

Farm Credit Administration

F. F. HILL, *Governor*

E. A. STODDYK, *Deputy Governor, In Charge of Research*

Cooperative Research and Service Division

T. G. STITTS, *Chief*

W. W. FETROW, *Associate Chief*

Business Administration

Kelsey B. Gardner

H. C. Hensley

Cotton

Omer W. Herrmann

Otis T. Weaver

John S. Burgess, Jr.

Dairy

T. G. Stitts

D. D. Brubaker

Wm. C. Welden

Paul E. Quintus

Harry C. Trelogan

Fruits and Vegetables

A. W. McKay

M. C. Gay

N. Fogelberg

H. W. Mumford, Jr.

J. H. Heckman

Ford A. Quitslund

Grain

Harold Hedges

Harry E. Ratcliffe

E. B. Ballow

History and Statistics

R. H. Elsworth

French M. Hyn

Insurance

V. N. Valgren

K. H. Hunter

Livestock and Wool

C. G. Randell

L. B. Mann

H. H. Hulbert

James M. Coon

Poultry

John J. Scanlan

Roy W. Lennartson

Purchasing

Joseph G. Knapp

John H. Lister

Gerald M. Francis

Special Crops

H. M. Bain

Traffic

Charles B. Bowling

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

Copies of this publication may be obtained upon request, while a supply is available, from the

*Director of Information and Extension,
Farm Credit Administration, Washington, D. C.*

Cooperative Marketing *of* FLEECE WOOL

by JAMES M. COON

Agricultural Economist



FARM CREDIT ADMINISTRATION

Cooperative Research and Service Division

WASHINGTON, D. C.

BULLETIN No. 33

MAY 1939

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1939

For sale by the Superintendent of Documents, Washington, D. C. - - - - Price 15 cents

Contents

	Page
Summary.....	iv
Development of cooperative wool marketing associations.....	3
Early cooperative activity.....	3
National Wool Warehouse & Storage Co.....	3
Government Auctions.....	3
The Ohio Wool Growers' Cooperative Association.....	4
National Wool Exchange.....	5
National Wool Marketing Corporation.....	6
Fleece-wool cooperatives.....	11
Local pools.....	11
State and regional cooperative associations.....	13
Operating methods, policies, and problems.....	17
Financial service.....	18
Preshearing advances.....	19
Commodity advances.....	20
Overadvances.....	21
Interest charge on advances.....	24
Deductions for reserves.....	25
Grading and classifying.....	26
Types of fleece wools.....	29
Local grading points.....	33
Warehousing wool.....	33
Loss in weight.....	35
Selling the wool.....	36
Local sales.....	36
Consignment to central sales agency.....	39
Sales problems.....	43
Marketing costs.....	44
Minimum tonnage for efficiency.....	46
Management problems.....	46
Membership problems.....	49
Seasonal character of operations.....	51
Membership relations and agreements.....	51
Handling nonmember wool.....	52
Overlapping territory.....	53
Field service and educational work.....	53
Field service of National Wool Marketing Corporation.....	54
Annual meetings.....	55
Informational and news service.....	55
Cooperative relations with other organizations.....	56
Achievements of the fleece-wool cooperatives.....	57
Possibilities for further service to growers.....	60
Some conditions affecting cooperative activity.....	71
Appendix:	
Glossary of wool terms.....	75
Plan for a national cooperative sales agency.....	77
Agreement between member association and National Wool Marketing Corporation.....	79
Grower's agreement.....	82
Consent of mortgagee.....	83
Comparative grades of wool.....	84

Summary

WOOL from the three major wool-growing areas in the United States is designated as territory, fleece, or Texas wool. The territory wool, from the 11 western range States, comprises about 52 percent of all wool produced in the United States. The other States, with the exception of Texas, produce what is known to the trade as fleece wool. Approximately 30 percent of the wool produced in the United States comes from this area. Wool from Texas is known as Texas wool.

Fleece wool is produced under farm conditions, often as a side line, and consists of nearly all types, grades, and qualities. This gives rise to a variety of marketing problems frequently intensified by the difficulty of assembling quantities large enough to attract important buyers. Also the lack of storage facilities, inadequate financing, and the seasonal habits of buyers operate to depress prices at the time growers wish to sell their wool.

Attempts to offset these disadvantages first took the form of small local groups known as wool pools. From these local groups the next step was the regional wool pools and, in 1909, the formation of the National Wool Warehouse & Storage Co. to market wool on a still larger scale. This cooperative handled western and midwestern wool successfully until 1920, when ill-advised advances on a declining market caused financial disaster.

The period immediately following the World War marked the beginning of widespread efforts by wool growers to perfect large-scale marketing machinery. In 1918 the Ohio Wool Growers' Cooperative Association was formed—the first of the large fleece-wool cooperatives. During the years 1918 to 1929, seven other State or regional organizations were set up to handle fleece wool. In 1924 the National Wool Exchange, a grower-owned and grower-controlled organization, superseded the National Wool Warehouse & Storage Co. The Exchange was to handle both fleece and territory wools, and set up warehouse and sales offices in central markets. It made no commodity advances but fostered the development of large tributary associations on an independent financial basis.

