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COOPERATIVES IN ALASKAN AGRICULTURE

SITUATION
OUTLOOK
RECOMMENDATIONS

FARMER COOPERATIVE SERVICE
U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

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, financing, merchandising, product quality, costs, efficiency, 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.

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Cooperatives in Alaskan Agriculture: Situation,
Outlook, and Recommendations

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On March 29, 1965, William A. Egan, Governor of Alaska, wrote to Farmer Cooperative Service, U.S. Department of Agriculture, requesting advice and assistance in cooperative organization, marketing methods, and agricultural transportation.

As a result, the authors studied cooperative operations and proposals in Alaska from June 13 to 29, 1965. They conferred with farmers and numerous State and local leaders, observed farming practices and market establishments, and collected statistics and related information.

The first objective of this report is to review the current situation of agricultural cooperatives in Alaska and their short-term outlook. The second objective is to recommend and outline the potentially useful role of cooperatives in Alaskan agricultural development. These recommendations will include suggested actions to realize the maximum potential value of cooperative operations.

Transportation will be given attention as it relates to both objectives.

This report does not include general recommendations about agricultural development in Alaska. Farmer Cooperative Service is represented on U.S. Department of Agriculture committees concerned with policies and programs in Alaska. Thus, our observations and findings from this study will also be used through our participation in those committees.

ALASKAN AGRICULTURE

The Alaska Crop and Livestock Reporting Service has compiled agricultural statistics since 1960. Reports were prepared in earlier years by the Alaska Division of Agriculture and Alaska Experiment Station.

Inspection of data from 1959 to 1964 shows no major changes in Alaskan agriculture during this time (table 1). Total acres of crops planted varied only from 9,920 in 1960 to 10,310 in 1964. The total value of commodities produced was almost as steady, ranging from about \$5.1 million in 1959 to \$5.8 million in 1962.

Table 1.--Alaska, land in crops, seeded grass harvested, and value of agricultural production, 1959-1964

Year	Total acres crops planted	Acres of seeded grass harvested	Total acres in crops <u>1/</u>	Total value of commodities produced
1959	10,177	6,971	24,342	\$5,124,160
1960	9,920	4,700	15,520	5,406,410
1961	10,200	6,100	17,200	5,703,500
1962	10,600	7,500	19,500	5,826,900
1963	10,680	7,700	19,380	5,478,000
1964	10,310	7,100	18,210	5,569,000

1/ Total includes native grass harvested.

Further inspection of statistics for the separate areas also shows relatively high stability in acreage for each area. These data are not included in this report. The principal distinct trend was a decline in acreage in the south-east section, including Juneau. Total land in crops in this part of the State fell from an estimated 537 acres in 1961 to 194 acres in 1964.

Table 2 provides further statistics on the kinds and amounts of crops planted in different parts of the State. About two-thirds of the planted acres of crops are in the Matanuska Valley-Anchorage area. Most of the remainder of crop production is in the Tanana Valley, near Fairbanks, with small amounts on the Kenai Peninsula, southwest and west Alaska, and southeast Alaska.

Most of the crop acreage was devoted to growing livestock feed. This included about 9,400 acres planted to grain, both for grain and for hay or silage. Livestock feed also came from 7,100 acres of seeded grass. In comparison with these acreages, 760 acres were planted to potatoes and 175 acres to commercial vegetables in 1964. About 40 percent of the total potato acreage was in the Tanana Valley and about 53 percent in the Matanuska Valley and Anchorage area. The Matanuska Valley accounted for two-thirds or more of feed crops planted, seeded grass harvested, and commercial vegetables.

Table 3 shows the production of principal commodities by areas. These data further show the importance of the Matanuska Valley-Anchorage area, accounting for nearly 70 percent of the total value of products in 1964.

Table 2. --Crop acreage statistics, agricultural sections of Alaska, 1964

Item	Tanana Valley	Matanuska-Anchorage	Acres				Alaska total
			Kenai Peninsula	Southeast Alaska	Southwest and west		
Total feed crops planted (Oats, barley, other grains, and grain mixtures)	2,390	6,255	510	90	130	9,375	
Potatoes planted	315	406	27	4	8	760	
Commercial vegetables planted	37	129	7	--	2	175	
Total acres crops planted	2,742	6,790	544	94	140	10,310	
Seeded grass harvested	1,430	4,980	590	80	20	7,100	
Total land in crops ^{1/}	4,232	11,830	1,594	194	360	18,210	

Source: "Alaska Farm Production," 1964, Alaska Crop and Livestock Reporting Service.

