Livestock Marketing

By H. HIGGINBOTHAM

How Co-operation is securing for the Western Farmer a greater proportion of the selling price

Just as in the grain trade, the farmers of Western Canada have some of the most efficient and highly organized co-operative companies in the world. The Canadian West is setting an example to the rest of the Dominion in the co-operative handling of livestock from the farms to the competitive markets in the larger centres. Co-operative livestock marketing on this continent is only recent, and like other young movements is passing thru a period of transition. Different methods and different degrees of co-operation are being tried; some of the methods now being followed will be modified or dropped altogether; but co-operation in livestock marketing has come to stay. Because the economic handling of livestock right up to the consumer involves such highly specialized labor processes and on account of the fact that the large packing interests are so firmly established in the field already, the co-operative pork packing plant is a more difficult matter than the organization for marketing stock on the hoof. It calls for greater loyalty on the part of the farmer to his own organization and it calls for very highly skilled management. But these are not insuperable obstacles. The growth of the co-operative spirit will make the co-operative packing plant a much less difficult problem to tackle than it appears today.

Only a Year Old

Co-operative marketing of livestock is being carried on to a considerable extent in Alberta and to a lesser extent in Saskatchewan. Manitoba has as yet done little or nothing in this direction. In both Alberta and Saskatchewan the experience already gained has satisfied the farmers that the co-operative handling of livestock can be successfully conducted. The movement is little more than a year old, but there are indications that it will grow and spread rapidly, in the same way that co-operative grain marketing has grown and developed in both provinces. The saving to the farmer of a half to a cent a pound on all the hogs marketed is the reason why co-operative livestock marketing has come to stay.

There are two factors which are essential to success: (1) A sufficient volume of business; (2) efficient management. The necessity of these factors in co-operation is readily seen. The more business the co-operative association handles, the less the proportionate cost of handling and the greater the proportion of the selling price to reach the producer. Therefore, each additional farmer shipping thru the association increases his own profits and those of every other member. Efficient management will necessitate that the men taking charge of the shipments have a good knowledge of the business, and are honest, painstaking and reliable.

What Alberta is Doing

A start in the co-operative marketing of livestock was made in Alberta by the Alberta Farmers' Co-operative Elevator Company in March of last year. Returns for March this year showed that about one-fourth of the total business done on the Alberta stockyards at Calgary was done thru the co-operative company. Last fall the company extended its operations to Edmonton by placing an agent there and tho there is no competitive stockyard at that point at present, a large proportion of the shipments destined for the packing plants at Edmonton has been handled thru J. J. Reid, the co-operative company's agent.

At the outset the company marketed the farmers' hogs on a five per cent. basis. This method did not appeal to the farmers and the method was changed after about two months, the company then going into the field to buy the hogs outright from the farmers. This was so successful that in a month and a half the farmers' company handled 141 cars of hogs at a profit, after paying all expenses, of $1,034, or $7.33 per car. The company has continued to handle hogs, cattle and sheep for the farmers of Alberta in the same way, but in December last the company opened a commission office in the Calgary stockyards, so that since that date Alberta farmers have been able to sell their stock outright to their company or to ship them to the company's commission agent at the yards. Since that time the majority of the business done by the company has been in handling stock on a straight commission basis of $8 per car of hogs single deck, $12 per car double deck and $10 per car of cattle.

What the Books Show

The Livestock Department of the Alberta Farmers' Co-operative Elevator Company has its books open to the inspection of its patrons, who can see there exactly on what basis the company is doing business. In the four months, December to March last, the company bought 325 cars of livestock, which cost them at the country points $192,258.42. The cost of handling the stock thru the markets to the purchasers amounted to $3,347.11, this including office rent, telegraph and telephone, office salaries and travellers' salaries, the total cost to the company, therefore, being $195,605.53. The stock, when sold, realized $197,804.19, leaving a margin of $2,198.66, representing the company's net profit. In the month of February the company operated its livestock service at a loss of $129.45, but in January there was a net profit of $1,230.94 and in March of $940.87.

The experience of the company is that the handling of the stock on a straight commission basis is more satisfactory, so far as the company is concerned, tho larger profits have been made by buying the stock outright at country points.

Three Chester White sows which weighed 1,825 pounds. The one in the foreground weighed 675 pounds. Sold by Theo. A. Miller, Oak Bluff, Man.

Some farmers prefer to dispose of their stock in this latter way, rather than ship them to be sold on a commission basis after a journey of two or three days by rail, with consequent shrinkage. In order to allow for possible fluctuations of the market and in order to cover expenses, the company's buyer must allow a sufficient margin between the purchase price at the country point and the prevailing market price at Calgary. The margin upon which business is done is 50 cents per hundredweight. As a consequence the company is likely to make more on a rising market and less on a falling market.

