

THE ORIGIN AND DEVELOPMENT OF COTTON GROWERS  
ASSOCIATIONS WITH SPECIAL REFERENCE TO OKLAHOMA.

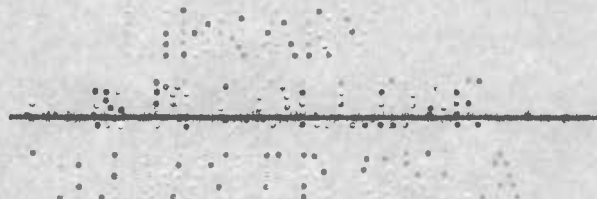
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THE ORIGIN AND DEVELOPMENT OF COTTON GROWERS  
ASSOCIATIONS WITH SPECIAL REFERENCE TO OKLAHOMA

By

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## PREFACE

The concept of cooperative endeavor is not a new line of reasoning; the first history of cooperation harkens back to the time of our first records of human existence; its development into the modern idea of cooperative marketing is simply the culmination of ages of application of the trial and error method, with such timely additions as were found to be necessary for the good of the organization cooperating.

Because there has been a recent development in cooperative cotton marketing, a new light has been cast on the production of this most important crop of the southern half of the United States. Oklahoma has played the leading role in this development and it was through the untiring efforts of her far-seeing leaders in cotton cooperation that her rural populace has been successful in its cooperative organization, and in this success has pointed the way for other states. Finally these same leaders were the medium through which the spirit of national cooperation was developed among producers of cotton throughout the United States.

The American Cotton Growers' Exchange is today an outstanding example of what can be done by proper

management, even under the most unpromising conditions, if the people interested in their own welfare can be properly educated and guided in their action.

Because there is so little in the way of available material at hand for the treatment of ancient cooperative practices, the greater part of this thesis is based on material, most of which was obtained by research in the files of one of the most highly organized associations in cooperative history, the Oklahoma Cotton Growers' Association.

Just recognition is due Carl Williams, editor of the Oklahoma Farmer Stockman, and Fred Wilmarth, editor of the Oklahoma Cotton Grower, for their very kind assistance in proffering material and first hand information regarding their own personal experience in the early history of cooperative cotton marketing.

The writer is also deeply indebted to Dr. Knapp, President of the Oklahoma Agricultural and Mechanical College, for his able assistance and authoritative advice concerning the early development of cooperative cotton marketing in Oklahoma. Professor J. H. Caldwell, of the History Department; W. W. Fetrow, Professor of Agricultural Economics, and Professor Sanders, Head of the Department of Agricultural Economics are also due



much credit for the completion of this paper as it was through their advice and cooperation that this treatise was made possible.

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THE ORIGIN AND DEVELOPMENT OF COTTON  
GROWER'S ASSOCIATIONS WITH SPECIAL REFERENCE  
TO OKLAHOMA.

Part I.

Earlier Attempts at Cooperative Marketing.

Chapter I.

China as the Home of the First Cooperative effort.

In consideration of the fact that China furnishes us with evidence of the oldest national existence of any nation that we have even the slightest record of, it is only reasonable that we should turn to that nation of the Orient for our accounts of man's first "cooperative" endeavor. This we find in a civilization that has been crowded to the marginal point of human existence ever since man began keeping any historical record of his activities.

Living as we are in the morning of a century of transition from isolated to cosmopolitan national life when profound readjustments, industrial, agricultural, social and economic must result, it is well that we look into the conditions that have made possible the permanence of this ancient yellow race and seek out

the methods of procedure that have been the basis for their national existence of some forty centuries.

In China we find the greatest development of political, social, and economic thought appeared in the Chou dynasty, between the eleventh and the third centuries B. C. Among the most important thinkers were Confucius, Mencius, Moh-Ti, Lao-Tze, and other commentators on their ideas. Chinese theory taught the equality among men, democracy in government, and the right to revolt against arbitrary authority.<sup>1</sup>

In the writings of Confucius were found political ideas that were not only democratic, but even radical and revolutionary. Local institutions were always vigorous in China and maintained the ideas of self-government. The great religious teacher Moh-Ti (500-420 B. C.) was the preacher of universal brotherhood. Mencius was the author of the statement that "the people are the most important element in the state."

From the teachings of these ancient philosophers come the first elements of the spirit of cooperative endeavor. The activity of the yellow man, the father of all civilizations, we find the first instances of cooperative effort on the part of the producers of food stuffs.