^{1/} Total includes native grass harvested.

However, data in table 3 show that in some areas there is significant production of types of commodities that do not depend on local cropland. For example, there was substantial production of eggs and beef on the Kenai Peninsula. The production of grass-fed beef, principally on Kodiak Island, is included in statistics of the southwest and west area. The production of wool on the Aleutian Island chain is included in the same area.

Nearly all Alaskan agricultural production is for consumption within the State. The principal exception is wool which is shipped to other States.

Alaskan production is generally estimated at only 5 to 10 percent of the food needs of the people, including military personnel in Alaska. We did not attempt to confirm this estimate since there obviously is little foreseeable risk of flooding the market in any major instance. It would be an appropriate part of the feasibility of a major new land development proposal to examine market potential.

Prices of Alaskan farm products ordinarily are higher than prices in other States. The logical economic relationship is that in Alaska a product of equal quality, reliable supply, attractiveness of packaging, and other features should sell for the price of that product when obtained from other sources and shipped into Alaska. This relationship will be further discussed in the section on agricultural transportation.

Although prices in Alaska usually are higher than in other States, this does not assure profitability of farming in Alaska. Production items are expensive, the climate generally is somewhat unfavorable, and agricultural prosperity also demands that farm returns should be high enough to cover the higher cost of living in Alaska for farm families. It is not our purpose to appraise the outlook for farming in Alaska. However, these comments on the general nature of farming in Alaska provide background for discussion of supply purchasing and product marketing in Alaska and the place of cooperatives.

Supply Purchasing and Product Marketing

Agriculture in the Matanuska Valley is on a sufficient scale to support specialized farm supply buying and marketing enterprises. The limited amount of farming in other sections and localities results in more difficult problems.

Matanuska Valley

Matanuska Maid, Inc., the cooperative operating at Palmer and Anchorage, has been the principal marketing and purchasing concern in the Matanuska Valley for many years.

At present, its marketing is limited to milk and milk products, with an impressive, modern dairy plant at Anchorage and a grain elevator to handle local grain. Matanuska Maid also has a large farm supply department and sells farm machinery and parts. The farm supplies handled include feed, fertilizer, and a large number of hardware and building material items.

Table 3.--Alaska, farm production of principal items by agricultural sections, 1964

Item	Tanana Valley	Matanuska-Anchorage	Kenai Peninsula	Southeast Alaska	Southwest and west	Alaska total
Milk produced (hundredweights)	18,200	190,300	7,500	11,000	1,000	228,000
Eggs (dozen)	57,000	208,000	123,000	10,300	10,000	408,300
Beef and veal (pounds)	50,000	497,000	80,000	45,000	97,000	769,000
Wool (pounds)			2,000		187,000	189,000
Potatoes (hundredweights)	40,300	97,300	2,300	400	600	140,900
Percent of commodity values produced in each area	14.7	68.3	6.1	2.8	8.1	100.0

Source: "Alaska Farm Production," 1964, Alaska Crop and Livestock Reporting Service.

The volume of purchases by Matanuska Maid enables it to ship complete carloads of materials and to get the best available transportation rates. Feed moves by covered hopper cars in bulk from Seattle.

The North Star-Arden plant in Anchorage also handles milk from some farmers.

Eight potato growers organized Alaska Potato Growers, Inc., Palmer, a cooperative, in 1964. Members estimated that they marketed more than 80 percent of the potatoes grown in the Matanuska Valley in 1964 through the cooperative.

Fairbanks

At Fairbanks, farmers usually make their individual arrangements to buy fertilizer, feed, machinery, and also to sell their products. Matanuska Maid formerly distributed some farm supplies at Fairbanks and marketed both milk and some potatoes. These operations of Matanuska Maid have been discontinued.

One farmer operates his own milk processing equipment. Another who had processed and sold milk for several years stopped operating by the end of 1965, according to information we received.

The several farmers in the Fairbanks area who produce potatoes and other vegetables sell them individually.

Table 4 shows that farmers in the Fairbanks area spent an estimated \$55,195 for livestock and poultry feed, \$25,882 for gasoline and related items, and \$53,253 for fertilizer in 1959. The farmers we met at Fairbanks showed much interest in finding a new, more economical way of buying feed and fertilizer.