The wool cooperatives organized during this post-war period grew slowly and reached a peak volume of some 33 million pounds of wool in 1929. They had numerous sales agencies of different types throughout the country. The establishment of the Federal Farm Board in 1929 furthered interest in marketing plans on a national scale and in 1930 wool growers set up the National Wool Marketing Corporation. This agency absorbed the activities of the National Wool Exchange

and included 30 cooperatives, which together handled in 1930 some 120 million pounds of wool—about 35 percent of the total clip. Of these 30 cooperatives 12 were fleece-wool associations.

This increased number of organizations handled a variable volume of wool through the next few years. Organized by growers during a period of declining prices and limited outlets, the associations afforded a continuous market, accumulations of salable quantities of similar wools, and sales on a merit basis with expert preparation for market. It is common, however, for growers to patronize the cooperative when it seems advantageous to do so and to use freely alternative marketing channels when opportunities are plentiful.

The methods employed were not entirely sound from the standpoint of the cooperatives. Overenthusiasm led some associations to offer excessive advances on the wool delivered to them. These advances attracted many growers who were interested only in the immediate opportunity and gave little thought to the building of a strong, permanent organization. The necessary weeding out of these noncooperative elements later reduced the volume handled and the proportion of the total clip.

During the 5 years 1934–38, the average annual volume of fleece wool handled by the cooperatives was about thirteen and one-quarter million pounds. During this period the percentage of the total clip of fleece wool marketed by cooperatives ranged from 10 to 23 percent.

Cooperative wool-marketing associations have played an important part in reducing handling costs for wool between growers and manufacturers. They have also brought the prices paid for wool in the country more nearly in line with central-market prices. Before the cooperative method of selling was inaugurated growers sold much of their wool at a flat price regardless of the various grades produced. One of the most important accomplishments of the cooperatives has been the sale of each grower's product on a merit basis. As a result of marketing through their own associations, growers have become more familiar with the many problems encountered in the preparation and sale of wool to manufacturers.

Marked progress has been made by the associations in the fleece-wool States. It has been necessary for the management, the directors, and the members themselves to face problems relating to field work, financing the clip, selling practices, and educational programs. Many of the cooperatives have had to change entirely their methods of procuring, warehousing, and financing wool since 1930 and 1931.

One general need of the fleece-wool cooperatives is for more effective educational programs. More information should be given members on actual market conditions, problems connected with cooperative marketing, the grade and quality of their wool, and better preparation

of wool for market. Many growers who have recently joined cooperative associations are for the first time selling their wool on a grade-and-merit basis and are, therefore, not yet able to estimate for themselves its approximate value.

The progress that has been made in the cooperative marketing of fleece wool and the benefits that growers have derived from it seem to justify further intensive efforts to build up the cooperatives. The usual decline of wool prices at shearing time and strengthening of prices in the fall and winter also justify an attempt on the part of growers to take advantage of that situation. From the standpoints of local efficiency and general results of cooperative wool marketing, the volume delivered to all cooperatives should be increased to a much larger percentage of the clip. A broadening of services, including more diversified sales methods, should go hand in hand with increased cooperative receipts. The increasing production of fleece wools, the changing needs of manufacturers, and the mounting use of substitutes offers the cooperative an additional opportunity: that of being a source of timely and useful information for the wool grower.

Appendix

Glossary of Wool Terms

- Apparel wools:** Wools that are manufactured into cloth for clothing purposes.
- Blacks:** Fleeces containing black or grey fibers.
- Bright wools:** Wools that are light colored and light in shrinkage. All the fleece wools are sometimes referred to as bright wools when comparing them with the range wools.
- Bucks:** Ram fleeces which contain an excessive amount of grease.
- Burry wools:** Wools that contain burs from the sand bur, clover bur, cocklebur, etc.
- Carpet wools:** Wools of the coarser grades which are used for carpet purposes. Most carpet wools used in this country are imported.
- Character of wool:** Sums up appearance, quality, and shrinkage of wool. Sometimes used as synonymous with quality.
- Clean wool:** Wool which has the excess grease, as well as all vegetable and mineral matter removed.
- Clip:** Refers to the wool shorn from one flock of sheep; also to total wool shorn in one season.
- Clothing wools:** The short-fiber wools of all grades, used principally in the manufacture of woollens and felts.
- Coarse wools:** Refers to the lower grades—low quarter, common, and braid wools. Sometimes referred to as lustre wools.
- Combing wools:** The longer-fiber wools of any grade which can be combed into wool top which is used in the manufacture of worsted materials.
- Common and braid:** The sixth and seventh grades listed in the United States standard grades for wool. However, in the trade the two grades are classed as one. The lowest or coarsest grade in the standards. Known as carpet wools.
- Cross-bred wools:** Wools from sheep that have been cross-bred, for instance, the wools from the cross between a coarse-wooled ram and a fine-wooled ewe. Medium wools are often referred to as cross-bred wools. Also all other grades of wool other than fine are often referred to as cross-bred wools.
- Cutting up trade:** An important branch of the industry which takes the cloth from the manufacturer and makes it into garments.
- Fine wool:** Refers to the first two grades listed in the United States standard grades for wool. Fine and Half-Blood wools are termed Fine wools.
- Fleece wools:** A term given to wools that are produced in the fleece-wool States, which are all the States east of the 11 western range States and Texas.
- Grade:** Refers to the diameter and length of wool fibers.
- Graded lines:** Wools that have been classified into selling lots by grade, quality, and shrinkage.
- Graded wools:** Wools that have been separated into lines of like grade and quality.
- Half-Blood wools:** Refers to the second grade listed in the United States standards. Wools that are greater in diameter of fiber than Fine wools and less in diameter of fiber than Three-eighths Blood wools.
- Hand-to-mouth buying:** When mills are low on stocks and buy wools for immediate delivery.
- Heavy wools:** Wools which usually are dark in appearance and carry an excessive amount of animal, mineral, and vegetable matter.

