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Machinery

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UNIVERSITY OF READING

Department of Agricultural Economics

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**FARMERS' MACHINERY
SYNDICATES IN HAMPSHIRE
1955 - 1958**

MISCELLANEOUS STUDIES No. 16

PRICE 5/-

JUNE, 1959

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FARMERS' MACHINERY SYNDICATES IN HAMPSHIRE, 1955 - 1958

INTRODUCTION

The sharing of farm machinery is a practice which is far less common in Great Britain than might be expected, in view of the advantages it should have, especially for the smaller farmers, by enabling them to employ machines which would otherwise be ruled out on the grounds of cost. In 1955, however, a new venture in this field was promoted by the National Farmers' Union in Hampshire, in the form of an organisation to facilitate the formation of small machinery-sharing syndicates of farmers. An outstanding feature of this scheme was an arrangement with one of the Banks for special credit facilities to make possible the purchase of the machinery. Now that the scheme has been in operation for four years it is thought that a more detailed account than has previously appeared of the experience of the syndicates so far established should be of interest, particularly in view of the recent appearance of similar movements in other parts of the country. This report deals primarily with progress up to the end of 1958. Since then, a number of additional syndicates have been formed, brief notes on which are given at the end of this report.* Thanks are due to the syndicate members and secretaries and to the officers of Syndicate Credits Limited who have supplied information. The field work for the report was carried out by C. H. Blagburn, I. B. Gardiner, A. H. Gill and A. Harrison of the Department.

1—CONSTITUTION AND ORGANISATION

1. Origin and Early Development.

The establishment in 1955 of the first three Hampshire Farmers' Machinery Syndicates and their parent company Syndicate Credits Limited, was the outcome of lengthy discussions initiated by Mr. A. R. L. Aylward, a farmer and corn merchant of Hall Farm, Farringdon, near Alton, Hampshire, and carried through with the help of Mr. Ancrum Evans, an accountant of 8 Eccleston Square, London, at that time working with the Credit Service Unit of the National Farmers' Union Development Company. Mr. Aylward, who was then managing two independently-run farms of 260 and 350 acres, respectively, was particularly concerned by the prospect of a general shortage of labour in agriculture and by the high capital investment normally necessary in mechanising farming. He had for several years shared successfully with a number of his neighbours the ownership and use of a threshing drum and was convinced that the solution to mechanisation on small and medium-sized farms lay in some form of co-operative organisation. With this in view in

* See Appendix F.

August 1954 he approached the Farmers' Central Organisation Limited* for assistance and because of the special credit requirements involved in his proposals he was referred to Mr. Ancrum Evans of the Credit Service Unit of the National Farmers' Union Development Company.

The starting point to the discussions that followed was the recognition that, if farmers of small and medium acreages are to continue to farm efficiently in competition with farmers of larger acreages, they must in some way obtain the use of up-to-date machines and equipment at economic costs. But there are two obvious major difficulties.

The first difficulty is that many farms do not provide sufficient work to justify the purchase of the more costly machines. One solution, of course, is the employment of machinery contractors. But it was considered that in many districts contractors' services were too costly or insufficient in one way or another. An alternative solution, on which attention was concentrated, is some form of co-operative use of machines between a number of farms with similar requirements.

The second major difficulty is that, even where a number of farmers join together in a co-operative venture, the additional capital required for the purchase of the more expensive machines is often difficult to raise and may adversely affect investment in other enterprises on the farms concerned. It was therefore felt to be necessary to evolve some scheme which, in addition to facilitating the co-operative use of machines, would also provide special credit facilities to make possible their initial purchase. To this end the chief requirements were regarded as the obtaining of unsecured credit to be used specifically for the purchase of machines that would be operated and owned jointly by a number of farmers, with a repayment period corresponding roughly to the useful life of the machines, and at the interest rate currently paid on bank overdrafts by farmers in general.

With these objectives in view further help was sought from the Farmers' Central Organisation Limited. The experiences of earlier machinery co-operatives, machinery pools and agricultural lending institutions, both here and abroad, were examined in detail. The main banking companies were also consulted with a view to obtaining new sources of credit. As a result, it was agreed that the key to the problem of credit was the joint and several liability of the participating farmers working together in the owning and operating of particular machines as a specific and restricted partnership.

It was also agreed that the interests of both the lenders and the borrowers would best be served if an independent body capable of acting as agent to both

* The Farmers' Central Organisation Ltd. was set up in December 1953 for the purpose of encouraging the development of co-operation amongst farmers. In May 1956 the Farmers' Central Organisation Limited amalgamated with the Agricultural Co-operative Association Limited—with whom its aims were in common—to form the present-day Agricultural Central Co-operative Association Limited.

parties were interposed between them. In particular, the lenders required advice on the technical soundness of any proposed machinery co-operatives and, subsequently, formal and impartial control to ensure that the terms agreed in respect of the unsecured credit continued to be observed. The borrowers, on their part, required that the credit should be unsecured, should have no repercussions upon the general credit-worthiness of their businesses (e.g. in regard to merchants' credit and bank overdrafts), should be without risk of premature recall and at a favourable rate of interest.

Finally, Barclays Bank agreed to finance a pilot scheme in Hampshire and the setting up of the governing and advisory body, Syndicate Credits Limited, was undertaken by the Co-operation Committee of the Hampshire County Branch of the National Farmers' Union. For this pilot scheme the bank put the sum of £25,000 at the disposal of Syndicate Credits Limited: and it was agreed that the interest rate to be paid by Syndicate Credits on the money it took up should be $\frac{1}{2}\%$ above bank rate subject to a minimum of $3\frac{1}{2}\%$ and a maximum of $5\frac{1}{2}\%$.

2. Syndicate Credits Limited.

Syndicate Credits Limited obtained its Certificate of Incorporation on June 8th, 1955. Its original members and subscribers were members* of the Co-operation Committee of the Hampshire County Branch of the National Farmers' Union. Mr. Aylward was a co-opted member of this sub-committee and the specialist services of Mr. Ancrum Evans were made available to it by the National Farmers' Union Development Company.

This sub-committee was convinced of the paramount importance of providing a sound business basis to any new scheme for sharing farm machinery. It was also concerned to establish a standard pattern of procedure by which the scheme might later be extended or copied in other parts of the country. Thus exceptional care was taken in drafting the memorandum and articles of association of Syndicate Credits Limited and the basic rules and borrowing terms by which the various machinery syndicates would be controlled. Each of these matters was also submitted to Barclays Bank for their agreement. Justification for this initial attention to detail is, in fact, now to be found in the success of the pilot scheme in Hampshire and in the more recent adoption of similar schemes in a number of other counties.†

* The original members were: Col. M. W. Harrop, A. R. L. Aylward, Esq., J. N. McClean, Esq., A. H. Moore, Esq., John Fawcett, Esq., J. K. Thomas, Esq., and T. D. Dampney, Esq.

† For details see Appendix F.

In April 1959 the number of Hampshire Farmers' Machinery Syndicates reached twenty and the total credit then available to these twenty syndicates exceeded (with the prior approval of Barclays Bank) the original limit for the pilot scheme of £25,000.

Syndicate Credits Limited is constituted as a non-profit-making company without share capital and with its liability limited by guarantee of its members. In the event of the company being wound up each member undertakes to contribute such sum as may be required, but not exceeding £1, to the assets and costs of winding up. Any excess of income over expenditure can be applied only towards the promotion of the declared objects of the company. These, as is customary in such documents, are very broadly stated in its Memorandum of Association. The chief objectives, however, are given in the following terms:—

“ To promote the use of mechanical and other equipment in agriculture by encouraging the formation of syndicates of farmers.

“ To promote and develop co-operation among farmers and the co-ordination of their activities more particularly in regard to the acquisition, maintenance and use of machinery, appliances and materials; and for this purpose to finance and assist farmers and groups and syndicates of farmers by means of grants, loans, guarantees and otherwise.

“ To receive money on deposit with or without interest and for the purpose of promoting or furthering directly or indirectly any of the objects of the Company, to lend money with or without security, and to guarantee the performance of any contracts.

“ To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debentures or debenture stock charged upon all or any of the Company's property (present and future) and to redeem, purchase and pay off any such securities.”

In the company's Articles of Association it is provided that new members of the company shall be nominated from time to time by the Hampshire National Farmers' Union. It is also provided that the directors of the company shall be appointed by resolution of either the Co-operation Committee or the Executive Committee of the Hampshire National Farmers' Union. The number of directors, it is stated, shall be not more than seven. The first directors were the seven original members of the company and the custom has been for one director to resign each year to allow his place to be taken by the Junior Vice-Chairman of the Hampshire National Farmers' Union.

In carrying out its duties it has been necessary for the Board of Directors to meet formally about once every six to eight weeks. In addition, individual directors have made periodic visits to interested groups of farmers, and have given formal talks on the syndicate system to county branches of the National Farmers' Union. Many visitors have been received in Hampshire and have been taken on visits to members of syndicates sharing different types of machines and equipment.

The directors have given their services free. The duties of secretary to the company and of Registrar of Farmers' Machinery Syndicates have also been performed, in an honorary capacity, by Mr. J. D. Smart the County Secretary

of the Hampshire National Farmers' Union with Mr. W. J. Keenleyside, the Deputy County Secretary, as his assistant. Since, however, separate accounts are maintained for each syndicate and twice-yearly demands for interest and loan repayment are prepared for each member, it has, since 1957, with the increasing number of syndicates, been necessary to put out this side of the administrative work to a firm of accountants.

The major responsibilities of the Board of Directors are threefold. Firstly, encouraging by constructive criticism and advisory visits when necessary the setting up of farmers' machinery syndicates. Secondly, making recommendations to Barclays Bank concerning the technical soundness of proposed new syndicates. Thirdly, ensuring fulfilment of the financial contracts undertaken by syndicates and, to a very limited extent, supervising their general management. Accordingly the Board has drawn up, to the approval of Barclays Bank, standard rules and procedures governing each of these matters. It was recognised, however, that the day-to-day employment of the machines was something which could only be settled by personal discussion between the individual members of each syndicate and which was therefore best covered by local rules adopted by the syndicate concerned. Thus the basic rules imposed by Syndicate Credits are no more than the minimum necessary for financial and legal purposes.

