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COLORADO

CO-OP WHEAT MARKETING

FIELD MANUAL



DIRECTOR OF MARKETS OFFICE
328 CAPITOL BLDG.
DENVER, COLO.

The COLORADO Co-op Wheat Marketing Field Manual

A Handbook on Co-operative Wheat
Marketing Practices and Principles

THE COLORADO DIRECTOR OF MARKETS OFFICE

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DEDICATION



TO the farmers of Colorado, who are endeavoring to establish their economic welfare on a sound foundation, this field-manual is dedicated—in the hope and belief that it will pave the way toward a better understanding of the benefits of co-operative marketing and the possibilities of government aid through the instrumentality of the Federal Farm Board.

WILLIAM H. ADAMS,
Governor of Colorado.



MORE than two years ago some of us had a “hunch” that the time was now at hand when the government of the United States would be compelled to get behind co-operative marketing in a big way as the only salvation for the American farmer.

With that vision, we started plans to get ready for the big move when it should arrive. We believed that if we could show the government at the proper time that we had sufficient sign-up of the wheat growers of Colorado to warrant the organization of a state-wide pool as a unit in the nation-wide organization, our Colorado move would thus join the big government move at the psychological moment. This day has now arrived. Colorado is helping the nation and the nation is helping Colorado to put it over.

Our judgment was right.

B. O. AYLESWORTH,
Colorado Director of Markets.

J. H. Farnham

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INTRODUCTION

THE circulation of this booklet is one of the ways in which the Colorado Director of Markets office hopes to inform Colorado grain growers on many of the important facts about the business of marketing.

Successful Co-operation Rests on Understanding

No co-operative enterprise can be a permanent success until its members understand its aims, possibilities, limitations and how it functions. The producer who is "high-pressured" into an organization, not understanding "what it's all about" or with many wrong ideas as to the real objectives, is not a potentially good member. The producer who *does* understand the purposes and the necessary procedure to secure the results desired and "is willing to put himself in position so the other fellow *can* work with him" is the kind of member the co-operative movement needs and must have.

Duty of Director of Markets Office to Supply Correct and Complete Information to Farmers

Therefore our duty to the producers of Colorado is to supply them with the facts and the up-to-date correct information about co-operation in general and all of the details possible about their own particular or proposed association. Assistance to co-operative associations is just one of the many duties assigned to our office by the "Colorado Director of Markets Act, 1923." Our success in this particular phase of our work is measured by our service to the producers. This kind of service means an increase in the social and economic welfare of the producers of this state. Our success is not measured by the mere *number* of producers we assist in "organizing." It is measured by the *results secured by producers* whom we have assisted in improving their marketing methods through co-operative organization. Producers in Colorado can rest assured that in any movement sponsored, or co-operated in, by this office we have looked on forward to the results to be secured. Any organization work is only a means to an end; and that end is the *financial benefit of the producers*.

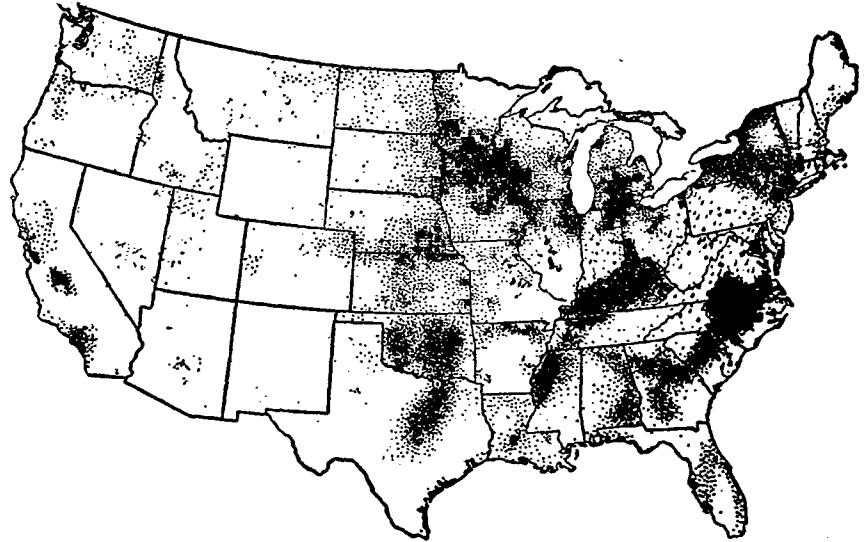
Furthermore we are not going to take any short cuts in presenting the necessary facts and information that will make producers *want* to embrace the sound methods of co-operative effort. There will be no radical or emotional appeals made. True and effective co-operation cannot be forced, it must be developed by understanding.

Read the rest of this booklet for an understanding of an important grain marketing plan being presented to Colorado growers by your Colorado Director of Markets office.

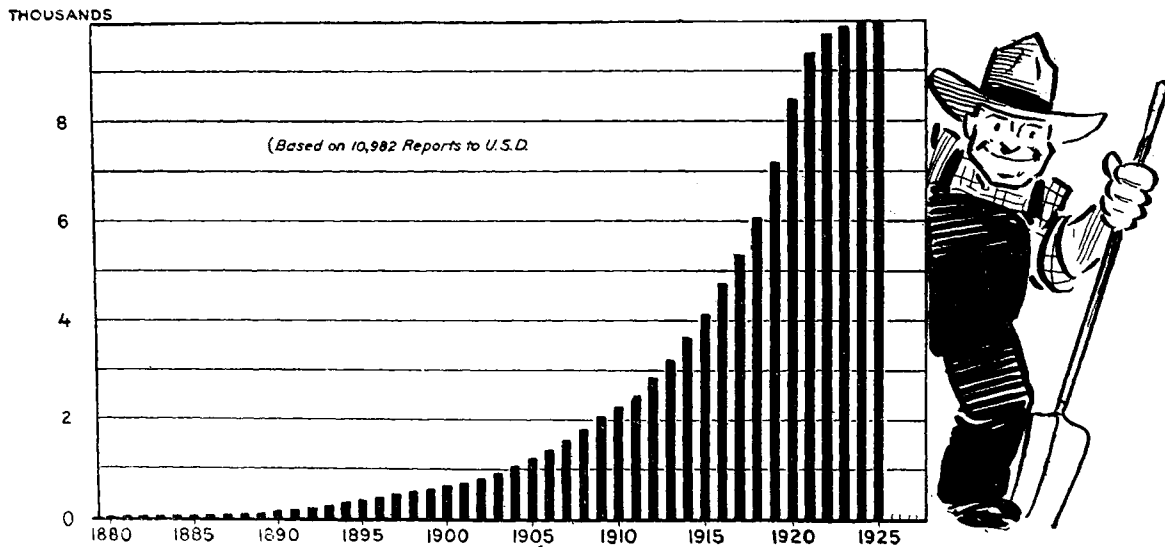
Co-operative Marketing Covers the Map

IN every state of the Union co-operative marketing is rapidly becoming the leading method of selling farm products. In the map shown opposite each dot represents 100 farmer members of existing co-operative associations (1927).

These nearly 3,000,000 members are owners of the more than 12,000 co-operative associations that are successfully functioning in the U. S. today. The cut below shows the steady growth in the number of co-operatives in the U. S. since 1880.



Growth of Co-operative Marketing in the U. S.



This cut only shows the growth up to 1925. Today (1929) it would have to be extended more than two horizontal lines upward to show the more than 12,000 existing co-operatives. The trend since about 1922 has been increasingly toward the consolidation of small local co-ops. into federated or centralized large-scale groups. Co-operative marketing is not something that is "coming." It Is Here. There is no longer any argument about the soundness of the co-operative marketing principle, or the increased returns it is bringing to its members.

WHY A WHEAT POOL?

The Objectives

THE primary objective of the Wheat Pool is, of course, to improve the economic and social welfare of the farmer. The standard of living of the producers has been increased, and will be still further enhanced in the future by the following means:

1. Replace the relatively inefficient competitive private grain marketing system by a farmer-owned and controlled co-operative association.
2. Increase the farmer's independence and income by giving him a voice in the selling of his crop.
3. Reduce the margin between the producer and the consumer.
4. Secure for the farmer the maximum net returns possible for his crop under world conditions, by the *free operation* of the law of supply and demand.

The A - B - C of Co-operative Wheat Marketing

CO-OPERATION is working together with a common aim for a mutual benefit. Co-operative marketing of wheat is the banding together of a large number of wheat farmers that their efforts may bring better prices for their wheat than it would if they tried to sell independently of each other.

This banding together is called an Association and its principal aim is to sell wheat and make more money for its members. There are many other benefits possible to the membership of such an organization that are impossible for unorganized farmers to secure.

The Association selects a Board of Directors from among their members to see that the business is properly carried on. This Board selects and employs competent and experienced men to look after the sales, accounting and general business. This Board of Directors is elected by the vote of the members, each member having one vote.

Each wheat farmer who wishes to market his wheat in this manner gives to all the others his pledge that he will live up to the rules of the Association and that he will lend his efforts to be placed with theirs that better prices may be had by all. This pledge is called a contract or agreement. As soon as a man signs a contract he has the assurance of several thousand farmers that they will stand by him. Therefore he should be entirely willing to likewise stand by them.

The associated members, or the Association, sells the wheat of its members at the highest prices obtainable by its trained salesmen who have had years of experience in the selling of wheat. From this is deducted only the actual costs of insurance, storage, transportation and handling costs, etc. By marketing a large volume the Association is able to get the lowest possible bushelage charges for these costs, and the more wheat they handle the lower will be the costs of operation. These costs are all paid for by the farmers *now* just as they will have to be in your co-operative association.

The difference between what the independent buyer now pays for your wheat and what he turns around and sells it for is his "spread." This "spread" he always figures plenty large enough to pay all the marketing costs; cover all adverse contingencies, and still leave him a nice profit.

Your Association can sell its wheat even higher and to better advantage than any independent dealer because it will have such a large volume it will be the biggest seller on the market.

Then, from this *higher* selling price your Association will deduct the actual *lower* operating costs and the remainder all goes to the members in proportion to the quality and quantity of wheat delivered by each. It is the most direct route between producer and consumer. It is *better* marketing, at *less* cost because no profit is taken out anywhere between the producer and the manufacturing consumer.

When you join the pool *you* give the other members of the Association the help of a single farmer and the other members of the Association give you the help of several thousand farmers.

JOIN NOW!

Brief History of the Movement

THE movement to organize the Colorado Wheat Growers Association was started by what was called the National Wheat Growers Association. It was largely educational and its purpose was to work out a marketing plan for the central western wheat growing states.

This national movement started in 1920 and as a result, wheat growers' associations were set up in Texas, Oklahoma, Kansas, Nebraska, North Dakota and Colorado.

Colorado was the last of these state associations to be incorporated under the old national movement. It was incorporated September 26, 1922, and reincorporated in 1923 under the Co-operative Marketing Act of Colorado.

The association was seriously handicapped from the first by lack of adequate financing. It never had sufficient volume to be more than partially an effective force. Small volume meant high overhead costs. The association was pioneering in a new field. There was at that time little available experience on this particular form of marketing. They naturally made many mistakes. In addition to the natural opposition of the grain-trade, they suffered from an ignorance of co-operative principles among an "over-sold" membership. They were laboring against a number of hopeless handicaps. They did a lot of good things and secured many beneficial results. The association suspended operations in 1927. They accumulated a wealth of experience which should not be thrown away but capitalized on for the future benefit of Colorado growers.

Terminal elevator owned by Chicago & Alton R. R. at Kansas City, Mo., and leased by the Southwest Co-op Assn., a terminal agency in which the Colorado Wheat Growers Assn. is a stockholder.



Present Status of Colorado Wheat Growers Association

AT the Second International Wheat Pool Conference held in Kansas City, May, 1927, there were over 200 wheat marketing delegates present from Australia, Russia, Argentine, Canada and from nine or more of the organizations in the United States. It was at this meeting that the move to work towards a goal controlling the majority acreage of these five southwest wheat states originated. Your Colorado Director of Markets office took a prominent part in this conference along with other representatives from this state.

In view of this larger plan taking shape, and due to the increasing difficulties outlined above, the old Colorado Wheat Growers Association decided to suspend operating. This was done in July of 1927.

Your Director of Markets office offered to take charge of a new membership drive the result of which would

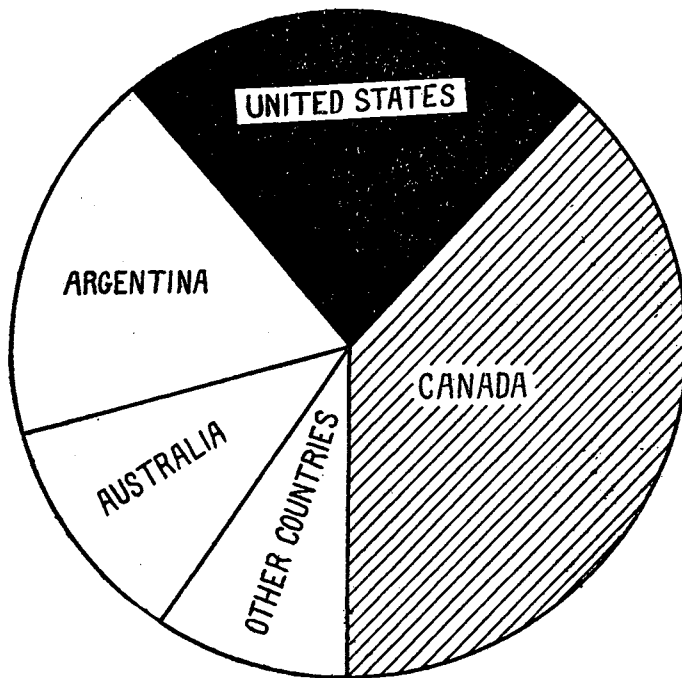
properly represent Colorado's acreage in the proposed Southwest Pool. With the co-operation of President Charles A. Lory and the Economics Department of the Agricultural College and a committee from the Wheat Growers Association, this office set about salvaging what was good from the old association and drafting a new membership agreement based on past experience and *sound, proven methods from many sources.*

It was finally decided to save from the association merely its skeleton organization. This was done to avoid the trouble and expense of re-incorporating; to eliminate expense in printing the new working agreement (which would have been much longer and detailed if there were no incorporation to start with); and to maintain (for the benefit of the future members) the old association's one-fourth ownership in a terminal elevator, owned jointly with Kansas growers' association.

As evidence to Colorado growers that this is *not* any attempt to maintain the old management, our office holds a written and unanimous resignation signed by every director and officer of the old pool that is effective at any time that Dr. Lory, President of the Colorado Agricultural College, or Dr. Aylesworth, State Director of Markets, calls for it. Such resignation will automatically take effect just as soon as the new membership has elected a new board to take charge of the affairs. There is no possibility of control or influence on the new association by the old officers or directors.

Net World Exports of Wheat

Including flour, from all countries. Average (August-July) 1922-23 to 1925-26.



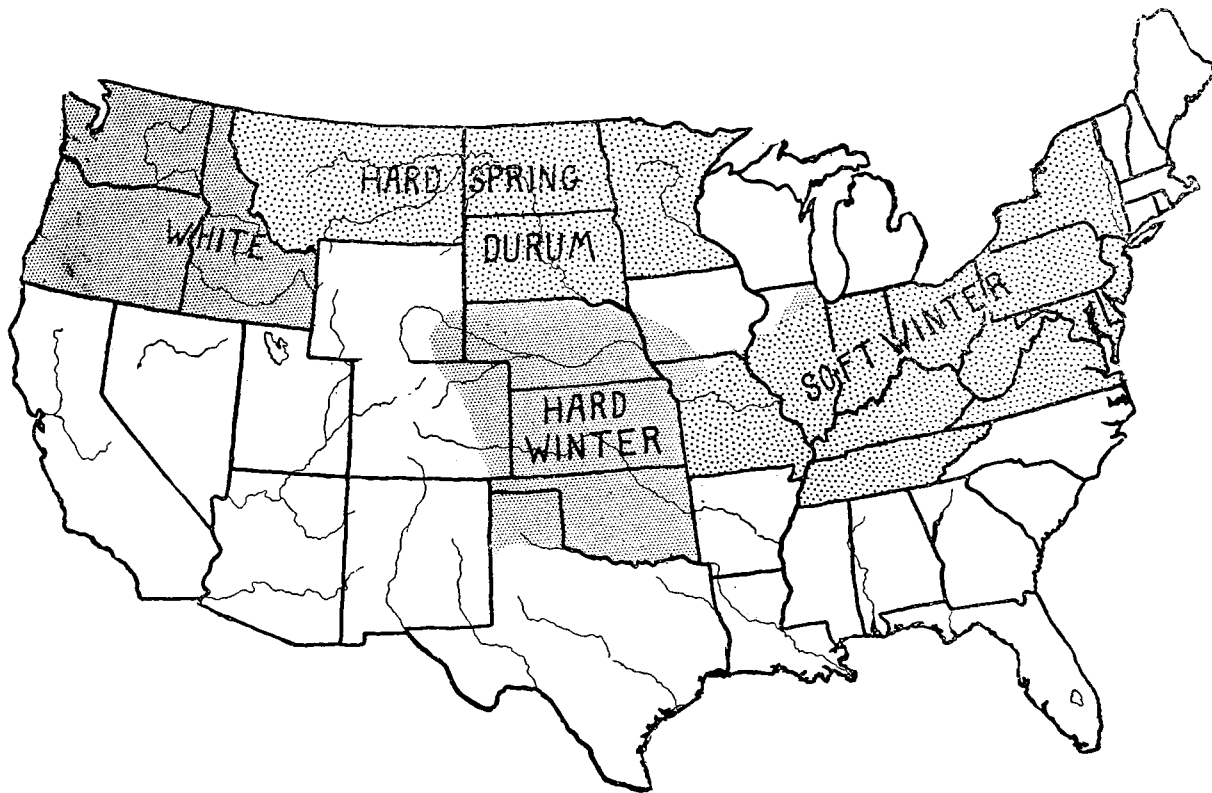
From "FACTORS IN WHEAT MARKETING" U. S. Dept. of Commerce, Bureau of Foreign and Domestic Commerce.