Homer Area, Kenai Peninsula

The total amount of farming and ranching near Homer is small. Farmers in this locality have operated the Kachemak Bay Cooperative for some years, to obtain supplies. The purchases by the Kachemak Bay Cooperative have declined to a very low level. An individual also operates a farm store at Homer.

Kenai-Soldatna Area, Kenai Peninsula

Farming in the Kenai-Soldatna area also is limited. We did not find any major proposal for changing marketing or farm supply purchasing arrangements in this vicinity. There was interest at the time of our study in developing a supply of agricultural lime to apply to the soil in this area. Farmers may be able to help themselves by buying and distributing this lime on a cooperative basis.

Kodiak Island

Agriculture on Kodiak Island is principally cattle ranching. The ranchers have done their own marketing and made their own arrangements to buy needed supplies. Data in table 4 show that the ranchers bought about \$21,000 worth of livestock feed in 1959. Purchases of gasoline and fertilizer were small. We will discuss a specific cooperative proposal on Kodiak Island in the section, Proposals for Further Cooperative Development.

Table 4.--Estimated expenditures of Alaska farmers for feed, gasoline, and fertilizer, 1959

Type of expenditure	Census District							State total
	Juneau	Palmer- Wasilla- Talkeetna	Anchorage	Kenai Cook Inlet	Kodiak	Fairbanks	All other districts	
Feed for livestock and poultry	\$73,487	\$349,187	\$41,750	\$11,937	\$21,264	\$55,195	\$67,530	\$620,350
Gasoline and other petroleum fuel and oil for the farm business	5,917	82,747	13,748	4,353	5,656	25,882	6,628	144,931
Purchase of commercial fertilizer and fertilizing materials	2,434	191,399	20,462	3,486	2,978	53,253	2,539	276,551

Source: 1959 Census of Agriculture, Part 49, Alaska, page 63.

Juneau

We understand there is only one commercial dairyman still producing milk at Juneau. Several other farms have gone out of production. Juneau Dairies, formerly operated as a cooperative by the several dairymen, continues to process and distribute both locally produced milk and milk shipped in bulk from Seattle.

Position of Cooperatives

Cooperation as both an idea and a practice is firmly rooted in American tradition. This can readily be seen in Alaska and in other States where our pioneer forefathers joined together in barn raisings, husking bees, threshing rings, and in building roads as they carved farms out of the Nation's wilderness and prairies.

An important form of cooperative development in Alaska has been carried on by rural electric cooperatives. The Rural Electrification Administration has financed 11 electric and 2 telephone cooperatives in the State.

In addition to their work in supplying electric and telephone service in the rail belt areas, REA cooperatives are also supplying electric service in remote Eskimo communities. In these communities REA cooperatives seek to combine people and ideas to speed up economic development of rural areas, emphasizing a cooperative approach to do what cannot be done by people working as individuals.

For example, the Matanuska Electric Association, Palmer, has provided electric service to two remote areas of Alaska. Unalakleet, on Norton Sound, is an Eskimo community 400 air miles from Palmer. Yet, the Matanuska Electric Association invested \$400,000 in generation equipment and distribution lines to serve 12 commercial and 74 residential consumers in Unalakleet.

Matanuska Electric also has invested in providing service to the Eskimo community at Stony River, inland from Kuskokwim Bay. This community is about 200 air miles from Palmer. These and other investments by REA cooperatives, in addition to providing needed electric service, have contributed substantially to the general economic development of the communities.

Farmers also join with their neighbors to find better markets for their products and to get the kind and quality of supplies and services they need to produce more efficiently.

We have previously mentioned two cooperatives in Alaska that do marketing, Matanuska Maid, Inc., and Alaska Potato Growers. We do not consider Juneau Dairies a farmer cooperative, since it is supplied by only one local dairyman, and most of the milk is shipped in.

We also have mentioned two cooperatives that buy farm supplies. Matanuska Maid handles the larger volume. The Kachemak Bay Cooperative does a small amount of buying for its members.

The dairy marketing and farm supply operations of Matanuska Maid make this cooperative the leading agriculture-related enterprise in Alaska by a wide margin. Alaska Potato Growers also is very important, although it has operated only 1 year and has only eight members.

Thus, Matanuska Maid and Alaska Potato Growers represent the marketers of the first and second ranking farm products and the principal purchasers of farm supplies in the principal agricultural section of Alaska.

These two cooperatives marketed well over half, and perhaps two-thirds, of the farm produce of Alaska in 1964. We do not have the figures to give an exact percentage, but farmers of Alaska may buy one-fourth to one-half of their total farm supplies cooperatively. There are few States where cooperative marketing and purchasing are relatively more important.

