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# FARMER CO-OPS in WISCONSIN

ST. PAUL BANK for COOPERATIVES  
St. Paul, Minn.

NORTHEASTERN CO-OP MILK EXCHANGE



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## Farmer Co-ops in Wisconsin

By FLORENCE C. BELL

*Information and Extension Division  
Farm Credit Administration*

THE year 1940 marked the one-hundredth anniversary of the first cooperative business enterprise in Wisconsin. A pioneer woman demonstrated that it was profitable to pool the milk from adjoining farms and convert it into cheese in her kitchen. From that humble beginning there has been developed by the marketing and purchasing co-ops in the State today an annual cooperative business amounting to more than \$100,000,000.

The recent survey of farmer cooperatives conducted jointly by the St. Paul Bank for Cooperatives and the College of Agriculture of the University of Wisconsin shows that in addition Wisconsin farmers made cooperative sales and purchases amounting to \$14,000,000 in the marketing season 1936-37 through co-ops located in adjoining States.

The cash farm income of Wisconsin farmers from marketing livestock products, livestock, and crops was more than \$315,000,000 in 1936. The value of Wisconsin farm products sold in the State and nearby States by the cooperatives totaled over \$105,000,000

in the 1936-37 marketing season. The figures on cash farm income and co-op sales are not strictly comparable but they do indicate that a substantial portion of the farm marketing is done through cooperative channels.

Wisconsin is the leading dairy State in the Nation. It ranks first in the volume of milk production, in cash farm income from milk and milk products, and in the manufacture of cheese, evaporated milk, dried milk, and casein. In 1938 Wisconsin had between 8 and 9 percent of all the milk cows on farms in the United States, and was producing 11 percent of the Nation's milk.

Rural Wisconsin is organized chiefly for the production of dairy products and livestock. Well-kept dairy farms dot the landscape. Almost every farm has at least one silo. Pasture land and hay crops comprise almost half of the total farm acreage; on approximately another fourth are grown oats, corn, and barley, the three principal feed crops.

In the 1840's and 1850's many American-born farmers from New York, Ohio, and other States migrated to Wisconsin. A considerable number of them had been dairymen "back home." This State has also been a



land of promise to emigrants from Europe. Beginning about 1840 and continuing for many years, a great tide of Germans and Norwegians settled in Wisconsin—also Swedes, Poles, Czechs, Danes, Finns, Swiss, and nationals from other European countries.

Wisconsin rates second among the States in the number of cooperative marketing and purchasing associations. The Farm Credit Administration has records for approximately 1,200 active associations of these types. The estimated total membership in 1939 was approximately 180,000. This includes some duplications, as farmers may be members of more than one association.

### Co-ops Rank High in Length of Service

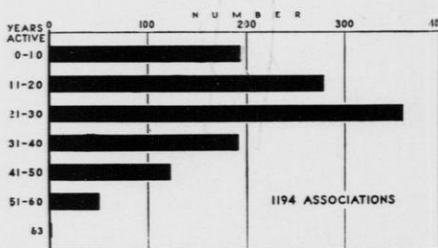
These farmers' cooperatives also rank high as compared with those in other States from the standpoint of length of life and operating experience. About 50 percent of all which have been organized are still operating today. It is probable that the oldest of the 1,200 marketing and purchasing associations now operating was formed about 1877—more than 60 years ago. All told, more than 60 associations have been operating for 50 years or more. Some of the cheese cooperatives still doing business were organized in the early 1880's. As in many other sections of the United States, however, the largest number of today's co-ops in Wisconsin were organized in the years following the end of the first World War—80 in 1919, 60 in 1920, and 50 in 1921.

Dairy cooperatives are far more numerous than any other type of marketing or purchasing association in

Wisconsin, just as dairy products are the leading source of farm income. The Farm Credit Administration has records for close to 700 dairy associations in the State. Some 200 cooperative creameries manufacturing butter are located through a broad western area—many of the counties being on the banks of the Mississippi and St. Croix Rivers and also in central, eastern, and northern sections.

More than 400 of the dairy associations are cheese factories, many of them located at country crossroads. Two extensive areas of concentration of these cheese co-ops are in the south-western section of the State and in the east central counties bordering on Lake Michigan. Approximately 10 milk distributing cooperatives deliver milk to the doorsteps of customers in Milwaukee and other cities. Milk bargaining associations in Milwaukee, Madison, Racine, and other cities negotiate price agreements between their producer-members and distributors.

### Farmers' Active Marketing and Purchasing Associations in Wisconsin by 10-Year Periods.



Sixty percent of the farmers' active associations have passed their majority, having functioned for more than 21 years. Thirty percent have been in business for more than 30 years and 4 percent for 50 years or more. Less than 200 associations have yet to celebrate their eleventh birthday.



*Members of 18 national farm loan associations and 8 production credit associations participate in a 17-county get-together picnic at Mendota Lake, Wis.*

The livestock associations include shipping associations at country points, livestock trucking co-ops, and the large Equity Cooperative Livestock Sales Association, Inc., which operates on the Milwaukee terminal market. The local associations operate in almost every county except in the northern part of the State. In some localities farmers who raise different breeds of cattle have united to form a co-operative association to market all the breeds.

Cranberries, cherries, strawberries, potatoes, and other fruits and vegetables are marketed cooperatively by

AGRICULTURAL economists William C. Welden and R. H. Elsworth and other members of the Cooperative Research and Service Division of the Farm Credit Administration gave much valuable assistance in preparing this circular. Credit is also due the farmers' marketing and purchasing associations which cooperated with the College of Agriculture of the University of Wisconsin and the St. Paul Bank for Cooperatives in obtaining the Wisconsin statistics for the national survey of farmers' cooperatives. This survey was made by the Farm Credit Administration covering the year 1936. In addition, the business of farmers' cooperatives is estimated for each marketing season by the Cooperative Research and Service Division of the Farm Credit Administration. In this circular, the number of co-ops and the volume of business are given in approximate figures, based on statistics from the national survey; and supplemented by the estimates for the 1938-39 marketing season. Other investigators using the same data but different standards of measurement may obtain a slightly different number of cooperatives or a somewhat smaller or larger volume of business.

about 12 associations located on the Door County Peninsula, and in some of the central, northwestern, and other sections of the State. In Vernon County on the Mississippi River a co-op is handling tobacco. Wool is sold by an association at Portage on the Wisconsin River in the south-central area. A poultry co-op in the western county of St. Croix has been in business for many years. At Wausau in Marathon County in the central part of the State is the headquarters for a fox and fur breeders' association. Other co-ops market forest products, maple syrup, and seeds.

*Purchasing associations.*—Wisconsin farmers have organized more than 200 associations for the major purpose of effecting economies in the purchasing of large volumes of supplies such as petroleum products, feed, flour, coal, seeds, and many other essential farm commodities. Poultry and other products are frequently sold as a side line. The associations selling at retail are located in practically every county in

the State. Many of the locals are affiliated with one of the several wholesale associations, located either in Wisconsin or Minnesota.

There are also about 25 associations which have developed the selling of supplies as their major business, although when most of them were organized some 20 or 30 years ago, their chief purpose was the handling of grain. In addition, many of the marketing associations render the service of purchasing supplies and reselling them to their members.

On later pages summary statements concerning the operations of some of these marketing and purchasing associations will be found. For each major type of cooperative, comments are made on one or more particular associations. In some cases, an association described has at present the largest dollar volume of business of the Wisconsin co-ops of that type; in other instances, an association selected may be the oldest in a group. It would be

grossly unfair to mention these associations by name without stating that many others in the State are doing an equally outstanding cooperative job.

## Farmers Organized Mutuals Many Years Ago

*Mutual companies.*—Farmers' mutual fire and lightning insurance companies are one of the oldest types of cooperatives in the country. Wisconsin farmers are operating almost 200 such enterprises, which are located in nearly all parts of the State. The heaviest concentration is in the southeastern area. These companies reported a membership of over 240,000 in 1936.

Farmers have provided themselves for many years with telephone service through their mutual companies. The number of these companies is large, approximately 500, although the annual income from assessments or fixed charges is small.

### Farmers' Marketing and Purchasing Associations Organized<sup>1</sup> in Wisconsin, by Periods and Commodity Groups, 1876-1939

Period	Dairy products	Fruits and vegetables	Grain <sup>2</sup>	Livestock	Poultry and eggs	Miscellaneous	Total marketing	Purchasing	Grand total
1876-80.....	1						1		1
1881-85.....	21						21		21
1886-90.....	52		1				53		53
1891-95.....	62						62	2	64
1896-00.....	110	1				1	112		112
1901-05.....	144	2	3	1			150	2	152
1906-10.....	160	9	17	21		7	214	18	232
1911-15.....	239	7	17	54	1	17	335	67	402
1916-20.....	371	16	38	142	1	44	612	85	697
1921-25.....	174	11	3	65	2	8	263	50	313
1926-30.....	59	6		35		4	104	45	149
1931-35.....	31	9		31		5	76	80	156
1936-39.....	7	2		6		3	18	13	31
Total ..	1,431	63	79	355	4	89	2,021	362	2,383

<sup>1</sup> Based upon the associations for which the Cooperative Research and Service Division has records.

<sup>2</sup> In Wisconsin these associations started as grain marketing cooperatives and later developed the purchasing of farm supplies as a side line. Because the supply business became so substantial that it has outgrown the business in grain it is doubtless more logical to consider this group of cooperatives at present as purchasing associations rather than grain marketing associations.

At Wisconsin Rapids owners of cranberry marshes have formed a mutual irrigation company.

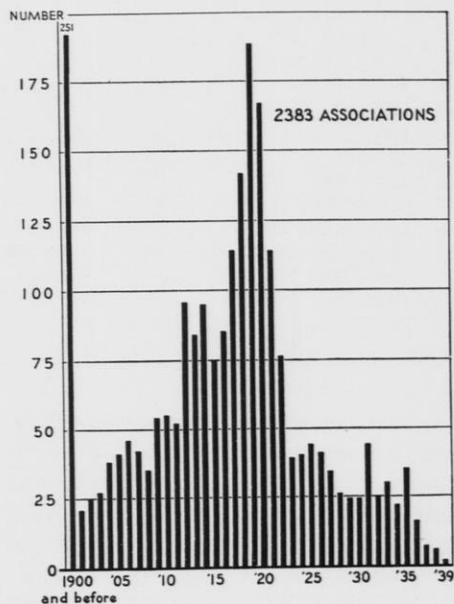
**Electric associations.**—Loans for 27 Wisconsin electric cooperatives had been made by the Rural Electrification Administration by June 30, 1940. A large majority of the plants had been energized and were in operation. The heaviest concentration of the projects is in a broad western area of the State extending from the southern border as far north as Douglas County. Other plants are located in Rock County as well as Columbia, Adams, Waupaca, and Oconto Counties.

**Refrigerated food lockers.**—A new cooperative development has taken place within the last few years. A number of creameries, cheese factories, and other types of cooperative associations have expanded their services by installing lockers for the storage of frozen food. In 1939 the first cooperative organized solely for this purpose began operations. All told, approximately 50 co-ops were providing locker service in 1940.

**Breeding associations.**—A number of breeders' cooperative associations have been formed in order to carry out breed improvement programs.

Credit is available to individual Wisconsin farmers and also to their associations on a cooperative basis. Through more than 100 national farm loan associations long-term loans are made to farmers by the Federal Land Bank of St. Paul. The 21 production credit associations in the State provide short-term production credit to farmers. Cooperative associations which the farmers have formed obtain credit from the St. Paul Bank for Cooperatives.

## Farmers' Marketing and Purchasing Associations Organized in Wisconsin, by Years, 1900-39.

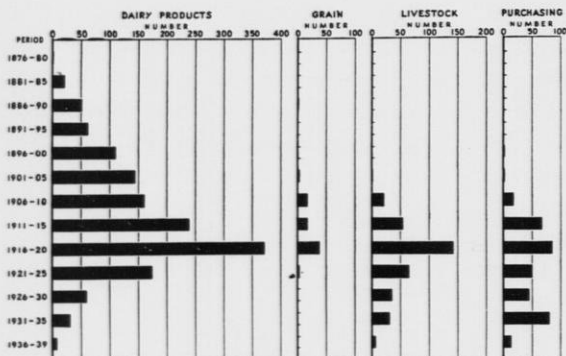


Thirty percent of all the farmers' marketing and purchasing associations organized in Wisconsin were set up during the 5 years beginning with 1917 and closing with 1921. The peak year of the period was 1919 when 189 associations were formed. This was at the rate of a new association for every second day including Sundays. Less than 50 associations a year have been formed since 1923.

## Pioneers Began Cooperation

The story goes that a pioneer woman launched Wisconsin's first cooperative business venture. This was in 1840; her name was Anne Pickett. She and her husband had emigrated to Wisconsin from one of the States farther east, where they had already had experience in raising cows and making milk products. After the Picketts moved to Wisconsin they wished to make cheese and sell it. They had,

## Farmers' Marketing and Purchasing Associations Organized in Wisconsin, by Periods and Selected Commodity Groups, 1876-1939.



*The 5 years from 1916 to 1920 was the period of greatest farmer activity in organizing marketing and purchasing co-operatives. A total of 697 associations were launched. Of this number 371 were for making and for marketing dairy products; 142 were local organizations for assembling and shipping live stock; 85 were for purchasing supplies; and 38 for marketing grain.*

however, only about 10 cows, which were not enough to produce a sufficient quantity of milk for the profitable manufacture of cheese. Anne solved the problem by getting the neighbors to pool their milk with the Pickett supply, and she made it all into cheese in the kitchen of her log cabin. Thus a cooperative business venture began at Lake Mills, Wis., where the Picketts made cheese for many years.

An experiment to form an idealistic society for cooperative living and working was made at Ripon, Wis., in 1844 by a group of American-born farmers. They named it the Wisconsin Phalanx. Although the society was financially successful—it had assets of \$30,000 3 years after organization—some of the members became dissatisfied and brought about the peaceful dissolution of the organization in 1850.

The Wisconsin State Agricultural Society, organized in 1851, became one of the most active in the United States. It helped to spread agricultural knowledge by inaugurating the holding of

fairs, and by publishing its transactions in large volumes. The Wisconsin Legislature passed an act in 1897 creating a State board of agriculture, which superseded the State agricultural society.

### Number of Cooperatives Has Greatly Increased

From the humble beginning in 1840 agricultural cooperative enterprises began to develop in much greater numbers in Wisconsin during the last third of the nineteenth century and have continued to develop up to the present time. During all of this period the main reason for their organization has been the desire on the part of farmers to improve their economic welfare by working together. Their desires have been emphasized and crystallized into action at various times by the pressure of low prices, by changes taking place in the agriculture of the State, and by the activities of general farm organizations and various governmental agencies.



One of the conditions which vitally affected the development of Wisconsin cooperatives was the shift from wheat farming to dairy farming which took place during approximately the third quarter of the nineteenth century. This change brought with it the need for the rapid development of market outlets for milk and cream, and an opportunity for cooperatives to render a real service to member-dairy-men.

The change from wheat to dairying was made easier by the work of several outstanding leaders in the State during this period. In 1872, William Dempster Hoard, a former Governor, was the moving force behind the organization of the Wisconsin Dairy-men's Association. He was one of a group of leaders who had become convinced that Wisconsin's financial future lay in dairying rather than in wheat. This idea met with increasing response from farmers after the depression in the early 70's and the plagues of chinch bugs in 1874, '75, and '76, which seriously damaged the wheat fields. Extensive contributions to the dairy program were made by William Aaron Henry of the university, who was instrumental in establishing the Agricultural Experiment Station at Madison. He made pioneer investigations in the feeding of livestock, inaugurated in 1886 the first agricultural short course, and 4 years later organized the first dairy school. Dairying was practically revolutionized by another member of the university faculty, Stephen Moulton Babcock, who in 1890 invented the "Babcock test" to determine accurately and quickly the amount of butterfat in milk. Under the leadership of these

notable men, and many others, Wisconsin became the leading dairy State in the Nation, and a fertile field for the development of dairy cooperatives.