3. Machinery Syndicate Rules*

The formal rules imposed by Syndicate Credits begin with a statement of the name of the syndicate in the form that is to be registered with the Registrar of Farmers' Machinery Syndicates and subsequently used for trading and banking purposes. Then follows a statement of the purpose of the syndicate. This is expressly restricted to the acquisition and operation of machinery and associated services for the use of members only. The intention, in particular, is to exclude the hiring, lending and contracting out of a syndicate's machines to non-members, because this would alter the business status of the syndicate from that originally envisaged in the scheme and might also adversely affect its credit-worthiness.

The next section of the rules concerns the syndicate's membership and constitution. Every member must be a member of the National Farmers' Union of England and Wales. The names of the founder members are given and there is provision for additional members to be admitted on the unanimous agreement of existing members and the approval of Syndicate Credits. The essential relationship between the members is that of a partnership. The proportions in which individual members shall contribute to the capital and running costs of the machines and to any other syndicate debts, and their respective entitlements to the syndicate's resources shall be as they mutually agree. It is also specifically stated that members are jointly and severally liable for all the

* See Appendix A.

debts of their syndicate. This means, of course, that in the event of any member's default, the other members are responsible for the unpaid balance of his contributions. It is this arrangement which has been largely responsible for the favourable rate of interest enjoyed.

The rules also state that machinery purchases and other liabilities may only be incurred on the written agreement of all members and that arrangements for the repayment of any loan—which may only be from Syndicate Credits Limited—must be made at the time the machinery is purchased. To facilitate administration, the syndicate must open a bank account, appoint a secretary and keep proper books of accounts and minutes of its meetings.

The next section of the rules covers the maintenance, use and sale of the syndicate's machinery. Perhaps the most important clause in this section is the one providing for the periodic inspection of each machine by an agricultural engineer. This is usually done twice a year according to the seasonal nature of the work of the particular machine. The engineer's report is a matter for discussion between members and it is often made the basis of a bonus payment to the worker who has been responsible for the machine's operation and maintenance. A copy of each of these reports must also be sent to Syndicate Credits. They are usually received in January and July of each year and are examined in detail by the Chairman of the Board of Directors, who reports his findings to the next meeting of the Board.

Machines may only be sold with the written agreement of all members and the prior approval of Syndicate Credits. Immediately following the sale, any loan outstanding must be repaid and interest due must be settled. Arrangements for the use and maintenance of the machines, including the supply of workers and materials and the subsequent adjustment of operating costs between members, are again matters for mutual agreement between members to be covered by local rules.

The rules also set out the procedure to be followed in the event of a member wishing to retire from the syndicate. He may only do so with the unanimous written consent of the other members, and the consent of Syndicate Credits and any other creditors. The terms on which his interest in the assets of the syndicate is to be taken over by the other members shall be fixed by mutual agreement between them. Even after retirement, a retiring member remains liable for all the debts of the syndicate that are unsettled at the date of his retirement, unless he has arranged for this liability to be taken over by another member or members. These restrictions are designed to give financial stability to the syndicate. In practice, when there has been occasion for a member to retire (e.g. when he has sold his farm or ceased to require the particular machine), the necessary arrangements and adjustments have always been made. The rules also make provision for the arrangements in the event of the death of a member and for the winding up of a syndicate.

Finally, the rules provide that the Registrar of Farmers' Machinery Syndicates shall also be the registrar of each individual syndicate. He shall maintain records of the syndicate's membership, machinery, machinery reports, agreements to purchase and sell machinery and authorities to borrow from Syndicate Credits. In addition he shall appoint a valuer, an arbitrator or a receiver as and if the need should arise.

This basic set of rules is deemed to be irrevocable. Its acceptance by each member of a proposed syndicate is a condition of the granting of a loan by Syndicate Credits and is thus part of the contract ultimately made between the syndicate and Syndicate Credits.

4. Borrowing Terms.*

The precise terms on which machinery syndicates are able to borrow from Syndicate Credits are set out in a separate document. The acceptance of these terms by each member of a proposed syndicate is a condition of the granting of a loan.

On several major points the Syndicate Borrowing Terms reiterate the Syndicate Rules. The joint and several liability of members is again given prominence and there is reference to the periodic inspection of machines, to the syndicate's obligation to furnish reports and information to the Registrar of Farmers' Machinery Syndicates and to the need for the approval of Syndicate Credits before any machine still subject to a loan is sold.

The terms provide for the repayment of the loan (which is limited to a maximum of 80% of the purchase price of the syndicate's machinery) by equal half-yearly instalments at April 5th and October 5th in each year. Interest is to be paid, at the same dates, on the amount of the loan outstanding over the previous six months. Normally the loan is spread over four years, so that there are eight such payments. An exception has now been made however in the case of grain drying and storing syndicates, the loans for which are to be spread over five years, involving ten payments. When a syndicate has been formed within three months of one of the normal payment dates, payment on this first date will be only in respect of the interest due and repayments of the loan will not begin until the second payment date.

The interest rate to be paid by syndicates to Syndicate Credits Limited is as determined from time to time by the Board. So far it has been subject to a minimum of 5% and a maximum of 7%, and has, within this range, fluctuated at $1\frac{1}{2}\%$ above bank rate. The additional 1% above the interest rate which Syndicate Credits pays to the Bank is to cover the administrative costs involved. When syndicates pay interest they, of course, deduct income tax at standard rate and complete the appropriate tax deduction certificates for each member. Syndicate Credits have then to claim repayment of this tax deducted at source in accordance with Section 200 of the Income Tax Act 1952.

* See Appendix B.

Syndicates must also pay to Syndicate Credits, when each loan is granted, a service charge of 1% of the total loan. This again is to cover administrative costs and in the accounts of Syndicate Credits is spread over the whole period of the loan. Syndicates must also maintain such insurance cover in respect of each machine as is recommended by the National Farmers' Union Mutual Insurance Society with the agreement of Syndicate Credits. In addition, where applicable, members must insure against their liability at common law in respect of their employees working away from their own farms.

Finally, any breach of the Syndicate Rules or failure to comply with the borrowing terms or unsatisfactory maintenance of the syndicate machines, entitles Syndicate Credits to give a period of notice terminating the loan. On the expiry of the requisite notice the whole of the outstanding balance of the loan must be repaid together with the interest due to that date.

5. Syndicates' Local Rules.*

The formal Syndicate Rules and the Borrowing Terms, as explained in the previous two sections, establish the financial and legal status and responsibility of each syndicate. They also assist and protect the individual members by ensuring the stability of the syndicate so long as it has a loan outstanding. But the detailed arrangements for sharing costs and facilities as between the several members of the syndicate, are entirely matters for local agreement. These agreements are the substance of the local rules.

The local rules generally begin with a statement of the proportions in which the various members are to contribute to the capital costs of each machine. In most cases these proportions are based on an estimate of the use that each member will make of each machine. When these estimates can be made only very roughly, the resulting decision is often, for the sake of simplicity, that members should make equal contributions to the capital costs.

Next, the local rules set out the proportions in which members are to have the use of each machine. Where feasible a suitable rota is also included giving the order in which members shall use each machine and the maximum period for which they may use them on each occasion. In practice, however, good-neighbourly co-operation between members and natural leadership within the group has usually ensured that members have their just shares of the use of machines. Even so, the inclusion of the rota in the local rules is important as a basis for reference in the event of dispute.

The local rules also state the way in which members are to contribute to the running costs of the machines. The most common procedure is for each member to be individually responsible for the labour, power and materials used when the machine is working on his particular farm. Contributions to the cost of the machine's repairs, inspection, storage, insurance and tax are then made either in the same proportions as members' contributions to the capital cost or by

* For examples see Appendix C.

way of a charge for each hour or acre that members use the machine. Sometimes a special charge (approximating to the syndicate's full cost of operating the machine) is imposed on the use of the machine in excess of the member's entitlement. Funds derived in this way are then used to meet the costs of repairs, etc., and only the balance has to be collected in the other ways.

All the payments made on behalf of the syndicate must, of course, be made through the syndicate's bank account. The local rules therefore include the address of the bank where this account is to be kept and details of how cheques are to be signed. Usually they must be signed by any two members of the syndicate.

The local rules also cover the arrangements for operating each machine. The provision may be for a machine to be operated by each member in turn when it is working on his particular farm. Alternatively, the provision may be for a special person to operate the machine on all farms. Usually this operator is an employee of one of the members. The cost of his labour and any tractor or other equipment he also supplies is a matter for settlement between the member receiving these services and the member providing them. The local rules will normally provide that the member receiving the services will, if requested, provide a replacement man and tractor to work on the farm of the member supplying the special operator and tractor. This however is not often the case and the settlement is usually effected in cash. As a basis for this, the local rules will indicate the rates at which the respective services are to be charged, though these cash settlements are usually direct between members and not through the syndicate's bank account. Even so the syndicate's secretary will often be responsible for completing the details of these settlements from extractions of the machine's log book kept by the operator. This log book will usually give details of the work done and materials used on each member's farm. The labour record will be divided between normal time and overtime. The record of fuel and other materials will also state the name of the member supplying them in case any settlement direct between members is necessary in this respect also.

Finally the local rules cover each machine's maintenance and storage. They give the names of the members responsible for this, as well as details of the arrangements for periodic inspection of the machines by an engineer and for out-of-season storage, if this is found advisable. In addition details of any bonus to operators to encourage careful maintenance and operation are included. This is usually based on the engineer's reports.

