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Fundamentals of Successful Co-Operative Marketing Associations

Absolute Loyalty on The Part of The Membership and an Adequate Working Capital Are Two Items Which Must Obtain To Assure Victory
(By W. B. Liverance)

Among those who give the subject some thought, there is a great variance of opinion relative to the probable success of the co-operative organization whose purpose it is to market agricultural products. There are enthusiasts who maintain that all agricultural products should be marketed by their producers and that with sufficient enthusiasm behind it the co-operative marketing association cannot fail to be a success; there are pessimists who state with positive emphasis and with no degree of modification whatever that such organizations have the earmarks of failure from the moment of their inception; and there is a third class, the conservative level-headed element whose opinions are invariably respected, which contends that the success of the co-operative marketing association depends, as does that of any business, on the application of its operation reinforced by ample working capital.

The enthusiast has a penchant for visualizing in rosy colors the possibility of tentative projects in which he for the moment at least is intensely interested. He usually acts on impulse without giving due consideration to fundamental factors on which the success or failure of the project which he has in mind hinges. He is visionary but sees nothing, but the ultimate goal and is inclined to be impatient with those who stop to consider realities. The enthusiast may be more or less necessary in starting upon the wheels of progress, but it is seldom that he can be depended upon to carry plans most invariably upon to carry plans to a successful conclusion as he almost invariably lacks that essential characteristic, persistence, but for which few names would appear in the directory of prominent men in this country.

On the other hand, the pessimist, a specimen of which can be found in every community, materially retards progress. He has vision but the rays of sunlight are hidden from him because he sees "as through a glass darkly." He is not an instigator, nor is he a helper, as he is prejudiced toward failure and consequently is a deterrent factor at all times. It is barely possible that he performs a somewhat necessary function in that he neutralizes to a considerable degree the ultra-optimism of the enthusiast. On the whole it is safe to say that the services of the pessimist are superfluous in the organization and development of any co-operative project.

There is a wide difference between the functions of the co-operative selling and the co-operative marketing association. The former congregates the product to be marketed at some central point and ships it to the agency in the large city that is already active in the distribution of that product. The marketing association must have headquarters in the large city and must assume the duties of the distributing organization. The selling association fosters quality improvements and permits of grading, of shipping in carload lots, and of bargaining in large quantities to attract the attention of a large number of buyers and thereby engenders active competition for its products. Co-operative selling, aside from displacing the local dealer, does not eliminate the profit of the middleman, which is the primary purpose of the co-operative marketing agency. While co-operative selling is a step in the right direction the original purpose of the co-operative marketing organization would be obscured were its duties confined to such selling.

To attain the greatest possible success, the structure of the co-operative marketing association must be established on a solid foundation. That foundation must be a well knit organization reinforced with an abundance of working capital. In the past, enthusiasts and individuals with selfish motives have played a too important part in starting co-operative enterprises. While a certain degree of enthusiasm is essential to the success of any business, the organization founded upon it alone is as the house built on the sand. The enthusiast may be helpful in building up the membership of an organization but in working out the fundamental principles his services are oftentimes obstructive. Enthusiasm usually wanes when results come slowly, and no permanent success comes without some disheartening experiences. Whether co-operative or proprietary, an organization must be established on well tried business principles as radical changes from the ordinary rarely promote success. The co-operative organization differs from the private enterprise, however, in that the individual must place his own interests secondary to those of the association as a whole.

The problem of distributing agricultural products in the large city market brings the producer in an entirely new field, one with which he lacks familiarity. Heretofore, he has been relieved of the task of disposing of the commodities which he has grown as it has been comparatively

easy to consign them to the merchant in the distant city, and to await returns, or to dispose of them to the local merchant who paid cash for them at the time of delivery. For many of the products which he has shipped it has been his privilege to receive on the consignee for a high percentage of their value at the time of making shipment and he has not found it necessary to enter claims for shortages, damages and freight overcharges as that is a part of the service of the large city receiver. Now vice of the large city receiver, as a member of the marketing association he must compete with those who formerly solicited his products. He must invade the unfamiliar large city, establish a location in a desirable section of it, and seek to establish an outlet against well established and possibly unfriendly competition. It would be fatal for the inexperienced individual to attempt the management of an organization which distributes large quantities of agricultural products in the large city. A knowledge of methods peculiar to that business is absolutely necessary, it is essential that one in charge have a wide acquaintance and a considerable following among buyers, and that he be familiar with the handling of credits as there is no limit to the sums of money that may be lost through bad accounts. The co-operative marketing association must depend for its management on hired help, on an individual of wide experience in the produce market. Such unattached individuals capable of looking after the interests of a large and growing business are rare as their services are in demand by growing concerns. It also must be remembered that the individual who works for a salary does not have the heartfelt interest in an undertaking. It is imperative that the co-operative marketing association be well managed at the outset as a false step might impede its progress for many years if it did not destroy it immediately.

The necessity for an ample capitalization is at once apparent when an organization starts to distribute agricultural products in a wholesale way. Let us take the commodity, butter, as an example. Shipments of butter, if in any quantity, soon amount in value to a vast amount of money, particularly if a majority of the shippers require substantial partial payments in advance, as is customary. Each wholesale butter house of any size must pay out thousands of dollars on butter before a single tub of it arrives at its destination, to say nothing of freight and cartage charges that must be paid when the butter is delivered and the ten days' credit that must be granted when the butter is sold. Then, too, there are periods of depression when little butter moves but when shipments continue to arrive. At such times it is necessary to remit for the full value of the greater part of the arrivals which are up consequently huge sums of money. The foregoing applies to the distribution of all kinds of agricultural products, hence it is not difficult to see that the co-operative marketing organization that does not start with sufficient capital is almost sure to fail.

