COOPERATIVE MARKETING IN WISCONSIN

By WILLIAM KIRSCH,
Department of Agriculture and Markets

THE agricultural cooperative movement in the United States is about seventy years old. The first great attempt at cooperative organization was made in the sixties of the past century with the establishment of a farmers' organization under the name of "Association of Patrons of Husbandry" popularly known as the Grange. This attempt coincided with a period of agricultural overproduction which followed the Civil War and which was featured by unusually low prices and hopelessly glutted markets.

This and another occurrence of overproduction which took place twenty or thirty years before the Civil War were the manifestations of an economic revolution taking place in American agriculture which consisted in a change from self-sufficing economy to commercial agriculture. With the progress of the commercialization of agriculture, the farmer found himself in a precarious situation. Under conditions of self-sufficing economy he had been in a position to gauge the market for his products with a fair degree of accuracy because it was confined to the surrounding community. He was, therefore, in a position to shape his production policies in accordance with the demand on a market which was confined to his own locality.

The growth of industries, the concentration of population in urban centers, and the development of transportation facilities changed this situation by expanding the markets and separating the producer and the consumer geographically. Farm products began to be sent to distant markets. The adjustment between production and demand lost its local character and became a national problem. The impossibility of gauging the market resulted in frequent occurrences of overproduction. The precariousness of the farmers' position was aggravated by the continuous expansion of the area of agricultural production and the passing of the marketing machinery into the control of private organizations and speculative interests.

Experiences with overproduction opened the farmers' eyes to the weakness of their position. Although complaints of a threatening character were heard from certain sections of the country long before the Civil War, they were not translated into action until the
year 1867 when the Grange was organized. This association conducted a campaign for the control of railroad and warehouse companies, for the organization of cooperative associations and the spread of agricultural information. During the first few years of its existence, the Grange exercised a powerful influence, particularly in carrying out its legislative program for the regulation of railroads. After a few years of strenuous activities, the Grange declined in power and numbers, though it regained some of its influence in later years. Other general farm organizations took its place in various parts of the country, each one with a definite marketing program shaped in accordance with the requirements of the particular locality where it came into being. The fate of these organizations was similar to that of the Grange; after a few years of intense activity and powerful influence they weakened. But they left behind a trail of local associations which kept alive the ideals of the pioneer organizations. Later, under changed conditions, these local traditions facilitated the formation of the cooperative merchandising associations of the present day.

In its earliest form the idea of cooperative marketing centered around the theory of eliminating the middleman and shortening the road between producer and consumer. It has gradually evolved from this theory to a conception of the marketing problem involving an aggressive and all-comprehensive marketing policy. Moreover, in distinction to the previous movements, particularly that of the first period, cooperative marketing associations are now organized along commodity lines. In their broad outlines the present day cooperative commodity marketing associations work to achieve the following re-
results: first, conquer the market as it now exists; second, adapt the product, especially in quality, to the demands of the trade; and third, control the output.

The immediate aim of cooperative marketing is to obtain an influence on the market. It involves, therefore, the control of a large volume of products, and this is possible only through the adoption of large-scale methods of operation. In accordance with this theory, present day cooperative marketing aims at merging the market operations of local cooperative associations into centralized marketing systems for particular commodities. The methods by which the large-scale cooperatives expect to influence the market are:

(a) Control of supply through membership and contract agreement.
(b) A systematic search for new markets and new outlets.
(c) A systematic feeding of the market for the purpose of eliminating the disadvantages of seasonal production.
(d) Production of high quality goods so as to meet the consumer’s preferences and stimulate demand.
(e) Increase of the bargaining power of the producer by means of organization and market information.
(f) Elimination of duplication and superfluous expenses.
(g) A better market distribution.
(h) Ownership of plants and warehouse facilities whenever conditions warrant such ownership.

What has been said above in regard to the development of cooperative marketing in the United States applies to Wisconsin. The general farm organizations such as the Grange and the American Society of Equity and, later, the Farm Bureau and the Farmers’ Union have had and still have a powerful influence on the spread of the idea of cooperation in this state. To realize the important place which these organizations occupy in the history of the cooperative movement in Wisconsin it should be taken into consideration that a cooperative commodity marketing association is more than a business agency. Private business organizations are competitive enter-
prises. Cooperative commodity associations have as their ultimate object the prosperity of the farmers as a group and the raising of the social level of farm life. Their success rests upon the degree to which they approach this ideal. It is the idealistic factor of their activities which is supplied by the Grange, the Equity, and the Farm Bureau Federation. Not only have these organizations been directly responsible for the organization of many cooperative associations, but their presence in a given locality is responsible for a high degree of cooperative spirit as compared with the localities where these associations are absent or where they are weak.