The above is the general form and content of the local rules. The precise details, however, are dictated by the particular circumstances of each syndicate. As a result of these local rules, the members of a syndicate have local and personal control over the internal affairs of their syndicate and are thus able to ensure that their machines are operated efficiently and that any difficulty that arises is dealt with promptly and effectively.

6. Procedure for Establishing a Syndicate.

There are three stages in the establishment of a farmers' machinery syndicate. The first is the completion of special application forms provided for the purpose by Syndicate Credits. The second is the consideration of the technical merits of the application by the Board of Syndicate Credits. The third stage, which only follows after the Board has approved the application, is a confidential enquiry by Barclays Bank to establish the credit-worthiness of the syndicate members.

Two or more farmers, up to a maximum of about twenty, provided they are all members of the National Farmers' Union and that at least one of the farms concerned is in Hampshire, may apply to form a machinery syndicate under the auspices of Syndicate Credits. Initially, the group of farmers must hold comprehensive discussions to determine such matters as the types of machines and the precise makes and models to purchase, the basis on which the capital costs are to be shared and the basis of each member's entitlement to the use of the machines and of his contribution to the operating costs. All these decisions must be embodied in the syndicate's local rules and a secretary must be appointed and provision made for the opening of a syndicate bank account. The formal Machinery Syndicate Rules and the Borrowing Terms must also be discussed in detail at this stage. Syndicate Credits will assist in these discussions in an advisory and explanatory role and, if necessary, one or other of the directors will visit each proposed syndicate for this purpose. It is considered important however that the initial impetus for a machinery syndicate should come from the farmers themselves.

The formal step of completing the application forms can then be taken. The forms must be signed by each member of the proposed syndicate and must be completed in triplicate. One copy is for Syndicate Credits, one for the Registrar of Farmers' Machinery Syndicates and one for Barclays Bank. The first form is the Schedule of Members. This is the formal application by the members to Syndicate Credits for the formation of the syndicate. It sets out certain personal data concerning the proposed members: their names and addresses, acreages farmed, the number of years they have occupied their farms, whether they are tenants or owner-occupiers and the names and addresses of their bankers. This form also declares the members' acceptance of the basic Syndicate Rules. The name of the syndicate's secretary is given and there is a brief statement of the proximity of members and the type of land and farming. In most syndicates one of the members has undertaken the duties of secretary. Where there are only one or two machines the secretary's duties have not proved burdensome: but in the case of the grain drying and storing syndicates and where there are several machines, it has been found worth while to employ an accountant to act as the secretary.

The second form* combines an Agreement to Purchase particular machinery from a particular supplier and an Agreement to Borrow a particular percentage

* See Appendix D.

(so far always 80%) of the cost of the machinery from Syndicate Credits on the terms prescribed. Together with these two forms are copies of the basic Syndicate Rules and the Borrowing Terms and these must also be signed by each member of the proposed syndicate.

The completed forms are then submitted to Syndicate Credits who are responsible for the second stage. A copy of the local rules must also be submitted and details given of the arrangements for the periodic inspection of the machines by an engineer. In considering the application, the Board of Syndicate Credits is concerned solely with the technical and practical implications of the proposals. They give special attention to the suitability of the chosen machines for the total seasonal work load to be undertaken. The reasonableness of each machine's total seasonal loading is considered of paramount importance.

The third stage is reached when the application has been found satisfactory to the Board of Syndicate Credits and with their recommendation to this effect is passed to Barclays Bank. The Bank then institutes enquiries to establish the credit-worthiness of the proposed syndicate. If this is adequate the Bank informs Syndicate Credits that it will sanction the loan requested.

Finally, the secretary to Syndicate Credits sends to the machinery syndicate a letter of acceptance. This states the amount of the loan that has been granted and asks for the syndicate's cheque in respect of members' deposits and the 1% service charge. When this cheque has been received by Syndicate Credits, delivery instructions can be sent to the supplier and later, taking up the loan from Barclays Bank, Syndicate Credits are able to complete purchase of the machine on behalf of the syndicate.

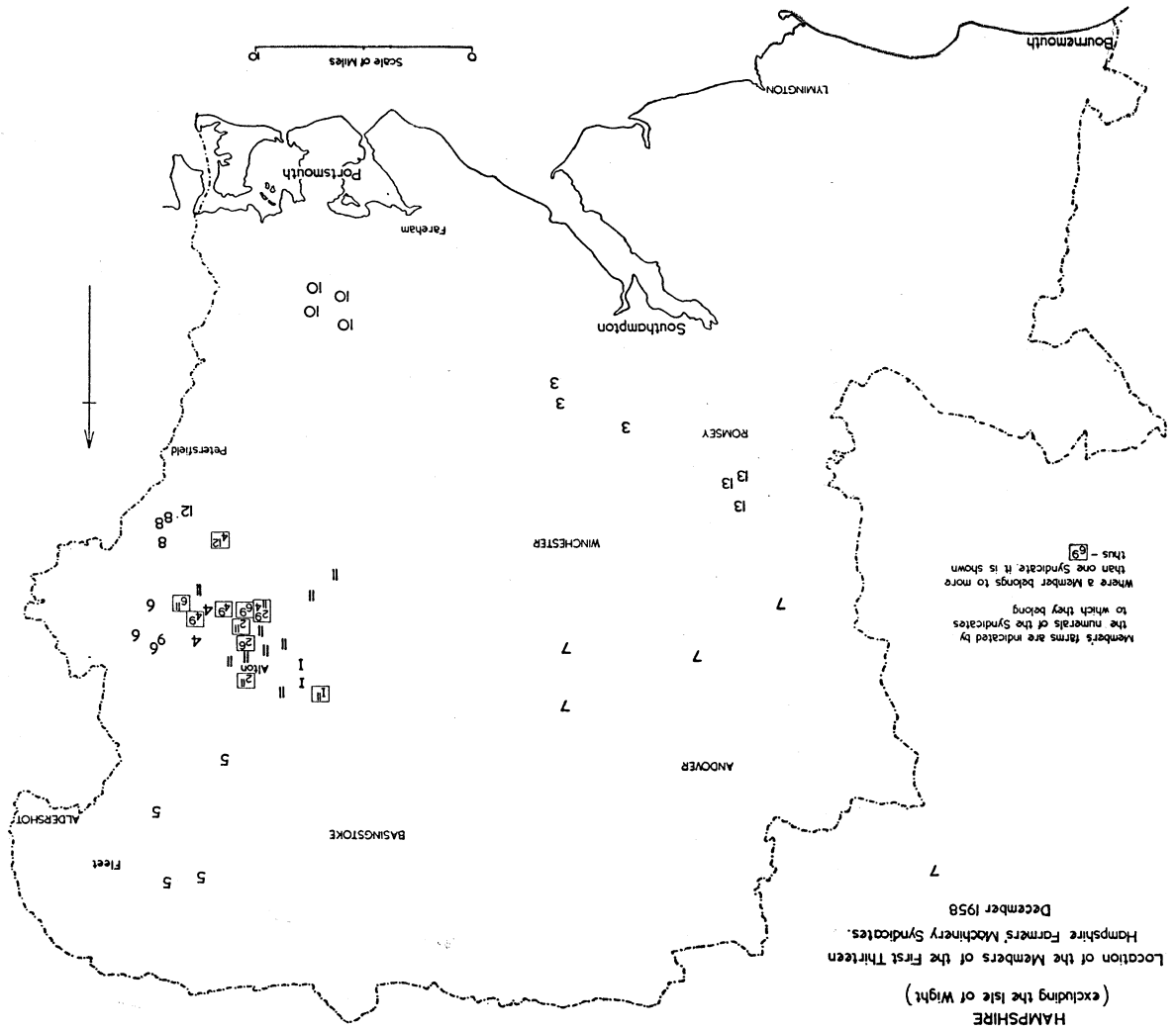
The new syndicate is then in being and complete with its machines. The responsibilities and obligations of the syndicate and Syndicate Credits, one to another, are in accordance with the "Syndicate Rules" and "Borrowing Terms" which constitute the contract between them. The secretary to Syndicate Credits will issue to the syndicate's secretary the requisite demands* in respect of members' loan interest and capital repayments: the syndicate's secretary will maintain the required minutes and accounts and will furnish to the Registrar of Farmers' Machinery Syndicates the periodic machinery reports and any other relevant information.

II—THE SYNDICATES

In 1955, the year the scheme was initiated, three syndicates were formed, two more followed in 1956, four in 1957 and four again in 1958. During the 1958 harvest, Syndicate 8 was wound-up so at the end of 1958 twelve remained. In four cases (Syndicates 2, 3, 5 and 9) additional machines have been purchased since the groups were formed.

The main details of each of the thirteen syndicates which have been operating in Hampshire are tabulated on page 27.

* See Appendix E.



1. The Members and the Machines.

The total membership of the existing syndicates at the end of 1958 was 60, but some farmers are participating in two or more groups and altogether 48 farmers are involved. For most of them, sharing machinery is a new venture and no more than nine have had previous experience of it. Syndicates of three or four farmers are the most common, as the following distribution shows, although Syndicate 12 (owning a forage harvester) has only two active members and Syndicate 11 (grain drying and storage plant) has fourteen. The size of the syndicates is largely determined by the amount of work on the individual farms and the nature of the equipment owned, but for ease of operation it is obviously desirable to keep the groups as small as possible, compatible with reasonably full use of the equipment.

<i>No. of Active Members</i>	<i>No. of Syndicates</i>
2	1
3	3
4	3
5	2
6	2
14	1
Total	12

The large majority of members are farming large or medium-sized holdings and only five have less than 100 acres. This is rather surprising, for it would be reasonable to expect a scheme of this nature to have the greatest advantages for small farmers. Nevertheless, it is interesting to note that small and large farmers are working together in some of the groups; and the presence of a majority of big farmers serves as a reminder that there are many items of machinery and equipment that even they may share to advantage. The distribution of the members' farms according to size is as follows :

<i>Acreage Group</i>	<i>No. of Farms</i>
Under 100	5
100-249	15
250-499	16
500-999	7
1,000 & over	5
Total	48

Sharing might be expected to develop primarily for large and expensive items of machinery and equipment, but a scrutiny of the list of syndicate machines below reveals several relatively inexpensive items. For example, a

sack elevator, a fore-loader and a hedge trimmer are included as well as combine harvesters, an expensive mobile seed cleaning unit and a large grain-drying and storage plant.