### Grange Fostered Cooperation

The Grange played a very important part in the early development of agricultural cooperatives in Wisconsin as in many other sections of the United States. The grange movement reached Wisconsin in 1871, when the first local unit and the Wisconsin State Grange were organized. By October 1, 1875, the number of subordinate granges was not far from 450 with a membership of more than 17,000.

The farmer-members of many of the subordinate granges put into effect plans for buying farm supplies cooperatively, and some stores were or-



*In the feed warehouse of the Larsen Cooperative Co., Larsen, Wis. This company, which was established more than 20 years ago, has expanded and increased its services several times. It sells for cash, and the management says that while this has made temporary enemies out of a few members, they have nearly always returned as patrons and endorse the cash policy. There are over 700 stockholders. The company grinds feed, and merchandises standard farm supplies, such as tools, oils, paints, harness, etc.*



ganized. The State Grange appointed a State agent in 1871, and in 1876 established a central business agency at Milwaukee. Although these early business enterprises of the Grange declined rapidly in the late 80's, they created a lasting influence because of the valuable experience gained by the farmers in carrying on business cooperatively.

Wisconsin Grangers were greatly interested in the political questions of the day, particularly in those relating to railroads. A bitter fight was waged in connection with the passage of State legislation for the control of the railroads, and later its repeal.

Senator Bob La Follette, Sr., in his Autobiography wrote:

As a boy on the farm in Primrose Township, I heard and felt this movement of the Grangers swirling about me; and I felt the indignation which it expressed in such a way that I suppose I have never fully lost the effect of that early impression. It was a time, indeed, of a good deal of intellectual activity and awakening.

## **Wisconsin Society of Equity Initiated Broad Program**

In the early years of the twentieth century a general farm organization was formed which made an important contribution to the development of cooperation in the North Central States. This was the American Society of Equity. A Wisconsin State Union of the Society was organized in 1903. The major objective of both the national and State organizations was to improve farm prices.

The Wisconsin Society of Equity worked along several different lines. It fostered legislation to provide for the incorporation of cooperative busi-

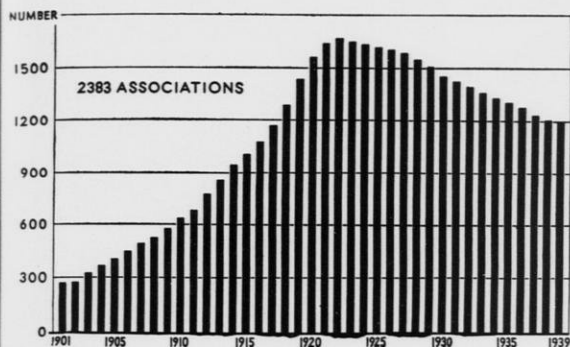
ness enterprises. It initiated a program of voluntary control of production. It stimulated the organization and development of local marketing and purchasing cooperative associations. The Society built or leased cooperative warehouses for storing farm products so that they might move to market in an orderly manner at times when they could be sold at prices that would mean a fair return to the farmer. "\$1 wheat" and "50-cent potatoes" became popular slogans. Some large-scale cooperative business enterprises were attempted.

In 1911 the Society demanded the enactment of "fundamental cooperative laws so that cooperative enterprises may be organized and incorporated on the basis of 'one-man one-vote'." As a result, the State legislature passed the Wisconsin cooperative statute which provides for democratic control of cooperative business associations.

Efforts to regulate the production of certain crops did not succeed. Some large-scale marketing activities likewise failed. In assisting farmers to form local cooperative marketing associations, however, Equity played an important part. It helped farmers to establish cooperative livestock shipping associations and grain elevators. It built or leased warehouses for the storing of wool, potatoes, and tobacco. Many of the marketing associations established under Equity auspices later discontinued their marketing services and developed the cooperative purchasing of supplies exclusively.

In 1920 there were 400 marketing and purchasing associations which bore the name "Equity." Although the name might be used by any group of farmers, it doubtless is true that a

## Farmers' Marketing and Purchasing Associations in Wisconsin That Were Active Each Year, 1901-39.



*The number of active associations increased year by year from about 300 at the beginning of the century to 1,664 in 1922. Since then the number of active enterprises has declined. This is due partly to consolidations and partly to the disappearance of several hundred of the small associations manufacturing cheese, and local livestock shipping cooperatives.*

large majority of these associations were formed by Equity members. Although the State Society did not have control over these associations, it was active in aiding farmer members to establish and develop them.

The period of greatest activity of the Wisconsin Society of Equity was in the second decade of the century, when its paid-up membership reached 40,000. In 1934, it consolidated with the Farmers' Union under the name, "The Farmers Educational and Co-operative Equity Union of America, Inc., Wisconsin Division."

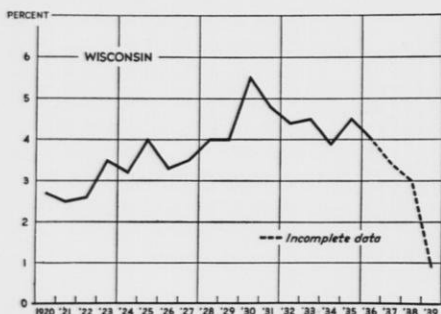
The Wisconsin Farm Bureau Federation has made substantial contributions to cooperative supply purchasing in the State. In 1921 it organized a wholesale distributing agency for the purpose of lowering the cost of distribution by centralizing the purchasing power of the farmers who patronized the local warehouse and distribution points used by the county Farm Bureau organizations. The operations of its successor, the Wisconsin Co-operative Farm Supply Co., are discussed on page 42. An auto insurance service, which the Federation considers

offers very favorable coverage and rates, was initiated in 1935 for Farm Bureau members in Wisconsin.

### State Aids Cooperatives

The State government has aided in the development of cooperative enterprises. The legislature has enacted noteworthy cooperative legislation—in 1887 one of the early cooperative laws, in 1911 a cooperative statute that was used as a model by a number of the other States, and in 1935 an educational act which requires that instruction in cooperative marketing and consumers' cooperatives be given in every high school and vocational school, as well as in the university, State teachers colleges, and county normal schools. The State department of agriculture renders a variety of services: such as assisting with the organization of new cooperatives, and with consolidations of existing associations in order to effect economies; furnishing legal advice, and accounting and auditing services; developing programs in educational activities; and helping to build up co-op membership. In 1939 a "Wis-

## Percentages of Farmers' Marketing and Purchasing Associations in Wisconsin That Have Disappeared, 1920-39.



From 2.5 to 5.5 percent of the associations active in the various years from 1920 to 1939 disappeared from the cooperative picture. The percentages of disappearance were 2.5 in 1921, 4.0 in 1925, 5.5 in 1930, and 3.0 in 1938. These percentages are lower than for private business. Some of the disappearances were because of business failures, some were due to consolidations of two or more associations to make stronger organizations, and others were because of economic changes which made unnecessary the continuance of enterprises that were concerned only with rendering specialized services.

consin Cooperative Week" was proclaimed by the Governor—the third of such weeks in 3 successive years—and the department planned a State-wide program which included radio speeches by many educational and cooperative leaders.

### University of Wisconsin Promotes Cooperation

It has been a policy of the University of Wisconsin for many years to foster the cooperative movement. Pioneer work in teaching the subjects of cooperative marketing and cooperative management problems was done by the Department of Agricultural Eco-

nomics. One of the first of the type established in the country, the department had a considerable influence in the inauguration of similar departments in other agricultural colleges. The Agricultural Experiment Station and the department pioneered in research work for the use of the cooperative associations of various types in the State, and for many years have carried on extensive scientific research investigations. Valuable help to the farmers on problems that arise in connection with the operation of marketing and purchasing cooperative associations has been given jointly by the Extension Service and the department.

### Wisconsin Ranks First In Dairying

Wisconsin is far in the lead of all the other States in the volume of milk produced—11,973,000,000 pounds was the record for 1939. In the North-eastern States in which large metropolitan centers of population are located, close to 70 percent of the milk produced is needed to meet the requirements for fluid milk and cream. The situation is very different in Wisconsin, however, where a much smaller portion of the milk production is sold as fluid milk and cream in Milwaukee, Madison, other Wisconsin cities, and in Chicago. The bulk of the milk is manufactured into butter, cheese, evaporated and condensed milk, and other dairy products.<sup>1</sup>

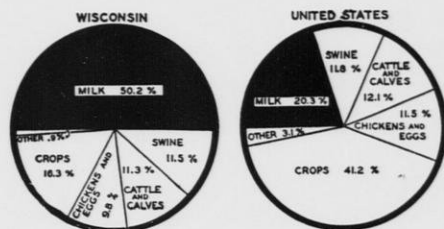
Wisconsin produced 11,378,000,000 pounds of milk in 1937, of which 10,441,000,000 pounds were sold off the farm. Of the volume sold it appears from data on the manufacture of

dairy products in the State that about 32 percent was used for creamery butter, 32 percent for cheese, 15 percent for evaporated and condensed milk, and 1.5 percent for ice cream. This leaves approximately 2 billion pounds or 19 percent of the commercial supply as the apparent amount which was sold in fluid milk and fluid cream channels. About 10 percent of this, or 2 percent of the total, was retailed by the producers themselves.

Total cash income of Wisconsin farmers from dairy products in 1937 was over 167 million dollars, a far greater amount than that received from any other farm enterprise, in fact, a greater amount than the combined cash income from all other farm commodities. Of this amount, 5.4 percent came from milk retailed by producers, 18.2 percent from sales of butterfat, that is, farm-separated cream, and 76.4 percent from whole milk sold to cheese factories, condenseries, milk dealers, and others.

Farmers' cooperatives handle about half of the commercial milk supply of Wisconsin farmers. In 1936 when cash income from dairying was 161 million, sales by cooperatives were 80 million dollars. The two figures are not strictly comparable, however, since the sales data for cooperatives represent gross sales from which operating expenses must be deducted in order to determine net returns to the members. Butter accounted for the largest share of cooperative dairy sales—43 percent. Fluid milk and fluid cream represented 26 percent; cheese 19 percent; and all other products, including evaporated and condensed milk, 12 percent. It is apparent from this that a much larger proportion of the butter is

## Sources of Gross Farm Income 10-Year Average 1928-37.



In Wisconsin milk has accounted for about half of the gross farm income for a number of years. Very few of the States have so large a portion of their farm income from this source. For the United States as a whole, milk has accounted for slightly over one-fifth of the gross farm income for the past 10 years. In Wisconsin, swine rank second as a source of farm income followed by cattle and calves and poultry. In the United States cattle and calves rank second as a source of gross farm income from livestock followed by swine and poultry. For the country as a whole, income from crops has been relatively more important than in Wisconsin.

Courtesy of the Wisconsin Crop Reporting Service.

handled by cooperatives than is true of the other dairy products.

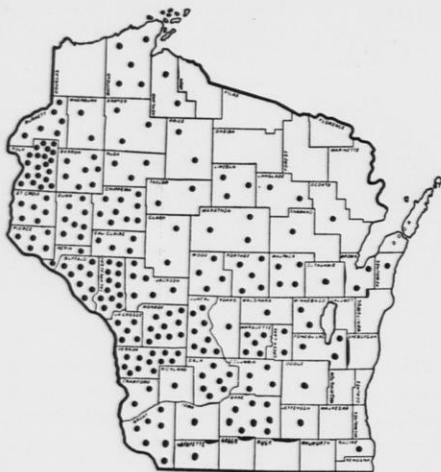
Wisconsin is exceeded only by Minnesota in the dollar value of total cooperative dairy business.

## Butter Tops Dairy Sales

Sales of butter manufactured cooperatively in Wisconsin in 1936 aggregated \$34,000,000, or 43 percent of the entire cooperative business of Wisconsin farmers in dairy products.

In 1938 Wisconsin produced cooperatively more than 100,000,000 pounds of butter. This was about 15 percent of the Nation's cooperatively made butter, and 55 percent of the entire State factory production.

In the total factory production of



Location of Cooperative Creameries in Wisconsin, 1936.

Dots show number of co-ops in a county but not exact location.

butter in the United States and also in the volume manufactured cooperatively, Minnesota ranks first, Iowa second, and Wisconsin third. In Wisconsin, however, only about 32 percent of the State milk production goes into butter, whereas in Minnesota and Iowa the bulk of the milk is used for this commodity.

The Farm Credit Administration has records of approximately 200 cooperative creameries in Wisconsin which are engaged in the manufacture of butter, many processing and selling other dairy products, and some of them buying and reselling dairy supplies to their patrons. Almost all of these cooperatives are local or centralized associations, with dollar sales in 1939 ranging from \$7,000 to over \$1,000,000. The typical association did a business of less than \$100,000—there were approximately 100 in this group—while the sales of about 50 cooperatives were \$300,000 or more. The large organizations include

the Ladysmith Milk Producers' Cooperative Association in Rusk County, and the Richland Cooperative Creamery Co. in Richland County.

*Medford Cooperative Creamery Co.—*

A considerable number of cooperative creameries in Wisconsin have an annual production of butter averaging around 2 million pounds or more. Eight were in this class in 1939. The Medford Cooperative Creamery Co. in Taylor County produced the largest run of butter. It manufactured almost 2,800,000 pounds of butter in 1939, and in some prior years even larger amounts. In 1939 it produced also 460,000 pounds of buttermilk powder. Sales exceeded \$725,000. The cooperative plant has a valuation of more than \$60,000. The association was organized in 1915 on a capital-stock basis, and after 25 years of operation has more than 1,000 patrons.

**Barron Creamery Makes Large Sales of Cream**

*Barron Cooperative Creamery Co.—*

In northwest Wisconsin the Barron Cooperative Creamery Co. has developed a variety of activities. The association sends its trucks to the farms of 900 patrons to collect the whole milk. At the plant the cream is separated and is shipped to market provided the net return for sweet cream is favorable compared with that for butter. If it is not, the cream is made into sweet or salted butter, whichever will bring the higher return to the patrons. This co-op prints its own butter. Skim milk is dried into powder for use by bakers and candy manufacturers. Organized in 1901, the business of the association has amounted to over \$1,000,000 each year since 1923, with



the exception of the period of low prices from 1931 to 1935. In 1939 cream sales amounted to \$555,000, butter sales were \$265,000, and milk-powder sales almost \$230,000. The total amount of these sales was the largest dollar business for any of the Wisconsin creameries. The association's plant is valued at more than \$150,000. This is a stock cooperative which only producers may join, each buying a \$10 share of stock. Stockholders who cease to be producers may retain their stock.

### Land O'Lakes Carries Butter All the Way to Retailer

*Creamery federations.*—Land O'Lakes Creameries, Inc., with headquarters in Minneapolis, Minn., plays an important part in the business transactions of many Wisconsin cooperative creameries and other dairy associations. This well-known regional sales agency includes in its membership a number

of local cooperative creameries in northwestern Wisconsin areas, and also the Wisconsin Cheese Producers' Cooperative at Plymouth, the Antigo Milk Products Cooperative, and the Consolidated Badger Cooperative at Shawano.

In addition to selling for these associations, Land O'Lakes Creameries and a number of Wisconsin members in Polk County established a spray-process milk-powder plant at Luck in order to utilize skim milk from these local creameries. This plant is owned and operated jointly.