Low Quarter Blood: The fifth grade listed in the United States standard grades for wool and a grade coarser than Quarter Blood and finer than common and braid.

Medium wools: Refers to the Three-eighths and Quarter Blood wools.

Noils: The byproduct from the wool comb. The short wool fibers that are combed out in the process of combing wool.

Off grades: The rejects and other grades of wool which are not wanted when a sale is made, usually burrys, blacks, tags, bucks, etc., are referred to as offs.

Old line: Referred to as the system of handling wool other than through cooperatives.

Order buying: Wool houses receive orders from mills for a certain type of wool for a stipulated price. The houses go into the country and attempt to fill the order for the mill.

Original-bag wools: Wools that are of even grade that can be sold to the manufacturers in the bag in which they were packed at the ranch. These wools usually run 85 percent one grade, usually Fine wools.

Pool: Refers to an accumulation of several different clips of wool or an accumulation of one grade of wool from several clips.

Quality: Refers to the strength of fiber and the color of wool.

Quarter Blood wool: The fourth grade listed in the United States standard grades for wool. A grade coarser than Three-eighths Blood and finer than Low Quarter Blood.

Raw wool: Wool in the grease. Unscoured wool.

Rejects: Wools of inferior quality, as black, burry, tags, etc., which cannot be sold at the same price as other grades.

Scoured wool: Wool which has been cleaned through the process of scouring. That is, the objectionable animal, vegetable, and mineral matter has been removed.

Seedy wools: Wools that contain an excessive amount of vegetable matter.

Semibright wools: Wools which are dark colored and are slightly heavier than the bright wools but not excessively heavy.

Shrinkage: Refers to the loss of weight from the removal of excess grease, moisture, and other vegetable, animal, and mineral matter that is in the wool.

Spot wools: Wools that are located in nearby warehouses that can be delivered immediately to manufacturers.

Sorting wool: This is done by the manufacturer when each fleece is broken up according to the various grades of wool that are in it.

Staple wool: Long-fiber wool.

Tags: Excessively dirty wools from the britch part of the fleece and dung locks.

Territory wools: Commonly referred to as wools coming from the 11 western range States.

Texas wools: The fine wools coming out of the State of Texas, the bulk of them from the Edwards Plateau.

Three-eighths Blood wools: The third grade according to diameter of fiber listed in the United States standard grades for wool. Coarser than Half Blood and finer than Quarter Blood wool.

Types: Refers to wools from specified sections that have different characteristics, such as color, quality, and shrinkage.

Wool top: The product of the comb which is the first step in manufacturing.

Wool trade: Those who operate in the wool market, either buying or selling wool, are referred to as operating in the wool trade.

Wool types: Wools from areas that are consistent in certain grades, qualities, shrinkages, and colors are referred to as typical from those areas, or as wool types.

Plan for a National Cooperative Sales Agency

Plan for the Organization of a National Cooperative Wool and Mohair Selling Agency, as Adopted by Representatives of Wool and Mohair Organizations at a Meeting in Chicago, October 4 and 5, 1929

1. As an outgrowth of the work of the National Wool Marketing Council, the wool and mohair marketing associations, with the cooperation and assistance of the Federal Farm Board, propose to set up a national cooperative marketing agency. It will be the purpose of this agency:

(a) To merchandise wool and mohair delivered to it by its members and to obtain unity of action among cooperative wool marketing associations in the assembling, grading, processing, and warehousing of wool and mohair and financing the production and marketing thereof;

(b) To make plans for the orderly marketing of wool and mohair and to assist in carrying out such plans;

(c) To encourage the development of regional cooperative associations and the consolidation of local associations, whenever such consolidation is in the interests of economy and efficiency; and to assist in educating producers in the advantages of cooperative marketing;

(d) To stimulate the demand for wool and mohair, wool and mohair products and byproducts, and to cooperate with mills and trade associations for this purpose; and

(e) To provide a contact agency with the Federal Farm Board through which the Board may assist, whenever necessary, in financing the processing and marketing of wool and mohair.