Syndicate Machines and Equipment

Combine harvesters	3	Farmyard manure spreader ..	1
Grain drier and storage plant ..	1	Fertiliser distributor	1
Pick-up balers	2	Precision root drill	1
Forage harvesters	3	Rotary hoe	1
Sugar beet harvesters and tractors	2	Down-the-row thinners ..	2
Mobile seed cleaner	1	Tractor fore-loader with hedge-	
Crop sprayers	2	cutting attachment	1
Ditching machine and tractor	1	Sack elevator	1

Sugar beet machinery is owned by three of the syndicates (Nos. 4, 5 and 9) and forage harvesters by another three (Nos. 10, 12 and 13). By contrast, collections of different types of machine are now owned by Syndicates 1, 2 and 3.

The total capital sum invested by the twelve Hampshire groups at the end of 1958 was over £27,000 of which £15,500, or rather more than half was represented by the seed cleaner (No. 7) and the grain drier (No. 11).

2. Changes in Membership and Machines.

The biggest change in membership since the scheme was started has been the winding-up of Syndicate 8, the members of which shared a small self-propelled combine harvester. After only one year's operation one of the three original members of this syndicate gave up cereal production and another left the district. The group was then re-formed for a second year with only two operating farmers, the third member being the wife of one of them. During the second year's harvest—1958—the machine was troublesome and it was decided to buy a second combine. At the end of the season each farmer took one machine and the syndicate was wound-up. There have been only two other changes in membership and one request for a change which was not accepted. One member of Syndicate 5 moved out of the district and another member decided to give up sugar beet production and asked to be released from his commitments. His request was refused and he was required to make a minimum payment towards the cost of the machines. He readily agreed to this suggestion. The syndicate was, as a result, reorganised simply and quickly. The second change in membership concerned Syndicate 6 where a member withdrew because he had no further use for the machine. In this case others were willing to join, so an exchange in members was effected without difficulty.

From these few cases it is not possible to judge whether changes could always be carried out without undue difficulty, but it may be said that no big problems have been encountered so far.

Farmers often find that they have bought a machine which is unsatisfactory for their conditions and this has been the misfortune of three of the syndicates. Sharing has undoubtedly been made more difficult for them as a result. There are indications that the members, acting as a group, tend to bring faults directly to the notice of the manufacturer and with greater force than the dissatisfied single owner, for to change one machine for another is probably more difficult than it would be under individual ownership.

3. Methods of Sharing Costs.

Likely use of the machines and equipment by each of the members determined the method of sharing capital costs in all syndicates except one (Syndicate 6). But, whereas some syndicates go to some lengths to estimate the individual's likely use and to take differences into account, the majority are content to make cursory checks and to decide upon equal shares even though requirements are likely to be only roughly equal. It now appears that in several cases where equal shares were agreed upon use has in fact been by no means equal; but only Syndicate 7 arranged at the outset that repayments were to be reviewed annually and adjusted if relative needs had changed. In the case of Syndicate 6, the members knew requirements would be unequal, but the sheer difficulty of deciding even within reasonable limits what the individual demands on the ditcher were likely to be, made them decide upon equal capital shares on the grounds of simplicity.

These various arrangements have worked satisfactorily. Members generally appear to have been contented with the fact that they have benefited from the sharing arrangement, without insisting upon exact equality of benefits.

With regard to repair and maintenance costs, the syndicates are almost equally divided between those who share them on the basis of actual times of use and those who employ the same basis as capital repayments. With the latter method some members obviously pay more and some less than their due share. There seems little reason, other than the trouble of recording times used or acreages dealt with, why the member's share of repair costs should not in all cases depend on usage, but in practice no dissatisfaction has been expressed regarding this inequality.

As regards fuel, labour and material costs such as baler-twine and sprays, where each member operates the machine on his own farm, he normally provides these himself and no question of cost sharing arises. In the cases where there is a single operator, fuel and labour are generally charged for on a time basis, but occasionally equivalent services are provided in return.

The corn drying and storage plant of Syndicate 11 is obviously a special case: here the charges are per ton of grain dried and per ton of storage capacity hired, the drying charge varying with the moisture content of the incoming grain. There is the further important difference that members may be charged for their full tonnage quotas, whether they send them or not.

In order to have a little money available from the start, five syndicates required each of their members to pay a small sum into the banking accounts which had been opened. Six syndicates stipulated a small charge for the use of the various machines in order to accumulate funds for repair and other expenses.

4. Procedures for Allocating Machines.

A rota system laying down the order in which and the period for which each member is to use the machine is prescribed by the majority of syndicates. In the case of the corn-drying syndicate (No. 11), where any rota fixed in advance would obviously be impracticable, the members are merely required to give forty-eight hours' notice of their intention to despatch grain and the management retain the right to defer acceptance if the plant is already booked.

In practice the rotas have tended to be very elastic and in most cases completely ignored. To some extent this has been possible because few, if any, of the machines have been worked to capacity and to some extent because crops have ripened at different times and so spread the demand. The actual procedure has usually been for members to meet and decide the question of allocation just before the season begins—e.g. with the baler of Syndicate 3, the beet harvester of Syndicate 4 and the forage harvesters of Syndicates 10 and 13.

The possibility that all members of a group sharing a machine may want to use it at the same time is often foreseen as the main difficulty in machinery sharing. Where the machine is one with a limited seasonal use and timeliness of operations is important, e.g. a combine drill, a pick-up baler or, to a lesser extent, a combine harvester, this may cause some hardship and dissatisfaction to those members who are unable to get the use of the machine when it is urgently needed. But the problem of course is not confined to shared machinery. The large farmer, with a machine of his own, who has several fields which need to be dealt with at the same time is faced with the same kind of difficulty and so is the farmer who has to depend on contractors.

It is important to avoid an over-ambitious programme of work ; if the machine is overloaded, the danger of members' requirements clashing is obviously increased, especially with a seasonal machine. In fact, one of the few cases where difficulty has arisen on this score in Hampshire has been in the sharing of a pick-up baler, where the total acreage of hay to be handled on the farms concerned has increased to about 250 acres since the machine was bought, with the result that in the difficult haymaking season of 1958 some members had to call in contractors to bale their hay.* The question of the optimum membership and workload needs to be thought out rather carefully when the syndicate is formed.

* The difficulties of Syndicate 8 were caused by the combine itself and not by shortcomings in the sharing arrangements.

In the experience of the syndicates, however, little trouble has been caused by conflicting demands, and, in one way or another, successful sharing programmes have been worked out and operated even for those machines where the seasonal time-schedule is a tight one. On this point practically all members interviewed expressed themselves satisfied.

5. Operators and Maintenance.

Frequent changes of machine operator are a factor which might perhaps be expected to lead to a reduced standard of workmanship and, particularly, to more breakages. This possibility has been guarded against in five of the syndicates by providing that the same operator shall go with the machines to all farms—Syndicates 1, 2, 5, 7, 8 (Syndicates 11 and 12* being special cases). The arrangement has been found highly satisfactory on the whole, as regards workmanship, though, in some cases, the men concerned have tended to dislike being sent to work on other farms. This latter difficulty arises more particularly where the farmer on whose land the machine is working undertakes to provide a man (and perhaps tractor) in exchange: in consequence some syndicate members showed a preference for a straight payment for the manual (and tractor) labour provided with the machine rather than for this kind of labour exchange arrangement.

On the other hand, in those cases where the single operator system is not in use there have been few complaints as to quality of workmanship or increased breakages, even though three of the machines concerned (baler and muck spreader—No. 3—and ditcher—No. 6) require particularly careful operation. This may be due, in part, to the fact that all syndicate machines are required to have a six-monthly maintenance check by agricultural engineers, a provision practically all members set great store by.

All the machines owned by Syndicates 1 and 2 and one of the forage harvesters are cleaned and stored by agricultural engineers during the winter, but the rest of the machines are housed on the members' farms. In practically all cases one or other member has been able to find space for the syndicate machine, but in Syndicate 7 a new shed was designed and built to house the seed cleaner and in Syndicate 13 new housing was needed for the forage harvester.

Generally the standard of machinery maintenance among the syndicates seems good and this is undoubtedly an important factor contributing to their success. A single operator who is responsible for day-to-day maintenance must help in this direction, especially if he is given the opportunity of earning a bonus if the engineer's reports are satisfactory, as is the case in Syndicates

* Syndicate 12 is exceptional because the harvester has been used for silage making and straw chopping and to provide a single operator for these two operations which occur at different times of the year would cause considerable inconvenience.

1 and 2.* Nevertheless provision of a single operator does not appear to be really necessary except for the more elaborate and complicated machines.

Syndicates 10 and 13, among the three groups sharing forage harvesters, have carried their co-operation a stage further. The members not only share the harvester but also provide each other with tractors, drivers and trailers sufficient to harvest one another's silage.

6. Contract Work.

One of the standard rules laid down by Syndicate Credits Ltd. prohibits the use of shared machines to do work for non-members on a contract basis. While the needs of the members for the machine must obviously have first priority, there have undoubtedly been cases in Hampshire where a shared machine has been underworked and additional income could have been earned by contracting.

The prohibition was included initially on the grounds of the effect on the syndicate's legal position, but the position now seems to be that Syndicate Credits would consider sympathetically any request to waive this rule. One syndicate has, in fact, already undertaken some contract work.