Lack of uniformity in the butter produced by local creameries and in different churnings from the same creamery results in lower returns. When butter is shipped by a local plant in less than carload lots, higher shipping charges must be paid. These disadvantages to a local creamery can be overcome only by standardization and joint selling.

*Dairy products were sold for close to a million dollars by the Ladysmith Milk Producers Cooperative Association of Rusk County in 1939. The main plant is located at Ladysmith and branch plants at Exeland, Kennan, and Stanley. Milk is converted into butter, cheese, casein, and milk powder.*







*Milk is delivered by truck to the A-G Creamery Co. at Arcadia in Trempealeau County.*

One of the major objectives of Land O'Lakes Creameries is improvement in the quality of butter and standardization of output, and it has made "Land O'Lakes" brand a guarantee of quality and uniformity.

The Minneapolis cooperative pioneered in the North Central States in the cooperative marketing of butter on a large scale. It sends trucks to collect the butter manufactured by local creameries and hauls it to one of its concentration plants, where it is graded, printed, packaged, and shipped to the best outlets. Through local branch offices located in many States, sales are made to chain stores, independent corporations, and smaller merchants.

Through Land O'Lakes Creameries, these Wisconsin dairy cooperatives are joining with hundreds of others in the north-central dairy region to do a job of cooperative merchandising that carries the products all the way to the retailer in the main consuming centers of the Nation.

A considerable number of other Wisconsin cooperative creameries are carrying cooperation beyond their local organization by joining with other

creameries in overhead sales and service agencies. Two overhead agencies located in Wisconsin offer varying types of services.

Wisconsin Cooperative Creamery Association, District No. 2, operates a new, up-to-date plant at Union Center in Juneau County. Here 18 member creameries, a majority of which are cooperatives, send butter for printing and marketing. In northwest counties the Wisconsin Cooperative Creamery Association, District No. 4, operates. Each of these organizations is a separate corporation, although there was a plan for a State-wide agency in which these district associations would be units. The headquarters of the District No. 4 Association is at Shell Lake in Washburn County. A fieldman operates from Cumberland, in Barron County, and the association has a warehouse there. The membership includes both cooperative and noncooperative organizations. This association has stressed a butter-improvement program.

*Creameries in operation 55 years or more.*—A number of creameries have notable records for operation over long periods. The Luck Cooperative Creamery Co. in northwest Polk County was formed in 1884, and the following year in Trempealeau County bordering the Mississippi River, farmers united in organizing the Ettrick Creamery Co. These co-ops manufacture substantial volumes of butter, smaller quantities of other dairy products, and sell some dairy supplies to patrons. The bulk of the sales of these two creameries are made through Land O'Lakes Creameries, Inc. The cooperative at Luck was reorganized in 1908 and again in 1922. It had 170

patrons in 1940. Its sales of butter in 1939 amounted to \$88,000 and of skim milk, cream for manufacturing, and buttermilk to over \$11,000.

The Ettrick Creamery Co. has the distinction of including in its membership two men who have been continuous patrons since it was organized in 1885, N. B. Hilton and A. J. Ekern. The butter sold in 1939 aggregated \$70,000 and other dairy products \$1,000. The creamery plant is valued at \$18,000. This co-op has recently demonstrated its constructive outlook by adopting the revolving-capital plan of financing. One-half cent for each pound of butterfat is retained from the sales proceeds, and credited to the 125 patrons. At the end of the year a certificate will be issued to each patron for the total amount of "retains" credited to him.

## Butter Quality Program Has Been Effective

*Creamery operations.*—Improvement in the quality of butter has been a major contribution of Wisconsin cooperative creameries to the dairy industry. An important factor in the quality program has been the purchase of butter on the basis of grade. Field work has advanced the program materially. The federated associations and some of the locals supply the services of fieldmen to the farmers to assist in improving the care and feeding of dairy cows, the cleanly maintenance of barns and utensils, and the preparation of milk for market.

Various methods of hauling milk from the farm to the creamery are followed in different localities. In some sections the farmers do the haul-

ing. Large creamery plants usually do a large part or all of the hauling of cream or whole milk. Commercial assembling of milk and cream from farms has increased rapidly in the State.

Many of the local associations market independently, the bulk of the butter being sold to chain stores and other large commercial distributors. It is customary for these large organizations to send their trucks to the local creameries for the butter that has been manufactured, and to deliver it to their own plants for printing, packaging, and selling.

Each creamery has some facilities for printing butter for local sales, the facilities ranging from a hand-printing box to large mechanical equipment.

Some of the large creamery plants have been built with railroad sidings at the factory so that there is no freight or trucking charge from assembly point to destination. Shipments go forward by rail, truck, and the Great Lakes water route during the lake shipping season. The bulk of the co-op creamery butter is shipped to the large central markets in Chicago, New York, Boston, and Philadelphia. Wisconsin ranks first of all the States in the volume of butter shipped to Chicago; more than 78,000,000 pounds were marketed there in 1938.

Wisconsin cooperative creameries differ in their methods of making payments to producers. Some of them operate on a pooling basis, making deductions from sales proceeds for operating expenses and paying the balance to the patrons for their cream or butterfat. These pools usually are operated on a monthly or semimonthly basis. Experience enables other coop-

eratives to estimate what operating margin they require between the wholesale prices of butter on the central markets and prices they can pay producers. It is customary for Wisconsin creameries to make current payments to patrons as high as possible rather than to allow funds to accumulate and later pay patronage dividends.

## Badger State Makes Half of U. S. Cheese

The 365,215,000 pounds of cheese produced by Wisconsin factories in 1938 was more than half of all cheese manufactured that year in the United States. Approximately 75 percent of the Wisconsin production was cheese of the American type, which is also known as Cheddar cheese. The foreign type cheeses made—including Swiss, Munster, Brick, Limburger, and Italian varieties—constituted 20 percent of the entire State production of all types.

Wisconsin ranks first also in the quantities of cheese sold in the central markets of New York, Chicago, Philadelphia, and Boston. Almost 50,000,000 pounds of Wisconsin cheese were shipped to New York City in 1938.

Quotations for cheese are established each week by two cheese exchanges at Plymouth in Sheboygan County, and in general are accepted as the basic market quotations throughout the United States.

*Cooperative cheese factories.*—Cooperation plays a very important part in the manufacture of cheese in Wisconsin. Farmers learned many decades ago that they could reduce the labor of cheese making by organizing in groups and delegating the manufacture

of cheese to one of their members. The State now ranks first in the Nation not only in the total quantity of cheese manufactured, but also in the portion manufactured under cooperative conditions. These conditions vary widely. For example, in many cases, a cooperative association of farmers owns the land, factory building, and equipment, and hires a cheese maker who is paid either a monthly salary or a wage based on the number of pounds of cheese produced. In other instances, the factory is owned by a cheese maker, who agrees with a group of farmers who have organized cooperatively to convert their milk into cheese on a salary or volume basis. In some locations, the factory building includes only the cheese equipment and storage room; in others, living quarters are provided for the cheese maker and his family. The selling of the cheese manufactured may be done by a farmer-member of the group, or this may be a duty of the cheese maker. Many other types of cooperative arrangements are made to meet particular situations in different localities.

The Farm Credit Administration has received reports from approximately 450 Wisconsin cheese factories now operating under varying types of cooperative conditions. A large majority of the factories are small business enterprises located at country crossroads to which farmers in the surrounding area can conveniently haul their milk. For more than half of them, the dollar value of business in 1939 was \$25,000 or less; the range for another 130 of the associations was from \$25,000 to \$50,000; for approximately 20, between \$50,000 and \$100,000; and for 8 co-ops, between \$100,000 and \$200,000.

In addition, cheese is manufactured cooperatively by a considerable number of creameries. According to reports received by the Farm Credit Administration, Wisconsin dairy co-ops manufactured in 1938 more than one-fifth of the State's entire production.

In three areas there are concentrations of co-op factories making American type cheese. These are: counties generally east and northeast of Lake Winnebago in the east central part of the State; Marathon County as well as Clark, Waupaca, Wood, and adjacent counties in a central region; and southwestern and southern counties. Sections of southwestern Wisconsin have been called "The Switzerland of America," because of the comparatively hilly terrain and because for many years the manufacture of Swiss cheese there has been an important industry.

*Local cheese factories in operation 50 years or more.*—A number of Jefferson County cooperative cheese factories organized more than 55 years ago in the vicinity of Watertown, are operating today. It is estimated that the Lebanon Cheese Co. may have been formed as early as 1877. A number were organized in the early 80's—including the County Line Cheese Factory, Tilden Cheese Factory, Main Street Cheese Factory, and North Road Cheese Factory Co.

*Cooperative Dairymen's Association.*—The cheese factory with the largest dollar value of sales in 1939 was the Cooperative Dairymen's Association of Plymouth. It has made a steady and substantial growth each year since its organization in 1931. From a business of \$10,000 in 1932, the association had developed at the close of

1939 an annual business of more than \$195,000. Sales of American cheese amounted to \$185,000 and of whey cream to \$10,000. The cheese receipts were for more than 1,400,000 pounds of cheese made in the association's factory. The co-op receives milk from 180 members and operates on a monthly pool plan. This enterprising cooperative is one of the locals affiliated with the Wisconsin Cheese Producers' Cooperative, through which sales are made.

*Sale of cheese manufactured cooperatively.*—It is the usual practice for Wisconsin cheese factories to sell their output directly to buyers on the basis

*The manufacture of cheese on a cooperative basis is an important outlet for the large milk production of Wisconsin farmers.*



of the quotations established by the cheese exchanges at Plymouth. Although the conversion of the farmers' milk into cheese is a cooperative marketing function, the bulk of the cheese is not sold cooperatively.

*Wisconsin Cheese Producers' Cooperative.*—On the other hand, one large group of cheese factories sells cheese cooperatively through a federated sales organization, the Wisconsin Cheese Producers' Cooperative at Plymouth. This association assembles, warehouses, and sells cheese for approximately 65 cheese factories, 26 of these operating under membership agreements. These member factories supply about 80 percent of the entire production of the federated association. In addition to cheese, the principal commodity, Wisconsin Cheese Producers' Cooperative handles cream for manufacturing and small amounts of other dairy products. The association owns a large warehouse and cheese factory at Plymouth, which is in the heart of the American cheese district, and it also handles cheese from cooperative warehouses at Marshfield, New Richmond, Spring Green, Neenah, Abbotsford, and Greenwood. Each of these warehouses is owned by a separate local organization. Sales of cheese amounted in 1939 to \$1,400,000, other dairy products \$40,000, and supplies \$35,000. The buildings and equipment owned by the association were valued at \$32,000 in 1939. Patronage dividends for that year's business were more than \$10,000 on cream and supplies, \$2,000 being paid in cash, and over \$8,000 in the form of revolving certificates of participation in earnings.

The cooperative was organized in 1913 as the Sheboygan County Cheese

Producers' Federation. Four years later it was reorganized as the Wisconsin Cheese Producers Federation. In 1920 a supply department was opened. In 1928 the association became the National Cheese Producers Federation. Before 1934, the cheese cooperative was merely an organization assembling cheese, which it sold to the other cheese dealers. In 1934, however, in order to reach the retail market outlets, an agreement was entered into whereby the bulk of its products would be sold by Land O'Lakes Creameries, Inc., of Minneapolis. The cooperative as now constituted was formed in 1935 as the successor to the earlier organizations.

### **Bargaining Co-ops Help Stabilize Markets**

Cooperative milk bargaining associations represent the producers located in the "milkshed" areas of a number of Wisconsin cities by making arrangements for sales and effecting agreements on the prices to be paid and the terms of sale for milk and cream sold to city distributors. Their major objective is to obtain as high prices for the producers as market conditions permit. Such cooperatives are helping to stabilize the fluid milk markets in Milwaukee, Madison, and Racine, and in a number of other Wisconsin cities—Waukesha, La Crosse, Stevens Point, Oshkosh, Sheboygan, Appleton, Eau Claire, Manitowoc, Watertown, and Chippewa Falls.

Under the State Milk Control Division, which has operated since 1933, prices are established through market orders for the principal population centers. Prices are fixed in collabora-





Location of Cooperative Cheese Factories in Wisconsin, 1936.

Dots show number of co-ops in a county but not exact location.

tion with local interests, however, the cooperatives representing their members. Wisconsin producers sell fluid milk to Chicago distributors also, many of these producers being members of the Pure Milk Association, which carries on bargaining activities in the Chicago territory.

### Associations Render a Variety of Services

It is customary for producers to authorize a distributor to deduct a few cents for each hundredweight of milk and to pay these deductions to the bargaining association for operating expenses. The distributor makes payments direct to the producers. Different bargaining associations, however, render a variety of services to their members. Some of them, for example, furnish laboratory testing services, operate plants for the manufacture of

surplus milk, control haulers' truck routes, or handle producer pay rolls.

*Milwaukee Cooperative Milk Producers.*—Largest of the Wisconsin bargaining associations is the Milwaukee Cooperative Milk Producers, representing 2,800 dairymen of the Milwaukee milkshed. Fluid milk valued at \$5,580,000 was sold in 1939 by producers to Milwaukee distributors through the association. Monthly conferences are held with distributors to discuss economic conditions affecting the market and prices to producers. Although the State Milk Control Division establishes minimum prices, the association may negotiate higher prices or may request the division to change the established prices. The association has made arrangements for the distributors to process milk that is in excess of fluid milk requirements.

The chief objective of the cooperative is to stabilize the market for milk producers and get for them a fair share of the consumer's dollar. In addition it performs many services. Extensive check tests and laboratory tests are made. Other services include individual herd tests when requested by members, advisory assistance by the fieldman at the farms of members to improve the quality of milk, appearance of a representative with any member before the health department when a difficulty arises, purchase and resale of dairy equipment at minimum prices, adjustments in prices when need arises, and the sponsoring of a check of dealers' books to insure the accuracy of their reports. When proposed legislation that would affect the interests of dairymen is pending, they are represented by the association before legislative bodies.



Milwaukee Cooperative Milk Producers was organized in 1916 under the name of the Milwaukee Milk and Cream Shippers Association, succeeding a voluntary organization of the same name. Membership in the cooperative is limited to producers, each subscribing for at least one \$10 share of capital stock. Although a member may buy stock aggregating \$1,000, the cooperative principle of one-man one-vote is followed. When a stockholder moves away or for any other reason ceases to use the services of the cooperative, his stock is redeemed. The expenses of the association are met by commissions on each 100 pounds of milk sold by members, the commissions being deducted by the distributors from the milk checks payable to the producers. In order to make available to the producers market reports and other information affecting their interests, the co-op publishes a monthly house organ, the Milwaukee Milk Producer.

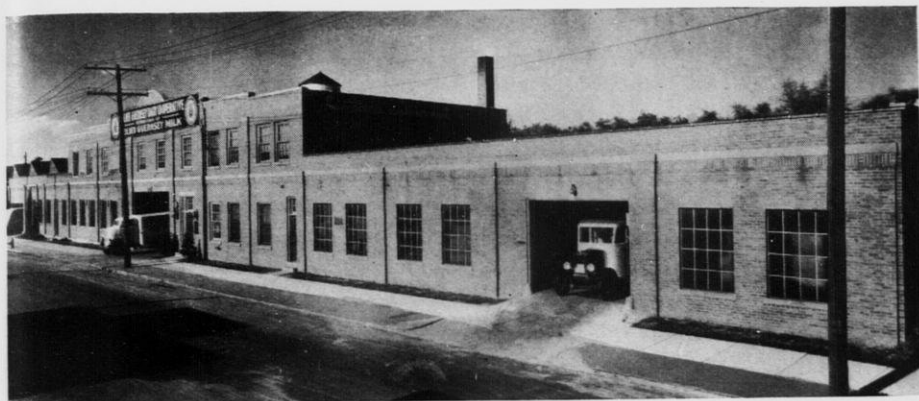
### **Madison Cooperative Guarantees Payment to Producers**

*Madison Milk Producers Cooperative Association.*—Another bargaining organization is the Madison Milk Producers Cooperative Association, organized in 1922. Its 450-odd patrons received more than \$865,000 for milk sold in 1939. The association assigns each producer to one dealer, and guarantees payment to the producers, who are paid by the dealers. There are some unusual problems to be met in the Madison fluid milk market, because in the fall the population is enlarged by an influx of 12,000 students.

