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SENATOR GERALD NYE DISCUSSES FARM LEGISLATION

(Continued from last week)

The experience in this banking field only bears out the contention, which I repeat, that the success of any farm legislation passed by this Congress is going to be dependent upon the personnel of that board which is engaged to administer that legislation. If it is a farm-minded board the future looks exceedingly bright. If it is a board, rather minded to cater to the prevailing order and guard against the upsetting of anything that is existing now, whether it be good or bad, then we still have on our hands the most terrible problem that has ever confronted this Nation.

We had better admit these facts now, with the expressed hope that the board named is going to be one in keeping with the pledges and the promises of the party in power and its leader.

Finished with the enactment of this so-called farm bill, let us not hold back from the further duty which confronts us of immediately turning to the task of securing other things so essential to a stabilized agricultural industry. I shall not now discuss what can be done and what I hope will be done in the enactment of a new tariff law, except to say that I hope sincerely that the changes made will concern alone the agricultural industry. If we will enact a tariff law that builds up agriculture on a better basis of parity with other industry in so far as that can be done through a tariff law, and then will follow by increasing the general level throughout the tariff schedules, I say, Mr. President, that we are only fooling ourselves and trying to fool the American farmer.

Then, let us turn our endeavors toward the development of water transportation facilities to the end that we may afford a greater degree of competition to railroads which at every hour are striving to increase the tolls which they may be privileged to collect from the farm people through the handling of their products.

I would call attention to the fact that at this very time the Interstate Commerce Commission has before it a proposal to increase freight rates on grain as to constitute a terrible added burden on the grain producers of the Northwest. The rates of increase which the railroads are asking would build up a new bill of expense for farmers of my own State of North Dakota of \$2,758,268 annually. I am basing these figures on the average increase of \$3.60 per car in the rate of freight. This is no small amount and invites the closest consideration of the Congress. I would hope that we might some day find it possible to write a further restriction against increased tariffs for the carrying of agricultural products so that time when agriculture shall be restored to some semblance of a balance and some semblance of equity.

During this debate I have heard discussed the prevailing differences in prices paid for grain in Canada and in the United States. I heard the senior Senator from Ohio (Mr. Fess) only day before yesterday recite that, in his opinion, the greatest contributing factor to the higher prices enjoyed in Canada was the ignoring of other factors which enter greatly into the influencing of this situation. He failed, for example, to make mention of the very friendly hand which the Canadian Government has extended to the Canadian farmer at every turn of the road. He failed to make reference to the fact that whenever conflict arose as between the cooperative institu-

tions and the old-line institutions dealing in farm products, the Canadian Government has invariably thrown its lot in support of the cooperative even to the extent of condemning old-time marketing facilities.

But, in addition to that, Mr. President, I should like to point out here to what part freight rates may be contributing to the prevailing better prices in Canada and to do it without necessarily agitating Government ownership of railroads as is true in Canada. It is said that the Government railway in Canada is subsidized and that the people are really paying great losses there through the conduct of such a railway, but I would point out that the private ownership railways in that the Government is competing successfully with the Government-established railway rates, while the established railway rates, which the Government does not indicate that the Government railway is in the way of subsidy.

Freight rates are a terrible part of the expenses of marketing farm products or determining price structure. I would point out to this Chamber a few comparisons of freight rates on grain hauling in Canada and in the United States.

From Devils Lake, N. Dak., it is 384 miles to Duluth, Minn., a terminal point. The freight rate is 19 1/2 cents. Between these two points is Port William, Ontario, it is 389 miles, but the rate of freight on wheat is 5 cents less.

It costs 23 1/2 cents to transport wheat from Bismarck, N. Dak., to Duluth, Minn., a distance of 446 miles, while in Canada to carry wheat 442 miles from Meadows, Manitoba, to Port William, Ontario, costs 15 cents or 8 1/2 cents less.

