benefit of the community directly. The portion going to the benefit of the community from the operating expenses

Table 16. PERCENTAGE OF GINS OFFERING SPECIFIC SERVICES BY CROP REPORTING DISTRICTS

Service	District											
	1-N	1-S	2	3	4	5	6	7	8	9	10	10-A
Buy cottonseed at time of ginning	100	97	92	Ins.	95	100	60	100	83	100	83	100
Merchandise cotton	83	91	71	Ins.	60	45	Ins.	100	30	31	67	88
Assist in obtaining field and harvest labor	97	83	75	Ins.	46	36	Ins.	Ins.	35	25	67	94
Furnish housing and assistance to field hands	80*	69	54	Ins.	7	18	Ins.	Ins.	9	Ins.	Ins.	29*
Furnish harvesting equipment	13*	11*	8	Ins.	7	18	Ins.	50	13*	Ins.	50	29*
Furnish trailers for movement of seed cotton	33*	34*	37	Ins.	19	36	20	50	35	Ins.	83	94
Trailer pickup service (field to gin)	20	23	8	Ins.	5	18	20	Ins.	13	Ins.	17	65*
Seed cotton storage at gin (seed house, baskets, etc.)	20*	17	21	Ins.	37	18	Ins.	Ins.	22	6	33	12
Tarps for covering trailers on gin yard	47*	49	17	Ins.	16	18	20	50	9	6	33	65*
Trailer maintenance for customers	43*	46*	46	Ins.	26	36	Ins.	Ins.	26	Ins.	83*	53*
Custom ginning	73*	74*	62*	Ins.	72*	73*	80	Ins.	61*	75*	100	71*
Transport cotton bales to compress	100*	91*	83*	Ins.	86*	55*	40*	50*	83*	75*	83*	100*
Sample bale for government classification	37*	46*	46*	Ins.	53	45	100	100	61*	88	33	71*
Sample bale for owner's use	10	20*	33	Ins.	42	27	60	Ins.	26	81	17	41*
Sell cottonseed for planting	100*	86*	75*	Ins.	67*	64*	Ins.	100*	48*	69*	83*	94*
Sell fertilizers	17*	11*	42*	Ins.	42*	45*	20*	50*	13*	44*	17*	47*
Sell chemicals (insecticides, defoliants, etc.)	20*	23*	29*	Ins.	53*	27*	Ins.	100*	13*	38*	50*	59*
Sell gin trash as mulch	40*	40*	21*	Ins.	12*	18	20*	50	4	6	Ins.	12*
Have equipment to collect and deliver gin trash to field	50*	77*	33*	Ins.	23	18	Ins.	100	26*	19	17	59

Ins. - Insufficient data and/or no report.  
Original data.

\* Gins charge additional fee for these services.

Table 17. AVERAGE TEXAS GIN OPERATING COSTS BY CROP REPORTING DISTRICTS AND ESTIMATED AMOUNT WHICH BENEFITS THE GIN COMMUNITY FOR THE 1965-66 SEASON<sup>1/</sup>

Cost	Districts											State <sup>2/</sup>
	1-N	1-S	2	4	5	6	7	8	9	10	10-A	
	----- Dollars -----											
Taxes	1,718	1,412	1,179	580	368	475	400	590	731	1,467	2,387	1,106
Payroll	24,006	28,399	19,593	10,465	8,005	14,581	17,600	10,392	11,192	13,752	24,355	18,378
Utilities <sup>3/</sup> & Electricity	11,169	10,909	6,911	4,082	3,410	6,605	4,740	4,300	3,535	4,920	6,576	7,035
Maintenance <sup>4/</sup> & Supplies	21,045	16,235	9,187	4,346	3,208	11,136	7,508	7,968	6,546	8,927	9,752	10,591
Fire Equip- ment <sup>2/</sup> & In- surance	4,089	4,460	3,862	2,135	970	2,902	1,500	2,515	2,604	3,524	4,467	3,320
Others <sup>6/</sup>	15,653	29,036	17,641	9,788	8,543	9,167	5,330	6,677	10,038	10,836	27,671	16,005
Total Oper- ating Cost	77,680	90,451	58,373	31,396	24,504	44,866	37,078	32,442	34,646	43,426	75,208	56,435

	Amount of Direct Benefit to Community											
	----- Dollars -----											
Operating Cost	22,000	21,700	20,600	11,000	9,100	17,900	13,900	13,400	13,000	17,700	28,600	19,000
Gin Charge Less Operating Cost	16,700	20,500	10,000	3,400	5,600	14,600	7,400	4,400	4,000	8,100	14,100	11,100
Average Total Benefit to Community	38,700	42,200	30,600	14,400	14,700	32,500	21,300	17,800	17,000	25,800	42,700	30,100

<sup>1/</sup> Based on ginning only, income from sale of seed or other sources not included. <sup>2/</sup> Weighted average.