To insure quality production, the farmers have made large investments in equipment such as modern cooling tanks and insulated trucks. They cooperate closely with the local health department. It is estimated that Madison has a higher per capita consumption of milk than any other city in the State, and the consumption rate is among the highest in the entire country.

Bargaining for the prices to be paid producers for their milk is the cooperative's chief job. In addition it operates, through a subsidiary, the Madison Milk Producers Cooperative Dairy, a large Swiss cheese factory, thus utilizing excess market milk. In the factory there is a retail counter where cheese and miscellaneous supplies are sold to producers through their haulers. The cooperative also employs a full-time salesman who operates a cheese jobbing route in Madison.

*Guernsey Milk Producers' Cooperative.*—At Waukesha about 20 miles west of Milwaukee is located the Guernsey Milk Producers' Cooperative, which is primarily a bargaining association that disposes of milk in the markets of Milwaukee, Chicago, and Waukesha. In addition it owns and operates 7 or 8 milk-hauling trucks and a receiving plant at Wales, where surplus milk is manufactured into butter. It purchases dairy supplies for members, and handles the producer pay roll. The association takes title to the milk of the 100-odd producer-members, paying them a pool price based on sales in Milwaukee, Chicago, and Waukesha. Milk and dairy supply sales aggregated over \$500,000 in the fiscal year ended October 31, 1939,



*A fleet of co-op trucks of the Golden Guernsey Dairy Cooperative delivers milk and cream over more than 100 retail routes to the doorsteps of thousands of Milwaukee residents.*

and receipts from trucking, plant charges, and other sources of income amounted to more than \$100,000.

Guernsey breeders of Waukesha County have maintained for many years high standards of quality in the milk produced. "Guernsey Grade A Milk" from the farms of a small group of these producers was being sold in Milwaukee as early as 1923 through a private dairy. Late in that year, however, the dairy proposed to eliminate the word "Guernsey" from the bottle cap. This was so unsatisfactory to the Guernsey breeders that they decided in 1924 to organize cooperatively in order to sell their milk as a Guernsey product. They made arrangements to ship the milk to private companies in Milwaukee and Chicago that would label the bottles "Golden Guernsey Milk." Four years later the Milwaukee distributor was bought by a chain store which was unwilling to handle the trade-marked milk. Faced with this problem, the producers decided that they would themselves go into the distributing business in the Milwaukee market. Thus the producers' co-op

became the parent organization of the Golden Guernsey Dairy Cooperative, which is today one of the two large cooperative distributors in Milwaukee.

### **Co-op Distributors Serve Thousands of Consumers**

Cooperative dairies are distributing milk to the doorsteps of thousands of consumers in various Wisconsin cities—including Milwaukee, Madison, Superior, Kenosha, Sheboygan, Appleton, Watertown, and Fort Atkinson.

*Golden Guernsey Dairy Cooperative.*—Largest is the Golden Guernsey Dairy Cooperative in Milwaukee, which made sales of milk and cream in 1939 aggregating more than \$1,350,000, and sales of other dairy products amounting to over \$290,000. From the dairy farms of approximately 300 patrons, the association's insulated trucks collect milk and deliver it to the co-op's plant. In addition to the large sales of fluid milk and cream, the association sells chocolate milk and skim milk, and disposes of a limited amount of surplus milk by the manufacture and

sale of butter, cottage cheese, powdered skim milk, and ice cream. More than 100 retail routes and 9 wholesale routes are operated, and other outlets have been developed by the maintenance of an ice cream parlor in the city, and the construction of three roadside "Milk Jugs," where milk drinks, ice cream, and other refreshments are served.

No surplus milk problem exists for the distributing cooperative since it takes the milk of the producers only as it needs it, leaving the balance in the pool of the Guernsey Milk Producers Cooperative. The up-to-date main plant has a valuation of \$260,000. Operation of a new ice-cream plant was begun in 1940. The Golden Guernsey Dairy Cooperative is financed on a capital-stock basis. It was organized in 1929, and in 1939 paid cash dividends aggregating over \$45,000.

### Customers Kept Informed of Marketing Situations

The association has developed unusual relations with employees and customers. A junior board of directors is elected by employees and one member attends all regular board meetings. Employees also have the opportunity to purchase preferred stock. The cooperative follows the practice of informing customers of marketing situations and problems and the reasons for the adoption of certain operating policies. All through the winter customers and their friends are invited on designated evenings to visit the dairy in order to observe all departments in operation, and to enjoy dairy pancake parties.

Products of excellent quality, low surplus, a rapid and steady growth, sufficient financing, stable and progressive management—these are some of the factors that have contributed to this co-op's success.

### Dairy Distributers Cooperative Retail in Milwaukee

*Dairy Distributers, Inc., Cooperative.*—Another organization that retails milk in Milwaukee is Dairy Distributers, Inc., Cooperative of Watertown, Wis., which in 1940 succeeded the Watertown Milk Cooperative Association.

The Watertown Association was organized in 1921 for the purpose of selling the milk of its members. When the plant at Watertown was completed on April 1, 1926, the cooperative began delivery of the members' milk to the Chicago market. The association withdrew from that market in 1931, and in the following year sponsored the organization of Dairy Distributers, Inc., in Milwaukee, in order to retail producers' milk there, and to establish a permanent direct market in that city for the cooperative members. Subsequently, milk of non-member patrons also was handled. Milk available for the Milwaukee market that is not needed there, is combined in the Watertown plant with milk from the other members of the parent organization, and manufactured into butter, milk powder, and other dairy products.

Activities of the Watertown association were expanded in 1938 when evaporating and canning operations were started. The two plants in Watertown and Milwaukee now have

a total value of about \$600,000. One manager serves both plants. Orange-ade and tomato juice, as well as dairy products, are sold on approximately 72 wholesale and retail routes. Three of the retail trucks are used to make sales to factory employees during the lunch hour. The employees' pay roll amounts to more than \$5,000 a week. The business of Dairy Distributers, Inc., Cooperative in the fiscal year ended April 30, 1940, amounted to \$1,138,000.

*Other distributing associations.*—Other milk distributing associations in Wisconsin include the Twin Ports Cooperative Dairy Association at Superior and the Kenosha Milk Producers Association.

The Twin Ports Cooperative receives milk from both Wisconsin and Minnesota farmers, and markets it in Superior and Duluth, distributing to retail stores and not directly to consumers. It has pioneered in bottling milk in paper containers. Substantial quantities of butter and milk powder are produced and marketed. Butter not sold locally is marketed through Land O'Lakes Creameries. Business activities for the fiscal year ended September 30, 1940, aggregated \$750,000.

The Kenosha Milk Producers Association carries on a variety of business activities for approximately 185 patrons. It bargains for the price to be paid the producers who deliver milk to private dealers in the Kenosha market, and also owns and operates two plants. The co-op not only makes more than 50 percent of the retail sales in Kenosha, but also sells at wholesale to other distributors in this market. About 60 of the patrons are "Chicago Grade A men," whose milk the association ships

to the Chicago market. The cooperative sold fluid milk in 1939 aggregating over \$375,000; butter, \$50,000; and cream for manufacturing \$2,000. It was organized in 1921.

There are several other types of dairy cooperatives in the State, including milk marketing associations, wholesale milk receiving stations, cream stations, and associations that specialize in the manufacture of a variety of dairy products.

## **Byproducts and Specialties Add to Dairy Income**

In addition to cooperative sales of fluid milk and cream, butter, and cheese, many other dairy products are handled cooperatively as byproducts, side lines, or specialties. Findings of the national survey of farmer cooperatives show that associations in Wisconsin or neighboring States in 1936 made sales of dried milk for Wisconsin co-op patrons aggregating \$4,825,000. There were also cooperative sales of casein amounting to \$802,000; fluid skim milk to \$157,000; buttermilk \$124,000; and whey \$8,000. In addition to these products, cream for manufacturing was sold in the amount of \$2,872,000, ice cream \$31,000, and other dairy products \$654,000. It is probable that a large portion of the manufacturing cream was whey cream from cheese making and that a large portion of the sales of other dairy products was accounted for by sales of evaporated milk.

Throughout the State many dairy cooperatives of various types manufacture a number of these products as a side line. Several co-ops also manufacture large volumes of some of these products as their major activity.

### *Consolidated Badger Cooperative.*—

The Consolidated Badger Cooperative at Shawano in northern Wisconsin is one of the large associations selling a variety of dairy products. Wholesale and retail sales of milk and cream aggregated \$650,000 in 1939, and other dairy products were marketed for over \$1,350,000. Millions of pounds of whole milk were manufactured during the year into such products as evaporated milk, butter, milk powder, cheese, and ice-cream mix. Many of these manufactured products, especially butter and evaporated milk, are sold through Land O'Lakes Creameries, Inc. Milk is not manufactured into butter when it can be used for a product that will yield a higher net return. The co-op has a large up-to-date plant at Shawano. It owns and operates branch plants at Eland, Tigerton, and Bonduel, in Shawano County, and another at Appleton in Outagamie County, which borders Shawano County on the south. The Appleton plant was taken over when a group of farmers there became members of the Badger co-op in 1938.

The association ships to the Chicago market a large volume of cream and some milk for those producers whose farms have been inspected for the sale of milk on the Chicago market. In Appleton and other areas in the Fox River Valley, the co-op sells at wholesale and retail fluid milk and cream, as well as other products such as cheese, butter, chocolate milk, and an orange drink.

All told, more than 1,400 farmers are patrons of this co-op. The association reports that the average price patrons received in 1939 for all milk was 19 cents per hundred pounds

higher than the average paid in the entire State. When the association was formed 9 years earlier, the average price received in Shawano County was 12 cents less than the State average. Organized on a capital-stock basis, the cooperative has paid a patronage stock dividend on a butterfat basis each year since 1933. At the end of 1939 these dividends totaled more than \$189,000, which was 44.6 percent of the amount invested in common stock.

Not long after the organization of the co-op in 1930, the management was faced with many serious problems due to low milk prices resulting from the economic depression. At that crucial time the decision was reached to keep the members informed at all times of problems and policies. As a result the co-op has been able to develop membership responsibility throughout the territory as well as strong membership support. Keeping the farmer-directors currently advised of the status of all departments of the business is another constructive activity of this farmers' organization. A semi-monthly operating statement is prepared for the directors, as well as monthly reports on such matters as the condition of the property, improvements needed, the condition of loans and mortgages, operating capital available, inventories, and the program of operation and sales for the following month.

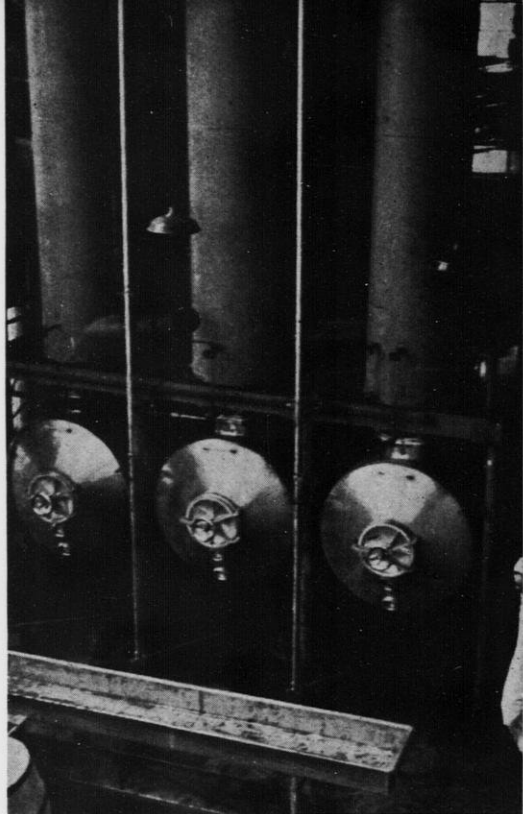
### **Revolving-Capital Plan Is Popular**

This cooperative has developed a revolving-capital plan of operation that is very popular with the farmers. Rather large sums of money are required as working capital during cer-



tain times of the year, because it is necessary for the association to store from \$150,000 to \$200,000 in evaporated milk stock in order to take care of the winter demand when production is light but sales are about equal to those in June. When patronage dividends are declared, they are issued to the farmers in the form of certificates that bear no interest. Each producer applies the first \$50 in dividends on common stock. He may convert certificates subsequently issued into either additional common stock or preferred stock. The cooperative has never failed to pay interest on the preferred stock, and banks throughout the territory will lend farmers 75 percent of its value. Each year the association retires an amount of the oldest preferred stock outstanding; \$25,000 of the 1939 earnings was used for this purpose. Farmers may, however, hold their preferred stock as an investment, if they wish to do so. After a producer has ceased to ship for a year, the association retires his common stock at par. By means of this method of financing, the control of the cooperative is always in the hands of active producers and shippers.

*Antigo Milk Products Cooperative.*—Another association to process milk and sell the commodities was organized by farmers in the northern section of the State in 1930—the Antigo Milk Products Cooperative in Langlade County. At the plant of this organization, the butterfat of more than 700 patrons is manufactured into a diversity of dairy products, which are sold through Land O'Lakes Creameries, Inc. Products sold in 1939 for more than \$750,000 included sales of cream for manufacturing amounting



*A close-up view of the condensed milk machinery installed by the Consolidated Badger Cooperative in its main plant at Shawano, Wis.*

to more than \$340,000; butter \$235,000; and milk powder \$170,000. An average of the prices obtained for the manufactured products and milk is paid to patrons, based on the butterfat quality delivered by them. In 1934 the Antigo Milk Products Cooperative made about 4,000 gallons of maple sirup, and shipped to Minneapolis the first entire carload of sirup ever assembled in the State. In the vacuum pan that was used during the day for evaporating milk, the maple sap was condensed at night. This service was rendered for another co-op, the Antigo Cooperative Maple Syrup Producers Association.



*Pure Milk Products Cooperative.*— The Pure Milk Products Cooperative was organized in 1929 and until the fall of 1940 maintained an office in Madison. It fills a unique position in that it is a cooperative bargaining group representing producers who sell to condenseries, and also more than 2,000 members whose milk is sold in the Chicago market. In addition to bargaining and marketing functions, the organization maintains field service which includes checking of weights and butterfat tests, and a quality control program which assists members in meeting sanitary and health standards required by the market receiving their product. At the close of 1939, the association reported that it was representing 4,000 producers.

