



THE KANSAS UNION FARMER

Co-operation

Education

Organization

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Jobbing Ass'n.

Will Pay Out Half 1937 Div.

Patronage Dividend Payment This Year Follows Action At Annual Meeting

Recommendation by stockholders of the Farmers Union Jobbing Association was voted at their annual meeting in Kansas City, February 3, that half of 1937 savings of \$96,782.85 be paid out this year in patronage dividends to member associations. This huge saving resulted by farmers' co-operative elevators marketing their grain cooperatively through the terminal Jobbing Association. The 1938 savings totaled \$118,382.52, the association handling 8,996 cars of grain.

"In regard to the official action of the directors after the stockholders' meeting," writes H. E. Witham, manager of the Farmers Union Jobbing Association, "will say the board passed a resolution to comply with the wishes of the stockholders by paying one-half of the 1937 profits in 1938. The other half will be paid out in 1940."

The Kansas Union Farmer of February 16 stated erroneously that "the motion was voted to recommend to the directors that the association pay one-half of 1937 patronage dividends this year, the other half an assumption of the 1938 savings, developing a three-year revolving fund program." The year "1938" should have been printed "1940," but as a matter of fact this statement as well as that concerning the revolving fund, was an assumption and not part of the original motion. No official action has been taken in any manner in regard to the savings made in 1938.

Build Financial Structure
J. C. Gregory, Osborne, president of the Farmers Union Jobbing Association, reported to the stockholders' meeting the directors' feeling in regard to patronage dividends; he said the board recommended no payment of patronage dividends until 1940, then distributing 1937 savings, developing a three-year revolving fund program. He pictured the possibilities of co-operative development if the business keep financial resources to enable action when opportunity knocks and farmers feel distress. It was reported at the annual meeting that the Jobbing Association is now operating without borrowed funds, a remarkable achievement considering the tremendous volume of business and the association's short time handling grain.

Strong feeling was evidenced in favor of immediate payment of patronage dividends to local elevator associations. After much discussion the motion was passed, worded "half" of 1937 patronage dividends.

"Actually we have but scratched the surface of our possibilities for savings when we consider that Kansas raises an average of 150 million bushels of grain a year," said Mr. Witham in his annual report. "The amount of savings the Association could make for its members if it handled even 50 per cent of the volume of grain raised in Kansas would be almost unbelievable."

Volume of business is one of the most important factors influencing the service the Jobbing Association is able to give its member organizations. Shipments to the Association depend on the understanding and cooperative loyalty of directors and managers of local farmers' co-operative elevators.

WICHITA BANK MEETING

Annual Event Will Be March 17-18

—Fengel On The Program

The Wichita Bank for Cooperatives will have its annual stockholders' meeting in Wichita, March 17 and 18. This bank is one of the five units of the Farm Credit Administration at Wichita, and extends credit to farmers' cooperative organizations in Oklahoma, Colorado, New Mexico and Kansas.

John Fengel, president of the Kansas Farmers Union, will be a speaker at the meeting.

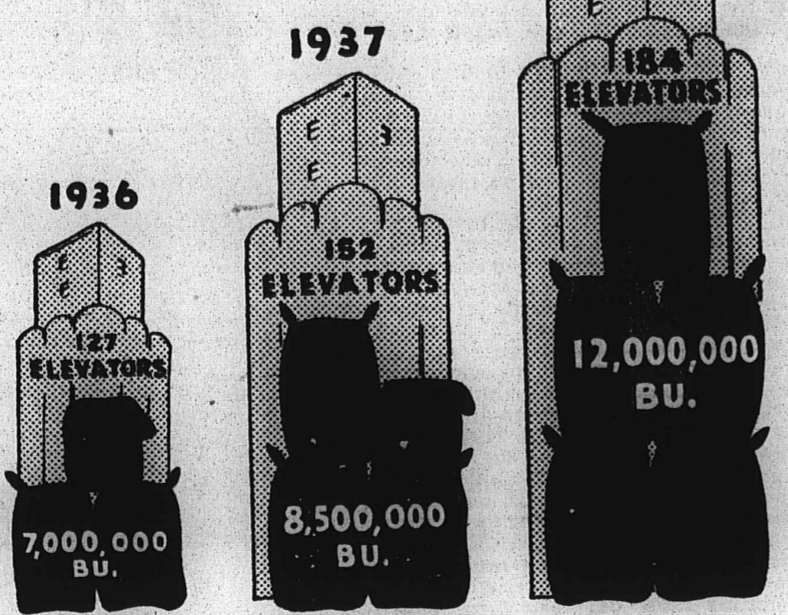
The report of 1938 business operations will show a large increase over previous years, according to President Ralph Snyder. Total loans of \$4,625,000 last year set a record for five years of operations and were almost double the 1937 volume.

S. D. Sanders, cooperative bank commissioner, and J. D. Lawrence, deputy cooperative bank commissioner, from the Farm Credit Administration at Washington, D. C., will appear on the program. Although the primary purpose of the gathering is to report the operations of the bank to its stockholders, a general program on co-operative marketing and purchasing is planned.

"Doesn't Work Right"

"Selling farm merchandise and credit over the same counter by co-operatives just doesn't work right." This is the conclusion of E. A. Sylvestad as a result of many years' experience as general manager of the Farmers Union Central Exchange where he comes into intimate contact with the credit problems of local affiliated farmers' co-operatives. "I do not know of a single co-operative that handles farm supplies which was set up to sell credit, and that is what they are doing when they sell merchandising on a credit basis. In most cases the co-operative does not make a thorough analysis to determine whether the patron is a good credit risk and it takes losses which never should have been taken. It is the function of credit agencies such as banks, loan companies, financing institutions, credit unions, and units of the Farm Credit Administration to advance credit. These organizations were designed to sell credit and are better equipped to handle it."

Approximate bushels of grain handled and number of farmers' elevators patronizing the Farmers Union Jobbing Association during the last three years.



For Whom Do We Work?

NEW REVOLVING FUND

Grange Fire Insurance Association Adopts Plan

The Grange Fire Insurance Association of the State of Washington is the only farmers' mutual so far known that has adopted the principle of a revolving surplus, according to News of Farmer Cooperatives, publication of the Farm Credit Administration.

On December 15, 1938, this mutual refunded to its members a total of \$20,800 which represented the addition to the association's surplus during the year 1938. Assuming that no abnormal loss experience is encountered in the meantime, the surplus accruals of 1934 will be similarly refunded in 1939, those of 1935 in 1940, etc., each annual addition to surplus being held five years before it is distributed or refunded.

If in any year, however, abnormal losses together with necessary expenses of operation should exceed the income for the year, one-fifth of the deficit for such year would be charged against the addition to surplus for each of the five preceding years and, of course, there would be no surplus to distribute in the fifth year following such deficit.

The plan gives practical recognition to the fact that the surplus of a farmers' mutual, like that of other co-operatives, belongs to its members. There appears to be no reason why it should not prove sound and desirable, comments the publication, notwithstanding the fact that it imposes and the relative smallness of the individual level accounts. In any case the association is experiencing a substantial growth.

DULL GRAIN TRADE

Roy Crawford Reports a New Record Low

"In recent months, we have commented many times on the dullness of trade in wheat futures," writes Roy Crawford, head grain salesman of the Farmers Union Jobbing Association in the latter weekly market letter of February 24, "but the past two days have exceeded anything we have seen in this respect this year or any other. Frankly, we did not expect the trade to be so dull, 100,000 bushels total trade in the pit this morning in the first two or three hours."

"Reflect for a moment, when you stop to realize that there was only 1 1/2 cent range in May during the past week. Prices at Kansas City are 1/4 to 1/2 cent higher than the close last Friday. This particular stalemate in the futures market, as we see it, has not been harmful to the trade in cash wheat because of light receipts."

"However, if conditions do not change prior to a new harvest, it might have a marked effect, inasmuch as the years we have heard the fear voiced during the spring months, when future trading was extremely quiet, that there would be no crop to take the hedges when the new crop started to move. Such fears were always more or less groundless and we presume and hope that the same will be true this year. Records prove conclusively that trade is always lightest when prices are cheapest."

"Our cash market has been satisfactory, generally speaking. Demand here has not been broad but such a demand is not necessary when offerings are so thin. Premiums for the week are unchanged to 1/2 cent higher on hard wheat while soft wheat differentials are 1/2 cent up and, in a few cases, probably 1 cent better."

Labor Union and Farmers

"One fact which seems to have escaped the notice of some co-operatives," comments near Cooley, editor of The Cooperative Builder, "is that labor unions do more than raise wages; they promote civil liberty and intellectual freedom because they give the worker security so that he feels free to speak his mind. . . .

