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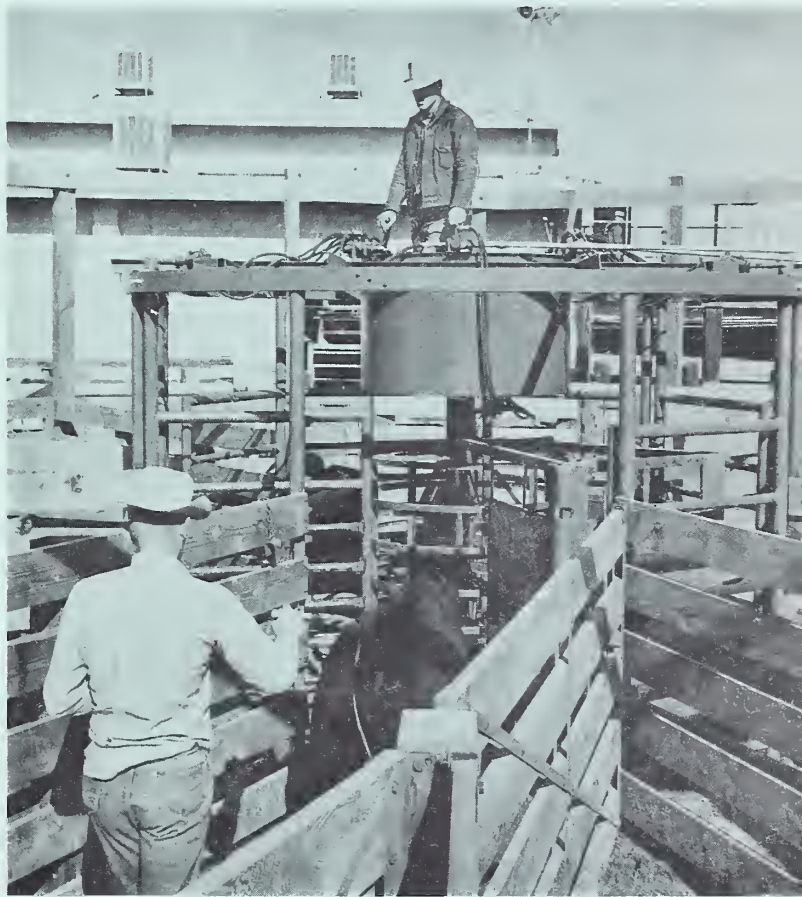
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# Livestock Marketing Cooperatives In California

Their Progress,  
Policies, and  
Operating  
Methods

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by R. L. Fox



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FARMER COOPERATIVE SERVICE U.S. DEPARTMENT OF AGRICULTURE

FARMER COOPERATIVE SERVICE  
U. S. DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C.

*Joseph G. Knapp, Administrator*

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, merchandising, product quality, costs, efficiency, financing, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

# Contents

	Page
Summary . . . . .	ii
The livestock industry in California . . . . .	2
Production . . . . .	2
Inshipments of livestock . . . . .	3
Market outlets . . . . .	4
Three major livestock marketing cooperatives . . . . .	10
California Farm Bureau Marketing Association . . . . .	10
Producers Livestock Marketing Association . . . . .	22
Valley Livestock Marketing Association . . . . .	30
Changes in livestock marketing structure . . . . .	39
Industrialization and growing population . . . . .	40
Growth of direct selling . . . . .	40
Expansion of feedlots . . . . .	40
Specialization of slaughterers . . . . .	42
Selling on rail grade and weight basis . . . . .	42
Consignment killing of cattle . . . . .	43
Integration . . . . .	44
Suggestions for improving livestock marketing . . . . .	44
Coordination of services . . . . .	45
Consolidation into one cooperative . . . . .	47
New and expanded services . . . . .	47
Capital for facilities and operations . . . . .	50
Appendix . . . . .	52



## Summary

This study was made to help marketing cooperatives in California chart their future programs and strengthen their services to livestock producers.

The livestock industry has been an important part of the total economy of California since the Spaniards introduced sheep into the State in the latter part of the eighteenth century.

Although California was a surplus livestock producing State for many years, inshipments of livestock for both additional feeding and immediate slaughter now almost equal the volume marketed from within the State. The rapid growth of population during the last 15 years indicates that California will become more dependent upon inshipments of livestock or meat products from livestock produced and slaughtered elsewhere.

Outshipments of livestock to other States represent only a small percentage of total California production. Sheep and lambs constitute the bulk of the livestock leaving the State for further feeding and slaughter.

Market outlets for livestock producers in California and adjacent areas are: (1) A terminal market at Stockton, (2) 70 auctions, (3) slaughterers, (4) dealers and order buyers, (5) feedlots, and (6) meat packers buying direct. Terminal markets at Los Angeles and South San Francisco, which served as important market outlets for over 25 years, have closed.

California cooperatives operate markets at one terminal and seven auctions

in California and one auction in Nevada. They provide order-buying and order-selling services in all areas of the State.

Direct marketing has become the most important method of selling livestock within the State, with auction selling in second place. More than 50 percent of the livestock marketed moves direct, although it may be handled by dealers, order-buyers, packer-buyers, or cooperatives.

Cooperative livestock marketing associations were first established in California to secure better outlets for slaughter animals. Now they sell all classes and kinds of livestock.

The California Farm Bureau Marketing Association, Visalia, was the first livestock cooperative to represent farmers within the State. It has been operating since 1918. Started primarily to find better outlets for farmers' and ranchers' hogs, it now sells all species of livestock and provides many other valuable services for its members. Two other cooperatives market livestock and render varied services for California producers—Producers Livestock Marketing Association, Los Angeles, established in 1935, and Valley Livestock Marketing Association, Stockton, organized in 1938.

These three cooperatives handle about 25 percent of the total livestock marketed within the State. The volume handled for members appears to be growing as market services are expanded.

Of the three cooperatives, California Farm Bureau Marketing Association handled the largest percentage of the total livestock from its trade territory at the time this study was made. In 1959 this organization marketed 61.9 percent of the hogs and 33.1 percent of the cattle and calves sold in the area it serves.

The Valley Livestock Marketing Association handled more sheep and lambs than the two other cooperatives operating within the State. Its lamb marketing services cover a much wider territory than its other services.

Livestock shipping associations proved popular for a number of years in the Midwest but never reached a high degree of popularity in California. However, several of these associations were established and handled considerable volume. A few of them still exist and are affiliated with the Valley Livestock Marketing Association.

The three livestock marketing cooperatives have broadened their programs to fit the needs of livestock growers and feeders. Important services they offer are: (1) Auction sales, (2) order-buying and order-selling, (3) terminal market selling, (4) field service, (5) special sales, (6) dairy cattle sales, (7) lamb pool sales, (8) livestock improvement programs, (9) market news, (10) general livestock information.

Cooperatives place varying degrees of emphasis on their services. Each attempts to provide the services livestock producers in its area want and directs its efforts toward getting the best possible returns for the animals consigned for sale.

The overall livestock marketing structure has changed rapidly in California.

The closing of all but one terminal market, the growth of cattle feedlots, and a high degree of specialization among packers have affected the whole industry.

Livestock marketing cooperatives deserve credit for the way they have met these changes and adapted their services. They are faced, however, with some problems difficult to meet. For example, there has been a rapid increase in large commercial feedlots handling many thousands of cattle. Many of these are providing their own procurement and sales service. It is not easy for cooperatives to convince these large-scale operators that use of their services would be advantageous. The cooperatives that order-sell finished cattle for some of these feedlots are performing a worthwhile service.

Cooperatives must determine how they will represent livestock producers in the changing economic climate. Some growth in vertical integration in the livestock industry must be faced.

To better meet livestock producers' marketing requirements in the future, the cooperatives need also to consider and evaluate the following courses of action:

1. Coordinating or consolidating services which cause more than one cooperative to contact the same livestock producers.
2. Consolidating sales efforts under one cooperative to avoid cooperatives working against each other for sales outlets.
3. Consolidating advertising and promotional activities into one unit.



4. Merging the three cooperatives into one Statewide organization.
5. Establishing advisory committees in the various sections of the marketing territory to help keep members and

management informed on matters of mutual interest.

6. Investigating means of having members contribute more capital to finance marketing activities.

# Livestock Marketing Cooperatives In California

## Their Progress, Policies, and Operating Methods

by R. L. Fox,  
*Livestock and Wool Branch  
Marketing Division*

This study of the structure and operations of the livestock marketing cooperatives in California was made at the request of the three major livestock cooperatives operating within the State and the Livestock Department of the California Farm Bureau Federation.

These cooperatives offer various types of service to farmers and ranchers in California and adjoining States, but new developments in production, feeding and livestock marketing may require different services to meet the needs of the industry today and in the future.

For example, feeding operations have changed from farm feeding to use of large commercial feedlots dealing with packers and slaughterers and bypassing the usual market agencies. Many producers feel that such shortcuts do not always serve

their best interests or result in the highest prices obtainable for their stock.

Accordingly, the three producer-owned livestock marketing agencies—California Farm Bureau Marketing Association, Visalia, Calif.; Producers Livestock Marketing Association, Los Angeles, and a branch of the same association at North Salt Lake, Utah; and the Valley Livestock Marketing Association, Stockton, Calif.—requested Farmer Cooperative Service to study and evaluate the facilities and services now available to livestock producers of the State and to determine if additional or improved services are desirable.

The major subjects explored in the study were: (1) Present livestock production, (2) markets available to livestock producers, (3) use producers make of livestock marketing cooperatives, (4) need for improvement or expansion of present services, (5) possibilities for cooperatives to coordinate existing services, and (6) areas where other cooperatives are needed.

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Note: Appreciation is expressed to the employees of the cooperatives studied for their help in providing a large portion of the information used in this report; to Ray Griffin of the California Farm Bureau Federation; and to members of the staff of the Giannini Foundation of the University of California, Berkeley.

# The Livestock Industry in California

Livestock marketing cooperatives generally operate similarly to other organizations selling livestock. Therefore, an overall look at the livestock industry is a first step in discovering how cooperatives can do the best job for producers.

## Production

The livestock industry, especially cattle and sheep, has been an important segment of California's economy for more than a hundred years. The State claimed a cattle population in excess of 3 million head in 1862. Only since 1952 have cattle numbers increased above the early records, reaching a total of nearly 4.1 million head January 1, 1960 (table 1).

Sheep were brought into the State by the Spaniards in 1770. In 1880, California claimed the largest sheep population of any State in the Union. The peak in its sheep population was reached about 1937 when it stood at 3,324,000 head. Sheep and lambs

on California farms January 1, 1960, numbered 2,073,000.

Hog production has never been large in the State. The January 1, 1960, total of 377,000 hogs reflects a downward trend. Many farmers have given up the production of hogs. Even some of the garbage hog-feeding operations have been discontinued and it appears that this type of hog production will soon be a thing of the past. Slaughterers, breeders, marketing agencies, and feed dealers are making an effort to change the trend and increase hog production, but the bulk of the pork now consumed in California is shipped in from the Middle West as dressed carcasses and processed pork products.

On the other hand, the State's dairy cattle population has increased by 16,000 head since 1956, while total United States figures show a loss of over 4 million head. About one-third of the animals in dairy

Table 1. --Livestock on California farms, compared with total United States, by species, January 1, 1956-60

Year	Cattle and calves (including milk cows)		Dairy cattle		Other Cattle (beef)		Hogs		Sheep and lambs	
	Calif.	U.S.	Calif.	U.S.	Calif.	U.S.	Calif.	U.S.	Calif.	U.S.
	<u>1,000 Head</u>									
1956	3,797	95,900	1,418	34,209	2,379	61,691	452	55,354	2,020	31,157
1957	3,803	92,860	1,423	33,291	2,380	59,569	435	51,897	1,984	30,654
1958	3,633	91,176	1,428	31,962	2,205	59,214	416	51,517	1,891	31,217
1959	3,933	93,332	1,423	30,708	2,510	62,614	383	58,045	1,918	32,606
1960	4,121	96,236	1,434	30,181	2,687	66,055	377	59,026	2,073	33,170
Average										
1956-60	3,857	93,901	1,425	32,070	2,432	61,829	413	55,168	1,977	31,761

herds are replaced each year, so this represents a sizable volume of livestock to be marketed. Dairy cattle on farms January 1, 1960, were at the highest peak for the 5-year period 1956-60.

Livestock production within the State has followed a rather definite geographical pattern. Stocker and feeder cattle and sheep have been produced in the mountainous sections where grass ranches are common. Fed cattle are found mostly in the San Joaquin Valley, the Imperial Valley, and southern California. Most of these cattle are finished in large feedlots. The northwestern counties surrounding San Francisco and those surrounding Los Angeles have most of the dairy cattle.

Cattle in California feedlots January 1, 1960, totaled 663,000 head, or more than five times the number on January 1, 1945. More than a million and a half cattle were marketed from California feedlots during 1959.

Hog numbers are low. Heaviest production is in southern California, the Sacramento Valley, and the San Joaquin Valley. Garbage feeding in southern California has been responsible for continued large production in that area.

Sheep production areas of importance are Sacramento Valley, San Joaquin Valley, the north coast, and the relatively heavy feeding area in the Imperial Valley. Increasing use of irrigated pastures has been responsible for greater production in several counties.

Table 2 shows the volume of livestock marketed annually, 1955-59, and can be used to plot the trend in production. Appendix table 1 shows monthly derived marketings of cattle and calves, 1955-59.

Table 2. -- California livestock marketed annually, 1955-59 1/

Year	Cattle	Calves	Hogs	Sheep	Lambs
	1,000 Head				
1955	1,550	780	490	79	1,619
1956	1,834	713	427	164	1,707
1957	1,668	763	434	114	1,570
1958	1,482	620	503	151	1,395
1959	1,642	608	481	51	1,403

1/ Excludes interfarm sales.

Appendix table 2 compares livestock marketings from California counties in 1949, 1954, and 1959. From these data, production trends can be estimated. It can also be seen that markets have been located in areas of heaviest production.

### Inshipments of Livestock

The rapid increase in California's population, almost 300 percent in the last 20 years, has necessitated large shipments of both livestock and meat products into the State.

California is a deficit beef producing area, with the exception of a few short periods in some years when fat or slaughter animals must be shipped out of the area. In 1945, California had 0.286 cattle per person, while in 1960 this figure had declined to 0.183 cattle per person, despite an increase of over 1.5 million cattle and calves.

The bulk of the inshipments of cattle are stockers and feeders to fill feedlots, although some are pastured during the lush grass growing season. Appendix table 3 shows the number of cattle shipped in annually during the 5-year period 1956-60.

Appendix table 4 shows the principal States supplying these cattle. With the



increasing numbers of feedlot operations in other cattle producing States, California has found it necessary to go farther east to fill its cattle needs.

It is common to buy stocker and feeder calves from Louisiana and Mississippi, Arizona, Texas, Oregon, Nevada, Idaho, Montana, and Utah, and even Florida. In 1955-59, Texas supplied the largest volume of these cattle, but the pattern is a constantly changing one, depending on supply and weather conditions.

Dairy cows on California farms increased each year during the 5-year period, 1955-59. A large number of these were inshipments from other States, with Idaho and Utah supplying more than one-half of them in 1959 (appendix table 5). With California's fast growing population, the number of dairy cows shipped into the State is likely to increase, although inshipments have been erratic during the last 5 years.

Sheep and lambs shipped into California in 1959 represented more than 60 percent of the total slaughtered within the State for the year; 62.4 percent of those shipped in were for immediate slaughter (appendix table 6). The remainder were stockers and feeders, some of which may have been retained in breeding flocks to replace worn-out and cull ewes. Outshipments of sheep and lambs totaled 410,000 head in 1955 but only 188,000 in 1959. A large portion of these were feeder lambs moving to mid-western feedyards (appendix table 7).

Since California is a deficit hog producing State, many hogs must be shipped in. Inshipments in 1959 amounted to over 80 percent of the total slaughtered in California. These inshipments included

a considerable number of pigs to be fattened in feedlots and for garbage-feeding operations. Of hogs shipped into the State during 1959, about 99 percent originated in the five Corn Belt States of Nebraska, Iowa, South Dakota, Missouri, and Illinois.

Several hog slaughtering plants have ceased operation, but inshipments still represent a large tonnage of hogs coming in to supply the demand for fresh pork. Inshipments are fairly uniform throughout the year, but tend to slack off during the summer. In 1959 inshipments were 316,000 head less than in the peak year of 1956 (appendix table 8).

Outshipments of livestock are a result of the marketing patterns in California. Sometimes cattle must be shipped out of the State when more are marketed than local slaughterers can use. Sheep and lambs are shipped out in fairly large numbers for finishing in other areas.

Marketings from feedlots have been increasing and indications are that these will continue to increase.

### Market Outlets

California market outlets for livestock were limited for many years, except for livestock requiring additional feeding. The outlets were so far apart and prices so low as to often discourage production.

Dealers and traders and a few slaughterers provided the early outlets available to the producer. Little incentive was offered to produce good quality slaughter stock. Since then, increases in the population and changes in consumer demand, especially for higher grade beef, have tended to build stronger outlets within the State.



Figure 1

# LIVESTOCK AUCTION MARKETS IN CALIFORNIA



## Terminal Markets

Terminal markets were slow in coming to California. Los Angeles Union Stockyards opened for business in 1922, and stockyards started at South San Francisco in 1927. Both yards provided markets for California produced livestock, as well as a substantial amount from other western States.

With changes in marketing, location of slaughter plants, and industrial and residential development in the past 10 years, salable livestock receipts at these terminal markets declined so sharply that the operators decided to close them. The one at South San Francisco was closed in 1959, and the one at Los Angeles early in 1960. The drastic decline in salable receipts at these two markets between 1949 and 1959 is shown in appendix table 9.

A terminal market was opened at Stockton, Calif., in 1932 as a subsidiary of the South San Francisco Union Stockyards. Slow in attracting commission agents, it was used mostly as a feed-and-water stop for livestock on the way to South San Francisco or Los Angeles. It is the only remaining terminal market in California.

Salable receipts at Stockton for the years 1956-60 (appendix table 10) show decreases in cattle and calves. Hog receipts have not varied greatly except in 1958. Sheep and lamb receipts have varied from year to year.

## Auctions

Auctions have provided market outlets for California livestock producers for many years. Some early starters have been operating more than 40 years.

In 1945, California reported 69 auctions selling livestock; in 1960 there were 70. Through the years, the location and ownership of some of the auctions have changed and there have been many changes and improvements in facilities and type of operations, but the number has remained almost constant.

Figure 1, page 5, shows the location of markets operating in 1960. All these markets were placed under supervision of the Packers and Stockyards Division of the U. S. Department of Agriculture in late 1959 and early 1960.

Auctions are generally located in the areas of heaviest livestock population. At the time this study was made, California cooperatives had auctions at Red Bluff, Dixon, Madera, Fresno, Visalia, Hanford, and Artesia. Judging from the numbers of livestock available for sale, additional auctions might be located in a few other places to serve livestock producers.