Although the existence of local cooperative manufacturing enterprises such as cooperative cheese factories dates from the middle of the last century, group effort in agricultural marketing in Wisconsin in the form of local cooperative associations began in the eighties under the influence of the Grange. In 1906 there appeared in this state the first large-scale cooperative commodity marketing association, the American Cranberry Exchange. In 1909 the Door County Fruit Growers’ Union was organized, and the year 1914 saw the beginning of the National Cheese Producers’ Federation. Between 1921 and 1922 four large-scale cooperative organizations were established: the Northern Wisconsin Cooperative Tobacco Pool, the Equity Cooperative Livestock Sales Association, the Central Cooperative Livestock Association, and the Chicago Producers’ Commission Association. In 1920 there was organized the Wisconsin Cooperative Creamery Federation and in 1924 the “Land O’Lakes”. In 1929 came into being the Pure Milk Products Cooperative, which was reorganized in 1930. The year 1930 also witnessed the organization of the Wisconsin State Cooperative Livestock Marketing Federation; the Wisconsin Potato Exchange, Cooperative; the Wisconsin Cooperative Wool Growers’ Association, and the Wisconsin Beet Growers’ Cooperative Association.

The above mentioned associations are large-scale marketing organizations which handle the products of the local cooperative associations. It is estimated that there are in Wisconsin approximately 2,100 local cooperative enterprises, including cheese factories, creameries, livestock shipping associations and so on. The total volume of business of the local cooperatives is estimated at a little over $100,000,000 a year, while the total volume of business of the large-scale cooperative marketing associations is estimated at about $30,000,000.

The relative importance of these cooperative marketing associations is obtained from an analysis of the sources of the gross income on Wisconsin farms. According to the Division of Agricultural Statistics of the Department of Agriculture and Markets, 53% of the gross income of Wisconsin farms in 1928 came from milk (including dairy products); 24% from the sale of cattle, calves and hogs; 10% from eggs and poultry; 24% from grains; 21% from potatoes; 1.6% from tobacco; 1.2% from fruit; 1% from sheep, wool and honey, and the rest from hay, canning peas, and other crops.
Dairy Products

The methods of production determine to a large extent the ease with which marketing processes are carried out. In most of the industries in which production is concentrated, marketing presents fewer difficulties than in an industry in which production is carried on by numerous small and scattered units. In the latter case the performance of marketing functions such as grading, merchandising, selling in large quantities, and the assembling of products, depends upon a united action of thousands of relatively small producers. Let us take as an example Wisconsin. In this state there are 54,600 farmers producing milk that goes into cheese, 65,520 farmers producing milk that goes into butter, 21,840 farmers producing milk that goes into condenseries, 14,560 farmers producing milk that goes for city milk consumption, and 9,642 farmers producing the tobacco of the state. Thus, the average farmer delivering milk to a cheese factory contributes to the production of 5,600 pounds of cheese a year, out of a total of over 310,000,000 pounds of cheese produced in Wisconsin; the average farmer delivering milk to creameries contributes to the production of 2,800 pounds of butter a year out of a total of over 154,000,000 pounds of butter produced in Wisconsin; the average farmer delivering milk to a condensery contributes 30,000 pounds to the production of over 736,000,000 pounds of condensed, evaporated, and powdered milk produced in Wisconsin; and the average tobacco grower produces four tons of tobacco a year out of an annual production of between 35 and 40 million pounds.

In contrast to this it is interesting and instructive to consider figures relating to the annual volume of business of the three largest private dairy concerns marketing the farmers' products. The latest available reports show that the Borden Company is handling over 300,000,000 dollars worth of dairy products, while the annual volume of business of the National Dairy Products Company amounts to over $200,000,000 and that of the Kraft Company to over $75,000,000.

