

MILK COOPERATIVES
IN
FOUR OHIO MARKETS.
By
WM. C. WELDEN & T. G. STITTS.

Milk Cooperatives

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FARM CREDIT ADMINISTRATION

Cooperative Division

WASHINGTON, D. C.

BULLETIN No. 16

APRIL 1937

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and

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

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APRIL 1937

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1937

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Summary

THE STATE of Ohio has offered a fertile field for the development of fluid-milk marketing associations. In January 1936 there were 46 milk cooperatives active in the State.

Four associations of the bargaining type were selected for study, with major attention directed to an analysis of their operating practices, their work with producers, and the attitudes of a sample group of their members. Those selected are operating in Akron, Columbus, Dayton, and Portsmouth. Each was formed before 1925, is apparently firmly established, and is performing a number of services for its members and various functions in its milk market. Data for the study were obtained from records of the four associations and from personal interviews with 652 milk producers.

Of these producers, close to 70 percent attributed improvements in prices and marketing conditions, such as hauling and butterfat testing, to their association's efforts. They felt that, on the whole, their cooperative membership had been worth-while. Less than 20 percent held exactly opposite views. The others were undecided.

These associations consider the milk price level and the price structure of the market their foremost responsibility and their producer-members support this consideration by mentioning price first and far more frequently than any other phase of marketing. The associations have used systems of class-use prices almost since they began operating. Such comparisons as are possible show that their market milk prices in recent years have fluctuated less; that they declined less during the depression than other farm prices; and that a substantially higher price has been received for fluid milk than for its equivalent sold as butterfat. A total of 360 producers gave their association credit for improving prices, and only 118 were disappointed in the results of their association's bargaining efforts.

Base-surplus plans have been used by each of the associations as its main attack upon problems of seasonal variations in supply, but surplus problems were still acute in 1935. In Akron and Portsmouth seasonal variations and the total quantity of the surplus have been reduced in recent years. Similar data by which to measure the change in Columbus and Dayton were not available. About 60 percent of the association members felt that the base-surplus plan had helped market conditions, and 40 percent felt that it had not.

Special attention has been given to hauling arrangements by each of the associations, the most detailed work having been done in Dayton. Hauling rates have been reduced in recent years in each market.

Many members gave credit to their association for improvements along this line. Over two-thirds of the members interviewed were in favor of complete control of hauling by the association.

Butterfat testing is done by the associations in Dayton, Columbus, and Portsmouth; sampling in Dayton and Columbus. Check tests are made on request in Akron. The satisfaction of members was much greater where more work along this line was done. Other activities included advertising, quality work, purchasing, and legislative work. Over 70 percent of the members interviewed favored the deduction made for advertising. Quality work has been a very minor activity, but except in Columbus over half of the members felt that their association had been of some help along this line.

Association literature, farm visits, local and annual meetings are the chief methods used to maintain contacts with and disseminate information to members. Poor attendance at meetings and the lack of a regular field service, except in Dayton, however, have apparently affected this type of work adversely in many areas. On many of the questions asked, almost one-fourth of the members did not appear to have sufficient information to give a definite answer. In other cases the answers were obviously affected by rumors or biased opinions and many of the answers were directly opposed to actual conditions as indicated by data from the association offices.

These cooperatives appear to recognize that their strength as bargaining units hinges directly on loyal support and understanding on the part of producer-members. Especially during the last few years real cooperative success has involved the ability not only to arrange satisfactory market outlets and to improve marketing conditions, but also to make members feel that the results justify the costs. This means that the management of an association must divide its attention between the efficient performance of marketing services or functions on the one hand and, on the other, a program for keeping members informed at all times as to the nature of problems faced by the organization and efforts being made to solve them. True cooperation depends upon the effectiveness of such a program in helping to maintain satisfactory relations between the individual producer and the association.

Appendix

Basic Statistical Data

TABLE 28.—PRICES PAID BY DISTRIBUTORS FOR MILK OF STANDARD GRADE TESTING 4 PERCENT BUTTERFAT F. O. B. AKRON, COLUMBUS, DAYTON, AND PORTSMOUTH, OHIO, 1923 TO 1935¹

Year	Class I price per 100 pounds				Weighted average price per 100 pounds			
	Akron ²	Columbus	Dayton	Portsmouth	Akron ²	Columbus	Dayton	Portsmouth
1923	\$3.64				\$3.22	\$2.79	\$2.54	
1924	2.57				3.02	2.50	2.45	
1925	3.55	\$2.77	\$2.49		3.06	2.61		
1926	3.58	2.83	2.51		3.03	2.69	2.39	
1927	3.58	3.05	2.53		3.07	2.90	2.45	
1928	3.55	2.98	2.66		3.03	2.63	2.66	
1929	3.62	3.11	2.58		3.07	2.98	2.59	
1930	3.43	2.82	2.29		2.63	2.65	2.29	
1931	2.46	2.13	1.90	\$2.82	1.82	2.01	1.66	\$2.12
1932	1.66	1.50	1.57	2.34	1.40	1.49	1.35	1.66
1933	1.75	1.55	1.37	2.05	1.51	1.47	1.26	1.53
1934	2.19	1.96	1.83	2.11	1.93	1.79	1.56	1.79
1935	2.37	2.11	1.97	2.35	1.99	1.87	1.70	2.03

¹ As estimated from data obtained from association offices. Simple averages of monthly prices are used in several of the earlier years where data on sales are lacking.

