

August, 1928

Dhananjayrao Gadgil Library

Bulletin No. 254

GIPE-PUNE-047393

Local Cooperative Livestock Marketing Associations in Iowa Since 1920

BY D. A. FITZGERALD

AGRICULTURAL EXPERIMENT STATION
IOWA STATE COLLEGE OF AGRICULTURE
AND MECHANIC ARTS

C. F. Curtiss, Director

AGRICULTURAL ECONOMICS SECTION



AMES, IOWA

CONTENTS

| | |
|--|----|
| Summary | 4 |
| Introduction | 5 |
| Section I—Development and present methods of operation.. | 5 |
| Types of associations | 5 |
| Number and growth since 1920 | 7 |
| Distribution | 8 |
| Volume of business | 9 |
| Kinds of livestock handled | 12 |
| Source of Iowa's cooperative shipments | 14 |
| Organization | 15 |
| Affiliation | 16 |
| The State Livestock Shippers' Association | 17 |
| The contract | 18 |
| Patronage | 18 |
| Operating organization | 20 |
| Cooperative insurance rates | 23 |
| Payment of manager | 29 |
| Management | 32 |
| Duties and services rendered by managers | 36 |
| Marketing Costs | 40 |
| Section II—Marketing Iowa's Livestock | 47 |
| Terminal markets | 48 |
| Local packers and reload stations | 49 |
| Iowa cooperative shipments | 50 |
| Number of markets used by cooperative shipping asso- ciations | 52 |
| Trucking | 55 |
| Section III—Problems of the local livestock shipping asso- ciations in Iowa | 60 |

Summary

Cooperative livestock shipping associations have maintained their importance in the marketing of Iowa livestock since 1920. There were 697 associations in Iowa in 1925. They shipped 67,523 single-deck cars of livestock in 1924, which was 25 percent of all the livestock marketed.

Altho the number of livestock shipped cooperatively has increased since 1920, the proportion handled cooperatively has remained constant. About one-half of the farmers in the state used local shipping associations in 1924 to market at least part of their stock. The volume of business per association varied from 2 to 500 cars of hogs in 1924. Hogs were the most important kind of livestock handled, making up 84 percent of all cooperative shipments. Cattle formed 15 percent and sheep less than 1 percent.

Shipping associations in Iowa are strengthening their business organization and management. Sixty-eight percent doing business in 1925 were incorporated. These averaged 105 cars each, while unincorporated associations averaged 92 cars.

Most local associations carry their own insurance, the charge ranging from 2 to 40 cents a hundredweight and averaging less than commercial insurance, in addition to covering a larger number of risks.

The volume of business increases as managerial control over sales increases. In 1924 the associations in which the manager had no control over sales averaged 71 cars of hogs, while those in which he had complete control averaged 135 cars. Management was one of the most important factors affecting the volume of business.

Changing conditions in the livestock trade are putting the efficiency of the management of shipping associations to severe tests. The associations that have loaded and shipped to one market regardless of their alternative opportunities have had difficulty in continuing operation.

Local packers have greatly expanded their operations and demand for livestock. In 1920 they received nearly 20 percent of Iowa livestock; in 1927, 35 percent. But in 1924 only one-eighth of all cooperative shipments went to local packers, while one-third of non-cooperative shipments went to local packers.

Twice as large a percentage of cooperative livestock shipments went to Chicago as of non-cooperative shipments. Shipping associations must seek out the best markets and methods of disposal.

Another factor affecting shipping associations is the truck. Some associations have employed it to advantage, while others have allowed themselves to be put out of business by it. The truck has become an important means of transporting livestock to market. In 1927 nearly 20 percent of Iowa hogs were trucked to market.