Farmers Sometimes Kick

Most farmers watch the market prices pretty closely and in some cases they feel dissatisfied if, after selling to the co-operative company, the market should rise and they not get the benefit of it. To quote an instance: A farmer sold his hogs to the company's buyer at the country point and received $7.15 per hundred, this being 50 cents lower than the prevailing market price at Calgary, $7.65. The market rose and the company sold the next day for $7.75. Seeing the market quotations, the farmer wrote to the company demanding another 10 cents per hundred on his hogs. The company, of course, had to refuse the request and run the risk of antagonizing the farmer, who threatened to blackmail the company in his district unless they "came thru." Had the market dropped 10 cents instead of rising 10 cents it is scarcely likely that the farmer would have refunded the difference to the company, but dealing with a farmers' co-operative company he thought the company should give him its profits.

From experiences like this the company has come to prefer to handle the business on a commission basis. Since the company opened a commission office in December last, it has handled on this basis business which brought gross receipts of $188,050, with a yield in commissions of $1,414.50. It aims at giving the best possible service to farmers, whether shareholders in the company or members of the U.F.A. or not, and thru the agency of its numerous locals and U.F.A. branches has a great advantage in ascertaining the whereabouts of prospective shipments of livestock.

Profits Are Now Reasonable

E. Carswell, director of the Livestock Department of the Alberta Farmers' Co-operative Elevator Company, after the company had been doing business only six months, said:—

"As a result of our entering the field as hog buyers I believe that the farmers of Alberta, irrespective of membership in our company, have benefitted to the extent of at least one half cent per pound in the prices received for their hogs, and never in the history of the province have they been paid so close to market prices. It is common talk in the stockyards that there is not the money in handling hogs that there used to be. Before we entered the field from $50 to $150 per car was frequently made by the dealers, while now the dealer who makes from $10 to $25 per car considers himself fortunate."

A whole year's experience has only confirmed Mr. Carswell in his opinion as to the benefits accruing to the farmer from co-operation in livestock marketing.

Saskatchewan's Experience

Co-operation in livestock marketing has not been carried out so extensively in Saskatchewan. The Co-operative Elevator Company in that province does not handle livestock, but livestock marketing associations have been formed in different parts of the province, beginning early last year. The Hanley Farmers' Stock Shipping Association, for instance, which began operations on March 9, 1914, shipped during the balance of the year fifteen carloads of livestock, which sold for $18,879.95, the total shipping expenses being $2,191.17 and the net amount received by the shippers, $16,698.78. Basing his calculations on the prices paid in the neighboring towns, the manager of the Hanley Association estimated that the association during the year saved the farmers of the district upwards of $1,680 on hogs alone.

Under Co-operative Act

Nine of the registered agricultural co-operative associations in Saskatchewan engaged in livestock marketing last year, the total value of the stock marketed by these associations being $42,034.22.

The method followed by these associations is that the farmer-shareholders make up carloads of livestock which are forwarded to the larger centres where competitive bidding is assured. The animals are sold under the direction of the association's manager, and the proceeds from the sale, less cost of transportation, the manager's commission and the other necessary charges, are distributed to the persons supplying the stock. Each shareholder's stock is distinctively marked, so that the animals belonging to each may be sold separately, thereby ensuring to each the exact return from his stock. It will be seen that this is the simplest kind of co-operative organization, and as the farmer does not get his money until the proceeds of the sale are received from the purchaser little initial capital is required. The expense of maintaining travellers in the country is eliminated and the farmer and buyer are brought as close together as it is possible to bring them.

Try Out New Method

The Alberta Farmers' Co-operative Elevator Company, in its effort to find a plan which will work satisfactorily and at the same time give the farmers every cent to which they are entitled from their livestock shipments, is suggesting a method which has already been tried out successfully at Crossfield and Carstairs, and which is nearer to the Saskatchewan method than the present system. The proposed plan is that each U.F.A. local should form itself into a livestock shipping association and appoint a reliable member to undertake to collect and ship the livestock from his district at a fair remuneration. He is to keep a record of the number of hogs or cattle and weights belonging to each member contributing to the shipment, and the weights of any "cuts" separately. When the hogs arrive at the market, the representative of the Farmers' Elevator Company deducts the shrink and expense proportionately, according to the weights appearing on the statements and remits the proceeds of the sale, less expenses incurred, on that or the following day. The man who takes charge of the collection and dispatch of the shipment at the local point charges his commission, which at points where the system has already been tried is fixed at one per cent. of the gross outturns. The farmer thus gets the entire proceeds of the sale less the bare expense of handling the same.

Looking to the Future

In asking the farmers to give the system a trial the officials of the Farmers' Co-operative Elevator Company state that "it is an answer to the demand for better markets, at once eliminating waste and unfair profits, and it is the nearest to operating at cost that we know." It is also pointed out that on a rising market the patrons would receive any advance the market might make between the date of shipment and marketing, which would more than offset the slight inconvenience of waiting till the following day for the outturns, thus solving the problems of those unions which have hitherto sold their stock locally and been obliged to accept a broader margin between Calgary and shipping points than is necessary under a thorough system of co-operation. U.F.A. locals thruout Alberta have been asked to give their opinion on the proposed system.

The next logical step for the farmers to take in the co-operative shipping of livestock is to place their own agent on the Winnipeg market. This market is the

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