² Prices are quoted in Akron for milk testing 3.5 percent. Adjustments are made by using 5 times 1/10 of the average price of 92 score butter at Chicago.

³ Pool prices—class I not available.

TABLE 29.—PRICES RECEIVED BY OHIO FARMERS FOR SELECTED PRODUCTS, 1923 TO 1935¹

Year	Corn per bushel	Wheat per bushel	Hay per ton	Beef cattle per 100 pounds	Veal calves per 100 pounds	Hogs per 100 pounds	Eggs per dozen	Butterfat per pound
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Cents	Cents
1923	0.86	1.00	15.90	8.90	9.90	7.40	28.3	45
1924	1.15	1.44	12.30	8.80	10.00	8.10	28.4	42
1925	.84	1.56	14.40	7.20	10.70	11.50	31.4	43
1926	.75	1.26	13.00	7.20	11.65	12.50	29.9	43
1927	.92	1.31	8.80	8.10	11.90	10.00	25.4	46
1928	.98	1.31	11.50	10.20	12.40	9.20	29.6	46
1929	.80	1.14	9.60	10.10	12.90	10.00	31.6	46
1930	.64	.78	16.50	8.30	11.20	9.40	24.3	34
1931	.30	.45	5.90	8.20	7.90	6.20	18.2	24
1932	.32	.47	4.50	4.65	6.60	3.70	14.1	17
1933	.50	.88	7.10	4.25	8.20	3.95	13.8	18
1934	.77	.89	13.50	4.60	8.60	4.65	16.8	22
1935	.50	.77	8.70	7.50	8.50	9.20	23.6	37

¹ Crop Reporting Board, U. S. Department of Agriculture.

² Preliminary.

TABLE 30.—RETAIL PRICE PER QUART OF STANDARD GRADE MILK IN AKRON, COLUMBUS, DAYTON, AND PORTSMOUTH, OHIO, 1923 TO 1935 ¹

Year	Akron	Columbus	Dayton	Portsmouth	Year	Akron	Columbus	Dayton	Portsmouth
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>		<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
1923.....	13.00				1930.....	12.33	11.95	11.83	
1924.....	12.58				1931.....	10.17	10.04	10.00	12.91
1925.....	12.33	11.17	12.00		1932.....	8.78	8.70	9.17	11.08
1926.....	12.60	11.58	11.58		1933.....	8.78	8.31	8.25	10.78
1927.....	12.75	12.00	12.00		1934.....	10.50	9.50	9.33	11.00
1928.....	12.07	11.33	12.07		1935.....	10.50	10.00	9.88	11.00
1929.....	13.00	12.00	12.33						

¹ Simple averages of monthly prices. Butterfat content averages 3.8 percent milk in Akron, and 4 percent milk in Columbus, Dayton, and Portsmouth.

TABLE 31.—DISTRIBUTION OF MEMBERS OF OLDER ASSOCIATIONS INTERVIEWED ACCORDING TO LENGTH OF TIME SHIPPING MILK, NUMBER OF COWS, GROUP CLASSIFICATION AND LENGTH OF TIME MEMBERS OF THEIR MILK COOPERATIVE

Item	Number of members of association in—				
	Akron	Columbus	Dayton	Portsmouth	Total
<i>Number of years shipping milk:</i>					
0-4.....	14	4	14	5	37
5-9.....	49	16	38	20	123
10-14.....	35	31	51	36	153
15-19.....	58	30	47	12	147
20-24.....	23	21	9	2	55
25 and over.....	15	18	6	1	40
<i>Number of cows reported:</i>					
3-6.....	39	10	74	16	139
7-10.....	92	42	84	31	259
11-14.....	35	38	20	17	110
15-18.....	16	12	4	6	38
19 and over.....	12	27	3	6	48
<i>Group classification:</i>					
I.....	67	50	47	13	177
II.....	100	40	96	49	285
III.....	27	30	22	14	93
<i>Number of years a member:</i>					
0-4.....	34	9	31	17	91
5-9.....	58	22	36	39	155
10-14.....	44	68	68	20	200
15-19.....	58				58
Total membership.....	194	129	165	78	566

Other Publications Available

In addition to this circular, 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, *Christina Gardner*
- Organization and Operation of the Illinois Livestock Marketing Association**, Bulletin No. 5, *H. H. Hulbert*
- Statistics of Farmers' Cooperative Business Organizations, 1920-35**
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*
- Membership Relations of Cooperative Associations**
Bulletin No. 9, *J. W. Jones*
- Marketing Policies of the California Walnut Growers Association**
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- 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**, Bulletin No. 12, *Otis T. Weaver and Omer W. Herrmann*
- Transportation of Milk in the Philadelphia Milkshed**
Bulletin No. 13, *John J. Scardan*
- Cooperative Organization of Iowa Farmers' Creameries**
Bulletin No. 14, *Frank Rebatka and Gordon C. Laughlin*
- Loans to Farmers' Cooperatives**, Circular No. 6
- Early Developments in Cooperative Cotton Marketing**
Circular No. C-101, *O. W. Herrmann and Christina Gardner*
- Organization and Operation of Cooperative Irrigation Companies**
Circular No. C-102, *Wells A. Hutchins*
- Western Cattle and Sheep Areas**, Circular No. C-103, *L. B. Mann*
- Economic Analysis of Bargaining Problems of Milk Cooperatives**
Circular C-104, *T. G. Stitts and Wm. C. Walden*

These may be obtained free of charge as long as a supply is available from the

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