2. The Federated Cooperative Wool and Mohair Growers will be organized under State laws. Amount of authorized capital stock will be decided by the organization committee.

3. Any cooperative organization whose business is marketing of wool and mohair for its producers is eligible to become a member of the national agency, if such organization is a producer cooperative association, or federation of such associations, within the meaning of the Capper-Volstead Act: *Provided*, That for the purpose of eliminating competition between cooperative associations, and encouraging the development of units sufficiently large to make possible economical assembling, grading, and processing of members' wool and mohair, the board of directors shall encourage the federation and consolidation of small cooperatives operating within the same region.

4. The authorized capital stock of the central agency shall be divided into shares of the par value of \$50 each. Each cooperative association admitted to membership shall subscribe to the capital stock of the central agency in proportion to the volume of wool and mohair handled by it during the previous year, or under contract to it for the current marketing season, in the event that no wool and mohair was handled or sold by the association during the previous year. Each member association shall subscribe for one share for each 100,000 pounds of wool and mohair or fraction thereof handled or marketed as herein provided. Stock subscription may be paid in cash, or 25 percent may be paid in cash and the remainder in three annual installments of 25 percent each, with interest at 6 percent per annum on unpaid balances.

5. The bylaws of the central agency shall restrict ownership of voting stock to cooperatives admitted to membership in the central agency, except in the event that the ownership of one share may be necessary to enable an individual to qualify as a director of the central agency. Provision shall be made for the

retransfer to the central agency of all voting stock held by a cooperative association who ceases to be a member, or by an individual who ceases to be a director of the central agency, such stock to be acquired at its book value.

6. The board of directors may at any time, and shall at least once every 3 years, reapportion the stockholdings of its members, and require associations whose business has increased to subscribe for additional stock on the basis of one share for each 100,000 pounds of wool and mohair handled during the previous year. The shareholdings of any association whose volume of business has declined shall be reduced proportionately. Provision will be made for the central association to purchase stock which the member agency must surrender as a result of its decreased business.

7. Meetings of the members of the central agency shall be held annually at such place as directors may determine. At such meetings, each member shall be entitled to one vote for each share of stock issued to it and paid for in full. Proxy voting shall not be permitted, except that the representative or representatives of any association may be empowered by other associations in the same region to vote their stock and act for them in all business transacted at such meeting.

8. Directors of the central agency shall be elected as follows: The total number of directors shall be not less than nine nor more than fifteen and shall be apportioned to the wool- and mohair-producing regions, such regions to be determined by the board of directors on the basis of the quantity of wool and mohair handled by member associations within each region during the season immediately preceding the date of the annual meeting and there must be one director elected to represent mohair. Upon notice from the central agency the associations in each region shall meet together for the purpose of nominating directors to represent the region on the board of the central agency. The nominations of the regional associations shall be ratified at the annual meeting, and of the persons so nominated five shall be elected directors of the central agency for a period of 1 year, five directors for a period of 2 years, and five directors for a period of 3 years, and each year thereafter five directors shall be elected for a period of 3 years. At a meeting of the directors first selected the respective terms of the directors shall be decided by lot and this provision will be provided for in the bylaws.

9. The board of directors shall meet twice each year or oftener upon call of the president or a majority of the board.

10. At its first meeting the board of directors shall elect an executive committee consisting of five from among their own number, which shall include the president and vice president of the central agency; they shall also elect a president, vice president, secretary, and treasurer, and shall employ a general manager.

11. Each association upon becoming a member of the central agency shall sign a contract in a form approved by the board of directors which, among other provisions shall provide for:

(a) That the association will sell to the central agency all wool delivered to it by its members at such time and in such manner as executive committee of the central agency deems advisable.

(b) That the association will deliver the wool and mohair to the central agency at such times and places as that agency may direct and the said agency will pay all expenses incidental to the assembling, handling, grading, processing, and the warehousing of said wool and mohair and that a charge shall be made to the association for said service.

(c) That the central agency will advance to the association a specified percentage of the market value of wool and mohair. The central agency will have the authority to pledge as collateral or borrow on wool and mohair for its account.

(d) The contract between the association and the central agency shall be a continuous contract but may be canceled by either party on 6 months' notice.

Notice of such cancelation shall be given between the 15th and the 31st day of May of any given year and shall be effective November 15 to November 30 the same year.

(e) It is hereby declared as a policy of the central selling agency that existing selling agencies and warehouses which may now conform to, or may be brought to conform to the provisions of the National Farm Marketing Act of 1929 shall be utilized and to that end the central selling agency may enter into agreement with cooperative agencies for the storing and selling of wools upon terms and conditions in accord with such marketing act and specifically authorizing the central selling agency to determine the minimum price at which such wools or mohair so stored should be offered for sale.