These Alaskan cooperatives have the opportunity of making a major contribution to the prosperity of farming in the Matanuska Valley-Anchorage area. Minimum cost and good service in getting farm supplies on the one hand, and, on the other, efficient and effective marketing are about as important to the profitability of farming today as the efficiency and yields within the farm boundaries.

Position of Public Officials

The plans, policies, and affairs of these cooperatives are the responsibility of their members. However, State and Federal officials and agencies can help in a number of ways.

First, the officials and agencies, including the State Legislature, should be certain that laws, regulations, and the administration of programs recognize the specific self-help character of cooperatives. Laws, regulations, and administrative actions designed entirely for other types of corporations may severely handicap cooperatives.

This legal and administrative environment includes specific laws authorizing cooperatives, a wide variety of laws and programs affecting industry and trade, specific transportation policies, tax laws, and many others.

Second, State and Federal officials can help cooperatives by speaking knowledgeably and favorably about present and potential contributions of their farmer-owned businesses to agriculture and, indirectly, to the public. Such comments can help cooperatives a great deal in their member and public relations.

Third, agencies and officials can provide cooperatives specific help in the form of research, advice, or other assistance. Such assistance in Alaska can be provided through the Division of Agriculture, Extension Service and Experiment Station, Farmer Cooperative Service, and Farmers Home Administration, and other agencies.

Conclusions on Position of Cooperatives

These comments briefly outline what public agencies and their staffs can soundly do. The positive contribution of good State and Federal programs is considerable. But we must again recognize that cooperatives are private membership organizations engaged in business activities. Qualified voting members form their ultimate policy. Any attempt by public officials to interfere in the affairs of a cooperative promptly damages the membership understanding of the nature of the cooperative and probably will damage, not assist, its effectiveness.

Cooperatives do not provide a magic answer to farm problems or guarantee prosperity and growth. Their contribution is more likely to be observed through gradual improvement, steady agricultural growth, growing off-farm enterprises, and rising rural leadership. Anyone in Alaska who seeks rapid multiplication of the total acreage under farming or in ranching should search for other ways initially to create such fast expansion.

Cooperative enterprise can take its place and contribute to success in connection with various forms of development for which it is fitted -- marketing, purchasing, credit, and other services. Founders of the Matanuska Valley settlement in the 1930's assisted in the organization of Matanuska Valley Farmers Cooperating Association (Matanuska Maid) with such objectives in mind.

Thus, the existing cooperatives in Alaska and those that may be organized soon can do much to help achieve more prosperity and a steady growth of agriculture. As the largest cooperative, Matanuska Maid has been, and will be, observed closely. (We are not certain this prominence has always been an advantage to the cooperative.) Its strength is very important to all who are interested in cooperatives in Alaska.

TRANSPORTATION

The cost of transportation is important in determining the economic feasibility of producing farm commodities in Alaska versus importing such commodities. Transportation costs on food products and farm production supplies moving into Alaska make up a large part of the margin between costs of farm products produced in the State and the cost of imported food products.

During recent years freight rates have been reduced on many of the major food products transported from the lower 48 States to Alaska. There have been freight rate reductions on farm supply items such as feed and fertilizer also. These reductions in freight rates were generally based on increased minimum weight of the commodity transported.

There is general agreement, however, that production costs on agricultural commodities produced in Alaska have not been reduced correspondingly. In fact, many production costs have increased. Consequently, despite lowered transportation costs on imported feed and fertilizer, Alaskan farmers are faced with increased price competition with imported food items in local markets.

Thus, there is a need to consider transportation costs and services in determining possibilities for further agricultural development and feasibility of specific agricultural enterprises in the State.

Services Available

Because of the great distances between population centers, all types of transportation are important to Alaska. The Alaska Railroad runs for 483 miles, extending from Seward and Whittier on Kenai Peninsula through Anchorage to Fairbanks. It handles annually about 1.5 million tons.

Rail car-berge, rail car-ferry vessel, and van-ship services from points in Canada and the State of Washington to Alaskan ports, particularly Whittier, have become important land-water services to Alaska. The Alaskan Highway provides the only truck route between Alaska and the lower 48 States.

The major concentration of highways in Alaska is in that part of the State which contains the major portion of population -- that bounded by Anchorage and Fairbanks to the west and eastward to the Canadian border.