The distance between Glasgow, Mont. and Duluth, Minn., is 770 miles. The distance from Regina, Saskatchewan, to Port William, Ontario, is 776 miles. To ship a hundredweight of wheat from Glasgow to Duluth costs 35 cents, but to ship the wheat the same distance between these two Canadian points costs only 20 cents, 15 cents less.

Eight hundred and ninety-three miles constitute the distance between Billings, Mont., and Duluth, Minn., and the rate of grain shipment is 30 1/2 cents. The distance between Port William, Ontario, and the rate on the same grain there is only 22 cents.

It costs 48 cents to ship a hundredweight of grain from Kallispell, Mont., to Duluth, Minn., over the rate of American railroads, while to ship the same grain from Lethbridge, Alberta, to Port William, Ontario, a distance of 1,177 miles, costs 25 cents on the Canadian railroad.

I could go on, Mr. President, indefinitely showing the tremendous difference in freight rates prevailing here and in Canada, but could make no clearer the demonstrations I seek to make. It all indicates the odds against which the American farmer is forced to operate in competition with the Canadian farmer who merits an intense study on the part of Congress in the hope that there might be brought about a material reduction in the carrying charges upon agricultural products.

Mr. President, I opened these remarks with a picture of the haunting scenes which can be observed by anyone who will see out in agricultural America. Another picture presents itself to me which causes me to take the time to relate the following incident: A farm woman came into town to do those little chores of shopping which

they all have to do. She went into one shop to settle an account and while the bill was being receipted she surveyed the furnishings of the office, not a highly furnished office. Over on one wall she observed a picture, The Angelus. When the receipted bill was handed to her she said to the proprietor, "Where did you get that picture?" "I got it when I was down at such a place a few weeks ago," "How much did it cost?" "I think I paid 65 cents for the picture." The tears streamed down her face as she explained that she for years had wanted that very picture for her home for the benefit of her daughters, just as she had enjoyed the benefit of it in her mother's home. But the feeling that the 65 cents was going to be so much more essential and so much more greatly needed for the real necessities of life than the home had deprived her of that simple sort. She explained how for years and how particularly during the last winter they had hoped they were going to be able to afford for the two girls in their home a chance to demonstrate whatever talent they might have in the way of musical ability. She wanted to buy for them a piano. She and her husband had wished well winter for the hour to come when they could dispose of their grain and feel that they could afford to buy it.

But the winter came on and worse on its way through, and instead of doing what everyone anticipated was going to be done, instead of doing what Congress has argued all along would be done if the farmers would only learn to hang on to their grain, holding it until high prices prevailed, the market at that period when the market was flooded, so that they could enjoy a better price, we all know that that never before in the history of our country have the farmers held

back on their own farms and in their own possession so much of their product as they did in this past year, and yet in the last 10 years have not sunk to such levels and to such depths as they have this year in spite of that extended effort by the American farmer to help himself.

Mr. President, with pictures like that confronting us, with facts like that confronting us, I say we do have before us a very serious problem. It is not a problem which anyone would feel there is a plan that would bring immediate results for the American agricultural industry. That privilege has been clearly denied us. We can not expect the adoption of the equalization fee at this time, but we can ask that whatever legislation we get made as quickly as possible, to the end that we can bring ourselves to that hour when we feel that it is going to be possible to demonstrate that all that you are willing to give, all that you are willing to afford in the way of legislation has not been adequate to meet the needs which are presented by the agricultural industry at this time. To the end then that we can help to win the cooperation of more people, win the cooperation of administrative circles in the enactment of legislation that will take hold, legislation the teeth of which will be felt that return and that benefit which we are all earnestly seeking and wanting to that end I hope we may sincerely devote ourselves.

LABORATORIES READY FOR HARVEST

With two new protein testing laboratories added to the three already in operation and a corps of additional workers engaged as field representatives, the Kansas State Grain Inspection department is prepared to handle the thousands of wheat samples that will be tested for protein content this season. In addition, extensive facilities are being installed for running moisture determinations.