On the average for the above years, of the net world exports of wheat—

Canada furnished.....	39%
United States furnished.....	23%
Argentine furnished.....	18%
Australia furnished.....	11%
Other countries furnished.....	9%
	100%

The above chart shows that Canada and the United States together furnish about 62% of the net world exports of wheat. Canada already has the largest wheat marketing organization in the history of the world (and its grower-owned) which is marketing its contribution to the world export trade in an intelligent manner. They (the Canadian Pool) are willing and anxious and they are doing everything they can to help the United States growers get similarly organized so that the two countries through co-operation of grower-owned agencies can *together* exert a *very considerable influence* on the world price.

Regions and Classes of Wheat Production in the United States



The above chart shows the four main wheat producing regions in the United States and the principal classes of wheat produced in each region.

1. There is the White Wheat area, principally in the Pacific northwest.
2. There is the Hard Spring wheat area (including Durum), principally in the north central states.
3. There is the Soft Red Winter wheat area, principally in the Ohio and Mississippi River basin states.
4. There is the Hard Red Winter wheat area, principally in the central section of the Great Plains area.

Of course these main regions overlap somewhat and in certain states perhaps several or all of the different classes are grown. But in the main, the four regions produce principally the classes given above.

Each of the regions in addition to producing largely a certain class of wheat, also patronize or concentrate their deliveries in certain and particular markets. Thus Duluth is the principal market for trading in durum wheat. Minneapolis, the largest wheat market in the United States, deals primarily with hard spring wheat. St. Louis is principally a soft-wheat market. Kansas City handles both hard and soft winters. Kansas City and Omaha are the principal market centers for our southwest hard winter wheat area.

These different classes of wheat are used for many different purposes. The soft wheats are used principally for cracker, biscuit and pastry flour. Bread flour comes from the hard wheats, both spring and winter. "Our production of high protein hard spring and hard winter wheat . . . is usually short of the effective domestic demand." "As compared with that of any other exporting country, the home demand for wheat is enormous. Figuring our annual consumption of flour at one barrel per capita, the mills require about 550,000,000 bushels for their domestic trade. This requirement falls almost entirely upon hard spring, hard winter and soft red

winter varieties and especially upon top qualities. American consumers desire good bread and flour and are willing and able to pay for it.”*

While not enough “top quality” hard winter wheat is produced in our region, we do produce an excess amount of low quality wheat that must be exported.

Average Export of Wheat From the United States
1920-1922

	Bushels	
Hard Winter.....	87,600,000	43.8%
Mixed	60,700,000	30.4%
Soft Winter.....	24,700,000	12.4%
Spring	13,000,000	6.5%
Durum	8,600,000	4.3%
Western Whites.....	5,200,000	2.6%
	199,800,000	100.0%

The unorganized farmer of our region has been “selling” his wheat at a price based on the lowest quality from this region. If any particular parcel *was* of *low* quality the price at which it was bought from the farmer would still permit the purchaser to export it at a profit. If the particular parcel was of *high* quality (as much of our dry-land wheat from Colorado is) the purchaser would realize a handsome profit over the price paid the farmer by reason of the premium the U. S. miller would readily pay for this higher quality.

From 1920-1922 our hard winter wheat region furnished about 45% of our total average exports from the United States. So it can be seen that farmers of this region are interested in perfecting their own organization to secure for our wheat that must be exported the best possible world price and for the wheat that is used at home the best possible domestic price that consumers (millers) are willing and able to pay. Why turn *all* of our wheat loose at the world price when the greater part of our crop is used at home and for which greater part a premium *is* readily available? We are selling *all* our wheat at world prices when only one-fourth of it goes to the world markets. Industry does not let their products they sell abroad at reduced prices set the price on their products sold in this country. Why should the wheat grower do so?

There is a common fallacy among casual thinkers on the subject that “in order to be effective in wheat marketing a growers’ organization would have to control all the wheat in the United States.” Such is not the facts of the case. As Colorado is a part of the southwest hard winter wheat region we are more concerned with what growers in these southwest states do than with what wheat growers in the other parts of the United States do. The new Farmers National Grain Corporation, set up by action of the Federal Farm Board, will, however, coordinate sales of all co-operative grain associations in ALL regions of the United States.

In other words, there are several different kinds and qualities of wheat grown in the United States. The production from the different regions naturally moves to certain principal markets. The various kinds of wheat are used for different and particular purposes.

We do not mean that we are not indirectly concerned with production and marketing methods of the other United States wheat regions. We are. But our first and primary concern should be to work for the co-operation of growers in this southwest hard winter wheat region. We should cut out the senseless competition of thousands of growers in these southwestern states and hundreds of farmers’ elevators all going on the same markets—and in its stead substitute co-operation. Co-operation with the other states of the other regions will be the next step. Our first step is to set our own house in order by getting the growers in Colorado together.

* (“Factors in Wheat Marketing”, U. S. Dept. of Commerce).

Present Set-Up Canadian Wheat Pool

The Largest Farmers' Co-operative Marketing Organization in the World.



New Wheat Pool Office Building at Winnipeg, Man., Canada

The Canadian Wheat Pool, the Central Sales Agency for the Provincial Pools in Manitoba, Saskatchewan and Alberta unites more than 140,000 growers in the marketing control of their grain crops. The newly organized Ontario Grain Pool now has over 12,000 members enrolled and its grain is also sold through the Canadian Wheat Pool Central Sales Agency.

One Seller for 152,000 Growers!

The combined pools own and control more than 1,435 country and terminal elevators. The largest terminal elevator in North America is at Port Arthur. It has a capacity of 7,500,000 bushels. It is just one of those owned and operated by the Saskatchewan Pool. (See page 15.)

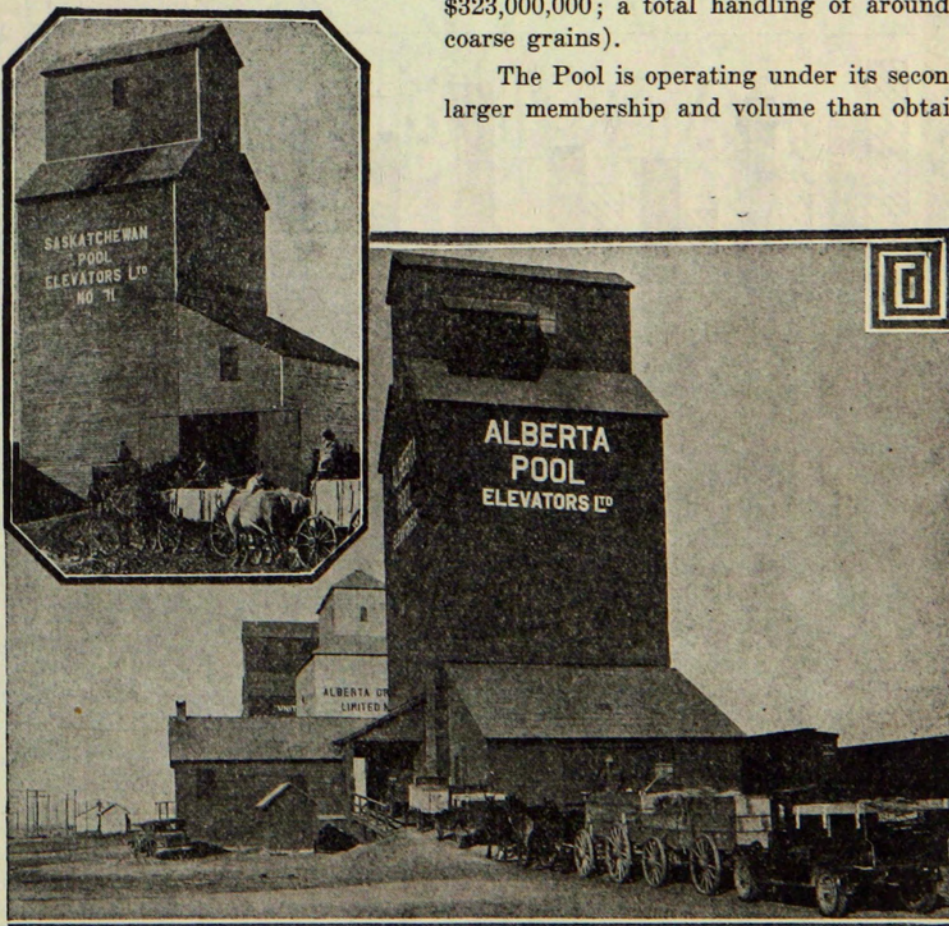
The Central Agency in 1927-28 had a gross turn-over in excess of \$323,000,000; a total handling of around 230,000,000 bushels (including coarse grains).

The Pool is operating under its second five-year term contract with a larger membership and volume than obtained with their first contract.

It's the biggest business in Canada outside of the government itself. It is grower-owned and grower-controlled.

Pool members are marketing the majority of the total grain crop of the Dominion through their own country elevators, through their own terminal elevators and central sales agency, and through their own representatives in many foreign countries.

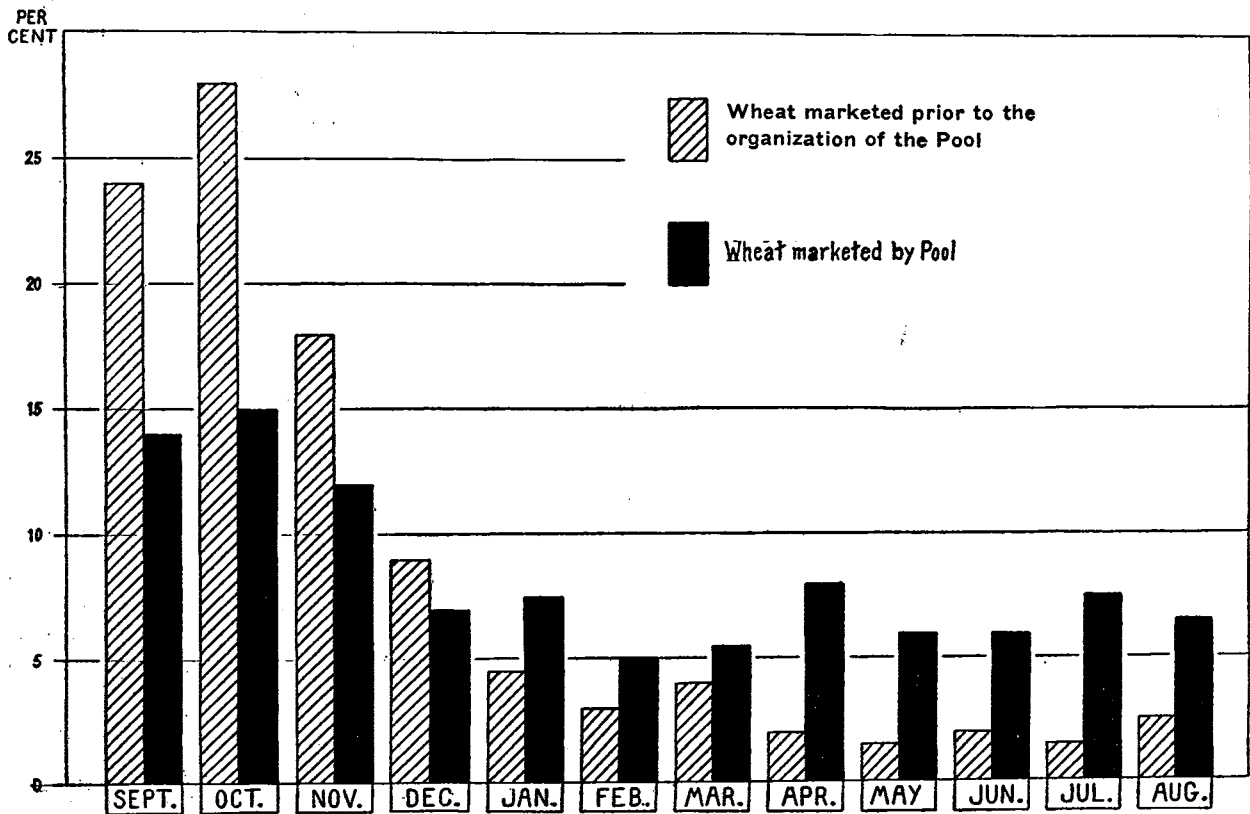
The Pool is in constant touch with world-wide conditions of supply and demand. **THEY KNOW WHAT THEY ARE DOING.** And they are big enough to translate that knowledge into action which is putting extra dollars into their members' pockets.



Typical Country Elevators Owned by Members of Canadian Provincial Pools

Canadian Poolers Profit by Orderly Marketing

A Comparison of Wheat Marketed Monthly at Country Points in Western Canada During Six Years (1917-1922) Prior to Organization of Alberta Pool, and the Monthly Sales by the Wheat Pool During 1925-26.



PRIOR to the organization of the Pool the Canadian farmers marketed more than 70% of their total year's crop in the first three months following harvest. The deliveries later in the season were consequently very small. There is no doubt that the Grain Trade took advantage of this customary form of delivery by the unorganized, or small-group organized, Canadian farmer.

"The purpose of the pool, which finds expression in the sales policies of the central selling agency, has been to sell wheat and coarse grain as demand and supply conditions appear to justify. In spite of the fact that some well-meaning organizers in the co-operative movement may have encouraged the beliefs that sales might be distributed with perfect uniformity (equal amounts each month) throughout the year, no such thought was held by those responsible for administrative policies."

The Canadian Pool with its gigantic volume and organization, and foreign connections has an up-to-the-minute, correct picture of the world-wide conditions of supply and demand. They *know* just what wheat is worth. They have the wheat that the purchasers need and want. They are adequately financed so they do not have to "crowd the market." They are merchandising their product in a skillful, business-like way. There is no blind guessing or dumping. They know what they are doing. *Such business is only possible to a large-scale organization.* And being co-operative the evident profits of such intelligent marketing go back to the grower members.

For the 1928-29 season the Pool sales staff anticipated the low and falling market that prevailed until late in the spring of 1929. They had held back more than 50,000,000 bushels that they realized more than \$25,000,000 on over what would have been received had they marketed it earlier. This \$25,000,000 extra profit divided among the Pool members is just another demonstration of knowing what to do and being big enough to do it.

The Canadian Wheat Pool

IT will be impossible in the limited space available here to do justice to the magnitude, and the increased social and economic value, of this great co-operative movement to the grain producers of Canada. In order to correctly summarize the history and development of grower-owned grain marketing agencies in Canada, which have finally culminated in the present great Wheat Pool, we have quoted below excerpts from the U. S. Dept. of Agriculture Bulletin, "Co-operative Marketing of Grain in Western Canada" by J. F. Booth, Agricultural Economist, Division of Co-operative Marketing.

INTRODUCTION

For about 30 years the farmers of western Canada have applied the principle of co-operation to the marketing of their grain crops. Beginning with independent local elevators similar to those found in the wheat-producing region of the United States, Canadian farmers have gradually developed a group of co-operatives which co-ordinate local and terminal elevator facilities with centralized selling. In this evolution the independent local unit has disappeared. Briefly stated, the net result of these years of experimentation is the existence of several large-scale co-operative associations marketing more than one-half of the grain crop of western Canada.

The co-operative grain-marketing associations of western Canada have been closely associated with the settlement and agricultural development of the region referred to as the Prairie Provinces. They are also closely linked with, and are quite properly referred to as the product of, a group of general farm organizations engaged in educational and economic reform.

Canadian Situation Summarized

Prior to 1900, as already noted, the wheat producers of western Canada experienced conditions almost identical with those found in the United States at the same time. Seeing what American farmers were doing, they too organized local farmers' elevator companies. But in 1906 they entered the terminal market at Winnipeg and in 1912 took over a line of elevators owned and operated by the Province of Manitoba. Co-operative line elevator companies were formed in Saskatchewan and Alberta about this same time. These companies gradually extended their business until within a few years they operated country and terminal elevators, commission departments and export companies. In the meantime the local farmers' elevator in western Canada practically disappeared.

Then came the period of government control, during 1917 and 1918, and in 1919 the Canadian Wheat Board, followed by the Alberta wheat pool in 1923, and by similar organizations in Saskatchewan and Manitoba in 1924. The three pools were then linked together as far as selling their grain is concerned by the central selling agency. These pools have dominated the grain-marketing situation in Canada since 1924.