<sup>3/</sup> Water, electricity, gas, diesel and other fuel. <sup>4/</sup> Labor and parts. <sup>5/</sup> Including night watchman.

<sup>6/</sup> Bagging, ties, depreciation, etc. NOTE: Insufficient sample available to develop data for District 3. Original data.

was derived and based on the following: All taxes paid benefit the local community; all pay of the local resident employees and 30 percent of the pay of the migrant employees benefit the community; 20 percent of the utilities (water, electricity, and gas, diesel and other fuel) benefit the community; 25 percent of maintenance costs (labor and parts) benefit the community; and 10 percent of the fire fighting equipment including night watchmen and insurance benefits the community.

Thus the average gin in the state contributes over \$30,000 to the benefit of the community annually. The actual amount going to the benefit of the community is greater than this estimated amount since the estimate is based on the gin revenue excluding all other income and revenue which the gin derives through such sources as sale of planting seed, etc. Over 43 percent of the total estimated state ginning revenue of nearly \$89 million goes to the benefit of the local community. The state economy benefits from this part going to the local gin community, and the state also reaps the benefit of a large portion of the rest going for utilities, manufacturers, and insurance companies which do business in the state.

As further indication of the revenue derived from a gin by the local community according to retail sales, bank deposits, etc., Table 18 was constructed to show the estimated benefit. Data in the table show what the average resident gin employee means to the community and what the average gin employing 11.8 resident workers means to a community. Also shown are the expenses, etc., excluding labor which go to the benefit of the community according to data for an average Texas gin for the 1965-66 season. The total amount going to the benefit of the community from the ginning revenue alone for the average state gin is also shown. Personal income per average gin employee amounted to \$1,143, of which an estimated \$369 went to bank

Table 18. A GIN IN THE COMMUNITY MEANS PEOPLE AND INCOME OR REVENUE TO THE COMMUNITY ESTIMATED IN TERMS OF TEXAS AVERAGE GIN DATA

	Based on Payroll per Average Resident      Gin With 11.8 Employee (1)   Resident Employees		Income or Revenue from Gin Operating Expense and/ or Profit, Excluding Payroll	Total Income and Revenue Average/Gin Col. 2 plus 3
Active Gin Means Fol- lowing to Community-- Number of:				
People in Community Employed in Non- Manufacturing Establishments	(3.6)* .9	(42.4)* 10.6		10.6
	.65	7.7		7.7
Annual Income or Revenue:				
Personal	\$1,143	\$13,487	\$16,616**	\$30,103
Bank Deposits	369	4,354	3,586	7,940
Retail Sales:				
Grocery Stores	116	1,369	1,400	2,769
Auto Dealers	76	897	1,352	2,249
Eat & Drink Establishments	41	484	904	1,388
Service Stations	38	448	853	1,301
Department, Clothing & Shoe Stores	69	814	300	1,114
All Others	193	2,277	4,765	7,042
Total	533	6,289	9,574	15,863

\* Figure in parentheses indicates people based on full-time employment 12 months.

\*\* Revenue rather than personal income.

Reference (1) and original data.

deposits and \$533 for retail sales. Each position filled (full-time for 12 months) by a resident is estimated by the Economic Research Department of the United States Chamber of Commerce as being responsible for the presence in the locality of 3.6 people including the employee holding down the job. If gin employment were on a twelve month basis, the 11.8 average resident employees per average Texas gin would be responsible for 42.4 persons being in the community annually. Since gin employment is generally only for an average of one-fourth of a year, the average Texas employment of 11.8 residents is responsible for the presence of 10.6 people in the local community. Each resident employee also creates employment in the community by working at the gin at a rate of about .65 person to one gin employee.

The value of lint and cottonseed combined for the 1965-66 crop amounted to about \$28,000 per average gin employee, while the average gin investment per gin employee amounted to \$8,400 on a state-wide basis. As further indication of the value of the cotton crop and the cotton gins to the crop reporting districts and the state, Table 19 shows the estimated ginning revenue based on the respondents' reported ginning charges for the season. Also shown is the value of the lint produced during the 1965-66 season by crop reporting districts and for the state. It is interesting to note that the ginning charges average about 14 percent of the value of the lint for the season for most districts and for the state overall average.