Periods of discouragement invariably beset any organization that is attempting to secure a foothold in the business world. The co-operative marketing organization would be no exception. In entering into competition with going concerns it would find that all means, both fair and foul, would be used to prevent its establishment; it would be obliged to overcome the natural conservatism of the large city merchant, although that could be accomplished through proper management; and it would require patience on the part of the members of the co-operative marketing association to bridge over the time during the formative period of the new business as some losses, without doubt, would have to be met due to the inability of the new organization to move all of its products readily and at top prices for the various grades. It is at the outset that the value of a well-knit loyal organization is apparent.

There are times when even the most successful produce merchant experiences heavy losses. Such losses are the result of accumulations, the aftermath of an inactive market, the inactivity being followed by a decided price slump, and, to a more limited degree, to bad accounts. At times of such losses the necessity for sufficient capitalization is thoroughly appreciated. A sufficient working capital has prevented the discontinuance of many business organizations while the lack of capital has been the cause of failures without number. There is a tendency on the part of organizers of co-operative ventures to lay insufficient stress on the important factor, working capital, and as a result there have been altogether too many failures. As individuals in dealing with business organizations we invariably investigate their financial rating. That

holds true of those who deal with co-operative organizations. Proper financial backing lends stability to any business organization whether co-operative or private.

Material progress in marketing agricultural products co-operatively has been made during the past decade. Much more noticeable progress will be apparent at the end of another decade, as the movement is rapidly gaining momentum. It is but logical that the farmer should desire to do his own marketing as there is a wide margin between the price he receives for his products and the prices paid for them by the consumer. The movement as a whole is of tremendous scope and should be handled by individuals who are experienced in dealing with big problems. One weakness of the co-operative movement is that in many instances it is being promoted by professional organizers who have some selfish motives, or as in other instances, by enthusiasts who are capable of realizing the immensity of the problem that lies before them. Every undertaking that has made a noticeable success has developed from a small beginning. Back of it have been big men with an abundance of courage and persistence.

For maximum results farmers must be content with gradual development of the co-operative marketing movement. There is danger in beginning on too large a scale as mistakes will be made which may injure the movement. For the greatest ultimate success comparatively small units should first be established, the function of which in the beginning should be to improve the quality of the products to be sold and to grade them, to sell them to the best possible advantage, and to work with the ultimate aim of marketing those products. Meanwhile, co-operation, or fusion, with other units could be accomplished which may induce the movement and trained to assume management of the working organizations and an abundant capital could be gradually accumulated. Co-operative distribution is too large a problem to solve in a day. For its ultimate solution a definite plan of concerted action should be decided upon by the leaders of the movement throughout the country which should be rightly adhered to.—Southern Planter.

USE UNION WANT ADS

Those Who Fight Co-Operative Plan

Only One Class is Harmed And That Is The Speculator

(By Aaron Sapiro)

I spoke, in the last article, of the hearty endorsement with which the cooperative marketing associations frequently met from the manufacturing interests preparing the raw product with which they deal for final consumption, and gave a good hint of the reasons lying back of their attitude.

People still governed by the antiquated idea that the main slogan of co-operative marketing is, "Eliminate the middleman" will be amazed to learn that your modern co-operative marketing association more frequently than not has the hearty sympathy of many middlemen in its field. In the majority of cases, due to the superiority of the produce which their merchandising methods evolve, the co-operative association is looked upon with decided favor by the retail merchant, and frequently by the wholesaler and the jobber who supplies him and by the non-speculative broker. That is because modern co-operative marketing draws the distinction, which is indicated in a previous article, between distributive and speculative middlemen. There is no such thing as totally eliminating the legitimate middleman. He is himself an essential producer. His produce a service which is necessary in the distribution of a product. Where he is a legitimate merchant he himself is engaging, to a certain extent, in the merchandising methods which make for the increased and wider consumption that is the aim of your producer organization. In order to perform that service for itself the co-operative association would have to acquire the property and the skill represented by these men.

To acquire it, it must spend money, and to borrow this money one must pay an interest thereon equivalent to a legitimate profit. Sometimes, the co-operative associations do this, but they must pay fair prices for plants which they take over, and fair salaries

for the services which they displace.

Only Speculators Suffer
The only people who are deprived of anything by co-operative marketing are the speculators, a class tremendous in wealth and power, but limited in number, and little known to the general public except through the operations of some of them upon the big exchanges; because you real merchant, but purely a gambler, seldom, if ever, advertises. As a matter of fact he rarely ever handles, frequently has never even seen an actual specimen of the product in which he deals.

Your distributive middleman is a man who operates upon a fixed charge for services rendered; or, if he buys and sells the product, figures only to make a fixed profit, equivalent to such a fair charge, that increases only with the volume of business which he handles. Your speculator, on the other hand, is the man who buys and sells a product with no idea of actually moving that product, but merely with the idea of selling it again, without the performance of any service, on the highest possible profit margin. It is an essential of his business that markets fluctuate as widely and as rapidly as possible, that there should be as many sales and resales of the product as possible, and there should be a surplus at the producing end from which he buys and a shortage at the consuming end to which he sells, as marked as possible.