The development in Canada therefore has been from local co-operative elevators to co-operative commission companies, then to co-operative line elevator companies, and finally to wheat pools controlling country and terminal facilities; whereas in the United

States the local farmers' elevator is still the dominant organization.

Different Viewpoints in the Two Countries

In the United States, with the local elevator as the unit, the community viewpoint has been developed. Farmers have invested their money in a local organization, and many of them are or have been directors of the company and have taken more or less pride in guiding its destinies. Attention in the community has been focused on local problems to the exclusion, in many cases, of the larger field of grain marketing. The local manager has been proud of his position and the authority exercised in connection with his duties. It has appeared that his interest would be furthered by developing his organization strictly along community lines. Friendly rivalry has existed between communities in striving to outdo one another in the support and conduct of a local enterprise. These and other characteristics have distinguished the development of local elevators in the United States.

The development in Canada since 1906 has been quite the opposite. Farmers have invested their capital in large provincial or regional associations—not in local units. At meetings of local groups and in general meetings, which are attended by delegates from widely scattered producing areas, the discussion centers on the marketing problems of the west and not on those of any local community, as is the case in the United States. These conditions in the respective countries have led to what might be referred to as a community point of view in the United States, and in Canada to a viewpoint that considers the wheat-producing industry as a whole.

Canadians' Experience Demonstrates Value of Large-Scale Co-operatives

In conclusion it may be said that the farmers of western Canada have demonstrated the desirability of large-scale business organizations in the marketing of grain. Early experience with local co-operative elevators proved that much good could be accomplished in improving the conditions surrounding the handling and shipment of grain at local points. They showed also, however, that such elevators were at a decided disadvantage when purchasing grain in competition with strongly organized line elevator or milling companies engaged in other phases of the grain business. This led to organization by farmers on the same basis, and it is no exaggeration to state that the companies thus created have been dominating influences in the marketing of Canadian grain for many years.

The Canadian Wheat Pool

Pre-Pool Co-operation

DURING the past 20 years the co-operative elevator companies have trained a corps of workers who have an expert knowledge of the grain business and who, in addition, have a sympathetic attitude toward the farmers' problems. When the wheat pools began operations in 1923 and 1924 they drew upon the personnel of the co-operative elevator companies for many of their officials.

Perhaps the greatest contribution of the co-operative elevator companies in Canada has been the development of a viewpoint which might be described as regional or national in scope. Membership and actual participation in concerns of the magnitude of these companies have created a feeling of confidence among farmers that they can successfully organize and operate large-scale organizations. But of even greater importance is the fact that over a period of 20 years the grain producers of western Canada have been induced to regard the marketing problems of western Canada as a whole and to subordinate local or community interests. This contribution of the co-operative elevator companies had an important bearing on the unanimity of purpose with which Canadian farmers tackled the organization of the wheat pool in 1923.

Co-operative Elevator Companies Criticized

In spite of the acknowledged success of the farmers' elevator companies as grain-handling concerns, the producers of the Prairie Provinces have, since 1923, turned their attention to the creation of another kind of marketing agency known popularly as "wheat pools." During the summer of 1926, the Saskatchewan wheat pool acquired the facilities of the Saskatchewan Co-operative Elevator Co. (Ltd.) at the request of a majority of the shareholders of the latter who had also become contract signers of the wheat pool. The reasons for the development of the wheat pools will be discussed in more detail in the section dealing with these organizations, but concerning the

elevator companies, it should be stated that there was a firm conviction in the minds of a majority of farmers that they had failed to raise the basic level of prices because of the fact that they had adopted the system of marketing followed by the trade in general, including sales on the grain exchange. Farmers generally believed that the low prices of grain from 1920 to 1923 were attributable to the system of marketing represented by the grain exchange.

In any case, the point that should be emphasized is that the organization of the wheat pools is the outcome of an honest conviction on the part of farmers that the system of marketing represented by the grain exchange, which the co-operative elevator companies supported, is not the best that can be devised.

Farmers' Union of Canada Organized

One of the evidences of the discontent that existed on the prairies during the period from 1920 to 1923 was the organization of the Farmers' Union of Canada.

The Farmers' Union directed its attack upon the grain-marketing structure and, in that connection, included the farmers' co-operative companies as parties to a system of marketing held to be unsatisfactory.

In the organization of the Saskatchewan wheat pool, the Farmers' Union played an important part, and when the first directorate of the pool was chosen the Farmers' Union was well represented thereon.

Development of the Wheat Pool

THE old co-operative companies, United Grain Growers (Ltd.) and the Saskatchewan Co-operative Elevator Co. (Ltd.), came to the help of the committees at this time. United Grain Growers (Ltd.) at once offered its facilities for the handling of pool grain and advanced \$5,000 to each of the Alberta and Saskatchewan organization committees. The co-operative elevator company voted \$15,000 to help defray the expense of organizing the Saskatchewan pool. These amounts were later repaid by the pool to the respective companies.

Organization Expense

The expense of organizing the three provincial pools was comparatively light when the magnitude of the undertaking is considered. Settlement in the Prairie Provinces is comparatively sparse and the area covered by the pools so large that the cost of organization, including attendance at meetings and soliciting of contracts, might reasonably have been very heavy. The fact that it was not indicates that by far *the greater part of the original work was done voluntarily*. An organization fee of \$2 plus \$1 for one share of stock was collected from contract signers in each of the provinces.

The Contract

Since "control" became the dominant feature of the wheat-pool campaign, major consideration was given to the means by which such control was to be

effected, namely, the contract. The form and provisions of the contracts used by the provincial wheat pools are similar to one another and to those used by co-operative associations in the United States, with such changes as were necessary to comply with Canadian laws and trade practices. In brief, the more important features are: The association to take title to the grain and to make an advance payment at time of delivery, the balance, if any, to be paid as interim and/or final payment; all grain of like grade to be pooled and producers thereof to receive the same base price; provision of a clause entitling the association to collect a per-bushel charge from the grower for breach of contract on his part; the association to make all contracts for the receiving, handling, and sale of grain; and the contract to run for a period of five years without provision for withdrawal during that time.

The Canadian Wheat Pool

The Central Selling Agency

CO-OPERATIVE principles find expression in the management and control of the central selling agency. Although Saskatchewan normally contributes more grain than do the other two provinces combined, it has no more representation on the board of directors or executive committee than do neighboring provinces. Each of the provincial pools elects three representatives and each representative has one vote. An executive committee consisting of three members, one from each province, is chosen by the board of directors from among their number.

The provincial pools confer upon the central selling agency all of the powers, rights, and privileges which they enjoy under their contracts with growers. In return, the central agrees to take delivery of the grain and to sell it. The provincial associations agree to advance to the central, when needed, such moneys as the directors of the latter decide are necessary to carry on the business. The provincial associations also agree to deliver to the central all of the grain which they receive, with the exception of sales for seed and feed purposes, for which special permits are granted to growers.

The service departments which are or may be maintained by the central selling agency are: Domestic and export, sales, finance, transportation, statistics and information, field service (supervising the provincial field service and publicity), terminal elevators and warehouses, grading, general counsel, and office systems. Although the central selling agency may perform these services, as specified in the contract, it has in practice confined its activities to the selling of grain and to the creation of a department of publicity and statistics. The departments which are or may be maintained by the provincial associations are: Field service and publicity, elevators and warehouses within the provinces, local counsel, relations with elevators, office management, and transportation to terminals.

All sales of grain are under the general supervision of the Winnipeg office of the central selling agency, but for convenience an office which handles Alberta sales and exports through western ports is maintained in Calgary.

Sales Policies

The pool's sales policy has been to sell as much grain as possible direct to domestic and foreign mills and, through agents, to the buyers of grain in importing countries. With this in mind, an office was opened in Toronto to develop the direct-to-mill business among the mills of eastern Canada. Another office was established in France where conditions were such that a considerable business with French mills seemed possible of development.

During 1927 an office was opened in London, England. Sales to buyers in other European countries and in certain Asiatic countries have been made through brokerage agencies. Contracts with these agencies were made largely by representatives of the pool who personally visited the brokers and grain merchants of importing countries. The number of

such agency connections maintained in 1927 was 28 and the countries represented, 16.

The pool has been able to develop considerable business with Oriental countries and, to that end, sent representatives to China and Japan during 1926. A considerable volume of pool wheat is now being sold to these countries. In developing this market, the pool has accomplished results which a small association could not have achieved.

Pool Uses Grain Exchange Facilities

The central selling agency is vested with authority to sell grain to the best possible advantage. Realizing that there might be times when it would find it advantageous to sell to firms represented on the grain exchange, the organizers provided that such sales might be made and to that end acquired representation on the Winnipeg Grain Exchange. This policy proved to be a wise one, inasmuch as it provided an outlet for the pool's grain during the first years of operation, before many of its own trade contacts, discussed above, had been made. About 40 per cent of the grain handled during the first year of operation was sold through the exchange. Since that time direct sales to domestic mills, plus those made through branch offices and agencies, have amounted to about 75 per cent of the total grain sold by the pool. In actual practice, the central selling agency is in daily contact with its branch offices and agency connections by telegraph and cable. It is also in constant touch with the Winnipeg and other grain exchanges by means of a ticker tape, and in the case of Winnipeg, through its own representatives on the grain exchange. It is, therefore, in a position either to accept telegraph or cable bids or to sell on the exchange.

Pool in Position to Modify Sales Distribution

The purpose of the pool, which finds expression in the sales policies of the central selling agency, has been to sell wheat and coarse grain as demand and supply conditions appear to justify. In spite of the fact that some well-meaning organizers may have encouraged the belief that sales might be distributed with perfect uniformity throughout the year, no such thought was held by those responsible for administrative policies. The pool is in a position, however, to delay selling should market conditions encourage such a policy. It has advanced only a portion of the market value, and consequently does not have to hedge to protect its holdings. It is, therefore, in a position to hold grain until market conditions justify its sale.

The Canadian Wheat Pool

Financing the Wheat Pool

THE Canadian pools, both provincial and central, are capital-stock organizations, but the capital raised from the sale of stock is small compared with the total amount used.

In the case of each of the provincial pools shares of stock have the nominal par value of \$1. New members are required to subscribe for one share of stock and pay an organization fee of \$2. During the organization campaign the money obtained from organization fees was used for the expenses of the campaign. To the extent that organization work is now conducted, funds obtained in this way are still used for the same purpose. As mentioned in the section dealing with the organization of the provincial pools, most of the actual soliciting of members during the early period of development was done voluntarily by local canvassers. Overhead expenses had to be met, however, and it was for this purpose that organization fees were necessary.

Additional funds for organization purposes were supplied in the form of loans by the two co-operative elevator companies. United Grain Growers (Ltd.) loaned \$7,000 to the Manitoba pool and \$5,000 each to the Alberta and Saskatchewan pools. The Saskatchewan Co-operative Elevator Co. (Ltd.) loaned \$15,000 to the latter pool. A further advance, amounting to \$45,000, was made to the Saskatchewan pool by the government of that province and the sum of \$5,000 was loaned by the Alberta government to the provisional committee in charge of the organization of the Alberta pool. All of these loans were repaid during the first year of operation.

Reserve Funds

Provisions for an elevator reserve fund and for a commercial reserve are found in the contracts between members and each of the provincial pools. The former is to provide funds for the acquisition of elevators only.

The elevator reserve is created, in the case of each pool, by deduction of an amount not to exceed 2 cents per bushel from returns for the sale of wheat. Growers receive credit for the full amount of deductions for both commercial and elevator reserves.

Banks Extend Credit

UNDER present circumstances, the directors of the central selling agency arrange with a committee of Canadian bankers for the credit necessary for the movement of pool grain. The pool officials state the amount of credit they believe will be needed and the representatives of the banks apportion the total among their institutions according as they desire such business and are able to handle it. It is understood that the credit actually required by the pool has not exceeded \$35,000,000, at any one time, but in a season of unusually large crops, it might do so.

The pool officials do not anticipate any difficulty in securing whatever credit may be needed, since Canadian banks have been anxious to secure the pool's business. As the provincial pools increase their reserves, to that extent the need for bank credit will be lessened. Such reserves already assist materially in financing the operation of the central selling agency.

If the sales of grain by the pool kept pace with its receipts from farmers, the need of credit would not be so great. The pool's policy, however, as stated elsewhere, is to spread the sale of grain as uniformly as market conditions justify throughout the year,

whereas it receives more than 70 per cent of its grain during the period from September to November, inclusive. The peak of credit used is reached, therefore, during this period, and as sales of grain are made the amount of necessary credit declines until a time is reached when sales exceed receipts. At this point the income exceeds the amount of advance payments and the pool changes from debtor to creditor in its relations with banks. During the latter half of the crop year the pool's bank balance increases and additional payments can be made to growers through the provincial pools.

Coarse Grain Pools

IN Canada oats, barley, rye and flax are referred to as coarse grains. Pools for the handling of such grain exist in Manitoba and Saskatchewan and are operated by the wheat pools of these provinces. Although a separate contract is used, its features are practically the same as those embodied in the wheat-pool contracts. The discussion of relations between the pools and the elevator companies has centered mainly around the handling of wheat, but similar arrangements exist for the handling of all other grains included in the coarse-grain pool contract.

Disposition of Elevator Earnings

In the handling of the 1925-26 crop the surplus earnings accruing to the Saskatchewan pool from terminal elevator operations were \$537,250. In addition, the country elevator operations showed a net surplus of \$171,706. The directors decided to return most of these surplus earnings to the growers who contributed directly to them. Thus a dividend of 2 cents per bushel on all wheat shipped through pool country elevators and 1 cent per bushel on all coarse grains similarly handled was paid.

The Canadian Wheat Pool

Costs of Operations

The costs per bushel of operating the provincial pools and the central selling agency are shown in Table 23. As might be expected, when volume of grain handled is considered (Table 25), the cost per bushel in Saskatchewan is materially less than in either of the other provinces.

TABLE 23—Cost of Operating the Canadian Provincial Pools and the Central Selling Agency, 1923-24 to 1925-26¹

POOL	Cost Per Bushel				
	1923-24 ² Cents	1924-25 Cents	1925-26 Cents	1926-27 Cents	1927-28 Cents
Alberta	0.484	0.405	0.418	0.347	0.45
Manitoba .....	.....	1.028	1.27	0.803	1.50
Saskatchewan .....	.....	.52	.38	0.45	0.53
Central selling agency.....	.....	.33	.20	.16	.06

¹Does not include local elevator, terminal, or transportation costs.

²The Alberta pool began operations in the fall of 1923 but the Saskatchewan and Manitoba pools did not commence until the fall of 1924.

Savings on Elevator Costs

The volume of business passing through pool elevators has made it possible to operate these facilities for lower per-bushel costs than farmers had been in the habit of paying for elevator services. Competition for business had resulted in more elevators at many stations than were necessary to handle the available grain. The average volume handled per elevator was therefore much less than the pools obtain under present conditions and the cost per bushel was accordingly higher.

The large volume at the disposal of pool terminal elevators also has made possible large savings in operating costs as well as profits on the mixing and recon-

ditioning of grain. In the case of the Saskatchewan pool the combined amount available for refund to members on the operations of 1925-26 and 1926-27 amount to over \$2,300,000.

Reduced per bushel cost for elevator operations resulting from large volume has been a worth-while achievement of the pool.

Grain Volumes Handled by Canadian Pool

1923-1924 (Alberta only).....	35,250,000
1924-25.....	81,670,305
1925-26.....	187,363,886
1926-27.....	197,142,000
1927-28.....	222,908,534

Membership

Increased membership is perhaps a better indication of progress in the case of the Canadian wheat pools than increased volume, because of the variation in annual production of wheat in western Canada. Information given in Table 26 is evidence of continued support and is the best indication of what Canadian farmers think of these organizations and their accomplishments.

Membership in the Canadian Wheat Pool

1923.....	*25,601
1924.....	91,195
1925.....	122,385
1926.....	136,112
1927 (March 15).....	140,208

*Alberta began operating a pool alone in 1923. In 1924 Manitoba and Saskatchewan joined in with a central agency for all.

Members.....140,208 (Alberta-Manitoba-Saskatchewan)
Members..... 12,750 (Ontario)

152,958

One Seller for 153,000 growers.

Seeing what the farmers in the western provinces of Canada had done, the farmers in the province of Ontario likewise organized "The Ontario Grain Pool" in 1927 with some 9,000 members. This grain, like that from the other three provinces, goes through the Canadian Pool Central Sales Agency. At the present time the Ontario Pool has more than 12,750 members.

The Canadian Wheat Pool

Physical Assets

The acquisition of plant and equipment is also a fair measure of progress. In this respect the pools have made rapid strides. (See page 15.)

Pool's Basis of Payment to Members Encourages Cash Business

The pool's method of paying its members for grain delivered, as stated earlier, is to make a substantial initial payment at time of delivery, followed by interim and final payments at intervals throughout the ensuing crop year. The effect of this policy is to give the farmer, in most cases, enough to meet his heavier obligations coming due after harvest, and then to provide him with additional money throughout the year to meet current expenses. This, it is held, puts the wheat farmer on a basis similar to the dairy farmer, who has some money coming in at regular intervals, and encourages cash business.

