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The Banker-Farmer News Bulletin

WISCONSIN
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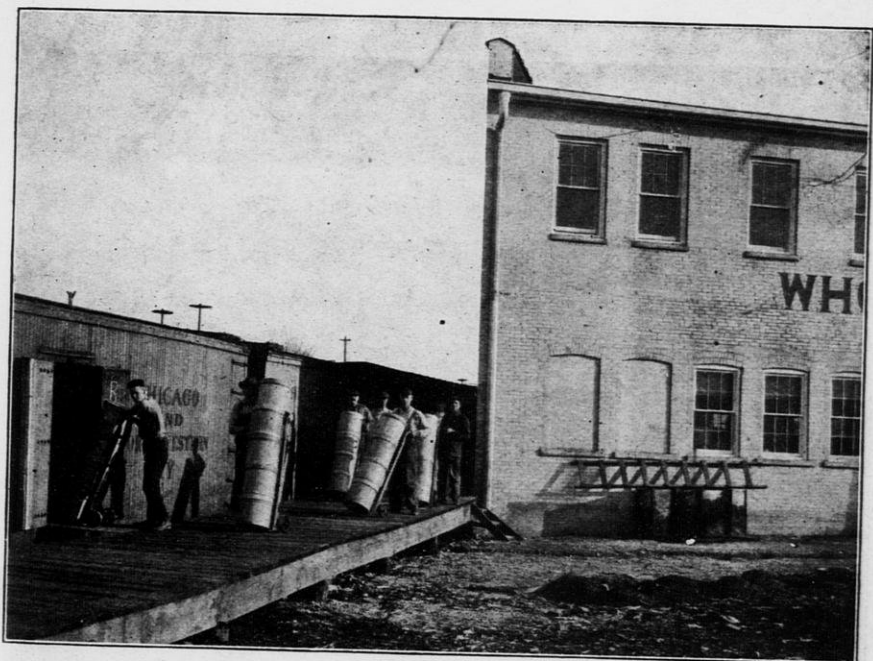
A Little Journal of Agricultural
Information for the Farmer

BANKER-
FARMER
EXCHANGE

BULLETIN No. 21

MAY, 1922

Standardization of Dairy Products



Wisconsin ships out of the State 300,000,000 lbs. of cheese, or two-thirds of the Nation's Product. If properly graded and marketed, the value could easily be increased from three to five cents per pound. At 3 cents, this would mean an additional income to the State of \$9,000,000 annually.

Compliments of

BANKER-FARMER EXCHANGE

1822 Chadbourne Avenue,
MADISON, WIS.

STANDARDIZATION OF DAIRY PRODUCTS

By THEODORE MACKLIN

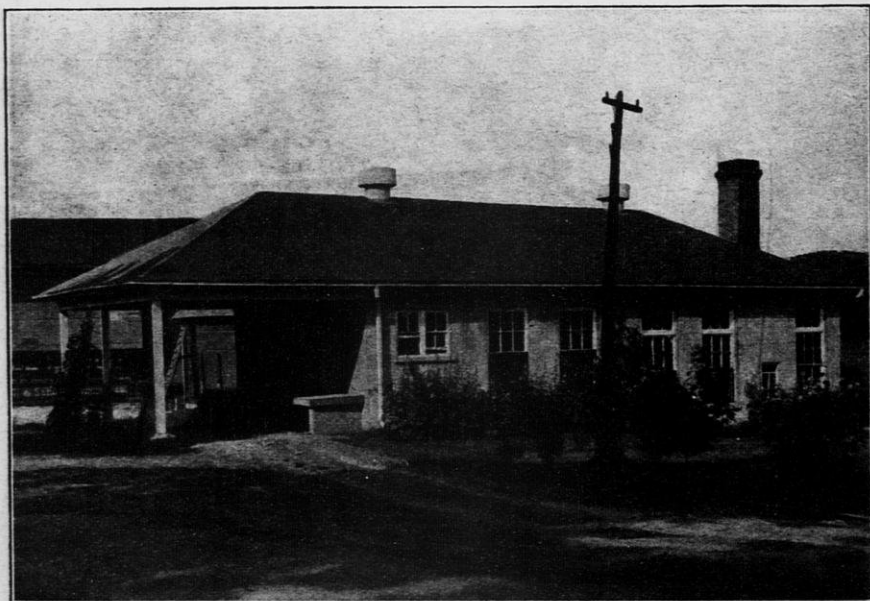
College of Agriculture of the University of Wisconsin.

The vast importance of dairying in Wisconsin not only to farmers themselves but to every class of business and professional men is not generally appreciated. It is, therefore not surprising at all that the people of the state are not alive to the fact that the selling of the state's dairy products in an ungraded and non-standardized form is losing the state and her people millions of dollars annually. Just what is the nature of this loss and what might be done to prevent it?

Over one-quarter of the income of the farmers of the state is from cheese and butter. Grading and standardization of cheese and butter are therefore amply representative of dairy products.

