

V. SOME ECONOMIC CONDITIONS OF COTTON FARMERS IN OKLAHOMA WHICH AFFECT THEIR ATTITUDE TOWARD COOPERATIVE MARKETING

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The attempts at organization by farmers in the United States to improve their economic and social conditions are not of recent origin. Such organizations date back to the Revolutionary days. However, these organizations among farmers prior to the Civil War, concerned themselves very little with the marketing of farm products. Marketing questions were not so much in the foreground as now, because agricultural commerce was much simpler than at present.

However, since the Civil War, marketing has been one of the chief problems of the farmer and during the past decade there has been rapid development of farmers' organizations whose main purpose has been more efficient marketing of the products of the farm.

There are now approximately 12,000 farmers' business organizations in the United States and two-thirds of these organizations have been formed since the beginning of 1915. The membership in these organizations has been increased from 651,000 in 1915 to over 2,700,000 at the present time. This means an increase of over 300% during the eleven year period. The business of these farmers' organizations in the United States is now over two and one-half billion dollars.

The farmers of Oklahoma have had their part in this rapid increase in farmers' business organizations. Since 1920, three large cooperative marketing organizations have been formed in the state among the cotton, wheat, and broomcorn growers. During this same period a number of smaller organizations for both buying and selling have been formed so that the total number of farmers in Oklahoma now doing business through their own organizations is probably fifty thousand. This means that about one farmer out of four in this state does a part of his buying or selling through his own organization.

Last year 20,472 farmers in Oklahoma marketed 206,542 bales of cotton through the Oklahoma Cotton Growers' Association. This meant that their organization did a business of over \$17,000,000. This is larger than the ordinary business in Oklahoma and yet only a little over 12% of the cotton in Oklahoma

last year, was handled through the farmers' cooperative cotton marketing associations.

Interviews with over 800 farmers in Oklahoma both members and non-members of the association show that the farmers are strong for cooperative marketing and believe the Oklahoma Cotton Growers' Association has been of great benefit to Oklahoma farmers. Five hundred and three members of the association were asked if they would like to see the association discontinued. Of the positive answers only twenty said "yes" and 453 said "no." Fourteen said they did not know and sixteen said they did not care. Only forty-eight out of 327 non-members answered that they would like to see the association discontinued, while 230 said they would not. Fifteen non-members said they did not know and 24 said they did not care. In other words, of 830 representative farmers in Oklahoma, only 68 or 8.2% said they would like to see the Cotton Growers' Association discontinued. Six hundred ninety-two or 83.4% said they would not like to see the Association discontinued. When these same members were asked if they believed a larger membership would improve the association, 91.3% said they believed it would. Only 3.8% said it would not and the remainder said they did not know or made conditional answers.

These figures reveal very clearly that the Oklahoma farmers are in favor of cooperative marketing and want to see it succeed. The reason more farmers do not take advantage of a marketing organization, the primary purpose of which is to help them secure better prices is a question which those interested in the farmers' welfare are trying to answer.

Without any reference to the efficiency with which the officials of an organization might handle its business and the effect this might have on the membership, there are no doubt other factors which might affect the use farmers make of a cooperative organization. A number of these factors in Oklahoma are economic and for the purpose of clearness will be treated under the three following heads: Tenancy, Types of Farming, and Credit Conditions

Tenancy

A high per cent of tenancy means a less stable farm population than where a large per cent of the farms are operated by owners. In Oklahoma 58.6% of all farms are operated by tenants and half of these tenants moved in 1924. Nine and three-tenths per cent of all farm owners moved this same year. In other words, about 66,000 farms had new operators that year. In some parts of the cotton section the per cent of tenants who moved

each year is even greater than for the state as a whole. In 25 counties in the eastern and southern part of the state two out of every three tenants moved in 1924.