It is evident that a cooperative marketing organization is confronted with a difficult problem when it undertakes the task of marketing the products of its members. The immediate purpose of an agricultural cooperative marketing association is to exercise a proper market strategy for the purpose of influencing the market and giving the farmer sufficient bargaining power. Such a program requires unity of action on the part of the thousands of farmers producing a given agricultural commodity. The financial and physical resources which in an industrial or commercial large-scale enterprise are under the control of a relatively small number of individuals are in agriculture divided among thousands of farmers. To capitalize the individual resources of all these farmers and to make use of them on a large scale and on the basis of cooperative and democratic control is the task which confronts the cooperative commodity associations.

There is, however, one important factor which is working towards
success for the cooperative movement in Wisconsin and that is the concentration of the milk industry in this state. Wisconsin ranks as the foremost dairy state of the Union. In 1929 it produced over ten billion pounds of milk or about 2,500,000,000 pounds more than the next largest milk producing state. Wisconsin is first in the production of cheese, first in the production of condensed, evaporated, and powdered milk, and third in the production of butter. Wisconsin’s production of cheese in 1929 amounted to 810,419,846 pounds or 65% of the total production of cheese in the United States, that of condensed, evaporated and powdered milk to 736,551,371 pounds or 30% of the total production of the country, and that of butter to

154,408,305 pounds or 12% of the total production of the United States. In regard to butter it should be pointed out that Wisconsin is a part of a contiguous territory comprising the three states of Minnesota, Iowa, and Wisconsin which produces over 40% of the total butter of the country.

Cheese

The first cooperative cheese factory in the United States was established in Jefferson County, Wisconsin. The success of this cooperative caused farmers in other parts of the country to embark upon similar enterprises. All these early efforts were more or less cooperative, but following 1870 privately owned agencies began to invade the field. Wisconsin has at present 2,215 cheese factories, one-third of which are strictly cooperative. It should, however, be noted that the fact that a factory is cooperatively owned does not
mean much so far as the marketing of cheese is concerned. It simply means that it is a centralization point for the milk of the farmers of a certain district where they cooperate in a varying degree in the production of cheese, leaving the sale of the product to a hired agent, generally the cheese maker.

In the early days there was no cooperation among the separate factories in the sale of their products. As a rule each factory or cooperative group sold to country buyers who traveled through the country purchasing from each factory individually. These buyers either represented dealers in central markets or sold cheese to these dealers on their own account. As the industry developed, cheese boards were established at various points in the state where sellers and buyers met usually once a week to negotiate sales. The sales on these boards established the base price which was used for paying the farmers for their cheese. In the evolution of this system, the board at Plymouth, Wisconsin, came to dominate all others and for many years has been the chief factor in determining the price of cheese in the United States. The board came to be made up of large cheese dealers and packers who through their domination manipulated the selling so as to fix prices at a low level to the detriment of the producer. Such conditions were primarily responsible for the inauguration of a movement for the cooperative marketing of the output of the cheese factories of the state.

In 1913, under the leadership of Henry Krumrey, a leading farmer of Sheboygan County, the Sheboygan County Cheese Producers' Federation was formed, with a membership of forty-three local cheese factories. Its business was to sell cheese and in this connection it formed the Farmers' Federated Warehouse Company, financed by the farmers. This company built a warehouse in which cheese could be stored ready for market. It was refused permission to sell on the Plymouth board, and members of the board who dealt with it were penalized. This meant that it had to establish its own trade connections.

Although the association has been opposed by dealers, packers and cheese makers, it has grown steadily. During the first year of its operation the Federation handled for its members 6,108,500 pounds of cheese. For the year 1930 its volume of business amounted to approximately fifty-five million pounds. During the year 1930 its receipts increased 12.1% over the year 1929. The Federation began its operations in 1914 with 43 member factories. On September 30 of this year it had 426 factories with a membership of approximately 10,000 farmers. In 1919 it changed its name to "Wisconsin Cheese Producers Federation" and in 1928 to "National Cheese Producers' Federation".

The Federation was organized primarily to market American cheese, but it has expanded into other lines. In 1919 a supply department was opened. This department is now doing a business of approximately $167,000. In 1921 the Federation began to handle cream; the volume of cream marketed by the Federation rose from
236,954 pounds in 1921 to 5,798,055 pounds in 1930. Cream is handled at all the Federation warehouses except two. In 1928 the Federation established a creamery at Dodgeville and in 1930 a creamery at Darlington.