The speculators, as a class, have interests inimical to all other classes, and they are the only class that are hurt by co-operative marketing. Even in their case, co-operative marketing confiscates no property which they may be using as legitimate distributors on the side, and confiscates no past profits. It merely says: "If you have got to gamble, you will have to do your gambling elsewhere. We have decided to change this field into a business desk instead of a poker table."

Prices Stabilized.
As large as are the profits which these speculative interests have in the past taken out of our farm produce, I wish to point out again that these profits are merely a very minor part of the saving which co-operative marketing effects by making it possible to ignore the speculator. I wish I had the opportunity, which the space afforded me here does not give, to (Continued on Page 2)

Co-Operative Banking in Arkansas Is Well Established By Law

Ten Other States Provide For Co-operative Banks And The State of North Carolina Provides Special Agency to Assist in Organization

The necessity for co-operative banking has arisen from the accomplished designs of the commercial banks and trust companies to accumulate all funds available for lending and to restrict all loans to such purposes as will yield benefits other than interest earnings to these banking institutions. In the states of Illinois and Missouri, and perhaps some of the other states banking legislation is considered of such vital importance to the public that their constitutions forbid any banking legislation to go into effect until it is ratified by a vote of the people.

Within the last decade a wave of banking legislation swept over the States of the entire Union and has found a footing in practically all of them, except such States as are protected by constitutional restrictions. A careful examination of this legislation in the various States will reveal the fact that the original bills were practically the same in all the states and evidently prepared by the same hand, but it appears that when they went before the different legislatures for passage many changes were made by the way of amendments so that before they were enacted into laws there was a lack of uniformity in them. All legislation seems to have been directed to the accomplishment of two general purposes.

First, to protect favored banks against competition by laying restrictions upon the organization of new banks and by making such banks some exactions of undesirable banks already in existence as would force them out of business.

Second, to make the time deposits available at a nominal rate of interest.

Time deposits, or, as they are generally called "Savings Deposits" comprise a substantial part of the working capital of the banks. A recent publication stated that there deposits in American banks amounted to \$17,000,000,000. A statement from our bank commissioner shows that the savings deposits of Arkansas in the year 1920 amounted to \$22,658,000.00. From this it will be seen that more than one third of the working capital of all the banks in Arkansas consists of these savings deposits. The method by which these deposits are made available to the banks at a low rate of interest in our State is found in Section 735 of our Statute, which provides that any bank which pays a higher rate of interest than 4 per cent on any deposits shall be required to carry on so much of its deposits as bills payable. This law has had the effect in Arkansas to restrain all banks from paying more than 4 per cent on time deposits and the same results have been accomplished in other states in various ways. Some of the states leave the fixing of these rates to the discretion of the bank commissioner, while others by positive mandate of a statute forbid any bank to pay more than 4 per cent on time deposits. The absurdity of this legislation under the color of a police regulation can readily be seen. But little substantial argument has been made in support of a contention that the safety and protection of the people require that a bank should be prohibited from paying a blind widow more than 4 per cent on her meager savings.

In the New England States, where wage earners are numerous, and in the Atlantic States, where the business of banking has become expensive, some very wholesome provisions have been made through the various statutes of these States for the encouragement of savings, and for the highest and best accumulations on time deposits that can be obtained, not in excess of the lawful rate; but in the Western and Southern States and in the North, where the banks have been successful in obtaining legislation making these savings available to them at various rates of interest not exceeding 4 per cent. In the New England States and the Atlantic States, however, and in fact all the States except those protected by constitutional restrictions the banking business has to a great extent become monopolized through these recent statutes.

Our Constitution says that monopolies are contrary to the genius of the republic and that they shall not be allowed; but right in the face of this and similar constitutions, legislation has found a footing in this State, and many of the other states which actually foster and protect the very evils which the constitution expressly forbids. These evils must be apparent to any one who will give serious thought to the question.

The Legislature of 1921 passed an act now known as the Co-operative Corporation Law. This act provides for the formation of co-operative corporations for the purpose of conducting any agricultural, dairy, mercantile, banking, mining, manufacture or mechanical business on the co-operative plan that provides that the act shall be administered by the commissioner of mines, manufacture and agriculture.

The two most wholesome and substantial elements in this law are:

First, that it permits co-operative banking; and, second, such banking corporations are free from the dominations and unreasonable exactions and restrictions of the State bank department. This is a law being bitterly assailed by the enemies of co-operative banking, and the next Legislature will be made to have the business of banking out of the co-operative corporation act or to place co-operative banking under the supervision of the State banking department. An amendment either way will destroy the co-operative bank as a successful competitor of other banks and will complete the monopoly of the State banking institutions upon all available banking funds. The argument will be made, and is being made with some show of reason upon its surface, that all banking institutions should be under the supervision of one and the same department. This would be true if the purpose of the banking department was to unionize the banks and to restrict them to prescribed rules of operation so as to protect the business of banking and secure to it high rates of interest and large dividends to its stockholders, but this is not the real purpose of a banking department. The purpose of the department should be to protect the people and the public against fraud and imposition by requiring the banks to conform to rules of honesty and fair dealing with the public.

It is through the police power of the State alone that a bank department is permitted to assume to regulate the banks, but it is not necessary that all banking institutions should be watched and restrained by one man. If one policeman in a city should be given exclusive powers to arrest all the bootleggers, it is most likely that bootlegging would become a very profitable business, especially to the personal friends of this officer, for his exclusive power to arrest would also give him the power to protect.