"Organization of workers into unions which give job security and of farmers into producers' co-ops which extend the farmers' control over his produce and over his market is vital to the consumers' cooperative movement, not merely because it gives the workers and farmers more money to spend in the existing order, but in order to bring about this change the workers and farmers must be free to speak and to act—free to challenge the present system and to act through consumers' co-operatives to wipe out the profit system."

1938

Coffman Gives Report of Kansas New Legislation

Is Legislative Representative of Farm Organizations at Topeka

Clyde Coffman, legislative representative of the Committee of Kansas Farm Organizations, writes the following report of state legislative matters particularly of interest to the Kansas farmer. The report was written February 25. Mr. Coffman has his headquarters in Hotel Jayhawk, Room 500, Topeka.

Readers may well write their legislators on matters in which they are especially interested.

After seven weeks of the 1938 session of the Kansas Legislature, there is probably less major legislation passed, in both branches of the legislature, and bills signed by the Governor, than at any time in the history of the State.

Up to date there have been few bills passed of general importance to the state and those that have passed are entirely to slight corrections, and changes in the present statutes, and to appropriations. There seems to be a general hesitancy to pass some of the bills that are far reaching in their scope, and of general interest to the state at large.

The program of the Committee of Kansas Farm Organizations has incorporated in it very few measures that require new legislation for the things that we want, but rather our activities have been devoted to promoting "hands off" attitude towards legislation that we already have.

Cattle Rustling
For the purpose of protecting the livestock men against the cattle rustling, the Farm Organization and particularly the State Livestock Association, have sponsored a bill providing for state registration of brands.

We did not follow the law of the state of providing for compulsory branding, but it does provide that where branding is practiced, the brands shall be recorded with the State Livestock Sanitary Commission. Other bills are in process of adoption, providing for investigation of cattle stealing cases and making it very difficult to transport stolen cattle on the highways.

The matter of the retention of the agricultural gas exemption provision of the present statute is at this time in very good condition, and we are glad to report that the indications are that there will be no bill passed taking away the exemption privilege now granted to farmers on tractor gasoline. There are, however, bills on the calendar providing for doing away with some of the troublesome danger of being reduced to the economic status of a peasant."

This means that the masses are being cleverly regimented into continuing their labor and to produce under adverse conditions; and wealth thus derived from their toil shall pass directly over their heads and into the coffers of the money trust. Senator Wheeler and at least one other senator know that as political ideas are written into law, so is the testing of labor and the farming business determined.

We have in the past written into law political ideas of a privately operated money system which carries the deceiving name of "Federal Reserve Bank System" which through its private manipulations dominates the prices of everything between the farmers' fence lines.

Besides prices, as defined above, there is another factor which determines a farm income, namely, production. And again, these monopolies which are interested in reducing us to "the economic status of a peasant," have another set of political ideas written into law, namely the Triple A production control law; this law under its pretense has worked so well for its promoters (not the farmer) that now after six years of the starting place.

Lack Funds for "Politics"
Today the farmers who are in the peasant stage scarcely have a dime with which to advance their political ideas and sadly, the farmer who still holds a fair equity, too often feels secure in himself, standing aloof.

The most unfortunate picture is where farmers contribute to the opposing forces of a fair and just adjustment of this Big economic machine.

A stunning illustration of this was exposed when Senator Hugo L. Black, now Justice of the Supreme Court, went out into the wet ocean to investigate Ocean Mail Contracts and there he found a farm organization (?) soliciting a propaganda fee of \$100,000.

Who is checking up on propaganda fees today which are expended for the pure purpose of retaining private money control and crop control? Remember this: Depression means money into the coffers of the money monopoly; prosperity means an income and a respectable standard of living for Agriculture and Labor. Which are we farmers working for?

Total purchasing and marketing volume of the Ohio Farm Bureau Cooperative Association for 1938 amounted to \$6,856,932. It was reported to the annual meeting at Columbus. Net savings for the period were \$120,468.

The Bloomington Farmers Union elevator is reported to be planning the installation of an electric light plant which will enable 24-hour service.

The Farmers Union cooperative movement is a constant challenge to education.

For Equality

By J. P. Fengel

No matter where one happens to be he can hear people discussing the weather and occasionally a few will indulge in some gossip, but the political situation is right at this time being discussed pro and con by practically all of our citizens.

The Legislatures are in session in practically every state in the nation, and as usual, they are trying to sew a lot of patches on our political pantaloons in an effort to keep us from buying a new pair, or advocating a new and constructive program that would replace our old and outmoded system, that would really remedy a lot of the injustices in our State and National Governments by correcting some of the injustices as they affect the great majority of our citizens, whether they be farmers or laborers in industry.

Before we are going to be able to make any sort of improvement, either as a state or a nation, we are going to be compelled to undo some of the things we have done in the past, not by sewing on another patch or piece-meal process, but to the contrary we are going to be obliged to return to our original policies of government and begin to place the value upon human beings—men, women and children, the family home, an opportunity to have, to earn and support a home as all Americans should, and to educate the children equal to the standards as now established on a level with the cherished, but vanished American standard of living.

As our first consideration let us take it for granted that people do now and always have migrated from one country to another or from one section of the country to another for but one purpose and that one purpose as they hoped, to better their situation and condition in life, so humanity has turned its face westward, crossing the ocean and settling along our eastern frontiers and as the eastern portions of the country became overpopulated the younger folks and some others in the middle west with their families moved steadily westward, with this process repeating itself, until we have conquered the west and there are no more new frontiers and with the middle life of the last frontier we have also developed machinery until what used to be considered a family-sized farm will not support a family, with the result that our country population has declined in many sections of Kansas as much as 51 per cent since 1900.

Migration From Farms
These figures can be proven from the statistics of the state. The decrease in farm population in Jewell county for instance has been 53.7 per cent for the country, while the decrease of the urban has not been so marked.

In Cloud county for the same period the decrease in farm population was 4,905 or a loss of 40 per cent, while in the urban population of 3,628. The decrease in farm population in Republic county for the same period is 4,476 or a loss of 33 per cent of farm families, while the urban population has increased by 3,513.

The population trend in Clay county for the same period shows a loss in farm population of 4,934 or 40 per cent with an increase in urban population of 5,996 for the same period, while in Smith County the farm population has declined 5,956 or 44 per cent with an increase in the urban population of 3,837.

Is it more than fair to presume the picture as indicated from these counties represents the average decrease in farm population and the corresponding increase in urban population for the state of Kansas? Since we can all agree to the state's population of 3,513.

(Continued on Page 3, Column 5)

LEGISLATIVE FUND GROWS

Reaches \$130.20—From Individuals, Locals, and Associations

The special Legislative Fund has now reached a total of \$130.20. The Kansas Farmers Union is building the fund by contributions from Locals, business associations and individuals. The last number of the Kansas Union Farmer reported contributions totaling \$79.60. Receipts since time are as follows:

Reported last issue	\$79.60
Received	
F. C. Gerstenberger, Linn Co.	.25
Valley Brook local, Osage Co.	1.70
Little Wolf local, Ellsworth Co.	.20
Wm. Gehrk, Saline Co.	.20
Livingson local, Stafford Co.	2.00
Farmers Coop. Exc. Webber	5.00
Banner local, Rush Co.	5.70
Walsburg local, Riley Co.	2.40
Nemaha county Farmers Union	5.50
Allen Center local, Allen Co.	2.70
Indianapolis local, Miami Co.	1.75
F. U. Coop. Elev. Assn. Man-	
hattan	10.00
Groveland local, McPherson Co.	10.00
Wabansaw County F. U.	2.50
Total to date:	\$130.20

FUNDS FOR JUNIORS

Denver Live Stock House Will Pay Back 5 Per Cent Commissions

The Farmers Union Live Stock Commission Company, Denver, Colo., will pay "5 per cent of the commissions collected from shipments actively solicited by junior or senior members of each Farmers Union Local" according to decision of the organization's directors, February 1. This live stock company is associated with the Farmers Union houses of Kansas City, Wichita, Parsons, Kansas, and St. Joseph, Mo.

The announcement is of particular interest in Kansas to Farmers Union members in the northwestern counties: Cheyenne, Rawlins, Decatur, Sheridan, Thomas, Sherman, Wallace, Logan and Gove.

The purpose of this contribution to encourage every member of the Farmers Union to have an active interest in his own live stock marketing agency. Contributions will be made with the understanding that the amount received to a fund to be used exclusively for the benefit of junior members.