12. Any earnings of the central agency, over and above operating expenses, shall be used for the payment of interest on capital stock, not exceeding 8 percent per annum and payable only when earned during the preceding season. Further earnings shall be applied to the creation of reserves until such reserves are of sufficient amount, in the opinion of the board of directors, to provide adequate working capital and to meet such deferred and emergency expenditures as may reasonably be anticipated. Further earnings shall be returned to member associations as patronage dividends in proportion to the quantity of the wool and mohair handled by the central agency for each of its members: *Provided*, That, until amount subscribed to the capital stock of the central agency by any member association is paid, patronage dividends due it in any year shall be paid in the form of credits to its stock account, or credited to the payment of notes given for capital stock.

13. The central agency shall make charges for its services which shall be based on the estimated actual cost of its services, including such reserves and other special funds as it may be expedient to establish. Deductions may be made by the central agency from returns received for wool and mohair to create an advertising fund, to conduct research in the uses of wool and mohair and wool and mohair byproducts, and for any other purpose which shall be for the benefit of wool and mohair producers and shall tend to expand the demand for wool and mohair and stabilize marketing conditions.

The board of directors of the central agency shall have the power to make from time to time such deductions as are above authorized.

Agreement Between Member Association and National Wool Marketing Corporation

THIS AGREEMENT, made and entered into by and between the National Wool Marketing Corporation, hereinafter called the Corporation, and the Association, hereinafter called the Association—WITNESSETH:

In consideration of the mutual covenants herein contained and of the admission of the Association to membership in the Corporation, it is agreed by and between the parties hereto as follows:

1. The Association appoints and employs the Corporation to act as agent for it in the sale and marketing of all wool and mohair delivered to said Association by its members; and the Corporation accepts said appointment and agrees to act as such agent; both agreeing that the Corporation may employ such persons and corporations as may be deemed advisable for doing the things provided for in this contract.

2. The Association agrees to deliver to the Corporation, at such place or places as it may direct, all said wool and mohair.

3. The Corporation agrees to sell in its own name said wool and mohair at such time or times as it may determine for the best prices obtainable under market conditions and agrees to pay to the Association the amount received therefor, after deducting not to exceed seven-eighths of a cent per pound to cover selling costs, and after making equitable deductions to cover administration and service charges and the expenses incurred by it in grading, processing, warehousing, insuring, and handling the consignment or consignments (and the taxes and freight thereon) of the Association, and the sums furnished for advances, all as determined by the board of directors of the Corporation; and also a deduction of not to exceed one-eighth of a cent per pound for reserves.

4. The Corporation is authorized to borrow without limitation on said wool and/or mohair and to pledge the same or any evidence thereof; and the Corporation will make advances to the Association of such sum or sums as may be necessary for the Association to make advance payments to its members at the time said members deliver to said Association or its order the wools and mohair so produced by them, or for such preshearing advances as such Association may make to its members, the amount of all such advances to be determined by the Corporation.

5. The Corporation may authorize the Association to sell all or any part of the wool and/or mohair received by it from its members at such time or times and at such price or prices as the Corporation may determine, but payment therefor shall be made to the Corporation by the buyers thereof. In connection with any such sales the Corporation may use any of the existing facilities of the Association, and agrees to pay to the Association all expenses incurred by it incidental to the assembling, handling, grading, processing, warehousing, and selling of wool and/or mohair so authorized by said Corporation.

6. (a) The Corporation undertakes and agrees to organize, control, and maintain adequate facilities and personnel for carrying out this contract. These obligations are incurred solely for the benefit and at the request of the Association, and, in consideration therefor, the Association hereby assigns and sets over to the Corporation a right of property and an interest in the wool and/or mohair referred to herein. Sums herein authorized to be retained from the proceeds of the wool sold are for the satisfaction in full of such property or interest of the Corporation.

(b) Inasmuch as the remedy at law would be inadequate and inasmuch as it is now and ever will be impracticable and extremely difficult to determine the actual damage resulting to the Corporation, should the Association fail to deliver all of the wool and/or mohair covered hereby, the Association agrees to pay to the Corporation for all wool and/or mohair delivered, consigned, withheld, or marketed by or for it, other than in accordance with the terms hereof, the sum of 1 cent per pound of grease wool and/or mohair as liquidated damages for the breach of this contract; all parties agreeing that this contract is one of a series dependent for its true value upon the adherence of each and all of the contracting parties to each and all of the said contracts, but the cancelation of this contract or the failure of the Association to comply therewith shall not affect other similar contracts.

(c) The Association agrees that in the event of a breach or threatened breach by it of any provision regarding the delivery of wool and/or mohair the Corporation shall be entitled to an injunction to prevent the breach, or further breach, hereof and to a degree for the specific performance hereof, the parties agreeing that this is a contract for the handling of personal property under special circumstances and conditions, and that the Corporation can not go into the open markets and secure wool and/or mohair to replace any which the Association may fail to deliver.

(d) If the Corporation brings any action whatsoever by reason of a breach or threatened breach hereof, the Association agrees to pay to the Corporation all

costs of court, costs for bonds and otherwise, expenses of travel and all expenses arising out of or caused by the litigation, and reasonable attorney fees expended or incurred by it in such proceedings and all such costs and expenses shall be included in the judgment and shall be entitled to the benefit of any lien securing any payment thereunder.