Before our law went into effect co-operative associations as an agency for rural short-time credit had been authorized by the Legislatures of ten different States. Nine of these States provided by statute that the law should be administered by the State bank department. North Carolina created an office in the State department of agriculture, for the supervision of these associations. In October, 1921, the department of agriculture issued Circular No. 197, and on page 9 states:

"As stated above, the success of the North Carolina Credit Unions is due largely to the fact that the law provides a special agency to supervise and assist the associations. Whenever the farmers of any locality manifested an interest in organizing an association, the superintendent of credit unions promptly considered their application and if he finds conditions favorable assists them to incorporate."

South Carolina has a law similar to North Carolina, save that it does not provide any agency for the administration of the law. The South Carolina act, which is to be administered by the bank department, has been on the statute books for five years but no credit unions have been organized under it. While under the North Carolina law, administered by an independent agency, thirty-three unions have been organized and are of special interest for the reason that they are all strictly rural.

Mr. N. V. Valen says: "Although it seems quite logical that the banking department should have supervision over all public financial institutions in the State, associations of the type here considered differ materially from ordinary commercial institutions and appear to merit special consideration from the administrative point of view. The department of banking, as ordinarily constituted, cannot effectively encourage the organization of unions or assist materially in meeting the obstacles that arise. The duty of such a department is to restrain rather than to assist or promote. It would appear highly desirable therefore, that another agency, such as a division of the State agricultural college or the State department of agriculture, be authorized both to assist in the organization of unions and to supervise and aid those in operation."

Co-operative associations have a splendid start in Arkansas and we have a law under which they can be organized and administered free from the interference of their opposition, and we must know that co-operation has its opposition. The same interests that make co-operation necessary that some interest opposes and are at tempting to thwart every effort of co-operative banks to rise but these banks are springing up all over the country.

The labor unions of Buffalo are organizing a co-operative labor bank. These people discovered that the meager savings which were being collected from women and children and the wage earners were being collected by the big banks and loaned to the most prominent and greatest oppressors of labor.

Arkansas Union Farmer.

REDUCED FARE to STATE CONVENTION

Important Notice to Members

A reduction of one and one-half fare for the round-trip on the "Certificate Plan" will apply for members (also dependent members of their families) attending the meeting of Kansas Division of the Farmers Union to be held at Topeka, Kansas, January 16, 17, 18, 19. The arrangement will apply from the following territory: All points in Kansas and the cities of Kansas City and St. Joe, Mo.

Read the Following Conditions Carefully

1. Tickets at the normal one-way tariff fare for the going journey may be bought on any of the following dates (but not on any other date): January 13, 14, 15, 16, 17, 18, 19.

2. Be sure when purchasing your going ticket to ask the ticket agent for a certificate. Do not make the mistake of asking for a receipt. If, however, it is impossible to get a certificate from the local ticket agent, a receipt will be satisfactory and should be secured when ticket is purchased. See that the ticket reads to the point where the convention is to be held and no other. See that your certificate is stamped with the same date as your ticket. Sign your name to the certificate or receipt in ink. Show this to the ticket agent.

3. Call at the railroad station for ticket and certificate at least 30 minutes before departure of train.

4. Certificates are not kept at all stations. Ask your home station whether you can procure certificates and through tickets to the place of meeting. If not, buy a local ticket to nearest point where a certificate and through ticket to place of meeting can be bought.

5. Immediately on your arrival at the meeting, present your certificate to the endorsing officer, Mr. C. E. Brasted, as the reduced fare for the return journey will not apply unless you are properly identified as provided for by the certificate.

6. No refund of fare will be made on account of failure to either obtain a proper certificate, or on account of failure to have the certificate validated.

7. It must be understood that the reduction for the return journey is not guaranteed, but is contingent on an attendance of not less than 250 members of the organization and dependent members of their families at the meeting holding regularly issued certificates from ticket agents at starting points showing payment of normal one-way tariff fare of not less than 67 cents on the going trip.

8. If the necessary minimum of 250 regularly issued certificates are presented to the Joint Agent, and your certificate is validated, you will be entitled to a return ticket via the same route as the going journey at one-half of the normal one-way tariff fare from place of meeting to point at which your certificate was issued up to and including January 24, 1923.

9. Return tickets issued at the reduced fare will not be good on any limited train on which such reduced fare transportation is not honored.

C. E. BRASTED, Sec.

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Notice to Secretaries and Members of Farmers Union of Kansas. We want all the news about the Locals and what you are doing. Send in the news and thereby help to make your official organ a success.

All copy, with the exception of notices and including advertising, should be in five days before the date of publication. Notices of meetings can be handled up until noon Monday on the week of publication.

Change of Address—When change of address is ordered, give old as well as new address, and R. F. D.

Communications and Questions—Communications are solicited from practical farmers, members of the F. E. & C. U. of A., are at liberty to ask questions on any phase of farm work. Answers will be either published or mailed.

ADVERTISING RATES ON APPLICATION



THURSDAY, JANUARY 11, 1923

IMPORTANCE OF AMERICAN UNITY

The importance of uniform devotion to national ideals cannot be over estimated. Any movement that divides citizenship into hostile, mutually suspicious, or economically antagonistic groups threatens the foundations of the republic. Legislation, education, literature, and organization should promote national unity and a nation wide adherence to a single body of American ideals.

Bible reading in the schools appears to the average evangelical or protestant Christian to be highly desirable. The people of Illinois are considering a constitutional provision to require readings from the scriptures in all public schools. That looks like a wholly reasonable demand but there are many people in Illinois who do not agree. There are great numbers of Christians who object because their particular version of the Bible would not be used. There are many Jews who object because they reject the New Testament and do not subscribe to the doctrines of Christianity. There are many who profess no religion and belong to no church. All these groups are tax payers and all are entitled to the benefits of public education. Any attempt to enforce the doctrines of any one class upon all the others interferes with national unity.