It has long been a common practice in China for neighbors to help one another in times of great financial stress. If a neighbor is in need of money to tide him over a depression period or some unforeseen trouble he prepares a feast and sends out invitations to his friends. They know there has been no death in his family and that there is no wedding, still it is understood that he is in need of money. The feast is prepared at a small expense, the invited guests come, each bringing money as a present. The recipient is expected to keep a careful record of contributing friends and to repay the sum in full. Not infrequently a small rate of interest is charged. On small sums where securities are not the best, the interest rates may be very high. The obligation is not outlawed and is inherited by the son in case of the death of the recipient.

In this ancient practice we find the first elements of cooperation and though the method of procedure is hardly comparable to cooperative effort as we know it in our large state and national marketing organizations today, the original germ is in the old Chinese practice. Cooperation was carried out on the small scale only and the scope of the work was never more than local in character and generally involving relatively small sums of money and only a small number

of persons interested in the project.<sup>3</sup>

The seed of the cooperative idea in China fell upon rocky soil so far as further development in that nation is concerned, for the lack of transportation and communication facilities did not permit the extended range of activity that we find in the United States today. The overbearing weight of a crowded population numbering close to 500,000,000 souls, supported chiefly upon the products of an area smaller than the improved farm lands of the United States, this, with the preponderance of pauperism and the almost utter lack of any facilities of intercourse, has made China a vast nation of small villages and has developed a civilization of self-subsisting social units.<sup>4</sup>

Though little can be gleaned from the pages of history that bears upon the element of cooperation among this ancient people, we can see that the origin of the principle of human combination lies in the early practices of this, the most ancient of all the civilizations that has maintained its existence to the present day.



## PART I.

## CHAPTER II.

## SWITZERLAND'S PLACE IN COOPERATIVE WORK

In the development of the idea of cooperative activity from ancient custom down to modern practice, there are several nations that stand out distinctly as exponents of the idea. Among these more modern nations we find Switzerland and Denmark preeminent.

First let us consider Switzerland.

Cooperative marketing had an humble origin in Switzerland during the latter part of the Middle ages. Swiss dairy farmers learned that the labour of cheese-making was greatly reduced by forming groups and delegating each member in rotation to manufacture the cheese for all. This was cooperation for production, but it quickly led into cooperation for marketing. The cheese rings discovered that traders would pay a slightly higher premium for the larger quantities of uniform quality cheese than they would for individual lots. Each member in turn then acted for the group in selling to the ablest trader in each ring.

Early cooperative marketing was confined to the selling of cheese, but later extended so as to include butter. Dairy farmers were the first to cooperate.

From Switzerland cooperative dairying spread slowly into France, Alsace, Bavaria, and Saxony, and by the beginning of the nineteenth century it was well diffused through those nation.

At present Switzerland has about 6,500 agricultural cooperative societies. Without counting the 223 Alpine cooperative societies, which date their existence from ancient times, almost all have begun since the commencement of the nineteenth century, and the greater part during the second half. It is said that every farmer in the land belongs to one or more cooperative societies. Cooperation in Swiss agriculture is the unaided democratic achievement of the native peasants themselves; but, like the Swiss consumers' cooperatives, it owes its modern form to the foreign influences. During the past 25 years agricultural cooperation has assumed such extraordinary expansion throughout the leading agricultural cantons that it constitutes today one of the most powerful factors in the economic life of the nation.

There is no national federation of agricultural cooperative associations, but the secretariat of Swiss Farmers, which represents the interests of Swiss agriculture, serves as a common link for farmers' cooperatives.

According to the end and purpose of the society, we have to distinguish the agricultural societies from the cooperative societies. The first are of older date and make it their purpose to promote agriculture quite generally and simultaneously in all its aspects, especially the technical side of agriculture.

The cooperative societies in the proper sense, known to cooperative legislation of most countries are commercial and economic enterprises on some particular ground of agriculture. Of the first kind, which are not cooperative in the proper sense, we have about 850 in Switzerland. With regard to language, they are united in main groups such as the Swiss Agricultural Union in German Switzerland, the Federation of Agricultural societies in Romansch Switzerland, and the Agricultural Union of Ticino in Italian Switzerland. Finally, the whole of Switzerland is included in the Swiss Alpine Society.<sup>7</sup>

Besides the federations of societies, there are some societies with direct membership, comprising larger parts or even the whole of Switzerland. Thus the Society of Swiss Farmers, the Society of Agriculture of Romansch Switzerland, and the Teachers' Union of Agricultural schools; lastly there are some special societies such as the ornithological and Bee-keeping societies.