In order to extend its activities, the Pure Milk Products Cooperative adopted a program in August 1940 for coordination of work with the Central

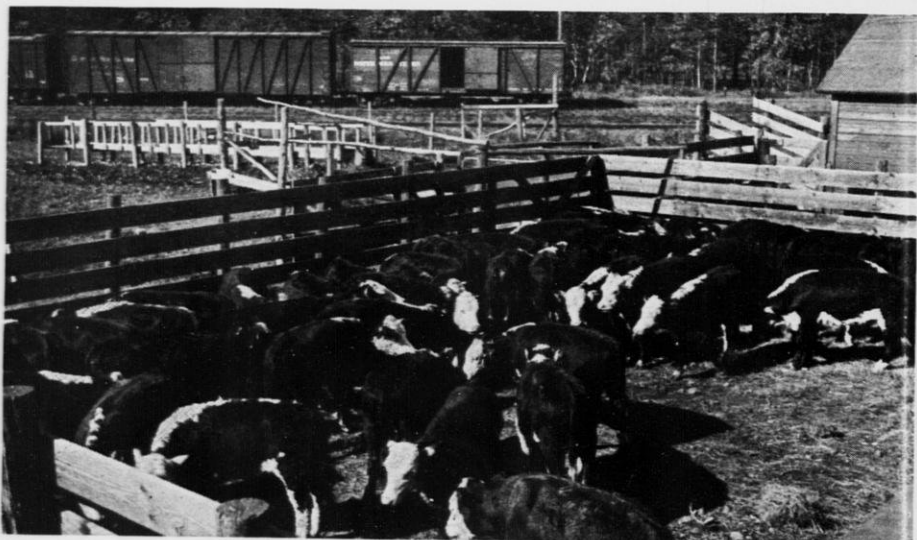
*Equity Cooperative Livestock Sales Association, Inc., ships feeding steers from the western ranges. These steers were shipped direct to Appleton, Wis., in order to get the steers as cheaply as possible to farmers who wanted quality livestock to feed. This is one of many services Equity is rendering.*

Grade "A" Cooperative, an organization formed late in 1939 by a group of Wisconsin dairy cooperatives which ship milk to the Chicago market. Although each association will retain its separate corporate identity, the recent agreement provided that they employ a joint manager and establish a consolidated office at Fond du Lac. Thus the scope of cooperative action has been unified and extended by these two dairy cooperatives.

An important function of both of these cooperatives recently has been to represent the interests of their members in connection with the Federal milk marketing program in Chicago.

### **Livestock Continues on Co-op Route**

Local cooperative livestock shipping associations market many of Wisconsin's hogs, cattle, calves, and sheep. A large proportion of the sales is



handled by the Equity Cooperative Livestock Sales Association, Inc., on the Milwaukee terminal market. It is estimated that in 1939 there were 190-odd cooperative shipping associations or local groups located in Wisconsin, about 175 of which shipped to Equity. The cooperative shipping and trucking associations assemble the animals at country points in most counties of the State and ship them by rail or truck. The local associations use a number of sales outlets: cooperative sales agencies operating on the terminal markets at Milwaukee, South St. Paul, and Chicago; private commission firms on terminal markets; and packers located in Wisconsin or other States, to whom direct sales are made.

In addition to handling livestock, some of the local associations sell for their patrons other commodities such as poultry, potatoes, and cabbage. Others furnish a supply service. The commodities handled include feeds, salt, fertilizer, seeds, grain, corn, coal, binder twine, sugar, coffee, flour, hardware, tile, cement, fence posts, roofing, and oyster shells.

*Equity Cooperative Livestock Sales Association, Inc.*—The Equity Cooperative Livestock Sales Association, Inc., operating on the Milwaukee terminal market has made an outstanding success. In 1939 it broke all former records by the sale of 7,912 carloads of livestock for over 8½ million dollars. This was the seventh successive year of substantial increase in the volume of business handled. Net earnings aggregated nearly \$27,000 in 1939, over \$17,000 being distributed as dividends to affiliated local associations for their farmer-members. Since the overhead sales agency was organized in 1922, ap-

proximately \$235,000 has been returned as patronage dividends.

Equity received livestock in 1939 from about 175 Wisconsin locals and also 10 associations located in Michigan, Iowa, and Minnesota. These cooperatives provide more than 85 percent of the Equity business, individual farmers supplying the balance. It is estimated that approximately 40 percent of the local co-ops affiliated with Equity continue to ship livestock by rail; 60 percent, however, have changed to the newer method of transportation by truck.

### **Many Local Co-ops Strengthened by Equity**

Equity has done a splendid job in rebuilding many of the old associations on the new transportation basis, and has even organized new ones as truck cooperatives. This outstanding work at country points has enabled the overhead sales organization at Milwaukee not only to hold its own as a federated terminal market sales agency, but to expand the volume of its business. Although there has been some degree of decentralization in Wisconsin, the extent of this has been much less than in nearby States. Because of the aggressive promotional and educational work of the Equity management and personnel, the association has been able not only to maintain, but actually to increase, its volume of business on the terminal market.

All of the voting stock of Equity is held by the local cooperatives. The 40,000 farmer-members through these locals elect the directors who formulate the policies of the central association.

In addition to operations on the Milwaukee market, Equity has maintained a branch at Green Bay since 1936. Here sales services, as well as up-to-the-minute market information, are available to livestock producers in the area. In September 1939, the Equity took over the operation of a local cooperative concentration yard at Lancaster, Wis.

To enable members to obtain the best possible prices for their livestock and take advantage of changes in the market, Equity broadcasts its livestock market over four radio stations located in Stevens Point, Janesville, Madison, and Green Bay.

### Equity Uses Many Educational Aids

The terminal sales organization helps local cooperatives keep their members informed. It issues a monthly publication, Equity Co-operative Livestock News; supplies speakers for annual meetings; furnishes motion pictures in color, showing the cooperative handling of livestock from farmer to market; and prepares and distributes extensive educational material such as press releases, pamphlets, and circular letters regarding Equity operations. Interested groups are taken on tours through the stockyards so that they may see the terminal market cooperative in action. From time to time educational radio talks on cooperative marketing are given. The legal services of the attorney employed by Equity are available to the locals. He assists in obtaining trucking permits, in collecting claims, and in any other legal problems of the local associations. The Milwaukee office

renders active assistance to both established associations and to livestock producers who are planning to form new organizations.

Field men employed by Equity render a variety of services to the locals. They do organizational work, handle complaints, help to improve member-



*Dividend checks paid out for the year 1937 by Equity Cooperative Livestock Sales Association, Inc., at Milwaukee to its member organizations. The payments represent savings in marketing costs for the farmer members.*

ship relations, write and distribute circular letters for the membership, prepare news items for local newspapers, and speak at meetings.

In its 1939 annual report, the association includes the following record of notable achievements:

1. Equity sold the largest number of livestock at Milwaukee—a total of over 425,000 head—a volume more than 9,000 higher than in 1938. This increase was shown in spite of lower total receipts on the Milwaukee market.
2. Equity had the highest percentage of business (both truck and rail) on the Milwaukee market, a total of 36.2 percent of all livestock arriving on the Milwaukee market—the highest percentage of total business of any sales agency operating on a terminal market in the United States.

## Shipping Co-ops Organized

In the early years of the twentieth century Wisconsin livestock producers were dependent upon local buyers who, traveling from farm to farm, furnished them with a market for their livestock. As the prices received by the farmers were usually unsatisfactory, the Wisconsin Society of Equity took an active part in helping the producers organize cooperative livestock shipping associations.

*Durand Cooperative Livestock Shipping Association.*—The Durand Cooperative Livestock Shipping Association at Arkansaw in Pepin County, is the oldest livestock shipping association in Wisconsin, having started to handle livestock for its members in 1905.

This association endeavors to provide a frequent, regular, and reliable outlet to market at the lowest possible cost, and to give active support to the cooperative selling agency at the terminal market.

With the advent of the use of the motortruck to transport livestock, this association, like many in northwest Wisconsin, introduced a truck pick-up service to the local rail loading station, later changing to a complete motortruck service direct from farm to market. Sales of livestock by the association in 1939 aggregated \$63,500. Almost all were made through the Central Cooperative Association at South St. Paul, of which the Durand association is a shareholder.

The co-op carries its own sinking fund to provide for insurance against crippling, injury, or death of livestock in transit.

*Equity Cooperative Livestock Ship-*

*ping Association.*—A group of farmers in 1909 organized at Marshfield in Wood County the Equity Cooperative Livestock Shipping Association. It was the first co-op of this type to be formed in central Wisconsin. Shipments are made from Marshfield to the Equity terminal market agency at Milwaukee. Livestock sales in 1939 for 300 patrons aggregated \$70,000.

*Sauk Livestock Association, Cooperative, and Farmers Stock Co.*—The local shipping associations in the State with the largest volumes of business are the Sauk Livestock Association, Cooperative, at Sauk City, and the Farmers Stock Co. at New Glarus in Green County. Both are located in south-central Wisconsin.

Organized on a membership contract basis in 1926, the Sauk co-op in 1940 had 350 members, and sales of livestock for the fiscal year ended January 31, 1940, amounted to more than \$570,000. Shipments are made both from Sauk City and Spring Green.

The Farmers Stock Co. was organized in 1913 as a capital stock cooperative. In 1939 it sold the hogs, calves, cattle, and sheep of 600 patrons for over \$540,000.

## Breeders Sell Cooperatively

Some breeders' clubs and associations have been formed to sell surplus cattle cooperatively.

*Barron County Dairy Breeders Cooperative Sales Association.*—Five breeders' associations in Barron County organized the Barron County Dairy Breeders Cooperative Sales Association in 1937 for the purpose of inaugurating a consolidated and cooperative service

to sell the cattle of the members of the five separate groups. Buyers are escorted throughout the county to locate dairy cows of the various breeds desired—Holstein, Guernsey, Jersey, and brown Swiss—and also horses. A sales office is maintained at Barron. Each breeder making a sale through the association pays an annual \$1 membership fee, which is paid to his respective breed club. To meet the office and drivers' expenses, 5 percent is deducted from the sales price of each animal. Balances are prorated to the respective breed clubs in accordance with the sales of each breed, unless a deduction is required to maintain the reserve fund at \$1,000. During the first 2 years of operation ended November 1, 1939, the cooperative sales association handled 5,800 head of cattle which sold for nearly a half million dollars. More than \$1,500 was prorated to the five breeders' associations in sales and membership fees.

### Co-ops Market Wide Variety of Fruits and Vegetables

About a dozen Wisconsin associations market cooperatively a variety of graded fruits and vegetables. The co-ops are located in many sections of the State—for example, in northeast Door County, Bayfield County in the extreme northwest, in central Wood County, southwest Iowa County, and in Racine County in the southeast district. Cranberries, cherries, strawberries, and apples, potatoes, peas, cabbage, and corn raised by the farmer-patrons are sent to market cooperatively by the associations. Growers may also buy supplies through the cooperatives. Containers, ferti-

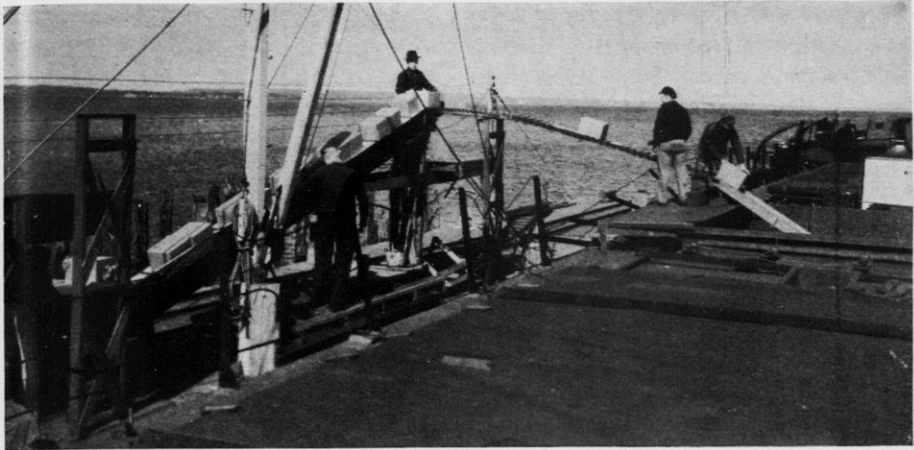
lizer, seeds, spray material and insecticides, coal, feed and salt, farm implements and machinery are among the many items bought and resold. The dollar value of both the marketing and supply business of the associations in the marketing season 1938-39 was over \$2,000,000.

Sales of cranberries led the parade of Wisconsin fruits and vegetables marketed cooperatively in the 1936-37 season, the 1937 national survey shows. Their total was \$700,000, followed by potatoes \$200,000, cherries \$190,000, peas \$44,000, strawberries \$43,000, and apples \$6,000. These sales were made by grower co-ops located in Wisconsin, with the exception of about a fourth of the receipts on cherries which were realized by Wisconsin farmers through cooperative sales outside the State.

"Eatmor Cranberries" is a cooperative brand that has obtained national recognition. The fruit produced by the 90 members of the Wisconsin Cranberry Sales Co. is marketed under this brand. The co-op is located at Wisconsin Rapids, in the heart of an area where extensive cranberry bogs have been developed by means of irrigation. The business of members only is handled and although no contracts are required, every member markets his crop exclusively through the co-op. Cranberries marketed in the fiscal year ended June 1, 1940, were valued at more than \$900,000. Supplies bought and resold to growers included boxes, insecticides, fertilizer, and marsh equipment, and amounted to more than \$65,000.

The cooperative charges a 2-percent commission on all gross sales, the proceeds from commissions being used





*Cherries canned cooperatively are shipped to market on a Great Lakes barge.*

to pay expenses and to accumulate a revolving fund, which is operated on a 5-year basis. The fund is used for the purchase of growers' supplies. If, when any supplies are delivered they are not paid for by a member, the amount due is deducted from the gross returns on his cranberries when they are sold. The association estimates that the use of the revolving-fund plan has been an asset of immeasurable value to the members, and an important factor in building strong membership support.

More than 30 years ago, in 1906, producers in the area evolved a cooperative merchandising plan and organized the cooperative which subsequently became the present Wisconsin Cranberry Sales Co. A year later when the New England Cranberry Sales Co. and the New Jersey Cranberry Sales Co. combined with the Wisconsin producers, the three co-ops formed the American Cranberry Exchange. From its main office in New York City and a branch in Chicago, the Exchange undertakes each year to formulate a price structure that will

result in the marketing of the entire crop of the members of the State associations. The Exchange operations have met with marked success.

### **Door County Peninsular Noted for Cherries**

On hillsides and through level orchards of the Door County Peninsula, each spring about May 20, pure white blossoms beautify rows upon rows of cherry trees which extend as far as the eye can reach. In the Sturgeon Bay area a majority of the orchardists are members of the Fruit Growers Cooperative, which is processing and marketing the fruit of more than 600 patrons. It was organized in 1933. The bulk of the cherries is processed, being canned, manufactured into maraschino cherries, or cold packed. Factories are operated at Sturgeon Bay, Egg Harbor, and Sister Bay, and a station at Gibraltar. The growers consider that the red sour cherries of the county have an unexcelled flavor and color. The processed fruit is marketed under the

Sturgeon Bay Brand. Of the cherries produced, a relatively small percent is sold as fresh fruit. Strawberries and apples also are marketed. Growers may purchase through the co-op supplies such as nursery stock, fertilizer, insecticides, ladders, and containers. The co-op sold products amounting to almost \$520,000 in the fiscal year ended June 30, 1939, and supplies aggregating over \$40,000.

In Door County the number of local cherry pickers is augmented every summer by four or five thousand who flock there from other places. A number of orchards are so large that each employs from 500 to 1,000 pickers, who live in standardized camps, paying a stipulated sum for lodging and board. In addition to maintaining a camp, an orchardist may provide extra services such as medical care, a full program of sports, entertainment, and free transportation to town, to church, or to bathing beaches.