It is indisputable that many crimes go unpunished. Many offenses against the law receive no attention from officers and others charged with law enforcement. It does not follow, however, that any group of citizens may safely assume the duty of enforcing the law by illegal methods. Such a course would still further undermine the general respect for the law that is so essential to the safety of society. This would be especially and fatally true of any volunteer law enforcing group or society that excluded from its membership large bodies of citizens as law abiding as themselves on account of race, color, or religion. It would seem certain therefore that a society professing to be 100 per cent American that excludes at least forty per cent of all Americans from its activities cannot promote national unity.

Change is vital to human institutions. Only the wisdom of God is equal to law making fit, unaltered, to meet the ever changing conditions of successive generations of human life. Our constitution may have been fairly perfect as it was formed but even the public opinion of that day required a guarantee that nine or ten amendments would be added before it could be ratified. There will be many more changes in the future. In time it may even be necessary in the interest of justice and liberty to frame a new charter for the republic. Such change should result from free discussion. Therefore it is unwise to legislate against freedom of speech, to outlaw those who cannot not regard the constitution as perfect, to denounce as radical all who believe that change is the law of life. Such proscriptions interfere with that national unity which is essential to the perpetuation of the republic which must be preserved even if laws and constitutions wear out and are replaced to meet new conditions.

THE SOUTH, THE PRESIDENCY AND CONGRESS

Representative Tinkham of Massachusetts wants to tinker with the constitution for the purpose of depriving the southern states of their congressional representation based on millions of non-voting citizens. He maintains that the present system of basing representation on population gives the white folks of the southern states too many members of congress and too much influence in that body.

In the speeches supporting his position and in the many editorials endorsing his views and plans neither Tinkham nor any of the editors, anxious to reduce southern membership in congress, say a word about the selection of delegates by delegates based on the non voting negro population. As a matter of fact both of the great political parties are beneficiaries of the suppressed vote. If the democrats have more than their share of congressmen the republican machine certainly and for the same reason has more than its share of delegates in the national conventions of its party. Southern delegates selected and controlled by the machine or party organization have named the

republican candidate for the presidency in every convention contest since the civil war. Colored delegates are the reserves of the reactionary forces of the republican party that have been brought up to defeat every progressive candidate who has ever developed any strength in a national convention.

The southern situation may be all wrong but both great parties use it for political advantages. Tinkham and the other reformers would make more headway if they would tell the whole truth and nothing but the truth.

WHAT ARE A WIFE'S WAGES?

The government of the United States does not include the calling of a house wife among the gainful occupations. The farm wives of this country are chained to a round of duties and labors that is never completed. The daily grind begins before the husband has started in on his gainful occupation for the day and continues long after he has knocked off in the evening.

In any fair system of farm cost accounting the wife should either be considered a full partner in the results as she is in the labors of production or she should be allowed wages in excess of her board and clothes which is about all she receives in existing conditions. The cold bitter truth is that farm products as a whole have never been sold for the cost of production largely because the farmers themselves have overlooked or ignored many big expense items. The day long, year long, life long work of farmers wives has never been charged for by agriculture. For generations the farmers of the world have donated the labors of their wives to the consumers of agricultural commodities.

The world should learn that food must be paid for in full if there is to be any certainty of a continuous supply. The next big reform in farm cost accounting is to include the wife either as a partner in the enterprise or a wage worker entitled to decent wages.

WHO ARE GRAIN GAMBLERS?

The farmer hears a good deal about grain gamblers and it is the truth that many men are engaged in that reprehensible business. It should be understood, however, that the men who buy up our wheat in the summer and fall are not gamblers. A gambler is a man who is willing to take a sportsman's chance that he can win in a game played by himself and others under rules that all who take part can understand.

The grain traders who buy a year's supply of wheat, measured in terms of consumer's needs in a couple of months and store it away in elevators and warehouses are not taking any chances. If they are playing a game it is under rules that they have made for their own profit and with cards that they have marked with their own hands. All they have to do is to sit steady in the boat and wait for the consumers to use up all the loaf bread and flour on hand. They can then fix their own price on the seasonal surplus that they bought low and can sell high.

The only real gambler in the wheat business is the farmer. He seeds in the fall hoping that in spite of dry weather, winter killing, green bugs, chinch bugs, wet harvest, black rust, and scores of other hazards he may be able to reap a harvest the next summer. In that hope he invests his labor in the expectation of fair returns on his investment in land and equipment, his expenses for harvesting and threshing, and the living expenses of his family and teams for a year. He takes a long chance, a ten to one bet that he will come out even with a little over to buy decent clothes for his wife and children and provide them with the comforts and decencies of life to which they are entitled.

If the farmer wins in his game with climate, weather, and insect pests he should be able to collect his bets. In existing marketing conditions he does not do this nor can he ever reach such a result as long as he sells in competition with his neighbors and hands the grain trader the finest business opportunity enjoyed by any group of merchants in this world. It is not the organized grain trade but the unorganized grain producers that make grain prices the weather vane of the world's markets.

Why not start in the New Year with a big debate at your Farmers Union Local. "Resolved: That the grain traders are justified in taking advantage of the lack of organization among grain producers."

WHAT'S IN A NAME?