7. Recent Developments.

Since the end of 1958 certain changes have occurred in several syndicates. In No. 6 the machine—a ditching machine—has been changed and the membership increased from six to eleven. No. 7, which owns a seed cleaner, has now bought a powder seed-dressing machine. In No. 11, which owns a corn drying and storage plant, the membership has been increased from fourteen to eighteen, and it has been decided to install additional storage capacity and an automatic weigher. In No. 13, owning a forage harvester, one member has sold his farm and the remaining two members have taken over his share.

III—ADVANTAGES OF THE SYNDICATE SYSTEM

1. Effect on Capital Outlay and Fixed Charges.

Although the desire to avoid the relatively high cost—and sometimes the inconvenience—of relying on contractors was to some extent an incentive to join a machinery sharing syndicate, there seems little doubt that the main motives in the minds of most members were the substantial reduction in capital outlay effected by sharing and the use of the Syndicate Credits organisation as a source of additional credit which could not easily have been obtained elsewhere. The initial cost of the more expensive items of machinery or plant owned by the Hampshire Syndicates, i.e. the corn drying plant, the seed cleaner and the ditching machine, obviously placed them outside the reach of all except the biggest farmers, and the alternative to sharing would generally have been

* Also the case in Syndicate 8 in its first year of operation. Syndicates 5 and 7 pay bonuses if the work done by their machines is satisfactory and this must help to raise the standard of maintenance.

to continue using outside contractors. But even with the less costly machines, most members would apparently have been reluctant to lay out the necessary capital for a machine solely for their own use, even though in a number of cases the capital would have been available or could have been borrowed. In other words, in these cases the incentive was not actual shortage of capital, but the desire to use capital more economically. This latter point is emphasised by the fact that, as stated above, leaving aside the syndicates owning the more costly items of plant and machinery, a substantial proportion of syndicate members farm more than 500 acres and already have high capital investments in machinery. It is indeed somewhat surprising to find (a) that only five out of the forty-eight syndicate members in Hampshire are in the under-100-acre class of farmers, who, because of capital shortage, might have been expected to welcome the syndicate system as the only means by which they could possibly obtain ownership of the machines in question ; (b) that several of the syndicates are composed of farmers the scale of whose operations would, in normal circumstances, be considered sufficient to justify the sole ownership of the machines shared. Thus of the two syndicates (Nos. 1 and 2) sharing combine harvesters, six of the seven members normally grew 70 or more acres of corn.

Because of their relatively short working season, fixed charges, i.e. depreciation and interest on the capital cost, form the greater part of the costs of running many farm machines. The saving of individual farmers' capital resulting from sharing is thus reflected in a substantial reduction in the fixed costs which would otherwise be incurred. This reduction however, may not, in theory, be proportional to the saving in capital, to the extent that use as well as age is taken into account in calculating depreciation, since shared machines obviously have a considerably greater annual usage than those individually owned. In practice, however, it is doubtful whether the second-hand value of a syndicate machine after four years would generally be less than that of an individually owned machine.

2. The Cost of Borrowing.

It has been suggested that the credit facilities provided by Syndicate Credits could have been obtained somewhat more cheaply by groups of farmers directly from banks. It is true that the normal rate of interest charged is $1\frac{1}{2}\%$ above bank rate, whereas the rate charged by banks on overdrafts is normally only 1% above bank rate. It should be noted, however, that under the Syndicate Credits arrangements, there are minimum and maximum interest levels of 5% and 7%, so that for a period in 1958, when the bank rate stood at 7%, there was actually a saving of interest compared with normal overdraft rates. Moreover, in 1955, the "credit squeeze" was in operation and it is by no means certain that the necessary capital could have been obtained at that time by "independent" groups of farmers for as long a period as four years, certainly

not without security. The joint and several liability of syndicate members, plus the backing of Syndicate Credits were probably instrumental in obtaining additional credit facilities which might not otherwise have been obtainable at all in the circumstances then prevailing. To some extent, also, the extra $\frac{1}{2}\%$ interest above overdraft rates, like the 1% service charge made by Syndicate Credits, may be regarded as part of the price paid for the assistance which syndicates receive in the negotiation of loans and in matters of organisation (see below). It seems clear that syndicate members generally have not been at all concerned about any small additional borrowing costs that may have been incurred: in most cases where members were interviewed, the possibility of raising the necessary capital sum more cheaply in any other way had not been considered.

3. Comparison with Contractors' Charges.

It is impossible to make any satisfactory comparisons of the cost of work done by shared machines with that done by individually owned machines, partly because few syndicates have made any calculations of cost in relation to work done, partly because most members had had no experience with similar machines of their own, and those who had did not have cost figures with which to compare. A limited number of comparisons with contractors' charges for combine harvesting are, however, possible, based on costings figures obtained from Syndicates 1 and 2.

Syndicate 1. The following were the costs of combining 287 acres in 1955:

<i>Variable Costs.</i>							£	s.	d.			
Labour (247 hours)	..	..	..	..	..	..	42	12	9
Fuel (277 gallons)	..	..	..	..	..	..	16	14	8
Maintenance	..	..	..	..	..	..	17	10	3
Storage and Inspection	..	..	..	..	..	..	22	10	0
Insurance	..	..	..	..	..	..	4	15	0
Total Variable Costs							£104	2	8
Total Variable Costs per acre							7	3	
<i>Fixed Costs per Acre.</i>												
Depreciation	..	..	..	..	..	..	9	4	
Interest	..	..	..	..	..	..	5	10	
Total Cost per acre							£1	2	5

In the above table the variable costs are those actually incurred in the year in question. Depreciation is calculated on the basis of the difference between the original purchase price and the price realised when the combine was sold at the

end of 1958 spread over the whole acreage (1,325 acres) combined in the four-year period. Interest is charged at 6% on the original cost of the machine, also spread over the four-year acreage.

Syndicate 2. The following figures are mainly based on the costs incurred over the four seasons of operation (during which 957 acres were harvested) though fuel and labour costs are estimated :

								<i>Per Acre</i>
								£ s. d.
Labour (2 men) .. .. .	..	..	..	..	..	..	..	9 0
Fuel .. .. .	..	..	..	..	..	..	..	2 0
Repairs and Storage .. .. .	..	..	..	..	..	..	..	8 4
Tax and Insurance .. .. .	..	..	..	..	..	..	..	9
Depreciation .. .. .	..	..	..	..	..	..	..	10 8
Interest .. .. .	..	..	..	..	..	..	..	7 5
								£1 18 2

Depreciation and interest charges are calculated as for Syndicate 1. In both cases the actual costs incurred were substantially below the normal contractors' charge of 70/- per acre.

4. Effects on Members' Farming Systems.

The ability to obtain the use of a time-and-labour-saving machine by sharing might be expected to have some effect on syndicate members' farming methods. A number of farmers, in fact, stated, when questioned, that such changes had resulted or were contemplated, though these were in the minority. Some farmers sharing a sugar beet harvester, for example, said that the beet acreage would otherwise have had to be reduced for lack of casual labour. Farmers sharing forage harvesters claimed to have increased their silage acreages in some instances, since a longer haul was now possible compared with buckraking : others said the shared harvester had made possible self-feeding by enabling silage to be carted to the farm buildings. The additional credit facilities provided by the syndicate system must also, in some cases, have increased the amount of members' own capital available for other purposes, if the alternative had been the purchase of a machine for the farmers' sole use.

5. The Value of Syndicate Credits Ltd.

There is, in theory, no reason why groups of farmers, for joint purchase of machinery, should not be equally well formed without any central organisation to promote them ; and, in fact, a considerable number of informal sharing arrangements are in operation. It seems clear, however, that Syndicate Credits Ltd. has, in fact, performed a major role in the development of machinery sharing in Hampshire. Without the initial stimulus provided by the organisa-

tion it is unlikely that the individual syndicates would have come into existence at all. It performed the essential service of negotiating with the bank for a substantial sum of money to be available as a basis for unsecured loans for machinery purchase, and in effect acts as an intermediary between the banks and the syndicates, by providing the formal control which is required to ensure that the latter comply with certain conditions. It has given valuable help to the syndicates in formulating their own organisation and rules. The fact that this body is in the background as a final arbiter in the case of disagreement between syndicate members helps to give confidence to farmers in entering into these group arrangements.

Hampshire has been fortunate in having had on the spot an individual of energy and enthusiasm—Mr. Aylward—to provide much of the initial stimulus to the movement and to assist in its development. There is no doubt that a considerable share of what has so far been achieved can be attributed to his leadership.

6. General Considerations.

The general impression gained from this survey is that almost all those who have participated in it regard the syndicate method of machinery sharing as a highly successful one for most types of machinery, provided all members are actuated by a spirit of "give and take." A number of syndicate members, in fact, appeared willing to share machines of other types if the opportunity arose, e.g. potato harvesters, feeding stuffs cubing plant, crawler tractors, or cattle weighbridges. One has to know and trust one's fellow-members and not insist too rigidly on what one might regard as one's rights. Rules and rotas of use are desirable, but must be operated with elasticity. If, through the chances of the weather, one fails to get one's share of use out of the machine in any one season, that must be accepted : next year one may have better luck. Quite a number of snags have been encountered, but some of these, e.g. unsuitability of machines, have been such as would have been met with under single ownership.

7. Future Developments.

As regards the future, although, as explained in Section II, one syndicate has been dissolved and one other intends to dissolve when its present machine—a sugar beet harvester—wears out, there is every sign that the majority will continue to operate and that the syndicates movement in Hampshire will expand. The first two syndicates to be formed have now completed four years, have sold their original combines and have bought replacements under further four-year credit agreements with Syndicate Credits Ltd. They will also continue to share their other machines on which they have now completed repayment of the respective loans. In five other syndicates, the majority of members think it likely that they will continue to co-operate after the end of their four-year credit periods.