Table 20 is a hypothetical income statement for an average Texas gin for the season ending July 31, 1966. This table was constructed on the basis of the state average per-bale cost data derived from the respondents' replies. Since depreciation was not requested or furnished by the



Table 19. ESTIMATED TOTALS BY CROP REPORTING DISTRICTS FOR THE 1965-66  
SEASON VALUE OF LINT COTTON PRODUCTION AND AMOUNT  
EXPENDED FOR GINNING CROP

District	Ginning Charges	Value of Lint
1-N	\$11,085,784	\$ 76,658,000
1-S	32,868,894	233,698,000
2	12,610,026	86,656,500
3	378,000	2,611,000
4	8,683,158	61,263,750
5	1,517,635	12,825,000
6	3,705,400	34,530,000
7	920,811	7,827,000
8	5,207,246	36,220,200
9	3,401,552	27,320,000
10	754,110	6,000,400
10-A	7,765,437	54,609,200
State	\$88,898,053	\$640,219,050

Original data.

Table 20. ESTIMATED INCOME STATEMENT OF AVERAGE TEXAS GIN  
YEAR ENDED JULY 31, 1966

Revenue:

Ginning Revenue - 3,952 bales @ \$18.97 \$74,969

Operating Expenses:

Labor - @ \$4.65/bale	\$18,377	
Depreciation - 7.5%	13,114	
Electricity - @ \$1.13/bale	4,466	
Gas, water, fuels - @ \$0.65/bale	2,569	
Supplies - @ \$0.28/bale	1,107	
Maintenance and parts - @ \$2.40/bale	9,485	
Other expenses including bagging & ties	<u>16,006</u>	
Total Operating Expenses		\$65,124

General and Administrative Expenses:

Insurance - @ \$0.70/bale	\$ 2,766	
Taxes - @ \$0.28/bale	1,107	
Fire protection - @ \$0.14/bale	<u>553</u>	
Total General and Admin. Expenses		<u>4,426</u>

Total Expenses		<u>69,550</u>
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Net Income		<u>\$ 5,419</u>
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respondents, this part was estimated on the basis of gin value times the percentage of depreciation taken based on data reported and available from previous studies. Depreciation indicated previously varied from 5 percent to 10 percent of the gin value, thus 7.5 percent was used as the average depreciation in the estimated figure shown in the table.

Ginners were also queried as to whether the cotton farmers were becoming more conscious of the fiber fineness and strength of the cotton they produced. All crop reporting districts except Districts 4 and 5 indicated that the growers were becoming more interested in the fineness and strength of the cotton that they were producing.

The ginners were also queried as to what they felt the new cotton legislation would do to the volume of cotton they ginned and the next season's ginning fee. Eighty-three percent or more of the ginners felt that the 1965 Agricultural Act would decrease their volume of business during the 1966-67 season. On a state-wide average, the ginners anticipated that this reduction would amount to 1,300 bales per gin, or a 1.5-million bale reduction for the state. Ginners in the Lower Valley, District 7, and the High Plains expected to be the hardest hit by decreased ginning volume. On a state-wide average, 13 percent of the ginners felt that this reduction in volume could result in an increase in the ginning charges, while the rest were undecided or felt no increase would result because of decreased volume.

If the ginners estimate of a 33 percent decrease in the 1966-67 crop should prove to be correct, it would mean that:

1. Only 860 gins would be necessary to gin the crop if the same average ginning volume of 3,952 bales per plant applies; resulting in a decrease of 423 active gins.
2. The state estimated lint value would decline over \$211 million to a new total of about \$429 million, although some of this decline would be offset by diversion payments to the farmer.
3. The state estimated ginning revenue would decrease over \$29 million from the 1965-66 level to about \$59.6 million.
4. The local community benefit derived from the gin would decline nearly \$10,000 per gin annually on a state-wide average. This would mean a state-wide loss of \$12.6 million dollars in ginning benefit, provided no increase in ginning charges were involved.

The final loss would be much greater since the \$12.6 million and \$211 million lint loss would be transmitted on down the line into other segments of the cotton industry and supporting industries of the state. These losses do not include the loss to the cottonseed oil mills and their related segments due to the decreased production.

## SUMMARY

Production in Texas increased during the 1965-66 season over the previous season, and yield reached a new high of 402 pounds per harvested acre. During the same period, the number of active gins in the state decreased resulting in each gin's having a higher volume ginned during the 1965-66 season than the preceding season. Average volume ginned per plant amounted to 3,952 bales for the season.