Considerable testimony in support of this contention has been forthcoming from retail dealers, wholesalers, bankers, and others. The situation has been aptly described by the Premier of Saskatchewan, who states that the farmers of western Canada are now able to finance on last year's crop and not on the expected crop of this or future years. *Prominent bankers have endorsed the pooling method of payment* because they claim it results in a quicker movement of money and less "frozen" credit. It is also claimed that farmers are subjected to less pressure by creditors at harvest time.

Other Accomplishments

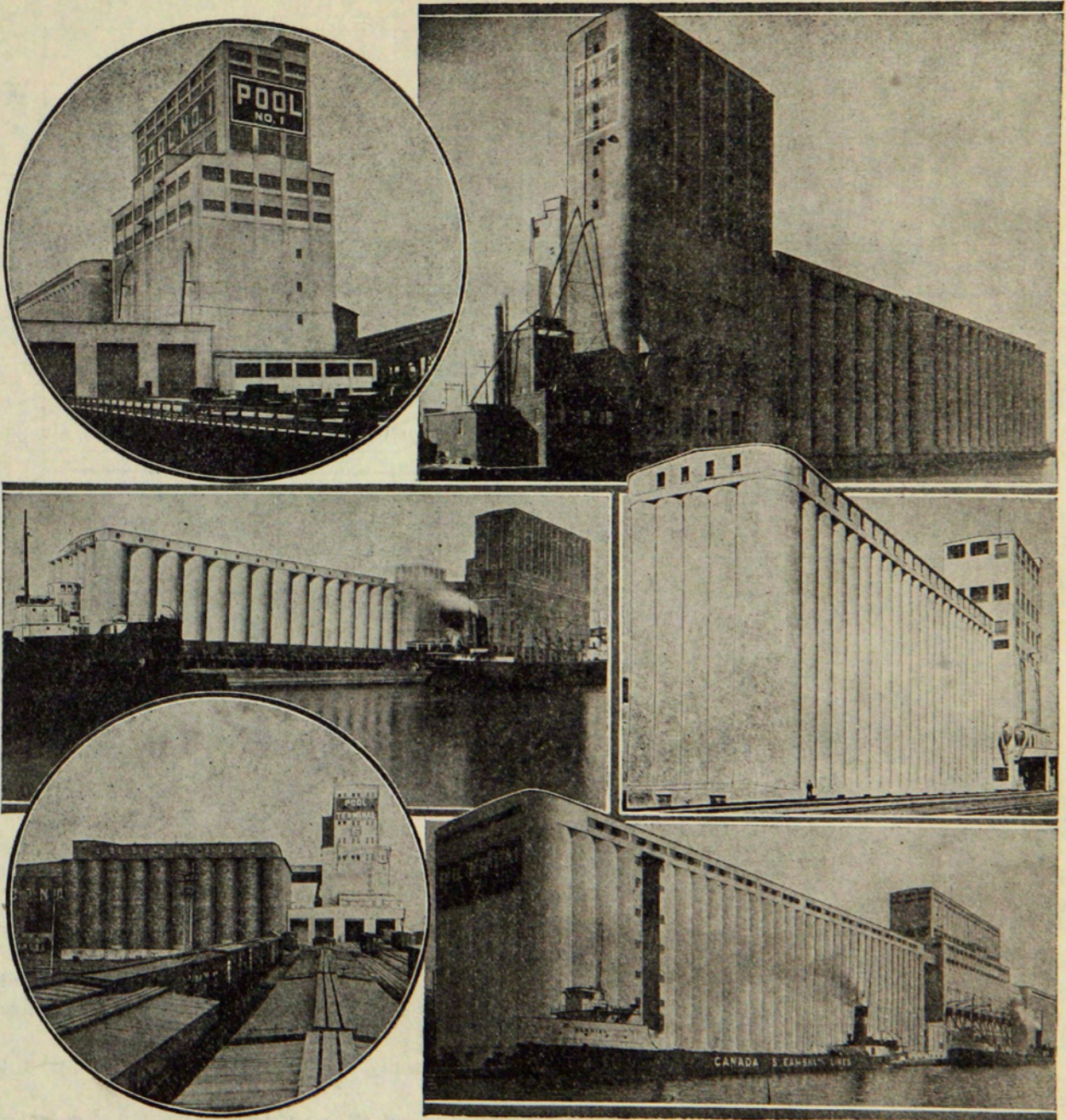
The size of the wheat pool and the numerical strength of its membership make it an important factor in obtaining for farmers certain other benefits, some of which are only indirectly related to the marketing of grain. The pool has become the spokesman to a certain extent of the farmers of western Canada. The organization has been instrumental in obtaining a revision of the Canada grain act; it has also obtained legislation affecting assignments and adjustment of debts, and has been a factor in securing freight reductions on the movement of grain. It is apparent that many demands are likely to be made on an organization of such magnitude. The pool because of its size has an advantage which, if wisely used, can be of very material benefit to the farmers of western Canada.

Prices and Production

The operations of the Canadian Pool had to be based on an increased world production and the results attained are, we believe, satisfactory from every point of view. The figures from Broomhall's during the years of the Pool's existence, and the average Pool price are as follows:

Year	World Production (Bushels)	Average Pool Price No. 1 Nor. Ft. Wm.
1923-24	3,792,080,000.....	(Alberta only) \$1.01
1924-25	3,411,760,000.....	1.66
1925-26	3,886,000,000.....	1.45
1926-27	4,171,000,000 (revised figure).....	1.42
1927-28	4,207,000,000.....	1.42 $\frac{1}{4}$

Just a Few of the Many Terminal Elevators Owned by the
 Producer-Members of the Canadian Wheat Pools.



Alberta Pool Terminal No. 1 at Vancouver; capacity 1,650,000 bushels.

Pool Terminal Elevator No. 4 at Port Arthur; capacity 6,425,000 bushels.

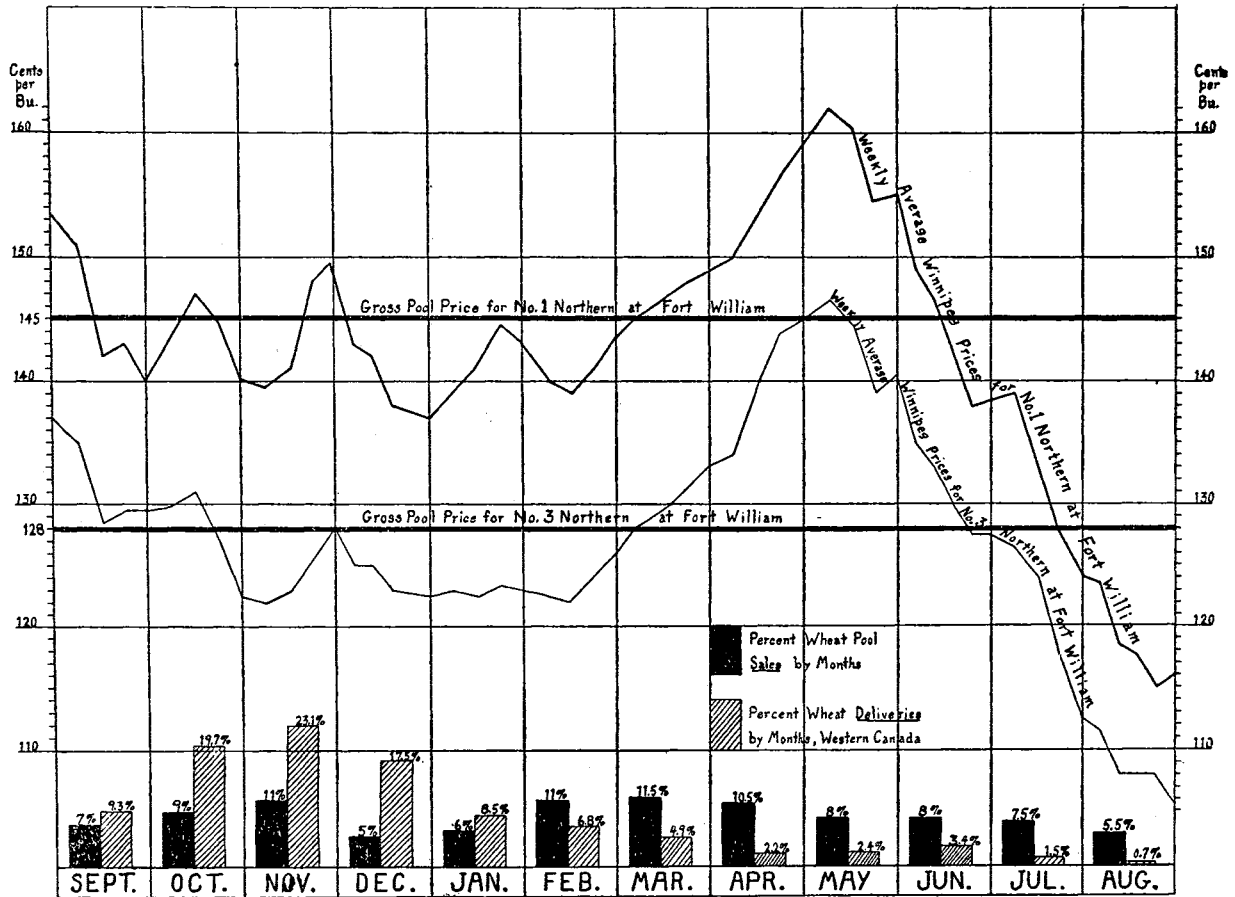
Saskatchewan Pool Terminal No. 6 at Port Arthur; capacity 7,500,000 bushels. (The largest grain elevator in the world.)

Canadian Pool Terminal Elevator at Port Arthur; capacity 1,400,000 bushels.

Alberta Pool Terminal at Prince Rupert; capacity 1,250,000 bushels.

Saskatchewan Pool Terminal No. 7 at Fort William; capacity 7,000,000 bushels. (The largest "single unit" grain elevator in the world.)

Comparison of Canadian Wheat Pool and Grain Exchange Prices 1927-28



THE above chart presents a comparison of Pool and open market wheat prices. The two curves represent the Winnipeg weekly average closing cash prices, basis Fort William, for No. 1 and No. 3 Northern. The two heavy horizontal lines represent the gross price received by the Pool Central Selling Agency, basis Fort William, for No. 1 and No. 3 Northern.

Total *deliveries* of wheat at country points in western Canada are given in monthly percentages at the bottom of the chart as indicated by the cross-hatched columns. *Sales* of wheat by the Pool are also given in monthly percentages as indicated by the solid columns.

As the chart clearly shows the open market price was materially lower than the Pool price during practically the entire period of heavy country deliveries.

From October 21, 1927, to March 2, 1928—during which period the open market price was considerably lower than the Pool price—289,000,000 bushels of wheat, or 70 per cent of the total deliveries during the entire crop year, were delivered at country points. The relatively light sales by the Pool during this period of low prices explains in a large measure the fact—clearly shown by the chart—that Pool members received considerably more than the average price received by non-Pool farmers. During the greater part of the period, March to July—when the open market price was above the Pool price—deliveries were only 44,000,000 bushels or 10.2% of the total deliveries, while Pool sales during the same period were 70,000,000 bushels, or 33% of the Pool's total receipts for the crop year.

What Did the Canadian Pool Member Receive Net for His Wheat?

Canadian Pool prices are quoted, generally, basis some terminal point. The American farmer is at a loss, therefore, to know how much net the Canadian grower receives for his wheat. The table below shows what a grower in any one of the three provinces received net for his wheat for the past four years, using No. 1 Northern as a basis and averaging the freight rate for each province. Alberta, you will note, began handling wheat a year before Manitoba and Saskatchewan.

YEAR	PROVINCE	Gross Price Returned to Provincial Pools by Central Selling Agency	Amount Deducted for Elevator Reserve Fund and Credited to Growers	Amount Deducted Commercial Reserve Fund and Credited to Growers	Amount Deducted for Provincial Operating Expenses	Freight (Approximate Average Rate)	Service and Handling Charges	Net Price Received by Grower
1923-4	Alberta	\$1.0209	nil	\$0.0061	\$0.00484	\$0.13	\$0.025	\$0.855
	Manitoba	1.66	\$0.02	0.0166	nil	0.098	0.025	1.5104
1924-5	Saskatchewan	1.66	0.02	0.0166	0.0064	0.128	0.025	1.464
	Alberta	1.66	0.02	0.066	0.0034	0.13	0.025	1.455
	Manitoba	1.45	0.01371	nil	0.00629	0.098	0.025	1.307
1925-6	Saskatchewan	1.45	0.02	0.0073	0.0038	0.128	0.025	1.2659
	Alberta	1.45	0.02	0.0145	0.00355	0.13	0.025	1.2512
	Manitoba	1.42	0.02	0.0142	0.00803	0.098	0.025	1.2548
1926-7	Saskatchewan	1.42	0.02	0.0142	0.0045	0.128	0.025	1.2283
	Alberta	1.42	0.02	0.0105	0.00347	0.13	0.025	1.23
	Manitoba	1.4225	0.02	0.0123	0.015	0.098	0.025	1.2522
1927-8	Saskatchewan	1.4225	0.02	0.012	0.0053	0.128	0.025	1.2322
	Alberta	1.4225	0.02	0.0105	0.0045	0.13	0.025	1.2325

Speculation vs. Supply and Demand

By ROLLIN E. SMITH

The following quotations are from a bulletin by Rollin E. Smith of the Grain Futures Administration of the U. S. Department of Agriculture:

As Mr. Smith says, "this private publication is the outcome of the author's own observations and experiences in the grain markets extending over a period of twenty-five years." Four years of that time he was an active member of the Minneapolis Chamber of Commerce, trading in the pit, and he was also a member of the Chicago Board of Trade. "Fourteen years of the twenty-five were spent as market editor of a daily paper and as managing editor of two trade papers closely connected with the grain and milling trades. This experience was rounded out with a six-month tour of Europe during which every grain exchange of importance was visited, and also all the wheat growing countries." From June, 1919, to January, 1921, he was special representative of the Bureau of Markets, United States Department of Agriculture on the Chicago Board of Trade. He is at present connected with the Grain Futures Administration of the U. S. Department of Agriculture.

What Is the Force That Moves Prices Up and Down?

"IN studying the causes of price changes one will never get anywhere, except to become entangled in a theoretical maze, if he thinks of cash grain as the price basis while he is watching traders in the pit buying and selling May, July, September and December wheat. There is a connection, of course, but it is vague, indefinite and uncertain, except that such trading is making the price basis for cash wheat.

"If there is a law of supply and demand, and if it is an active force, and if there is a principle back of it, then why doesn't it function—act upon prices—all the time, as temperature causes the mercury in the tube to register every change? If there is a law of supply and demand, why do not certain conditions produce certain results, every time, without fail, year after year?

"Why does the law of supply and demand not function? *Because* it is daily interfered with and set aside by men who decide at what price commodities shall be sold, in the produce and fruit markets, and by speculators in the grain markets on the Exchange, who deal in unlimited volumes of contracts, the quotations of which are used as the basis for cash grain.

"It is argued by professional speculators and other defenders of the system that speculation has no effect on prices, except perhaps during the few minutes large orders are being executed. This implies that there must be a continual volume of buying and selling, representing legitimate supply and demand, so great that it actually swallows up all speculative transactions. The imaginary supply and demand transactions are thus pictured as a volume so great that speculation is overwhelmed and lost sight of.

"Yet quite the reverse is the true picture; for the mighty flood of transactions in the futures markets, the overwhelming force that causes prices to advance and decline, is *speculation*. Actual or legitimate supply and demand transactions are but incidental and they are quickly lost in the great flood of speculation.

"As this great flood of speculative transactions shift first one way and then another, according to the changing balance of professional operations, so the price basis for grains is made; *thus the basic prices for the farmer's crops are made by speculators*.

"Three-quarters of a billion bushels of wheat futures, as a minimum average, and from that to a billion bushels, are traded in every month in the year on the Chicago Board of Trade alone, of which probably 80% is speculative trading. This means that a "bumper" year's wheat crop for the United States, or one of 800,000,000 bushels, is bought and sold on that exchange *every month of the year*.

"It is a reflection on one's intelligence to be expected to believe that this great volume of speculation has no effect on prices. Those who are trying to "isolate" the force that moves prices up and down should consider this: Speculation in the grain futures market is not merely betting on price movements. If speculator's orders were segregated from the market and were executed like bets on horse racing are, then supply and demand conditions would have a chance to function in the cash grain markets.

"If speculators merely bet among themselves whether prices would advance or decline, then their operations would have no more effect on grain prices than betting on a race horse has on the price of horses on the farm. *But quotations that speculators make in the grain futures markets are accepted as the basic price for cash grain. Such quotations cannot represent supply and demand conditions.*

"Economists, knowing nothing about speculation or the futures markets, and, therefore, nothing of the effect of speculation, seek elsewhere for the cause of price changes—for the force that moves prices up and down—and the 'law of supply and demand' and 'world conditions' are always available. Although the terms as generally used mean nothing, they sound well and satisfy the public mind.

"It may be argued that the writer has overlooked world crops and world requirements. This is not true, however, for the most important factor in making world wheat prices is the Chicago Board of Trade."