Each shipment where credit is expected must be reported to the company on or before the date of shipment by card or letter, preferably on cards to be furnished. Determination of proper credit will be made by the manager of the live stock company.

"This is something new in cooperation and we suggest that you take it up at your next local meeting and each succeeding meeting," writes F. P. Martin, manager, in a letter to secretaries of Farmers Union Locals. The paying of this contribution will be an extra expense to our marketing agency unless all members, both junior and senior, induce enough new patrons to come to the Farmers Union Live Stock Commission, Inc., to increase the volume of our business, thereby increasing the amount of patronage dividends that we can return to our members.

"As this is an entirely new deal we will be very glad to hear how you think about it not only now but from time to time."

Burials Are a Legal Matter

He can enshrine bodies preparatory for burial, but without license to bury or conduct a first class funeral, there may come a time when he may have dead men on hand and not know what to do with them!

This is the curious situation of Charles B. Shadle, Green, who has been an embalmer for over 30 years, as well as a state board of funeral directors to a title as an assistant funeral conductor; a first class conductor is necessary under law to conduct a Kansas funeral. And Mr. Shadle failed to pass an examination to qualify him to this classification, given by this same state board composed of six funeral men. Mr. Shadle feels his failure was due chiefly to his lack of intelligence. Inasmuch as he has not passed the examination he is not a qualified man to conduct any funeral Mr. Shadle may have secured, and after Mr. Shadle has exercised his minor talents as an embalmer, Recognition is given by Mr. Shadle to wide margins of profit in the business of funeral equipment, notably caskets. It is his recommendation that the state Farmers Union organize a funeral equipment cooperative to enable farmers to secure caskets at a much reduced cost. He believes it would be possible to develop such a cooperative to a point that caskets could be displayed, and available for immediate use, in each Kansas county.

Burial cooperatives have been developed in other states. The Farmers Union in Arkansas has made outstanding progress in this direction of service.

Herrington—Roy Vernon, manager of the Farmers Elevator here since 1928, left March 1 for Beattie where he is now manager of the Farmers Union elevator.

Okla. Senator

Introduces a New Farm Bill

Believed to Embody Program Outlined at Madison Nat'l F. U. Convention

Senator Josh Lee, Oklahoma, has introduced farm bill, S. 1405, into the United States Congress. In his bill Senator Lee has sought to embody, at least for wheat and cotton, the program adopted by the Farmers Union at its national convention at Madison, Wis.

"The bill is applicable only to wheat and cotton," explained Senator Lee to the Senate, February 15. "Its primary purpose is to provide that farmers producing these two commodities shall receive fair prices for that part of their production which is consumed within the United States."

Wheat and Cotton Only

"Farmers may regulate their own production and produce what they like for disposal in the world markets at the prevailing world market prices. The bill is not made applicable to the 1939 crops of wheat and cotton, but begins its operation with the beginning of the marketing year for the 1940 crops."

Especially significant and deserving of careful study are those portions of the bill designed to protect the interest of the family-sized farm, it is said. No previous measure has provided such protection for the family-sized units.

Wheat at \$1.25

The bill would amend the Agricultural Adjustment Act of 1938, its chief purpose being to give farmers cost of production for wheat and cotton used in the United States. The "domestic price means \$1.25 a bushel in the case of wheat of stand-

ard grade . . . or the parity price of the commodity as of the end of the preceding marketing year, whichever is higher." Standard wheat is interpreted to mean No. 2 Hard Winter wheat.

The national domestic allotment "means the quantity of the commodity which the Secretary estimates will be disposed of by the Commodity Credit Corporation during any marketing year for consumption in the United States."

World market prices "means that price which the Commodity Credit Corporation estimates it can obtain for such wheat or cotton upon disposing of it for purposes other than consumption in the United States, less a reasonable charge to be fixed by the Corporation, to cover the estimated expense which will be incurred by the Corporation in disposing of such commodity for such purposes."

"The Secretary, through the local committee," reads the bill, "shall establish as soon as practicable in 1939 a production base for wheat for each farm on which wheat has been produced in 1937, 1938, or 1939, and a production base for cotton . . . and shall, upon application, establish such bases for any other farm. The production base for each such commodity for any farm shall be a quantity of such commodity determined on the basis of past production, tillable acreage, productivity of the soil, crop rotation practices, availability of labor, and equipment, and sound principles of farm management, with adjustments for abnormal weather conditions, trends in production, and diversion of acreage under previous agricultural adjustment and conservation programs."

"Any such production base may be increased upon application, or may be decreased after giving the farmer notice and an opportunity to be heard, when such change is warranted by the factors on the basis of which such production base is determined."

Protect Small Farmer
"Sec. 358 (a) beginning with the year 1939, the Secretary shall proclaim in each year, not later than July 15 in the case of wheat, and not later than November 15 in the case of cotton, the probable national domestic allotment and the probable domestic marketing percentage for wheat and cotton for the next succeeding marketing year."

"(b) Beginning with the year 1940, the Secretary shall determine and proclaim in each year, not later than May 15 in the case of wheat, and not later than June 15 in the case of cotton, the national domestic allotment and the domestic marketing percentage for wheat and cotton for the next succeeding marketing year."

"(c) The domestic allotment for wheat or cotton for any farm for any marketing year shall be equal to the production base for such commodity for the farm, determined as of the date of the proclamations issued under subsection (b), multiplied by the domestic marketing percentage for such commodity for such marketing year. Provided, that such allotment shall not exceed the actual or normal production, whichever is greater, of the acreage on the farm devoted to the production of the commodity."

"(d) Any domestic allotment for wheat or cotton for any farm shall be divided among the landowners, tenants, and sharecroppers of such farm, in the same proportion that such landowners, tenants, and sharecroppers are entitled to share in the proceeds of the commodity for which the allotment is made. Provided, that if the total allotment for both com-

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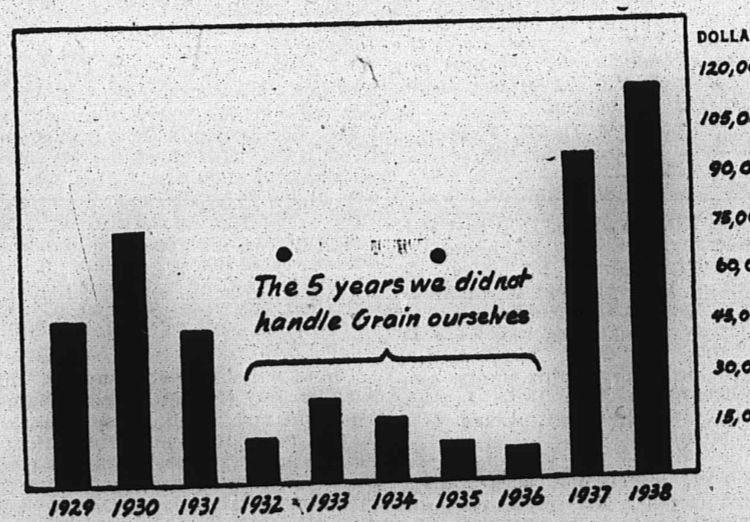


Table shows the net saving made by the Farmers Union Jobbing Association in each of the last 10 years.

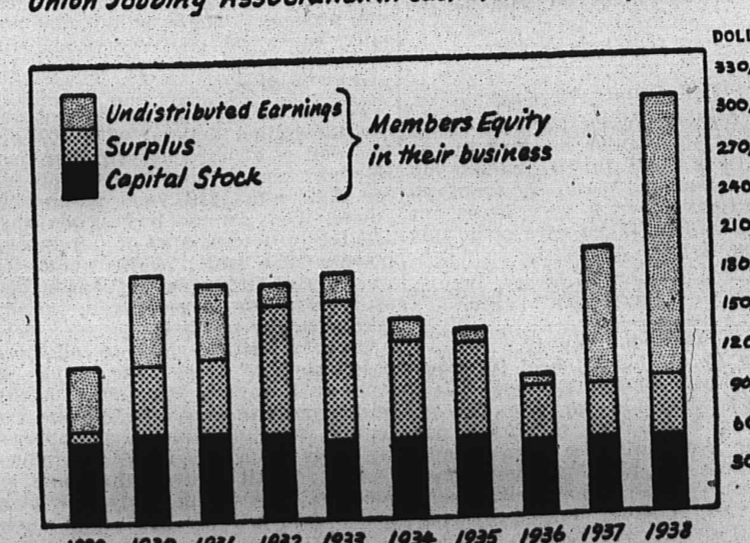


Table shows the total value of the members' equity in the Farmers Union Jobbing Association and the part of their equity which is Capital Stock, Surplus, and Undistributed Earnings.