The respondents indicated that more moisture control or restoration systems had been installed bringing the percentage figure for the state to nearly 38 percent based on replies. The amount of gins adding new equipment before the start of the season was approximately the same as it had been for the previous period. The amount spent on a per gin average for new equipment on a state-wide basis was \$13,634 for those gins adding new equipment. This figure was down about \$4,600 from the previous year. The state gin installation value had increased nearly \$12,000 over the previous season to reach a state-wide average of \$174,856 for the 1965-66 season. This increase was due to new equipment added, new gins, and because some of the older gins were not active this season.

The number of bales that had to be ginned to break even during the season was only 70 bales less than the figure for the previous season. The state average volume needed to break even for the 1965-66 season was 2,038 bales. Since the gins had a larger ginning volume for the current season, the percentage of bales needed to break even decreased from the previous season figure. The state average ginning rate also increased about one bale per hour over the figure for the previous season. The state average number of bales ginned per 12-hour shift was nearly 91 bales.

The state average charge per bale for ginning was found to be \$18.97 per bale for the 1965-66 season which was \$1.04 per bale above the previous season. The increased volume ginned this year reduced the average cost of ginning according to the respondents who reported the cost at \$14.28 per bale which was 51 cents a bale less than a year earlier.

As volume ginned increased, costs per bale decreased. The average state labor cost per bale was found to be \$4.65 which was 25 cents less than for the preceding year. State-wide average costs per bale reported for the 1965-66 season were as follows:

Electricity	\$1.13
Water plus gas, diesel and other fuels	.65
Supplies	.28
Maintenance including parts	2.40
Fire fighting equipment, etc.	.14
Insurance	.70
Taxes	.28

The average number of gin employees who were residents of the community in which the gin was located was found to be 11.8 per gin.

#### What is the Cotton Gin to the Community?

The Texas cotton gin is often the hub of the cotton growing community. The cotton gin is the processor, market place, store, information bureau, service center and source of employment to the cotton grower and many residents of the cotton producing areas of the state. The grower gets his cotton ginned there, sells his lint and seed to the ginner, buys his planting seed and obtains many other necessary items at or through the gin. The grower obtains information as to the price of cotton and seed at the gin, and obtains assistance in finding workers and equipment necessary to grow and harvest the cotton. A gin thus brings growers and others together at the local community in or near which it is located. In this way the gin

also creates more business and revenue for the local community for without the gin the grower would go to the next nearest community with a gin or he would cease to grow cotton, either of which would eliminate a source of revenue and income to the community and its residents.

During the 1965-66 season, the gins in the state had an estimated payroll of over \$21½ million, paid an estimated \$5.3 million for electric power and light. Nearly \$3 million was spent by the gins in the state for water and gas, diesel and other fuel. Over \$11 million was spent on maintenance and parts with an additional \$7 million for new equipment. The gins spent an estimated \$3.3 million for insurance and over one-half million dollars for fire fighting equipment including night watchmen. The gins in the state contributed an estimated \$1.3 million to the state, county, and local governments in the form of taxes. Over one-third of the gins' annual operating expense was estimated as going to the direct benefit of the local community in or near which the gin was located.

Many of the gins in the state borrow money annually from the local bank for modernization, maintenance, or operating capital, and most of the gins maintain checking accounts at the local bank. The gin furnishes services and merchandise to its customers and purchases supplies and services from the local businesses which increases the livelihood of the community. The hypothetical average gin in the state was estimated as contributing directly about \$30,000 annually to the benefit of the community, based on the ginning revenue which represents about 71 percent of the total gin revenue. Thus when the revenue from the sale of planting seed, fertilizer, insecticides, etc., are considered, this figure increases.

The cost of labor amounted to about one-third of the cost of ginning during the 1965-66 season. The average gin in the state employed 11.8

resident employees (those who live in the local community) whose payroll was estimated at an average of \$13,487 per gin. Of this amount, an estimated \$4,354 went to bank deposits and \$6,289 to the local retail stores in the form of sales. The money which the local gin is considered to contribute to the benefit of the local community actually will be turned over three times, thus the actual monetary benefit to the community can be considered to be three times greater than what it appears. Thus an average gin can be considered responsible for over \$100,000 worth of business (revenue-income) to a community.

Thus in small cotton-growing communities, a cotton gin can be truly considered the Hub of the Community both from a financial as well as a service viewpoint.

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