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Co-ops

FOR THE

Small Farmer

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

Co-ops FOR THE Small Farmer

MORE THAN 3,000,000 American farmers are using their own cooperatives to buy things they need, and to sell the crops they raise. They are doing more than 2 billion dollars worth of business through their co-ops every year.

These 3,000,000 farmers have found that co-ops pay. Every day more farm families are learning to make and save money through many different kinds of co-op organizations. This leaflet outlines some of the opportunities which cooperatives offer, especially for the small farmer.

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A farmer with 40 or 50 acres of land usually cannot afford to own a tractor. He could use it only a few days a year, and the tractor could not earn enough to make the investment worth while.

If 8 or 10 small farmers get together, however, they can buy one tractor for all of them to use. They can take turns using it to plow and harvest and terrace their fields, so that it will be busy nearly all the time; no money will be tied up in idle machinery. All of them can have the best modern equipment, at very small cost, because the investment is spread over 10 farms instead of 1. The tractor would have lost money for 1 farmer; but for 10 farmers, it is good business.

That is an example of a cooperative in its simplest form. Cooperation simply means "working together"—and thousands of small farmers have found that they must work together to keep from going broke.

For instance, Ed Carson is a little cotton farmer, tilling 15

acres with a lean mule and a plowshare that was handed down from grandpa. He has a hard time making ends meet. He cannot compete on even terms with the big corporation farm down the road, which operates 3,000 acres with tractors and gang plows, buys its seed and fertilizer wholesale, and sends its cotton to its own gin.

If he does not want to go bankrupt and lose his land, Ed Carson will have to use the modern equipment and efficient methods, just like his big competitor. There is only one way he can do it—he can get together with the other little farmers in his neighborhood and start a cooperative.

They can buy one or two pieces of good equipment for all of them to use. They can pool their money and buy their seed, fertilizer, and other farm and household supplies in large quantities—therefore getting better quality at lower prices. They may find that it is good business to sell their pigs and truck crops cooperatively, instead of peddling them separately, a wagonload at a time. In the long run, they may even be able to start a cooperative cotton gin, owned jointly by all the little farmers in the township. Then they can save a good part of their ginning fees, just like the big company farm which operates its own gin.

All over the country small farmers are doing these things and making money at it. There is nothing new about this way of doing business. American farmers have been working together in co-ops for more than a hundred years—ever since 1810, when a few Connecticut dairymen set up a cooperative cheese plant. Today, however, more little farmers are joining co-ops than ever before, because it is getting harder and harder for the family-size farm to compete against the big commercial farms, which are run like factories with all kinds of modern equipment.

Government Help for Farm Co-ops

THE GOVERNMENT is willing to help farmers work through co-ops, because it does not want to see the small, family-size farm disappear. Family-size farming is a deep-rooted Ameri-

can tradition, and no good citizen wants to see it swept away by the growing competition of the big commercial farms. One of the best ways to save it is to help the little farmer—through cooperatives—to operate just as efficiently as his big competitors.

For this reason, the Farm Security Administration has helped more than 200,000 farmers, scattered through every State, to start cooperatives of their own. It makes loans to groups of farmers, when they cannot raise the money anywhere else, to buy the equipment and services they need.

More than 10,000 of these small cooperatives are already doing business. With FSA loans they have bought tractors, combine harvesters, cotton gins, fertilizer and lime spreaders, spraying tools, sawmills, feed grinders, hay balers, mowers, and many other kinds of equipment.

A farmer with two or three milk cows, for example, cannot afford to own a purebred bull; but if he gets together with a dozen neighbors, they can buy a high-quality bull to service all their herds. Nearly 1,500 groups of farmers have borrowed money from FSA to buy co-op bulls, stallions, boars, jacks, and rams. This means better livestock and larger incomes for all of them.

In Illinois a group of FSA borrowers are making money by buying special hybrid seed corn cooperatively. In the past these farmers had used untested seed from their own cribs, or had bought it from their neighbors. Last year, by pooling their 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—a saving of \$540. This special seed cost them only \$12.20 each; but because hybrid seed gives a much better yield than ordinary seed corn, they increased their earnings by about \$100 each.

Sometimes a few farmers get together to pay a traveling blacksmith to visit their neighborhood, shoe their horses, and repair their machinery. Others have set up co-op trucking services, to haul their fruit and vegetables to market. In one Texas community, 129 farmers started a veterinary service

co-op, which costs each of them from \$5 to \$16 a year, depending on how much livestock he owns. With this money they hire a veterinarian, who inspects the stock on each farm every 6 months and makes emergency visits if an animal needs special attention. The annual fees also pay for all vaccinations, medicines, and drugs. These farmers are getting better veterinary service than they have ever had before, at considerably lower cost.