The Kansas Union Farmer

Rex H. Troutman Editor

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

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SALINA, KANSAS, THURSDAY, MARCH 2, 1939

S. 1405—Domestic Allotment

Senator Josh Lee of Oklahoma, who has introduced a new farm bill, S. 1405, into the national Congress, was a principal speaker at the convention in November of the National Farmers Union at Madison, Wis. The new bill is reported as being an answer to the legislative program of this Farmers Union convention. Such being the case, proponents of the bill may reasonably expect study of the bill by all practicing farmers, and Farmers Union members particularly. Emphasis of the bill is for an American price to be paid farmers for wheat consumed in America, rather than the world price as has long been the practice. Naturally this price will be one of cost-of-production. An important feature is that stabilization of farmer income is strengthened by allowing a farmer for his individual allotment "the amount by which the domestic price of an equal quantity of the commodity exceeds the world price there-of."

The family-sized farm and living standards are given special consideration by reducing allotments of bigger farms by higher percentages. Surplus wheat would be stored locally, the Commodity Credit Corporation is restricted as to its holdings.

Important, too, is the bill's recognition that farm legislation and agricultural recovery is a big business process by artificial means, and the bill is an amendment only to the 1938 AAA. All sections of the present act not conflicting with the amendment are to be maintained. Also the bill does not ask for a remaking of Agriculture at once and in its entirety, affecting only wheat and cotton, with entrance open growers of other agricultural commodities at their option. The bill would begin with the 1938 crops of wheat and cotton, but would begin with the marketing of 1940 crops.

In Kansas City at the time of the Farmers Union Jobbing Association annual meeting, the Junior delegation was at the William R. Nelson Art Gallery on its tour of the city. Marvelling at the grandiose rooms and marble hallways one young man was properly appreciative. "Sure is a swell building just to hang pictures in," he said.

Frankness with Cooperation
A five-point program for cooperative editors is given by G. H. Anderson, director of public relations of the Washington Cooperative Egg and Poultry Association, Seattle, Wash. "The house organ should be made attractive; it should be published for members, and not at them; it should be entertaining as well as educational; it should be broad enough to have a family appeal, and it should be designed so as to appeal to those who are naturally good cooperators, those who are more indifferent, those who become easily inculturated with fear through false reports, and also to the general public, which will gain its impression of the cooperative largely through the publication of its sponsors."

"Absolute frankness should be the watchword of the cooperative press," according to Mr. Anderson.

Legal Responsibility of Directors
Directors have a legal responsibility and under certain circumstances may be held individually liable for acts of officers, employees, or directors which cause loss to the association, writes A. W. McKay, principal agriculturist, Economist, Farm Credit Administration, in News for Farmer Cooperatives.

The law requires that directors exercise "that degree of care in directing and supervising the affairs of the association that ordinarily prudent and diligent men would exercise under similar circumstances, that is, reasonable care; and a failure to exercise this degree of care or to be honest and diligent in attending to the affairs of his association may render directors liable, at common law, to the association, to receiver

(if in the hands of a receiver), or to members of an association acting in its behalf. . . . Gross negligence on the part of directors which permits other directors to defraud the association will render them all liable."

"Inattention on the part of a director may render him liable to his association, at least in those instances in which attention to duty would have prevented the loss of a specific amount."

TRAVELOGUE

Although I have been busy every day, I have not done much traveling since my last report. The weather has more or less changed my plans. However, I have attended a meeting of the Committee of Farm Organizations in Topeka, where we made arrangements for the sponsoring of Socialized Hospitalization and Medication and placed ourselves on record very definitely for certain bills in the State Legislature that are in line with our program and have definitely opposed others that were detrimental to our farmers.

I find industry is represented in Topeka by a small multitude of high pressure and talented representatives, who no doubt are being paid very handsomely for their services, while our only appeal is right and reason. However I think we are doing a very good job.

Plan Co-op Conference
I also met with Dr. Grimes of the Kansas State College, also Dr. O. O. Wolf and Mr. C. C. Cogswell of the Kansas State Grange and together we arranged for a program for the cooperative Conference to be held in Manhattan, Kansas, April 13 and 14.

I also went from Topeka to Lawrence and had a visit with Carl Gersteneberger and found my visit with him very enjoyable and I hope profitable. Then I visited at Saint Marys with our Farmers Union folks and am expected to return there the first of the week in an effort to get out with their membership and business institutions. Was also at Manhattan and found our folks in splendid spirits and their business doing very nicely.

Am anxious to have any of you call on me when ever you see where I could be of any benefit or service to you with your membership or the building of your Co-operatives. J. P. Fengel.

THE CLOAK ROOM

By W. P. Lambertson

As long as the Caribbean Sea holds what it's got, Congress will hold its own.

The Director of the Farm Act stresses regional representation. Pete Skovgard would write it REG(ional) M (repre)SENTATION.

Washington has 250 blocks of slums; that's the other side of cherry blossoms, monuments, and miles of white limestone.

Rep. Smith, of Ill., a University of Chicago professor and broadcaster, is freckled-faced and red-headed, and wears brown from his shoes to his shirt and tie.

Clarence Cannon of Mo. On a narrow pavement in Tenn. I was compelled to follow the funeral train so long that when we reached the church I was ashamed not to go in.

The West coast members were strong for Guam. These jitterbugs would really like to make our front line of defense six miles east of France.

We recommend that the ex-service men disrobe all Bunds of the Hitler military uniform before they enter Nazi meetings in this country. We'll guarantee free speech, in BYD's.

The 192 soldier members of Congress dined Thursday in the Chinese room of the Mayflower. Gen. Strong closed with the danger to our country from within. Waiting to occupy the same tables at nine were the prosperous and unassimilated Armenians of Washington.

Neighborhood Notes

McPherson County Meeting

The regular meeting of the McPherson county Farmers Union will be held Monday evening, March 6, at 7:30 p.m. This meeting will be at North Union school house which is located 5 miles north and 5 miles east of McPherson. A very interesting program has been planned for the most of us to look that question up so we could answer it at the next meeting.

Meeting adjourned to meet March 14 at the John Suter home in Zurich. Oyster soup, chili soup, fruit salad, cake and coffee will be served at noon. Everyone be sure and come prepared to have something to render on the program.

We are expecting music by our Mr. and Mrs. Lee McClellan, William Pywell and Curtin Thomas. All members be sure and attend as this will be our last all-day meeting for this season.

Resolution From Locals No. 636 and 671

Whereas, industry in the United States has always been protected by high tariff and transportation across the ocean, thereby guaranteeing to it the cost of production and a profit on goods produced and sold in this country;

Whereas, the farmer is compelled to pay the price of transportation fixed by the government, the price of everything he must buy fixed by industry and indirectly by labor organizations;

Whereas, the farmer in selling his wheat on the home market has always been compelled to accept a price based on the world market price, less the cost of handling and transportation to the foreign market without any protection whatsoever;

Whereas, the help given the farmer by the AAA of his wheat, which is to enable many farmers to pay taxes, to continue to operate and hold the farms their fathers won from the wilderness;

Whereas, most of the farmers who have survived so far have exhausted their credit and most of their capital and cannot possibly continue unless they receive the cost of production and a fair profit for their produce;

BE IT RESOLVED by Locals Number 636 and Number 671 of the Farmers Educational and Cooperative Union of America and The Cooperative Farmers Union Elevator Company assembled in a joint meeting at Marquette, Kansas, that we request all members of Congress from Kansas to work for and vote for:

First, legislation that will guarantee to the family sized farmer a fair cost of production and a fair profit on the part of his wheat, which is used for domestic consumption, based on a fair allotment of bushels to each farm by the secretary of Agriculture.

Second, legislation that will encourage the use of surplus and waste farm products in the manufacture of motor fuels and other useful articles of manufacture.

C. E. Hanson,
For the Committee
on Resolutions.

In Marion County

Resolution received from the Farmers Union Local No. 404, Lincolnville:

Whereas: the absence of buying power in the hands of our American farmers must finally result in the collapse of industry and finally in Democracy in Government, unless an equality in purchasing power is provided our millions of farmers as comparable with all other industries;

Whereas, the family sized farm has been the foundation upon which this great Nation has developed, and industry and Commerce has built up, and the development of the expense of Agriculture and Labor, because average costs in the production of the products of the farm have never been a factor in price determination; and

Resolved that we, the undersigned, do hereby support our "cost of production" and "domestic allotment" program based upon the family sized farm and domestic needs as based upon equal purchasing power, the average farm investment, taxes, depreciation and wages to the average sized family as operators and managers, in accordance with price determination practices in all other industries.