At the solicitation of a group of Swiss Block cheese factories around Mt. Horeb the Federation undertook to market Swiss cheese for five factories. A total of 297,000 pounds was sold during the first year, and 1,240,000 pounds during the second year. In 1929, as a result of a membership campaign conducted in Green, Lafayette, Dane, and Iowa Counties, 150 foreign style factories joined the Federation. The Federation has sixteen warehouses, including one in Minnesota for the storing of the cheese it handles from Minnesota.

The idea which underlies the program of the Federation is that the best interests of the consumer and the producer of cheese are interwoven with the control of the marketing machinery by the producers of cheese. It works toward the realization of this idea along two principal lines: improvement of quality and establishment of trade connections. The Federation, while using the existing machinery of distribution, is making some progress in setting up its own system of distribution through the establishment of sales branch offices. It has market contacts in thirty-two states. The sales branch offices are engaged in soliciting trade and making up pooled cars. The sales agents of the Federation take care of the distribution of cheese at terminal points. The agents devote their entire time to the interests of the Federation in the territory assigned to them. The Federation's cheese is sold to retail stores, wholesale grocers, produce jobbers, small and big packers and processors.

The ultimate success of the quality and marketing program of the Federation depends upon the increase of its membership and of its volume of business. The Federation devotes considerable time and effort to educational activities, the purpose of which is to spread the idea of cooperation among the Wisconsin farmers.

Butter

At first the production of butter was confined entirely to the farm. With the development of urban consuming centers, the demand increased and with this demand came the development of butter factories. The first American creamery was built in Orange County, New York, in 1856. Thereafter the factory system in butter production developed rapidly. The production of factory butter in Wisconsin in 1929 amounted to 154,408,305 pounds.

Cooperation in the production of butter began with the introduction of the factory system. During the period from 1856 to 1860, several cooperative creameries are said to have been established in the State of New York. The cooperative creamery, like the cooperative cheese factory, started by farmers in a community associating themselves together for the purpose of manufacturing butter. Practically all of the cooperative creameries are local in their nature: a butter maker is employed who, under the supervision of the board of
directors or some one designated by it, operates the plant. In those cases in which the creamery does not belong to a cooperative marketing association, each creamery acts separately and individually in the sale of its butter. The marketing is done either by one of the creamery patrons designated for such duty, or by the butter maker. Where the local cooperative creamery acts individually in the sale of its butter, its product moves mainly through the hands of wholesale receivers who sell and pay for the butter according to quality on the basis of market quotations on the day received. Often receivers send out field representatives who visit creameries and solicit their output. Some creameries establish direct contact with retail dealers, chain stores, hotels, and restaurants.

Gentle Slopes are Typical of Wisconsin Farmlands.

The real value of cooperative creamery enterprises to the farmer in the past has been derived from economy in manufacture rather than in marketing. As in the case of cheese, it has not been until recent years that any extensive cooperative marketing activities with respect to butter have taken place. Organized efforts are now being made in various parts of the country to federate local cooperative creameries under some form of marketing association. In Wisconsin these efforts have resulted in the establishment of two distinct types of marketing associations.

One of these types of butter marketing associations is represented by an association known as the Wisconsin Cooperative Creamery Federation. This association consists of several district groups of about sixty cooperative creameries. These groups employ field men whose duty is to bring about an improvement of quality in both cream and butter by so informing and stimulating farmers and but-
ter makers that wholehearted teamwork results among the participants. Another service is that of consolidating butter shipments, one result of which has been a material saving of freight costs and collective bargaining.

The other type is represented in Wisconsin by over forty creameries which belong to the Land O'Lakes Creameries, a large central sales association with headquarters at St. Paul. Its membership consists of 465 creameries scattered through Minnesota, Wisconsin, and Iowa.

The Land O'Lakes started in 1921 under the name of the Minnesota Cooperative Creamery Association with a program which was similar to the present program of the Wisconsin Cooperative Creamery Federation. In 1924 it was decided to change the name and to engage upon a large-scale aggressive marketing policy. The new name “Land O'Lakes Creameries, Inc.” was adopted so as to embrace the larger territory it served. It has grown from the 300 member creameries that actually started to ship butter in 1924, until close to 500 are shipping today. The business handled yearly by the association grew from 32,842,079 pounds in 1924 to 98,116,123 pounds in 1929. The Wisconsin part of the volume of business of the Land O'Lakes amounted to 2,315,041 pounds in 1924 and 8,664,616 pounds in 1929.