Health Protection

IF THE HEALTH of his livestock is important to a farmer, his own health and that of his family is doubly important. Many families have had all their savings wiped out by one unexpected illness. Thousands of other families have never been able to pay for ordinary medical care and have suffered for years from diseases which might easily have been prevented. That means poor farming and low income, because a sick farmer cannot do a good day's work any more than a sick mule.

For this reason, FSA has helped more than 150,000 farm families to form health associations with the assistance of the local medical societies. Usually these groups include from 150 to 300 families in a single county. Each family pays in advance, a fee ranging from \$15 to \$30 a year. If anybody in the family gets sick, he goes to the doctor of his own choice, and gets whatever treatment and medicine he needs. The doctor then turns in his bill to the association for payment.

Group health associations of this type have given good medical care to thousands of families who never had it before. They also have been a real financial help to country doctors, because the pooling of the year's fees in advance insures prompt payment for medical services.

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These are just a few examples of the ways in which small farmers are taking advantage of cooperatives with FSA help. New ways are being found every day.

For example, in Box Elder County, Utah, more than 200 little co-ops of many different kinds already are in operation.

They serve about 900 farm families. It is no accident that this county has become one of the most prosperous in the State.

New Members for Old Co-operatives

OFTEN it is not necessary for farmers to start new cooperatives, because they can join old, well-established cooperatives which already are flourishing in their communities. There are more than 10,000 of these, in addition to the little co-ops and community services which have been started with FSA help.

Most of them were set up years ago by farm organizations, such as the Farm Bureau, Grange, and the Farmers' Union. Sometimes they have built up their plants and working capital without help; sometimes they have got financial aid from the Government-sponsored Bank for Cooperatives. Nearly all of them started on a small scale with only a few members.

Today many of these older co-ops are big business enterprises, owned and operated by farmers and turning their profits back into the farmers' pockets. Some of them have thousands of members, and own buildings and equipment worth millions. They operate grain elevators, cotton gins, cheese factories, fruit and vegetable packing plants, livestock and wool marketing associations, city markets where farmers can sell their produce, and many other facilities. For instance, nearly one-half of all the creamery butter produced in this country is made in cooperative plants.

The earnings which farmers make out of some of these activities are surprisingly large. One of the biggest items of expense to farmers with modern machinery is gas and oil. In order to save money on these purchases, farmers are buying more than \$80,000,000 worth of oil and gas through their own cooperatives every year. All over the country, farm co-ops are running filling stations, tank trucks, and distributing plants. Just a few weeks ago the first co-op oil and gas refinery was opened by a big mid-western cooperative organization.

More and more small farmers are realizing that it is good business for them to take advantage of these established co-op enterprises. Any farmer may join them at very little cost. If



he does not have the money to join, the Farm Security Administration often can lend him enough to pay the membership fee or purchase a share of stock.

The Co-ops of Tomorrow

COOPERATIVES have been growing rapidly and soundly, especially in the last 10 years, but they still have a long way to go. They are strong in the Middle West and Pacific Coast States, but in the South—where farm incomes are lowest and co-ops are most needed—they have barely taken root.

In comparison with the cooperative movement in a few other countries, America's is still a baby. In England, for instance, half of all the families in the nation belong to co-ops. City people as well as farmers have learned to run their own businesses the co-op way, and one-seventh of all the food that England eats is now sold through co-op stores. All of the little co-op groups have banded together in one big organization—the English Cooperative Wholesale Society—which owns its own flour mills, shoe factories, banks, and steamship lines.

In Denmark, whose farm people are among the most prosperous in the world, co-ops handle nearly everything the farmers raise for market or buy for their own use. In Sweden Norway, Holland, Ireland, and other countries co-ops also control a large share of all business, in town and country alike. They have done much to keep those countries stable and prosperous, even when the rest of the world was having hard times.

What these countries have done, the United States can do as well. Many co-op members believe that cooperatives in this country will keep growing, until they bring prosperity and plenty to millions of hard-up families, and go a long way towards making depressions impossible.

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If you want further information about cooperatives, or help in organizing a small co-op in your neighborhood, call on your county agricultural agent or the Farm Security Administration supervisor for your county.