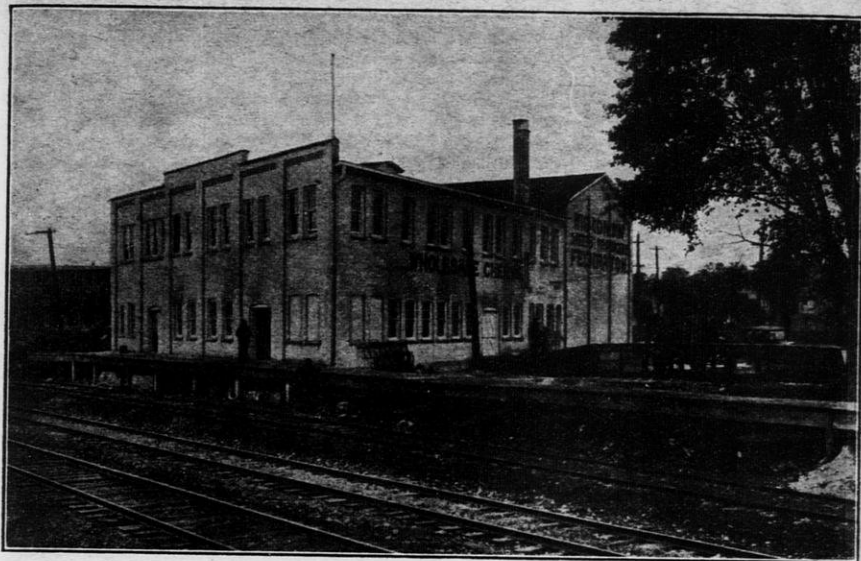
CONSUMER PAYS HIGHEST PRICES FOR BEST QUALITY

It is well known that consumers in buying want the best goods. When purchasing butter, the consumer pays more for the best butter or cheese than for the lower grades of these same products. For example, a local retailer in response to a telephone call at the moment of writing quotes butter of three grades—at 47 cents, 45 cents, and 44 cents per pound. These price differences signify how the consumer pays more for fancy than for ordinary creamery butter. The creameries of Wisconsin know from experience that it is impossible for any one of them to attempt by itself to successfully practice a combination scheme of cream grading and paying farmers according to quality. The result is that almost without exception creameries in the same neighborhood all pay a flat price for cream irrespective of quality.



A WISCONSIN CO-OPERATIVE CREAMERY.

A Co-Operative Creamery Plant Equipment like this should be owned and operated by farmers united into a federation to insure the standardization of butter and payment to farmers according to quality.



A CO-OPERATIVE CHEESE WAREHOUSE.

A system of these throughout the State owned and operated by farmers is necessary if a program of standardizing cheese and paying farmers for quality is to be practiced.

MARKETING SYSTEM PLACES PREMIUM ON POOREST QUALITY

Just what does this paying of a flat price for all grades of farm products mean to the consumer, to the farmer, to the banker, and other business men, in a word to the State of Wisconsin? In the last analysis it is for a share in the consumer's dollar that all men strive. He who produces most nearly what the consumer wants, providing the marketing system does not prevent, should secure the extra price or premium which the consumer always pays for that which is most keenly desired. Unless these premiums are received by farmers there is no incentive for them to do the extra work at additional cost to produce higher than average quality. Accordingly, the payment of flat prices for all grades literally stimulates the farmer to produce low quality goods. This is the case because flat or average prices take from the good producer part of what his products are worth and give it to the poor producer as a premium for his low grade goods. Consequently more poor cheese and butter are produced than consumers want, and very much less good cheese and butter are produced than are both needed and wanted. It is to the interest of everyone in Wisconsin to have this situation changed. A marketing system that will grade and standardize dairy products and pay farmers according to quality is essential. Wisconsin and all classes of her people are losing money as long as her farmers are thus stimulated to create inferior products when better products could and would be produced and would bring more prosperity to all.

Not until this potent fact has been fully realized by bankers, business men and others whose work and prosperity is so closely allied with the farmers' success, is there any likelihood of a solution to the problem. Let it be emphasized, however, that in the much cited countries and states such as Denmark, New Zealand, Siberia, California, and others, that these evils have been eliminated by organization of the farmers into successful, efficient, co-operative marketing federations.

PROMOTE SOUND ORGANIZATION IN WISCONSIN

In Wisconsin farmers are going to be organized to correct this weakness in marketing just as the farmers of other states have become organized. The real issue, the great responsibility of every public spirited citizen, is to lend his hand in helping promote sound organization among farmers and to raise his hand in preventing hope-

lessly impractical organization. Wisconsin should have the benefits of the sound marketing organization. It should be spared the costs and disappointments and tragedy of unsound organization. The Wisconsin Cheese Producers' Federation, patterned after the successful enterprises of other regions is of the sound type. Its benefits through grading products and bringing to the farmer a premium for quality, cannot be realized by the people of Wisconsin, however, until it grows from infancy to manhood. Without full-grown sound marketing organizations of this sort for each important dairy product such as American cheese, butter, foreign cheese, etc., there is no practical means of insuring that farm products will yield the farmer a return in proportion to that which consumers pay for them. Grading and standardizing farm products combined with a program of paying farmers according to quality and bringing them a maximum part of what consumers now pay is a service that is peculiarly uncommon except where efficient powerful co-operative federations of farmers' successful local co-operative enterprises have been established.

WHAT DO THE LACK OF THESE ENTERPRISES MEAN TO WISCONSIN?

What does it mean to bankers if their turnover or size of business is seriously reduced because cheese prices fall from 20 cents to 12 cents a pound while the bulk of the cheese is being produced and sold?

What does this same reduced purchasing power to farmers mean to merchants and retailers of all kinds whose prosperity depends upon their sales to farmers?

To promote prosperity for all, understand what means prosperity to you. Boost the other chaps purchasing power and he can't help but boost yours. (Read Wisconsin Agricultural Experiment Station Bulletin 322 and Circular 136 for further discussion. Copies of these bulletins can be obtained by writing the College of Agriculture, Madison, Wis.)

The Banker-Farmer Exchange

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