The program of the Land O'Lakes Creameries, Inc., is divided into two parts, namely, the adoption of uniform commercial butter standards and an effective distribution and sale of butter, which involve
the development of numerous new market connections for quality butter and the creation of consumer brands and preference.

This program is based on an aggressive marketing policy having for its object conquering the market for butter instead of merely bargaining. Its activities in the field of orderly marketing extend from coast to coast. It has a working agreement with the Challenge Cream and Butter Association of Los Angeles, California, and the Washington Milk Producers’ Association, Seattle, Washington. The Land O’Lakes is selling the products of these concerns that are marketed on this side of the Continental Divide and furnishes them with dairy products if there is a shortage on the Pacific Coast.

Condensed Milk

Wisconsin ranks first in the production of condensed, evaporated, and powdered milk. It produced 736,551,371 pounds of such milk in 1929, 30% of the total production of the United States. There are approximately ninety condenseries in Wisconsin.

Until recently, farmers selling milk to condenseries were alone among the dairy farmers of Wisconsin in that they did not have an organization. In June, 1929, a cooperative association of condensery farmers was organized under the name of the Pure Milk Products Cooperative as part of the Pure Milk Association of Chicago. In February of 1930 the Pure Milk Products Cooperative adopted a new form of organization and became an independent association. Its aim is to organize farmers selling milk to condenseries and ice cream and city plants so as to enable them to improve conditions in their industry and obtain fair and reasonable prices. The organization has a flexible program which offers the farmers the following three alternatives:

(1) Collective bargaining,
or
(2) Direct purchase and sale of milk,
or
(3) Manufacturing, processing and selling dairy products.

The plan of the organization for the present is to bargain for prices. If in the future it is found that bargaining does not give the desired results, the organization will take care of the marketing of milk, provided the board of directors gives its consent. If it is found that the members can get the most benefit by manufacturing and processing products, the organization will build or acquire plants, but to do this it must have the consent of the majority of its members in the locality where a plant is to be built.

The Pure Milk Products Cooperative has established a service of checking weights and tests in those local units which have been organized. This gives the farmers information as to whether the weights and tests are correct and enables them to straighten out anything that is wrong. As a result of this service, many adjustments have been made (e.g. on inaccurate scales), involving considerable sums of money. At present fourteen plants are in opera-
tion; several other points are organized and expect to begin operation in the near future.

*Market Milk*

Although organization among milk producers for the sale of whole milk on the fluid market dates back more than 40 years, cooperative associations for the marketing of fluid milk for city consumption have only within the past ten or fifteen years become an important factor in the dairy industry.

A market milk bargaining organization is an association of producers who are under contract with the association and each other to sell through the association to buyers and distributors who will pay a price agreed upon as fair, based on cost of production and conditions in the manufactured milk-products markets at time of bargaining.

Several milk bargaining associations have devised plans to control the supply of milk. For example, in the Milwaukee and other milk markets, a farmer is paid a certain price, arrived at through bargaining, for a designated, "basic", amount of milk. For added amounts he receives a price based on a lower use, as for the manufacture of butter or cheese. This provision has resulted, in normal times, in a smaller surplus during the months of greatest supply than ever before known.

Wisconsin has a number of milk bargaining associations of farmers supplying milk for consumption in Milwaukee, Madison, Kenosha, Racine, Sheboygan, Eau Claire, La Crosse, and Superior. In addition the farmers of several Wisconsin counties located mostly in the southern part of the state, who supply milk to Chicago, are members of the Pure Milk Association of Chicago.
Consolidated Cooperatives

A recent development concerns the cooperative consolidation of dairy plants. Two such consolidations took place in 1930 in Shawano and Langlade Counties. In Shawano County there are approximately 95 competitive cheese factories, the operation of which is expensive because of the small volume handled by the individual cheese factory. In order to bring about a more economical manufacturing and marketing of dairy products, the dairymen of that county have organized the “Consolidated Badger Cooperative”, the plan of which embraces one large central plant and six outlying plants. Milk is to be taken in at all these plants and made into various dairy products, depending upon market conditions of the particular product. The membership is limited to actual producers of milk.