Practically every town or city in Alaska is served by certificated, charter, or private aircraft. There are 261 designated points of service for 11 certificated route carriers in Alaska. Interstate air shipments of perishable commodities from the lower 48 States to Alaska have become increasingly important.

One or more types of transportation serve present agricultural production areas in Alaska. Service to some areas, such as Kodiak Island and several Aleutian Islands, is inadequate, according to agricultural producers on those islands.

Adequate transportation at reasonable cost is important to present and future agricultural producing areas in the State.

Intrastate and Interstate Freight Rate Levels

It is important to agricultural development in the State to obtain and maintain equity between intrastate and interstate freight rates. The level of intrastate freight rates is important in determining whether locally produced agricultural products can be competitive in Alaskan markets with those imported from outside the State.

Table 5 shows the lowest land-water freight rates on principal food products and farm supplies from Seattle, Wash., to selected markets in Alaska. The rates shown are the lowest rates published in tariffs on file with the Alaska Public Service Commission and the Interstate Commerce Commission.

Interstate Motortruck Exemptions

The Interstate Commerce Act, as amended, in Part II, includes three limited exemptions applicable to interstate motortruck transportation of interest to shippers of agricultural commodities. These three exemptions are for farm vehicles, for motortrucks operated by farmer cooperatives, and for carriers of agricultural commodities. These categories are exempt, by law, from economic regulation by the Interstate Commerce Commission. Economic regulations include control over who may engage in trucking, the routes or areas to be served, and the rates to be charged.

The three exemptions in the Interstate Commerce Act, as amended, follow:

1. Farm Vehicles.--Motor vehicles controlled and operated by any farmer when used in the transportation of his agricultural (including horticultural) commodities and products thereof, or in the transportation of supplies to his farm. (Sec. 203(b)(4a) of Motor Carrier Act; 49 U.S.C. 303(b)(4a).)
2. Cooperative Association.--Motor vehicles controlled and operated by a cooperative association as defined in the Agricultural Marketing Act of 1929, as amended (12 U.S.C. 1141 (j)), or by a federation of such cooperative associations if such federation possesses no greater powers or purposes than cooperative associations so defined. (Sec. 203(b)(5) of Motor Carrier Act; 49 U.S.C. 303(b)(5).)
3. Agricultural Commodities.--Motor vehicles used in carrying property consisting of ordinary livestock, fish (including shell fish), or agricultural (including horticultural) commodities (not including manufactured products thereof), if such motor vehicles are not used in carrying any other property, or passengers, for compensation: Provided, That the words "property consisting of ordinary livestock, fish (including shell fish), or agricultural (including horticultural) commodities (not including manufactured products thereof)" as used herein shall include property shown as "Exempt" in the "Commodity List" incorporated in ruling numbered 107, March 19, 1958, Bureau of Motor Carriers, Interstate Commerce Commission, but shall not include property shown therein as "Not Exempt": Provided further, however, That notwithstanding the preceding proviso the words "property consisting of ordinary livestock, fish (including shell fish), or agricultural (including horticultural) commodities (not including manufactured products thereof)" shall not be deemed to include frozen fruits, frozen berries, frozen vegetables, cocoa beans, coffee beans, tea, bananas, or hemp, and wool imported from any foreign country, wool tops and noils, or wool waste (carded, spun, woven, or knitted), and shall be deemed to include cooked or uncooked (including breaded) fish or shell fish when frozen or fresh (but not including fish and shell fish which have been treated for preserving, such as canned, smoked, pickled, spiced, corned or kippered products); (Sec. 203(b)(6) of Motor Carrier Act; 49 U.S.C. 303(b)(6).)

Many State regulations pertaining to intrastate motortruck transportation in these three areas of exemption are patterned after the Federal regulations in the Interstate Commerce Act as just shown. While Alaska has prescribed certain rules and regulations on motor vehicle operations within its boundaries, no specific provision has been made for two of the three described agricultural exemptions, namely for cooperative associations or for agricultural commodities.

PROPOSALS FOR FURTHER COOPERATIVE DEVELOPMENT

Three specific proposals for further cooperative development in Alaska were discussed with us.

Fairbanks Proposal

We noted earlier that farmers near Fairbanks buy a substantial amount of fertilizer, feed, and gasoline. Several also have potatoes and other vegetables to sell. We found general agreement among the farmers at Fairbanks that they shared a need for buying fertilizer jointly and selling potatoes cooperatively.