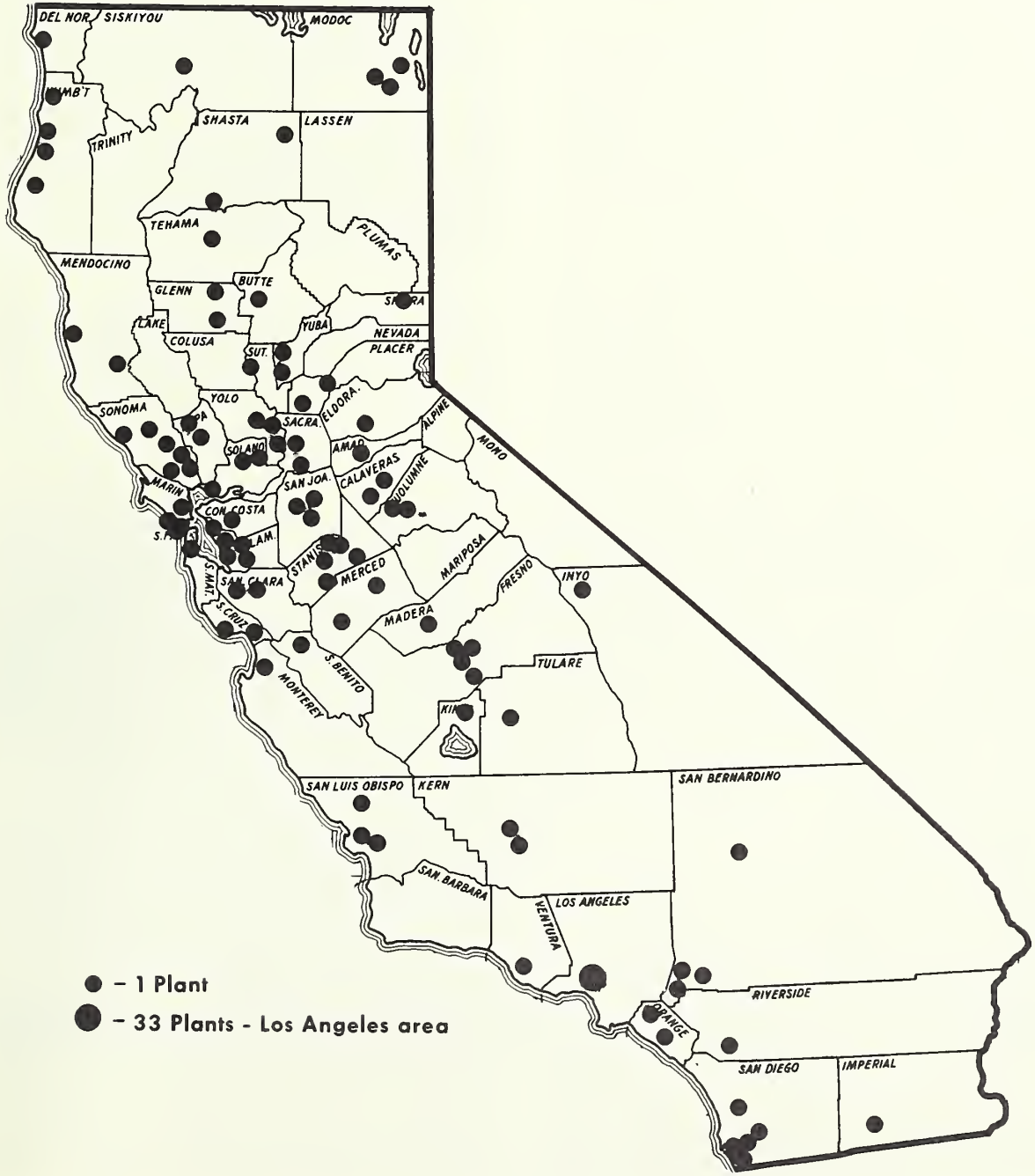
## Slaughterers, Meat Packers, and Processors

California, to supply its rapidly increasing population, has encouraged meat packers, slaughterers, and processors to operate within the State. Figure 2 shows the location of meat packing plants that slaughter livestock. Some slaughterers operate in the interior cities but the heavy concentration of such plants is in the Oakland-San Francisco Bay and Los Angeles areas.

The Los Angeles area probably has more specialized slaughter plants than any other section of the United States. Many of these plants slaughter only one species of livestock; others handle only certain classes

Figure 2

## CALIFORNIA MEAT PACKING PLANTS THAT SLAUGHTER LIVESTOCK



of one species. For example, some handle only steers and heifers of certain grades and weights. The number of plants appears ample to keep prices comparable with those in other sections of the country.

On occasion, it is necessary to market some slaughter livestock outside the State when unseasonable weather causes early movement of animals. However, plants within the State slaughter the bulk of livestock marketed in California. In addition, large numbers of cattle and hogs are shipped in for immediate slaughter.

California ranked as the number one State in slaughter of cattle and lambs in 1959. Appendix table 11 shows numbers of livestock slaughtered commercially during the 5 years, 1956-60. The slaughter of hogs has become an unimportant factor in the State because of the high cost of shipping in live hogs and the availability of better refrigeration and faster transportation for pork products.

Considerable livestock is brought into the State for immediate slaughter, as shown in appendix table 12. Present trends in the pork processing industry in the State will encourage shipping more pork cuts into the area and will help discourage slaughterers from entering the hog slaughtering field.

#### Dealers, Traders, and Order-Buyers

California has always had a large number of dealers and traders. There were 390 dealers registered in the State in 1960. Before the advent of much feeding, this segment of the livestock marketing industry handled a large percentage of the business. The movement of feeder-type cattle and lambs encouraged the dealer and

trader business. It is impossible to measure exact numbers of livestock handled by these operators, but their business represents a sizable portion of the total livestock marketed within the State.

Order-buying has been a part of California livestock marketing as long as there has been a livestock industry in the State. Early order-buyers purchased cattle and sheep for killers when the main products were hides and pelts. Present day order-buyers purchase stocker and feeder animals for feeders as well as slaughter livestock for packers.

Cooperatives have used order-buying in recent years as an effective tool in representing California farmers and ranchers.

#### Feedlots

Historically California was not a feeding State but raised cattle and sheep on range pastures. The large growth in population, coupled with increasing transportation costs of bringing good slaughter livestock into the State, encouraged finishing of livestock. Greater use of irrigated land to produce feed crops has also stepped up the feeding industry.

Since 1935, growth in the cattle feeding business has been phenomenal. Feedlots have become an important factor in producing animals for slaughter (appendix table 13).

These feedlots are also a market for livestock. They finish cattle on a regular schedule with steady supplies and uniform quality or grade available. A high percentage of these California feedlots turn out over 1,000 cattle each annually. Some



feed and market up to 50,000 cattle each year. It is now possible for a slaughterer to obtain all his requirements at a few feedlots.

Buyers have been able to lower their procurement costs by purchasing their requirements from these lots instead of buying at established auctions or direct from the ranch.

California cooperatives have not entered the cattle feedlot business, but they do order-sell<sup>1</sup> for an increasing number of feedlot operators. Possibly this segment of the business could be expanded.

Although the growth of cattle feedlots in the State has been spectacular, it is questionable how far the increase can

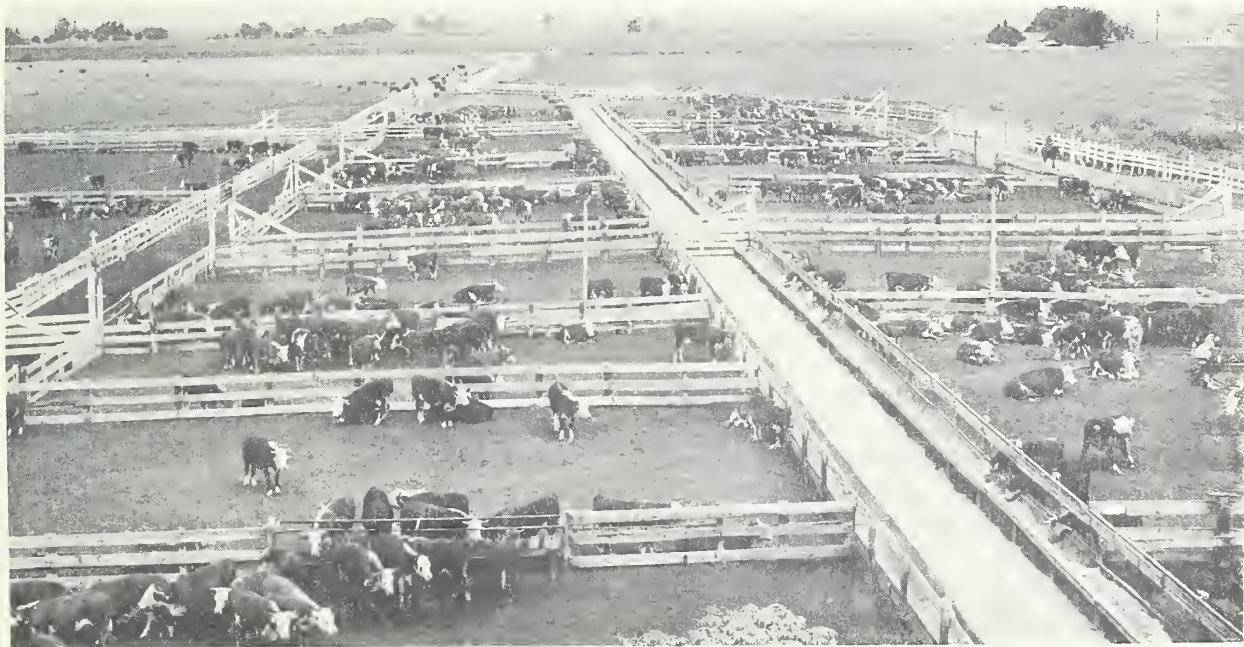
<sup>1</sup>Selling of slaughter livestock to slaughterers.

continue. Many feedlots in other States are now being operated in areas close to more abundant feed sources.

### Direct Buying

In the early days of livestock production in California, direct buying was slaughterer's only way of procuring livestock. Buyers purchased direct from the ranches, with the exception of a few dealers and traders operating as intermediaries between producers and slaughterers.

Alternative market sources, such as terminal markets, auctions, and concentration yards, appeared in the period 1915-50. These slowed the direct marketing movement. In the late 1950's, however, direct marketing to slaughterers took over a large part of producers sales to packers, although auction markets continued to be an important method of selling in the State.



Cattle feedlot where animals are fed high-energy rations to produce high-quality beef. Livestock marketing cooperatives purchase feeder cattle for these beef factories and sell finished animals to slaughterers.



## Three Major Livestock Marketing Cooperatives

The three major cooperatives in the livestock marketing business in California—the California Farm Bureau Marketing Association, Producers Livestock Marketing Association, and the Valley Livestock Marketing Association—will be described here in some detail.

Figure 3 shows the locations of these cooperative livestock markets.

### California Farm Bureau Marketing Association

The California Farm Bureau Marketing Association, of Visalia, was organized in 1918 in Kern, Kings, and Tulare counties. The following year Madera, Stanislaus, Merced and Fresno were added to make a total of seven counties in the San Joaquin Valley.

The primary purpose of this organization was to market hogs by the auction method. However, it did sell cattle from time to time. Cattle were sold at a number of the auctions but no regular cattle sales were held until many years after the organization. In 1940, the first auction yard to sell cattle was established at Visalia.

#### Facilities and Area Served

In 1960, this cooperative operated auctions at Visalia, Madera, Fresno, and Hanford. All except Fresno were holding weekly cattle sales; Fresno sold only hogs and lambs. The cooperative owns no facilities but rents auction pavilions, yards, and offices from Farm Bureaus of Kings, Tulare, Fresno, and Madera counties.

These Farm Bureau units have provided good facilities with ample provisions to

handle stock. The marketing cooperative handles the maintenance of the yards in addition to paying rent. This arrangement cuts down the amount of capital required for the marketing association.

CFBMA has used many innovations to improve operating efficiency in auction selling. For example, adoption of hydraulic gates to control cattle coming into the sales ring and on and off the scales has resulted in speeding up sales and saving money. This cooperative recently added a new hydraulic sorting and grading alley, designed to cut down labor costs and to put all sorting gates under the control of the individual in charge of the operation.

Installation of electronic bookkeeping equipment has expedited work in that department and also resulted in substantial savings.

At Visalia, one man controls the yarding of cattle from a tower. Using a loudspeaker, this man directs yardmen placing cattle in pens. This system eliminates the need for a man inside the sales pavilion to do this job and takes away the risk of the weigher, who often has these duties, making errors or causing a slowdown at the scales.

The California Farm Bureau Marketing Association is seeking to improve all its facilities to speed up livestock unloading and to move animals more efficiently in the stockyards. Unloading chutes are designed to handle livestock as fast as possible. Some chutes are flexible and can be readily adjusted for different levels of truck beds. Even width of alleys and the way a gate swings are items being constantly studied to improve services and thus benefit members of the cooperative.

Figure 3



The cooperative serves mainly the area of the lower San Joaquin Valley with markets in Madera, Fresno, Kings, and Tulare counties. However, it is extremely difficult to outline the exact territory from which the association draws its business. Eighty-nine percent of the total sales dollar originated in sales districts of Tulare, Fresno, Kern, Kings, Madera, and Merced counties in 1959.

All records pertaining to the operations of the cooperative are maintained at the main office at Visalia. Most of the records are microfilmed. This makes for efficient control plus savings in storage space. The cooperative also uses electronic data equipment to process a large share of the records involved in the sale of livestock. This has proved a help in increasing overall efficiency as well as completing transactions more rapidly.

#### Membership

To be eligible for membership in this association, a person must be a member of a local Farm Bureau within the State of California and be engaged in livestock production. No membership fees are required but the marketing association may collect current Farm Bureau membership dues which are remitted to the prospective member's county Farm Bureau.

The board of directors acts upon membership applications and may deny them. If an applicant is approved by the board of directors, a certificate of membership is issued.

Membership may be terminated if the person: (1) Dies, (2) ceases to be a member of a local Farm Bureau, (3) resigns, (4) fails to patronize the association within a period of 1 year, (5) ceases to be a livestock producer, (6) fails to comply with rules and/or bylaws, or (7) fails to produce quality livestock.

Members of the association are entitled to the benefits from all services rendered by the cooperative.

#### Sources and Volume of Livestock Marketed

The territory from which the association draws a large proportion of its livestock is highly diversified. It has mountain ranges where cattle and sheep are grazed, irrigated land producing grass, forage, and feed crops as well as other crops whose by-products are often used as animal feed; and a large number of feedlots where cattle are fed for slaughter. Some of these feedlots are among the largest in the State. Dairy herds provide another source of livestock, and it appears that this segment of the business will increase.

Cattle feedlots have become more important and provide an increasing potential source of livestock for the association to market. The order-buying department also purchases feeder cattle from northern California, Utah, Nevada, Montana, Oregon, New Mexico, Texas, and some other States for feeders who finish cattle for the slaughter trade.

Livestock available within the territory of the California Farm Bureau Marketing Association has increased substantially during the last few years. However, the cooperative's total marketings have not increased proportionately.

Sheep and lamb marketings have increased since 1957, partly as a result of an active program to encourage pooling of lambs from farm flocks in the trade territory of the association. Lamb feeding in the trade territory is not expected to increase greatly and so the sheep department probably will not handle much over the 1960 volume.

Table 3 shows livestock marketings during the 5-years, 1956-60.



Table 3. -- Livestock marketed by California Farm Bureau Marketing Association, 1956-60

Year	Cattle and calves		Hog department	Sheep department	Dairy department
	Sales department	Order-buying department			
			<u>Head</u>		
1956	93,178	104,742	35,519	5,951	-
1957	90,771	125,245	37,445	10,153	3,679 <u>1/</u>
1958	70,778	147,214	32,542	9,992	23,204
1959	72,890	148,292	36,372	9,573	27,174
1960	73,023	146,279	42,291	7,097	17,081

1/ For 3-month operation

The order-buying department has been increasing the volume of cattle handled, while auction sales have declined. Auctions represent a smaller number of slaughter cattle than order buying.

The cooperative marketed 33.1 percent of the cattle and calves and 61.9 percent of the hogs sold in its trade territory during 1959.

In 1960, the number of hogs handled increased to a record volume for the 5-year period.

### Services Rendered

The California Farm Bureau Marketing Association provides a variety of services for its farmer and rancher members. Principal services include: Auctions, order buying, order selling, special stocker and feeder sales, lamb pools, "on-the-farm" sales, dairy cattle sales, truck pickup of livestock, livestock improvement programs, market news releases and livestock information, and field service work.

Auctions.—Auction facilities are maintained at Visalia, Fresno, Madera, and

Hanford. At Visalia, slaughter and replacement and feeder cattle, hogs, and sheep and lambs are auctioned on regular stated sales days. In addition, special stocker and feeder cattle sales are held during the heavy seasonal movement of this type of livestock.

Only slaughter and replacement cattle are auctioned at Madera. Some special dairy sales also are held at this location.

Fresno auctions hogs and sheep 1 day each week. Special consignment days for selling dairy cattle were attempted, but interest was insufficient to make them successful.

The newest auction of the association is at Hanford, where sales were started in late 1957. The primary purpose of this facility is to sell dairy stock—calves, cull cows, and replacements for the dairy herds.

Order Buying.—The cattle order-buying department began operations in 1946-47 and handled 11,530 cattle that year. In 1959, this department reached its peak volume of 148,292 head of cattle (table 3).



Electric typewriter



. . . Multigraph

## CFBMA Has Modern Offices



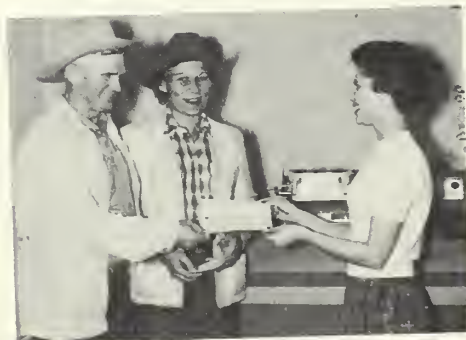
. . . Microfilm



. . . Key punch



. . . Automatic sorter



. . . enable prompt payment



The association's order-buying service benefits cattle producers primarily. It locates a source and purchases stocker and feeder cattle for members who wish to feed and finish for the slaughter trade. It also provides replacements for breeding herds when this service is required by patrons.

The order-buying department also has provided an order-selling service for slaughter cattle for 15 years. It is the bargaining agent for cooperative members who desire to sell cattle direct to packers from farms, ranches, and feedlots. The personnel of this department were able to secure buying accounts in 1960 from 32 California packers. This helped insure active competition in setting prices.

This service is provided patrons on a fee basis. The department secures buyers, assists in grading and cutting out cattle at ranches and feedlots, pays owners, and makes all collections from packer-buyers.

Large numbers of cattle have been retained on farms and ranches to build up herds. It appears, however, that order-buying volume will continue to increase in future years.

Dairy Cattle Sales.—The association began holding dairy cattle auction sales at Hanford in late 1957. This new service was wanted and needed to better serve members engaged in the dairy business. The Hanford Auction sells dairy cows for herd replacements, worn out cows, heifers for herd replacements, and calves produced by members. In addition, it provides dairy order-buying to provide outlets as well as replacements for its patrons.