Resolved that a copy of this resolution be addressed to each of our Kansas delegates in Congress, a copy be spread upon the minutes of our local, and also one copy offered to the Kansas Union Farmer for publication.

F. J. Hajek, Pres.
Otto Krotz, Sec'y

In Ottawa County

Spring Hill Local No. 1570 met Friday evening, February 24, being the first meeting since November on account of the smallness of mailboxes in and around Minneapolis.

The new officers elected were C. J. Allison, president; Myrl Smith, vice president; Mrs. John Myers, secretary-treasurer; and C. E. Larson, corresponding secretary; Louis Miller, conductor.

Owing to the stormy night we had a good attendance, with several visitors present. The lunch committee served oyster and chili soup and coffee which were surely enjoyed by all. Our next meeting will be the third Friday night in March, the 17th.

John A. Myers.

Call County Meeting

The Ottawa County Farmers Union will hold its regular meeting in the I. O. O. F. hall in Minneapolis on Friday evening, March 3, promptly at 8 o'clock. Several very important matters will be taken care of at this meeting. Lunch at usual.

John A. Myers, Pres.
Myrl Smith, Sec.

In Rooks County

Stone Local No. 792 held its regular meeting all-day meeting Tuesday, February 14, at the T. W. Palmberg home. The men-folks put in their time until the women rang the dinner bell pitching horse shoes.

The visiting, The women-folks spent their time visiting and preparing dinner; they served dinner to 40 some members and friends, and what a dinner it was!

In the afternoon the Union held its business meeting. Meeting was called to order by the president, Songs No. 11 and 12 in the Union song book were sung. Secretary's re-

port of the last meeting by the men-folks.

The president then asked several interesting questions on important events that occurred this month; he also asked how many really knew what the Farmers Union stood for; and that it would be a good plan for the most of us to look that question up so we could answer it at the next meeting.

Meeting adjourned to meet March 14 at the John Suter home in Zurich. Oyster soup, chili soup, fruit salad, cake and coffee will be served at noon. Everyone be sure and come prepared to have something to render on the program.

We are expecting music by our Mr. and Mrs. Lee McClellan, William Pywell and Curtin Thomas. All members be sure and attend as this will be our last all-day meeting for this season.

County Secretary.

In Rush County

Social meeting of the Banner Local 995 of Timken, Kansas, was held at the Timken hall, Wednesday evening, February 15. During the business meeting it was voted to send 10c for each member to help carry on the legislative work in Topeka and at Washington, D. C.

Mr. Albert Vesecky of Salina was a guest speaker. He spoke briefly on the cooperative financing-lending agency which he says state president, Mr. Fengel, will introduce into Kansas in the near future. Vesecky also stated that we have the largest cooperative wheat buying agency in the world. He urged Junior work, and said that North Dakota has built up the largest cooperative wheat elevator in the U. S.

Remarks by Bill Romeliser, Frank Pivonka and Chas. Pivonka were good. The following program was then given:

Music: Adolph Mattal: Saxophone solo, Edwain Pecharne; Debate: "Resolved that the modern farm equipment is the cause of the present difficulties of the farmer." Members of the affirmative were Chas. Pivonka, Edwain Pecharne, and Vondracek of the negative, Bill Romeliser, Joe Oborny and Ludmila Pivonka. Judges were Frank Pivonka, Bill Pecharne and Helen Oborny. The negative side won.

The meeting then adjourned to meet again Thursday evening, March 9. The question for debate will be "Resolved that the competitive system of merchandising is preferable to that of the cooperative system."

Debate: "Resolved that the competitive system of merchandising is preferable to that of the cooperative system." Affirmative, F. J. Pecharne.

Refreshments of sandwiches and coffee were served.

F. J. Kraisinger
Secretary.

In Sumner County

John Beal was elected to the board of directors of the Farmers Union Co-op Association of Conway, Ark. The annual meeting of the association was held February 14. Roy Somers, John Leddy and Ben Rice were re-elected, and the holdovers are Vance Clark, Ed Small and Harry Shellar.

At the meeting that evening, Ben Rice was re-elected president; Roy Somers, vice president, and Ed Small, secretary.

In Washington County

The Farmers' Coop. Association, Hanover, has contracted with Fairbanks Morse for a modern, 15-ton truck scale with a self-registering dial. This dial will show the weight of the truck to the customer as well as the manager as soon as it comes to a stop, no shifting of weights, not even any weight beam, according to H. H. Neumann, manager, in the Cow and Hen Journal.

The second annual meeting of the Washington Coop. Elevator Association was held February 9. A. H. Hein was re-elected president, and C. E. Wilson, a director. The association shows a good profit for the year, according to Francis Gripp, manager.

Are On Wrong Basis . . .

With art industry running smoothly, we produce in this country, about 100 billion dollars worth of wealth in a year. While doing so, if we returned to those engaged in the various trades and professions, 100 billion dollars for producing it, then the people could buy all wealth produced, and we need not curb production till all had bought enough to become wealthy.

But should some group say, "These industries are ours. We will operate for a profit. We will still pay 100 billion dollars for producing this wealth. We will sell it for 125 billions." Result? The people could buy just four-fifths. One-fifth must necessarily be stored or sold abroad. Just why we are unable to sell abroad, I will show later.

Storing one-fifth of each year's production soon fills the warehouses, then factories close, millions are thrown out of employment. They can then buy less flour, meat, fruit, butter, eggs, etc. These products glut the market.

The farmers' income also falls. They can then buy less farming equipment, less paint and building materials, less of the necessities and conveniences for the home. More factories close, more are unemployed, and depression is here with all its ills, just because those who control industry have exacted a 25 per cent profit on wealth which they did not produce but which others did produce. There is the one and only cause of our depression—the break-down of our "production for profit" system.

People cannot buy goods that sell for 125 billions of dollars when the billion dollars of purchasing power, just as they cannot buy goods that sell for \$125 with \$100 of purchasing power. You cannot buy goods that sell for \$101 with \$100 of purchasing power. The small profit would fill warehouses and cause depression just as sure as the larger profit, merely taking longer to do it.

"Get the tariff in shape to sell these goods abroad," some one says. A tariff is always a tax added to the selling price of goods. With one exception, foreign countries are operating their industries under a production for profit system, the same as our own. They cannot buy their own goods that sell for \$125 with their own \$100 of purchasing power, so certainly have no means with which to buy the goods which we cannot purchase here.

And I wish some tariff talker would show me, how you might add \$5 to the selling price of goods that sell for \$125, for a low tariff, or add \$25 to it for a high tariff, show

in the Cow and Hen Journal. A dividend of 4 per cent on capital stock and a patronage dividend of 3/4 of a cent per bushel on grain. And 2 per cent on sales made to members. The dividend will be set up as a credit to the members for a share in the association.

Our Members' Views

A Government Program But a Surplus Supply Brings Low Prices—Why?

We have a government loan on wheat that nets the farmer about 57 cents a bushel. Does it act as a maximum price? What else has it done so far?

If Wallace had agreed to lend the farmers \$1.15 per bushel for his wheat next May 31, some think a more substantial price would have evolved; this would of course concern wheat actually held on the farm in the farmer's own bins.

Surpluses of automobiles, tractors, and machinery do not seem to affect prices. Then there are surpluses of autos, machinery, etc., cannot be denied. You see them in almost every town. Did you ever see in boldface type, even on the last pages of the newspapers, a 100,000 tractor surplus? Did you ever see anything about a surplus that drove down the price of \$644 autos to \$320? Then why does the Agricultural department keep shouting "Surplus!" that divides the price of wheat and gives the farmer the little half?

Is it reasonable if 100,000 bushels of wheat or corn are needed for any particular requirement and someone finds out that there happens to be 100,000,001 bushels to fill that requirement, that that one bushel would determine the price on the one hundred million bushels that are needed?

If we are going to have a cost of production price on farm stuff, why the "ifs" and "ands"? Even the apes know that as long as "Surplus" is shouted, Surplus will rule the price.

C. O. Thomas,
Rooks County.

Hays, Kan.
Feb. 2, 1939

Senator Lynn Frazier,
Senate Office Bldg.,
Washington, D. C.

Dear Friend Frazier:

We have studied your Farm Bill carefully, as it appears in the news, and I think it the best so far written. Could you send me a copy?

We should get away from all complications and unnecessary help. And shun the sticky fingered domineering racketeers who have preyed on the producer of raw materials under the pretext of helping Agriculture. The Farm Bureau "Parity of 1909" Petition, gotten up by a bunch of tax-dodging, tax-exempt, salary suckers would place the farmer at the mercy of a swarm of schemers who could sell their birthright for a bowl of potage.

