

9-10 FSA Pub. 92

Buying and Selling the Co-op Way

U. S. Department of Agriculture
Farm Security Administration
Washington, D. C.



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Sixty-seven farm families in Gem County, Idaho, saved over \$1,000 in 3 months on orders of coal, sugar, fence posts, baby chicks, soap and other necessities. They did it through a county purchasing association. Each family borrowed \$48 from the Farm Security Administration to help finance its purchases through the association. The association estimated that a family spending \$250 a year for retail purchases could save more than the \$48 loan in a year's time.

Many farm families must stretch every dollar as far as possible. In the fairly prosperous year of 1929, more than 1,500,000 American farms grew less than \$600 worth of products each, including the amount the family itself consumed. Farm expenses had to come out of this limited income. As a result, some 7,500,000 men, women, and children on one-fourth of America's farms were existing on a bare \$2 a week per person.

When income for living is only \$2 per week per person, a family must get a dollar's value for every dollar spent.

Even more prosperous commercial farmers know they cannot ignore the cost of things they buy or the price of things they sell. Many farm families are discovering in group buying a means of getting good quality purchases at fair prices. Similarly, group selling often brings the best possible returns for what they raise for market.

Help for Small Farmers

The purchasing-marketing associations being organized by many Farm Security Administration borrowers carry out both purposes—to save in buying and to get better prices for what the farmer has to sell.

Farm Security was established to help farmers who were unable to get adequate credit elsewhere to get back on their feet. Cooperative enterprises, such as group buying and selling, are tools small farmers can use to make their recovery permanent. By working together, they learn how to keep on

their feet without continued aid from the Government. They establish themselves as self-supporting, taxpaying citizens.

Sometimes the immediate cash benefits which result from cooperation are small. Even so, cooperation is worth while in other ways. Many groups have found that the simple experience of getting together and swapping ideas pays big dividends in improved farming practices. Such teamwork helps scattered families, who have few chances to see each other, to get better acquainted. The families build up new confidence in themselves and in each other. And these benefits—exchange of ideas, friendly help, confidence in each other, and learning to work together as a group—are as important as money in success on the farm and in the rural community.

The farmers are not the only gainers when they start to buy and sell together. The Gem County Purchasing Association, for example, has the full cooperation of local merchants. Bigger sales volumes, cash sales (no credit loss), and less packing and handling are advantages local merchants realize from the group buying by FSA families. Local merchants are invited to bid on purchases.

There is a strong trend in America toward development of huge "factory" farms, cultivated by many machines and a few day laborers. This trend is a threat to existence of the traditional family-type farm, which is essential to a secure and stable rural life. The only practical way to save the family-type farm is to make it efficient enough to compete with the big commercial farms. Cooperation and group action seem to point the way.

When he works his field with group-owned equipment, and sells and buys cooperatively in order to get large-volume prices, the small farmer gains many advantages that as an individual he cannot afford.

Working Through Existing Co-ops

When an existing co-op will serve their needs, FSA borrowers join it rather than organize a duplicate service. If necessary, a borrower often can get an FSA loan for the

membership fee or share of stock necessary to participate in an existing cooperative.

When no adequate cooperative organization is already available, FSA borrowers who want the advantage of group buying and selling usually set up either a

Neighborhood Buying Club

or a

County Purchasing-Marketing Association.

It is generally best to start with a small buying club in the neighborhood. Club members gain experience in the cooperative way as they buy together. Later, several neighborhood buying clubs may combine into one county purchasing association. From county associations, as they gain in membership and volume of sales, State associations grow.

A neighborhood buying club usually starts when several neighboring FSA borrowers meet at the home of one of them to talk about their mutual needs. Perhaps three families expect to buy fertilizer in the next month. Perhaps six families want to order hybrid corn seed. If enough families want any one thing, the group usually elects a chairman to preside over future meetings, a secretary-treasurer to keep records, and a buying committee to get bids on what they want to buy.

Many times other nearby neighborhood groups are doing the same thing at the same time. The buying committees of several neighborhood organizations can get together and pool their orders to make larger savings. This is the first step in cooperation among cooperatives.

A county purchasing-marketing association usually can get lower prices and better quality in most purchases than its members can get when they buy as individuals. Ordinarily the individual must take what is at hand; the co-op can shop around and demand goods which meet certain standards—certified blood-tested chicks, for instance, or garden seed of guaranteed germination and high degree of purity. A group of Illinois FSA borrowers had been using untested seed corn from their own or neighbors' cribs. By pooling orders and

buying from a first-class seed grower, they were able to get tested hybrid seed corn at 20 percent less than the market price. Their saving was \$540. The special seed corn cost each farmer only \$12.20, and their increased earnings, due to the improved yield, amounted to about \$100 each.

FSA borrowers in Mississippi during 1940 pooled \$930,000 of purchases on which they saved \$137,000. They got fertilizer at a net cost of \$3 per ton less than the prevailing retail price. For \$9.75 they bought pressure cookers which cost borrowers in an adjoining State, buying as individuals, \$14 apiece.

On the marketing side, purchasing-marketing associations are able to standardize grades of products, gather the output of many members' farms at central distributing points, and thus make deals with large-volume buyers which pay better than individual house-to-house peddling.

Bought Chicks, Sold Cockerels

Fifty-two thousand FSA families in the States of South Carolina, Georgia, Florida, and Alabama proved the benefits of group buying and selling during the spring and early summer of 1941. Asked to take part in the national "food for freedom" drive, these families bought cooperatively 5,000,000 "May chicks." Most of the families had little experience with poultry. There was a widespread belief in the area that "May chicks" were bound to die in the hot spring and summer months; yet the FSA families raised about 90 percent of them. Through cooperative purchasing, the families were able to get certified chicks as well as serviceable brooders and good starting feed. They raised the birds in sanitary coops, following efficient production practices.

In buying the chicks cooperatively rather than individually, the families saved an estimated \$100,000. They made further savings on the price of the feed and equipment.

By midsummer 1,800,000 cockerels were ready to be culled out of the flocks and sold as fryers and broilers. Again, in selling as in buying, the families used cooperative methods.

The poultry was brought together at central points, in some instances was picked, chilled, packed, and stored at a packing plant, and later sold at better prices than otherwise could have been obtained. The purchasing and marketing associations sold many of the birds through local outlets. Others were sold to larger dealers outside the local communities. Through cooperation in marketing their cockerels, the farmers realized enough savings to pay for their initial cost plus feeding expenses, and to have a satisfactory return for their effort. Besides, they still had excellent pullets totaling around 2,500,000. From this experience the families found that buying and selling together gave them not only more income but more eggs and chickens for their own tables.

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If you want more information about FSA cooperatives, or help in organizing a cooperative service in your county or neighborhood, see your county agent or county FSA supervisor.

U. S. DEPARTMENT OF AGRICULTURE,
FARM SECURITY ADMINISTRATION,
September 16, 1941.