Sale of calves is an important service. These are sold on a merit basis with many

of the calves graded and commingled to obtain better prices.

The dairy department has been rendering worthwhile services to members (table 3). It has a potential for added growth both in volume and services.

Special Sales.—The association holds special sales to move producers' livestock and to provide a source of stocker and feeder cattle and dairy heifers for members.

A number of stocker and feeder cattle sales are held each year at Visalia. These have been successful and should be continued as long as they provide a definite service to patrons.

Special dairy heifer sales are held at Hanford, Bakersfield, and Madera. This is a new service that appears to have growth possibilities as members become better acquainted with it.

Introduction of Breeding Stock.—The association has inaugurated a new plan to secure higher quality hogs. A small group of active members has undertaken to produce meat-type hogs, which will be marketed through the cooperative, from breeding stock introduced by the association. This plan is in the pilot stage but the service will be enlarged if it proves satisfactory.

California is a deficit hog producing area. If the encouragement of production of meat-type hogs pays off, the association can render a valuable service to both producers and consumers and, at the same time, increase its own marketing volume.

#### Market Outlets in Area

The California Farm Bureau Marketing Association operates in a highly

competitive territory. There are 13 other livestock auctions in the vicinity of the association's auction markets. Many dealers also operate in the same area as CFBMA.

Direct buying offers the greatest problem for the association. Practically all the meat packers buy slaughter livestock from feeders of all classes and grades of livestock. Packers located some distance from supplies, as those in Los Angeles, have buyers on their payroll who make purchases for them. These buyers then carry on essentially the same functions as the order-buying and order-selling departments of the cooperative. A few of these buyers purchase livestock offered by the association at its auction sales.

A number of producers deliver their livestock to markets in the Los Angeles area. Until May 1960, the market agencies of the Los Angeles Union Stockyards and the cooperative both sought the livestock produced and sold from the territory. The closing of this market facility has decentralized market outlets. These competitors are now operating auctions in the Los Angeles area and provide additional markets for livestock from the southern portion of CFBMA's territory.

Feedlots operating in its trade territory are another challenge to the association. These provide large numbers of cattle for sale on a regular basis and attract packer-buyers who purchase direct for their slaughter requirements. Although the order-buying and order-selling department of CFBMA handles a portion of the cattle from these feedlots, most move direct from the lots to the slaughterer without the cooperative's assistance. Either a packer has a buyer make the purchases at the feedlots, or the feedlot operator may consign his animals to the slaughterer.

Two other cooperatives operate in the fringe areas of the association's marketing territory—the Producers Livestock Marketing Association of Los Angeles on the south, and the Valley Livestock Marketing Association of Stockton on the north. It is impossible to delineate exact boundaries of the cooperatives because ranch operations are often located in sections of the State different from the operator's home base or feedlot.

The Valley Livestock Marketing Association has provided highly specialized buying and selling service for sheepmen. Since only a few members of CFBMA are interested in sheep, such a broad coverage would be uneconomical for this association. The competition between cooperatives has been of a limited nature.

#### Selling and Buying Charges

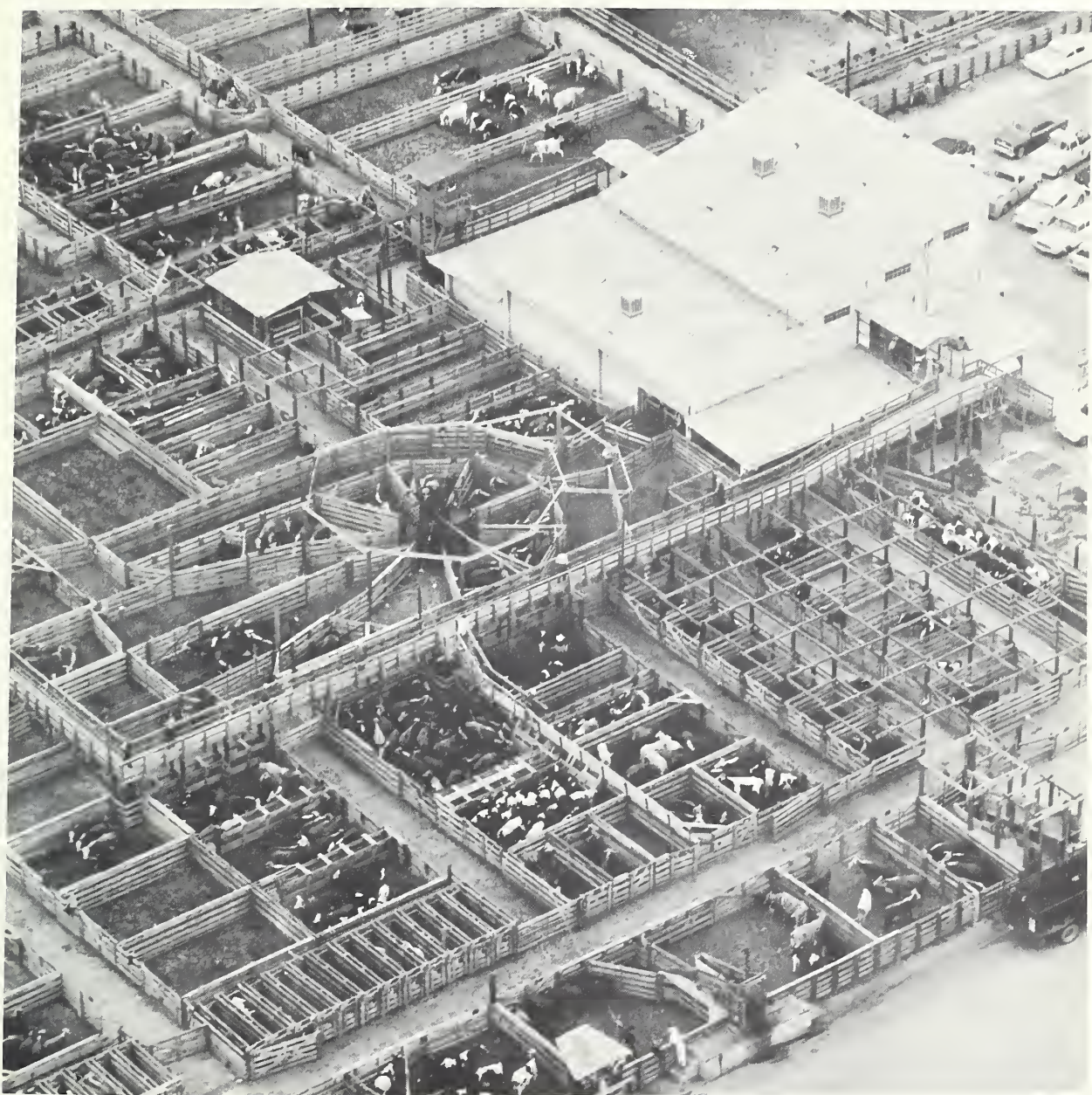
Selling charges of the California Farm Bureau Marketing Association are subject to the approval of the Packers and Stockyards Division of the United States Department of Agriculture. These charges are considered sufficient to provide facilities and services to livestock producers and make a fair return on invested capital.

Out of its commission charges, the association pays personnel engaged in actual selling of livestock. It also pays rental on stockyard and office space and takes care of stockyard maintenance.

Appendix table 14 shows selling commissions charged at the Visalia, Madera, Fresno, and Hanford markets.

At Visalia, Fresno, and Madera, the commission for buying livestock is the same as the rate for selling livestock of the same species, except where livestock is purchased on order out of consignments.





Sales pavilion and stockyards of California Farm Bureau Marketing Association at Visalia. The "Mixmaster" near the pavilion speeds up grading and frees personnel for other jobs.

In that case no buying commission is charged. However, there is a service charge of \$1 a head on cattle and calves and \$0.15 on hogs, sheep and lambs.

As no cattle are sold at Fresno, the commission for buying applies only to hogs and sheep and lambs. Buying charges at Hanford are the same as at the other markets, with the exception of a service charge of 1 percent of the purchase price for buying dairy cattle on order out of consignments. If the value of a sales draft is less than \$100, a minimum service charge of \$1 a head is made on all dairy cattle bought.

### Credit Facilities

California Farm Bureau Marketing Association owns stock in the Tri-State Livestock Credit Corporation of San Francisco, Calif., a regional credit cooperative. Anyone desiring to use this source of credit in a livestock enterprise is referred to Tri-State.

Members of CFBMA receive the bulk of their livestock financing through local Production Credit Associations and privately owned banks. Production Credit Associations are located in all counties of heavy livestock production. It is estimated that they provide about \$70 million of credit annually to livestock producers in this area.

CFBMA has never attempted to emphasize any particular source of credit to livestock producers in its marketing territory.

### Methods Used to Attract Buyers

Recognizing that the presence of active buyers helps assure better prices to livestock growers, the association tries to

attract all the buying competition possible at its auction sales. Buyers are notified when special lots of livestock are available for sale and are encouraged to be present when these animals will be consigned to a specified market.

The association's records show an average of more than 350 buyers for livestock, exclusive of buyers at the dairy auction at Hanford. These are purchasers of slaughter as well as stocker and feeder animals. The cooperative includes among its clientele most of the meat packers of any size operating within the State. Since the bulk of business handled by the association is cattle, most of these buyers are cattle slaughterers.

Efforts are made to attract new buyers as well as keep the older ones satisfied. Some radio and news reports give information to buyers and indicate numbers, grades, and classes of livestock to be offered at auctions. The manager and other staff members make it a practice to visit with these buyers on sale days and often at the buyers' places of business to assure that the cooperative is providing the services desired.

The order-buying department, in its efforts to sell cattle to packers, attempts to visit each slaughter plant at least once a year. Personnel of the department thus become acquainted with the particular needs of each packer. This gives the association an awareness of the types and kinds of livestock needed to supply demands. Order-buying personnel, in turn, can move animals from members to slaughterers when they are at the peak of condition and best suit the plans of feeders.

The old argument that an order-buying department has difficulty in representing the members of the cooperative does not



hold true in this association. All employees are so trained that they serve the producer by encouraging all possible competition when livestock is ready for sale.

At times, a temporary surplus and depressed prices make it necessary to move finished cattle out of California. The association has contacts with other buyers, through its sister agencies of the National Livestock Producers Association, who are aware of the needs of slaughterers in Denver, Omaha, and other cities. These are packers who are not regular buyers from the cooperative, but can use the cattle to advantage. Such sales bolster the price of cattle within the State, thereby benefiting all members of the association.

### Finances

The California Farm Bureau Marketing Association is a nonstock cooperative. It is operated as a nonprofit association for the benefit of its members.

Originally local county Farm Bureaus furnished the capital to finance the cooperative's operations. The association now secures its operating capital from sales commissions. Amounts over and above the actual costs of operation are placed in a revolving fund which is returned to members on a patronage basis when the board of directors decides this is sound operation.

The net worth of the cooperative in 1960 was about \$500,000. This strong financial position makes it possible to operate efficiently without calling on the membership for direct contributions of capital.

### Educational Activities

The association carries on an educational program to promote its activities

and secure volume. Media include: Local Farm Bureau units, California Farm Bureau Federation, newspapers, farm journals, radio, television, press releases, extension service of the University of California and, to a large measure, the personnel of the cooperative. In addition, staff members are encouraged to serve on committees and participate in organizations within the State that are attempting to promote the livestock industry.

A newsletter called CFBMA News Roundup is being issued on a monthly basis.

Personnel meet often to discuss new ideas and means of providing services to the association's membership and livestock producers. An active program of using employees to give local livestock marketing news and discuss topics of general interest on radio and television has proved beneficial to the cooperative and to the livestock interests.

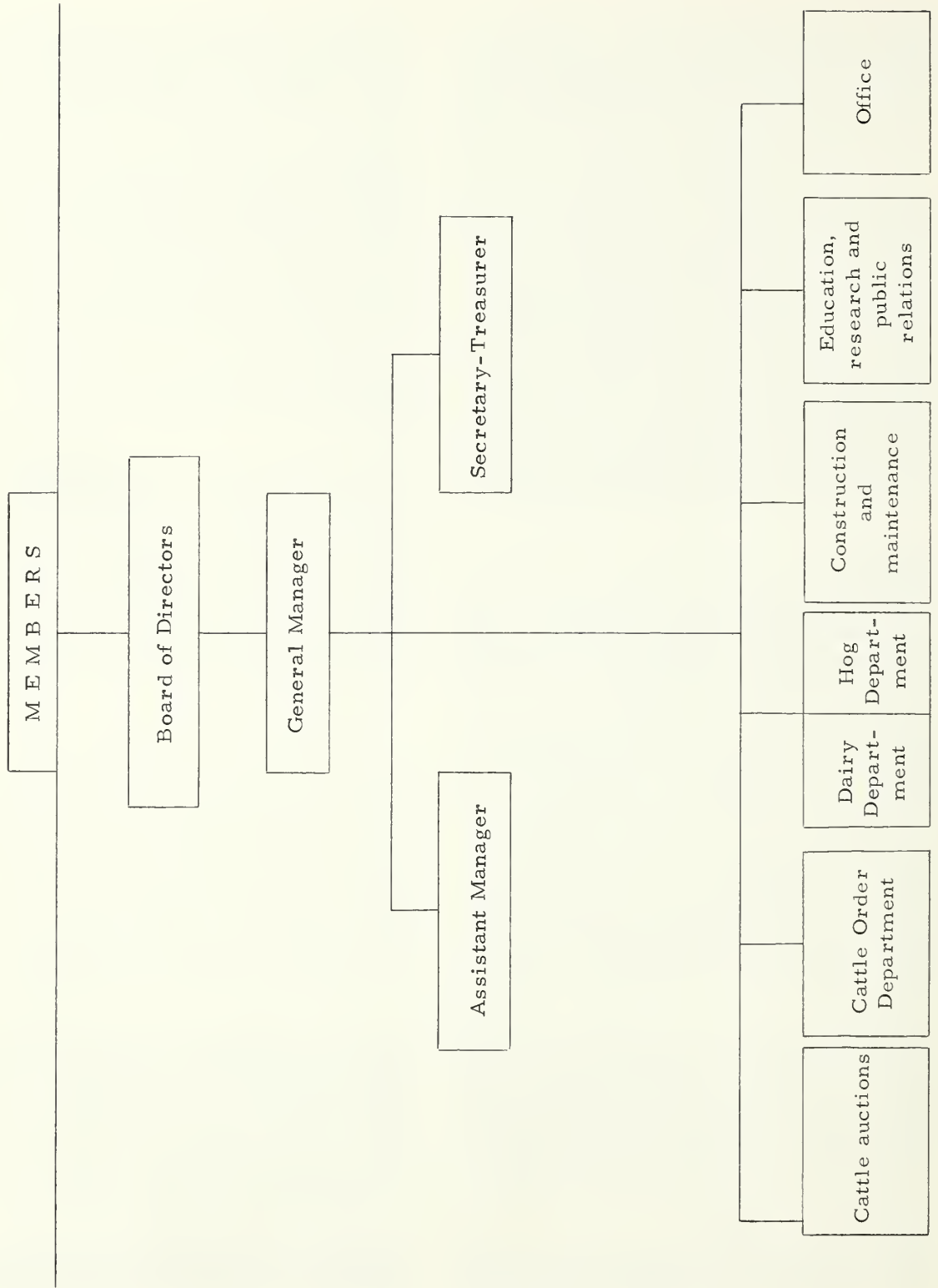
All personnel are trained to be able to process complaints of patrons to insure continuous patronage by livestock growers. Future Farmers of America chapters and 4-H Clubs growing and marketing livestock are supported by assistance at shows, purchase of project animals, and general help and advice in proper methods of raising and feeding farm animals.

The association, through its membership in the National Livestock Producers Association, supports legislation and marketing research and encourages establishment of marketing cooperatives to serve the livestock industry in other sections of the country.

CFBMA assists the Federal-State Market News Service in obtaining price information. In addition, the association has



Figure 4--Organization Chart of California Farm Bureau Marketing Association



its own reports of auction sales prices each market day.

Every opportunity to publicize the association is used, such as appearances before service clubs and special groups.

The annual meeting provides an effective opportunity for a good educational program. Printed reports giving highlights of yearly operations have been very effective. These reports not only review past operations, but indicate new and improved services to be developed.

### Board of Directors

The board of directors has 13 members selected from 6 districts within the marketing territory of the association. One of this number is a director-at-large and may be from any district. The directors, besides performing the duties specifically spelled out in the articles and bylaws, are active in determining policy for the cooperative. The board is required to meet quarterly but may call other meetings to discuss business of the association.

An executive committee composed of five directors is authorized to exercise all the functions and powers of the board, subject to the board's control. The executive committee meets each month.

### Personnel

The association has a good record of continuous employment for a large number of its employees. Each department is staffed with young, energetic, and well-trained men.

Management attempts to hire graduates of agricultural colleges but men employed in the various yards have the opportunity to obtain training that will fit them for

greater responsibility. Each employee's development is checked regularly through personal conferences at which progress and problems are discussed. Management has emphasized training with direct participation in the various operations and this has resulted in more satisfied and efficient employees.

The association, in cooperation with an insurance company, has a pension trust plan which provides retirement, life insurance, and savings. Employees contribute 4 percent of their income to this plan. A medical insurance plan also is provided for all regular employees. These plans are added incentives for employees to remain with the cooperative.

Figure 4 shows the organization chart and the departments of the association.

### Consignor Turnover and Size of Consignments

Consignments from members to California Farm Bureau Marketing Association auctions are fairly consistent. A number of livestock producers are expected to discontinue operations but so far this number has been small in comparison to many production areas. The number that try other markets is relatively few also.

The average number of head in consignments to auction sales is small (table 4, page 22). The number of cattle and calves per consignment has averaged about six animals over a 5-year period. This involves considerable recordkeeping, since one consignment may represent as many as five grades or classes which must be sold on an individual basis.

In 1957, 66 percent of the cattle and calves sold at auctions were consigned in

Table 4. --Average size of consignments handled by California Farm Bureau Marketing Association, 1956-60

Livestock	1956	1957	1958	1959	1960
	<u>Head</u>				
Cattle and calves (auction sales dept.)	6.4	6.5	5.6	5.8	6.0
Cattle (order department)	47.4	53.4	60.8	62.1	61.2
Hogs	15.1	14.4	11.7	13.7	13.9
Sheep	20.0	26.7	27.3	28.9	30.3
Dairy department	-	2.6	2.6	3.2	3.5

lots of 1 to 4 head; 19 percent in lots of 5 to 9 head; and 9 percent in lots of 10 to 14 head. No consignment had as many as 40 head. The auction method of selling often encourages smaller numbers because the producer may bring a few animals to each weekly sale.

Hog consignments ranged from 28 percent in groups of 1 to 14 head to 14 percent in the 20 to 24 head group. Thirty-eight percent of those delivered were in the 5 to 9 head group.

#### Income and Expenses

Net margins of the California Farm Bureau Marketing Association have remained fairly high in the face of rising labor costs and overhead. The association has consistently made savings in its marketing operations.

Margins dropped in 1960 because of lower price levels of livestock, and a slight decrease in numbers handled. Also, employee training and related expenses were unusually high as the result of changes within the organization.