Our expenses and taxes have increased two to four times since 1909 in some instances. France and Germany inflated their prices so one bushel of wheat had a debt paying power of \$9.25. While our English and Jew schemed Farm and Federal Reserve boards deflated our prices and took 12 bushels of wheat at 25c for a debt contracted on a basis of one bushel at \$3.00.

Did Hoover appoint the head of the International Harvester Company to handle the Farm Board and with the taxpayers \$500,000,000 buy and hold in the U. S. A. our surplus wheat?

Letting Hoover sell here and pay the International Harvester Company, and Hoover and this English and Jew corporation for their holdings in Russia, leaving us with two years' surplus and a big crop, which created the

illegitimate child called "surplus," the Ishmael of the American farmer?

Industry got our 25c wheat and the consumer paid the same as when we got \$3.00.

Our leadership building warlords boast of the three great democracies, two of them owe us millions, yes billions, and won't pay a cent on interest or principal, after we helped them kick their industrious neighbors, steal their colonies, ships and commerce, divide their land and force them to pay tribute for their raw materials to a bunch of foxhunters and fancy ladies who got a grab at our \$3.00 wheat at 25c.

Yes, we have three great democracies with their banking systems, stock markets and wheat pool rackets, that can inflate and deflate "at the will of 12 men" appointed by one man in the U. S. A. Our \$100 cow went to \$10; our \$3 wheat to 25c; our \$19 hog to \$2.50, and their pigs jumped into the river.

Our factories were closed, banks busted and millions of people impoverished. Is it any wonder Peggie Ann's papa says we've been sold down the river in that busted Democracy of Russia? While Hitler, Hungary and our Russia are quietly unloading their Ishmaelites, our boasted democracy gives Federal Reserve Notes at cost of printing them, trades them interest bearing bonds to get our money back so FDR can Santa Claus his pauperized people with a 44 billion debt, non taxable interest bearing bonds.

A nice inheritance for our pigskin heroes and big apples our colleges are making out of the sons and daughters of our soil, who would have been self-supporting and self respecting citizens had farmers not been sold down the river for the benefit of the tax louse, interest sucker and Jew monopolized industry.

Since we have muddled through depressions in the past, the question arises, Why can we not end this depression under our present system of production? Easily answered. We began development of this country along the eastern border, 13 colonies. Moving westward, new industries sprang up. Whenever depression overtook the country, always in the past, was there room for new development, through which the wealth set aside by profit, was consumed by the workers, through their wages as they covered a million square miles with new factories, giant skyscrapers, and railroads, for the profit takers to own. This expanding development has crossed the continent.

Today we are not building a hundred new cities, we are not laying thousands of miles of steel track, we are not establishing a million new farmsteads. Most of such construction work has ceased. Builders and those who made building materials are unemployed. There is a vast decrease in pay roll. So goods move sluggishly through channels of trade, are damaged back into warehouses. Result? A depression in which the production for profit system has destroyed itself. Do you doubt it? Consider recent history.

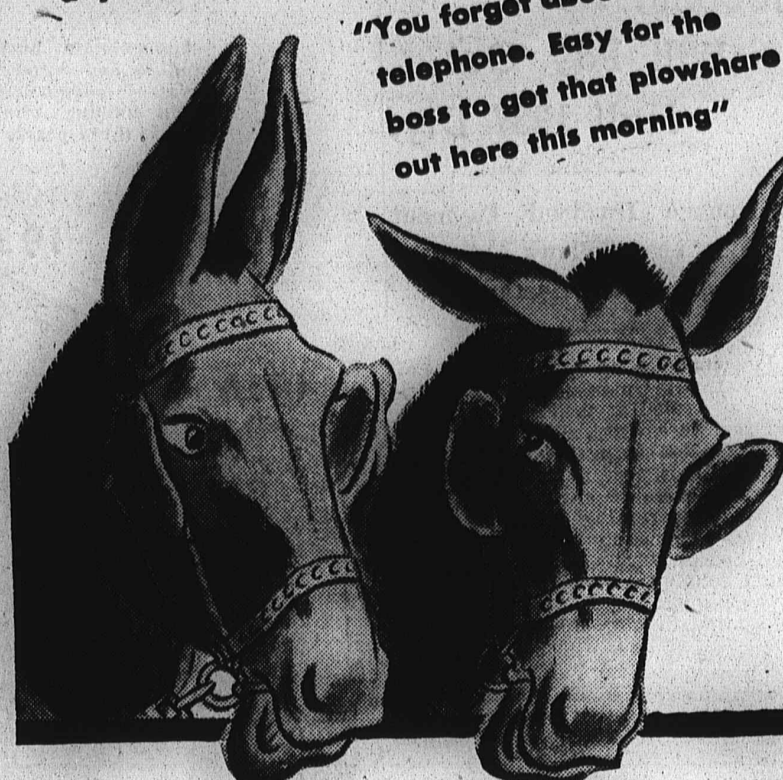
Regardless of party, the last several administrations have added billions to our national debt, (sinking us that much deeper in the depression) in order to bolster up public purchasing power. Yet today, we are able to buy only enough to keep business barely moving. If they tax us to pay even the interest on this increased debt, we need must buy so much less that all business will fail. If they tax the profit takers to pay this debt and to carry on needed relief work, then their profits are more than taken. Yet without such taxation, debt and depression must rapidly increase. Viewed from any angle, the "production for profit" system has destroyed itself. It is gone NOW.

In my next article I hope to consider suggested cures. I hope readers are interested enough to file this article away for fair comparison, should some one challenge my position. A good idea to file all Farmers Union papers for future reference, marking special issues.

Fraternally,
Samuel R. Stewart,
Clay Center, Kan.

"Back on the job again—
I thought we'd get a few
days rest"

"You forget about the
telephone. Easy for the
boss to get that plowshare
out here this morning"



Yes, NELLIE, a telephone call has saved your owner a trip to town today. The telephone, you know, is one of the most useful implements on the farm. It's as important in its own way as the plow or harrow you pull in the field. And there comes a time—in emergencies—when its importance is head and shoulders above anything else on the farm. Yes, sir, farmers need good telephone service.

BELL TELEPHONE SYSTEM



illegitimate child called "surplus," the Ishmael of the American farmer?

Industry got our 25c wheat and the consumer paid the same as when we got \$3.00.

Our leadership building warlords boast of the three great democracies, two of them owe us millions, yes billions, and won't pay a cent on interest or principal, after we helped them kick their industrious neighbors, steal their colonies, ships and commerce, divide their land and force them to pay tribute for their raw materials to a bunch of foxhunters and fancy ladies who got a grab at our \$3.00 wheat at 25c.

Farm Co-ops— Exemption to Income Taxes

Bureau of Internal Revenue Specialist Discusses Technicalities

The question of "What is a cooperative?" from a point of view of the Bureau of Internal Revenue is solved in a question of what a cooperative must be in order to qualify as an exempt organization under the various revenue acts and thus be relieved of the duty of filing Federal income tax returns.

L. K. Sunderlin, chief, Taxpayers' Rulings section in the Bureau of Internal Revenue, writes on this subject in the February 1939 News for Farmer Cooperatives, a monthly publication of the Farm Credit Administration, Washington, D. C.

Where a cooperative marketing association has other than the provisions of the statute respecting exemption, but defers the payment of patronage dividends to non-members, exemption may be secured.

1. Where the articles of incorporation or by-laws of the association provide that patronage dividends, by whatever name known, are payable to members and non-members alike and a general reserve is set up for the payment of patronage dividends to non-members.

2. Where the articles of incorporation or by-laws provide for the payment of patronage dividends to members and are silent as to the payment of patronage dividends to non-members but a specific credit to the individual account of each non-member is set up on the books of the association.

3. Where the articles of incorporation or by-laws are silent as to the payment of patronage dividends to non-members but the evidence submitted shows that it has been the consistent practice of the association to make payment in cash or its equivalent of patronage dividends to non-members.

4. Where, under the circumstances stated in 1, 2, or 3 above, patronage dividends are not payable until the non-member becomes a member of the association either through the payment of the required amount in cash or the accumulation of patronage dividends to the purchase price of a share of stock or membership.

Dividends to All

Where, on the other hand, the articles of incorporation or by-laws specifically provide for the payment of patronage dividends, by whatever name known, to members only, and the association deals with both members and non-members, the association clearly is not organized so as to come within the exemption provisions of the statute. It is not sufficient that an association be operating in an exempt manner but it must be organized so as to come within the exempting provisions of the statute.

