

Livestock Shipping in Minnesota

Extent of the work--Difficulties encountered--Centralizing shipments--By-laws--Our possibilities

Article II.—By E. A. Weir, B.S.A.

It is doubtful if any branch of farm marketing has been carried on with a smaller capital investment than the marketing of livestock thru co-operative livestock shipping associations. In Minnesota these associations are doing an annual business of approximately \$18,000,000, with a saving of \$50 to \$60 per carload, and in many cases very much more. All this is accomplished with scarcely a dollar of capital. There are now something over 300 shipping associations in Minnesota, a very large number in Wisconsin, North Dakota, Montana, Iowa, Nebraska, and other states are getting well into the movement. The stock shipped from most of Minnesota, from North Dakota and from part of Wisconsin is marketed in South St. Paul, while that further south finds its way usually to Chicago.

In 1914 reports were received at the University of Minnesota showing that the average amount of stock sold in a year was \$71,875. These associations contain from 50 to 1,000 or more members, the most of them run from 100 to 200. The average amount of business done by them runs around fifteen to twenty cars per year.

The first co-operative livestock shipping association in the United States is said to have started at Litchfield, Minnesota, in 1908. The prime mover in this was H. L. Halvorson, who has been its manager ever since. Its immediate success gave the start and has proven invaluable as a guide to many other new associations. Here is a summary of eight years business done by this association:

Work at Litchfield

Year	Carloads	Gross Earnings
1908	14	\$ 11,599.23
1909	35	30,569.27
1910	81	102,163.35
1911	104	114,764.56
1912	146	181,544.10
1913	153	218,116.75
1914	173	256,044.14
1915	172	216,518.42

Total 8 years... 878 ... \$1,140,319.84

The slight falling off in shipments in 1915 is due chiefly to the light hog crop and the fact that a similar association was organized only six miles away, which naturally got some of the stock that had previously been shipped from Litchfield.

Over one million dollars of business in eight years, with scarcely two hundred dollars invested in capital stock or equipment, is a record of achievement for co-operation that is certainly enviable and not readily believable by those unacquainted with this work. Out of the \$256,044.14 received for stock at South St. Paul in 1914, \$241,051.73 was paid to the patrons of the association. The total cost of marketing the stock was \$11,992.41. The items of cost are as follows:

Car mover	\$ 4.50
Check writer	35.00
Pump, engine, hose, etc.	93.54
Other expenses	435.16
Labor at yard, railroad fare, etc.	455.94
Net received by manager	1,739.58

Total local expense \$2,763.72

Yardage, freight, commission, etc. \$9,228.69

Total cost \$11,992.41

The total expense for getting livestock from the farms surrounding Litchfield to the packers or other buyers at South St. Paul was, for cattle, 28.5 cents per hundred pounds, and for hogs, 32.8 cents. Stated another way, if a 1,000-pound beef animal sold for \$60 at South St. Paul, the farmer who shipped it received \$57.15 after all expenses of the shipment were paid. That is, \$2.85 paid local expenses, freight, switching charges, yardage, feed and commission. If a two-hundred-pound hog sold at South St. Paul for 8 cents per pound, or \$16.00, the Litchfield farmer received net \$15.34. That certainly is reducing the middleman's charges and sufficient tribute to the efficiency of the organization.

In 1915, Minnesota farmers sold about 50,000 cars of livestock, and approximately one-fourth of this was sold thru livestock shipping associations. It is said these associations saved Minnesota farmers \$500,000, and had all Minnesota stock been sold in this way the saving

effected would have been another \$1,500,000 or \$2,000,000 all told.