### Northern Wisconsin Cooperative Tobacco Pool Carries On

The Wisconsin River is a dividing line between two tobacco-producing districts. North and west of the river the so-called northern Wisconsin tobacco is grown; and to the south and east of it, southern Wisconsin tobacco. The tobacco produced in Wisconsin is classified as cigar binder in the trade. The two types produced in the State are referred to as types 54 and 55. Type 54 is produced in the southern part of the State. While the two types are similar in general appearance, northern Wisconsin tobacco produces thinner and finer binders. Leading in the production of the northern



*In its large warehouse at Viroqua, Vernon County, Wis., the Northern Wisconsin Cooperative Tobacco Pool sorts and grades its leaf tobacco in preparation for merchandising.*

tobacco are Vernon, Crawford, and Trempealeau Counties; the bulk of the southern crop is raised in Dane, Rock, and Columbia Counties. Tobacco raised by growers in the northern section is sold cooperatively by an association in Vernon County; there is no cooperative in the State now handling the southern type.

In 1922 when prices were low after the World War, Wisconsin tobacco growers of both the northern and southern districts organized the Northern Wisconsin Cooperative Tobacco Pool, a State-wide cooperative to warehouse and sell their tobacco. During the period from 1923 through 1936, sales handled by the pool varied from a maximum of more than \$3,000,000 to a low of approximately \$120,000. In most of these years the membership was six or seven thousand. By 1936, however, because of serious marketing difficulties that had developed during the economic depression and large tobacco stocks in storage, many growers, particularly in the southern district, had become dissatisfied. At the annual meeting held that year members

voted to discontinue State-wide operations, and the growers in the southern district were released from delivering their crop to the association. The group of northern growers viewed the situation more hopefully and decided to continue operation of the association after making certain changes in operating methods. They wished the option of marketing their own tobacco, and to have the co-op make settlement on an individual basis for sales that it made. Provision was made for this method of operation, and pooling was practically discontinued. The more than 700 farmers now patronizing the association consider that the new operating method has been very successful.

The association marketed over 3,000,000 pounds of the 1939 crop, sales aggregating more than \$485,000. The manager sells when he considers that he has a fair price. The marketing charge must not be more than 1 cent a pound, and may be less. For 1939 stemming grades the charge of  $\frac{1}{2}$  cent a pound was fixed by the board of directors. In marketing stemming tobacco, the manager disburses funds after all tobacco of like type and grades has been sold, retaining a charge for operating expenses. In sorting tobacco sales, however, each lot is an individual sale. For example, if one member has 75 bundles of sorting tobacco which sells for 18 cents a pound, the farmer is immediately paid 17 cents a pound and does not have to wait until all 18-cent tobacco is sold.

A 5-year continuous contract is in effect. This contract runs for a period of 5 years from June 1, 1937, but unless either party notifies the other in writing on or before January 1 of the last

year of the term of the contract, it is operative for an additional 5-year period. Nevertheless, during the month of June each year the grower may give notice in writing to the association that he desires to market his crop himself and thereupon he is entitled to make the sale of his tobacco produced that year. Incidentally, if the grower exercises this privilege, he agrees to pay the association 1 cent per pound on tobacco sold by him. The co-op maintains a headquarters office at Madison, and a branch at Viroqua in Vernon County, where its warehouse is located.

### Wool Co-op Conducts State-Wide Business

*Wisconsin Cooperative Wool Growers Association.*—Operating on a State-wide basis, the Wisconsin Cooperative Wool Growers Association is marketing the wool and mohair of the more than 2,900 members who own and control it. It has members in each of the State's 71 counties. The association maintains an office at Portage, in Columbia County, operates some 60-odd wool-receiving agencies at country points throughout the State, and assembles wool in its warehouse in Milwaukee.

Growers may send their wool to Milwaukee by several methods of transportation. They may haul their wool there, or haul it to one of the receiving agencies from which it is picked up by truck, or they may ship it directly by a commercial trucker or by railroad. If a grower resides in any one of about 20 counties in southeast, east, and central districts, he may have his wool picked up at the farm by truck. Bags and twine for packing the wool may be

obtained from the association or any of the agencies.

When a co-op member delivers wool in the spring a flat advance is immediately paid by the association. After the wool is graded, an additional advance is paid. In order to make these advances, the cooperative obtains financing from the National Wool Marketing Corporation of Boston, through which practically all of the wool is sold.

The co-op has reported that in 1939 the flat advance paid on delivery was two-fifths of the full net returns that growers received by December 1. The average payments were made as follows:

	<i>Cents per pound</i>
Flat advance payments (upon delivery) . . . . .	15.0
Additional advance payments (after grading) . . . . .	4.2
Full advance payments made to members in the spring . . . . .	
	19.2
Final settlements made to members in November . . . . .	17.3
Full net returns on 1939 wool (farm flock wools) . . . . .	
	36.5

In receiving an average net return of 36½ cents a pound on their wool, co-op members realized 14½ cents more per pound than the 22-cent average Wisconsin farm price of wool in 1939, as reported by the Wisconsin Crop Reporting Service. Although this profit for co-op members was unusually high the association during 8 of the 10 years since it was organized in 1930, has obtained for its members a higher net return on their wool than the growers who sold outside the cooperative.

Shearing usually begins in April. If, however, a grower sells his wool during the shearing period to a buyer, he usually sells at a price considerably

lower than the net price he might realize in the fall if he sells through the Wisconsin wool cooperative. The State association is a member of a national overhead sales organization, the National Wool Marketing Corporation, which operates on the Boston market. Experts of the national corporation market the growers' wool, selling the total consignment in an orderly manner to the mills as they need wool for manufacturing purposes. In 1939 there was sold for members of the Wisconsin Cooperative Wool Growers Association approximately 500,000 pounds of wool and pelts for \$200,000.

For 5 years a monthly house organ, *Wool News*, has been published by the association in order to give its members information concerning their organization, and matters concerning flock management and wool production.

Any Wisconsin sheep owner may join the association without paying a membership fee, annual dues, or buying stock. The cooperative reports it has prorated operating expenses to the growers each year upon a per pound basis, and has built up a substantial operating capital of \$14,000. It also has \$10,000 invested in the operating capital and reserves of the National Wool Marketing Corporation.

Reports from the association indicate that 1940 receipts have reached their all-time high—in August over 100,000 more pounds had been received than the largest tonnage of a previous year.

### Eggs and Poultry

In addition to the one Wisconsin cooperative that markets eggs and poultry as its major business, a number handle these commodities as a side line

for the benefit of patrons. According to the findings of a survey made in 1939, eggs sold cooperatively by Wisconsin associations in the previous year brought \$250,000, and poultry \$50,000. These sales were made by 16 associations, only one of which, the St. Croix Cooperative Poultry and Egg Association, was handling these products as its chief activity. The other 15 associations included a number of purchasing cooperatives, creameries, and elevators, and one livestock shipping association.

*Equity Cooperative Elevator Co.*—One of these elevators, the Equity Cooperative Elevator Co. at River Falls in Pierce County, handles substantial amounts of eggs and poultry. This business has been developed as an accommodation to patrons. The co-op members consider that the activity brings grain business to the elevator, and that the grain dealings increase the volume of eggs and poultry brought for handling. Sales of eggs and poultry for patrons in 1939 amounted to over \$100,000. Eggs are paid for in cash.

Some of the farmers bring their eggs and poultry 20 miles to the cooperative. After grading, candling, and repacking in new cases, the eggs are hauled by a co-op truck to a dealer in Chicago. No attempt is made to pay patronage dividends, as the patrons are paid the full price for eggs and poultry minus actual operating costs of the co-op's egg and poultry department.

*St. Croix Cooperative Poultry and Egg Association.*—More than 25 years in operation is the record of the St. Croix Cooperative Poultry and Egg Association at Baldwin in central St. Croix County. This co-op was organized in 1915 as the Farmers Poultry Shipping Association, and reorganized in 1926. Sales of more than 340,000 dozen eggs and over 80,000 pounds of poultry made in 1939 for about 100 patrons aggregated \$75,000. The association serves farms located outside Baldwin—at Elmwood, Woodville, Spring Valley, Emerald, Wilson, Hammond, Roberts, and Glenwood City. Eggs are marketed in Chicago and New York.

*Every bag of wool sent to the Wisconsin Cooperative Wool Growers Association is carefully graded and sold on grade.*





## Pelts Marketed on Nation-Wide Basis

*American National Fox & Fur Breeders Association.*—Several marketing associations sell cooperatively other types of commodities. The American National Fox & Fur Breeders Association, which has been operating for 17 years, markets pelts on a Nation-wide basis. It maintains its own nonprofit cooperative marketing system in which the pelts of its shippers are graded, pooled, and sold at the association's own auctions in New York City. Membership extends from coast to coast and into Alaska. It maintains its headquarters in Wausau, Wis., which is the geographical center of the fur farming industry of the United States in that more than 70 percent of the fur raised on farms is produced in Wisconsin, Michigan, and Minnesota. In addition to the main warehouse and receiving station at Wausau, a number of receiving stations are operated in different parts of the United States

during the receiving season—at Albany, N. Y.; Lima, Ohio; Grand Rapids, Mich.; Des Moines, Iowa; Pocatello, Idaho; Gardena, Calif.; and Salt Lake City, Utah. All types of pelts are handled, including silver fox, mink, and many other types of furs.

Sales of pelts for \$2,640,000 were made for about 1,700 patrons in the marketing season ended May 30, 1940. Patrons are paid the actual selling price less a handling commission of 5 percent and costs of marketing.

It is a major objective of the American National marketing system to properly grade and bundle the pelts in order to bring the highest possible price. Each fur is appraised separately. Most of the furs are then bundled for sale with other furs of like grade. A special specimen fur, however, may be sold separately. The marketing system operates on both the pool and consignment bases.

If there are any hold-over pelts from one season to another, the association buys the pelts at the market price, less

*Grading silver fox pelts in the main receiving station of the American National Fox & Fur Breeders Association at Wausau, Wis.*



a small percentage to cover any drop in the market. When the pelts are sold, if they bring more than the price at which they were taken over, a dividend is declared to the shippers.

The association makes loans on live animals. It carries two types of insurance—blanket insurance on pelts from the time they are shipped by the shipper until the time they are actually sold at auction, and also insurance on live animals.

A staff of eight field men is maintained by the cooperative. The association publishes its own monthly magazine. It inspects and registers eligible foxes and mink, both for members and nonmembers, and maintains the official herd books for the industry. It has been instrumental in establishing the fur farming research department at the University of Wisconsin; it has interested itself in the passage of legislation pertaining to domestic animals, and in the quota of silver fox skins permitted to enter this country.

Twenty-six State and sectional associations are now affiliated with the American National.

### **Other Commodities Marketed Cooperatively**

Of the associations marketing other types of commodities, one handles maple syrup; several market forest products; and one assembles, grades, stores, and markets clover and alfalfa seed.

Community needs in several localities have caused several cooperatives to develop sales outlets for a wide variety of products. For example, the association with the largest volume of business in this group sells for its

farmer-patrons grain, poultry, eggs, potatoes, and wool. It also carries on a supply business in feed, fertilizer, seed, cement, brick, tile, petroleum products, twine, and implements.

### **Rapid Gains Made in Cooperative Purchasing**

Cooperative purchasing by Wisconsin farmers has increased substantially during the past two decades. In the last decade—from 1930 to 1940—the number of purchasing associations in the State almost doubled, the membership doubled, and the dollar value of supply and marketing operations by these co-ops increased 45 percent. In 1939 the 200-odd purchasing associations in the State transacted a 20-million-dollar business.

In addition to the associations that were organized primarily for the purpose of furnishing farm supplies cooperatively, there are in Wisconsin about 25 grain associations, the majority of which now do a larger dollar value of business in handling farm supplies than in selling grain. With the growth in the demand for feed for livestock, many of these cooperatives which began as receivers and shippers of grain have found it more profitable to deal in feed, flour, coal, seeds, salt, twine, fertilizer, and a variety of other supplies needed for farm operation. Although the farm-supply business has become a major activity, there are also many types of farm products that are marketed for the farmers, such as grain, seeds, potatoes, livestock, and hay. Transactions in 1939 amounted to almost 3 million dollars.

A recent technical report on Farmers' Purchasing Associations in Wis-

consin was prepared by Froker and Knapp (Farm Credit Administration Bulletin No. 20, 1937). In that study the purchasing associations were classified in the following four major groups: "(1) Petroleum associations, which handle primarily petroleum products such as gasoline, kerosene, distillate, lubricating oil, and grease; (2) warehouse associations, which operate warehouses for the sale of feed, seed, and other general farm supplies, and which frequently grind and mix feed and conduct an ordinary grain-elevator business; (3) general store associations, which handle staple household supplies and limited lines of such items as feed, seed, and twine; and (4) combination associations which combine the handling of petroleum products with a warehouse farm supply business."

The Farm Credit Administration has records for approximately 215 local purchasing associations in Wisconsin, many of which have been in operation for many years, and, in addition the 20-odd local associations which began operation as grain co-ops.

*Sparta Cooperative Oil Co.*—More than 100 of the local purchasing co-operatives are petroleum associations. The Sparta Cooperative Oil Co. in Monroe County is one of these, selling petroleum products only. Since it was organized in 1931, this co-op has operated independently without affiliation with a wholesale cooperative. Sales in 1939 to almost 1,400 patrons amounted to over \$210,000.

With the increase in hard-surfaced roads, and the growing use of the motortruck in transporting farm products, there has been a correspondingly rapid expansion in the farmers' need for petroleum products. Of all supplies sold cooperatively in Wisconsin, petroleum products lead the field.

*Random Lake Cooperative Association.*—One of the associations operating a feed warehouse is the Random Lake Cooperative Association in Sheboygan County. It sells to 1,000 member and nonmember patrons flour, feed, coal, cement, lime, tile, petroleum products, and other supplies.

The co-op also sells patrons' products, marketing chiefly barley, wool,

*One of the Farmers Union oil cooperatives is located at Bruce, Wis., in Rusk County.*





*This is a view of the new service station of the Cloverbelt Cooperative Oil Association, Wausau, Wis., which runs a line of tank trucks throughout the surrounding country as well as a service station at one of the busy corners in Wausau. Manager Louie E. Doede declares that a "truck driver must be a salesman, collector, and diplomat" to render the best service to his association. The association has over 600 stockholding members besides 1,700 patrons whose dividends are gradually making stockholders of them by being applied on purchases of shares.*

and hides. Supply and market transactions for the fiscal year ended April 30, 1940, amounted to over \$290,000.

**Patrons Mercantile Co.**—Oldest of the locals is the Patrons Mercantile Co., organized in 1893—48 years ago. It operates a general retail store at Black Earth in Dane County. A wide variety of articles is handled, including groceries, feed, hardware, dry goods, seed, farm machinery and equipment, flour and sugar, coal, building materials, harness and other leather goods, petroleum products, salt and binder twine, and fertilizer. The co-op has more than 500 patrons. In addition to furnishing supplies to them it also markets as an accommodation some of their products such as wool, poultry, eggs, and hides. Sales of farm products in 1939 amounted to \$5,000, and supplies sold at retail to almost \$165,000. Between the spring of 1894, when it began operations, and the close of 1939, this local co-op did business totaling more than \$6,000,000, and paid dividends—both

stock and patronage—of over \$200,000.

**Greenville Cooperative Gas Co.**—In addition to gasoline, kerosene, and other petroleum products, the Greenville Cooperative Gas Co. in Outagamie County sells coal, machinery, equipment and tires, hardware, fertilizer, and many other supplies. Sales made in the fiscal year ended August 31, 1939, aggregated more than \$205,000. Since organization in 1931, the co-op has developed a membership of 1,600. This is one of the local cooperatives which makes purchases at wholesale through the Fox River Valley Cooperative Wholesale at Appleton.