"It is the primary purpose of the state, in enlarging the protein service, to encourage the production of better wheat and to enable the producers of high protein wheat to secure the mar-

ket premiums to which they are entitled," according to B. H. Johnson, chief inspector of the state grain inspection department, Kansas City. "While the buyers have always paid more for the high protein samples. Some years the spread in the value between high and low protein wheat of the same grade has been as much as 30 to 40 cents to the bushel."

Colby and Hays laboratories will be the center of testing activities—having just been established to function as testing centers along with the three older stations at Kansas City, Wichita and Hutchinson.

Smith Center, Meade, Pratt, Garden City, Dighton and Larned field representatives will be stationed. These fieldmen will work directly with the farmers. In addition to the protein samples and sending them to the laboratories for analysis, they will answer questions and give information about testing for protein and moisture. The representatives will cooperate with county agents and grain dealers in encouraging the farmers to secure protein and moisture tests. For the service given in testing, a fee of 75 cents will be charged for protein determinations and 25 cents for moisture testing.

The protein testing and moisture determination program of the Kansas State Grain Inspection department was established at the request of Governor Clyde M. Reed and has the firm support of the Kansas State Agricultural college, and local Farm Bureau organizations.

FOR GOLFERS

Nell: "I heard you were out on the golf links yesterday. What did you go around in?"

Stell: "My new Scotch plaid. Really, dear, it fits perfectly."

THE FRUITS OF NOT IN HIM

"Squire," asked Constable Slack, the well-known sleuth of Petunia, "what would you do to a fellow that confessed he was driving his Ford at the rate of forty-five miles an hour?"

"Fine him for exaggeration, dad-burn him," snapped old Squire Peavy.

FARMERS UNION STATE BANK REMOVAL SALE

The office of the Farmers Union State Bank will be removed from Kansas City, Kansas, to Salina, Kansas, on June 15, 1929 and all payments and communications should be addressed to:

THOS. B. DUNN,
Assistant Receiver, Farmers Union State Bank, Salina, Kansas.

teen grades of lubricating oil and four grades of fuel oil. The cost of sales is less in comparison to the volume of business. An inventory of the average bulk station can be taken in half an hour. Nothing becomes out of a date or shop worn. Evaporation in a well managed company should not be over two per cent. Every sale is recorded, and, at the end of each month, with the amount of the inventory, the purchases, sales and expenses for the month, it is a simple matter to find out the net profit for the thirty day period. Most of the companies follow the plan of having a directors' meeting each month, and have the secretary give them a profit and loss statement of the previous month together with a list of all checks issued on the company. A close check is kept on the business, and the directors become familiar with the details of the organization.

In a survey conducted by the Wisconsin State Bureau of Markets of eleven cooperative oil associations in Minnesota and eight in Wisconsin had complete operating statements for 1926, some interesting figures were secured. The operating statement of these nineteen companies showed an average net profit of 11.7 per cent of sales; 33.6 per cent of assets and 69.9 per cent of Owner's Net Worth at the beginning of the year. The report said: "We do not believe that a sound cooperative oil association, exercising due care in keeping expenses down, can be put out of business by anything short of a long, continued price war that would drive all the private independent oil companies to the wall also. The whole history of oil marketing down to the present demonstrates that this will not be the place for many years to come, if ever."