Fluctuations in Wheat Futures

Senate Document No. 135

By Chief Grain Futures Administration
U. S. Department of Agriculture

The following quotations are excerpts from the report of this Government Division investigation of the Grain Exchanges, especially as to the extreme fluctuations in the price of wheat futures during the early part of 1925. Such practices as here exposed are common occurrences on the Grain Exchange.

“ . . . most of the wide and erratic price fluctuations that occurred in wheat futures at Chicago during the early part of 1925 were *largely artificial* and were caused primarily, either directly or indirectly, by heavy trading on the part of a limited number of professional speculators.”

“ . . . These large-scale buying and selling operations completely disrupted the market and resulted in *abnormal fluctuations which were felt in every other large grain market in the world.*”

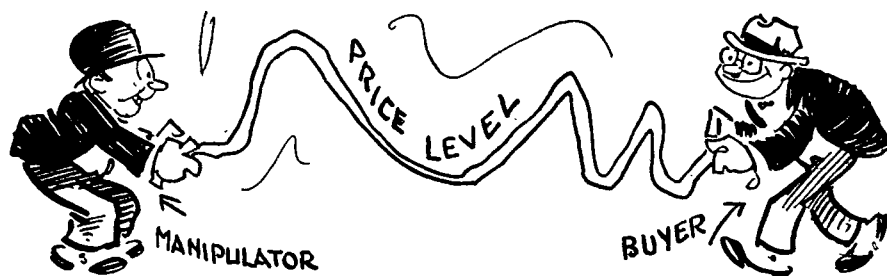
“ . . . Professional speculators may be divided roughly into two groups:

“(1) Those who trade on the basis of rational appraisal of present and prospective conditions affecting supply and demand, without at the same time trading in a manner or with aids designed to augment or artificially hasten the market results expected. These have been considered as belonging to what might be called the ‘*constructive*’ group.

“(2) Those who trade largely on the basis of mob psychology and faith in their ability through heavy trading to bring about temporary market conditions of which they may take advantage to make profits. Their operations and presence in the market are *distinctly destructive, regardless* of whether their operations serve to move prices up or down.

“ . . . This study clearly indicates that large speculative operations either on the long or the short side, contain an element of grave danger. They are a constant hazard in the market, the force of which may move prices far out of line with the normal and temporarily at least, destroy completely the hedging value of the futures market.

“ . . . in dealing with unnatural and artificial means to move prices out of their normal course, we may be justified perhaps in using artificial and more or less arbitrary means by which to keep them within the reasonable bounds of natural movement as governed by the legitimate forces of supply and demand.”



“Mixing” Wheat in Terminal Elevators

From Report of the Federal Trade Commission on “THE GRAIN TRADE,” Vol. III, Table 33, Page 319. Results of Mixing Operations in Wheat, at Six Licensed Public Elevators at Kansas City. 1913-14 to 1916-17.

GRADE	In (Bought)	Out (Sold)
No. 1 Red.....	13,925	1,000
No. 2 Red.....	3,772,594	5,545,336
No. 3 Red.....	1,946,860	985,172
No. 4 Red.....	1,771,305	458,024
No. 1 Hard.....	197,455	368,652
No. 2 Hard.....	28,186,320	43,428,121
No. 3 Hard.....	25,947,612	26,569,784
No. 4 Hard.....	17,865,598	8,277,012
Lower (Mixed, Durum, Etc.).....	3,651,187	2,452,439
Sample	5,153,891	1,004,312
	88,506,747	89,089,852

Includes opening and closing inventories.

In this table note particularly that where there is some *three million* bushels of No. 2 Red *bought* (from farmers and country elevators) there are *five million* bushels *sold*. And where *28 million* of No. 2 Hard are *bought* there are *43 million* *sold*. And that while *five million* bushels are bought at Sample grade prices there is only about *one million* bushels sold at Sample grade prices.

The practice is to take a small parcel of high grade grain and mix with it a big lot of lower grade that has been cleaned, etc., and by the mixing make it all good average grade, or a No. 2. This “mixing” can best be done profitably at the terminal where there are big volumes to work with and where big cleaning and scouring and grading machinery can be most efficiently operated.

The screenings cleaned from the grain have value when ground as stock feed. And the screenings so secured usually sell for enough to pay the cost of cleaning. So at no cost for cleaning, grain, that is bought at lower grade prices, can be sold after such cleaning and mixing at a higher grade and price. Frequently, also, No. 2 is cleaned up so as to make a No. 1 grade, and Sample is worked up to a higher grade, etc., and the screenings pay for the cost of cleaning.

This cleaning and mixing operation is highly profitable for those engaged in it. The trouble is that under present grain marketing methods in Colorado the farmer or the local co-operative elevator is not securing these profits—they go to the terminal operators.

There is nothing crooked or dishonest about it; it is legitimate trade practice that is indulged in by practically all terminal operators. If your wheat is bought at the country point on a No. 3 grade, that is probably what it is, although it may be a *good* No. 3. But after it gets to the terminal, your good No. 3 may be cleaned sufficiently (the screenings paying for such cleaning) so as to get in to the bottom, or a little above, the No. 2 grade. The answer is for the farmers to be adequately represented with their own organization in the terminal markets, and secure for themselves these “mixing” profits as well as other profits.

From Federal Trade Commission Report on The Grain Trade, Vol. III, Page 154, “MIXING AND CONDITIONING BY TERMINAL ELEVATORS.”

“Practically every private terminal elevator company engaged in buying and selling grain makes a practice of mixing, cleaning and conditioning the various lots of grain purchased in order (1) to secure the screenings; (2) to improve the quality; and (3) to take advantage of the latitude within the requirements of each standard grade by mixing large quantities of grain to the bottom level of such requirements.”

Page 157, “KANSAS CITY.”

“The records of receipts and shipments by five elevator companies at Kansas City (operating six elevators) furnished data for four crop years. (Results given in table above.)

“It will be noted from the figures in this analysis that although many varieties of wheat were handled through these houses there was a marked effort to turn out No. 2 Hard and No. 2 Red, presumably because No. 2 Hard is a contract grade and both No. 2 Hard and No. 2 Red are commonly handled in the export trade.”

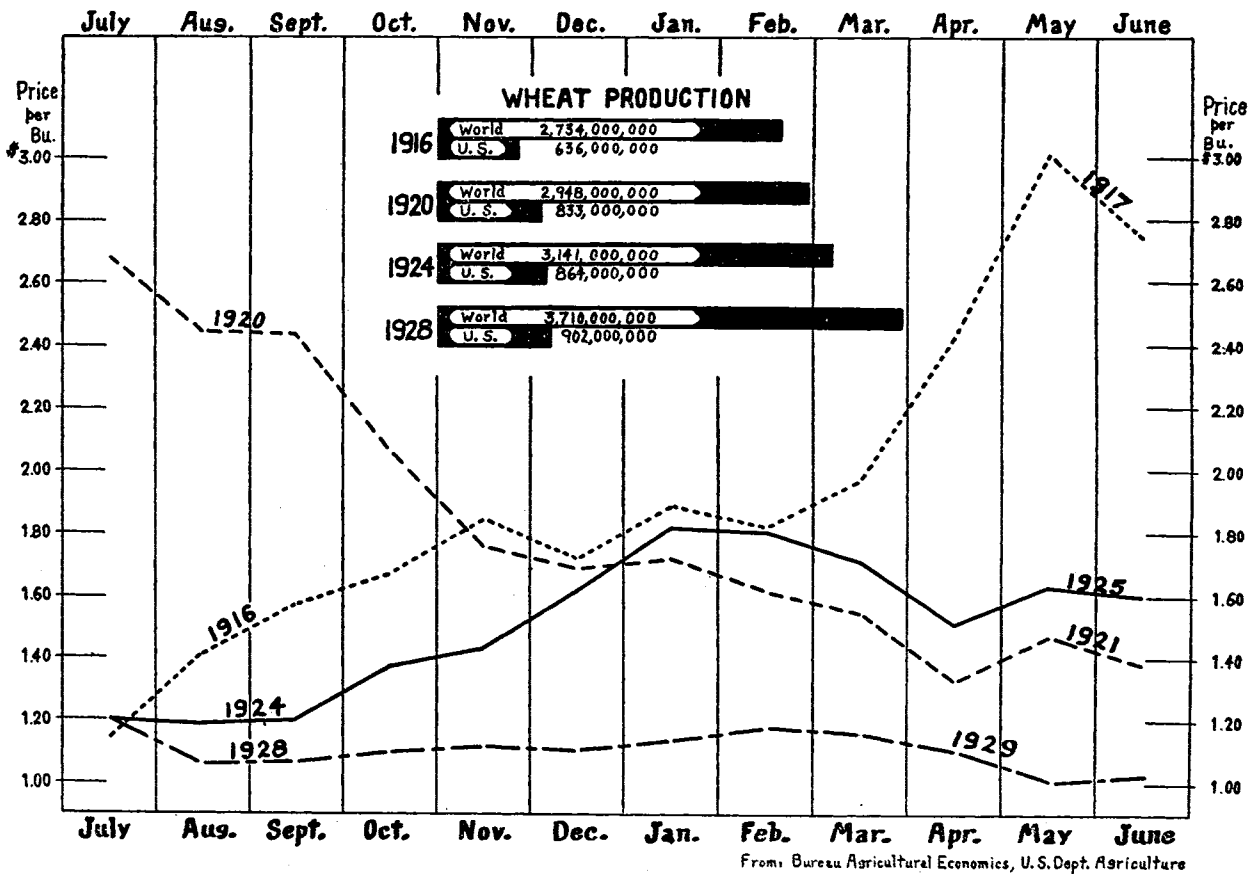
One important factor in the difference in the total bushels “in” and total bushels “out” of these terminal elevators over a certain period is in figuring the business on a bushelage basis. The different grades each have a certain minimum legal weight per bushel. Much of the wheat that is bought in the terminal from country points *exceeds* the minimum legal weight for its grade. But in the “mixing” operations the wheat that is turned out is usually brought right close to the legal *minimum weight*, as are also all other grade qualifications.

Thus 100 bushels of wheat received weighing 62 pounds per bushel might in the "mixing" process make 107 bushels of a grade requiring only a 58 pound minimum weight per bushel. A gain of 7 bushels or 7%.

Another factor accounting for the difference in the totals of the bushels "In" and "Out" of these elevators over a certain period, is in the fact that opening and closing inventories are included. There is no day in the year in which the elevator is entirely empty. So that an opening inventory must be taken at the start, showing the amounts of the various grades on hand. Say this is taken on May 1st. Then a daily record of the amounts of the various grades in and out is kept for a year. The following April 30th, another inventory is taken for closing, showing the amounts of the various grades on hand at that time. If there is more (or less) of some grades on hand at the latter date than there was at the opening inventory, that will make a difference in the totals.

**Weighted Average Price No. 2 Hard Winter Wheat at Kansas City for Various Years—
1916-1920-1924-1928**

(Also World and U. S. Production of Wheat in Bushels)



WITH an increasing wheat crop both in the United States and in the world for the years shown, if the law of supply and demand *does* operate to determine prices why did not the price steadily decline on account of the increased production?

What made the phenomenal raise in 1916-17? The War? All right! But the producer didn't benefit because he sold too much wheat early. What made the drastic drop of 1920-21? The deflation policy? The end of the war? All right! But with wheat starting out at \$2.65 so many farmers were *sure* it was going to \$3.00 that they held and with exports markets ruined, the huge crop weakened the local market and finally the farmers let loose at the lower price. In 1924 it was generally a rising market and in 1928 a generally falling market. In 1916 and 1924 it would have paid to hold. In 1920 and 1928 it would have paid to sell early (or in the case of 1928 to hold for a whole year, which few farmers can afford even if they knew it would pay to do so).

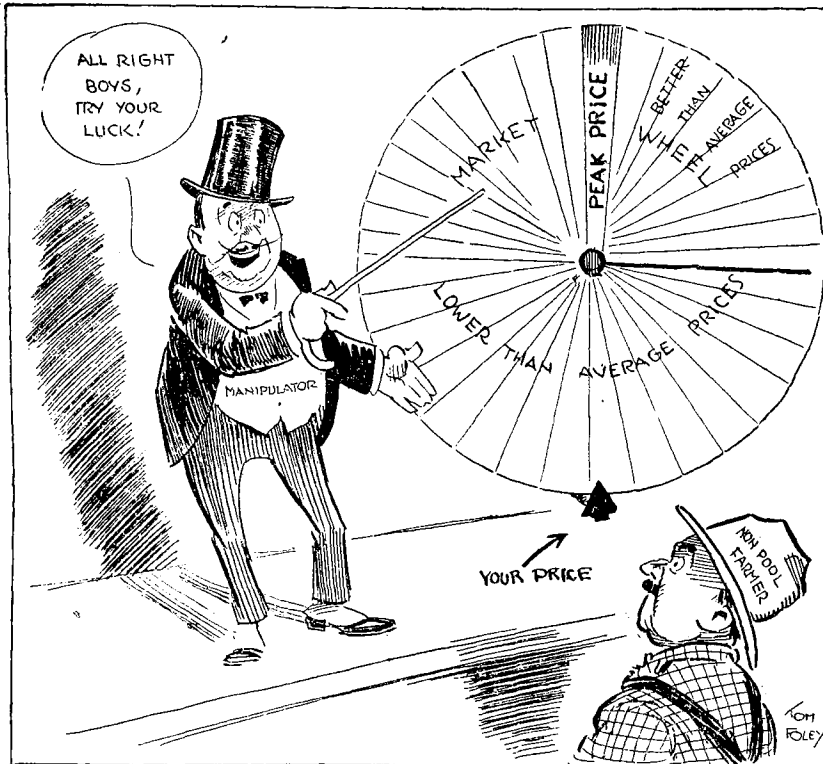
How can any *individual* farmer know when is the best time of year to sell his wheat? Or formulate any

policy that will work over a period of years? Consistently early sellers and consistently late sellers over a period of years according to the records average up to about an equal standard—no advantage.

In 1916-17 the peak price came in May (1917)
 In 1920-21 the peak price came in July (1920)

In 1924-25 the peak price came in Jan. (1925)
 In 1928-29 the peak price came in July (1928)

(It's a shame to call July '28 a *peak* price, but it was.)



The answer is: the individual is at a loss to know the best time to market his wheat during a season. The wheat market is a big affair, it takes world-wide and nation-wide information as to conditions, supply and demand and many other factors, quickly and completely and correctly arrived at. And then it takes long experience to *correctly interpret* as to how this information will affect prices. The individual farmer *cannot* do this—he is at the mercy of those in control of the terminal markets who secure and interpret for their own interests this information. The only way the farmer can secure his just reward in marketing is through his large-scale organization to employ competent sales experts to study market trends for him.

Without a large-scale organization of his own on the terminal market the individual grower might just as well shut his eyes and guess—he might be lucky enough to guess better than the rest of his fellows—once or twice in a lifetime.

“Grain Trade” Terminal Elevator Profits

From Report of The Federal Trade Commission on “THE GRAIN TRADE.” Vol. IV, Table 14, Page 165.
 Operating Results of Two Terminal Elevators (Kansas City-St. Louis) 1919-20.

Total Income from all Sources.....	\$2,189,159
Total Expense.....	901,646
NET Operating Income.....	\$1,287,513

Bushels of grain sold 22,090,466; invested capital \$1,338,424.