Shakespeare, by most folks regarded as the greatest man with the greatest mind that ever put pen to paper, once wrote that "a rose by any other name would smell as sweet." All very well for roses but life is not made up of blossoms and for once in his life the immortal "Bard of Avon" was wrong when he sneered at words by asking "What's in a name." There is much in a name. There is life in words. Some begot loyalty and trust, others inspire doubt and suspicion.

Twenty years ago last spring Newt Grisham began to make a poor little cotton crop in Raines County, Texas. All through the long summer of 1902 he worked early and late to erect a weak and fragile protective circle about his family. The "Long Time Merchant" approved of and enjoyed Grisham's industry. The better the cotton crop the safer the mortgage and the surer the usurer would be in the investment of bacon, meal and oats that he had made. Such men as the young Alabamian insured high profits for the merchants who lived by "furnishing" share croppers.

Grisham was a man whose head worked as he followed the plow. During that summer he considered the hard life of others like himself, millions of others throughout the cotton belt, and determined to do something for the liberation of the small cotton producers of the south and of the poor farmers of the republic. The result of his thought, genius and courage was the plan and the constitution for the Farmers Educational and Cooperative Union of America started by himself and seven neighbor farmers on the Sec-

ond day of September, 1902.

It was a real name that Grisham gave to the infant organization that resulted from his summer long study of the condition of agriculture and the needs of poor farmers like himself. Every word bears witness to the courage and the vision of the man who was able to see beyond the boundaries of a Texas tenant holding to the most remote limits of his country and to the most distant day of the future and embody the needs and purposes of agriculture into the name of the society that has become so useful and so powerful.

Grisham first decided that the organization should be made up of farmers only. Clashing interests arising from diversity of membership must be excluded. Only farmers could solve the problems of agriculture.

The program must be educational. No farmers were in great need of school or book training or of knowledge of better methods of production. All farmers required instruction in better business methods that what was made by toll immeasurable should not be lost through tolls paid to marketing agencies and tributes levied for credit accommodations.

Results worth while could be secured only by team work. Organization first, then education in cooperative principles to enable members to unite their forces for effective action. Grisham knew something of what had been done in Rochdale and Denmark for wage workers and farmers and so decided that the new organization must be co-operative.

The words, "Farmers," "Educational" and "Co-operative" fixed the membership requirements and published forth the purposes of the new organization but it must have a name. The Alliance had just failed. The Grange was officially Patrons of Husbandry. No such titles could be considered. The one still carried with it the memory of recent disaster. The new society was to be composed not of patrons of husbandry but of men who actually practiced agriculture. Association would not do because it might mean a mingling together for no definite purposes. Federation and Confederation were words equally unattractive and pointless for the new purposes. They mean the joining of organized forces to form new bodies with all real power reserved by the constituent members. Nor would "Bureau" serve the purpose. That word means either a cumbersome piece of furniture filled with unclassified odds and ends or a system of government hateful to all lovers of liberty and dangerous to free and democratic institutions.

So it was the "Union." A single entity made up by fusing together many similar and harmonious forces. A word that symbolizes strength, purpose and welded and united determination and power. Never was there a happier choice in selecting a name for a new born child but that choice was not accidental. It was the result of months of consideration by a mind equal to the comprehension of the problems of agriculture.

That our organization has survived twenty years of opposition and criticism, that it grows stronger, that it is so loved and cherished by all who understand, subscribe to and practice its principles is in a very large measure due to the wisdom that inspired Newt Grisham when he called it.

THE FARMERS EDUCATIONAL AND CO-OPERATIVE UNION OF AMERICA.

SAFEGUARDING THE BANKS

While in Washington during the consideration of the various agricultural credit bills by the Senate Committee on Banking and Currency the editor was very much impressed with the extraordinary consideration for capital invested in banking that was everywhere manifested. The first test imposed on any measure was whether it would be safe from a banker's point of view. The speakers at the meetings of the National Council of Community Marketing, the farmers and others who appeared before the senate committee, the senators themselves, and all the members of the administration appeared to be concerned first with the security required to make advances to farmers absolutely safe.

Observers without prejudice must have concluded that the banks and the other financial institutions have had some unfortunate experiences in advancing money to farmers and farmers marketing organizations and that all other banking customers are entirely reliable and always able to pay their borrowings in full. The reverse is the truth. Eugene Meyer, Chairman of the War Finance Corporation, testified that all the loans made to marketing associations and all the other advances to agriculture totalling more than HALF A BILLION DOLLARS have been repaid as per contract with the exception of about \$165,000 and it was his belief that about all of that would be collected in time. Bankers and banking institutions never lose much of the money that they lend to farmers. Their losses from the failure or default of business men are many times heavier than delinquencies resulting from loans to agriculture.

It is entirely right and proper that all necessary safeguards should be observed in making bank advances to farmers and farmers associations. No farmer would have it otherwise. The safety of the funds invested in bank stock and deposited in banks cannot be too carefully provided for but after all banking as a business is certainly no more important than agriculture. The one is the main stay of commercial organizations, the other is essential to the life as well as to the prosperity of all the people. Those in authority should be at least as careful of the capital invested in agriculture as they are of that which functions through the banks.

If the balance of the business world will pay its debts as promptly as the farmers do there will be mighty few bank failures in this country.

American Troops on the Rhine

Are in a position that is liable to make considerable trouble for this country. The Allied and Associated powers have quarrelled and are now on such unfriendly terms that there are likely to be fighting each other at any time. Germany has defaulted on the reparations payments and France is almost certain to occupy a substantial section of that country. This may start a new war.