7. It is agreed that the Corporation may establish and maintain an adequate transportation service; a publicity department; a research and standardization department, and act as a contact agency between the Association and/or its members and Government departments.

8. The Corporation agrees to license and authorize the Association to use all copyrights and trade-marks belonging to the Corporation on all the Association's literature, letterheads and other forms used in the transaction of its business.

9. The Corporation agrees to do any and all things necessary and proper to stimulate the demand for wool and mohair, wool and mohair products and by-products and to cooperate with mills, trade associations and other agencies for this purpose.

10. The Association agrees to pay over to its members all advances made by the Corporation against their wool and mohair, and all other payments (less authorized deductions) received by it from the Corporation for its members.

11. The Association agrees to permit accountants or other persons designated by the Corporation to audit and inspect its books and records at such times as the Corporation may deem advisable.

12. The Association agrees to maintain an organization and field service department for the purpose of securing and increasing its membership and the rendering of service to its members.

13. The Association on request agrees to furnish the Corporation a complete list of its members, together with their addresses and to revise said list from time to time so that the Corporation may at all times have a complete list of the membership of said association.

14. The Association agrees to make out and submit to the Corporation such statistical reports as the Corporation may require upon forms to be supplied by the Corporation and to furnish to the Corporation an annual financial statement.

15. The Association further agrees to perform any and all services that may be required of it by the Corporation in connection with the collection, handling, processing, or sale of the wool and mohair sold to the Association by its members.

16. The Association agrees to conform to and abide by the bylaws of the Corporation which are now in effect or which may hereafter be adopted by the Corporation.

17. It is agreed that this contract between the Association and the Corporation shall be a continuous contract, subject to legal limitations, if any there be, but may be cancelled by either party by notice in writing to the other between the 15th and 31st days of July of any given year, and such cancelation shall become effective on the 31st day of January following.

IN WITNESS WHEREOF, the parties hereto have executed this contract this _____ day of _____ 193__.

NATIONAL WOOL MARKETING CORPORATION.

By _____

Grower's Agreement

Marketing agreement of the ----- Cooperative
Association of -----

THIS AGREEMENT between the ----- Cooperative Wool Marketing Association, hereinafter called the Association and the undersigned, hereinafter called the Grower—WITNESSETH:

IN CONSIDERATION of the mutual obligations herein and of the admission of the Grower to membership in the Association, it is agreed between the parties hereto as follows:

(1) The Association buys and the Grower sells to the Association all wool and/or mohair produced by or for him or acquired by him as landlord or lessor and the Grower agrees to deliver all such wool and/or mohair at such place or places as the Association may direct. This contract is intended by the parties to pass an absolute title to all such wool and/or mohair as soon as the same has a potential existence but shall be at the risk of Grower until delivery. The term "wool and/or mohair" as used herein includes the pelts of sheep and goats.

(2) The Association agrees that after receiving an order bill of lading and/or warehouse receipt covering the delivery of wool and/or mohair from any grower or growers, that it will make an advance payment to such grower or growers on the wool and/or mohair so delivered; the Association further agrees to make such pre-shearing advances to Growers as may be deemed advisable following the execution by Grower of such forms as the Association may specify.

(3) The Association agrees to sell such wool and/or mohair delivered by its members to or through the National Wool Marketing Corporation, of which said Association is a stockholder; and to pay over ratably the net amount received therefrom as payment in full to the Grower, after making deductions to cover advances, interest upon advances, the cost of transportation, handling, grading (in case it be found necessary or deemed advisable to grade), packing, storing, insuring, selling, and marketing such wool or mohair; and for organization, operating and maintenance expenses and reserves.

(4) All wool and/or mohair shall be delivered at the earliest reasonable time after shearing, to such points as the Association may direct.

(5) Any loss that the Association may suffer on account of inferior or damaged condition at delivery shall be charged against the Grower, individually.

(6) The Grower further agrees that the Association and/or the National Wool Marketing Corporation shall have the power to borrow money for any purpose of the Association, or National Wool Marketing Corporation on the wool and/or mohair delivered to the Association, and in its absolute discretion the Association and/or National Wool Marketing Corporation may grade, pool, or commingle such wool and/or mohair or any part thereof, with other wools and/or mohair of like grade and character; and shall exercise all other rights of ownership without limitation; and may sell or pledge for its own account, or as security for its own debts or otherwise, all or any such wool and/or mohair, or bills of lading, warehouse receipts, sale accounts, or other documents covering said wool and/or mohair, or received on account thereof.

(7) Inasmuch as the remedy at law would be inadequate and inasmuch as it is impracticable and extremely difficult to determine the actual damage resulting to the Association should the Grower fail to deliver the wool and/or mohair hereby sold, regardless of the cause of such failure, the Grower hereby agrees to pay to the Association for all wool and/or mohair delivered or disposed of, by or for him, other than in accordance with the terms hereof, the sum of 1 cent per pound of

grease wool and/or mohair as liquidated damages for the breach of this contract; all parties agreeing that this contract is one of a series dependent for its true value upon the adherence of each and all of the contracting parties to each and all of the said contracts, but the cancelation of this contract or the failure of Grower to comply therewith shall not affect other similar contracts.