We pointed out to the farmers that they could begin to buy fertilizer together very easily and with little risk. Cooperative fertilizer buying started in many localities as "car-door" buying and matured into more elaborate operations.

The farmers could plan to buy their 1966 supply of fertilizer cooperatively. No further preliminary study of this proposal seems necessary. The first step would be to plan a specific method of operation, estimate the cost of getting fertilizer cooperatively, and then determine whether farmers actually will join in forming a cooperative for this purpose.

The initial leaders could readily get estimates of the cost of fertilizer in specific quantities including transportation to Fairbanks from regional farm supply cooperatives in Washington and Oregon.

This kind of cooperative fertilizer buying probably would be most effective if the fertilizer were bought through one of the regional farm supply cooperatives in Washington or Oregon. Most of the savings in cooperative fertilizer buying in recent years have been secured at the manufacturing and wholesale level. Association with a regional cooperative would secure a share of any such savings for farmers, as well as the savings they may realize at the retail level.

By prompt planning the farmers also could establish cooperative selling of potatoes for 1966. This proposal requires careful planning, however. The farmers may wish to request assistance for this planning from the State Division of Agriculture and Agricultural Extension Service.

Kodiak Island Proposal

We met with most of the cattlemen at Kodiak to discuss their present marketing situation and proposals. We understand there are eight or nine cattlemen on Kodiak and neighboring islands, including the cattle herd of the Baptist mission.

The cattlemen stated they had bought about 300 tons of feed in the past year. This amount was greater than usual.

The cattlemen on Kodiak Island discussed with us their proposal to organize a cooperative to fatten, slaughter, and market their cattle. At present, most cattle are slaughtered as grass-fed animals and marketed by the individual cattlemen.

These cattlemen believe most of their animals could profitably be fed under confinement for 60 to 90 days before slaughter. This could be done much more economically on a joint basis than by each cattleman individually.

They could also slaughter and market the cattle cooperatively. Joint feeding or other activities would make it easier to undertake cooperative slaughter and marketing.

The situation on Kodiak Island is unique. The cooperative proposals of the cattlemen need to be considered in terms of what these services will do for the cattlemen involved and compared with existing practices and other alternatives. The operations proposed may be relatively expensive in comparison with similar arrangements in other States but yet may help the cattlemen to improve their incomes.

The cattlemen state that the U.S. Navy is disposing of certain buildings and land from its base on the island. Two or three of these buildings would be suitable for the proposed feeding and slaughter operations.

We have separately supplied the cattlemen on Kodiak Island some publications that may be useful to them in their planning. They may also call on the Alaska Division of Agriculture and Agricultural Extension Service for specific advice and assistance as they study the proposed feeding and slaughter operation.

Mink Feeding Proposal

There is widespread interest in expanding fur farming in Alaska. Cooperative action by interested fur farmers provides an effective way for them to obtain needed equipment, feed, and other requirements. Cooperative marketing of pelts may also be considered.

Mink and other fur-bearing animals use large amounts of scrap meat or scrap fish as feed. The preliminary thinking of persons we talked with is that fish scraps and low value fish from the Alaskan fishing industry would be a good feed source for mink farming.

Fur farmers in Washington and Wisconsin have established cooperatives to assist them in securing feed. Several cooperatives market pelts; some of the marketing associations also buy feed for their members.

We suggest that the Division of Agriculture of the Department of Natural Resources and the Department of Economic Development and Planning confer on ways to study the feasibility of a substantial fur farming industry. It is important for the Division of Agriculture to be part of such inquiry from the start. This involvement will enable the Division of Agriculture to work effectively with prospective fur farmers, if action is taken to develop more fur farming. This further study and planning would include finding the most appropriate location within Alaska for the additional fur farming.

RELATION OF COOPERATIVES TO MAJOR DEVELOPMENT PROPOSALS

Many people in Alaska discussed with us their interest in securing a major agricultural advance in Alaska through one or more massive development projects. Such projects would have to cover land development including clearing and road building. It would also be necessary to find interested farmers and provide them needed supply and marketing services.

Two specific projects were discussed. The first was a development project in the Big Delta-Clearwater area southeast of Fairbanks. This would be primarily for grain production.

The second development would be in the "Funny River" area on the Kenai Peninsula. One advantage of this proposal would be that much land in this area was burned over a few years ago. The cost of clearing this land would thus be reduced. This area is considered suitable to produce roughage and grass and support a livestock industry. We understand the U.S. Bureau of Reclamation is undertaking a feasibility study of this proposed project.