One of the valuable features of the cooperative oil associations is that when the competing companies cut the prices and even sell below cost the members of the cooperatives will benefit from the collections. The distribution of petroleum products is a comparatively simple business. But few items are handled, two grades of gasoline, one of kerosene, about fif-

teen grades of lubricating oil and four grades of fuel oil. The cost of sales is less in comparison to the volume of business. An inventory of the average bulk station can be taken in half an hour. Nothing becomes out of a date or shop worn. Evaporation in a well managed company should not be over two per cent. Every sale is recorded, and, at the end of each month, with the amount of the inventory, the purchases, sales and expenses for the month, it is a simple matter to find out the net profit for the thirty day period. Most of the companies follow the plan of having a directors' meeting each month, and have the secretary give them a profit and loss statement of the previous month together with a list of all checks issued on the company. A close check is kept on the business, and the directors become familiar with the details of the organization.

lose the interest on his \$25 investment in order to get his gasoline and oil at cost. The cooperative oil associations have successfully met all competition and have still been able to show a nice patronage dividend.

In the fall of 1926 the directors of a number of the cooperative oil associations held several informal meetings to discuss their problems and exchange experiences. As a result of these meetings the Minnesota Co-op Oil Company was organized and incorporated to serve as the purchasing agent of the cooperative oil associations and to protect and defend the cooperative oil association system.

The Minnesota Co-op Oil Company is a cooperative organization incorporated under Chapter 326, Laws of Minnesota of 1923. An office has been established at 3011 Como Ave. S. E., Minneapolis, Minn., with E. G. Cort as general manager. Only associations organized on the cooperative plan are eligible to membership. Each member association has one vote and all profits are prorated on the patronage of the member associations. The cooperative oil associations have found the principle of cooperation and partnership to be a very profitable one. At the annual meeting of the Minnesota Co-op Oil Company held in June, 1928, 24 of these. The 27 had total sales in 1927 of almost two million dollars and a net gain of one quarter of a million. The consolidated balance sheet of 40 associations shows total assets in excess of one million dollars and capital stock of \$385,000. Reserves and surplus of \$442,500 or an average of \$11,000 per society. A check of a few of the older oil associations show customer's patronage rebates running all the way from 5 to 14 1/2 per cent, non-members have to have the rebates credited to the purchase of stock. At the annual meeting of the Minnesota Co-op Oil Company held in June, 1928, 24 societies were entitled to a vote, but only 10 societies were present. The members paid the membership fee in the Central Company. The manager's report to that meeting was most comprehensive, covering the purchase and sale of gasoline, kerosene, lubricating oil, and miscellaneous equipment; the special organizing work carried on; the work of the educational department; the visit of the manager to annual meetings of the various local associations; the centralized insurance feature and security bonds offered by the Company; and the development of the cooperative brand of oil products.

At the close of 1928 the net worth of the Company was \$7,363. Total sales during the year were \$418,000 and the net profit \$3,925.

The officers of the Company are C. Continued on page 4)

west have increased their purchasing power of petroleum products from five to fifteen per cent. These rebates have not been obtained, however, without a struggle. In nearly every association there are a few broad minded, public spirited men who as leaders are doing much work for which they are never adequately paid. Shares must be sold, confidence must be built up and above all the membership must have an understanding of the principle of cooperation and a few pennies lost.

A list of 90 cooperative oil associations in the state of Minnesota, Wisconsin, Iowa, and the Dakotas was compiled in the summer of 1928 and fairly accurate statistics gathered for 1927 of almost two million dollars and a net gain of one quarter of a million. The consolidated balance sheet of 40 associations shows total assets in excess of one million dollars and capital stock of \$385,000. Reserves and surplus of \$442,500 or an average of \$11,000 per society. A check of a few of the older oil associations show customer's patronage rebates running all the way from 5 to 14 1/2 per cent, non-members have to have the rebates credited to the purchase of stock. At the annual meeting of the Minnesota Co-op Oil Company held in June, 1928, 24 societies were entitled to a vote, but only 10 societies were present. The members paid the membership fee in the Central Company. The manager's report to that meeting was most comprehensive, covering the purchase and sale of gasoline, kerosene, lubricating oil, and miscellaneous equipment; the special organizing work carried on; the work of the educational department; the visit of the manager to annual meetings of the various local associations; the centralized insurance feature and security bonds offered by the Company; and the development of the cooperative brand of oil products.