### **Many Local Associations Affiliated with Wholesales**

Many of the Wisconsin local cooperative purchasing associations are affiliated with wholesale supply cooperatives. The three largest of these are the Central Cooperative Wholesale at Superior, the Midland Cooperative Wholesale at Minneapolis, and the Farmers Union Central Exchange at

South St. Paul. These wholesales sell supplies amounting to millions of dollars annually. Petroleum products, automotive equipment and supplies, coal, paint, twine, and equipment for bulk and service station sales are some of the major supply items purchased from the Midland and Central Exchange. In subsequent paragraphs there is discussion of the services of the Central Wholesale, and also of the Wisconsin Cooperative Farm Supply Co. located in Madison, and the Fox River Valley Cooperative Wholesale at Appleton. By participating in the large-scale operations of the wholesales, the locals are able to increase their earnings.

A considerable number of dairy plants in Wisconsin purchase creamery machinery and supplies from the Land O'Lakes Creameries in Minneapolis in order to take advantage of its extensive supply services. In addition the locals may obtain assistance from Land O'Lakes in planning machinery installations, and in making and servicing such installations. Land O'Lakes also operates a feed department which is patronized by a large number of individuals and locals in Wisconsin.

### Central Sells to 200 Associations

*Central Cooperative Wholesale.*—Of the wholesale supply cooperatives with headquarters in Wisconsin, the Central Cooperative Wholesale in Superior is the largest, transacting a 3½ million dollar a year business. It is a general wholesale organization, handling consumer merchandise and farm supplies. It sells to about 200 associations, mostly retail cooperative stores, approximately



*In the bakery of the Central Cooperative Wholesale at Superior, Wis., dough is flattened and stretched by machinery and then put into the pans for baking as co-op made toast.*

130 of them being share-owning members. These locals have over 40,000 individual members and in addition about a third as many nonmember patrons. They serve a wide area in northern Wisconsin, the Michigan Upper Peninsula, northern Minnesota, and an eastern section of North Dakota. Although some of the locals are in cities, a large majority are in farming communities.

Since organization in 1917, the Central has greatly increased the types of services that it renders. At Superior, it operates not only the main warehouse, but also a large bakery, a coffee roasting plant, and a feed mill. In Minnesota at Virginia, it has a branch warehouse and feed terminal. Limited wholesale stocks are maintained at Hancock in Wisconsin, at Ironwood and Trenary in Michigan, and at Wadena in Minnesota. Dis-



strict shipments also are made from those points. Plants, equipment, and land of the Central have a total valuation of almost \$190,000.

The Central Cooperative Wholesale sells many types of farm, marketing, and general-store supplies. It handles a complete line of groceries, coffee, and bakery products from its own plants; general household supplies; work clothing; a limited line of women's and children's clothing and notions; rubber footwear and other rubber goods; hardware and paints; radios and electric appliances; lumber, coal, roofing, and allied building supplies; feeds and flour; oil, gasoline, and greases; tires and batteries; and general farm supplies.

During its 20-odd years of growth and success, the sales made by the Central have steadily increased in dollar value each year except in the periods of falling prices in the early 20's, the early 30's, and in 1938. In each of the 3 years 1937, '38, and '39, sales have aggregated over \$3,000,000. Record highs were made in 1939 with

sales of more than \$3,400,000, and profits topping \$85,000.

The Central Cooperative Wholesale has stressed a quality program. Its "Co-op" registered label is used on most of the supplies it sells, many of which are made by manufacturers in accordance with the association's specifications. It buys also through National Cooperatives, Inc., obtaining the benefits of the large-scale transactions of the national organization. It purchases lubricating oils from the Farmers Union Central Exchange of South St. Paul.

The affiliated locals receive merchandise both from the Central's warehouses and directly from manufacturers and dealers on instructions issued by the Central. Petroleum products are usually delivered directly to retail points.

A number of additional services are rendered to the locals. The affiliated cooperatives may have their accounts audited on a cost basis by an accountant from the Central, and they may obtain assistance on organization mat-

*The Central Cooperative Wholesale's main building at Superior, Wis., houses the general offices, warehouse, and coffee roastery.*



ters, and on membership and educational programs. As a part of its extensive work in cooperative education, the Central issues two weekly publications, the Co-operative Builder, and Finnish Co-op Weekly.

*Wisconsin Cooperative Farm Supply Co.*—The Wisconsin Cooperative Farm Supply Co. at Madison is a wholesale farm-supply distributing agency. It was organized in 1937 to take over this function from the Wisconsin Farm Bureau Federation (Cooperative). Feed, seed, fertilizer, and petroleum products are the major commodities handled. Five cooperative associations are the members of the Wisconsin Cooperative Farm Supply Co. and hold its common stock. Each of the five member associations has voting representation in the wholesale supply company in proportion to their respective individual farmer memberships. The object of this provision is to give an equal voting right to each farmer member of the five co-ops. Commodities are sold by the Wisconsin Cooperative Farm Supply Co. to both member and nonmember local farm-supply cooperatives. Sales in the fiscal year ended September

*At the warehouse of the Dane County Cooperative Farm Supply Co. in Madison, Wis., 1,500 patrons buy flour, feed, seed, fertilizer, salt, and motor oil.*

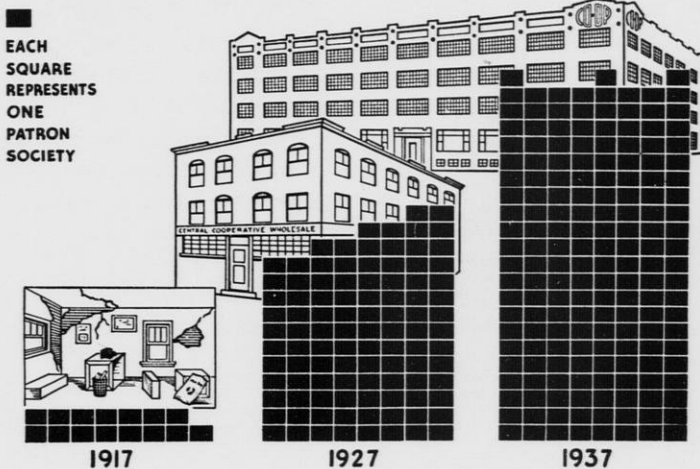
30, 1939, amounted to more than \$260,000.

*Fox River Valley Cooperative Wholesale.*—A successful newcomer in the field, the Fox River Valley Cooperative Wholesale, at Appleton, sold supplies for almost \$470,000 in the 13-month period ended July 31, 1940, its fourth year of operation, and realized a net saving of over \$21,500. In the spring of 1936, a group of retail farmer-owned cooperatives in the Fox River Valley, located in central and eastern Wisconsin, joined in organizing the wholesale-purchasing association for the purpose of handling hardware, petroleum products, and farm supplies. Today the wholesale is receiving the active support of its 38 retail member associations representing more than 15,000 farmers.

The original membership dues together with the annual dues represent an initial investment of \$200, which has grown during the 4-year period to a net worth of nearly \$50,000. Certificates of capital interest on a patronage basis are issued each year in the amount of the profits realized. In accordance with the revolving-fund basis on which the certificates are to be redeemed, the oldest ones will be paid first.

The cooperative owns its own land and warehouse with a 360-foot railroad siding in Appleton, and maintains its sales office there. The major items stocked are twine, rope, plumbing supplies and fixtures, water systems, electrical appliances, hardware, paint, wire and fencing, auto supplies, grease and oil, insecticides, alcohol, seed, and feed. The wholesale's trademark "Fox Co-operative" is carried on many of these commodities. The co-





### Central Cooperative Wholesale.

*It is patronage that builds cooperatives.*

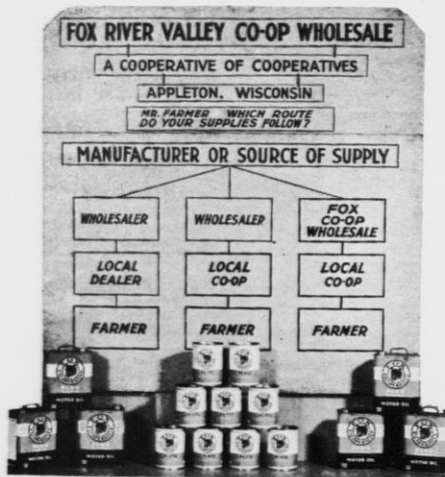
op also sells petroleum products, having a refinery connection and shipping tank cars of "Fox Co-operative" gasoline, kerosene, and tractor fuels on a commission basis to its members. All petroleum products are being prepared according to specifications designed to meet the requirements of members.

Many other commodities such as roofing, wire fencing, and nails are shipped direct to retail co-ops from the manufacturer in carload lots. In 1940 the Fox River Valley Cooperative Wholesale had jobbing connections with more than 150 manufacturers of various commodities which are either distributed under its own trade-mark or national trade-marks.

*Other wholesales in Wisconsin.*—In addition to the cooperatives which have just been described, there are a number of other wholesales operating in Wisconsin. The A & B Cooperative Oil Association at Ashland in north Wisconsin is making bulk sales of oil to

cooperative member-groups. Cooperative Services, Inc., located at Maple, in northwest Douglas County, makes oil sales at wholesale to gasoline stations owned by the five local cooperative stores that organized and own the wholesale. It also makes retail sales of building material and farm machinery directly to members of the stores. Some 20 local cooperatives formed the Central Wisconsin Cooperative Warehouse Association at Camp Douglas in Juneau County, to pool their orders for supplies. Representative from the locals in this wholesale usually meet once a month and decide on the placing of pool orders. Each local handles its own orders and pays for its supplies, the only funds the wholesale handles being the commissions received on the bulk orders.

Aided through the years by the interest, and often the active assistance, of the State organizations of the general farm associations—the Grange, the



Mr. Farmer: "Which route do your supplies follow?"

Farmers Equity Union, and the Farm Bureau Federation—the purchasing of supplies cooperatively has become one of the major activities in which Wisconsin farmers have united for joint action. The dollar volume of the business of the purchasing associations is surpassed only by that of the dairy co-ops. By cooperative purchasing farmers are saving many thousands of dollars annually.

### Co-ops Provide Farm Business Services

Wisconsin farmers have joined in cooperative action not only to market their products and purchase agricultural and household supplies, but also to provide essential farm business services. They have formed mutual insurance, telephone, and irrigation companies. An extensive cooperative rural electrification program is under way. Providing cooperatively the facilities of frozen-food lockers is a service which is relatively new.

In the livestock field farmers have organized about four or five cooperative artificial inseminating associations. The variety of needs that may be met through cooperative action is demonstrated by the fact that a cooperative burial association is operating in Marathon County, with headquarters at Spencer.

Since as early as 1860 groups of Wisconsin farmers have taken cooperative action to protect themselves against property losses from the hazards of fire and lightning. In that year two farmers' mutual fire insurance companies were formed—in Manitowoc County, the Mutual Farmers Insurance Co.; and in Kenosha County the Bristol Mutual Insurance Co. There are almost 200 companies now operating, the services of at least one company being available in almost every county. The membership was approximately 240,000 in 1936. Insurance in force at the close of 1937, the latest year for which this information is available, amounted to more than \$1,150,000,000. The bulk of this insurance was on farms, but some on urban properties.

The cost of this mutual protection is exceptionally low in the Badger State. Only a few other States equal or excel Wisconsin in this respect. In 1937 the cost for losses per \$100 of insurance amounted to 14.5 cents, and for operating expenses, 4.2 cents; making a total of only 18.7 cents. The Wisconsin companies paid approximately \$1,660,000 for losses in that year.

In addition to these farm fire insurance mutuals Wisconsin has 13 farm mutual windstorm insurance companies, some of which also write insurance against loss by hail on growing

crops. Most of these mutuals limit themselves to designated groups of counties, but a few operate on a State-wide basis. Their combined insurance in force exceeds \$400,000,000.

### **Farmers Operate Telephone and Irrigation Mutuals**

For many years Wisconsin farmers have taken cooperative action in establishing and maintaining mutual telephone companies. At the close of 1939, there were 569 telephone companies in Wisconsin with annual incomes from assessments or fixed charges of less than \$3,000, most of these being farmers' mutual companies. Data assembled for the Farm Credit Administration by the Bureau of the Census in 1937 indicated that almost 90 percent of these farmers' mutuals were service line companies. Such companies as a rule are relatively small and generally do not operate switchboards of their own.

In the mutual companies which are commonly referred to as service line companies each farmer, as a rule, owns his telephone and keeps it in repair. He may provide the telephone poles on his property. It is customary for the subscribers to pay the actual cost of the service. Operating arrangements vary, depending on local conditions and requirements.

The operating companies are formed in communities where there are more subscribers and it is feasible for a farmers' mutual to install and operate a switchboard in a central office. Arrangements are usually made with a larger company for the construction and maintenance of lines. Some of these mutuals establish definite rates based on the cost of the service.

To produce good cranberry crops, an ample water supply is essential. In order to provide this, 15 Wisconsin cranberry producers in 1933 formed the Cranmoor Cooperative Co. at Wisconsin Rapids. A canal system was built from the Wisconsin River to the cranberry marshes, which are located about 12 to 15 miles away. In time of drought or low-water supply, an adequate supply of water can be brought to the cranberry bogs. Each co-op member holds stock in proportion to the acreage of cranberry planting that he owns and which is served with water by the company. These growers are using cooperative organization both to produce better crops by means of irrigation, and also to sell their cranberries to the best advantage through the marketing services of the Wisconsin Cranberry Sales Co.

### **Power Program Adopted**

Even before the rural electrification program was inaugurated in May 1935, 39,206 Wisconsin farms, 1 in every 5, had electric service, an average almost twice that of the entire country. At that time the State ranked eighteenth in the Union in this respect. Quick to grasp the opportunities of the R. E. A. program, one Wisconsin community secured an allotment as early as May 1936, setting the pace which at the close of the fiscal year 1939 had brought electricity to another 17 percent of Wisconsin's farms. This lifted the State to seventeenth place.

By June 30, 1940, the Rural Electrification Administration had approved loans for 27 Wisconsin cooperatives and 1 municipality, and provided for 2 generating plants, including, at Chippewa Falls, the largest operating



cooperative power plant in the world. Allotments for these generating plants totaled \$1,782,500 on June 30, 1940. On the same date allotments for construction of more than 10,000 miles of lines to make power available to 33,023 members, totaled \$11,244,800.

Wiring and plumbing loans to members comprised \$320,500 of the \$13,347,800 total allotted to Wisconsin up to June 30, 1940. Members may borrow from their cooperative what they need to wire their homes or install plumbing. They make repayments monthly, quarterly, or semiannually. But many pay cash.

### **Farm Homes Wired**

In 8 months, 600 farmers in one county wired their homes at an average cost of \$200. Few used credit. Every electrician and electrical contractor in the area was busy for months.

Cooperative generating plants supply only part of the power needs of Wisconsin's electrified farms, and a large part of the power is purchased wholesale—enough to increase Wisconsin's annual electrical output materially. In 1939 the figure reached approximately 36,000,000 kilowatt-hours, and the cost to the cooperatives amounted to about half a million dollars.

A survey taken on Wisconsin R. E. A.-financed power systems between January and April 1940, shows how members are putting their new electric power to good use. Water pumps were in use on 20.7 percent of the farms reporting, 9.4 percent had put in a shower or tub, more than 15 percent had an electric cream separator, and 17.9 percent were using electric fences.

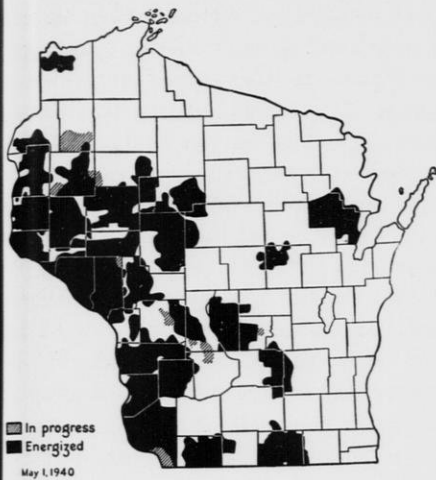
The number of electric motors is a good indicator of the extent to which electric power is applied to farm tasks. The returns show that 3.1 percent owned motors larger than 1 horsepower, and 29.7 percent owned motors of 1 horsepower or less. While motors under 1 horsepower are, of course, too small to power ensilage cutters, wood saws, and other heavy farm machinery, they prove their value in the farm repair shop, on water pumps, milking machines, small feed grinders, and the like.