Results for Stockholders

PER CENT OF INCOME TO INVESTED CAPITAL.....	96.20% (1 Year)
PER CENT OF INCOME TO INVESTED CAPITAL.....	(Average of 6 years) 63.57% (yearly)

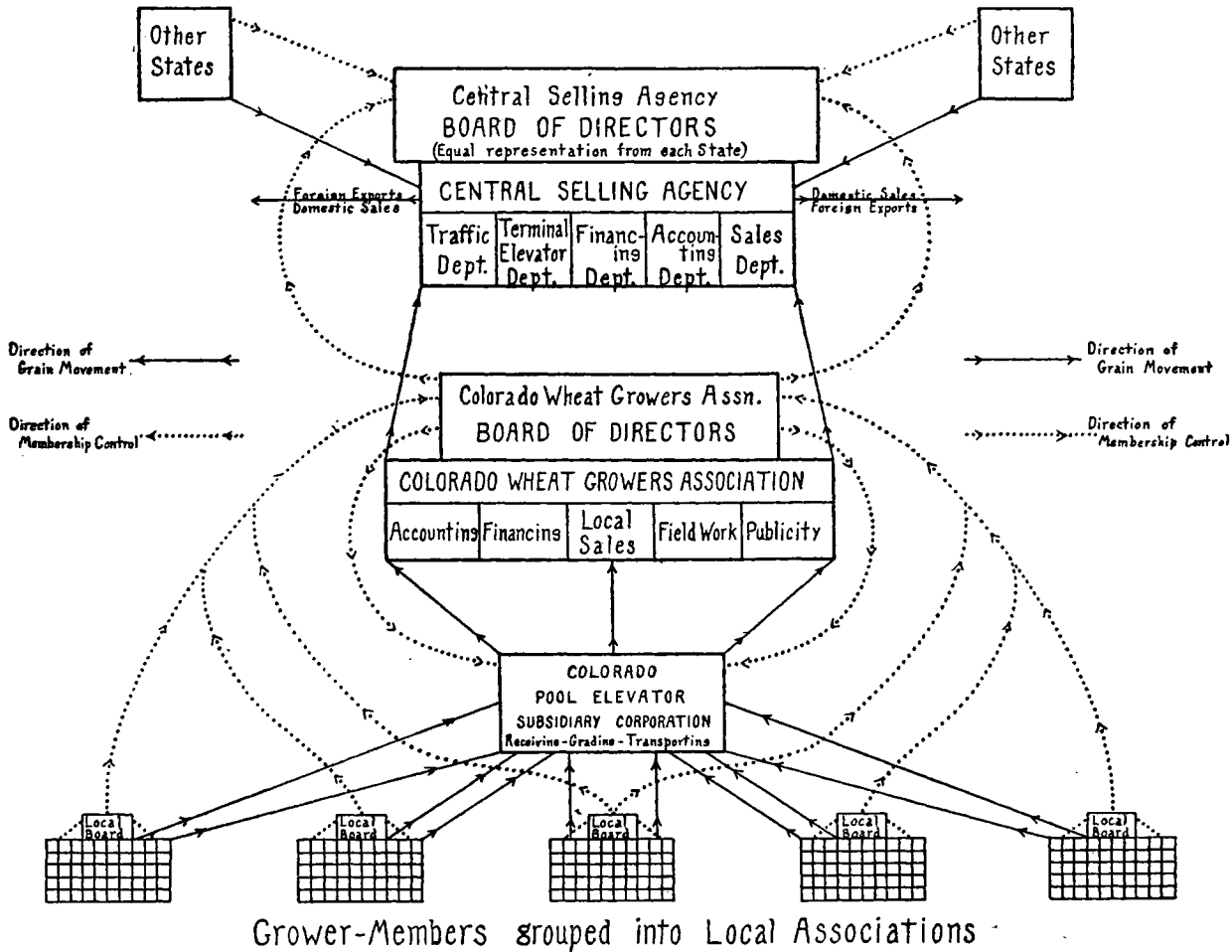
This table indicates the profits in terminal elevator operation. It is from the records of the Federal Trade Commission official investigation of the Grain Trade. It shows for the year 1919-20 as a representative example, whereby this private company with one elevator at Kansas City and one at St. Louis returned to its stockholders 96.2% on the investment. For every dollar a stockholder had invested, this particular year, he received 96 cents.

One year is hardly a fair average. So let's go to the Federal Trade Commission records again and take the “Per Cent of Income to Invested Capital” for these same two elevators for six years—1912-13 to 1919-20 (leaving out the years 1917-18 and 1918-19 when the Government Wheat Board was in operation) and we find that the per cent of income was 63.57%. This period covers sufficient pre-war and post-war time to be a fair and representative average. Any business that over a six-year period can average a net income of 63.57% is a mighty profitable one. The answer again is that the profits in grain marketing are made at the terminal and not at the country points and until farmers are adequately represented with their own organization in the terminal these lucrative profits will continue to go to the few who control the terminal marketing instead of to the many farmers who furnish the grain to these private terminal agencies.

“Set-Up” of Colorado and Five-State Wheat Pool

THIS diagram shows the Direction of Grain Movement from the member through his marketing organization, and the Direction of Membership Control. It is a grower-owned and grower-controlled organization absolutely. Built from the bottom up. One man, one vote.

The individual member delivers his grain to his own country elevator, or one at which arrangements for his delivery have been made. From these country assembling points the grain is forwarded to the terminal elevators of the Central Agency, or, is sold and billed on authority of the Central Agency through the state association to local mills within the immediate territory. Grain will flow from the Central Agency terminal

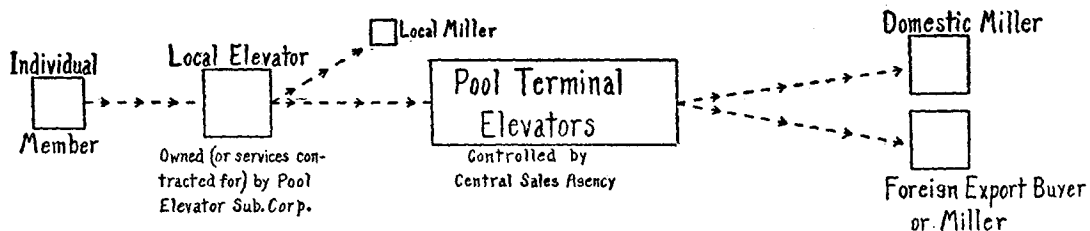


elevators, or on its authority, direct from country shipping points, to foreign export buyers or domestic millers in an orderly manner.

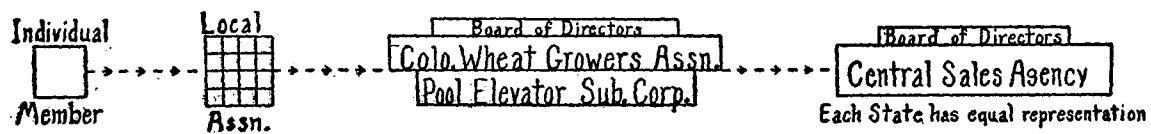
The control of the whole organization is vested in the thousands of growers that will go to make up its membership. First, these growers will be grouped into local associations—one probably at each principal delivery point in the state. The growers will elect from among their members a board of directors or a committee that will supervise all local pool affairs. In addition, the membership of each local will elect one or more delegates or trustees that will represent the local in the state association. From these delegates there will be elected the state board of directors (probably eleven), or, the state may be districted and the membership select a state director from each district. The method of this procedure will be the wishes of the membership as set forth in the by-laws finally worked out and adopted by the membership. The state board of directors will have direct charge and control of the Pool Elevator Subsidiary Corporation and will also select representation from our state that will meet with equal representation from the other states to make up the board of directors of the Central Agency.

Diagrams of Pool Operations

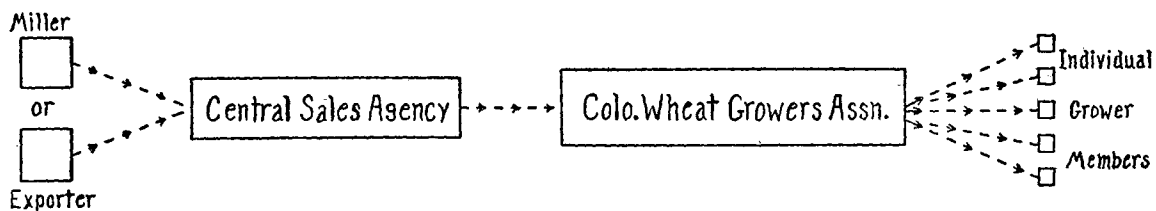
Following the *Wheat* from Grower to Consumer through the Pool



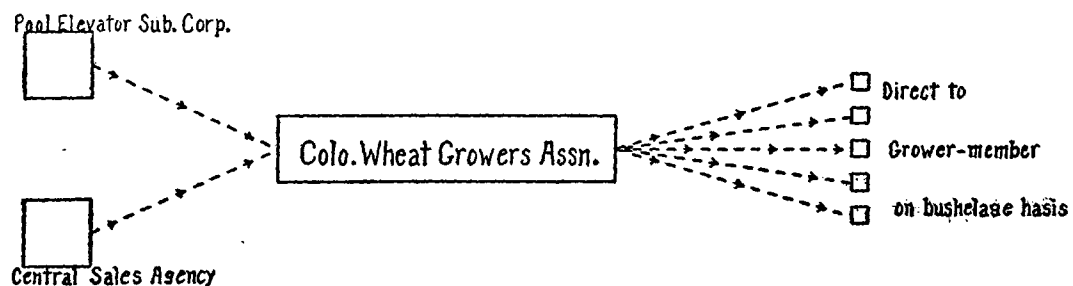
Following the *Control* from Grower to Central Sales Agency



Following the *Cash Returns* from Consumer to Grower through the Pool



Following the disposition of *Earnings* (Profits in operating)



Federal Bank Will Finance Wheat Pool

By A. KOPPERUD

Vice-President and Manager of the Federal Intermediate Credit Bank of Omaha.

(The following are some quotations from an article by Mr. Kopperud in the April 7, 1928, issue of The Nebraska Farmer. While this article was prepared especially for Nebraska farmers the same applies to Colorado.)



“THE Federal Intermediate Credit Bank of Omaha is prepared to finance the Nebraska Wheat Pool, and, in co-operation with the other eleven Intermediate Credit Banks, could loan several hundred million dollars for co-operative wheat marketing.

“The law under which the banks were established, as interpreted by rules of the Federal Farm Loan Board, makes a distinction between the ordinary local farmers co-operative marketing association and farmer co-operative business organizations. Today practically all business activity is carried on through contract relationship and the only type of co-operative marketing that the Federal Intermediate Credit Bank can finance is the co-operative marketing association which, under the laws of the state in which it is organized, under its articles of incorporation and by-laws and in its contract with its members, operates under a standard marketing agreement whereby all members pool their products.

“The facilities of the Intermediate Credit Banks are not only adequate to finance the Nebraska and south-west hard-winter wheat pools, but are in a position to finance all the co-operative marketing associations handling wheat.

“When the association secures its volume and sets up its management and selling agency, the Omaha Bank will be in a position to immediately take care of financing the pool operations so that there will be no financial embarrassment to the farmer in putting his pool into operation.

“These loans to co-operative marketing associations are the only direct loans made by the Intermediate Credit Banks, in fact, they are not exactly direct to the farmer, but are made to his association. The interest charge is very low, at present only 4½ per cent, so the carrying charge, for orderly marketing where these Government banks are used, is very small indeed.

“The Intermediate Credit Banks have injected the element of stability into co-operative marketing activities. Now that the courts have sustained and established the standard co-operative marketing contract, and with the successful examples of co-operative marketing through large scale operation in many products in California and grain in Canada, and now that the farmer has ample finances to carry on such large scale operation, the only thing that remains for the farmer to do is to perfect his organization and organize his commodity as the wheat growers are now doing in Nebraska and other hard-winter states.”



BEFORE



AFTER



U. S. Agricultural Marketing Act

(Federal Farm Board Bill)

Passed by Congress and Approved and Signed by President Hoover, June 15, 1929.

Some of the more important points of interest in this new bill are summarized in the following paragraphs:

“DECLARATION OF POLICY”

“Section 1. (a) That it is hereby declared to be the policy of congress to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that the industry of agriculture will be placed on a basis of economic equality with other industries, and to that end to protect, control, and stabilize the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products—

- (1) by minimizing speculation.
- (2) by preventing inefficient and wasteful methods of distribution.
- (3) *by encouraging the organization of producers into effective associations or corporations under their own control for greater unity of effort in marketing and by promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled co-operative associations and other agencies.*
- (4) By aiding in preventing and controlling surpluses in any agricultural commodity, through orderly production and distribution, so as to maintain advantageous domestic markets and prevent such surpluses from causing undue and excessive fluctuations or depressions in prices for the commodity.

Federal Farm Board

Section 2. A federal farm board is hereby created, which shall consist of eight members to be appointed by the president, by and with the advice and consent of the senate, and of the secretary of agriculture, ex-officio. In making the appointments the president shall give due consideration to having the major agricultural commodities produced in the United States fairly represented upon the board.

Advisory Commodity Committees

Section 3. (a) The board is authorized to designate, from time to time, as an agricultural commodity for the purposes of this act (1) any regional or market classification or type of any agricultural commodity which is so different in use or marketing methods from other such classifications or types of the commodity as it requires, in the judgment of the board, treatment as a separate commodity under this act or (2) any two or more agricultural commodities which are so closely related in use or marketing methods, as to require, in the judgment of the board, joint treatment as a single commodity under this act.

(b) The board shall invite the co-operative associations handling any agricultural commodity to establish an advisory commodity committee to consist of seven members, of whom at least two shall be experienced handlers or processors of the commodity before the board in matters relating to the commodity. Members of each advisory committee shall be selected by the co-operative associations from time to time in such manner as the board shall prescribe.

Special Powers of Board

Section 5. The board is authorized and directed—

- (1) *to promote education in the principles and practices of co-operative marketing of agricultural commodities and food products thereof.*
- (2) *to encourage the organization, improvement in methods, and development of effective co-operative associations.*

(3) to keep advised from any available source and make reports as to crop prices, experiences, prospects, supply and demand, at home and abroad.

(4) to investigate conditions of overproduction of agricultural commodities and advise as to the prevention of such overproduction.

(5) to make investigations and reports and publish the same, including investigations and reports upon the following: Land utilization for agricultural purposes; reduction of the acreage of unprofitable marginal lands in cultivation; methods of expanding markets at home and abroad for agricultural commodities and food products thereof; methods of developing by-products of and new uses for agricultural commodities; and transportation conditions and their effect upon the marketing of agricultural commodities.

Revolving Fund

Section 6. There is hereby authorized to be appropriated the sum of \$500,000,000 which shall be made available by the congress as soon as practicable after the approval of this act and shall constitute a revolving fund to be administered by the board as provided in this act.

Loans to Co-Operative Associations

Section 7. (a) Upon application by any co-operative association the board is authorized to make loans to it from the revolving fund to assist in—

(1) the effective merchandising of agricultural commodities and food products hereof;

(2) the *construction or acquisition by purchase or lease of physical marketing facilities* for preparing, handling, storing, processing, or merchandising agricultural commodities or their food products;

(3) the formation of clearing house associations;

(4) *extending membership of the co-operative association applying for the loan by educating the producers of the commodity handled by the association in the advantages of co-operative marketing of that commodity;* and

(5) *enabling the co-operative association applying for the loan to advance to its members a greater share of the market price of the commodity delivered to the association than is practicable under other credit facilities.*

(b) No loan shall be made to any co-operative association unless, in the judgment of the board, the loan is in furtherance of the policy declared in section 1 and the co-operative association applying for the loan has an organization and management, and business policies of such character as to insure the reasonable safety of the loan and the furtherance of such policy.

(c) Loans for the construction or acquisition by purchase or lease of physical facilities shall be subject to the following limitations:

(1) No such loan for the construction or purchase of such facilities shall be made in an amount in excess of 80 per centum of the value of the facilities to be constructed or purchased.

(2) No loan for the purchase or lease of such facilities shall be made unless the board finds that the purchase price or rent to be paid is reasonable.

(3) No loan for the construction, purchase, or lease of such facilities shall be made unless the board finds that there are not available suitable existing facilities that will furnish their services to the co-operative association at reasonable rates; and in addition to the preceding limitation, no loan for the construction of facilities shall be made unless the board finds that suitable existing facilities are not available for purchase or lease at a reasonable price or rent.

(d) Loans for the construction or purchase of physical facilities, together with interest on the loans, shall be repaid upon an amortization plan over a period not in excess of 20 years.

Stabilization Corporations

Section 9. (a) The board may, upon application of the advisory commodity committee for any commodity, recog-

nize as a stabilization corporation for the commodity any corporation if—

(1) The board finds that the marketing situation with respect to the agricultural commodity requires or may require the establishment of a stabilization corporation in order effectively to carry out the policy declared in section 1; and

(2) The board finds that the corporation is duly organized under the laws of a state or territory; and

(3) The board finds that all the outstanding voting stock for membership interests in the corporation are and may be owned only by co-operative associations handling the commodity; and

(4) The corporation agrees with the board to adopt such by-laws as the board may from time to time require, which by-laws, among other matters, shall permit co-operative associations not stockholders or members of the corporation to become stockholders or members therein upon equitable terms.

Farmers' Elevators Should Work Together in Marketing

By THEO. D. HAMMATT

(Mr. Hammatt was formerly Special Assistant Secretary to the Kansas State Board of Agriculture, specializing on wheat. He is at present Grain Specialist for the Foodstuffs Division of the Federal Government.)

The experience of the past twenty-five years has demonstrated the success of the farmer-owned local elevator in abating abuses due to unfair practices and lack of competition in local buying. On the other hand, it has shown just as clearly that the influence of farmers' elevators beyond the local market is slight. To admit this is not to belittle their value. Quite the contrary.

It is evident, however, that if farmers desire to extend their control of wheat marketing beyond the shipping point—and this must be done if their interests are to receive proper consideration—they must work together in much larger and more closely allied groups than our farmers' elevator companies represent.

In order to appraise the value of working together in larger groups, it is expedient to carefully consider certain weak points of our farmers' elevators. For until the weak points are recognized, they are not likely to be strengthened.

Certain Weak Points of the Farmers' Elevator

... Farmers' elevators are noticeably weak in selling. This is not necessarily the fault of the management. It is, rather, the logical result of a system that forces each elevator to go-it-alone without the support of other elevators of the same class.

Small Volume

The inherent weakness of the farmers' elevator, acting alone, is the small volume of business it can hope to do. . . . It is not in position to supply large quantities of wheat of uniform quality regularly, and its contracts for round lots for future shipment will not be taken with confidence by exporters and distant millers. Such buyers often pay the best prices, but, to reach them, the elevator is often obliged to work through a broker or commission firm, though a more direct connection would be more profitable.

A central selling agency, through which farmers' elevators could sell collectively, could do much to overcome

this difficulty. We have as yet in this country no farmers' elevators comparable in selling power with the farmers' line elevator companies of Canada (1922).

