

eratives to estimate what operating margin they require between the wholesale prices of butter on the central markets and prices they can pay producers. It is customary for Wisconsin creameries to make current payments to patrons as high as possible rather than to allow funds to accumulate and later pay patronage dividends.

## Badger State Makes Half of U. S. Cheese

The 365,215,000 pounds of cheese produced by Wisconsin factories in 1938 was more than half of all cheese manufactured that year in the United States. Approximately 75 percent of the Wisconsin production was cheese of the American type, which is also known as Cheddar cheese. The foreign type cheeses made—including Swiss, Munster, Brick, Limburger, and Italian varieties—constituted 20 percent of the entire State production of all types.

Wisconsin ranks first also in the quantities of cheese sold in the central markets of New York, Chicago, Philadelphia, and Boston. Almost 50,000,000 pounds of Wisconsin cheese were shipped to New York City in 1938.

Quotations for cheese are established each week by two cheese exchanges at Plymouth in Sheboygan County, and in general are accepted as the basic market quotations throughout the United States.

*Cooperative cheese factories.*—Cooperation plays a very important part in the manufacture of cheese in Wisconsin. Farmers learned many decades ago that they could reduce the labor of cheese making by organizing in groups and delegating the manufacture

of cheese to one of their members. The State now ranks first in the Nation not only in the total quantity of cheese manufactured, but also in the portion manufactured under cooperative conditions. These conditions vary widely. For example, in many cases, a cooperative association of farmers owns the land, factory building, and equipment, and hires a cheese maker who is paid either a monthly salary or a wage based on the number of pounds of cheese produced. In other instances, the factory is owned by a cheese maker, who agrees with a group of farmers who have organized cooperatively to convert their milk into cheese on a salary or volume basis. In some locations, the factory building includes only the cheese equipment and storage room; in others, living quarters are provided for the cheese maker and his family. The selling of the cheese manufactured may be done by a farmer-member of the group, or this may be a duty of the cheese maker. Many other types of cooperative arrangements are made to meet particular situations in different localities.

The Farm Credit Administration has received reports from approximately 450 Wisconsin cheese factories now operating under varying types of cooperative conditions. A large majority of the factories are small business enterprises located at country crossroads to which farmers in the surrounding area can conveniently haul their milk. For more than half of them, the dollar value of business in 1939 was \$25,000 or less; the range for another 130 of the associations was from \$25,000 to \$50,000; for approximately 20, between \$50,000 and \$100,000; and for 8 co-ops, between \$100,000 and \$200,000.

In addition, cheese is manufactured cooperatively by a considerable number of creameries. According to reports received by the Farm Credit Administration, Wisconsin dairy co-ops manufactured in 1938 more than one-fifth of the State's entire production.

In three areas there are concentrations of co-op factories making American type cheese. These are: counties generally east and northeast of Lake Winnebago in the east central part of the State; Marathon County as well as Clark, Waupaca, Wood, and adjacent counties in a central region; and southwestern and southern counties. Sections of southwestern Wisconsin have been called "The Switzerland of America," because of the comparatively hilly terrain and because for many years the manufacture of Swiss cheese there has been an important industry.

*Local cheese factories in operation 50 years or more.*—A number of Jefferson County cooperative cheese factories organized more than 55 years ago in the vicinity of Watertown, are operating today. It is estimated that the Lebanon Cheese Co. may have been formed as early as 1877. A number were organized in the early 80's—including the County Line Cheese Factory, Tilden Cheese Factory, Main Street Cheese Factory, and North Road Cheese Factory Co.

*Cooperative Dairymen's Association.*—The cheese factory with the largest dollar value of sales in 1939 was the Cooperative Dairymen's Association of Plymouth. It has made a steady and substantial growth each year since its organization in 1931. From a business of \$10,000 in 1932, the association had developed at the close of

1939 an annual business of more than \$195,000. Sales of American cheese amounted to \$185,000 and of whey cream to \$10,000. The cheese receipts were for more than 1,400,000 pounds of cheese made in the association's factory. The co-op receives milk from 180 members and operates on a monthly pool plan. This enterprising cooperative is one of the locals affiliated with the Wisconsin Cheese Producers' Cooperative, through which sales are made.

*Sale of cheese manufactured cooperatively.*—It is the usual practice for Wisconsin cheese factories to sell their output directly to buyers on the basis

*The manufacture of cheese on a cooperative basis is an important outlet for the large milk production of Wisconsin farmers.*



of the quotations established by the cheese exchanges at Plymouth. Although the conversion of the farmers' milk into cheese is a cooperative marketing function, the bulk of the cheese is not sold cooperatively.

*Wisconsin Cheese Producers' Cooperative.*—On the other hand, one large group of cheese factories sells cheese cooperatively through a federated sales organization, the Wisconsin Cheese Producers' Cooperative at Plymouth. This association assembles, warehouses, and sells cheese for approximately 65 cheese factories, 26 of these operating under membership agreements. These member factories supply about 80 percent of the entire production of the federated association. In addition to cheese, the principal commodity, Wisconsin Cheese Producers' Cooperative handles cream for manufacturing and small amounts of other dairy products. The association owns a large warehouse and cheese factory at Plymouth, which is in the heart of the American cheese district, and it also handles cheese from cooperative warehouses at Marshfield, New Richmond, Spring Green, Neenah, Abbotsford, and Greenwood. Each of these warehouses is owned by a separate local organization. Sales of cheese amounted in 1939 to \$1,400,000, other dairy products \$40,000, and supplies \$35,000. The buildings and equipment owned by the association were valued at \$32,000 in 1939. Patronage dividends for that year's business were more than \$10,000 on cream and supplies, \$2,000 being paid in cash, and over \$8,000 in the form of revolving certificates of participation in earnings.

The cooperative was organized in 1913 as the Sheboygan County Cheese

Producers' Federation. Four years later it was reorganized as the Wisconsin Cheese Producers Federation. In 1920 a supply department was opened. In 1928 the association became the National Cheese Producers Federation. Before 1934, the cheese cooperative was merely an organization assembling cheese, which it sold to the other cheese dealers. In 1934, however, in order to reach the retail market outlets, an agreement was entered into whereby the bulk of its products would be sold by Land O'Lakes Creameries, Inc., of Minneapolis. The cooperative as now constituted was formed in 1935 as the successor to the earlier organizations.

## **Bargaining Co-ops Help Stabilize Markets**

Cooperative milk bargaining associations represent the producers located in the "milkshed" areas of a number of Wisconsin cities by making arrangements for sales and effecting agreements on the prices to be paid and the terms of sale for milk and cream sold to city distributors. Their major objective is to obtain as high prices for the producers as market conditions permit. Such cooperatives are helping to stabilize the fluid milk markets in Milwaukee, Madison, and Racine, and in a number of other Wisconsin cities—Waukesha, La Crosse, Stevens Point, Oshkosh, Sheboygan, Appleton, Eau Claire, Manitowoc, Watertown, and Chippewa Falls.

Under the State Milk Control Division, which has operated since 1933, prices are established through market orders for the principal population centers. Prices are fixed in collabora-