Fight with Stock Buyers

The livestock shipping associations of Minnesota are mostly organized by the American Society of Equity, by the Extension Department of the University of Minnesota or by the county agents of the Federal Department. The movement has



Four years ago the stock buyer dominated the situation—the farmer had nothing to do but sit on the fence.

had a very rapid growth, not all the associations have succeeded by any means. There were many failures. It is but natural to expect this where the organized trade of stock drovers and to a large extent commission men were aligned against the farmer and bent on maintaining the old system of keeping the entire stock handling game a closed business. The stock buyers claimed that even tho the farmers shipped the stock themselves they would still get a commission on the deal, and this seemed to be borne out in fact. In many instances the farmer after getting his returns from South St. Paul was short of what he would have got from the local buyer, who has never been a philanthropist, at least to the farmers. Investigation seemed to well establish that rank discrimination was being exercised against the farmers on the terminal market. The central commission men were anxious to maintain the old system. If, for instance, a commission man had three cars of stock for sale, two from drovers and one from a shipping association, he quite likely sold the former for the top of the market and then some, and the latter for fifty cents

to one dollar or more under the market. The farmer had no recourse, and by so doing the commission man ingratiated himself in the good graces of the stock buyer by getting more than his stock was worth, and he killed the shipping association movement, which was the enemy of the stock buyer. He also had another personal motive in killing the association. Stock buyers' shipments were easily handled, whereas co-operative shipments necessitated weighing the stock up in several drafts and a much more extensive and expensive bookkeeping system.

The continued aggravated state of this discrimination resulted in the American Society of Equity sending a committee to South St. Paul to investigate the situation and find if the same treatment could not be secured for farmers' shipments as for drovers'. The committee got no satisfaction from central commission men, who wanted no "farmers' family loads" system. The discrimination and the failures continued. But the agitation also continued. It was impossible for the farmers to put their own agency on the South St. Paul Livestock Exchange, for this is a closed corporation on which membership is very difficult to obtain even at a cost of \$2,500. The only way was to get some firm already on the exchange to take up the work. Another trip was made to St. Paul and more refusals ensued. The "farmers' family loads" were quite as obnoxious to the commission men as ever.

Fight with Commission Men

Finally the J. R. Kirk Commission Co., one of the smallest firms out of some twenty on the market, promised to make investigations and report to the Society of Equity. One month after the committee's visit this firm reported that it was ready to handle farmers' co-operative shipments provided the farmers were ready to give it their support by centralizing their shipments thru the one firm. This action lost the support of the old stock buyers to the Kirk Company and put them badly up against it. Their failure was predicted by other firms. As a saving measure the Society of Equity put organizers in the field to start new associations, but the state funds soon gave out. The Kirk Company, along with the prime Equity mover, T. Raleigh, St. Elmo, Minn., continued the work and finally swung it around to a successful issue from the outside standpoint. But not so from the inside. The established state of affairs was not to be disturbed if the commission men could help it. They accused the subsidizing of organization work in the country on the part of the Kirk Company as being equivalent to giving rebates to shippers, a thing not allowed according to the rules of the exchange. They held a trial under their own rules, of course, and the Kirk Company was fined \$500 for advertising at their own expense in the most up-to-date way, i.e., by personal representative. That is, they were fined because they were willing to handle farmers' shipments and give farmers a square deal on a market which did its best to rebate to outside drovers a part of the farmers' own money and not allow the farmers to represent themselves.

Growth of Equity Shipments

Today this same commission firm is doing the biggest business on the South St. Paul yards, and have the most complete and best equipment for doing so. Its growth has been steady. Last year it handled \$5,765,782 worth of shipments. Of this \$5,429,912 was money paid for co-operative shipments. Seven salesmen and sixteen men in all are maintained to handle its shipments. In 1913, it handled 2,200 carloads; in 1914, 3,600 cars, and in 1915, 5,200 cars. Up to June 30 this year it handled over 2,500 cars, so that its sales should run 10 per cent. at least over last year. It is the sole authorized representative of the American Society of Equity at South St. Paul. This farmers' society, which is an educational organization much akin to our Grain Growers' Associations, has about 45 per cent. of the state livestock shipping associations organized in connection with it, and the one commission firm handles at least 90 per cent. of the American Society of Equity stock. Indeed, the livestock shipping movement is the main basis of the society's work in Minnesota. Formerly the common criticism was that this house was too small and inexperienced to handle the business. Now the objection is

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Local stock yards at Ellsworth, Wis., the home of the largest co-operative livestock shipping association in the State.