What position will this country be in if our soldiers over there are in the pathway of contending armies? The death of a single American doughboy at the hands of either the French or the Germans would mean the entry of the United States into the new war. President Harding promised the voters that he would withdraw all American forces from Germany. He should have kept that promise long ago. It may be that it is now too late to avoid the consequences of our continued participation in the occupation of Germany.

Farmers Control One House

Of the legislature of Kansas. There are seventy-five of them in the House of Representatives of whom a very large number are members of the Union. It is certain that the retrenchment and economy program announced by Governor Davis will have the support of a good working majority in the lower house.

The situation in the senate is different. Only seven of the forty members of that body are farmers or are in any way connected with agriculture. Will the senate go along with the house, forget party politics, and hold up the hands of the governor in his fight for reduced taxation through smaller appropriations? No one knows, but the situation is far more hopeful than it was two years ago when the same senators were in Topeka. The voters have said a word or two and another election involving senatorial seats is less than two years away.

The appropriations are likely to be smaller and the amendments to the road laws asked for by the taxpayers may get through. Senators are only human after all and most of them want to come back and serve the public again for another four years.

Hard Roads Boosters are Discouraged

Over the outlook in Topeka. A bill providing for a \$50,000,000 bond issue to be retired from the proceeds of automobile licenses collected into the state treasury has been prepared and is ready for introduction. It may not appear. If it does it will not get twenty votes in the House of Representatives and may even fail in the senate. It is plain enough that the Good Roads Association and kindred societies and organizations have a chance to do a little economizing on their own account. They may very sensibly decline to maintain their usual lobby at Topeka as it is now certain that it would be a waste on money to do so.

Rivers May Make Trouble

In Congress. The railway lobby is determined to block all appropriations for the improvement of inland waterways. They may succeed. They have their pickets on every avenue of approach to Capital Hill and are not without somewhat efficient representatives in the two houses of congress. If our country would learn how to use water for transportation from inland producing areas to the ocean it would be possible to reduce the existing freight rate burdens at least twenty per cent. The United States is the only modern civilized nation that has permitted its people to be blockaded away from navigable rivers by selfish and grafting railway corporations.

All the export grain of the wheat

THOSE WHO FIGHT CO-OPERATIVE PLAN

(Continued from Page One) take the price stabilizing effect alone of powerful co-operative marketing associations and analyze its values to the various different phases of American business.

For example, just think of what they mean through their effect upon banking alone. Agricultural loans today absorb a tremendous part of the fluid banking resources of the country in the form of that money which seeks a high profit making rate of interest because it can afford to take some chances to attain it. Agricultural loans today are, for the most part out of the fields for the investment of that class of money which refuses to take any chance and is now locked up in limited classes of bonds and in real estate.

These co-operative marketing associations are tending gradually to establish agricultural loans as a field for absolutely safe investment. They are gradually drawing out into circulation the capital that is now static by investment in unproductive values, and releasing for the development of all American industry, part of the profit seeking funds that are now absorbed in financing speculative operations in agricultural products.

This is deep economic water and I am going to get out of it and stay out of it for any further remarks in a series of frequently for each farm. It is into a by-path may have been a hint to the scientific economist that will lead him into an independent investigation and comment upon co-operative marketing that will establish in the scientific mind an appreciation of the overwhelming importance and promise of this movement.

COMMENT ON WORLD'S NEWS FOR WEEK

belt should reach ocean ports on water borne barges. How long will it take our people to learn the lessons that other countries mastered hundreds of years ago?

Coal Makes More Trouble

Than any other natural product that is consumed in America. The operators and the miners have just been holding a conference concerning the terms of a new contract for labor to begin on the first of April. disagreement is reported. The country may as well prepare itself for another miners' strike in the spring. The Federal Fact Finding Commission whose business it is to find a solution for the more vexatious problems of the coal industry appears to have learned nothing that was not already a matter of general information. It is evident that some radical reorganization of the entire business is essential to the public interest. It may be that the only solution lies in the direction of nationalizing coal mines and coal production.

Mehry Ford is the Only American

Who presumes to be able to solve all the ills of the industry and politics of the country. He has his own labor system that has worked well. He merchandises the products of his factory so profitably that he has become the richest man in the world. He believes that he could settle the money question with his commodity currency plan. He would solve most of the problems of coal production by utilizing waterpower generated electric current for heating and lighting.

Ford's latest announcement is that the way to solve the general labor problem is to give every man in the country a job in a Pot factory or in some other manufacturing concern at a wage of not less than five dollars a day. That would be fine but if Ford and the other manufacturers hire all the labor away from the farms at five dollars a day, who in thunder is going to produce the food to feed a nation of mill hands?

Wheat Price Slide up and Down

In response to the manipulations of the grain merchants of the country but whether our grain sells for seventy five cents or two dollars a bushel the cost of a baker's loaf continues to be based on high priced wheat. The consumers in the industrial centers gets mighty little advantage from the low prices that break the farmers' backs.

The farmer might endure his losses with a little more resignation if he could be sure that the workmen of the cities are getting cheap bread and potatoes. Minnesota spuds that realize the growers a gross income of fifteen cents for each bushel or which a market can be found are sold in the centers of city populations for sixty cents a peck.

Fifteen millions of bushels of good Red River potatoes are rotting under the snows of Minnesota and Dakota and at least that many millions of good American folks have not had a stomach full of spuds for three years.

Credit For American Farmers

Is the problem that is receiving most consideration in Washington at this time. The word comes from the capital of our great free democracy that the Senate Committee on Banking and Currency is about to report two constructive measures designed to give agriculture better financial facilities.