Much of the heavy burden is being lifted from the shoulders of the farm wife through installation of electric equipment in the home. Of the farms reporting, 85.7 percent had electric irons, 86.8 percent had radios, 24.6 percent had purchased hot plates, 18.4 percent had refrigerators, 79.2 percent had washing machines, and 17 percent were using vacuum cleaners.

Wide use of early-morning and all-night lights to raise poultry production and maintain it throughout the winter is shown by the survey. More than one-fourth of all farms reporting were using electric lights in their laying houses.

### **Frozen-Food Lockers a New Co-op Service**

Since its inception during 1935 the frozen-food locker industry in Wisconsin has expanded at a rapid rate. A survey conducted jointly by the Farm Credit Administration and the Wisconsin College of Agriculture during the early part of 1940 indicates that there were 250 locker plants in operation, one-fifth of which were owned and operated by cooperatives.



*From the very start of the Federal rural electrification program, Wisconsin has been one of the leaders in participation.*

Most of the cooperative plants were operated by associations previously established for some other type of business; for example, creameries, milk stations, cheese factories, and oil stations. Some of these organizations selected a location favorable for frozen food-locker facilities and services and erected a building there, although the site is not adjacent to the main building of the cooperative. Other joint enterprises added an installation of frozen-food lockers in a main building, or built an addition to it for the purpose. Early in 1939, a group of farmers in Outagamie County organized an association at Greenville for the sole purpose of making frozen-food locker services available.

Although most of the earlier plants did not provide chilling facilities and cutting service for their patrons, the modern ones are installing the more complete units, and many of the older plants are being revamped in order to

comply with the 1940 Wisconsin regulations which require chilling and freezing facilities.

When properly organized and operated, this service appears to be an asset to a rural community. Furthermore, a study of locker plant operation indicates that it lends itself very well to cooperative operation.

### **Breeders' Associations Improve Cattle**

During 1939 a movement of considerable significance got under way in Wisconsin. Farmer cooperatives for the purpose of improving the cattle in Rock and Langlade Counties were organized and began operations, giving service in March of that year. These cooperatives offered the services of outstanding sires through artificial insemination.

By September of 1940 the movement had grown to the extent that a total of 10 counties—including an experimental breeding ring operated by the University at Madison—were offering the services of outstanding bulls through breeders' cooperative associations. From 10 to 12 thousand cows are enrolled with the prospect of at least 2 more counties, with 2,500 cows, offering the service by the late fall of 1940.

This method of cattle improvement is one which the farmers themselves, once they understand the possibilities, are demanding. By this method a good proved bull may leave 500 or more offspring in a single year. Properly used, artificial insemination cooperatives offer a tremendous opportunity for improving the cattle in the areas in which they operate.

## Mortgage Credit and Production Credit Available

Both to individual farmers and to their cooperative associations, credit is available on a cooperative basis.

*Long-term loans to farmers.*—The organization of national farm loan associations, to be farmer-owned and farmer-controlled, was an essential part of the plan to provide farm mortgage credit to farmers through the Federal land bank system, which began to make loans in 1917. Wisconsin farmers are now served on a State-wide basis by 112 of these associations, through which they may enjoy all the benefits of the amortized, long-term, low-interest loans made by the Federal Land Bank of St. Paul. Farmers pledge their farms as first-mortgage security. On December 31, 1940, over

\$110,000,000 in Federal land bank and Land Bank Commissioner loans was outstanding. This amount represented about 29 percent of the total farm mortgage debt in the State.

The national farm loan associations are separate corporations, chartered under the Federal Farm Loan Act, and operating under the supervision of the Farm Credit Administration. Directors of an association are elected by the farmer-stockholders, and the directors in turn select their own officers. Loans are endorsed by the national farm loan association and made by the bank. By pooling of credit, farmers are able to secure funds at very reasonable rates.

*Production credit for farmers.*—When business conditions in the early 20's caused banks to curtail the granting of loans to farmers for their production

*Both more effective credit service to borrowers and economy in operating expenses are obtained through the operation of a joint office by the national farm loan association and the production credit association at Madison, Wis.*



credit needs, the farmers themselves began to organize their own credit co-operatives to provide short-term loans. Beginning in 1923, production credit for farmers became available in some localities through agricultural credit corporations and livestock loan companies, some of which were formed by groups of farmers. The organization of these enterprises, however, was dependent upon local initiative, and many thousands of farmers were located in areas where none was formed because capital funds were lacking. In order to meet the need of farmers requiring short-term credit, Congress provided in the Farm Credit Act of 1933 for a Nation-wide system of production credit associations.

### **Production Loans Finance Wide Variety of Farm Needs**

Each year now thousands of Wisconsin farmers borrow from their production credit associations for many purposes. Dairymen borrow to purchase dairy cows, equipment, and feed, and to finance improvements to barns. Because of the year-around nature of the dairy business, repayments are usually made in regular installments from the milk or cream checks. Although most dairy loans are made for 1 year, the unpaid balance, representing funds advanced for purposes other than annual recurring costs, may be renewed at the end of that time provided the security and the borrower's repayment record are satisfactory.

Loans to produce fruit and vegetables, grain, tobacco, and other crops are made on a seasonal basis, the loans being repaid when the crops are harvested and sold. The farmers who breed cattle, hogs, and sheep pay their

loans when they receive payment from the sale of the livestock financed.

Wisconsin farmers are served by 21 production credit associations—at Antigo, Baraboo, Barron, Chippewa Falls, Dodgeville, Elkhorn, Fond du Lac, Green Bay, Janesville, Juneau, Lancaster, Luck, Madison, Mondovi, Neillsville, River Falls, Sparta, Waukesha, Waupaca, Wausau, and Wisconsin Rapids. At the end of December 1940, the associations had over 10,500 loans outstanding for more than \$5,800,000. Between organization and this date, they had made over 72,000 loans amounting to approximately \$47,000,000.

The Wisconsin production credit associations offer farmers' notes for rediscount to the Federal Intermediate Credit Bank of St. Paul, which, in turn, obtains funds through the sale to the investing public of its debentures, which are backed largely by the security of the farmers' discounted notes. By this plan the large money markets are made available to farmers at an interest rate comparable to rates paid by other industries. Thus, Wisconsin farmers have been able to obtain short-term credit at low rates. In March 1941, funds are being loaned at 4½ percent per annum. Not only association members have benefited from this low interest rate, but also all those other farmers who have obtained short-term loans from other credit sources, which have reduced their rates to levels comparable to that of the production credit associations.

The associations are chartered by the Governor of the Farm Credit Administration. Directors of the associations are elected from among local farmer-members according to the co-



*Potatoes are graded in the field by this farmer who obtains credit from his production credit association. Part of the proceeds will be used to retire the member's loan. The money was advanced to him on a budget plan—the first payment for plowing and planting, the second for spraying and cultivation, and the third for harvesting.*

operative one-man one-vote principle. Every farmer who obtains a loan purchases a small amount of stock in his association, so that eventually the organization may be owned entirely by the farmers who borrow from it.

### **Credit Has Role in Development of Cooperatives**

Over the years the extension of credit has been an important factor in the development of farmers' cooperative associations. In order to operate successfully, a cooperative must have a sound financial structure. If the business requires a building and equipment, adequate funds must be available to meet these capital expenditures and also to finance current operating expenses. Cooperatives have three main sources of funds: (1) Proceeds from the sale of capital stock to members, deductions from receipts for commodities marketed or supplies resold that are retained by the cooperative as a capital contribution from

patrons, and membership fees paid as entrance requirements or annual dues; (2) the money which the cooperative is able to earn or save on its operations; and (3) credit sources such as banks, which lend money subject to repayment from the business operations of the co-op itself.

A substantial percentage of Wisconsin cooperatives require that new members purchase capital stock. When the national survey of farmer cooperatives was made in 1937, all of the Wisconsin cooperative associations were visited. Over 900 of them, it was found, required the initial purchase of capital stock or certificates, or membership fees. About 25 provided for the payment of annual dues; 100 did not require any financial contribution. In 1936, the business of the marketing and purchasing cooperatives of Wisconsin resulted in net earnings of \$1,562,000, after all expenses of the year's operations were met. Almost half of this amount, \$730,000, was returned to the



patrons as dividends. The cooperatives used the remainder to improve their financial position, thus increasing the equities of the farmer-patrons in their associations.

Some Wisconsin cooperatives have a revolving-capital plan of operation. Under this plan deductions are made from the current proceeds of sales or from accumulated earnings, and these "capital retains" are held by the associations, which issue stock or certificates to patrons. After a sufficient amount of capital has been accumulated, capital retains deducted from subsequent sales are used to retire the oldest outstanding obligations issued in a prior year. Over a period of years the entire capital structure revolves. New members and younger farmers not only acquire an interest in the association but also provide capital in proportion to their patronage. The use of this plan is more than just a method of financing a cooperative. The plan involves a principle of equity which is designed not only to provide adequate capital, but also maintain the ownership and control of a co-op's business in the hands of members who are actually engaged in the production of agricultural commodities.

In accordance with the findings of the national survey of farmer cooperatives, 436 Wisconsin associations, or 41 percent of those covered by the survey, were using borrowed funds in 1936. At different times during that year, 62 of these associations had maximum borrowings of \$1,135,000 outstanding from the St. Paul Bank for Cooperatives; 148 associations, \$931,000 from individuals; 187 associations, \$782,000 from commercial banks; and the remaining 39 associations had

*Example of how the revolving fund plan of financing works: Capital supplied by the members in 1 year is returned in a later year*

Year	Capital retained <sup>1</sup>	Capital returned	Total in revolving fund
1933.....	\$5,000	.....	\$5,000
1934.....	5,000	.....	10,000
1935.....	5,000	.....	15,000
1936.....	5,000	.....	20,000
1937.....	5,000	.....	25,000
1938.....	5,000	\$5,000	25,000
1939.....	5,000	5,000	25,000

<sup>1</sup> In this example it is assumed that the amount retained is the same each year. In actual practice the amount of an association's business will vary from year to year, and the amount retained will likewise vary.

peak borrowings of \$479,000 outstanding from a number of other credit sources.

There were a number of purposes for which the associations had required credit in 1936. Of the maximum outstanding amounts borrowed from all sources, 54 percent were made for the construction of physical facilities such as buildings and equipment, 42 percent for operating capital, and 4 percent as "commodity loans."

The St. Paul Bank for Cooperatives is 1 of 12 such institutions set up by the Farm Credit Administration in 1933 in the various farm credit districts, exclusively to serve the credit needs of farmers' cooperative associations. From organization through December 31, 1940, the St. Paul bank had made loans to Wisconsin cooperatives aggregating nearly \$4,000,000. The amount of such loans outstanding at the end of December 1940 was approximately \$1,031,000, indicating to what extent funds had been loaned, utilized, and repaid in financing the operations of Wisconsin cooperatives.

The services of the banks for cooperatives have opened a new and per-

manent source of credit to farmers' cooperatives and have also been an important factor in lowering interest rates to farmers' associations in Wisconsin and elsewhere.

### **Cooperative Assets Top 18 Million Dollars**

The total assets of farmers' marketing and purchasing associations in Wisconsin aggregated \$18,701,000 in 1936. Of this amount more than \$7,000,000 was in current assets, of which \$2,610,000 was in inventory and \$1,923,000 was cash. Against their assets of \$18,701,000 these cooperatives had debts—representing money borrowed for customary operations, current accounts, and accruals payable, etc., amounting to \$6,696,000—leaving a total net worth at that time of \$12,005,000.

The North Central States lead the country in cooperative business—in number of associations, volume of business, and in equitable distribution of benefits to farmer-members. Wisconsin associations are near the heart of this tremendous cooperative empire. Farmers and dairymen have pioneered in the development of cooperative

business since the days of Anne Pickett. Guided by far-sighted leadership and cooperative effort, Wisconsin changed from a second-rate wheat State to the position of the leading State in the dairy industry.

The achievements of Wisconsin co-ops are not confined to the past. Many splendid accomplishments are as fresh as yesterday. What this State's co-ops have done to develop cooperative livestock marketing and adapt it to truck transportation may tell the livestock marketing story for the entire Nation. Wisconsin holds an outstanding position in the fast-growing expansion of farm supply co-ops.

### **Wisconsin Co-ops Look Ahead**

Wisconsin farmers have built a firm foundation of cooperative accomplishments. They have shown that through their cooperative associations they are able to keep abreast of important changes in marketing conditions. They have, therefore, every reason to view with confidence the far-reaching possibilities of what cooperation in the future can mean to them individually, as a group, and to the State.

**THE** Cooperative Research and Service Division of the Farm Credit Administration conducts research studies and service activities relating to problems of management, organization, policies, merchandising, sales, costs, competition, and membership, arising in connection with the cooperative marketing of agricultural products and the cooperative purchase of farm supplies and services; publishes the results of such studies; confers and advises with officials of farmers' cooperative associations; and cooperates with educational agencies, cooperative associations, and others in the dissemination of information relating to cooperative principles and practices.

## *Wisconsin Co-op Balance Sheet*<sup>1</sup>

### ASSETS (What the Co-ops Own or What is Due Them)

Cash.....	\$1, 923, 000
Receivables (money owed the co-ops for commodities sold but for which they have not yet been paid).....	2, 999, 000
Inventory (commodities on hand ready for sale or in the process of preparation and manufacture).....	2, 610, 000
Fixed assets (land, buildings, machinery, trucks, and equipment used in the co-ops' business).....	9, 776, 000
Other assets (investments in stock of bank for cooperatives, memberships in exchanges, and other items owned).....	1, 393, 000
	18, 701, 000
	18, 701, 000

### LIABILITIES (What the Co-ops Owe Others)

Accounts payable (due members or others for commodities, supplies, or services furnished to the co-ops).....	\$1, 498, 000
Short-term notes payable (amounts the co-ops owe to banks and others for money borrowed).....	670, 000
Accrued liabilities (taxes, interest, pay rolls, etc., which have accrued but have not been paid).....	310, 000
Other current liabilities.....	1, 904, 000
Fixed liabilities (mortgages and other long-term debts incurred).....	2, 314, 000
	6, 696, 000
	6, 696, 000

### NET WORTH (The Members' Equity in Their Associations (Equal to Difference Between What the Co-ops Owe and What They Own) )

Represented by:

Common and preferred stock (par value of certificates of stock held by the members and representing their investment in the capital of the co-ops) ..	\$5, 292, 000
Capital certificates (face value of certificates held by members, representing their contributions to the capital of the co-ops).....	509, 000
Book credits (amounts credited members on books of the co-ops for their contributions to capital).....	233, 000
Reserves (amounts set up out of earnings of the co-ops or deductions from members to meet emergencies).....	433, 000
Surplus (balance of earnings of the co-ops after deducting losses, reserves, and distributions to stockholders and patrons).....	5, 478, 000
Other net worth (such as current earnings which are available for distribution to patrons, payment of dividends, transfer to reserves, etc.).....	60, 000
	12, 005, 000
	12, 005, 000

Total liabilities and net worth..... 18, 701, 000

<sup>1</sup>Figures from the 1936-37 survey of farmer co-ops, conducted by the St. Paul Bank for Cooperatives and the College of Agriculture of the University of Wisconsin.

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