In 1960, the total cost of marketing (both yardage and sales commissions) was only 1.2 percent of the over \$37 million total sales valuation of livestock handled for patrons.

Table 5 gives total income, expenses, and net margins for 1956-60. Table 6 shows value of sales by districts for the same years.

#### **Producers Livestock Marketing Association**

The Producers Livestock Marketing Association was organized in 1935 at Salt

Table 5. --Income, expenses, and net margins of the California Farm Bureau Marketing Association, 1956-60 1/

Item	1956	1957	1958	1959	1960
Income	\$294,642	\$359,869	\$509,683	\$511,028	\$460,824
Expenses	265,583	300,839	426,137	446,401	459,288
Net margins	29,059	59,030	83,546	64,627	1,536

1/ Figures are a consolidation of the sales and order-buying of the association.

Table 6. -- California Farm Bureau Marketing Association sales, by districts 1956-60 <sup>1/</sup>

Year	Tulare	Fresno	Kern	Kings	Madera	Merced	Others	Total
1956	\$ 7,608,164	\$4,078,177	\$ 4,417,302	\$1,326,542	\$1,495,102	\$1,075,547	\$3,134,351	\$23,135,185
1957	8,296,569	6,996,590	7,297,152	1,802,734	1,728,134	1,263,534	3,512,414	30,897,127
1958	11,858,654	8,815,510	9,675,538	4,275,434	1,921,138	1,210,293	5,213,392	42,969,959
1959	11,397,464	9,390,653	10,229,439	4,876,690	2,003,781	1,242,388	4,823,820	43,964,235
1960	9,239,312	8,086,756	8,342,126	2,501,430	2,282,423	782,781	5,931,312	37,166,409

<sup>1/</sup> Dollar volume in this table generally reflects increases or decreases in headage volume but different price levels in various years might cause some discrepancies.

Lake City, Utah, to serve stockmen in Utah, Idaho, Wyoming, and Nevada. Since one of its logical market outlets was Los Angeles, it opened a branch at Los Angeles Union Stockyards to serve members who sent their slaughter livestock to packers in that area.

The volume of California shipments has increased until now a considerable portion of the cooperative's volume originates there. Producers continued California operations at the Los Angeles Union Stockyards until April 1960 when this facility was closed. Producers then opened an auction at Artesia.

Producers opened a branch market at Brawley, Calif., in 1951 to meet the need for a special type of marketing service for stockmen in the area. This market is under direct control of the Salt Lake City office.

Livestock men in the Imperial Valley surrounding Brawley are large feeders and generally sell direct to slaughterers. Producers set up the Brawley branch to represent these men in selling animals to packers and to secure feeder livestock for

their feedlots. Sales are usually made by a salesman taking a packer-buyer to the country and showing him cattle in much the same manner as livestock is shown to buyers at terminal markets.

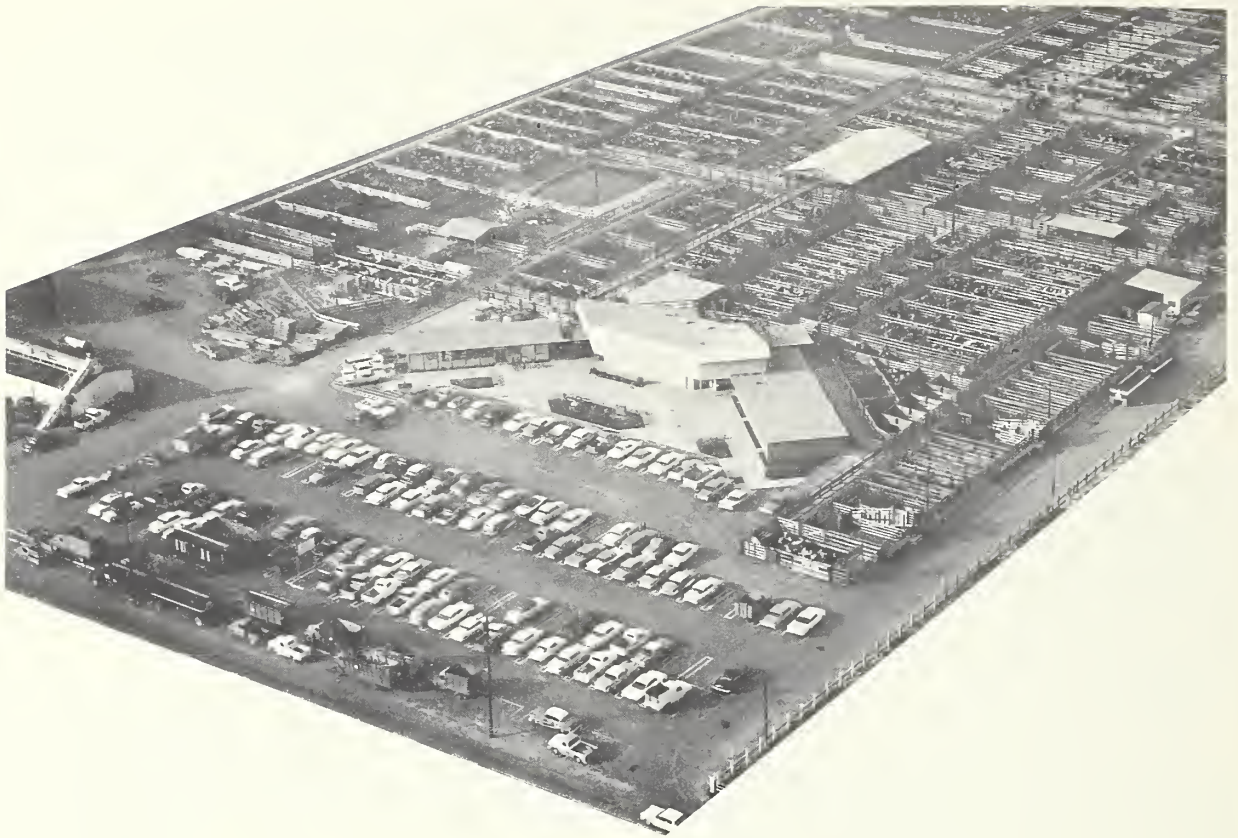
The Producers Livestock Marketing Association of Artesia operates a branch at Yuma, Ariz. Personnel from Artesia and Yuma work with feeders in the southeastern part of California and the southwestern part of Arizona in the same fashion as those at the Brawley, Calif., market. The increased livestock feeding in these areas is the result of greater production of hay and other crops on irrigated land.

An order-buyer is stationed at Yuma. Livestock handled at this point is included with the reports of the Artesia branch.

#### Area Served and Facilities

Producers serve the southern part of California. Large dairying operations are carried on there, plus feedlot operations where cattle are finished for slaughter, and substantial garbage-feeding of hogs. In addition, livestock are shipped in from





Birdseye view of first auction of Producers Livestock Marketing Association, Artesia, Calif. This market replaced facility at Union Stockyards, Los Angeles.

Utah, Nevada, Arizona, New Mexico, and a few other States. The order-buying department handles stocker and feeder cattle from several other States extending as far east as Texas and occasionally Mississippi.

The cooperative maintained no facilities of its own but leased office and pen space from the Los Angeles Union Stockyards until that facility was closed early in 1960. Consignors paid a yardage fee to the stockyards company with the association charging only a commission for selling livestock.

When the Los Angeles Union Stockyards closed, Producers Association made ar-

rangements to lease auction facilities at Artesia, Calif., where they sell livestock consigned to them by the auction method, as well as by private treaty. Western Livestock Order Buyers, a subsidiary, handles all order-buying activities for the association. The Artesia auction facilities are large enough to handle greater volume than the association has sold in past years.

The bulk of livestock is now trucked to market and it will be easier to deliver to the auction than it was to the Los Angeles stockyards because of less congested traffic conditions. Railroad connections near

the auction permit livestock movement to and from the market with a minimum of delay and expense.

### Membership

Membership in the Producers Livestock Marketing Association is open to any livestock producer or to any organization or association of producers of livestock residing or operating in the territory served by the association who may be acceptable to the board of directors. A livestock producer using the marketing services of the cooperative indicates his willingness to become a member by signing an endorsement or declaration of membership upon a check, draft, or other instrument used by the association. A livestock producer living in California becomes a member of the total organization with home offices in North Salt Lake, Utah, even though all his livestock is marketed within the State of California.

Two directors from the State of California represent membership on the board of directors of the parent cooperative. These directors have equal voting rights with the directors elected from other areas in determining the policy of the over-all operations.

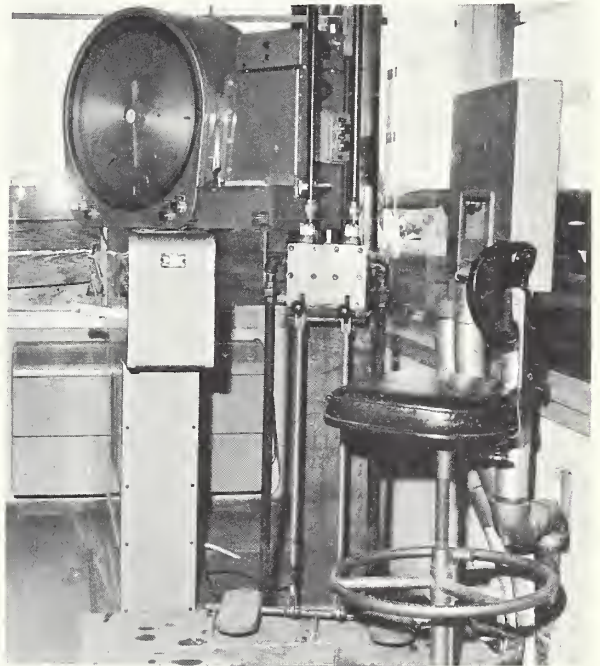
### Volume Handled

The association records volume in two accounts. Livestock consigned for sale is called "market." That portion handled by the Western Livestock Order Buyers includes stocker and feeder livestock, replacement animals, or livestock purchased for meat packers. The combined volume handled by the Producers Livestock Marketing Association, Los Angeles, is shown in table 7, page 26.

The Brawley, Calif., branch of the Salt Lake Producers Livestock Marketing Association, operating separately from the Los Angeles branch, handles only cattle and calves. Its 1956-60 volume is shown in table 8, page 26.

### Services Performed

The Producers Livestock Marketing Association provided specialists at Los Angeles to sell each species of livestock. In the cattle department, specialists were available to handle different classes of cattle. Records indicate that the association's salesmen obtained prices for members' livestock equal to or above those secured by other sales agents operating on the market.



Scale control room at Producers auction at Artesia. The weighmaster operates controls to move livestock on and off scales. The animal's weight is reflected on a board in the auction ring and also printed on a scale ticket.



Table 7. --Livestock handled by Producers Livestock Marketing Association, Los Angeles, Calif., 1956-60 1/

Livestock	1956	1957	1958	1959	1960 <u>2/</u>
			<u>Head</u>		
Cattle	92,969	106,655	86,934	103,188	121,139
Calves	7,021	9,129	14,900	22,382	19,948
Hogs	43,368	41,867	48,750	42,816	44,874
Sheep and Lambs	7,588	23,790	26,460	30,934	25,374

1/ Includes livestock handled at market and by Western Livestock Order Buyers.

2/ A portion of 1960 volume was handled at the Artesia, Calif., auction.

Since the transfer of operations from the Union Stockyards at Los Angeles to the auction at Artesia, livestock is sold mostly by the auction method. A small proportion of the total sales are made through private treaty, with the cooperative providing specialists to handle this business.

The cooperative has encouraged its salesmen to do field service work with members, but with a large portion of the sales volume coming from such great distances, little more than letters can be used as a contact with many consignors. The order-buying section of the association provides such services as grading and sorting animals at feedlots, advising on the trends of the market, and taking buyers to feedlots where livestock is available for sale.

If packer-buyer bids are satisfactory, Producers arranges for final sale and

delivery of livestock to packers. While limited in nature, these services have been about all that can be provided in this type market.

The association has not used radio or TV to any substantial degree because of the high cost of these media and limited number of livestock people reached. A weekly market letter mailed to several thousand patrons giving a summary of the market's activity is well received and helps to keep the name of the cooperative before the livestock raisers.

An intensified advertising and promotional program using media not used in the past is now under way to acquaint livestock growers with the services offered at Artesia.

#### Market Outlets in Area

At the Los Angeles stockyards, the association and other sales agencies

Table 8. --Livestock handled by Producers Livestock Marketing Association, Brawley, Calif., 1956-60

Livestock	1956	1957	1958	1959	1960
			<u>Head</u>		
Cattle	42,634	37,565	44,104	51,683	47,124
Calves	13,579	20,651	19,215	5,943	21,551

competed actively for consignor's business. In addition, local auctions, dealers, traders, and speculators were seeking livestock. Direct buying by meat packers who conduct slaughter operations was a potent competitive factor, as most of these packers had buyers who called on ranchers and feeders and purchased livestock at the raiser's home or pens.

The new auction operation at Artesia faces the same competition with the exception of the old stockyards agencies. A few new auctions are proposed in the area in which the cooperative operates.

In past years, some former employees of the association have gone into business for themselves. Several former employees started marketing agencies on the Los Angeles market; others have become traders, dealers, or auction operators. Some have become buyers for meat packers. These former employees developed many contacts with livestock raisers while they worked for the cooperative. Unavoidably they have been able to take some of the cooperative's accounts.

Despite the various forms of competition, Producers increased its percentage of the salable receipts handled at the Los Angeles stockyards during its 25 years of operation there. The auction volume at Artesia indicates that other market outlets will present fewer problems than at Los Angeles.

Producers operated at Los Angeles under the Packers and Stockyards Division of the U.S. Department of Agriculture, so selling charges were set by this agency. P & S also supervises the auction at Artesia, Calif. The following rate schedule was in effect at Artesia in May 1960:

Rates Effective May 2, 1960

Selling Charges

Commission and Yardage:

Calves, under 500 pounds	..... \$2.00 per head
Cattle, 500 pounds and more	..... 3.00 per head
Bulls, 800 pounds and more	..... 4.00 per head
Hogs	..... 1.00 per head
Feeder pigs	.... 0.90 per head
Sheep and lambs	. 0.60 per head

Buying Charges

No buying charges for livestock purchased out of consignments, but livestock purchased on order out of consigned livestock will be charged a service charge equal to one-half of the selling charges.

Credit Facilities

The Producers cooperative provides loans for its members through the Producers Livestock Loan Company of Salt Lake City, Utah. The cooperative operating in California takes applications for these loans and does the necessary field work to service them.

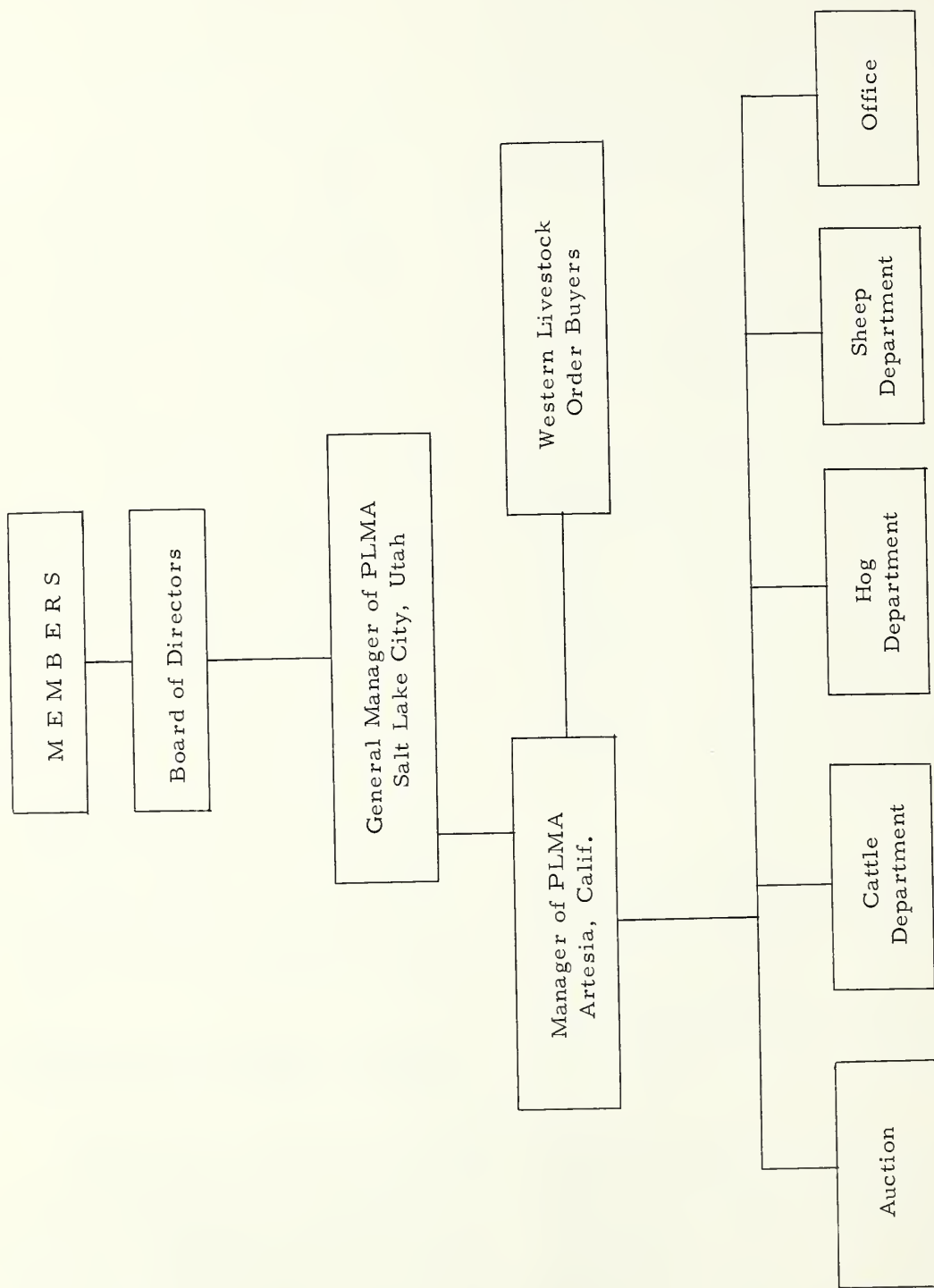
Loans outstanding in California on December 31, 1959, totaled \$1, 400, 000.

Methods Used to Attract Buyers

While Producers operated at the Los Angeles Union Stockyards, buyers were in the habit of coming to the yards for some of their purchases. Producers made it a practice to inform packers that certain lots and classes of livestock would be



Figure 5. -- Organization Chart for Producers Livestock Marketing Association  
 Artesia, California



on the market certain days and solicit their business. In addition, the order-buying company took packers to feedlots and ranches to see livestock and attempt to make sales. Telephone calls often were made to packers to determine if their needs could be supplied. These practices are still followed from the new offices.

The cooperative makes both telephone calls and personal visits to feedlots and ranches to sell stocker and feeder livestock. Orders are solicited in advance for much of this type of livestock and then livestock is located to fill specific needs.