Lack Complete Information

The wheat market is a big affair. . . . No small, local concern can secure the wide and early information, nor acquire the training and experience, nor maintain the broad and intimate contact with the general market necessary to sell wheat intelligently and forcefully. This can be done only by a concern with a large volume of business. To create such an agency, farmers must sell collectively in much larger groups. . . .

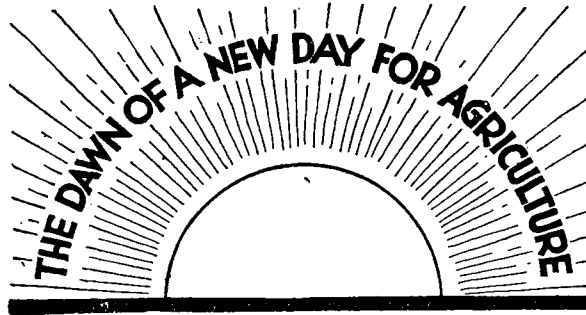
Rate of Marketing

Owing to their small capacity, lack of storage facilities at terminals, and limited working capital, country elevators, individually, can exercise little control of the rate at which wheat is put upon the central markets. Generally speaking, they must pass the wheat along and *sell it* at about the same rate at which farmers, through choice or necessity, deliver it to them. . . . In order to market our wheat to the best advantage, year in and year out, we should have at our command means for effectively regulating the rate of marketing in accordance with the demand—present and prospective. Collective marketing in large groups seems to be the only practical way to secure it.

Price movements temporarily in our favor should not be permitted to cloud the issue. The price of wheat may be higher next month or next year than it is today. That is beside the mark. The point of real importance is to make sure that we have under our control means for marketing by which producers can secure with certainty the largest possible share of the price paid by the ultimate buyer. A great deal can be accomplished in this direction by marketing our wheat, or a substantial portion of it, collectively and co-operatively, through agencies whose influences extend far beyond our individual shipping station.

Necessary Steps In Marketing	Advantages for Producers in <i>Large-Scale Grain</i> Marketing
1. <i>Assembling</i>	Large Volume—Low Overhead Costs. Grain not “Sold” at Country Points.
2. <i>Grading</i>	Exact Grades and Weights by Sample. <i>Protein Premiums.</i>
3. <i>Transporting</i>	Direct Routes—Transferred Bills of Lading. Effective Claim and Rate Adjustments.
4. <i>Storing</i>	Farm-Country Elevator and Terminal Storage. Strategic Sales Positions. Profits on Standard Charges.
5. <i>Processing</i>	“Mixing” Profits. Wide Range of Choice for Purchasers.
6. <i>Financing</i>	Federal Intermediate Credit Banks—Federal Farm Board. Own Reserves. Large Business—Low Interest.
7. <i>Distributing</i>	Large Volume, Varieties of Grades Attracts Buyers. Extra Handlings Avoided. Direct Shipping Routes.
8. <i>Selling</i>	Experienced, Expert Sales Staff—Saving Over Standard Charges. Market Information—Complete, Correct and Early. Bargaining Power—Price Advantage—Stabilized Markets.
<hr/> Practically NONE of these Advantages are possible to an individual shipper.	
A FEW of them are possible to a small Co-operative like a local Elevator Association.	
ALL of them are possible to a grower-owned and controlled, large-scale Marketing Association.	

Good Farming + More Efficient Marketing = A Higher Standard of Living.



PROFITABLE FARMING
depends upon stabilized marketing.

STABILIZED MARKETING
depends upon effective control of flow and sale of farm products into terminal markets.

EFFECTIVE TERMINAL MARKETING
depends upon large-scale Co-operative Pool organizations.

LARGE-SCALE CO-OPERATIVE POOLS
depend upon the consolidation of all small-scale local co-ops in the territory. In other words, the intelligent support of a **LARGE NUMBER** of individual farm producers.

THE INTELLIGENT SUPPORT OF THE INDIVIDUAL PRODUCER depends upon the **CORRECT** knowledge of his **REAL** marketing problems. It depends upon the willingness of the individual farmer to give up his expensive, small-scale selling so as to gain the independence of increased income through effective, large-scale co-operation with his fellow producers.

This Is the Way Thru Which Industry Has Prospered.

There Is No Other Way for Agriculture!

“There is no substitute for membership in a large-scale co-op!”

JOIN NOW!

YOUR QUESTIONS ANSWERED

1. Q. What is the new Wheat Pool?

A. It is a sound business-like plan for the efficient marketing of the wheat produced in Colorado. It contemplates co-operation with wheat growers in Texas, Oklahoma, Kansas and Nebraska (and Wyoming). It contemplates a Central Sales Agency for all these states, owned and controlled by the growers themselves. It is the application of modern business methods to our present inefficient marketing system.

2. Q. Who is in charge of the Wheat Pool work in Colorado?

A. Your Colorado Director of Markets office with headquarters in the Capitol Building is directly in charge and responsible for the conduct of this new campaign. Co-operating with us is a committee from the present board of directors of the original association consisting of Dr. O. E. Webb of Milliken, Charles L. Hover of Longmont and R. L. Martin of Keenesburg. Dr. Charles A. Lory and Prof. L. A. Moorhouse (Head of Economics Department) of the State Agricultural College are likewise co-operating, as is also the Division of Co-operative Marketing in the U. S. Department of Agriculture in an advisory way.

3. Q. Is this a continuation of the former management of the old Colorado Wheat Pool?

A. No. There will be a new Board of Directors, officers and management selected by the new membership which will be much larger and representative than the old. See "Brief History of the Movement" and "Present Status" on page 3.

4. Q. What must I do to become a member of the Colorado Wheat Pool?

A. Sign the standard marketing agreement.

5. Q. What organization fee or other expense is there in connection with signing the agreement?

A. None. There is no organization fee. However, as the funds available to the Director of Markets office and from other sources are rather limited we expect each and every signer to donate a little time at his own expense to assist with the work in his own neighborhood.

Rather than charge the farmer a \$5 or \$10 membership fee so that we could hire solicitors to sign memberships, we believe from our experience it is better for each member to give a little time instead of cash. First, if the grower isn't interested enough to give this little help he is not the kind of member that the association will need to make it a complete success. Secondly, if he does give a little help in soliciting in his own neighborhood he is going to understand the plan better, by reason of having to explain it, and thus become a better informed member himself.

6. Q. What is the length or duration of the marketing agreement which a member signs?

A. From date agreement becomes effective until and including the crop produced in 1937. Provided a member does not withdraw or is not expelled prior to that time.

7. Q. What about withdrawal or expulsion?

A. After the agreement has become effective and the association is in operation a member may withdraw "any third year." That is, he *must* deliver to his association for marketing at least the first two crops, then if he wishes to withdraw and cease to be a member he may do so with full payment of all money due, etc. In other words, so far as the individual is concerned it is a 2, 5 or 8 year agreement only, as he wishes. Some men are so selfish that they are not good co-operators. If any such are in the membership they may be expelled by your Board after an opportunity for a hearing and with full payment of all monies due.

8. Q. Why is it necessary for the member to sign an agreement or contract?

A. The agreement insures a sufficient volume of business over a period of years to operate effectively and at low cost. The management knows in advance the approximate volume of business which enables them to make necessary marketing arrangements including financing and work out a successful sales program. It insures the association continued patronage which increases members' confidence. It protects the association against the short-sighted member who might take advantage of all the Pool services and then sell outside of his association on the open market—if speculation sends prices temporarily above their normal level. The use of an agreement minimizes the power of the Grain-Trade to undermine the Pool members' confidence in their organization by offering temporary "bait" in the form of grades or prices above the true value or worth. The use of an agreement provides a convenient method of stating the responsibilities, privileges, understandings and duties of the contracting parties. It is a business agreement, in writing, between the individual member and all his fellow members. Modern business is founded on and could not exist without the use of contracts and agreements in all their various forms. Co-operative marketing is just business and it is Big Business, and therefore needs a written agreement.

9. Q. Why does the agreement need to be so long?

A. It has been found through long and successful experience that all the broad general principles should be outlined clearly in writing. There is nothing in the agreement that is not absolutely necessary. There is nothing left out that should be included. Every point in the agreement has been tried and proven; there is nothing theoretical or experimental in it. There are many other details not in the agreement that will be worked out as the membership wishes and included in the by-laws, and other rules and regulations not inconsistent with the agreement or by-laws that the Board will adopt in governing the operation of the association.

10. Q. What are the responsibilities of a member of the Pool?

A. First, you agree to deliver to your associa-

tion for marketing all of the wheat you control with the exception of what you wish to retain for your own use in any way, or seed or feed you might wish to sell. Second, you have the responsibility of attending all Pool meetings and voting intelligently on all questions and taking an active part in all Pool affairs.

Counsel with your fellow members.

Observe your association rules and regulations.

Offer suggestions for improvement.

Place your confidence in the management.

Each for all and all for each.

Respect the opinion of your fellow co-operators.

Attend your meetings and take an active part.

Teamwork will always win.

Investigate statements adverse to your association before believing.

One man one vote gives you a voice in your marketing affairs you will never have otherwise.

Non-pool members will always benefit by the presence of your association—but there is no satisfaction in such a selfish stand.

11. Q. In the case of a renter and owner where one is a member and the other not, what is the responsibility for delivery?

A. According to your agreement you are only *responsible* for the delivery of the wheat that you *control*, or your share of the crop. If your partner (either owner or renter) who is a non-member desires his wheat to also go through the Pool it may be so delivered in your membership name and you can effect a private settlement of the money received with him—otherwise, no non-member's wheat will be so received and pooled with members.

12. Q. Can I sell part of my crop outside and part through the Pool?

A. No. It must all go through the Pool. In this fight for more *farm* profits why furnish any ammunition (wheat) to the outside dealer whose interests are absolutely opposed to yours. He is and will continue to do everything he can to wreck and hamper your association. He can only exist by the continued patronage of farmers too short-sighted or ignorant to know that their economic salvation is dependent on the *control of their own marketing agencies*. Why help him in his fight against you? Every additional bushel of grain through your association will lower the overhead costs just that much, and give your association just that much more power in influencing the market price upward.

13. Q. What record does the grower have for wheat delivered to the Pool?

A. He receives at delivery a pool receipt on which is listed gross and net weight or bushelage, dockage, grade and other information.

14. Q. Who grades the wheat?

A. Your local elevator manager, if delivered to a local elevator. Carload lots delivered by individuals or country elevators to the terminal agency are graded by State and Federal inspectors.

15. Q. Is there any recourse if a member thinks his wheat is not graded correctly?

A. Yes. Each member's wheat will be sampled on delivery. This sample will be available for a Federal grain inspector's check on the local manager's grading. This sample will also be laboratory tested to determine protein content which will be included in determination of grade. The association's final determination of grade and quality is conclusive.

16. Q. When does the wheat have to be delivered?

A. Whenever the member wishes. He can deliver it immediately after harvest or he can store it on his farm and deliver later. In the latter case he should notify the association so that they can plan for future delivery. On delayed delivery he will receive an additional payment (usually a cent per bushel per month for a certain period).

17. Q. Where will the member's wheat be delivered?

A. The association will make arrangements for receipt of wheat at all principal delivery points in the state where membership is secured. A local association will be organized at each such principal delivery point and the members will elect from among themselves a local Board of Directors. One of the duties of this board will be to assist in selecting the elevator or elevators that will receive and handle the pool wheat. Local farmers' elevators where available will unquestionably handle pool wheat at country assembly points. Under the provisions of the new federal Agricultural Marketing Act loans may be made to cooperative associations for up to 80% of the value of elevators, warehouses, etc. Thus, eventually your association will be able to control all the country and terminal handling facilities necessary for the successful conduct of its business. The Canadian Wheat Pool owns and controls now over 1,435 country and terminal elevators. They didn't have this many to start with but have built up gradually, year by year.

18. Q. What are the different ways in which a grower may order his wheat sold and receive his money?

A. The agreement provides for a daily, a monthly and a seasonal pool.

19. Q. What is the daily pool and how will it work?

A. Every market day from the first delivery, on to the last market day in November, will constitute a separate daily pool. If he wishes to, any grower may select any such market day *after delivery* and before the first of December and he will receive the average market price which the kind and quality and condition of wheat he delivered sells for that particular day. *He can order his wheat sold the same day he delivers it or any later day as above.* If he orders his wheat sold the day he delivers he can receive 90% of the

market value that same day in cash and the balance within a very few days (probably not over a week) after the association has had opportunity to figure out the details. If he orders it sold some future day after delivery, he can receive the day he delivers from 65% to 85% of the value of it and the balance within a few days (or a week) after the particular day which he has chosen.

20. Q. What is the monthly pool and how will it work?

A. There will be several monthly pools separate from all other pools within the association for each of the months July, August, September, October and November. If he wishes to, any grower may select any such month *after delivery* has been made and he will receive the average price for which the kind and quality and condition of wheat he delivered sells for during that particular month. The grower choosing a monthly pool can receive in cash the same day he delivers his wheat from 65% to 85% of its estimated market value. He will receive the balance of his money within a short time (probably not over a week) following the close of the month which he has chosen.

21. Q. What is the seasonal pool and how will it work?

A. There will be one seasonal pool per year, starting probably in July and ending the following June. The grower choosing and delivering to the seasonal pool can draw from 65% to 85% of the estimated market value of the kind and quality and condition of wheat he delivers, in cash the same day he delivers. He will receive the balance of his money in two or three interim payments as the wheat is orderly marketed during the rest of the year and the money comes in. Final payment will be made as soon as possible after the end of the seasonal pool year and the average price secured for each kind and quality can be determined.

NOTE: In the last three questions and answers regarding payments to growers on the daily, monthly or seasonal pool plan, we are conservatively sure it can be done this way *now*. But in the operation of the new Farm Board Act these initial payments may be still further increased by the language of the official bill—"The Board is authorized to make loans . . . enabling the co-operative association applying for the loan to advance to its members a greater share of the market price of the commodity delivered to the association than is practicable under other credit facilities."

22. Q. Does the grower have to pick the way in which he wants his wheat sold the same day he delivers?

A. No. Except that if he does not want his wheat in the seasonal pool he must indicate that. At delivery time he should indicate if he wants it in a daily or in a monthly pool and then at some later time he can pick the particular day or month on, or in which, he wishes it sold.

23. Q. Can a grower change his mind and transfer his wheat from one pool to another?

A. Yes, with certain limitations. After wheat

has once been placed in the seasonal pool it can not be changed, but unsold wheat in any of the daily or monthly pools can under regulations of the Board be changed to some other pool (either earlier or later).

24. Q. Does a grower have to put all his wheat in one certain pool or can he split it among several?

A. He can put any or all of his wheat into any of the various pools, ordering part of it sold one way and part another.

25. Q. How will the Pool finance its operations?

A. The signed membership agreements will constitute sufficient collateral for your association to set up its business organization at the start. Commercial banks will be willing to finance this kind of business. The bulk of the operation financing will probably be done through the Federal Intermediate Credit Bank of Wichita. There is no question but what further credit necessary will be available through the Federal Farm Board, or several commercial banks. And as your association operates over a series of years it will gradually build up a reserve that will be valuable in carrying on your own business.

26. Q. How will the Pool wheat be sold?

A. The Central Sales Agency will do the bulk of the selling for all the member State Associations. However, the State Association will sell wheat to anyone in Colorado that will pay as much or more for any kind or quality as can be secured through the Central Agency. The State Association can delegate this same authority to any local station where there is a mill for local sales, based on terminal value.

NOTE: The Central Sales Agency will be a unit of The Farmers National Grain Corporation.

27. Q. Who will sell the wheat?

A. The Board of Directors of the Central Agency (equal representation from each state) will employ the necessary skilled and expert staff that will do the actual selling. These men will be thoroughly experienced salesmen and will have available all possible information on conditions, so as to assist them in adopting a sound sales policy. They will be adequately bonded and will be working for your interest in securing the best possible price under existing conditions. Your Central Sales Agency may very possibly be the Stabilization Corporation for this region acting under authority of the new Federal Farm Board. Or at least it will certainly be connected closely in this national hook-up to provide efficient large-scale farm marketing.

28. Q. How will the price the grower receives for his wheat be determined?

A. It will be the average of actual prices secured by the Central Sales Agency according to kind of pool selected minus only the actual operation costs, actual handling costs, including freight, storage, operation and maintenance costs and reserves not to exceed 2% of the gross resale price. All these costs and charges (and larger ones than the association will find necessary) *Plus a Profit* all along the line has been and always will be deducted by the independent buyer from

the price he sells for, to determine the price he will pay the farmer.

With the Canadian Pool the Central Sales Agency has operated on a cost of about $\frac{1}{5}$ c per bushel. The Provincial Pool costs have averaged less than $\frac{1}{2}$ c per bushel. That's what volume will do in reducing costs. For detailed statement of Gross Price received and net price to grower see page 17.