In Langlade County farmers have organized the Antigo Milk Products Cooperative to take the place of several small cheese factories, both cooperative and private. A combination plant is being built at Antigo, the products of which will be marketed through the Land O’Lakes Creameries, Inc.

Closely related to the cooperative marketing of dairy products is the cooperative marketing of poultry and eggs. There are a few cooperative associations marketing these products in Wisconsin, and a number of cooperative creameries handle the poultry and eggs of their members.

A Herd of Purebreds.
Livestock

Wisconsin markets approximately $70,000,000 worth of livestock a year, consisting of hogs, cattle, and sheep. For the year 1927 over 55% of the hogs shipped to packers and stockyards from Wisconsin producers went to markets within the state, chiefly Milwaukee, Cudahy, and Madison. Nearly all of the remainder went to Chicago and South St. Paul. Of the Wisconsin cattle shipped to markets, a little over two-fifths went to markets within the state, the remainder going to Chicago and South St. Paul. Over 65% of the calf shipments went through packing plants and stockyards in Wisconsin, while only one-fifth of the Wisconsin sheep are handled by plants and yards within the state.

The earliest form of cooperative livestock marketing in Wisconsin was the local cooperative livestock shipping association started by the Equity at Durand in 1906. At the present time there are about 320 associations in Wisconsin. The total amount of business of these associations is not definitely known, but conservative estimates place the figure at about 40% of all the livestock shipped from local points. On the basis of 150 patrons per association, approximately 48,000 farmers ship through the shipping associations. In terms of sales value, it is estimated that $80,000,000 worth of livestock was shipped by the associations last year.

The function of these local shipping associations is to assemble and ship livestock cooperatively. Instead of selling the livestock individually to local buyers, the members bring their stock to the local stockyards and ship it collectively to the terminal markets for sale.

However, cooperation in livestock marketing is not limited to local action; it includes the handling and selling of livestock on the terminal markets as well. One-half of Wisconsin shipping associations are members of cooperative terminal sales agencies. Six cooperative sales agencies operate on the Milwaukee, Chicago and St. Paul markets in competition with five private commission firms at Milwaukee, about 125 at Chicago, and about 32 at St. Paul. Taking the three markets, these six cooperative firms sell about 15% of the total market receipts, while the 162 private firms receive the other 85%. Thus, the cooperative companies each average 2½% of the market receipts while the private companies average 3½%.

In order to understand the importance of cooperative selling on terminal markets it should be taken into consideration that local cooperative shipping associations are limited to local action. What is needed is the stretching of cooperation to its logical conclusion, which in the case of livestock is the terminal market. Local shipping associations begin to realize the importance of building up and systematically maintaining a contact with the terminal markets through their own cooperative sales agencies.

Certain recent developments in livestock marketing are making it imperative for the livestock producers to adopt a more aggressive marketing policy. The business of the local shipping associations
has been decreasing in recent years because of the invasion of their territories by packers who buy directly and by truckers who truck directly from farm to stockyards or packing plant. The large majority of the present shipping associations are merely assembling and transporting agencies. In order to fulfill the purpose of cooperative marketing they must adopt the role of bargaining associations and cooperate in the planning of shipments and the general supervision of conditions under which livestock is transported.

The realization of the importance of these problems by livestock producers was responsible for the organization in 1930 of the Wisconsin Livestock Marketing Federation (Cooperative). The program of this federation was worked out by a committee of eight appointed by a statewide conference of livestock producers which took place on April 22, 1930. It contemplates the strengthening of the local shipping associations, the increase in the volume of livestock marketed through cooperative sales agencies at the terminal markets, and the development of closer cooperation among local shipping associations for the purpose of promoting concerted action and working out a plan as to the destination of shipments and uniformity of marketing practices. Several shipping associations have voted to join the federation, and the latter will actually begin work when fifty associations have voted to join it.