(8) The Grower hereby acknowledges receipt of a copy of the bylaws of the Association and agrees to abide by and conform to such bylaws and/or any amendments hereafter made thereto.

(9) If there is any mortgage on the sheep or wool, goats or mohair of Grower at the time of the signing hereof, Grower shall obtain and forward to the Association on a form provided therefor, the consent of the mortgagee to the sale and delivery to the Association of said wool and/or mohair; and Grower authorizes the payment to mortgagee of the proceeds thereof as specified in said form. The Association authorizes the Grower at any time during the life of this contract to mortgage said wool and/or mohair, subject to the prior right of the Association thereto, under this contract. In case a mortgage is executed Grower and mortgagee shall execute a form provided therefor by the Association, directing the Association to pay the proceeds derived from the sale of said wool and/or mohair as therein specified.

(10) It is agreed that this contract between the Association and the Grower shall be a continuous contract, subject to any limitation imposed by law, but may be canceled by either party by notice in writing to the other between the 15th and 31st days of July of any given year, and such cancelation shall become effective on the 31st day of January following.

(11) The foregoing agreement constitutes the entire contract between the Association and the Grower and there are no oral or other conditions save the conditions above written.

IN WITNESS WHEREOF, the parties hereto have executed this contract this _____ day of _____ 19...

COOPERATIVE WOOL MARKETING ASSOCIATION.

By _____

(Grower)

Grower has a flock of _____ sheep and a flock of _____ goats.

Consent of Mortgagee

[If there is a mortgage the mortgagee, or mortgagees, must sign this consent]

The undersigned, having a mortgage (or mortgages) given by _____ and herein known as Grower, on the sheep and/or wool, goats and/or mohair, described in the foregoing contract, ratifies and consents thereto and releases said mortgage (or mortgages) or any renewals thereof so as to permit said contract to be fully carried out in consideration that the _____ Association pay all sums payable under said contract to _____ for the account and credit of Grower until otherwise authorized and instructed in a writing signed by the Grower and the undersigned; which the Association hereby agrees to do.

This consent and release shall be binding upon the undersigned and his (or their) heirs, successors, and assigns.

Dated this _____ day of _____, 193...

(Mortgagee)

(Address)

Comparative Grades of Wool

United States									Foreign					
Domestic fleeces	Territory		Pulled wools—Eastern						Counts Universal	Cape Australia and New Zealand	South America	Spinning counts worsted system	Spinning runs woolen system	
	Territory wools	Oregon wools	April to May	May to August	August to November		December to March							
			Clothing	Combing	Clothing	Combing	Clothing	Combing						
Delaine	Fine	Eastern F. & F. ; medium					AAA AA	AA	70's 64's	Merino	Merino	60's	9½	
Half Blood	Half Blood	Valley No. 1	A Lambs	LB	LA		A	A	60's 58's	Comeback	Prima	60's	5	
¾ Blood	¾ Blood		B Lambs	B Super	LB		A Super					1's	34's	4
Quarter Blood	Quarter Blood	Valley No. 2					LB	B	56's	Half bred			3½	
														3
Low ¼ Blood	Low ¼ Blood	Valley No. 3							50's 48's	Quarter bred	2's	30's	2½	
Common braid	Common and braid		C Lambs	C		L	O	L	46's 44's 40's 36's	Lincoln and Cotswold	4's			
												5's	16's	1
												6's		¾

To illustrate in the above table on the comparative grades of wool Three-eighths Blood fleece wool compares in grade with three-eighths Blood territory wool; No. 1 Valley Oregon wool; B lambs clothing pulled wool; B superclothing pulled wool; LB clothing pulled wool; LB clothing pulled wool, December to March; B combing pulled wool; spinning count 56's; Australia and New Zealand half bred; South America 1's; foreign spinning count, worsted systems 38/40's; and spinning runs, woolen system 3½.

Compiled by Clement Wood, Boston Sales Manager, Pacific Wool Growers.

Comparative Grades of Wool

Other Publications Available

In addition to this bulletin, the following publications on farmers' cooperative organizations are published by the Farm Credit Administration:

Cooperative Purchasing of Farm Supplies

Bulletin No. 1, *Joseph G. Knapp and John H. Lister*

Accounting Principles for Cooperative Cotton Gin Associations

Bulletin No. 2, *Otis T. Weaver*

Cooperative Marketing of Agricultural Products

Bulletin No. 3, *Ward W. Fetrow*

Cooperation in Agriculture, a Selected and Annotated Bibliography, Bulletin No. 4, *Chastina Gardner*

Organization and Operation of the Illinois Livestock Marketing Association, Bulletin No. 5, *H. H. Hulbert*

Statistics of Farmers' Cooperative Business Organizations, 1920-1935, Bulletin No. 6, *R. H. Elsworth*

Cooperative Marketing of Range Livestock

Bulletin No. 7, *L. B. Mann*

***Mutual Irrigation Companies in California and Utah**

Bulletin No. 8, *Wells A. Hutchins*. Superintendent of Documents, Washington, D. C. 25 cents.