The new auction at Artesia, Calif., is calling on packers as well as other buying interests to encourage them to become regular customers. A large number of slaughterers have transferred their buying operations to the auction and appear to be supporting this market.

### Finances

Since this Producers cooperative operates as a branch of the Producers Livestock Marketing Association of Salt Lake City, Utah, it depends upon the parent organization to provide operating capital. Capital has been supplied from savings in operations and borrowings from banks, usually one of the Banks for Cooperatives.

Livestock producers have not been called upon to purchase capital stock or make other capital contributions.

### Educational Activities

Producers' educational activities are limited to field work of personnel and distribution of market news letters to a

partial list of members. Personnel occasionally speak for their agency at meetings called by local Farm Bureaus. This is a field that needs strengthening.

### Personnel

The association maintains personnel to handle the various classes of each species of livestock consigned for sale. Employees are experienced livestock people but have had somewhat limited experience in working with cooperatives. An active on-the-job training program would be helpful to all employees.

The organization chart of the agency is shown in figure 5.

### Consignor Turnover and Volume

Consignors to the Producers Livestock Marketing Association at Los Angeles made only a few shipments each year. Thirty-nine percent of the patrons shipped cattle only once a year. Calves were consigned more frequently, with 31 percent of the patrons delivering once a year and 39 percent consigning twice a year.

Hogs were consigned most often, evidently reflecting the large number of garbage-fed hogs in the market area. About 53 percent of the patrons delivered hogs to the association for sale 20 or more times annually. Sixty percent of patrons delivering sheep and lambs made only one consignment a year.

The size of consignments varied widely, with cattle showing the largest number of animals per consignment. Single-head consignments appeared most common for delivery of calves.

Small consignments involve more work for the cooperative both in the yards and

in the office, but the association is dedicated to serving all patrons regardless of size of consignment. The auction operation at Artesia will probably receive more frequent consignments of even smaller numbers. It is located in the heart of the Los Angeles milk shed where many dairy cows and calves are for sale and individual sales are common rather than groups of animals.

### Income, Expenses, and Savings

Tables 9 and 10 show the income, expenses, and savings of the Producers Livestock Marketing Association in its California operations for the years 1956-60.

### **Valley Livestock Marketing Association**

The Valley Livestock Marketing Association was organized as a cooperative and commenced operations at the Stockton Union Stockyards in 1938. In the beginning, the association was supported quite actively by the swine and dairy departments of the San Joaquin County Farm Bureau and the San Joaquin County Milk Producers Association. In addition, the Stockyards Company and the Agricultural Extension Service of the University of California helped the cooperative.

Livestock producers and other interests believed that a marketing cooperative could overcome some of their marketing problems. The general feeling was that there was insufficient competition to secure fair prices for livestock. Transportation facilities were inadequate at that time to assemble and move small operator's livestock to the principal market at South San Francisco Union Stockyards.

The area around Stockton was developing into a livestock production section

because of an increase in irrigated pastures, but small operators needed advice on both production and marketing problems. These conditions encouraged a few alert livestock men to organize the cooperative to help them improve their operations.

The association made an agreement with the California Farm Bureau Federation permitting it to publicize the cooperative as an affiliate. The Farm Bureau commodity division assists in field service work, demonstrations, and educational programs. It also gives general advice and assistance to the association management.

The early years were difficult from an operating standpoint because of insufficient volume. An active solicitation program was inaugurated among livestock raisers outside the Stockton area to increase volume. Then, as the cooperative provided more services, the volume of livestock increased. County Farm Bureaus organized shipping associations to help build up consignments. Volume from these associations grew to a sizable proportion of the total business.

During the 1940's, shipping associations were organized in Modoc, Lassen, Siskiyou, Shasta, Mendocino, Napa, Merced, Stanislaus, Humboldt, Yolo, Tehama, Sacramento, and Tri-County (Placer, Nevada and Eldorado) in California. Associations also were started in Douglas and Elko Counties in Nevada, and Klamath and Lake Counties in Oregon. The volume from these local shipping associations has declined and some are no longer in existence because of changes in market locations and improved motor truck transportation. A few continue active and handle considerable livestock.

Table 9. --Income, expenses, and savings, Producers  
Livestock Marketing Association,  
Los Angeles, Calif., 1956-60

Year	Income	Expenses	Savings
1956	\$141,799	\$121,636	\$ 20,163
1957	171,953	142,899	29,054
1958	167,672	186,628	(18,956) <sup>1/</sup>
1959	192,031	190,545	1,486
1960	196,122	261,050	(64,928)

<sup>1/</sup> ( ) Denotes loss

Table 10. --Income, expenses, and savings, Producers  
Livestock Marketing Association,  
Brawley, Calif., 1956-60

Year	Income	Expenses	Savings
1956	\$ 64,590	\$ 65,184	\$ ( 594) <sup>1/</sup>
1957	73,098	55,855	17,243
1958	74,419	58,605	15,814
1959	69,334	87,773	(18,439)
1960	87,601	82,242	5,359

<sup>1/</sup> ( ) Denotes loss

The Valley Livestock Marketing Association opened a branch market at South San Francisco Stockyards in 1947. This provided livestock producers and feeders a cooperative marketing service at this terminal where no organization had represented them since the Pacific States Livestock Marketing Association discontinued operations in 1935.

Volume at South San Francisco was never large. It was impossible to build up much business at this market, mainly because the rapid industrialization and urbanization of the area was not conducive to increased livestock production. Also, the opening of markets in heavier livestock producing sections detracted from this market.

The number of animal units handled by the Valley Livestock Association at South San Francisco declined from 23,820 units in 1953 to 17,520 units in 1957.<sup>2</sup> Since this volume was insufficient to carry expenses, the branch was closed in early 1958. Some of the volume that had been marketed through the cooperative at South San Francisco is now being handled by other branches of the association.

The cooperative operates auctions at Dixon and Red Bluff, Calif., and Fallon, Nev., in addition to the terminal commission agency at Stockton.

<sup>2</sup> One animal unit consists of one head cattle; two calves; four hogs; or five sheep and lambs.



## Area Served and Facilities

Valley Livestock Marketing Association serves patrons in western Nevada, southern Oregon, and the northern half of California. The southern section of the association's territory overlaps somewhat with that of California Farm Bureau Marketing Association.

The association rents facilities from the Stockyards Company at Stockton. This includes the pen space and general offices.

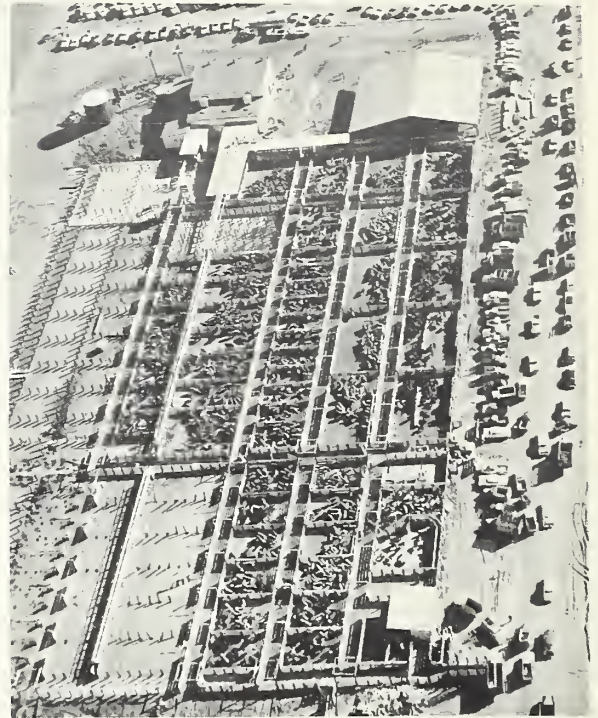
In 1954, the Valley Livestock Marketing Association leased an auction market at Dixon, Calif., that had already been established as one of California's major sheep and lamb markets. The auction is leased from the owner on a long-term basis for a percentage of the total valuation of livestock handled. The cooperative supplies all maintenance.

The association has broadened activities at Dixon to encourage marketing all species of livestock by the auction method. Good selling practices, expanded solicitation among livestock producers, and encouragement of active buyer support have built up the volume.

A new auction market was opened at Red Bluff in early 1959 as a branch of the Valley Livestock Marketing Association. This facility has opened a wider area of service to farmers and ranchers in northern California, southern Oregon, and western Nevada. Since cattle are produced in the largest quantity of any livestock in this territory, they constitute the bulk of the business. Hogs and sheep also are sold by the auction method at this branch. In addition to the auction, order-buying and order-selling services are provided.

The Red Bluff auction facility is the only property wholly owned by the cooperative. Debenture bonds were sold to finance it.

An auction being operated at Fallon, Nev., was leased in 1960 on a trial basis to determine if members can be served in that area.



Red Bluff auction serves northern California and southern Oregon. The bulk of the volume is stocker and feeder cattle.

## Membership

Anyone producing, handling, or selling livestock can become a member. An application for membership is executed by signature on the back of the check received in payment for livestock.

The board of directors acts upon applications for membership and, by majority vote, denies or accepts them for reasons satisfactory to it. The board may delegate to any officer or employee the power to act upon and accept applications and to admit members and issue membership certificates. The certificate of membership is a card certifying membership in the association, and signed by an officer designated by the board of directors.

Sources and Volume of Livestock Marketed

Members living in California furnish the bulk of the livestock marketed by the

California makes it appear that volume of hogs handled will continue to decrease.

Table 11 shows the volume of livestock handled in the period 1956-60.

The Valley Association in 1959 marketed 26.8 percent of the hogs sold in California and about 25.7 percent of the sheep and lambs. Percentage of the total hog volume marketed has increased despite a drop in hog production within the State.

Services Provided

The association provides the following types of services: Sale of livestock on a

Table 11. -- Livestock marketed by the Valley Livestock Marketing Association, 1956-60

Year	Cattle and Calves	Hogs	Sheep and Lambs
		1,000 Head	
1956	91.3	115.4	240.0
1957	82.0	122.0	294.0
1958	75.0	118.0	324.0
1959	145.0	120.9	374.3
1960	161.3	114.1	344.1

association. Other sources are southern Oregon, western Nevada, and stocker feeder animals are secured from the inter-mountain region and some States west of the Missouri River.

Cattle volume handled by the cooperative increased by 70,000 from 1956 to 1960, mainly because a cattle order-buying and order-selling department was established and the auction at Red Bluff was opened. Sheep volume increased in 1957, 1958, and 1959 but declined considerably in 1960.

The number of hogs has varied to a lesser degree than cattle or sheep and lambs. The declining hog population of

terminal market, auction selling, order-buying and order selling, participation in special sales at Stockton, special sales at auctions, field service, and educational work.

All species of livestock are sold for patrons at Stockton who consign their livestock to the association on private treaty basis. At Dixon and Red Bluff, Calif., and Fallon, Nev., livestock are sold by the auction method.

The cooperative participates in special feeder cattle sales held at the Stockton market along with other commission agencies. These sales provide an opportunity for feeder cattle buyers to purchase some

of their requirements. They also help spread receipts throughout the week to better utilize yard space and personnel.

Although Valley started as a strictly terminal market operation, it soon became apparent that an order-buying operation was needed to serve livestock producers. This type of service was initiated in a limited way in 1942 for all species of livestock. In 1946 a man was employed to spend full time on the order-buying service for the sheep division. In 1952 a man was added to devote full time to order-buying in the cattle division. The other order-buying services operate within the various departments of the Valley Livestock Marketing Association.

The order-buying service covers the sale of livestock to slaughterers as well as to purchasers of stocker and feeder livestock. Some of the personnel in other departments assist those specifically assigned to order-buying.

Although the order-buying business has increased and there has been an expansion in personnel, it is impossible to serve all the livestock raisers and packers in the Valley territory. The order-buying division arranges to bring in feeder cattle and pigs from production areas outside of California, working in cooperation with other livestock marketing cooperatives.

During the seasons of heavy lamb movement, many are sent to other parts of the United States. The sheep division spends more than half its time and efforts in order-selling slaughter lambs to packers. This service is in great demand. Producers like to have informed representatives to sell their livestock even though they do not wish to use the established market centers.

## Market Outlets in the Area

The Valley Livestock Marketing Association operates in a highly competitive field to secure volume to make its markets efficient operating units. Since no contracts are used between the cooperative and its members, the association must attract volume by its services.

About 35 auction markets operate in the territory served by the association. Many dealers and traders also operate in this same area. In addition, practically all the packers buy direct at their plants and have buyers purchasing direct from farmers, feedlots, and ranchers. A considerable number of the feeders in the association's territory purchase their own requirements direct from ranches.

## Selling Charges

The association operates all its markets under the supervision of the Packers and Stockyards Division of the U.S. Department of Agriculture. The selling charges are set by this agency and are subject to review and change if proven unfair either to market agencies or the consignor.

Appendix table 15 shows the schedule of charges at Stockton, Dixon, and Red Bluff in 1960.

## Credit Facilities

The association has no credit organization of its own. It does, however, have an investment in a cooperative credit association, the Tri-State Credit Corporation of San Francisco, Calif., and has representation on the board of directors. When the association's patrons desire loans for livestock operations, they deal directly with this lending agency. The Tri-State



Credit Corporation also solicits loans within the operating territory of the Valley. In addition, production credit associations owned by farmers and ranchers provide livestock loans in the area in which Valley operates. Some local credit associations make a large percentage of their loans to Valley members. Banks have also been active in providing loans to producers and will probably remain an important source of financing. Some insurance companies likewise make livestock loans.

With all these credit sources available, Valley feels that it is not necessary to provide any additional credit services or to actively solicit loans.

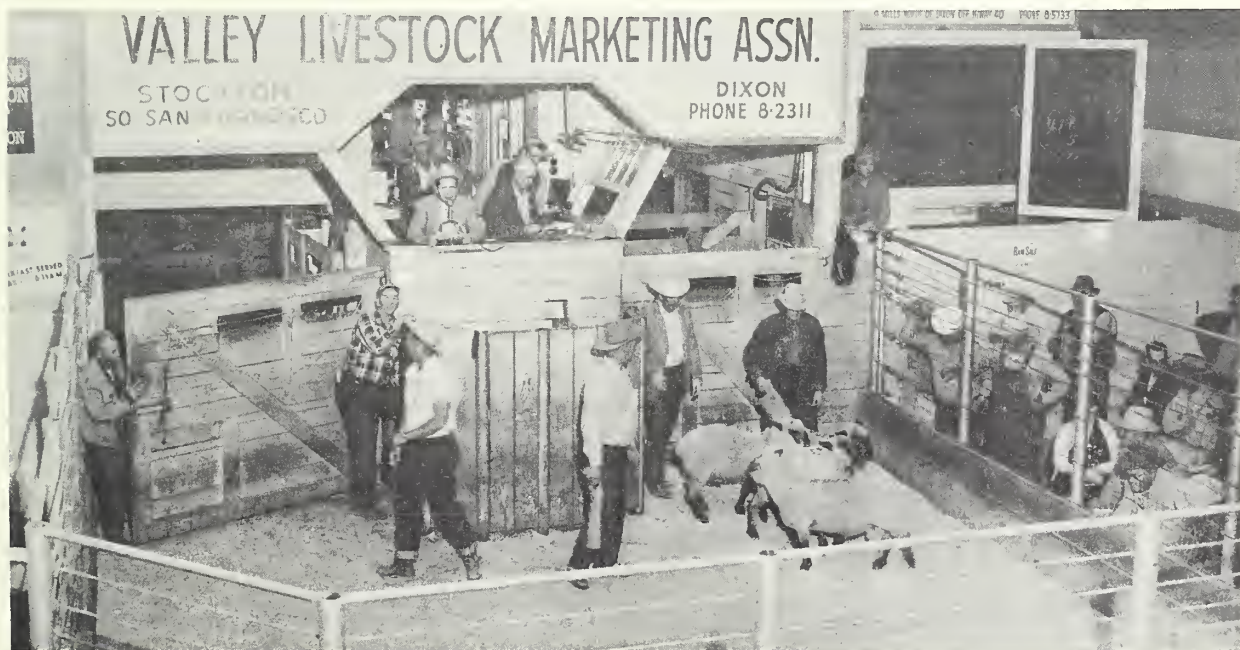
#### Methods Used to Attract Buyers

The Stockton market attracts 25 regular slaughter buyers and about the same

number of buyers interested in purchasing feeder livestock.

The market at Dixon, handling mostly sheep and lambs, is somewhat limited in number of buyers because there are relatively few slaughterers of sheep and lambs. The Dixon auction attracts from 5 to 10 slaughter buyers for sheep and lambs depending on the season, and 8 to 10 for cattle and calves. A large number of stocker and feeder buyers are generally in attendance, with an average of 25 to 50 sheep and lamb purchasers and 15 to 30 cattle and calf buyers.

At the Red Bluff auction, the bulk of the livestock handled consists of stocker and feeder animals. During the seasons of heaviest livestock movement, 30 of the 50 buyers are in attendance to purchase cattle. The supply of slaughter livestock is small but buyers are quite plentiful.



The Valley Livestock Marketing Association auction at Dixon is the largest sheep and lamb market in California. A second auction ring permits sale of cattle or calves simultaneously.

At all of Valley's marketing points the association's personnel invites buyers to be present when livestock is offered for sale. Buyers are contacted through personal visits, by telephone, and occasionally by letter when consignments of special interest to them are to be offered.

The order-buying departments are constantly in touch with both slaughterers and stocker and feeder buyers to determine their needs. Personnel from the order-buying divisions then locate livestock to fill orders. Telephone and letters are frequently used to find both sources of livestock and outlets for animals.

This is an area that must receive constant attention if the cooperative is to render outstanding service and obtain full value for livestock sold. More personal contacts with slaughter buyers in their plants would be worthwhile to the association in its efforts to secure better buyers.

### Finances

When the Valley Livestock Marketing Association started operations at Stockton in 1938, it was financed by unsecured loans from local livestock producers. The amount was limited and the association had difficulty meeting all its commitments because accounts receivable were large. After a few years the association accumulated enough savings to finance operations, with the help of bank borrowings during the peak sales periods.

A membership fee of \$5 was charged during the early years of the association but this has now been canceled. It was found that this fee did not provide any significant amount to finance operations.

Shipping associations sending their livestock to Valley for sale were financed by the local County Farm Bureau units.

Capital for the Red Bluff auction was raised by selling debenture bonds bearing 6 percent interest. In addition, a portion of the facility was financed by a bank loan.

The cooperative has made a practice of borrowing from banks to finance its marketing activities during peak seasonal movements of livestock.

### Educational Activities

The association participates in a wide variety of educational activities, despite its limited personnel. It has no separate department to carry on this work but depends on the regular management and sales staff.