This Kenai Peninsula proposal is related to a third and broader concept of developing a larger livestock industry. It begins with expanded cattle breeding and growing young stock on certain Aleutian Islands and Kodiak Island. The calves would then be moved to the Kenai Peninsula for further growing and fattening. Some calves might go from the Aleutian Islands to Kodiak for growing.

This would be hampered, however, by lack of adequate transportation services to, from, and between the Aleutian and Kodiak Islands. Potentials for developing this kind of agricultural industry would require detailed study of present transportation services and possibilities for adding new services.

Development of grain production in any part of Alaska would provide a grain supply, reducing the amount of grain needed from other States. This broad proposal involves a wide range of production, marketing, and transportation problems.

These proposed projects would include more functions than the usual scope of cooperative action. It seems essential that State and Federal agencies undertake the main responsibility for any large-scale land development.

Cooperatives, however, can have an important part in the agriculture established by these new projects. We consider that cooperative credit and marketing and farm supply services can be valuable to settlers in new projects.

There also is renewed interest in cooperative ownership and operation of specialized farm machinery to do custom services on farms. For example, farmers may secure the use of fertilizer spreaders, hay balers, combines, or other machines they own cooperatively.

Planners of major developments should carefully examine the opportunities to propose each of these cooperative operations to the initial settlers.

RECOMMENDATIONS FOR COOPERATIVE DEVELOPMENT

This section will outline our recommendations for cooperative development in Alaska. Many of these points have already been discussed, but we are bringing them together in this section to summarize our recommendations. We begin with proposed private actions, since private action is the foundation of cooperatives, and then move on to proposed public programs.

Private Actions

1. Fairbanks proposal.

Farmers near Fairbanks should plan a specific method of operation for cooperative fertilizer buying. Individual farmers can decide whether to join in such a proposal after specific plans have been outlined. They also should consider selling potatoes cooperatively.

2. Kodiak Island proposal.

Ranchers on Kodiak Island should continue their plans for a cooperative to fatten, slaughter, and market their grass-fed cattle. We understand that such planning has been underway since June.

3. Strengthen Matanuska Maid.

Members of Matanuska Maid have a special opportunity to add to their net incomes, and thereby to create a good image of what cooperative action can accomplish for farmers. This performance will contribute to economic development. In this connection, members and directors should give constant attention to merchandising, operating efficiency, financial needs, and the membership understanding and support.

4. Strengthen Alaska Potato Growers.

Members of Alaska Potato Growers also have an opportunity to show what cooperative action can accomplish. A strong marketing program that improves returns to growers, stabilizes the market, and provides reliable service to buyers will become a good example for others.

5. Study situation of Kachemak Bay Cooperative.

The business volume and number of patrons of this cooperative are small. Members should study ways to strengthen the cooperative or consider liquidating it. They should consider combining with the existing individually operated farm-store with the subsequent organization to be operated as a cooperative, if the owner considers this an acceptable proposal.

6. Use available cooperative credit services.

Several types of cooperative farm credit can be very useful to Alaska farmers. This includes long-term credit to individual farmers through the Federal Land Bank of Spokane, Wash., short- and intermediate-term credit to individual farmers through the Federal Intermediate Credit Bank of Spokane, Wash., credit to cooperatives through the service of the Spokane Bank for Cooperatives, credit for electrical and telephone service through the Rural Electrification Administration, and new forms of credit recently authorized for cooperative action through Farmers Home Administration. Some of these credit programs have not yet become active in Alaska.

Alaskan farmers should work to strengthen and expand the existing cooperative credit programs. They also should continue to explore and work with representatives of the other credit programs to find ways to make them an active and helpful part of Alaska's agricultural development.

7. Keep State and Federal officials informed.

State and Federal officials are most likely to be interested in existing cooperatives and in further possibilities if they are kept well informed. There are many opportunities. Officials should be invited to annual meetings and perhaps occasionally invited to observe meetings of boards of directors. They should be provided publications of cooperatives and copies of annual reports. Cooperatives should request the advice and assistance of public officials at all places such help may be available and when it is needed.

Public Programs

1. Legal and administrative environment.

The primary help public agencies can provide cooperatives is a good legal and administrative environment. Laws, regulations, and administrative interpretations should provide for the distinct features of cooperatives. While cooperatives are legally corporations, their method of operations has many of the economic features of a partnership. Officials who have not specifically studied cooperatives may not fully understand their needs.