An association may not, furthermore, amend its articles of incorporation or by-laws to provide for the payment of patronage dividends to non-members on the same basis as members and, after so doing, pay the patrons the amount of patronage dividends due them for earlier years and qualify for exemption during the earlier years. The status of each association for exemption purposes for a given year is determined by its form of organization and its actual operations for that year.

Exemption for income taxation is provided to "farmers, fruit growers, or like associations organized, and operated on a cooperative basis (a) for the purpose of marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expenses, on the basis of either the quantity or the value of the products furnished by them, or

(b) for the purpose of purchasing supplies and equipment for the use of members or other persons, and turning over such supplies and equipment to them at actual cost, plus necessary expenses."

Non-Member Business

"Exemption shall not be denied any such association because it has capital stock, if the dividend rate of such stock is fixed at not to exceed the legal rate of interest in the State of incorporation, whichever is greater, on the value of the consideration for which the stock was issued, and if substantially all such stock (other than non-voting preferred stock, the owners of which are not entitled or permitted to participate, directly or indirectly, in the profits of the association, upon dissolution or otherwise, beyond the fixed dividend) is owned by producers who market their products or purchase their supplies and equipment through the association; nor shall exemption be denied any such association because there is accumulation and maintenance of a reserve required by State law or a reasonable reserve for any necessary purpose."

"Such an association may market the products of which does not exceed the value of the products marketed for members, and may purchase supplies and equipment for non-members in an amount the value of which does not exceed the value of the supplies and equipment purchased for members, provided the value of the purchases made for non-members does not exceed 15 per centum of the value of all its purchases. Business done for the United States or any of its agencies shall be disregarded in determining the right to exemption under this paragraph."

Under the revenue acts prior to the Revenue Act of 1921 the exemption was limited to farmers' fruit growers, or like associations organized and operated as sales agents for the purpose of marketing the products of their members, but the statutory exemption has been considerably broadened from time to time. Under the Revenue Act of 1921 the exemption was extended so as to permit associations of this character

also to be organized and operated as purchasing agents for their members and, beginning with the Revenue Act of 1926, the associations were permitted to conduct business with non-members, within certain specified limitations. The exemption provided in the more recent revenue acts is similar to the above-quoted provision of the Revenue Act of 1938.

Non-member patrons must be treated the same as members insofar as the distribution of patronage dividends is concerned. A cooperative marketing association may not, therefore, if it desires to qualify as exempt, make a profit on the business transacted with non-members of such business from the patrons entitled thereto.

Need Keep Records

In order to establish compliance with the requirements of the Revenue Act that the proceeds of sales, less necessary expenses, be turned back to all producers on the basis of either the quantity or the value of the products marketed by them, it is necessary for a cooperative to keep permanent records of the business done with members and non-members. The requirement is emphasized with a cooperative, instead of paying patronage dividends to non-member producers in cash, keeps permanent records from which the proportionate share of the patronage dividends due to non-member producers can be determined and such amounts are made applicable toward the purchase price of a share of stock or of a membership in the association.

Any ownership of stock by others than actual producers must be explained by the association, and the association will be required to show that the ownership of its capital stock has been restricted as far as possible to actual producers who market their products through the association.

If it is necessary for a cooperative to be financed by investors, that situation must be taken care of by the issuance of preferred stock or bonds or other evidence of indebtedness without right of vote, or participation in the regular fixed dividends or interest payments.

The United States Board of Tax Appeals, in a decision promulgated November 7, 1932, in the case of the Co-operative Central Exchange (27 B. T. A. 17) said in part:

Not for "Consumers"

"In our opinion the petitioner has failed to prove that any of the members are producers or producers' marketing agents within the meaning of the statutory provisions granting exemption to farmers' cooperatives."

The facts in the case, reports Mr. Sunderlin, showed that the exchange was a share-capital cooperative corporation under the laws of Wisconsin, that its capital stock was owned by local cooperative organizations of producers and consumers, and that it sold to all its members and to a limited extent it sold the products of the members to the public.

It is recognized that a cooperative association has a need for reserves for certain purposes and provision is made that exemption shall not be denied any such association "because there is accumulation and maintenance of a reserve required by State law or a reasonable reserve for any necessary purpose." The necessity for the existence of any reserve or reserves other than those required by State law must be shown. Equipment depreciation and provision for the meaning of the statute and departmental regulations.

An association will not be denied exemption because it markets the products of non-members, provided the value of the products marketed for non-members does not exceed the value of the products marketed for members during each year.

OKLA SENATOR INTRODUCES A NEW FARM BILL

(Continued From Page One)

modities allotted to any person for any year would be a quantity having a combined value in excess of \$1,500, computed at domestic prices, the allotments to such person shall be reduced so that such combined value will be reduced by 20 per centum of that part of such combined value in excess of \$1,500 but not in excess of \$2,000; by 40 per centum of that part of such combined value in excess of \$2,000; by 40 per centum of the part of such combined value in excess of \$2,000 but not in excess of \$2,500; and by 60 per centum of that part of such combined value in excess of \$2,500 but not in excess of \$3,000; and by 80 per centum of that part of such combined value in excess of \$3,000."

The Marketing Job

"Sec. 335 (a) The Commodity Credit Corporation shall purchase all domestically produced wheat and cotton offered for sale to it by the producer thereof after the beginning of the marketing year beginning in 1940.

"(b) If the commodity is offered for sale to the Corporation by a farmer and is a part or all of his domestic allotment for the current marketing year, the price paid by the Corporation to the farmer for the commodity delivered at local markets shall be the domestic price for such commodity, or if the domestic price is higher, for such commodity."

If by reason of loss in yields due to unavoidable causes, including adverse weather conditions, insect pests, plant diseases, any farmer fails to produce a quantity of wheat equal to the quantity of wheat which the Commodity Credit Corporation would pay to the farmer the amount by which the domestic price of an equal quantity of the commodity exceeds the world price thereof, the Corporation would reimburse its funds by disposing of, for domestic consumption, an equal quantity of the commodity from the stocks held by it.

"The Corporation shall dispose of wheat and cotton acquired by it under subsection (a) as rapidly as orderly marketing and the policies of this Act will permit and shall retain any quantity of wheat or cotton acquired by it under subsection (a), at the end of any marketing year which is in excess of 10 per centum in the case of wheat, or 20 per centum in the case of cotton, of a normal year's domestic consumption and exports."

Provision is made for necessary adjustments in tariffs, including that

"wheat, at a rate equal to the amount by which the domestic price exceeds the world market price" shall be paid by the importer.

Compensation Taxes

"Sec. 380C. (a) The Secretary shall ascertain from time to time whether the operations of the United States Equitable Life and Mutual Life—hold 44.3 per cent of the admitted assets of all the companies.

Although there are 308 legal reserve life insurance companies in the United States, the five leaders—Metropolitan, Prudential, New York Life, Equitable Life and Mutual Life—hold 44.3 per cent of the admitted assets of all the companies.

The insurance companies own about 25 per cent of all railroad bonds, 22 per cent of all public utility bonds, 8 per cent of all state, county and municipal bonds. Their investment in securities alone is greater than the total gold and cash reserve of the nation.

Their assets of \$26,249,000,000 represent some 8 per cent of the total national wealth.

Hearings before the anti-monopoly committee of the U. S. government reveal that executives of the insurance companies may keep themselves in office by means of proxies, and forged proxies are not unusual. The government investigation is seeking to learn the effects of this economic grip that insurance firms have upon the nation's economic life.

Processing Taxes

"Sec. 380D. (a) On and after July 1, 1940, in the case of wheat, and on and after August 1, 1940, in the case of cotton, there shall be levied upon the first processing in the United States of a tax, to be paid by the processor, at the rate specified, until such time as the tax is altered pursuant to a further finding under this section.

(b) Prior to the 10th day of each month, beginning with the month of July 1940 in the case of wheat and the month of August 1940 in the case of cotton, the Secretary shall determine and proclaim the domestic price of wheat and cotton for the beginning of the next succeeding month. During the month of the tax imposed by this section on the processing of wheat and cotton shall be equal to the prices so proclaimed.

(c) There shall be allowed as a credit against the tax imposed by this section, 99 per centum of the tax so imposed with respect to any processing by the taxpayer of any wheat or cotton not in excess of the quantity equal to (1) the quantity of the commodity which has been acquired by the taxpayer prior to the beginning of the marketing year which begins in 1940, less (2) the quantity of the commodity for which a credit has previously been allowed to the taxpayer under this subsection.