The fact that tenants move so often makes them hesitant about signing a contract to deliver their cotton to an organization for a number of years. This is illustrated by the fact that out of each one hundred members of the association, 52 are tenants and out of each one hundred non-members 74 are tenants.

And then, there is the difficulty resulting from the change in trading center as a result of this moving. All farmers in the survey had changed their trading center every 8.3 years. Members changed every 9.9 years and non-members every 6.9 years. All owners changed their trading center every 12 years. All tenants every 7 years. Sixty-seven per cent of all moving in the state in 1924 took place during December and January. The per cent of moving during these same months by districts was 84.7% in the south central and 77.1% in the southeast.

This high per cent of tenancy in the cotton section with its shifting farm population, changes in trading center and time of moving does not fit into the business methods of the association. The association pays about sixty per cent of the value of the cotton to the farmer when he delivers it to the association. He receives the remainder in three or four payments, as the cotton is sold. He usually does not receive his last payment until about nine months or a year after it has been delivered to the association. The tenant who moves may find it necessary to do his banking at a different place from that to which he has previously notified the association to make his payments. He will also be in need of this money to make settlement with his landlord, to put in his crops in the spring, or to pay the cost of moving.

The common practice is for the landlord to divide the cotton in the bale. If the landlord is not willing for the cotton to be sold through the association, the tenants finds it difficult to buy his landlord's share in order to send his own cotton through the association.

Replies from 448 tenants both in and out of the association shows that 54% of the landlords were opposed to the association and 41% were favorable. Five per cent said their landlords were neutral. For the members, 55% of the landlords were unfavorable and 33% favorable.

Tenancy is thus one of the big problems of the cotton cooperative association in Oklahoma.

Types of Farming

The growing of cotton fits easily into a tenant system of farming. Cotton is the principal source of income to farmers in the cotton section of the state and often the only source of income. Figures on farm sales show the extent that farmers depend on cotton for their income. Sixty-two and five-tenth per cent of all the members received from 76 to 100 per cent of their sales of all products from cotton. For the owners it was 53% and for the tenants 72%. Cotton makes up over half of the total receipts from the sale of all farm products or 83.7% of all members. For owners, cotton made up over one half of the receipts for 80%, and for tenants 87.5%.

The members of the association supplemented their cotton receipts by sales of livestock and livestock products to a greater extent than did non-members. The sales of livestock and livestock products was \$274 for members and \$197 for non-members. The members also used more livestock and livestock products on the farm. The average of these products used by the members was \$296 and for non-members \$259. The average size of the household for members and non-members was approximately the same. If farmers of the cotton belt were receiving a larger per cent of their farm receipts from livestock or other crops and placing less dependence on cotton they would find it easier to adjust themselves to the method of payment by the association.

Credit Conditions

Tenancy and the system of farming in the cotton section are closely tied up with the system of credit. The heavy borrowing period for the farmer is in the spring when he is making arrangements for his year's work. It was found that 55% of all loans were made during the first three months of the year or before the cotton is planted. All of the farmers' cotton, livestock and machinery is usually taken as security for these loans. A great majority of the loans are made to finance the growing of the year's crop, and it is necessary for about one half of the farmers in the cotton section to use credit during the year. And since 55% of this credit is taken before cotton is planted and a mortgage is usually taken on the cotton, about one-fourth of the cotton is mortgaged before it is planted. The average amount borrowed by all farmers in 1925 was \$392 and for owners was \$560 and for tenants, \$345.

Because cotton is the principal crop most of the loans must be paid out of the sale of cotton. For all loans in the cotton section in 1925 on personal and collateral security, 86.9% were

made to come due in October and November. The banker or merchant expects to collect at this time because he knows it is usually his only chance during the year. The sixty per cent paid by the association when the cotton is delivered will not in many cases take care of **these loans**.

The above conditions which exist among farmers influence very greatly the attitude they take toward a cooperative marketing association. We must recognize these facts; and not expect more loyalty from farmers to cooperative marketing than their economic conditions justify.