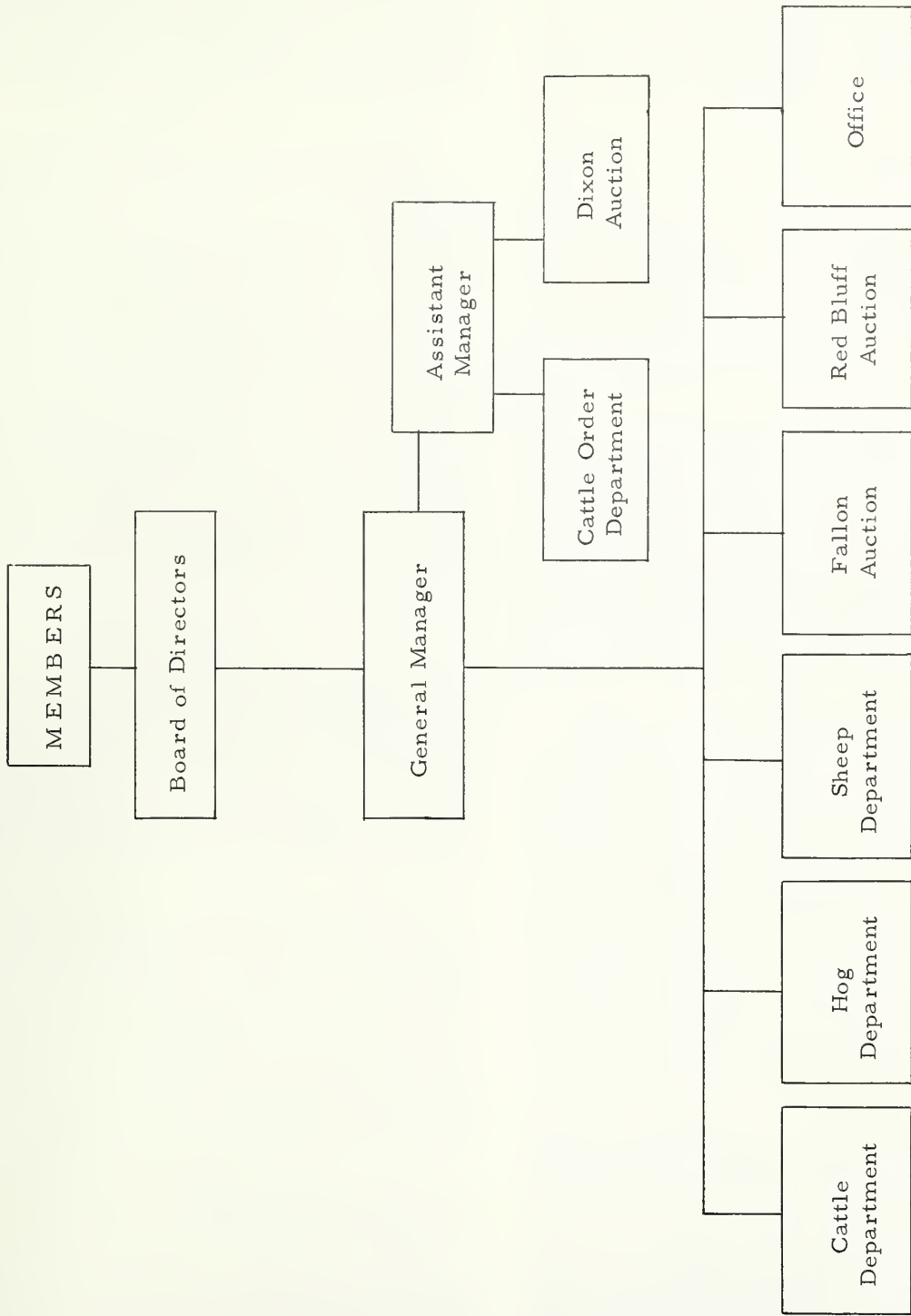
At the regular annual meeting, activities of the association and of the livestock industry are discussed. Attendance at the annual meeting represents only a small proportion of Valley's total membership.

Personnel make as many contacts with individual members as possible to render both advisory and sales service. This affords an opportunity for the staff to fully explain the cooperative. Personnel also work with college staff and extension workers on problems affecting the livestock industry.

The association assists 4-H Club and Future Farmers of America projects and livestock shows through sponsorship and support at the time animals are marketed.

Newsletters, radio, and other media are used to inform the membership of developments in livestock marketing. Its contract

Figure 6. -- Organization Chart of the Valley Livestock Marketing Association  
Stockton, Calif.





with California Farm Bureau Federation gives the cooperative an opportunity to use the Federation's commodity specialist in extending its programs throughout the State.

### Board of Directors

The board of directors of the Valley Livestock Marketing Association is composed of 15 persons who are members of the association. The board is charged with determining the policy and management of the association.

Operations have expanded to a point where the board of directors should be elected from a wider area. The operating territory should be divided into districts, with representation on the board of directors determined according to the potential volume of livestock marketed from each district.

### Personnel

Personnel in 1960 included the general manager; assistant manager; managers of the cattle, hog, and sheep departments; office manager; auction managers; salesmen and office workers; and operating employees necessary to furnish adequate marketing services to patrons. It has been the practice to hire personnel experienced in livestock marketing to supply the sales service demanded by the membership.

Figure 6, page 37, is the organization chart of the association.

### Consignor Turnover and Volume

Patrons using Valley's services have been fairly regular year after year. With

expansion in territory served, new patrons have been added. This regularity of patronage indicates that most patrons have been satisfied with the association's services.

Livestock consignments to the Stockton market for sale by the Valley Livestock Marketing Association are generally small. Over 40 percent of the cattle are received in consignments of less than four head. Many hog and sheep consignments are also small but frequently are in larger numbers than cattle. Consignments with fewer than 5 hogs and those with 20 to 24 showed about the same frequency, each accounting for about 25 percent of the total consignments. Small numbers of sheep, fewer than 5, were consigned with about the same frequency as those over 100 head.

The size of consignments at the Dixon and Red Bluff auctions were not analyzed in detail but casual examination of records indicated that they were larger than at Stockton. It is the practice at these markets for farmers and ranchers to sell larger numbers of livestock at one time.

Small consignments cost the association more in handling because time spent in penning, weighing, and preparing account sales can be charged only to an individual or relatively few animals. This business is important to the cooperative but it might justify higher commissions than those now charged.

### Income and Expenses

Table 12 summarizes the income, expenses, and savings of the Valley Livestock Marketing Association for the years 1956-60.

Table 12. --Income, expenses, and savings for Valley Livestock Marketing Association, 1956-60

Year	Income	Expenses	Savings
1956	\$270, 210	\$277, 449	(\$7, 239) <sup>1/</sup>
1957	294, 512	286, 239	8, 273
1958	339, 383	315, 272	24, 111
1959	496, 016	482, 414	13, 602
1960	505, 554	553, 072	(47, 518)

<sup>1/</sup> ( ) Denotes loss.

## Changes in Livestock Marketing Structure

Livestock marketing cooperatives have only recently handled as much as 25 percent of the livestock marketed in California. This is good progress and shows that order-buying, order-selling, and auction activities have offset some of the losses from the closing of terminal markets and lack of patronage.

Cooperative agencies have done exceptionally well in handling over 45 percent of the hogs marketed within the State but hogs represent a small part of the total livestock handled. The percentage of sheep and lambs handled by cooperatives has increased in the last 5 years, but there is still much room for expansion since this is only about 25 percent of the sheep and lambs marketed in California.

The volume of cattle and calves marketed has increased. However, the 1959 figure of 21 percent represents a small portion of the total marketed in the State. A larger volume would both lower operating costs and improve the cooperatives' bargaining position.

Changes that affect the livestock marketing structure are constantly taking place. The increase in the numbers of

cattle handled from feedlots and the continued trend toward larger cattle production units, for example, are making it necessary for marketing agencies to re-appraise their methods. If cooperatives are to serve the best interests of livestock producers, they must be alert to these changes and ready to adapt their operations to meet the new situations.

There is no one marketing method that will always net livestock producers more money than any alternative method. Some producers prefer to sell all their livestock at terminal markets, others like local auctions. Still others, if they have a choice, sell all their livestock at farms, ranches, or feedlots. California cooperative agencies have attempted to satisfy the livestock producers by providing alternative marketing methods.

Developing these outlets creates problems that require constant effort to overcome. All the cooperatives seem to agree that there are fewer marketing problems when producers consign livestock either to auctions or terminal markets. However, since they are committed to serve the livestock producers, other methods must be considered.

## **Industrialization and Growing Population**

Industrialization of areas in southern California and around San Francisco has led to a rapid population increase in the State during the last 20 years. The next 20 years will bring even larger growth, according to all predictions.

Livestock producers might be expected to step up their efforts to meet the greater demand for meat, but the amount of land in California that can best be devoted to livestock and feed production is limited. However, there have been increases in the production of cattle finished for slaughter, especially in feedlots. The proposed extension of irrigated land also will mean some increase in feed grain and byproducts that could step up livestock production.

Although urban developments have pushed dairy operations farther from the cities, dairies have increased their production to meet the growing population's demand for milk. If livestock marketing cooperatives are alert to such moves and trends, they can adapt their operations to meet them.

Servicing dairymen is an important field for livestock cooperatives. Dairy herds have increased in California, but this growth has not resulted in a comparable increase in meat production. Dairymen sell both calves and cull cows for slaughter. The calf crop is sold at an early age when light in weight, and cull cows represent a low tonnage of edible meat. Nevertheless, the cooperatives need to give more consideration to ways to represent the dairy segment of the livestock business.

Large areas formerly used for livestock growing are being transferred to

fruits and vegetables as population growth and urbanization stimulate demand for these products. This trend will change the methods of livestock production followed in past years, but it does not necessarily mean an overall reduction in livestock numbers. It should encourage production of more finished meat animals. Some byproducts from the fruit and vegetable industry will be available for livestock feed.

## **Growth of Direct Selling**

Direct selling was the primary method of livestock marketing in California during the 19th century. Then the trend turned away from this method to a substantial use of terminal and auction markets. Now a large percentage of livestock is again being marketed direct.

Cooperatives need to determine and adopt methods of representing producers in direct marketing to see that equitable prices are secured and fair practices are maintained. Bargaining contracts between livestock cooperatives, producers, and slaughterers may be a means of achieving more equitable prices in direct selling.

Today over 50 percent of the slaughter livestock in California is sold direct to slaughterers. Although auction markets are still an important outlet, direct marketing will undoubtedly increase, now that the terminal markets at Los Angeles and South San Francisco are closed.

## **Expansion of Feedlots**

Feedlots have expanded rapidly from a relatively few to many located in sections capable of producing a large proportion of the feed needed to fatten cattle. These feedlots have enough cattle of uniform quality and weight to attract packer-buyers.



The growth in numbers and size of feedlots may, however, slow down within the next few years because of lack of cheap feed and competition for feeder cattle. In many other sections of the country, feedlots are being established closer to an abundance of feed and stock cattle. These will compete with the California feedlots for cattle and may make further expansion within the State uneconomical.

of terminal or auction markets, it is necessary to concentrate on doing a better job of order-selling from feedlots to slaughterers and order-buying of feeder cattle going to the lots. The three cooperatives now operating in California are in a strong position to do this as they have developed contacts with other cooperatives operating in areas of heavy stocker and feeder cattle production.



Expansion of feedlots has meant changes in livestock marketing methods. About 10,000 cattle are fed on this 1,000 acre ranch near Tulare, Calif.

Table 13 shows the number of cattle and calves marketed from California feedlots in the years 1955-59.

Livestock marketing cooperatives have been expanding their marketing service to feedlots, but increased volume from this source is needed to offset losses from closed terminal operations and to increase overall volume.

Cooperatives' problem is to find the best way to serve feedlot operators. Since these operators have not been good patrons

One of the needs will be to intensify efforts to supply more desirable cattle to feedlot operators. A program to convince feedlot owners that the cooperatives can render both procurement and sales service also would be worthwhile. Procurement costs should be lower when feeder cattle are purchased by a cooperative with trained personnel who normally purchase in larger numbers than might be the practice of a feedlot operator.

Cooperatives now selling cattle to packers apparently have all the contacts with slaughterers that any feedlot operator

Table 13. -- Cattle and calves marketed from feedlots in California, 1955-59

Year	Number
	<u>1,000 Head</u>
1955	1,340
1956	1,291
1957	1,342
1958	1,358
1959	1,514

might secure. Order-selling personnel might well stress the advantages of greater bargaining power if the volume from feedlots were concentrated in the hands of a few salesmen. The uniform supply and quality of cattle from feedlots coupled with the volume already handled by cooperatives could increase the effectiveness of the order-selling divisions.

Feedlots that do not have full-time salesmen could lower their marketing costs by having cooperatives sell their cattle. They could then concentrate all their efforts on feeding and production problems.

### Specialization of Slaughterers

As indicated on page 6, livestock slaughterers in California have become highly specialized. They tend to slaughter only one species and class of livestock in limited weight ranges and generally of only one or possibly two grades. This can be a help or a hindrance to marketing agencies.

When a few slaughterers handle definite classes, grades, and weights, the seller can more easily become acquainted with their individual needs. This simplifies the sales effort and makes it easier for a marketing agency to act as the major purchaser for meat plants.

Contracts may be used in these dealings if the marketing agency is the bargaining agent for a group of producers. These contracts could provide that the cooperative would act as procurement agent for the packer and still bargain for prices that would be equitable for both producer and slaughterer. Contracts would help guarantee uniform volume of livestock to be delivered.

This high degree of slaughterer specialization places definite disadvantages on a marketing agency because it limits the outlets for a particular kind of livestock. A slaughterer may have all its needs filled from another source and not buy from the cooperative. This could conceivably leave the seller with limited or no market outlets. The present specialization of the few lamb slaughterers in the west coast region sometimes makes it difficult to secure enough bids for sheep and lambs to obtain equitable prices.

Thus, contracts have certain limitations that might hamper the operations of cooperative sales agencies. However, as specialization increases, contracts between the marketing agencies and slaughterers may become almost a necessity.

### Selling on Rail Grade and Weight Basis

Selling livestock on rail grade and weight basis is somewhat limited at present but is more prevalent in some sections of California than in other areas of the United States. It has been used in marketing cattle and has affected the entire marketing structure in the State. It has cut down the volume that might have been handled by cooperative livestock marketing agencies, for transactions are between the producer or feeder and the meat packer.



This is not an easy problem for cooperatives to solve but they must be alert to possible opportunities of increasing their volume and extending their services. Experienced cooperative personnel have the know-how to represent producers and to bargain to secure fair prices from slaughterers.

Cooperatives have the facilities to obtain information on credit ratings of slaughterers more quickly than most producers or feeders. Since they generally cover a wider territory than any one feeder, they are in a better position to know prices of the various grades. Cooperative agencies serving livestock growers should make full use of all these advantages.

### Consignment Killing of Cattle

Consignment killing is the practice of a producer or feeder sending livestock to a slaughterer who sells the carcasses or meat products and returns the value of products to the owner, less slaughter charges, processing, sales and overhead costs. This method has been used quite commonly in California by feedlot operators. It appears that this marketing technique is used more frequently when supply is unusually large or livestock prices are on the decline.<sup>3</sup>

Cattle are the only important species of livestock now being handled on the con-

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<sup>3</sup> Willard F. Williams discussed this in Wholesale Meat Distribution in the San Francisco Bay Area, Agricultural Marketing Service, U.S. Dept. of Agr., Marketing Research Report 165, April 1957. On page 67, he said, "When supplies of slaughter cattle become plentiful, Western packers frequently take cattle on consignment terms."

signment slaughter basis. Hogs are in such small supply that few slaughterers operate in this field, and there is always a deficit. Only a few sheep and lamb slaughterers operate within the State so consignment killing is unlikely to reach any magnitude with this species of livestock.

Consignment killing differs from other marketing methods in that it turns over to the slaughterer all responsibility for making equitable returns to the producer. Furthermore, under this method, it is possible for a slaughterer to carry on his business with very little investment of his own capital. His operating capital can be largely in the form of cattle and meat products for which he makes only a small or no payment at time of procurement. If this system were widespread, it conceivably could give slaughterers who depend on consignment killing for their volume a decided advantage over packers who purchase their slaughter requirements outright.

Some livestock producers have made mutually satisfactory arrangements with packers who operate part of their business in this manner. In general, these are similar to custom slaughtering arrangements with the slaughterer performing services for predetermined fees for killing, processing, or selling the finished products, or a combination of these.

However, cooperatives might point out to livestock producers that the consignment killing method of marketing involves some risk of loss to them through lower prices and slow or delayed payments. Part of their revenue from feeding operations is tied up until after the slaughterer disposes of the meat and meat products, and they lose their only opportunity to bargain for prices before their livestock has been slaughtered.



## Integration

Various degrees of integration exist in the livestock industry.

A system of vertical integration involving production, feeding, marketing, processing, and distribution can be generated and controlled completely or in the major part by livestock producers, meat packers, retail stores, cooperatives, or other interests. The main requirements are capital and able management.

The increasing size of California feedlots and the volume of cattle they are handling encourage both partial and complete vertical integration. Some feedlot operations include purchasing feeder cattle, furnishing financing, feeding, and marketing the slaughter animals.

Widespread integration, especially vertical, could have a definite effect on the livestock marketing structure in California. It could virtually eliminate cooperative livestock marketing agencies from the marketing field, unless they are willing to fit their operations into an integrated setup.

Cooperatives have several ways of entering this field while continuing to repre-

sent livestock producers. They might decide to expand the procurement of feeder cattle, supply the credit and capital need for feeders and feedlot operators, provide advisory management functions dealing with the feeding operation, furnish marketing services between producer and processor, and bargain to secure prices representing true value of livestock. Cooperatives could even go into slaughtering and processing operations and distribute the finished products to consumers.

Integration by any group other than cooperatives might limit livestock producers' opportunities to realize the highest possible returns by keeping control over their products through various stages of processing and distribution.

California livestock marketing cooperatives therefore need to give careful thought to the changes taking place in the whole livestock industry and to determining what course they want to follow with regard to integrating their own operations. If they feel it would be unwise to attempt more complete vertical integration, they might well consider stepping up their programs of supplying feeder cattle and providing order-selling services.

## Suggestions for Improving Livestock Marketing

The three large livestock marketing cooperatives now operating in California have accomplished a great deal in the improvement, introduction, and expansion of services to livestock growers within the State. The experience they have gained in many years of operation is a valuable resource.

But now they need to review their long and short-term objectives and reevaluate

their operating methods and services to determine how well their associations are prepared to meet the present and future needs of the changing livestock marketing structure.

The remainder of this report will be devoted to a discussion of several courses of action that offer possibilities for improving marketing services.

## Coordination of Services

The three cooperatives should carefully consider further coordination or consolidation of services. This might solve several of their problems.

As an example, the territories served by these cooperatives overlap to a certain extent and personnel from more than one cooperative call upon the same potential patrons. This can be expensive and time consuming and is no real service to the livestock producer. It is doubtful if the area to be served by any one cooperative can or even should be delineated exactly. The point that should be considered is how can the cooperatives best serve the producers?

### Sales Service

In most cases, the cooperatives offer the same sales outlets for livestock, especially for slaughter livestock. The number of meat packers doing slaughtering is decreasing. These slaughterers may prefer to deal with a few suppliers who have increased their production, or with marketing agencies that sell a large enough volume to meet all their requirements. Such a situation could work to the disadvantage of individual cooperatives unless they coordinate or consolidate their sales.