29. Q. How am I to know if the business is being run honestly and efficiently?

A. In a business of this size the members will exercise care and caution in selecting their directors who will be responsible for employing the management and directing the affairs of the association. All officers and employees empowered to handle funds *must be adequately bonded*. See Colorado Co-operative Marketing Act of 1923. In addition to these precautions those from whom the association will borrow most of its money will make careful investigation of the association. The words of the Vice-President and General Manager of the Federal Intermediate Credit Bank of Omaha cover this point: "There are certain rules that the Association must comply with before loans are extended. These rules are commercial requirements that all co-operative institutions should use as safeguards to their business. For instance, the co-operative must be a regularly and legally organized corporation. To ascertain this fact, we examine its articles of incorporation, charter and by-laws. We require the association to maintain a complete book-keeping and accounting system. It must use the standard marketing agreement with its members. Careful investigation of the management is important. It is absolutely necessary that the men in charge be competent and honest. We investigate the past record of the officers and directors as to their *character, experience and ability*. We do not do business with the association unless we find the management satisfactory."

Thus, in order to get money on which to operate the association *must* be honestly and efficiently managed.

30. Q. Is there any limit as to deductions which may be made by the association from the sale price of my wheat?

A. Yes. The contract requires that the associa-

tion may deduct only *actual expenses*, as shown on the books of the association, plus two per cent of the sales price for the accumulation of commercial reserves, plus two cents per bushel for elevator reserve fund which can be used only for the purpose of acquiring elevators and handling equipment. Such actual expenses will be less than under the present vastly duplicated and otherwise inefficient methods.

31. Q. How can I place a mortgage on my crop for production purposes through my local bank or otherwise?

A. The procedure would be as follows: Ask your banker for the loan, giving the usual form of security required by the bank, at the same time explaining to the banker that all wheat must go through the pool, but that in order to guarantee that the banker will be sure of getting his money, you will sign one of the association's grower's assignments authorizing the association to pay directly to the banker the net proceeds from the sale of your wheat until the said mortgage shall have been liquidated. The banker should be willing to do this because the association will be the means of securing a higher price, and this would give greater security to the loan—furthermore, the wheat is handled by bonded men and is also covered with insurance. Consequently, the association method actually enhances the security. The banker and member executing the mortgage could agree on which of the many available options as to sale and settlement of the crop would best satisfy and harmonize both their interests. Daily, monthly and seasonal pools are the choice available. See Questions Nos. 19, 20, 21.

32. Q. What is my equity in elevator and handling equipment and other physical assets of the association?

A. There will be deducted from each member's wheat not to exceed two cents per bushel as a reserve fund for the purchase of this equipment. The total deductions for elevator reserves from each member's grain equals the amount of the equity of each member in such equipment. If the member retires from the association, dies or moves away, the amount of the equity would be paid to the member, or his heirs, in the manner provided by the by-laws or the Board of Directors.

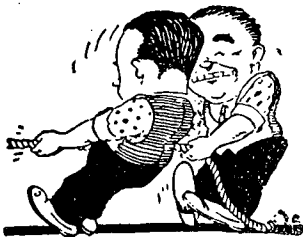
NOTE: Developments under the Farmers National Grain Corporation, established by The Federal Farm Board, may alter some of the above explanations but only to the extent of extending the influence of The Central Sales Agency to include all grain growers in the nation who are members of accepted CO-OPERATIVE grain handling associations.

SUGGESTIONS TO SOLICITORS

(Five-State Wheat Pool Campaign)

The following are merely suggestions for your help worked out from previous experience in similar campaigns:

1. **TELL ONLY THE FACTS AND THE TRUTH.** They need no coloring. Be thoroughly familiar with all principal facts in the plan. There is nothing theoretical or experimental in the plan. It has all been tried and proven and everything in it is necessary. If you don't understand the reason for any point, get an explanation from a reliable and informed source.



"Let's pull together."

2. As a rule, it has been found better for solicitors to travel two or three in a group. You might think it must go faster to divide up singly. You will cover more ground (possibly) but you won't get as many signed contracts. "Two heads are better than one."

3. We believe it is not good psychology to greet a prospect with—"Well, we've come to sign you up in the New Wheat Pool." His possible reaction to that will be, "Oh, is that so? I'll bet you don't." That is his natural comeback (either mentally or orally) to your challenge and after taking such a stand, his pride might prevent his signing, even though your reasoning convinced him.

4. We believe it is better to get the prospect's sympathy and interests right at the start by only making such statements or asking such questions as you are quite sure you agree upon. Something like this—"Bill, we want to talk to you a little about all of us farmers getting together to do something to help ourselves once. Do you think we get all the money we ought to out of most of the stuff we bring to town to sell," etc. It is possible you will have differences of opinion, but if it is essential to dispel some false idea it can perhaps be done nicely by asking certain leading questions that will put the prospect on the defense of his own position rather than try to beat him down by force of argument to yours. "If you don't think co-operative marketing will be a big help to better prices, that must mean you think the present marketing system is BETTER. Now just TELL ME WHY it's better? (Pause for answer.) You take what's offered and you pay what's asked; you're sure independent. Do you have anything AT ALL to say about HOW or WHEN or by WHOM your stuff will be sold? No. Under the Co-op, you'd have one vote on all these questions," etc.

5. The prospect may not see all your points readily. Be patient. Go over them slowly—several times, if necessary. Use examples. In any event, if you can't get him the first time, don't "spoil him." Leave him good natured so that you, or someone else, can go back again later without any hard feelings to overcome.



"Put on your boots and wade in."

6. If possible, talk it over in the presence of the woman of the house, or at least don't avoid her presence. Many women do not understand the principles of Co-operative Marketing, as yet, but they oftentimes see through an explanation of a thing quicker than some men can. Many Co-ops in the past have had a lot of trouble, due to poor advice given by the women folks because they were misinformed and didn't

understand. The average man can't explain all you've told him to his wife after you have gone (and she'll want to know). If she doesn't understand what it's all about, her advice may be to stay out. If we could get the women interested in Co-operative Marketing as a means of bringing more money to the farm, it would go over Big, and Quick, and Stay There.

7. Stay with your prospect as long as he will talk reasonably. It's a contest; don't give up too quickly. After you have outlined the plan and its possibilities to him and he appears to be favorable, explain that if he wants to see it accomplished he must sign the agreement NOW. Explain that you will hold his signed agreement any reasonable time that he wants (a couple of weeks) until he has had time to read and study it in detail—and if he wants it back during that time he can get it. Don't overlook making it clear that even after you turn it in it isn't effective or binding unless the majority acreage in the five states is secured. Explain that you can't take the time to keep coming back to see if he has read the contract and wants to sign it; that if he signs it now, THEN HE WILL read it; and that if he doesn't like it after he has read it, that he should do his part by coming to get it back and not keep you chasing after him all the time.

8. Your full duty is not yet done when you get his signature. You must sell the idea to him so completely that he will agree to help get his other neighbors to sign also.

9. Emphasize the fact that you or none of the other hundreds of farmer solicitors are getting any money out of this. That you and he and everybody else that joins will get your pay for the work you are doing now in better grain prices later. That anyone should be proud to have even a small part in putting over such a big, honest, business-like move to improve farm conditions. That no one else is going to do this for you; that if you ever expect to get better prices you will have to do something about it yourself and that this is the way to do it.

10. Don't get discouraged. The blackest hour is just before the dawn. This thing is absolutely Right. It may take time to make enough producers see it that way, but eventually they will. You can't sell it to anyone else if you haven't faith in it yourself.

11. An informal organization committee should be selected or volunteer at each prospective delivery point. This committee should see that the campaign is carried to completion in its locality and help neighboring localities get started, if possible. This campaign will be dependent for its success on mutual self help of all wheat growers. Personal differences in other matters must be forgotten—this is just business. Be sure you understand just what district or territory you are to work and SEE EVERYBODY. Don't skip a one.

12. Each signer should have another contract to keep for his own personal record, and whatever extra ones he can use in talking and working with his neighbors. These contracts cost good money—don't waste them. Be careful with signed contracts—don't nullify your work by having any signed contract fail in being forwarded to headquarters. Get all information indicated, on proper lines at end of contract (except mortgage information is not needed).

13. Renters are eligible to sign as well as owners. Also men who are not raising wheat this year, but who have in the past or may again in the future. The new pool may, if its membership wishes, also undertake the

handling of corn and barley. Under the present contract this could never be other than voluntary with each member; he could use it or not, as he wished. But after the big wheat sales staff is established it could undoubtedly also sell these coarse grains to better advantage than under the present system. Canada is doing it.

14. GET THE CONTRACT SIGNED! while you're THERE, if possible—don't leave it to be mailed in—it may never be sent.

Yours for success,
COLORADO DIRECTOR OF MARKETS OFFICE
 328 State Capitol Building, Denver

SOME SUGGESTED TALKING POINTS for FIVE-STATE WHEAT POOL CAMPAIGN

There is not much, if any, profit these days in just raising a crop—there is more profit in handling it, after the producer has parted with it on its devious way to the consumer. There are a lot of UNNECESSARY costs in present marketing methods, that can only be eliminated by large-scale grower-owned marketing organizations.

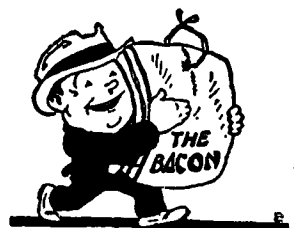


In the present grain marketing system there is no one looking out for the producers' interests of a HIGHER BASIC PRICE. All those now in the system are in it for the profits they themselves can make out of it. (See pp. 19-22.) None of them will buy unless they think they are doing so low enough to leave a nice profit after all service costs are paid out of the sell-

ing price. If they can maintain this "spread" (and that is their chief concern) they make as much profit with wheat at a dollar as they would if it was at a dollar and a half. The farmers have the solution of the problem in their own hands because they own the wheat to begin with. But they must control it beyond the country shipping profit to have any influence on the marketing price. (See p. 27.)

Co-operative Marketing is no longer a theory. It is a fact. According to reliable statistics of the U. S. Department of Agriculture, there are nearly 13,000 co-operative associations operating in the United States, with less than two per cent of failures. This is less per cent of failures than in the commercial world. There are eight small wheat pools operating in this country now. None of them have over 35% of the production of their region in their control, and as a consequence are only partially successful.

In Canada they have a Real Wheat Pool. (See pp. 7-17.)



The Colorado wheat grower signing a New Wheat Pool contract is not bound by it until 60% of the acreage in Colorado and a majority of the acreage of Nebraska, Kansas, Oklahoma and Texas is likewise signed on similar contracts by other growers. (See Explanation of Contract Leaflet.) **WHAT MORE COULD BE ASKED FOR?**

These five states are a natural geographical unit and make one of the four main regions of wheat production in the United States. (See p. 5.) The five states have agreed to co-operate in

working toward one central sales agency for all. This will eliminate a lot of needless and wasteful competition between these states that has been ruinous to producers in the past. The other wheat regions of the United States will not be close competitors on account of different markets and different classes of wheat. (See p. 5.)

The Association is to be absolutely grower-owned and controlled. The directors and employees are the servants of all the members. Each member has only one vote. The Director of Markets Office for Colorado is sponsoring this campaign for the wheat growers, but when the organization is formed the growers will manage it themselves. (See pp. 23.) The State Agricultural College is co-operating in the move and all of these agencies will be available for advice and counsel at all times, but not dictation.

There is no graft in it anywhere. The grower signing the contract is not to be charged any organization fee. The State of Colorado is paying the organizing expense, but as our fund is very limited, all growers interested must volunteer some assistance in their respective communities. After the organization is formed each member will have one vote to determine the policies to be put into effect in accordance with the contract, to adopt by-laws, elect his own officers, both local and for the state, etc.

This is not any move to work up a job for anybody in particular. No one knows who the directors will be except that they will be the best representative wheat grower members in their respective districts and will have the confidence of their neighbor members, else they will not be so elected. The Directors-To-Be will do all hiring and employing. All employees are of course subject to discharge by the Boards of Directors, and all directors and officers are subject to recall by the members. In the matter of securing competent and experienced employees for the higher positions it will be entirely possible to employ such from out of the Canadian Pool organization, if such are not available from the larger organizations in this country. All employees or officers in responsible positions MUST be adequately bonded.

Don't let the lack of expected results with the old Colorado Wheat Pool hold anyone back from this new one. As can be readily seen, this one is so much bigger and on a more sound business basis that there is hardly any comparison. Past experience should be capitalized on, not thrown away. The first auto or airplane wasn't a success any more than the first attempt to form a wheat pool. To the wise, failures teach the way to succeed. It has been done in Canada, because they didn't start until they were big enough. It can be, and will be, done here too.

Optional pools are a new development in Co-operative Marketing. Through them a member who is hard pressed for immediate finances in the fall may be a member and secure many of the advantages of co-operating

with his fellow-growers without waiting so long for his settlement. The seasonal pool will undoubtedly, on an average of several years, return more money to the member who uses it, but if he can't wait for this greater return he can employ the daily or monthly pool and still get a little more than he will, on the average, through the Grain Trade dumping channels. And eventually he will work out of his financial difficulties so as to use the longer, stronger pool. (See Question No. 21.)

An experienced, expert sales staff working for the growers' interests will sell all the members' wheat in an intelligent, forceful way for the highest price obtainable under market conditions. The membership will have control over this staff through their own officers, etc., which will be a lot better and different than now, where the growers have absolutely no control over the terminal distribution and sale of their wheat.

The Federal Intermediate Credit Banks have many millions of dollars already available for use by just this form of growers' co-operative. There will be no difficulty in financing this pool right from the start. That is already provided for. (See p. 25.)

Local-owned farmers' elevators all over the country are seeing that they do not go far enough in the marketing problem. The farmers' elevators have won their battle at the country point and they must now transfer their efforts to the terminal markets where the bigger profits are made. This is just what they are doing. This plan will combine all farmer elevators in this region under one grower-owned central agency at the terminal. This will cut out a lot of senseless competition that is going on between farmers now and will have a tremendous effect towards a better price for the growers. The farmer elevators cannot "grow" into a controlling position at the terminal—that was demonstrated in Canada. They must reach it in one grand effort as they likewise did in Canada. The opposition can retard and prevent a slow growth, but

they are powerless against an organized MAJORITY.

If you expect legislation to solve all your marketing problems, you are fooling yourself badly. Nobody is going to hand you anything; you must organize to help yourself. (See Farm Board Act p. 26.)

Voluntary effort is the keynote of success today in putting across effective commercial, civic and business organizations. Pulling together is the solution of all problems. And businessmen and farmers alike are realizing that their own efforts in building their own organization are worth much more than the efforts of hired solicitors.

You owe a duty to yourself, to your family and to your community that calls for some help on your part in putting over this organization Big.

The Truth can be told in simple statements. Although you may think you are not an effective "talker", if you really feel a thing is right in your heart, your earnestness will convince your friends and neighbors of it too.

A million dollar fund has been recently raised in Chicago by the "middlemen" for the purpose of fighting farmers' efforts to co-operate. Don't swallow everything you see or hear in opposition to Co-operative Marketing. Much of this anti-propaganda will be presented in the guise of "The Truth," etc., but consider that it is coming from sources that are now making their good living from the farmer and wish to continue in that position. It will probably be presented in a very smooth way, but may be just half-truths or deliberate misrepresentation. Get the facts and reliable information on your side from interests friendly to you. Put your questions and problems up to us for an answer—we are here to help you help yourself.

COLORADO DIRECTOR OF MARKETS OFFICE
328 State Capitol Building
Denver

"Rural Life at the Crossroads"

MACY CAMPBELL

"Rural life today is at the crossroads. It has reached a critical period. Either the farm group must learn to co-operate successfully, or they must go down into economic servitude. The hope of Rural America lies in the education of its youth. Better education and better organization are the only hope of saving American life from peasantry . . . If the American farm people are permitted to descend into peasantry they will eventually pull down the nation after them. This, too, is the warning of history. The hour has struck! Which Way Rural Life?"

Are You Afraid?

The man who is alarmed over the necessity of signing a wheat pool contract ought to be afraid:

1. Of buying a farm—a deed is a contract.
2. Of selling a farm—a sale is a contract.
3. Of giving or taking a mortgage—both are contracts.
4. Of renting a piece of land—it's a contract.
5. Of buying a ticket or shipping freight on the railroad—both are contracts.
6. Of getting married—that's a contract.
7. Of getting divorced—that's a bigger contract, all alimony and no dishwasher.
8. Of living—one has to have a birth certificate to prove where he was born.
9. Of dying—your relatives have to have a burial permit to prove that you are dead—and that's another and final contract.

The Bridge Builder

An old man, going a lone highway,
 Came at the evening, cold and gray,
 To a chasm vast and deep and wide.
 The old man crossed in the twilight dim,
 The sullen stream had no fear for him.
 But he turned when safe on the other side
 And built a bridge to span the tide.

“Old man,” said a fellow pilgrim near,
 “You are wasting your strength with building here;
 Your journey will end with the ending day,
 You never again will pass this way.
 You've crossed the chasm deep and wide;
 Why build you this bridge at eventide?”

The old man lifted his bent gray head:
 “Good friend, in the path I have come,” he said,
 “There followeth after me today
 A youth whose feet must pass this way;
 This chasm that has been naught to me
 To that fair-haired youth may a pitfall be;
 He, too, must cross in the twilight dim—
 Good friend, I am building this bridge for him.”

—*Author Unknown.*

Will You Help Build the Bridge

“CO-OPERATIVE MARKETING?”