Many State governors annually proclaim "Cooperative Month" in October. This helps to generate interest in cooperatives and to increase the interest of State officials in providing appropriate administration in matters affecting cooperatives.

2. Show interest in cooperatives.

State and Federal officials can increase their understanding of, and interest in, cooperatives by visiting their offices and plants and attending meetings when invited. These visits are likely to provide officials information they need to make favorable statements about cooperatives at other times.

3. Offer research and advisory help.

Several State agencies are able to assist cooperatives through research and direct consultation and advice. Such assistance to cooperatives is an effective way to help the entire community of farmers since cooperatives distribute their margins (beyond limited dividends and sometimes a portion of reserves) directly to patrons in proportion to patronage. Such benefits to cooperative patrons generally spread to other farmers as well through the action of competition.

The comments that follow suggest that State agencies at least consider the possibility of directing more resources to evaluating agricultural marketing and distribution problems in Alaska. We recognize that services to agriculture in Alaska already involve relatively many people. This probably is essential for rapid agricultural development. The alternative may be heavy losses in developments which do not prove successful.

a. Division of Agriculture

The marketing specialist recently added to the staff provides a new and valuable way of helping cooperatives. He can advise cooperatives on their marketing activities and help to study new proposals.

b. Agricultural Extension Service

(1) The proposed agricultural economist could give valuable help to farmers on marketing problems as well as on production problems.

(2) County agents could offer increased advisory help to farmers about possible cooperative action in purchasing supplies or marketing products. They probably already give farmers some help in this area. They may, however, need more information on cooperative organization and specialized assistance and leadership from State staff to make their work more effective.

c. Experiment Station

Increased marketing economics research, including special emphasis on transportation problems, would be generally helpful on marketing problems and valuable in considering new cooperative activities.

4. Mink feeding proposal.

We suggest that the Division of Agriculture of the Department of Natural Resources and the Department of Economic Development and Planning confer about a study on further developing a fur farming industry.

5. State Department of Economic Development and Planning.

This Department can play an effective part in determining the place and role of cooperatives in agricultural development. The first step is to insure that professional staff understand cooperative organization and their method of operation. With such understanding, they can effectively consider the possibility of using cooperatives in developing parts of proposed agricultural projects.

6. State and Federal agencies should advise farm leaders of ideas and proposals for cooperative development. Research and planning agencies should develop ideas and proposals. It is important to consult with farm leaders and get them involved in planning as early as possible.

Transportation Recommendations

1. Interstate and intrastate transportation rate levels are important in determining whether production of certain agricultural products in Alaska is feasible. Coordinated effort is needed between the agricultural and food handling industries in Alaska on transportation rate and service matters affecting freight rate levels applying on local and imported agricultural products and farm production supplies.

State departments of agriculture in several States now have transportation specialists on their staffs for this purpose. Alaska should explore the possibilities of providing a similar service in the State. The total tonnage of farm production supplies and farm products is lower than in most other States, but transportation is a uniquely important factor in relation to each ton moved in Alaska.

2. There is a need for a study of transportation rates and services affecting development of Alaskan agriculture. Such a study would help determine the kind of transportation system and rate structure necessary for fullest development of Alaska's agriculture. The needs and interests of agriculture in the State should also be determined and defined so these needs and interests can be properly recognized and considered in any overall transportation development program.

FURTHER ASSISTANCE AVAILABLE FROM FARMER COOPERATIVE SERVICE

Farmer Cooperative Service conducts a program of economic research and advisory and educational assistance to cooperatives and farmers. The following kinds of assistance may be helpful in Alaska:

1. Advisory assistance on specific proposals.

FCS can assist farmers in Alaska in evaluating specific proposals by correspondence. We encourage State agencies to provide all possible assistance. FCS will consider sending a staff member to Alaska for a short study when the need arises and if resources permit. However, the cost of travel to Alaska makes it difficult for our staff to travel there to appraise individual proposals.

2. Advice and consultation with State agencies.

We will welcome correspondence with State agencies about specific and general proposals. We often can supply information needed to complete the analysis of certain questions by correspondence.

3. Educational and technical publications.

FCS has available a wide range of publications concerning cooperatives. Many relate to organization, financing, management, and membership relations. Others provide research findings on marketing, purchasing, and transportation problems. The News for Farmer Cooperatives magazine, issued monthly by FCS, is available to key officials of cooperatives and those who work with them.