Consolidation of sales service might alleviate competition between cooperatives for volume and might also increase their bargaining strength. Perhaps one cooperative could handle all the order-buying and order-selling of sheep and lambs or other species of livestock for the State. This should make livestock selling more effective, because all the cooperative effort in the territory would be specialized and fewer calls on packers would be needed.

Cattle sales could be coordinated also. One division could handle all the sales and procurement of stocker and feeder cattle. Another division could handle slaughter cattle sold to packers.

The three present cooperatives could operate as separate entities as they do now, but could also act jointly through a federation or agencies in common. Formalization of such arrangements would enable each to share in the margins of the specialized department according to volume of livestock derived from its area. Each specialized department would be responsible to only one cooperative which would advise with the management of the others. This type of operation would help solve the problem of overlapping territories.

These suggestions or alternatives are not intended to apply to livestock sold at auctions or to the terminal market at Stockton. It is anticipated that employees now handling the various species of livestock at these markets would continue to operate their departments. If these duties do not require their full time, they could assist the order-buying and order-selling divisions working in close proximity to their headquarters.

### Educational Activities

Educational activities of the three livestock marketing cooperatives have been mentioned under the separate discussions of each association. This is a field where the cooperatives might save both money and personnel by coordinating their activities and having one employee or department do the work.

The California livestock cooperatives have made only limited use of newsletters and magazine-type publications to inform members and the general public about their activities. However, California

Farm Bureau Marketing Association started such a publication in June 1960 on a trial basis. It has been well received by members.

Consideration should be given to one newsletter or magazine-type publication, for all three livestock marketing cooperatives and the Cal-Wool Marketing Association (the cooperative serving wool producers).

The publication could include information on special sales, shows, and meetings; highlights of each market operation; special activities of each participating cooperative; and small items regarding personnel and their work.

A publication of this type should not attempt to carry market price reports for most information of this character would be out of date before the reader received it. The news release should be devoted primarily to activities of the cooperatives marketing livestock and livestock products. Only a few articles dealing with agriculture in general should be included in the cooperative news releases because they are available in various farm publications.

If the livestock cooperatives in the State do not consider it feasible to put out a joint publication, each association should prepare and distribute its own newsletter to keep its membership informed.

Other educational and promotional activities now carried on separately by the cooperatives offer possibilities for consolidation and coordination. These include contacts with colleges, statewide organizations, 4-H Clubs and Future Farmers of America Chapters, the cattle feeders associations, cattlemen's associations, associations of meat packers, livestock improvement groups, and others working

for the general well-being of the livestock industry.

An individual or department doing this type of work would not be in a position to make binding agreements for all or any of the cooperatives unless authority had been granted previously. Coordination, however, would assure others working on problems pertaining to livestock that the cooperatives were making a unified effort to provide the best possible service to livestock producers.

A program of this type would free some employees of the individual cooperatives from attending conferences and meetings. The representative designated to attend would keep all personnel informed concerning business transacted and discussed.

#### Other Activities

Other services could also be coordinated. Activities dealing with field service, transportation, and legal matters lend themselves rather well to a unified service type program—perhaps even better than the marketing phase.

Financing is another service that might be handled on a joint basis. The cooperatives might receive better rates and terms by coordinating and combining their financial operations. Risks thus could be spread over a larger area and an increased volume of business.

Members of the three boards of directors might find it to their mutual advantage to meet together, at least once a year, to discuss problems of interest. Some degree of cooperation is accomplished at present through California Farm Bureau Federation meetings. This might be encouraged and expanded if topics of general interest were discussed and settled.



## **Consolidation into One Cooperative**

Another alternative for members of the livestock marketing cooperatives to consider seriously is that of consolidation into one statewide cooperative. Such an organization would serve California and adjacent territories and could provide all the present services, plus any additional ones found necessary.

This deserves more consideration now than at any time in the past because improved communications and transportation have, in a sense, condensed the operating territory. Outlets for livestock are becoming more restricted and specialized, making it next to impossible for the present three cooperatives to perform the most effective marketing service for all members in filling the requirements of California packers.

Merger of the three cooperatives would provide a livestock marketing organization large enough to contact all outlets for members' livestock produced within the State. The concentration of volume could possibly result in better bargaining positions for all livestock producers in the area.

Consolidation of other services should also bring economies in overall operations. The total program and activities would be handled on a statewide basis, making it easier to direct promotional, educational, membership, public relations, and other programs. Some of the present duplication of effort in serving members living in areas where more than one of the three cooperatives operate likewise would be eliminated.

In a complete merger, the new cooperative would be in a position to speak for all livestock producers choosing to be members. It would, however, require a somewhat different organization from that

now followed by the three associations. Director representation would need to be on the basis of the entire State, with possibly some representation from adjacent States if the volume of livestock derived from these areas justified it. In addition, an advisory committee system should be established to insure active participation from areas surrounding the present markets or any new ones that might be developed.

A consolidated association would offer a basis for a closer relationship with such organizations as the meatpackers, cattlemen's associations, cattle feeders association, and others that could be helpful to the marketing group serving the livestock producers.

## **New and Expanded Services**

In their reevaluation, livestock marketing cooperatives should consider the possibilities of adding new services and expanding present ones.

The services now being provided by the three cooperatives were discussed earlier in this report. This section deals with activities that offer possibilities for expansion and improvement.

### Additional Markets

The three cooperatives now handle livestock produced from the very north end of California to the southern tip. However, a few local markets may still be needed to better serve producers.

Livestock population figures indicate that some type of market service would be beneficial in the northwest coastal region above San Francisco to the Oregon border. Milk production in the counties adjacent to San Francisco indicates calf and cull-cow sales are large enough to justify a market.

The north coast area produces a considerable volume of lambs, and the cooperatives may wish to provide some limited facilities to handle them when they move in quantity. This could be by auction, pooling, or order-selling, with grading and selling services at concentration points. Small auctions might be sufficient to provide cooperative markets in this area.

The counties of Monterey and San Luis Obispo might be considered for future markets, possibly auctions. Livestock production in these counties appears large enough to justify additional market outlets.

### Ownership of Facilities

Ownership of facilities has both advantages and disadvantages for cooperatives. The first consideration regarding ownership is the amount of capital required to build and maintain facilities and whether it is more economical to lease or rent than to own.

Auctions and concentration yards are facilities that lend themselves to ownership by cooperatives. If annual rent or lease payments plus maintenance by a cooperative exceed 12 percent of the total cost of the facilities or one-quarter percent of the total valuation of the livestock sold, the cooperative probably would be better off financially to own its facilities.

Ownership of facilities gives a cooperative greater operating flexibility, as one board of directors controls all operations. But because direct ownership of facilities does present a problem of obtaining necessary capital, some other means of securing buildings and yards often must be considered.

### Farm and Ranch Management

Livestock marketing cooperatives have been giving considerable thought to the idea of engaging in farm and ranch management and allied services.

Cooperatives are often asked to answer such questions as: "Where is the best place to obtain stocker and feeder animals? What price should be paid for them? What feeds should be used? When to market? What is the best price for animals when ready for sale?"

Many times cooperative marketing agencies provide these answers; then the livestock is purchased or sold through other channels. If the animals are sold by another route, the cooperative has provided services to livestock producers but has received no compensation to meet the expense of these services.

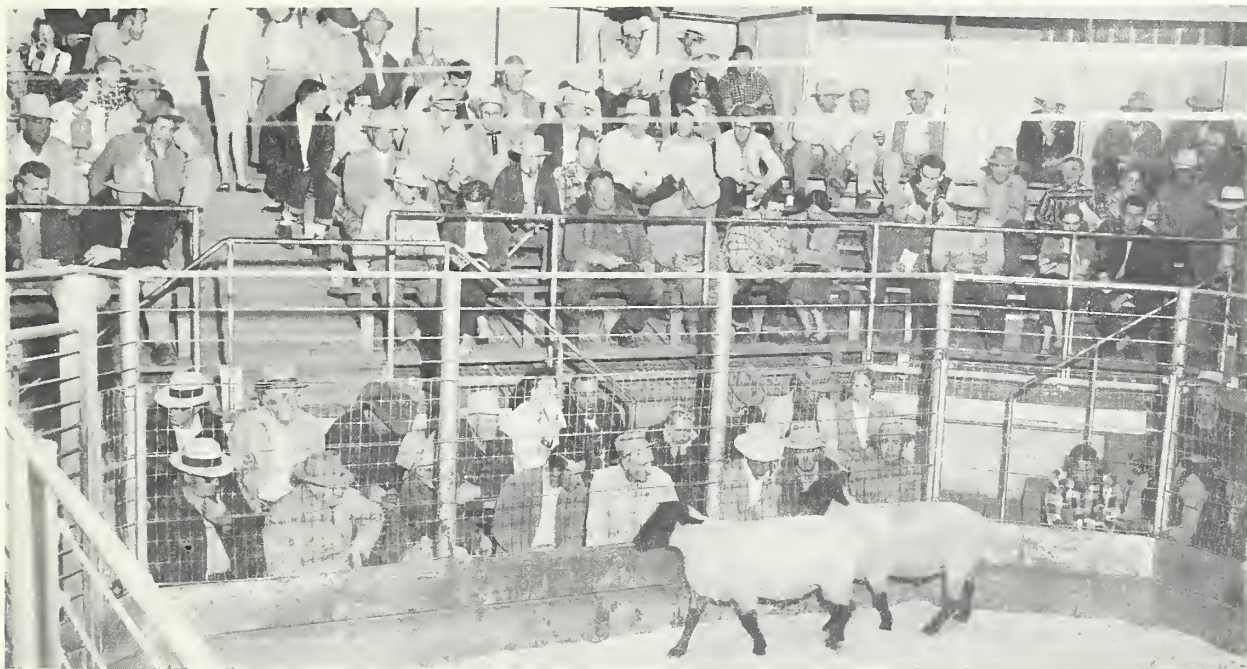
In considering establishing specific livestock management services for farms and ranches, livestock marketing associations need first to determine if there is a need for these services. Next, they need to determine the costs of providing the services to producers under a contractual arrangement.

Management services could be developed within the present marketing organizations or through subsidiaries. They would of necessity be provided at costs somewhat lower than the present livestock selling commissions, unless they required more time and expense than those of regular marketing.

### Improvement of Annual Meetings

Annual meetings are one of the most effective tools to gain and hold support of members. They provide an opportunity both to inform the membership and to





Selling purebred rams at auction. This is one of the special services cooperatives provide for livestock producers.

maintain the enthusiasm and progressive spirit needed to build topnotch associations.

The California Farm Bureau Marketing Association and the Valley Livestock Marketing Association are the only large livestock cooperatives holding annual meetings in the State. Producers Livestock Marketing Association of Artesia and Brawley, Calif., does not have annual meetings but depends upon the home office at Salt Lake City, Utah, to hold meetings for the entire membership. These cooperatives might investigate the feasibility of scheduling district or some other type of meeting within the local marketing territory. This would give more members an opportunity to attend and to participate in discussions of the activities of the association.

The two cooperatives holding annual meetings have been fairly successful in

drawings crowds. However, those who attend represent only a small percentage of the total membership.

It would be worthwhile for all the livestock marketing cooperatives in California to give more attention to the effectiveness of their meetings. Both the American Institute of Cooperation and Farmer Cooperative Service have sponsored workshops where this subject has been discussed.

Planning the Meeting.—How do cooperatives get members to attend and take part in meetings? A good program, a competent chairman, starting and keeping on time, adequate facilities, and planning and publicity are essential.

As many people as possible should be involved in planning and carrying on the meeting and the cooperative should never



be afraid to try new ways of doing a routine detail or handling some part of the program. It is sometimes said that the success of any meeting can be assured if 90 percent of the efforts are devoted to planning.

Moreover, planning for the next annual meeting should start immediately after each year's meeting. The manager should review the meeting with personnel and list problems and suggestions. Then the board of directors should study and adopt policies that will help in planning a better meeting for the following year.

Member Participation.—An objective of the annual meeting is to give members information and inspiration that will enhance their understanding of the purpose, objectives, accomplishments, and programs of their cooperative.

Management panel discussions offer one means of giving better information. The panel can answer questions or discuss problems and accomplishments which vitally affect members in the overall operations of the cooperative.

The board of directors should be responsible for asking questions at the annual meeting, if members do not do so. A good plan is to have members submit questions before the meeting and have a committee screen the questions to be used. Directors, management, and employees can also visit members before the annual meeting to discover what questions may be asked so they can be prepared to provide both general and specific information.

Instead of assigning employees, committees of members may be asked to take over such duties as registration, reception, ushering, giving out door prizes,

helping with lunch arrangements, and passing out programs. This gives a larger number of members a feeling that they are participating in the meeting.

Attendance prizes are a drawing card at any annual meeting. The meeting should close with the drawing of these prizes for it tends to hold the members. However, it will not do so unless planned participation is encouraged.

Exhibit 1 in the appendix gives some other ideas and suggestions for annual meetings. However, none of these suggestions are intended to take the place of any tried and proven ideas.

### **Capital for Facilities and Operations**

Marketing cooperatives' net returns from commissions for selling livestock have been historically small. Likewise it has been difficult to obtain the capital necessary to provide funds for facilities and operating expenses. Most livestock marketing cooperatives formerly operated on terminal markets where facilities were leased. The ownership of auctions, concentration yards, buildings, and other facilities now imposes a greater burden on them.

The amount and kind of capital livestock marketing cooperatives require depend upon the services provided. Those having a large business in stocker and feeder animals frequently need substantial amounts of short-term seasonal capital to carry them over from the time feeders are purchased until they are sold and the money collected. A livestock marketing cooperative selling on consignment needs less capital than one purchasing and reselling livestock.

Today the California livestock cooperatives are financed by savings on sales

commissions and by loans. It would be well to consider the possibility of securing added capital for both expansion and operating costs from the sale of capital stock. Members of cooperatives purchasing the capital stock might find this an added incentive to sell their animals at cooperative markets.

Today's high capital requirements for both facilities and operating costs make it almost imperative that the livestock marketing cooperatives change their methods of capital accumulation. Any ownership of facilities for slaughtering and distri-

bution of processed livestock products would emphasize this need.

Farmer Cooperative Service has made a study of financing farmer cooperatives.<sup>4</sup> The California livestock marketing cooperatives might find some of the suggestions made in this study helpful.

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<sup>4</sup> Hulbert, Helim H. ; Griffin, Nelda; and Gardner, Kelsey B. Financing Farmer Cooperatives. Farmer Cooperative Service, U.S. Dept. of Agr., Gen. Rpt. 32, June 1957.

## Appendix

Appendix table 1. --Monthly derived marketings, cattle and calves,  
California, 1955-59 <sup>1/</sup>

Year	Totals	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	<u>1,000 head</u>												
1955	2,586	189	178	211	204	221	240	213	244	241	229	215	201
1956	2,646	216	195	198	221	246	239	212	237	214	243	221	204
1957	2,597	241	196	172	201	267	207	234	229	225	250	191	184
1958	2,218	201	161	154	163	204	182	192	196	207	222	159	177
1959	2,285	173	156	171	192	191	196	198	204	214	214	183	193

<sup>1/</sup> Total commercial slaughter minus inshipments for immediate slaughter, plus all outshipments.

Source: California Annual Livestock Reports, January 1, 1959, and 1960.



Appendix table 2. — Livestock sold in California, by counties, 1949, 1954, and 1959

County	Cattle			Calves			Hogs			Sheep and Lambs		
	1949	1954	1959	1949	1954	1959	1949	1954	1959	1949	1954	1959
Head												
Alameda	11,909	12,272	11,173	6,373	5,798	7,617	16,159	28,256	29,321	9,233	17,153	19,508
Alpine	395	382	552	420	445	83	48	-	-	2,749	26	108
Amador	7,821	5,361	3,245	4,490	4,061	3,477	1,438	1,258	910	3,244	3,487	5,135
Butte	12,468	13,529	13,757	7,333	11,060	10,951	16,858	14,897	20,920	41,796	41,210	35,077
Calaveras	6,005	6,768	4,533	6,628	5,460	5,834	1,439	840	1,189	10,411	10,215	6,375
Colusa	5,888	5,822	4,367	3,250	2,905	4,148	15,826	8,083	4,509	59,107	68,737	58,015
Contra Costa	14,571	14,905	33,334	5,204	5,609	6,277	8,028	7,472	3,156	11,113	11,199	7,597
Del Norte	874	888	624	987	2,129	1,658	329	335	115	585	892	695
El Dorado	3,480	3,600	2,808	2,552	3,325	3,308	2,818	1,005	1,295	3,134	3,751	4,477
Fresno	45,591	57,053	121,900	21,718	31,551	30,730	21,418	12,576	16,357	43,167	56,073	49,835
Glenn	14,930	16,503	18,967	9,198	11,142	10,388	17,779	6,112	16,236	88,898	106,687	171,701
Humboldt	9,339	9,877	9,090	15,738	15,608	16,565	3,315	2,248	2,837	68,355	57,735	50,995
Imperial	63,279	177,918	318,753	3,381	4,708	33,476	11,589	6,171	7,519	70,386	104,799	123,430
Inyo	5,122	7,010	7,506	789	1,660	5,437	224	84	10	7,687	11,957	147
Kern	77,682	145,531	203,817	17,976	11,210	26,108	14,479	10,077	7,507	63,359	98,963	265,373
Kings	9,104	24,002	32,139	8,495	10,606	15,842	4,357	3,214	8,660	131	7,471	23,449
Lake	3,975	3,515	2,474	2,008	2,119	2,464	4,851	3,024	750	5,668	10,943	7,394
Lassen	13,002	15,245	14,744	4,654	8,100	7,902	3,892	1,896	4,003	15,220	22,663	20,740
Los Angeles	109,578	128,021	134,602	59,753	73,157	51,396	54,582	85,230	66,052	15,656	18,954	35,201
Madera	32,228	32,302	40,719	11,049	18,861	17,903	8,283	2,788	2,524	9,474	15,210	14,065
Marin	9,142	7,220	8,137	11,374	14,564	18,485	2,821	9,417	1,687	9,701	14,976	9,495
Mariposa	4,656	6,868	5,668	2,920	2,699	2,288	4,586	2,132	2,435	357	1,650	1,885
Mendocino	6,655	10,537	7,068	7,195	5,039	5,342	11,100	6,718	5,709	57,332	68,063	59,645
Merced	39,595	42,532	87,472	33,026	37,611	37,055	7,373	4,095	5,977	22,194	25,078	25,680
Modoc	23,116	28,531	26,941	5,270	7,054	10,796	5,530	2,854	3,897	13,338	14,274	22,394
Mono	4,592	3,013	1,267	666	1,525	1,477	73	327	-	8,851	3,246	16,520
Monterey	35,207	31,723	49,558	11,481	16,073	20,616	16,360	10,950	11,281	2,426	6,480	5,639
Napa	8,851	14,209	23,181	4,833	5,623	4,111	7,363	3,837	2,670	8,568	9,475	8,095
Nevada	1,812	3,021	4,072	2,291	4,104	4,002	1,728	929	984	12,101	8,619	7,697
Orange	20,030	15,389	20,914	10,478	15,962	21,118	11,823	16,972	576	4,073	3,343	4,920
Placer	4,147	6,381	2,855	4,264	6,432	8,116	4,565	2,886	1,799	19,995	33,179	12,187
Plumas	5,206	5,058	6,540	1,628	3,270	1,721	585	335	188	109	202	730
Riverside	22,886	84,511	190,329	7,607	14,342	17,400	11,402	25,090	32,480	13,925	24,596	10,622
Sacramento	19,971	27,801	55,955	11,510	15,292	19,631	11,146	8,672	5,382	53,224	21,775	32,081
San Benito	10,581	17,230	15,277	5,789	6,704	7,656	3,645	1,867	1,361	7,484	12,296	8,324
San Bernardino	20,333	21,150	47,112	11,155	18,725	26,889	66,243	12,736	11,463	17,494	6,677	13,508
San Diego	16,072	21,472	23,320	11,549	16,971	17,120	35,764	44,743	35,022	3,002	1,864	1,001
San Francisco	-	-	-	-	-	-	-	-	-	-	-	-
San Joaquin	39,977	93,449	56,910	25,396	30,819	32,434	38,693	23,164	25,902	38,121	31,081	82,171
San Luis Obispo	32,740	32,743	54,333	11,284	19,025	17,814	6,278	3,894	2,608	1,533	6,487	9,586
San Mateo	2,094	2,094	1,816	1,859	1,500	1,533	25,916	26,102	2,585	398	616	845
Santa Barbara	137,816	82,425	42,388	7,611	9,378	10,762	5,619	8,289	2,935	736	4,960	3,521
Santa Clara	20,480	32,054	13,194	9,585	12,441	12,475	11,833	9,034	1,931	2,458	3,701	1,642
Santa Cruz	3,514	2,552	1,945	2,170	2,929	2,015	2,352	1,797	240	480	681	1,162
Shasta	11,405	12,995	13,559	6,759	8,565	9,698	10,988	7,052	8,352	2,856	3,926	6,135
Sierra	1,503	2,616	1,428	547	2,204	1,188	210	11	16	45	1,354	50
Siskiyou	20,308	15,133	14,523	12,193	14,515	13,747	11,913	4,929	6,834	11,700	7,561	10,746
Solano	10,694	17,549	20,911	4,343	3,674	3,719	3,969	2,164	2,215	116,262	205,703	211,820
Sonoma	16,155	15,270	18,382	20,179	26,230	27,944	13,470	6,623	4,666	63,721	84,515	92,528
Stanislaus	46,492	65,032	71,741	34,723	44,472	46,303	13,733	8,756	6,722	69,126	34,470	66,487
Sutter	5,782	5,688	4,958	4,937	4,616	4,272	8,809	4,570	10,109	37,750	42,406	36,332
Tehama	18,118	19,077	27,993	10,274	10,812	13,549	17,457	11,044	12,706	70,549	58,186	77,053
Trinity	2,273	1,628	1,218	1,062	1,911	1,456	675	524	173	1,534	1,226	1,449
Tulare	66,764	97,467	111,778	22,208	27,541	35,790	29,485	13,596	15,332	3,515	5,483	3,016
Tuolumne	5,670	6,658	3,506	1,838	2,584	2,227	2,673	1,928	1,181	1,786	625	1,693
Ventura	16,432	20,578	80,262	3,995	4,233	6,131	7,817	5,252	12,196	1,544	5,553	4,510
Yolo	5,752	11,260	27,146	2,496	3,141	3,059	12,455	8,907	7,242	62,192	64,273	33,862
Yuba	4,565	7,220	13,034	4,375	6,618	10,035	2,737	3,024	614	8,994	9,700	6,474
State total	1,168,627	1,570,638	2,135,795	522,866	658,712	741,538	636,901	500,786	441,340	1,278,847	1,496,425	1,790,822