During the first four months of 1959, eight more syndicates were formed in Hampshire with a total membership of thirty-five. The numbers of members and the equipment shared by these are as follows :—

<i>Number of Members</i>	<i>Machines, etc.</i>
14	Corn drying and storage plant
2	Forage harvester
3	" "
2	Silage trailers
6	Pick-up baler
3	Combine harvester
3	" "
2	Combine harvester and pick-up baler

HAMPSHIRE MACHINERY SYNDICATES

1	2	3	4	5	Methods of Sharing Costs			9	10	11	12	13	
					6	7	8						
1	1955	1 Tullis Fertiliser Distributor 1 Fieldmaster '150' Sprayer 1 Massey-Harris '780' Combine Harvester (12") 1 Lister 12' Elevator 3 Covering Sheets	£ 2141	3	260-520 acres	Equal Shares.	Met by the individual member. Accounts between members (Col. 10) are settled periodically in cash or kind.	Equal Shares.	Formal rotas are: <i>Distributor and Sprayer.</i> Each member in turn, 2 days' use at a time. <i>Combine.</i> Each member in turn, 3 days' use at a time. In practice by mutual agreement at times when machines are required.	Each member has charge of one of the three principal machines and supplies the operator and tractor, receiving man and tractor in exchange, if required. Operators responsible for maintenance and a log of work done on the various farms.	340 acres	Principally contractors' services. One farmer already had his own combine.	Cereal acreages have increased and earlier intensification of other enterprises has also been possible.
2	1955 1956	1 Fieldmaster H/L, vol. 150 gal. Sprayer 1 Massey-Harris '780' Combine Harvester (8") 1 Massey-Harris '701' Baler	£ 292 1532 875	4	80-304 acres	Member on smallest farm took 1/3 share in Sprayer and 1/4 share in baler. Balance shared equally among other three members. Combine shares based on estimates by members of acreages to be harvested each year, viz: 25, 45, 50, 60 180 180 180 180	Met by the individual member. Accounts between members (Col. 10) are settled periodically in cash or kind.	Members pay (a) 30/- an acre (40/- in 1958) for each acre of combining in excess of their original estimates. (b) 2d. per bale after the first 2000 (1000 for the smallest farm). Any expenditure in excess of these funds shared on the basis of the shares in the combine.	Formal rotas are: <i>Sprayer and Combine.</i> The three larger farms to have the machine for up to 3 days at a time and the smallest farm for up to 2 days at a time. <i>Baler.</i> Each member in turn to have the machine for 5 working hours at a time. In practice by mutual agreement at times when machines are required.	Sprayer. 225 acres. Combine. 225 acres. Baler. 14,000 bales (Approx. 250 acres of hay and straw.)	Principally contractors' services.	Cereal acreages have increased only slightly, but other enterprises have been intensified and labour efficiency improved. Individual cropping plans unchanged.	
3	1955 1956	1 International Pickup Baler 1 Farmyard Manure Spreader 1 Horndraulic fore-loader with hedge-cutting attachment	£ 648 190 180	3	200-400 acres	Equal Shares. Equal Shares. Equal Shares.	Fuel and labour provided by the individual member. Fuel and labour provided by the individual member. 2/6 a day with annual squaring-up on equal basis.	Equal Shares: originally an interim charge of 1d. a bale: now lapsed. Members pay 5/- a day interim, but annual squaring-up on equal basis.	No rota. A meeting is held before season starts to decide members' programmes. No rota: machine is borrowed when needed. No rota: machine is borrowed when needed.	Members supply their own men and tractors. Own men and tractors. One farmer supplies man and tractor, charging for man's wages and receiving man in exchange, if needed.	200 ac. hay 200 ac. straw No figures.	Conventional hay-making or contractors' services. Mainly hand work. One member has a spreader of his own and uses Syndicate machine additionally.	One member has greatly increased hay acreage. No effect.
4	1956	1 Armer Sugar Beet Harvester 1 Second-hand Fordson Major Tractor	£ 832	6	250-600 acres	1 member 4 shares. 1 member 1 share. 4 members 2 shares each	Met by the individual member. Accounts between members (Col. 10) are settled periodically in cash or kind.	£3 per acre for acreage harvested in excess of members' original quota. Expenditure in excess of these funds divided between members in proportion to their capital shares (see Col. 6)	In practice by mutual agreement: though the Syndicate's Rules provide that each member, in turn, shall have the Harvester 1 working day for each share he holds.	Operators supplied from two members' farms, replacement labour being provided, if required. Operators responsible for maintenance and for the log of work done on each farm.	60 acres.	Mainly hand work by regular and casual labour.	Tended to maintain sugar beet acreages which would otherwise have fallen because of labour shortages. Gapper makes hoeing a less urgent job.
5	1956 1957	1 Armer Sugar Beet Harvester 1 Fordson Major Tractor 1 Hudson Down-the-Row Thinner	£ 667 125 184	5 (Now 4)	105-800 acres	Based on acreages grown:- 4, 15, 18, 19 & 20 76 76 76 76 76	Fuel supplied by individual member. Other costs paid from Syndicate Fund created at outset by £5 per acre levy.	Proposed initially that periods of use should be proportional to acreages grown the order of use to depend upon condition of crops. Second-year arrangements decided order of use only.	One member supplies the permanent operator who is also responsible for maintenance.	76 acres	Mainly hand work by regular and casual labour.	Tended to maintain sugar beet acreages which would otherwise have fallen following increased transport charges.	
6	1957	1 W. G. Landrainer Fordson Major Tractor 2 covering sheets	£ 2299	6	156-469 acres	Equal Shares.	Members provide their own fuel and labour.	Charge of 5/- per hour of use.	Each member has a rota period fixed to fit in best with his other work. But no difficulty experienced in getting use of machine at other times.	Members supply their own operators or make private arrangements with another member.	No figures.	Contractors' services or by hand. In one case no ditching done (very dry land) but some wet land recently acquired.	In one case Spring grazing will be a week or two earlier on fields where drainage has been improved.
7	1957	1 Robinson Mobile Seed Cleaner	£ 5204	5	640-3000 acres	In proportion to each member's current year's herbage acreage shut up for seed (Red clover to count as one-third). Changes in acreages shut-up are reflected in amounts of annual repayments.	Members pay daily hiring charge commencing first day plant is used until Secretary is informed Plant is available for transfer to another farm. Charge reviewed annually. The Chief Operator's wages and travelling costs are additional to Hiring Charge.	From mid-July to mid-March days allotted in proportion to herbage-seed acreage shut-up; maximum of 10 weekdays with any one member. Order of allocation decided by Syndicate before start of each season. During remaining months, allocated by agreement.	Chief Operator employed who is also responsible for maintenance, movement between farms, cleaning of Plant and arranging six-monthly inspections.	250 tons (min.)	Cleaning by merchants.	Cropping and herbage seed output have remained unchanged.	
8	1957	1 Massey-Harris '735' Combine Harvester 1 Covering Sheet	£ 898	3	45-500 acres	Based on acreages to be harvested by machines: 4, 6, and 7 17 17 17	Divided on an actual 'combining time' basis	On acreage basis as in Col. 6. (This syndicate has now been wound up.)	Period of use to be roughly proportional to acreage, with 1/2-day extra to finish a field.	One member supplies the permanent operator who is also responsible for maintenance.	140-150 acres (1957) 44 acres. (1958)	Contractors' services.	None.
9	1957 1958	1 Hudson Down-the-Row Thinner 1 Standon Interrow Rotary Hoe 1 Stanley Seed Spacing Drill	£ 396 140	5	233-487 acres	Equal Shares.	Members provide their own labour and power.	Charge of 2/6 per acre of use.	Formally, each member in turn to have the use of the machines for three consecutive days. In practice by mutual agreement at times when machines are required.	Members supply their own operators who are responsible for maintenance.		Mainly hand work by regular and casual labour.	Tended to maintain sugar beet acreages which would otherwise have fallen because of labour shortages. Labour efficiency generally has improved.
10	1958	1 Lundell Forage Harvester	£ 462	4	55-190 acres	Equal Shares.	Members provide their own fuel. Each member supplies tractor, driver and trailer at 12/6 an hour or tractor only with driver at 10/- an hour.	Charge of 5/- per acre.	Formal rota (which did not operate)—2 members to have machine alternate days for first week; other 2, alternate days in second week, etc. In practice, meeting was held at beginning of season to decide order in which each member's whole crop was to be harvested.	Two members with tractors available supply the tractor and driver for working the harvester. Other members each provide tractor, driver and trailer, if required, to provide sufficient gang to harvest one another's silage.	120 acres, including some kale cut for silage.	Buckrakes. One member found this method unsuitable for silage making in covered silo.	One member has increased his silage output and another intends to do so.
11	1958	Graining Drying and Storing Plant, Building and land	£ 10,308	14	75-1000 acres	In proportion to the tonnage which each member initially guaranteed.	Per ton of grain dried and per ton of storage capacity hired. The drying charge varies according to the moisture content of the grain. Members may be charged for their full quotas, whether they send them or not; and for tonnages in excess of quotas, surcharges are made.	Members must (a) give 48 hours' notice of their intention to send grain for cleaning and drying, (b) remove grain within 48 hours of receiving notice to do so, and (c) provide weighbridge ticket with incoming grain. Grain offered as part of a quota receives priority over grain in excess of quota.	Four-man committee responsible for day-to-day management. Labour hired to operate the plant during the harvest period. Bagging off of stored grain is the individual member's responsibility. The operator keeps necessary records.	1003 tons.	Drying by merchants or other farmers. Storage in sacks.		
12	1958	1 Wilder 'Sila Mast' Forage Harvester	£ 443	3	400-800 acres	70% 20% 10%	Met by the individual member.	On a share basis as in Col. 6.	There are only two users whose seasonal demands do not overlap.	Members supply their own operators and teams.	240 acres.	Silage making and straw chopping not previously undertaken.	Machine is intended to assist in building up output.
13	1958	1 Lundell Forage Harvester	£ 462	3	200-450 acres	Equal Shares—each member makes 30-40 acres silage annually.	Members provide their own fuel. Each member supplies tractor, driver and trailer, if required, at agreed rate per hour.	Equal Shares.	Order of use by mutual agreement. If member refuses machine, he goes "back one" in order. Maximum usage one day at a spell.	Members supply their own tractor and operator for hauling harvester. Other members each provide tractor, driver and trailer, if required, to provide sufficient gang to harvest one another's silage.	90-120 acres.	Buckrake (two members) and "Silorator".	Longer hauls possible with result that some fields being cut for silage for first time. In one case, milking parlour may be re-sited, and in another self-feeding of silage at farm becomes possible.