(d) There shall be allowed as a credit against the tax imposed by this section with respect to the processing of any wheat or cotton acquired by the taxpayer prior to the beginning of the marketing year which begins in 1940, an amount equal to the amount paid by the taxpayer for such commodity, or the term "processing," in the case of wheat means the milling or other processing (except cleaning and drying) of wheat for market, but does not include the processing of wheat for consumption by the producer thereof or for consumption by his farm.

All sections of the present Agricultural Act not conflicting with this amendment of S. 1405, shall remain in effect.

PROP FOR HOG PRICES

Buying Orders From Independent Packers Force Rallies

"Some very interesting information," comments W. G. Bernhardt, manager of the Farmers Union Live Stock Commission Company, in regard to a clipping from the Kansas City Star of December 19, 1939, reading as follows:

Buying orders from independent packers in Arizona, Illinois, Wisconsin, Ohio, Pennsylvania and Delaware were a conspicuous factor in supporting hog prices at Kansas City last week. Shipments to Leavenworth and St. Louis also were reported. In recent months, independent packers on the West coast and the Gulf coast also have purchased hogs through Kansas City order buyers.

Shipping orders last week were valued on Wednesday and Friday, partly accounting for price upturns, which left the market here steady with a week ago and boosted the value to \$7.65, or within 5 cents of the high point since last November. On Wednesday, shippers took three times as many hogs as the buyers for the big national packers and on Friday shippers purchased accounted for an even larger percentage of the day's total.

A check of daily top sales in the hog market at Kansas City last month revealed that shippers paid 25 cents above the packer top on one session, 20 cents more than packers on three days, 15 cents more on three days, 10 cents more on eight days, 5 cents more on five days. Packers equaled the shipper top on only two sessions, and on no session was the packer top above the shipper top.

Prices received by farmers for livestock and livestock products averaged 12 per cent lower at local farm markets in 1938 than a year earlier, the Bureau of Agricultural Economics reports. Wool prices declined 40 per cent or more than any other animal product from 1937 to 1938. Meat animal prices were down 13 per cent from the 1937 average; dairy products were 12 per cent lower; prices of work animals were off 8 per cent; and chickens and eggs were down 5 per cent.

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AN ECONOMIC GRIP

Big Five of Insurance Companies Centralize Wealth

Although there are 308 legal reserve life insurance companies in the United States, the five leaders—Metropolitan, Prudential, New York Life, Equitable Life and Mutual Life—hold 44.3 per cent of the admitted assets of all the companies.

The insurance companies own about 25 per cent of all railroad bonds, 22 per cent of all public utility bonds, 8 per cent of all state, county and municipal bonds. Their investment in securities alone is greater than the total gold and cash reserve of the nation.

Their assets of \$26,249,000,000 represent some 8 per cent of the total national wealth.

Hearings before the anti-monopoly committee of the U. S. government reveal that executives of the insurance companies may keep themselves in office by means of proxies, and forged proxies are not unusual. The government investigation is seeking to learn the effects of this economic grip that insurance firms have upon the nation's economic life.

SECURE FSA LOANS

Over 7,000 Farm Groups Use Community Service Loans

The Farm Security Administration has announced that more than 7,000 groups of small farmers had borrowed a total of \$4,404,132 to purchase equipment and services for group use from the beginning of its Community Service Loan program in July, 1935 up to January 1, 1939.

Such loans have enabled 128,856 farm families, composing 7,183 borrowing groups, to expand and improve the efficiency of their farming operations through purchase of equipment or services not previously available in their communities. These services include combines, sluge cutters, purchased stoves, and coal stoves, equipment, syrup mills, hay balers, hatches and tractors.

These loans, financing group purchase and use of equipment, have been a single individual could afford, have enabled small farm operators to compete on more equal terms with the large, mechanized corporation farms. Such loans have also been used to purchase canning, laundry, and sewing equipment to lighten the burden of the farm home work.

Average size of the loans made during the first three and one-half years of FSA's Group Loan program has been \$394.51 per group, or \$34.10 for each farmer participating. The loans may be retired over a period of five years and bear three percent interest. They are available only to needy and low-income farmers, who must obtain adequate credit from any other source.

GIVE PRAISE TO TREES

FSA Survey Discovers Many and Various Uses

Groves of trees materially enhance production of food, feed and livestock on farms, according to a survey made by the Farm Security Administration by farmers in the Dakotas, Nebraska and Kansas.

Reported advantages of trees, either in natural groves or planted orchards, included catchment of snow to increase soil moisture, protection from blowing of soil, seed or young crops; shielding from hot winds, hail or crop-leveling winds, and prevention of rapid drying of the soil. Gardens of crops benefited as much as fields crops, said the reporting farmers.

Livestock and poultry found protection, both from excessive heat and cold. A South Dakota farmer reported shade from his grove saved his cattle from any death loss in hot, dry weather while his neighbors, without groves, suffered considerable loss. Others told of livestock saved from severe snow storms. A Nebraska farmer reported wintering 250 turkeys through 1936-37 with no protection except a good grove. Still other farmers said feeding in the protected lots saved from \$50 to \$200 per season in feed costs, depending on size of feeding operations. Losses from calving and lambing were greatly reduced in grove-protected lots.

Dwellings protected by groves used \$20 to \$40 less fuel annually than unprotected houses, according to farmers' estimates. A Kansas farmer reported a 6-degree warmer winter temperature, by actual test, in his grove than in unprotected areas, and in summer it was cooler in the grove than outside. Protection of game and insectivorous birds was credited to groves. A Nebraska man said large numbers of quail and pheasants remain in his grove all winter.

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FARM INCOME FALLS

Fourth of Population But Get Under Tenth of Income

Though the farmers constitute 18.6 per cent of the gainfully employed population, they get only 8.9 per cent of the national income, according to the latest Department of Commerce study. If unpaid family labor were included among those engaged in agriculture, farmers would constitute nearly one-fourth of the total.

Returns to capital ownership, including dividends, interest, payments, entrepreneurial withdrawals, net rents, and royalties, amounted to \$22,603,000,000 in 1937. This figure does not include salaries to officers, since the study lumps salaries together with wages.

Year	Total National Income (millions)	Farm Income (millions)	Farm Income as % of Total	% Gainfully Employed in Agriculture
1929	\$81,128	\$7,263	8.9%	17.6%
1930	68,302	5,681	8.3	18.2
1931	53,822	3,702	6.9	19.7
1932	40,014	2,442	6.1	21.3
1933	42,256	3,316	7.8	21.8
1934	50,052	4,388	8.8	20.5
1935	55,186	5,185	9.4	20.6
1936	63,466	5,883	9.3	19.3
1937	69,817	6,223	8.9	18.6

The farmer's share of the consumer's food dollar in 1938 was the smallest in 4 years, the Bureau of Agricultural Economics has reported. The calculation covered a list of 58 foods consumed annually by a typical workingman's family. The share of the dollar going to farmers was 40 cents in 1938, compared with 45 cents in 1937, a low of 33 cents in 1932, and an average of 55 cents in 1913-15 when this Government compilation was started.

Farmers with 18.6 per cent of the gainfully employed and only 8.9 per cent of the national income "raise a good quarter of the nation's kids," comes a comment. The kids are no doubt, of a higher standard than their standard of living.

Have You Read?

MANKIND—YESTERDAY, TODAY, TOMORROW—Morris Erickson \$.25

FORGOTTEN MAN'S HAND-BOOK—Thomas R. Amble (Questions & Answers) .40

THE FLAVIER KING—Upton Sinclair (Story of Ford's Millions)20

PRIMER ON ECONOMICS (Social Action)25

UNCLE SAM AND THE FARMER (Social Action)10

YOUTH IN THE WORLD TODAY—(Problems of Youth—Unemployment, Etc.)10

ASSOCIATED FARMERS—Who Are They?10

PROBLEMS OF ADJUSTMENT—Peterson25

CASTAWAYS OF PLENTY—Hawkins (Parable of Capitalist System)25

DOOR OF OPPORTUNITY—Sherwood Eddy (Delta Cooperative Farm and Tenancy)15

THEIR BLOOD IS STRONG—John Steinbeck25

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Per cent of National Income Paid to Capital Ownership

1929 1932 1935 1937

34.4 35.6 33.5 32.6

Utilities, dealing in light, power and manufactured gas, led the list of industries by paying out the largest part of their income in the form of interest and dividends—61 per cent. Agriculture paid out 5 per cent in this form.

Wage figures, as distinct from officers' salaries, are available only for selected industries; mining, manufacturing, contract construction, and transportation. For these industries wages paid out are 18 per cent below 1929.

Wages Paid Out—Totals for Industries Covered by the Study (millions)

Year	1929	1932	1935	1937
	\$17,023	\$7,243	\$10,218	\$14,037

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