This sounds good but about all it means is that a way has been found to lend a considerable sum of money to farmers through the Federal Reserve Banking System. The only real cheerful note in the dispatches is that the Wheat Marketing Corporation will be continued until March, 1st, 1924.

Every big financier in Washington

ROTATION WILL INCREASE THE YIELD OF WHEAT

Continuous growing of wheat on the same land year after year means lower yields. There may be some apparent exceptions to this statement, especially where the land is relatively new and where yields are limited by moisture rather than by soil fertility. But there are several evils that follow continuous cropping besides a decrease in yield, such as greater damage from insects, diseases and weeds, in addition to greater risks and inadequate distribution of farm work throughout the year.

At the Kansas Experiment Station continuous cropping to wheat for 10 years reduced the yield to less than 7 bushels per acre, whereas during the same seasons, land that had been rotated with corn produced a trifling over 16 bushels per acre. In another rotation, which included alfalfa, the yield was 18 bushels and this was increased to 23 bushels by the application of 5 tons of barnyard manure per acre every 3 years. In other words, the rotation and the barnyard manure produced four times as much wheat as was secured by growing wheat alone.

No rotation can be suggested that will fit all conditions in the Southwest. The great diversity of soils and climate makes it necessary to use a different plan for each section or region, or frequently for each farm. It may be stated, however, that no rotation is complete without a legume crop and a cultivated crop. In the corn belt a common rotation is corn, oats, wheat and clover, each one year. Soy beans and cow peas are coming into prominence in the more humid portions, especially where clover has not proved satisfactory.

The usefulness of these legumes

is remarkably helpful to agriculture and co-operative marketing. It is filling the bill. It is doing what the farmers want. Why junk it and embark on an experiment that at the best can do only as well as the agency that we now have and that is almost certain to be a complete failure?

The answer is that there are too many international bankers in Washington and that they are either too powerful or too smart for the few representatives of agriculture that are on the job.

Congress Will Come To An End

On the fourth of March. At that time nearly a hundred statesmen who were retired by their ungrateful constituents at the last election will be out of jobs just when the chances of employment are at their worst. Who will take care of the lame ducks who have been shut away from the public crib?

Of course they might go to work but that would be a course open to criticism for its lack of dignity. Mr. Lasker of the Shipping Board should look after the three score or more who voted for the ship subsidy but his office will be short of funds until the senate finishes with the subsidy. It looks like it is up to the president to find jobs for all the hired hands that were fired by their masters last November and Oh, how he hates to do it with so many citizens of Marion, Ohio, yet unprovided with comfortable seats at the public pie counter.

Bank Deposits Show Decreases

Since about the first of December. The wise boys say that it is because so much money was spent for Christmas purchases and presents. Sounds all right until it is analyzed a little. Many millions of Christmas shoppers dug up savings out of the old sock or from behind the clock and used the money to buy presents from the merchants.

The merchants usually make daily deposits of their cash receipts. Unless they used all their December cash in paying their debts the money that they received from sock loaders should now be in the banks and there should be a substantial increase in deposits. There is something wrong somewhere with the explanation for the drop in deposits. It really does not explain. It sometimes seems that the wisest men are not much smarter than the fools. They find out so many things that they are not so.

Legislators Now Serving the State

In Topeka are already wondering why they allowed themselves to be elected. Their pay is three dollars a day and they receive fifteen cents a mile each way just once for travelling expenses. Their total income for the session is limited to one hundred and fifty dollars each an average.

If a senator or representative wants to live at a hotel he can get a fairly good room without bath or other modern conveniences for one dollar and fifty cents a day. Or he can take a room in a private house for twenty-five dollars a month. No hungry farmer member can buy a good square meal in the capital of our fair state for less than seventy-five cents and if he hopes to stay in form for hard work he must pay at least a dollar for one of his three daily meals every day. It costs him two bits to change his shirt, five cents to put on a clean collar and forty cents to have his pajamas laundered.

It has been figured out that if a member of the legislature can get a long in a room without heat, if he will do his washing in the bathroom, and if he will refrain absolutely from the use of tobacco and from going to the movies it need not cost him more than a couple of hundred dollars in excess of his pay to spend the winter in Topeka in the interest of the sovereign squats who wished the job on him.

depends largely on the fact that they may be grown for seed, hay or green manure to plow under.

Many farmers are finding these legumes more profitable than oats, and in some cases more profitable than corn, to say nothing of the improvement to the soil.

Alfalfa should be used in rotations with wheat more generally than it is. One of the chief difficulties is that the average farmer growing alfalfa for the first time finds it so valuable that he is slow to plow it up. There are other minor difficulties in connection with alfalfa, such as getting a good stand, rank growth drought, injury and lodging of crops following it. These difficulties were more or less serious a number of years ago, but so much has been learned about the management of alfalfa and of crops following alfalfa that such troubles should not interfere with including this valuable crop in the rotation.

In the drier portions of the wheat belt, no satisfactory rotations for maintaining the productivity of the soil have been devised. A rotation used by the Kansas Experiment Station at Hays may be depended upon to give better results than continuous cropping. This rotation provides for approximately one-half the cultivated land in wheat each year, one fourth in hay or other forage and one fourth in fallow. A given field, according to this scheme, is cropped to wheat 2 years in succession, followed by sorghum and is fallowed the fourth season as a preparation for wheat again. To make the most of this plan enough livestock should be kept to use the roughage and kafir grain.

The Southwestern Wheat Improvement Association.

H. M. BAINBR, Director.