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CO-OPERATION SUCCEEDS

It is impossible to defeat co-operation if those interested in the cooperative program really co-operate. A beautiful little city with its numerous and magnificent shade trees, is Saint Paul. Located in Southeastern Kansas in a fine community whose members are largely directly from or are descendants of those sons who came from good Old Ireland.

With all that has been written of the Irishman's fighting instinct, the fact yet remains that his accredited pugnaeous tendency is usually only directed in such channels as will result in common good to his particular group. He will fight just as quick for or with a Dutchman or a Yankee as an Irishman if they check up to his ideas of what constitutes a righteous cause. Anyway regardless of the many charges of fighting, he is not selfish, and resents any unjust imposition on himself or his fellowman.

So it was several years ago in this peaceful community that growing respect of the then existing and continuously expanding margin between the local price and the terminal market price of grain aroused these good farmers to cooperative action in defense of their agricultural interests.

These men, in their search for a way to meet the unfair marketing situation, discovered the Farmers Union. The Union pointed the way. Farmers Union locals were organized throughout the community which later re-organized the financing and building of the first Farmers Union elevator at Saint Paul in 1911. This was one of the early co-operative elevators in that section.

One hundred and twenty five stockholders were readily enlisted in the good cause. \$1100.00 was raised to finance the new three thousand bushel capacity elevator.

Business was good. Many non-members patronized the new institution, everyone who had grain to sell gained. The big margin narrowed. The local price, in relation to terminal market price, was much higher. Side lines in the way of feed and supplies were taken on. Big profits made by local merchants were cut in two. All the farmers were glad because the Farmers Union was established in their community.

Cash dividends, in excess of the original investment, and stock dividends were declared to the stockholders in addition to interest payments. Substantial reserves were set up, more members were gained and the capacity of the small elevator was taxed to its utmost.

Increased business necessitated the building of a new twenty thousand bushel capacity elevator in 1917, at a cost of \$12,500.00 which was financed out of earnings that were already largely set up in reserves.

The whole community prospered. The farmers, from their own money through co-operation, had more money to spend on the necessities and comforts of life. Thousands of dollars were saved to the farmers during this period.

Dividends and interest continued to come to the stockholders but grew smaller and smaller each year as the local price of grain was raised in relation to the terminal market price. This of course narrowed the margin of profit as the farmers were getting a price at time of delivery that included what would have been divided at the end of the year. With the constant narrowing of the margin, eventually only interest could be paid. Then came the time when the interest payments ceased and it became necessary to borrow money to make up the deficit in operations.

The "War" on the Farmers Union was on. "OLD LINE GRAIN MARKETING" was out to get the Union. Every available recruit among those

who had grain to sell, was enlisted on the side of "Old Line Grain Marketing." Some of the business men used their prestige in helping to circulate erroneous reports relative to the standing and value of the Union. Many who had been befriended repeatedly by the Union and even some of the stockholders, who were pledged to the ranks of "Old Line Grain Marketing" for the always enticement and ready bait of the cent a bushel, whose shining brilliancy has blinded the lukewarm dividend seeking co-operators that they could not see the twenty dollar bills that were within their reach. Thus inability or unwillingness to see through to the end has spelled disaster to much valuable and beneficial co-operative effort.

The "Outsider" and the "Insider" who worked outside with the "Outsider" soon had increased the strength of the "Old Line Grain Marketing" army until the Co-operators were very easily inside fighting for the very existence of their co-operative institution, were enticed by the "big volume" of the enemy, to go outside and fight. This they did. They bid more than the market. They hung out another bright penny to re-recruit the outsider. Then the enemy raised the ante another cent and re-recruited the recruit. The continued raising of the ante and the re-re-recruiting got the whole blamed works to "Stuttering" and something slipped with a big thud. It was Co-operation employing competitive methods to secure co-operative results.