APPENDIX A

FARMERS' MACHINERY SYNDICATE (.....)

RULES

1. Name.

The name of the Syndicate shall be Farmers' Machinery Syndicate () and shall be registered with the Registrar of Syndicate Credits Ltd. (herein called "the Registrar").

2. Object.

The object of the Syndicate is restricted to the following :

The acquisition and ownership of machinery for the use of members on their own farms. The repairing and maintenance of the same. The renting or purchase of storage and other accommodation for the use of members. The employment of workers for the operation of the machinery on behalf of members. The word "machinery" shall include all agricultural and horticultural equipment, fixed or otherwise, implements, tractors, trucks and lorries.

3. Membership and Constitution.

(1) No person shall be admitted a Member of the Syndicate who is not a member of the National Farmers' Union of England and Wales.

(2) Within the limits of the Syndicate's objects the Members shall be partners entitled to the Syndicate assets in such shares as they mutually agree and their rights *inter se* governed by the Partnership Act in so far as not inconsistent with these Rules.

4. The founder members shall be :

5. Additional members may be admitted to the Syndicate only on the unanimous approval of the members, and subject to the approval of Syndicate Credits Ltd., and on such terms as may be unanimously decided at the time.

6. Members of the Syndicate are jointly and severally liable for the debts of the Syndicate, but as between themselves shall bear all debts and liabilities in such proportions as shall be laid down from time to time.

7. No purchase of machinery shall be made by or on behalf of the Syndicate except with the approval in writing of all the Members to the price and terms of purchase and to the terms of repayment of moneys borrowed by the Syndicate to finance the purchase.

8. The Syndicate shall appoint a Secretary whose duties shall include laying reports before the Members.

9. The Syndicate shall keep proper Vouchers and Books of Account and Minute Book.

10. The Syndicate shall open and maintain a bank account in the name of the Syndicate and all moneys received on behalf of the Syndicate shall be paid into such account.

11. The Syndicate shall borrow all moneys required from Syndicate Credits Ltd.

12. Maintenance, Use and Sale of Machinery.

For the first four years of the life of any machine and subsequently thereafter if the members so resolve, machines shall be inspected at six-monthly intervals by the distributor, or some other person appointed for that purpose by the Syndicate with the approval of Syndicate Credits Ltd., who shall render a report in writing at six-monthly intervals, to the Secretary, Syndicate Credits Ltd. and the Registrar and Secretary of the specific Syndicate, who shall lay the reports before each member.

13. The use and maintenance of the machinery shall be governed by Regulations to be adopted unanimously by the Members. One copy of such regulations shall be forwarded to the Secretary, Syndicate Credits Ltd. and the Registrar.

14. Each member shall insure his employee against Liability at Common Law whilst working away from his own farm.

15. No sale of machinery shall be made without the authority in writing of all Members. Whilst any loan is outstanding, prior consent shall be obtained from Syndicate Credits Ltd. and the outstanding loans in respect of the machinery in question shall be immediately repaid.

16. The basis of the reimbursement of costs of maintenance and other working expenses shall be in such manner as the members may unanimously resolve or as may be laid down in the Regulations referred to in Clause 13.

17. All machinery owned by the Syndicate will be marked with the owner's designation.

18. Procedure on Member's Retirement or Dissolution.

A Member may retire with the prior consent of Syndicate Credits Ltd. (if then a creditor of the Syndicate) and all other creditors (if any) of the Syndicate and with the unanimous consent of the continuing Members. After retirement a retiring Member shall remain liable for all liabilities of the Syndicate unsatisfied at the date of his retirement unless (with the before-mentioned

consents) he shall have made some other arrangement for the assumption of his liability by a continuing Member or Members or by an incoming Member.

19. A retiring Member whose retirement has received all the consents referred to in Rule 18 shall be entitled to receive from the continuing Members the value of his interest in the net assets of the Syndicate. Such value shall be fixed by mutual agreement between the retiring Member and all the continuing Members, or failing agreement, by a Valuer appointed under Rule 25. The continuing Members may make it a condition of giving their consent under Rule 18 that the sum payable by them under this Rule shall be agreed prior to such consent becoming effective.

20. Death of a Member.

The death of a member shall not automatically dissolve the Syndicate. The estate of a deceased member shall remain liable for the liabilities of the Syndicate outstanding at his death but for no liabilities subsequently incurred. With the consents referred to in Rule 18 the personal representatives of the deceased member may be treated as a retiring member for the purposes of Rules 18 and 19, which shall thereupon apply *mutatis mutandis*.

In the event of all the consents required by Rule 18 not having been given within six months of a deceased member's death, the Syndicate shall be dissolved and all moneys due to Syndicate Credits Ltd. from the Syndicate shall become immediately payable.

21. Should it be necessary, owing to the retirement of a member, or for any other reason, the members may dissolve the Syndicate, which dissolution shall become effective so soon as proper provision has been made to the satisfaction of Syndicate Credits Ltd. for the discharge of all outstanding liabilities.

22. Registrar's Functions.

The Registrar of Syndicate Credits Ltd. shall be the Registrar of the Syndicate.

23. The members and changes of membership shall be filed with the Registrar.

24. All agreements to purchase and sell machinery and the authorities to borrow shall be filed with the Registrar.

25. The Registrar shall, if so requested by a member, appoint a valuer for the purposes of valuation of an outgoing member. The expenses of the valuation shall be met by the Syndicate.

26. The Registrar shall appoint a Receiver on the dissolution of a Syndicate and such Receiver shall be the agent of the members and shall be entitled to exercise all the powers usually vested in a Receiver of partnership assets appointed by the Court.

27. The Registrar may, at the request of any member, appoint an Auditor to examine the books, and if necessary submit a report, but such member must deposit a sum of money to cover the costs.

28. Arbitration.

In the event of a dispute the members shall be jointly and severally bound by the decision of an arbitrator appointed by the President of the Royal Institution of Chartered Surveyors and shall accept his award as to the costs.

29. Restriction or Alteration of Rules.

So long as the Syndicate is indebted to Syndicate Credits Ltd. no alteration shall be made to the Rules without the consent in writing of Syndicate Credits Ltd. intimated through the Registrar.

APPENDIX B

SYNDICATE BORROWING TERMS

1. We hereby agree that our liability is joint and several.
2. No member of the Syndicate shall be released from this joint and several liability by retirement without the approval of Syndicate Credits Ltd. and in the event of the death or incapacity of any member his estate shall remain bound.
3. A Service Charge of 1% of the loan will be payable on acceptance. The Rate of Interest on the reducing balance will be at a rate to be decided by the Directors from time to time, but shall never be more than 7% per annum or less than 5% per annum. The rate at the commencement of this scheme shall be % per annum (Bank rate % per annum).
4. The Syndicate shall agree that the Distributor or other appointed person shall inspect the machinery every six months for four years and report thereon in writing to the Syndicate Secretary and the Registrar of Farmers' Machinery Syndicates.
5. It is a condition of the loan that the Syndicate shall supply all information with regard to the machinery required by the Registrar to enable him to place reports thereon to the Board of Syndicate Credits Ltd. If the maintenance of the machinery is unsatisfactory, Syndicate Credits Ltd. shall have the right to give three months' notice calling for the repayment of the loan.
6. Repayment is to be made by eight half-yearly instalments of capital with interest payable on 5th April and 5th October. Subject to Clause 10 hereof, interest shall accrue at the rate mentioned in Clause 3 hereof on the instalment overdue until payment.
7. If a breach is committed of any of the Rules of the Syndicate or any instalment is overdue one month Syndicate Credits Ltd. may give fourteen days' notice to terminate the loan, at the expiration of which the whole outstanding balance shall immediately become repayable.
8. Whilst the loan is outstanding, none of the machinery may be sold without the prior consent of Syndicate Credits Ltd. and on the sale of any machinery, any outstanding loans, in respect of the machinery in question, shall become immediately repayable.
9. The Syndicate shall maintain such insurance policies as may be recommended as being necessary by the National Farmers' Union Mutual Insurance Society Ltd. in agreement with the Board of Syndicate Credits Ltd. in respect of all machinery for which any loan moneys are still outstanding. Such insurance

policies shall be taken out by the Secretary of the Syndicate through the relevant National Farmers' Union Secretary acting as agent for the National Farmers' Union Mutual Insurance Society Ltd.

10. It is hereby declared that the total return to Syndicate Credits Ltd. in respect of the loan shall not exceed the repayment of the amount lent together with such a sum in respect of interest and charges and any other amount by whatsoever name called in excess of the principal paid or payable to Syndicate Credits Ltd. in consideration or otherwise in respect of the loan as shall not exceed simple interest at the rate of 10% per annum (subject to income tax) on the amount actually lent and remaining owing from time to time—provided however that if default is made in the payment upon the due date of any sum payable to Syndicate Credits Ltd. hereunder, whether in respect of principal or interests, Syndicate Credits Ltd. shall be entitled to charge simple interest on that sum from the date of default until the sum is paid, at a rate not exceeding the rate payable in respect of the principal apart from any default.

SIGNATURES :

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APPENDIX C

EXAMPLES OF SYNDICATES' LOCAL RULES

(a) Rules of Farmers' Machinery Syndicate (Hants) No. 17.