Membership Relations of Cooperative Associations

Bulletin No. 9, *J. W. Jones*

***Marketing Policies of the California Walnut Growers Association**

Bulletin No. 10, *Harry C. Hensley and Neil H. Borden*. Superintendent of Documents, Washington, D. C. 20 cents.

Organization and Operating Problems of Nebraska Cooperative Creameries, Bulletin No. 11, *T. G. Stitts and Gordon C. Laughlin*

Analysis of the Business Operations of Cooperative Cotton Gins in Oklahoma, 1933-34, Bulletin No. 12, *Otis T. Weaver and Omar W. Herrmann*

Transportation of Milk in the Philadelphia Milkshed

Bulletin No. 13, *John J. Scanlan*

Cooperative Organization of Iowa Farmers' Creameries

Bulletin No. 14, *Frank Robotka and Gordon C. Laughlin*

Contract Feeding and Pasturing of Lambs and Cattle

Bulletin No. 15, *C. G. Randell*

Milk Cooperatives in Four Ohio Markets

Bulletin No. 16, *Wm. C. Welden and T. G. Stitts*

Commercial Trucking of Fruits and Vegetables in Nine Atlantic Coast States, Bulletin No. 17, *Nephtune Fogelberg and Herbert W. Mumford, Jr.*

***Use of Motortrucks for Marketing Fruits and Vegetables**

Bulletin No. 18, *Marius P. Rasmussen*

Business Analysis of the Utah Poultry Producers' Cooperative Association, Bulletin No. 19, *John J. Scanlan*

* For sale only

Continued on page 4 of cover

Other Publications Available

(Continued from page 3 of cover)

- Farmers' Purchasing Associations in Wisconsin**
Bulletin No. 20, *Rudolph K. Proker and Joseph G. Knapp*
- Farmers' Mutual Windstorm Insurance Companies**
Bulletin No. 21, *Gordon A. Bubolz*
- Cooperative Purchasing of Farm Supplies in Mississippi**
Bulletin No. 22, *John H. Lister and Gerald M. Francis*
- Problems and Trends in Farmers' Mutual Fire Insurance**
Bulletin No. 23, *V. N. Valgren*
- The Surplus Problem in the Northeastern Milksheds**
Bulletin No. 24, *Leland Spencer*
- Relative Prices to Producers Under Selected Types of Milk Pool**
Bulletin No. 25, *T. G. Stitts, E. W. Gaumnitz, and others*
- A Statistical Handbook of Farmers' Cooperatives**
Bulletin No. 26, *French M. Hyre, Whiton Powell, and others*
- Cooperative Purchasing Through the Illinois Farm Supply Company and Its Member County Companies**, Bulletin No. 27, *John Lister*
- Accounting Procedure for Cooperative Grain Elevators**
Bulletin No. 28, *E. B. Ballow*
- Terminal Fruit Auctions as Marketing Agencies for Farm Cooperatives**, Bulletin No. 29, *Kelsey B. Gardner*
- Operations of Cooperative Grain Elevators in Kansas and Oklahoma**
Bulletin No. 30, *Harold Hedges*
- Cooperative Farm Supply Purchasing in the British Isles**
Bulletin, No. 31, *Joseph G. Knapp*
- Cooperative Milk Marketing in Louisville and other Nearby Cities**
Bulletin No. 32, *Wm. C. Welden and T. G. Stitts*
- Early Developments in Cooperative Cotton Marketing**
Circular No. C-101, *O. W. Herrmann and Chastina Gardner*
- Organization and Operation of Cooperative Irrigation Companies**
Circular No. C-102, *Wells A. Hutcheson*
- Western Cattle and Sheep Areas**, Circular No. C-103, *L. B. Maan*
- Economic Analysis of Bargaining Problems of Milk Cooperatives**
Circular No. C-104, *T. G. Stitts and Wm. C. Welden*
- Cooperative Fluid-Milk Associations in Iowa**
Circular No. C-105, *Paul E. Quintus and T. G. Stitts*
- Patronage Problems of Mid-West Producers' Creameries, Inc.**
Circular No. C-106, *Gordon C. Laughlin and T. G. Stitts*
- Refrigerated Food Lockers**
Circular No. C-107, *L. B. Mann*
- Organizing a Farmers' Cooperative**
Circular No. C-108, *S. D. Sanders*
- Organizing a Cooperative Cotton Gin**
Circular No. C-109, *Otis T. Weaver and U. H. Prickett*
- Marketing Fruits and Vegetables Cooperatively**
Circular No. C-110, *M. C. Gray*

Except those for sale only, these may be obtained free of charge, as long as a supply is available, from the

Director of Information and Extension
Farm Credit Administration, Washington, D. C.