Other Products

While dairying and livestock production constitute by far the most important branch of the agriculture of Wisconsin, this state also occupies an important position among the states of the Union in the production of several other crops and farm products, in the marketing of which cooperative methods have attained a high degree of efficiency. Wisconsin is the seat of one of the most important cooperative fruit marketing associations, the Door County Fruit Growers' Union organized in 1906 to market strawberries and apples. In 1930 a merger took place between this association and the Michigan Fruit Growers' Association to eliminate competition and bring about concerted action in the marketing of the fruit crop of the two states. The Northern Wisconsin Cooperative Tobacco Pool was organized in 1922 with a membership of about 4,000 tobacco growers. Since then, and particularly since 1927, it has grown in size so that today it has approximately 7,000 members. The Wisconsin Cooperative Wool Growers' Association, organized in 1930 handled over 275,000 pounds of the 1930 wool clip. The Wisconsin Potato Growers' Exchange (cooperative) organized in 1930 is marketing 500 carloads of this season's potato crop. Wisconsin Cranberry Growers are members of the American Cranberry Exchange, which markets cooperatively the cranberry crop of the three heavy cranberry producing states of Wisconsin, Massachusetts, and New Jersey. One hundred and forty honey producers of Wisconsin signed contracts in 1930 to market their honey through the Mountain States
Honey Producers’ Association, and during the latter part of 1930 the beet growers organized the Wisconsin Beet Growers’ Cooperative Association for the marketing of the beet crop of the state, which is valued at from $600,000 to $1,000,000 annually.

Legislation

Detailed studies and analyses of the history of the cooperative movement in the United States disclose the tremendous difficulties which the cooperative marketing movement had to overcome and which were, generally speaking, due to the differences in racial composition and mobility of our farming population, to the extreme individualism which was a characteristic trait of nineteenth century America and which is gradually giving way to group consciousness, and to the fact that the average farmer relied largely upon the rise in the price of farm lands. The period of land booms, however, is gone, and the farmer is compelled by force of circumstances to rely upon the income derived from his farm operations. This accounts for the active interest which he is showing in the problem of the improvement of the marketing system.

The Wisconsin farmer was considerably assisted on the difficult path of cooperative marketing by favorable and outstanding legislative enactments. The development of agricultural legislation in Wisconsin is a story in itself and only a bare outline of the most important legislation is possible here.

The first legislative measure relating to cooperation adopted in Wisconsin dates from 1887, when a cooperative law was passed providing for the carrying on of “any trade or business” on the “mutual, reciprocal, or cooperative plan”. Its voting clause said: “Members and not shares of stock shall vote in electing officers and transacting any business of the association.” In 1911 this law was replaced by another cooperative law which has been widely copied by other states and has exerted considerable influence on the present cooperative movement. A substantial revision of this law, necessitated by changed circumstances, was made by the Legislature of 1921.

The aim of cooperative legislation is to give the farmer the opportunity to bring about democratic control of the marketing machinery and prevent concentration of control in the hands of individuals and small groups. Democratic control is secured through legal provisions for the limitation of capital holdings, the restriction of voting privileges, the curtailment of dividends on stock, the return of earnings as a “patronage dividend”, the confining of transactions to cooperative organizations and the method of pooled sales with service charge deductions.

The memorable legislative session of 1911 brought into existence the State Board of Public Affairs and made it its duty to investigate certain marketing problems relating to farm products and to adopt measures to provide for a “more economic distribution of products and commodities”. The investigations conducted by the Board of
Public Affairs had an important influence on the developments which led to the organization of the National Cheese Producers’ Federation.

In 1917 the Legislature appointed a legislative committee to study the problem of marketing farm commodities in Wisconsin. The report of this committee led to the enactment of a law by the Legislature of 1919 establishing a Division of Markets as part of the Department of Agriculture. One of the most important features of this law was the provision relating to assistance to cooperative associations. In 1921 the Marketing Law was strengthened and an independent Department of Markets created with broader powers than the former Division of Markets. In the same year the State Bonded Warehouse Act was passed. This law provides for the establishment of credit facilities to enable cooperative associations to borrow money on farm products stored in warehouses bonded and inspected by the Department of Markets. This law plays an important part in the development of a system of orderly marketing of farm products.

In 1929 two laws relating to cooperative associations were passed. One of these laws forbids the interference by third parties with contracts existing between cooperative associations and their members; the other law, known as the Caldwell Law, provides for the organization of agricultural cooperative associations along large-scale centralized marketing lines. The legislative session of 1929 consolidated the Department of Agriculture, the Department of Markets, the Dairy and Food Commission, and the office of the Treasury Agent into one Department of Agriculture and Markets. This department established a Division of Cooperative Marketing, and the scope of state activities in the field of cooperation was considerably enlarged in accordance with the provisions of the Caldwell Bill.