Source: Department of Commerce, Bureau of the Census

Appendix table 3. — Cattle and calves shipped into California, 1956-60, by purpose

Year	All-purpose	Stockers and feeders	Immediate slaughter
<u>1,000 head</u>			
1956	1,965	1,176	789
1957	1,536	878	658
1958	1,575	1,043	532
1959	1,618	1,095	523
1960	1,885	1,435	450

Appendix table 4. — Cattle and calves shipped into California, by purpose and State of origin, 1955-59

State	1955	1956	1957	1958	1959
<u>1,000 head</u>					
<b>For all purposes:</b>					
Arizona	389	477	418	432	429
Colorado	39	51	52	44	46
Idaho	133	170	140	136	143
Kansas	22	24	7	22	14
Montana	129	173	99	58	44
Nebraska	22	18	23	13	8
Nevada	147	124	154	136	145
New Mexico	75	147	62	54	53
Oklahoma	30	57	32	29	30
Oregon	165	164	132	142	171
Texas	272	361	241	332	349
Utah	105	133	109	89	95
Washington	4	9	5	6	6
Wyoming	20	18	17	13	6
Miscellaneous	38	39	45	69	79
Total	1,590	1,965	1,536	1,575	1,618
<b>For stockers and feeders:</b>					
Arizona	138	180	123	176	187
Colorado	20	21	16	15	16
Idaho	49	53	52	48	51
Kansas	15	15	4	20	12
Montana	70	107	56	38	28
Nebraska	9	8	12	7	4
Nevada	113	100	128	111	120
New Mexico	50	118	46	49	47
Oklahoma	22	44	26	27	29
Oregon	137	130	110	123	148
Texas	211	294	199	308	324
Utah	35	50	47	38	41
Washington	4	8	3	5	5
Wyoming	14	12	13	11	5
Miscellaneous	36	36	43	67	78
Total	923	1,176	878	1,043	1,095
<b>For immediate slaughter:</b>					
Arizona	251	297	295	256	242
Colorado	19	30	36	29	30
Idaho	84	117	88	88	92
Kansas	7	9	3	2	2
Montana	59	66	43	20	16
Nebraska	13	11	11	6	4
Nevada	34	24	26	25	25
New Mexico	25	29	16	5	6
Oklahoma	8	13	6	2	1
Oregon	28	34	22	19	23
Texas	61	67	42	24	25
Utah	70	83	62	51	54
Washington	-	1	2	1	1
Wyoming	6	6	4	2	1
Miscellaneous	2	2	2	2	1
Total	667	789	658	532	523

Appendix table 5. --Dairy cows shipped into California, by  
11 principal States of origin, 1955-59

State	1955	1956	1957	1958	1959
	<u>Head</u>				
Arizona	391	348	214	313	773
Colorado	2,482	2,291	4,884	4,326	3,778
Idaho	7,963	12,877	12,802	8,822	5,946
Iowa	935	331	446	973	630
Kansas	272	118	156	4	20
Minnesota	314	197	782	1,389	989
Montana	578	792	1,241	1,479	894
Nevada	747	932	1,723	1,677	1,089
Oregon	433	355	502	320	460
Utah	11,956	11,432	12,983	10,192	8,425
Washington	867	2,748	2,453	2,704	1,746
Total from 11 States	26,938	32,421	38,186	32,199	24,750
Total from all States	28,227	33,513	39,107	34,053	26,199
Percent from 11 States	95.4	96.7	97.6	94.6	94.5

Source: U.S. Dept. of Agr. and Calif. Dept. of Agr.

Appendix table 6. --Sheep and lambs shipped into California, by  
purpose, 1956-60

Purpose	1956	1957	1958	1959	1960
	<u>1,000 head</u>				
Stockers and feeders	763	528	560	562	546
Immediate slaughter	658	641	723	933	865
All purposes, total	1,421	1,169	1,283	1,495	1,411
	<u>Percent</u>				
Percent shipped in for slaughter	46.3	54.8	56.4	62.4	61.3

Appendix table 7. --Outshipments of California livestock, 1955-59

Species	1955	1956	1957	1958	1959
	<u>1,000 head</u>				
Cattle and calves	79	82	95	83	145
Sheep and lambs	410	347	292	215	188



Appendix table 8. --Hogs and pigs shipped into California, by  
11 principal States of origin, 1955-59 1/

State	1955	1956	1957	1958	1959
			<u>1,000 head</u>		
Colorado	1	3	4	4	1
Idaho	2	2	1	2	1
Illinois	116	221	184	73	55
Iowa	491	419	405	314	299
Kansas	29	29	14	12	18
Minnesota	23	30	44	40	11
Missouri	150	228	281	182	181
Nebraska	698	728	510	524	626
South Dakota	123	151	144	196	311
Texas	1	2	<u>2/</u>	-	-
Utah	<u>4</u>	<u>3</u>	<u>5</u>	<u>3</u>	<u>2</u>
Total from 11 States	1,638	1,816	1,592	1,350	1,505
Total from all States	1,653	1,835	1,612	1,362	1,519
Percent from 11 States	99.1	99.0	98.8	99.1	99.1

1/ Principal States are those shipping over 10,000 head in more than one year.

2/ Less than 500 head.

Appendix table 9. --Salable receipts of livestock at Los Angeles and South San Francisco markets, 1949-59

Year	Cattle	Calves	Hogs	Sheep and lambs
		Head		
Los Angeles:				
1949	441,092	76,518	142,365	20,234
1950	351,454	67,273	127,283	23,480
1951	344,267	84,383	131,518	15,772
1952	418,098	73,056	114,878	19,280
1953	503,507	73,183	102,896	22,202
1954	462,468	73,546	91,955	15,035
1955	473,297	52,115	66,724	14,306
1956	476,755	48,226	66,529	15,575
1957	363,331	31,145	71,565	14,039
1958	240,851	14,480	61,666	13,034
1959	216,344	18,557	55,011	13,057
South San Francisco: <u>1/</u>				
1949	75,119	11,145	88,483	259,362
1950	50,972	4,641	94,518	211,348
1951	44,958	4,452	99,562	204,143
1952	43,222	4,487	94,002	262,516
1953	54,189	7,053	72,933	250,239
1954	51,966	7,177	58,504	220,938
1955	61,808	8,104	33,821	197,724
1956	48,058	6,415	46,790	184,139
1957	29,208	3,567	42,404	197,423
1958	10,654	1,030	29,066	63,059

1/ South San Francisco market closed in 1959

Source: Statistical Bulletin 230 and supplements for 1958 and 1959. Agricultural Marketing Service, U. S. Dept. of Agr.

Appendix table 10. --Salable receipts of livestock at Stockton, Calif., 1956-60

Species	1956	1957	1958	1959	1960
	Head				
Cattle and calves	136,240	103,254	99,850	106,535	118,547
Hogs	56,317	54,291	46,919	53,761	54,356
Sheep and lambs	26,675	26,178	39,606	36,868	27,827

Appendix table 11. --Livestock slaughtered commercially in California, 1956-60, by species 1/

Species	1956	1957	1958	1959	1960
	<u>1,000 head</u>				
Cattle and calves	3,354	3,161	2,667	2,665	2,958
Hogs and pigs	2,319	1,875	1,697	1,846	1,643
Sheep and lambs	2,275	2,245	2,079	2,388	2,443

1/ Under Federal and State inspection.

Appendix table 12. --Livestock shipped into California for immediate slaughter, 1956-60

Species	1956	1957	1958	1959	1960
	<u>1,000 head</u>				
Cattle and calves	789	658	532	523	450
Hogs	1,835	1,612	1,362	1,519	1,309
Sheep and lambs	658	641	723	933	933



Appendix table 13. -- Cattle and calves  
in California feedlots, January 1, 1935-60

Year	Number	Year	Number
	<u>1,000 head</u>		<u>1,000 head</u>
1935	71	1948	209
1936	100	1949	258
1937	138	1950	196
1938	152	1951	248
1939	125	1952	383
1940	163	1953	327
1941	169	1954	350
1942	128	1955	467
1943	154	1956	489
1944	134	1957	496
1945	125	1958	398
1946	149	1959	504
1947	166	1960	663

Appendix table 14. --Selling commissions charged at Visalia, Madera, Fresno, and Hanford markets, 1959

Agency and kind of stock	Charges
<u>Fresno</u>	
Cattle	No service
Hogs	3% of gross sales but not to exceed \$50 per consignment
Sheep and lambs	5% of gross sales but not to exceed \$100 per consignment
<u>Hanford</u>	
Cattle for dairy purposes:	
Each heifer calf weighing less than 250 lbs.	5%
Each heifer weighing 250 lbs. or more	3%
Each springer or milker	4%
Cattle for slaughter, stock or feeding:	
Each calf under 250 lbs.	5%
Cattle and calves 250 lbs. and more	2-1/2%
Hogs	Same as Fresno
Sheep and lambs	Same as Fresno
<u>Madera</u>	
Calves under 500 lbs:	
First 50 head in one sales draft	2-1/2% of gross sales, but not to exceed \$50 per draft.
Each additional head over 50 in a sales draft	\$1 per head
Cattle 500 lbs. and more:	
First 35 head in one sales draft	2-1/2% of gross sales, but not to exceed \$50 per draft
Each additional head over 35 in a sales draft	\$1.50 per head
Hogs	Same as Fresno
Sheep and lambs	Same as Fresno
<u>Visalia</u>	
Calves	Same as Madera
Cattle	Same as Madera
Hogs	Same as Fresno
Sheep and lambs	Same as Fresno

Appendix table 15. —Schedule of selling and buying charges at three agencies of the Valley Livestock Marketing Association, 1960

Agency and kind of stock	Buying and selling charge	Yardage per head
<u>Stockton</u>		
Cattle -		
1 head only	\$1.55 per head	
First 15 head	1.40	"
Over 15 head		"
Calves -		
1 head only	1.25	
First 15 head	.85	"
Over 15 head	.75	"
Hogs		
1 head only	.70	"
First 20 head	.50	"
Over 20 head	.40	"
Sheep -		
1 head only	.60	"
First 10 head in each 250 head	.40	"
Next 50 head in each 250 head	.30	"
Next 60 head in each 250 head	.20	"
Next 130 head in each 250 head	.12	"
<u>Dixon 1/</u>		
Cattle and/or calves -		
Consignments of less than \$500	<u>2/</u> 5%	25 cents
Consignments of \$500 and over	3%	25 "
Penlots over \$1,000 gross value	2%	25 "
Hogs -		
Consignments of less than \$500	5%	5 "
Consignments of \$500 and over	3%	5 "
Sheep and/or goats -		
Consignments of less than \$500	5%	5 "
Consignments of over \$500, but less than 220 hd.	3%	5 "
Consignments of over \$500, but 220 hd. or more from one owner	2%	5 "
<u>Red Bluff 1/</u>		
Cattle and/or calves -		
Consignments of less than \$500	4%	25 "
Consignments of \$500-\$1,500	3%	25 "
Consignments of over \$1,500	2-1/4%	25 "
Hogs -		
Consignments of less than \$500	5%	5 "
Consignments of over \$500	3%	5 "
Sheep and/or goats -		
Consignments of less than \$500	5%	5 "
Consignments of over \$500	3%	5 "

1/ Minimum 25 cents per head

2/ Percent of gross sales



Exhibit 1.—

## **Suggestions for Improving Annual Meetings**

In planning an annual meeting, a cooperative should consider the following questions:

1. How much interest do directors, members, and employees have in holding a large annual meeting?
2. What about former annual meetings? Have members been interested in the meetings and glad they attended?
3. Is the annual meeting intended to be an outstanding event or merely something to meet the legal requirements for reports and election of directors?
4. Are people other than cooperative members invited to attend the annual meeting? Do they enjoy it?
5. Do directors and manager appoint committees to do some of the planning and reporting at the annual meeting?
6. Is the time and location of the annual meeting satisfactory?
7. Does the association realize that any good annual meeting will cost something in time and money?

The highest type of publicity should be used to secure members' attendance. These methods have been used successfully:

1. Talk up the annual meeting. Directors and employees will find that personal contact is one of the best methods to build enthusiasm and interest for good attendance.
2. Advise membership of the annual meeting before the general public is notified. Use the cooperative newspaper or newsletter.
3. Provide newspapers, radio and TV stations with names of outstanding speakers and news about entertainment features, exhibits, luncheon plans, and special events.

4. Use truck posters, placards, bumper stickers. Every employee can be a publicity agent for the annual meeting.
5. Send special invitations to all persons and groups who are expected to attend.
6. Tell enough about the annual meeting in the official notice to arouse interest. A card reminder should be sent about a week before the meeting.
7. If lunch is to be provided free and attendance prizes are to be awarded, give adequate publicity about this to all members.

In planning the annual meeting, considerable thought should be given to:

1. Business Meeting

Prepare an understandable booklet, giving the information to be reviewed by the president, manager, and treasurer. These people should carefully budget their time, speak so that they can be heard, and present the information which is of greatest importance to members. The agenda for the annual meeting should be included in the booklet as well as charts and graphs showing trends in cooperative activities.

2. Election of Directors

A nominating committee should present a slate of at least twice as many candidates as there are positions to fill, ask for nominations from the floor, introduce candidates and indicate where they live. The importance of the work of a nominating committee can hardly be overemphasized. Directors should be selected who will ably represent the service areas of the cooperative.

3. Entertainment

Obtain the best possible entertainment, something to interest the entire family.

4. Main Speaker and Representatives of Related Organizations

The speaker should inform, inspire, and entertain. If a few more dollars would secure a top quality speaker, the extra expense would be justified. Limited time devoted to introducing national or regional representatives or State executive managers enriches the program.

## 5. General Arrangements

### a. Basic requirements for a meeting place are:

Good location and easy accessibility.

Adequate parking.

Restrooms.

Platform with a dependable public address system.

Comfortable and adequate seating.

Facilities to serve a good lunch quickly.

### b. Supplies

Registration cards to be mailed with the official notice of the meeting. These will be turned in at the meeting when luncheon tickets and souvenirs are presented.

Supply of ballots.

Charts and blackboard.

Copies of annual report.

Cooperative literature.

Prizes—several popular items, rather than one or two large prizes.

Banners, posters, and pictures for information and atmosphere.







Growth Through Agricultural Progress

## Other Publications Available

Farmer Cooperatives in the United States. Bulletin 1.

Using Your Livestock Co-op. Educational Circular 4.

Improving Livestock Marketing Efficiency—A Study of Nine Cooperative Livestock Markets in Ohio, Indiana and Michigan. General Report 39. Ira M. Stevens and R. L. Fox.

Decentralized Marketing by Producers Livestock Cooperative Association, Columbus, Ohio. Bulletin 65. R. L. Fox and C. G. Randell.

A Livestock Market Is Born. General Report 96. C. G. Randell.

Methods of Financing Farmer Cooperatives. General Report 32. Helim H. Hulbert, Nelda Griffin, and Kelsey B. Gardner.

Research in Agricultural Cooperation. General Report 40.

Legal Phases of Farmer Cooperatives. Bulletin 10.

Ways to Improve Livestock Auctions in the Northeast. Circular 16. C. G. Randell.

Directors of Regional Farmer Cooperatives. General Report 83. David Volkin, Nelda Griffin, and Helim H. Hulbert.

Director Committees of Farmer Cooperatives. General Report 85. Nelda Griffin, Helim H. Hulbert, and David Volkin.

A copy of each of these publications may be obtained while a supply is available from--

Information Division  
Farmer Cooperative Service  
U. S. Department of Agriculture  
Washington 25, D.C.