Co-operation went down for the count. Saint Paul's Farmers Union Elevator along with the saw and supplies were sold under the hammer for a mere pittance of the cost of construction.

The loyal few were unable to secure adequate financial support to re-organize and bid in the auction at the ruinously small price brought at the sheriff's sale. The income from the sale liquidated about 82% of the Co-operative's liabilities.

Smarting under the sting of defeat, the loyal few resolved in their hearts to build on the "Sands" of profits and dividends but to build upon the "Rock" of true co-operation.

With this as the basis of future development, and material for a foundation in the form of eighteen members of the Farmers Union Co-operative Produce Association, these eighteen turned their faces from the ruin and sought the "Rock."

A new organization was formed Feb. 18th, 1928. A new location was secured. A new institution of service was born. An institution of service was born. Direct results of co-operation for the co-operators, its goal.

A notice on the window to the whole world reads: "WE DO BUSINESS WITH MEMBERS ONLY." I believe me, that notice means exactly what it reads. Not unkindly or in a challenging manner is the notice displayed but rather as a warning to those outside that this group is using Co-operation's natural safeguard.

No more can these "Veterans" of previous co-operative battles be enticed to tear down the bars of true co-operation and admit these selfish penny-pinchers who dilute these high principles of co-operation with an "Ocean" of competition.

Under the able leadership of such a fine "Old Co-operative Warrior" as Tom Casey, who with Jim O'Rourke, Henry Savent, R. C. Crandon and a dozen other old "War Horses" fought the early battles of co-operation at St. Paul, a strong board of directors (continued on page 4)

ADVICE AND UNSOUND AT THAT

From some source in Washington, and carrying the inference that one department of the administration is behind it, has been advanced the theory that the way to farm relief is through a curtailment of wheat acreage. The idea seems to be that if the farmers abandon about one-third of their wheat land, then, according to the theory, would curtail the crop, would prevent a surplus, and would increase the world price, which regulates the market price. Thus, no surplus, and with a high tariff, the price would go up.

It's a pretty theory. It reads good. But like many ideals it is something that probably will come along only with the millennium.

In the first place this is advice, and the farmers need more than that. They have had advice for many years, and it has been constantly augmented, especially from political experts, and people who don't know anything about farming, for the last seven years, from which the agricultural question has grown up into one of the important issues, if not the biggest issue of the day.

In the second place it is an ideal theory, but it isn't workable. In the third place, if it could be worked out, the U. S. farmer would play Santa Claus to his Canadian and foreign wheat competitors through turning the world's market over to them.

It is a condition that is not asked, protected industry. The advice is that the farmer should be asked to do this, a mass to hand, this way. But why should the farmer be asked to abandon a third of his wheat acreage, and have it

of comparatives. If the farmer must abide by economic laws, or that of supply and demand, then let every other industry do it. Knock out the legislative proposals that give them industries protection, and the farmer will get along all right conducting his battle along the lines of economic laws. Take away the tariff, immigration restrictions, and the various acts that have helped manufacturing, banking, labor and utilities more than farming and the farmer will need no relief legislation. It is rather inconsistent to influence prices through legislation on the one hand, and to deny adequate protection on the other. It is rather sound advice that asks one line of activity to fight it out with the law of supply and demand, while extending a vast amount of protective legislation to help another line against the demands and competition of this economic law. And if there is protection to be given it would seem that new wealth, which is the basis of prosperity, would be first entitled to it. Industry has its protection in a tariff on goods coming in. Why can't agriculture have it in a tariff on surplus crops going out?

The theory of voluntary abandonment of 30 percent of the wheat acreage is an ideal that is so absurd when analyzed from a practical standpoint, that it seems strange it should be advocated. To get a million farmers to do this, is a sheer impossibility on the face of it. Yet all must do it, and voluntarily, if there is to be benefit. Fifty-five million acres is too unwieldy a mass to handle this way. But why should the farmer be asked to abandon a third of his wheat acreage, and have it

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