1. One Massey-Ferguson 780 8 ft. 6 in. T.V.O. bagger Combine-harvester shall be purchased from Percy Hendy Ltd. for the net sum of £1,625.

2. All payments made by members to Syndicate Credits Ltd. shall be paid in proportion to each member's acreage unit quota, which is as follows:—
Mr. R. C. 15 acres, $\frac{3}{4}$ unit, Mr. W. M. 90 acres, $4\frac{1}{2}$ units, Mr. G. W. 95 acres, $4\frac{3}{4}$ units.

3. A banking account shall be opened at the National Provincial Bank, Fawley, all cheques to be signed by any two members.

4. To cover the cost of maintenance and any expense incurred in connection with the combine, each member shall subscribe to the syndicate account a sum equal to 5/- per acre of his acreage quota.

5. The combine shall be insured through the N.F.U. Mutual Insurance Society to cover all risks other than wear and tear.

6. Mr. J. K. shall drive the combine and keep a record of acreage harvested, time spent on each member's behalf, fuel, oil and grease consumption. The log book kept by the driver shall be signed by the member after each operation. Mr. W. M. shall submit a periodic account to the secretary for the driver's time.

7. The fuel, oil and grease of the combine shall be provided by the member on whose farm the combine is working. The combine will leave each farm with full fuel tank.

8. The combine will be stored by Percy Hendy Ltd. and redelivered in time for the commencement of the next harvest for £55 per year.

9. The combine shall be used in alphabetical rotation if there is more than one member with corn ready to harvest. Each member to move one place up the list each year.

10. No member shall harvest more than one-half of his quota acreage at one operation, if another member is waiting to use the machine.

11. A suitable fire extinguisher shall be purchased and fitted to the machine.

12. The combine shall be inspected yearly by Percy Hendy Ltd. for an annual charge of £3, and a report submitted in duplicate to the Secretary of Syndicate Credits Ltd. In case of breakdown repairs shall be immediately put in the hands of Percy Hendy Ltd. and the Secretary informed as soon as possible.

13. Any acreage harvested in addition to a member's acreage quota shall be charged at a rate per acre decided upon by mutual agreement of all the members of the syndicate.

14. It is understood that additional help will be given to the driver if at any time it is needed, for example, during meals and sickness, etc.

(b) Rules of Farmers' Machinery Syndicate (Hants) No. 11.*

1. Committee of Management.

The day-to-day running of the Plant shall (subject to the Regulations hereinafter contained) be under the control of a Committee of Management which shall consist of the Chairman and Secretary of the Syndicate and two other members elected by the members.

2. Rights of Members to Require Grain to be Dried.

Each member of the syndicate shall have the right to require that grain shall be accepted from him up to the amount of his guarantee (hereinafter referred to as "quota").

The Management Committee may at its discretion accept grain from any member in excess of his quota on the understanding that the charge for such excess shall be at such higher rate as the Management Committee shall determine.

3. Charges to Members.

The Charge to be made to members for drying in respect of the coming harvest and for storage, shall be fixed not later than 15th July in each year by the Members at a Meeting called for that purpose. The charge for drying shall differentiate between grain delivered out of quota and that delivered in excess of quota.

4. Weight of Grain Accepted from Members.

No consignment of grain shall be accepted for drying unless accompanied by a weighbridge ticket or note of weight.

5. Notification by Members that Grain is to be Consigned to Plant.

Every member shall between the hours of 8 and 9 a.m. or 5 and 6 p.m. give at least forty-eight hours' notice of his intention to consign grain to the plant, but the Management shall not be bound to accept such notice and may specify the date upon which the consignment shall be delivered to the Plant.

All consignments shall be accepted in strict rotation in so far as they are within the quota of the members concerned.

6. Collection of Grain from the Plant.

Members shall be bound to collect grain from the plant within forty-eight hours from the time that notification is received that the grain is ready for collection, unless prior arrangements have been made for storage.

* This Syndicate operates a grain drying and storage plant.

7. Right of Refusal.

The Management Committee shall have the right to refuse grain from any member if the moisture content exceeds 25%.

8. Responsibility for Grain in the Plant.

The Syndicate shall not be responsible for loss or damage from any cause of grain in the Plant and grain shall be accepted only on the understanding that the members shall remain fully responsible therefor.

9. Payment of Accounts by Members.

Accounts shall be rendered to members weekly and payments shall be made by members within fourteen days from the date of the account. If any account is not paid within one month of the date of the account the Management Committee may refuse to accept any further consignment of grain from the member whilst the account remains unpaid. On 31st March in each year an account shall be sent to any member who has not delivered to the Plant grain to the full amount of his quota. Such account shall represent the full charge for drying on the amount of grain not delivered on the basis of a moisture content of 20%.

10. Storage of Grain.

The acceptance of grain for storage shall be in the sole discretion of the Management Committee and all grain must be bagged up by the labour supplied by the member concerned.

11. Meeting of Members.

The Secretary shall call a Meeting of the members at any time provided that he is requested so to do by the Chairman or by any two members of the Syndicate.

(c) Rules of Farmers' Machinery Syndicate (Hants) No. 13.

(The following is an amended set of rules subsequent to the first years' working.)

1. The machine* to be paid for in equal proportions.
2. The machine to be used in equal proportions but see rules 13 and 14.
3. Maintenance, insurance, servicing and all other general costs to be met equally as above.
4. Mr. D. C. S. to be Secretary of the Syndicate.
5. The bank account to be opened and maintained at Lloyds Bank, Romsey.
6. The machine to be insured through the N.F.U. Mutual, to include fire, road risks and comprehensive liability.

* This machine is a forage-harvester.

7. All payments relating to the machine to be paid for through the bank account. Cheques to be signed by the Secretary.

8. The Secretary shall be responsible for keeping a log book and minute book.

9. Each member to supply a tractor and driver while the machine is on his farm, if required, and collect machine from previous user.

10. Payment of 7/6d. per hour to be made for man, tractor and trailer over and above the minimum use.

11. Each member to supply tractor and trailer and driver when required.

12. A pool to be created at the outset by payment of £5 each into the bank account.

13. Work to start on each farm by mutual agreement, if necessary toss up for an order. That rotation to be kept to but if a member refuses a machine at any moment he should go back one in order.

14. Members shall be entitled to use the machine one day at a time.

15. Mr. G. O. P. shall be responsible for storing the machine.

APPENDIX D

APPLICATION TO ESTABLISH A FARMERS' MACHINERY SYNDICATE

To : Syndicate Credits Ltd.,
c/o The National Farmers' Union,
Northgate Place,
Staple Garden,
Winchester,
Hants.

1. Agreement to Purchase.

We, the undersigned members of the above-mentioned Syndicate, agree to purchase from the suppliers mentioned below the following equipment :—

2. *Suppliers' Name and Address* *Machinery Description* *Price*

The following special terms have been negotiated :—

3. Messrs. _____ have undertaken to carry out a six-monthly inspection and to give a report thereon in writing to the Registrar and the Syndicate's Honorary Secretary for four years from the date of purchase.

4. Agreement to Borrow.

We, the undersigned members of the above-mentioned Syndicate, agree to borrowing —%* of the cost of the above-mentioned equipment from Syndicate Credits Ltd., repayments being spread over four years, on the terms endorsed hereon and signed by us.

5. Formal Application.

We formally request Syndicate Credits Ltd. to grant the necessary loan and to place the order on our behalf with the above-mentioned supplier on the terms of the Agreements made above.

6. Signatures.

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All purchases of Machinery and all borrowing must be authorised in accordance with the Rules.

* Insert % (Maximum is 80%.)

OFFICE USE ONLY

APPENDIX E

STATEMENT OF INTEREST AND REPAYMENTS DUE

Machinery Syndicate Hants No. 4

Payments due to 5 April, 1959

Sugar Beet Harvester	£	s.	d.
5th Loan Repayment $\frac{1}{8}$ th of £633 12s.	..	..	..
Interest @ 6% on £316 16s. for 45 days	..	..	..
Interest @ $5\frac{1}{2}$ % on £316 16s. for 137 days	..	..	..
			£88 1 8

Syndicate Member	Share	Capital Repayment £ s. d.	Interest			Total amt. payable to Synd. Cred. £ s. d.
			Gross £ s. d.	Tax Deduct. (8/6 in £) £ s. d.	Payable to Synd. Cred. (11/6 in £) £ s. d.	
A.	4/13	24 7 6	2 14 8	1 3 3	1 11 5	25 18 11
B.	2/13	12 3 8	1 7 4	11 7	15 9	12 19 5
C.	2/13	12 3 8	1 7 4	11 7	15 9	12 19 5
D.	2/13	12 3 8	1 7 4	11 7	15 9	12 19 5
E.	2/13	12 3 8	1 7 4	11 7	15 9	12 19 5
F.	1/13	6 1 10	13 8	5 10	7 10	6 9 8
		79 4 0	8 17 8	3 15 5	5 2 3	84 6 3

APPENDIX F

SYNDICATE CREDIT COMPANIES IN EXISTENCE AT END MAY 1959 IN COUNTIES OTHER THAN HAMPSHIRE

<i>Name</i>	<i>Date Registered</i>	<i>No. of Syndicates</i>
Syndicate Credits (Suffolk) Ltd.	16th August 1957	2
(Rutland & Stamford) Ltd.	14th March 1958	1
(Hereford) Ltd.	27th March 1958	3
(Isle of Wight) Ltd.	29th May 1958	—
(Dorset) Ltd.	5th September 1958	4
(North Riding) Ltd.	5th November 1958	2
(Shropshire) Ltd.	5th November 1958	1
(Worcester) Ltd.	28th November 1958	1
(West Sussex) Ltd.	24th February 1959	4
(Kent) Ltd.	3rd April 1959	1
(Somerset) Ltd.	9th April 1959	2
(East Riding) Ltd.	29th April 1959	2
(Berkshire) Ltd.	1st May 1959	—
(Oxfordshire) Ltd.	7th May 1959	—