The cooperative societies mainly pursue economical interests of their members, mostly on some special ground; for example, cooperative dairies, productive societies, associations for threshing, etc.,

The cooperative system in this sense has lately attained a special meaning in Switzerland. As every experienced cooperator is aware, the cooperative system in its development never follows hard and fast rules. In every country the special economical conditions determined in commencement and promoted its career.

In Germany the greater number of the first agricultural cooperative societies were Raiffeisen loan banks. In France the first agricultural cooperative societies of industrial workmen, which had been attempted since the forties of the last century. In agricultural Denmark with its foreign export, cooperative societies for dairying, for slaughtering hogs and curing bacon, for collecting, grading and exporting eggs, etc., were first in springing up. In Switzerland the purchasers and consumers' cooperative societies come first. There are still 600 of them. It is important that we distinguish those which confine their trade to special agricultural working stock and farm requisites, from those which deal in all kinds of necessary things.

The several local purchasing societies are grouped into unions. These attempt concentrated purchases for



the separate cooperative societies, just as the latter desire to concentrate purchase for their members. They also insure for cooperative interests a more effective and imposing representation in the outside world.

There are several of these unions; The Union of Eastern Swiss Agricultural societies of Berne and Adjoining Cantons, the Union of Agricultural Cooperative of Central Switzerland, the Federation of the syndicates of the Canton of Fribourg, the Agricultural Cooperative Union of Ticino, etc. Altogether there are 10 such federations of local cooperative societies in Switzerland. The best understanding exists between them, making it possible to care for their common interests.<sup>7</sup>

The greatest number of societies, companies, and cooperative societies are occupied in the dairy industry, and there are also societies mostly of long standing, engaged in making cheese. They number about 3,000. There are more than 1,350 Breeder's associations in the nation and something over 160 cooperative credit societies with about 10,000 members. All other forms of agricultural groups are quite in the background as compared with those mentioned. There are also some fruit and vineyard societies (about 400), associations for threshing, and lately, especially in the west of Switzerland



Milling and baking cooperative societies have shown a remarkable activity.

In Switzerland milk production is the most important item in the agricultural industry. The value of the annual milk production in Switzerland amounts to approximately 400,000,000 francs. Of this milk a great deal is used for the manufacture of emmenthaler cheese, of which there is continually increasing exportation to the United States. Besides that they manufacture condensed milk, and further, a portion goes directly to the consumption of the people in the country. Cheapness of production and distribution with milk, condensed milk, and butter is mostly due to the associations.

There are three kinds of associations. The first only sells the milk. The second rents to the cheese maker and furnishes him with the milk and he uses the building to make the cheese in. The third is acting in the interest of the manufacturer; that is, he is interested in the manufacture and sale of the cheese. These associations have been formed into a union in order to regulate the price of milk. To go against these unions the dealers have organized, and for that purpose they have organized or founded cheese export companies. At the present time very hard fighting is going on between these two parties. The exporting companies export a considerable amount of cheese to the United States. In the United States there are a number of national cheese

dealers to whom the cheese is sold by cable.

Recently all the milk and cheese buyers have organized into an association. The leading member in this association is the condensed milk factory at Cham. In the case the farmers do not supply the cooperative societies with milk, the condensed-milk factories will supply these cooperative societies. In the neighborhood of these condensed-milk factories they are building cheese factories so that they can use the milk for the manufacture of cheese instead of condensed milk. They are fighting just at the present time and the result is not known yet. The future of the whole Swiss industry depends on the results of this competition. The point is to organize the farmers into associations and if possible to concentrate the business into the hands of the farmer associations, and if they can do that it will be successful, for there is no place in the world where they produce better cheese than they do in Switzerland.

#### Swiss Farmer Associations.

The Swiss farmer's Union includes all the associations and societies that have been mentioned or named heretofore. The aims of the farmer's union are political and economic.

The farmers' union has the following administrative organization for this purpose;

First, the farmers' secretary. Further it has a special bookkeeping department for the keeping of records. There are permanently 300 farmers who keep a record. The union has an official for prices and at least one confidential man in each community. In any initiative, referendum, or other vote these confidential men take an active part. They keep informed on customs tariffs and the control of food supplies. They have the addresses of all agricultural societies in Switzerland so that they can inform them how to take an active part in voting. The union took an active part in the establishment of the new civil code, in the revision of the military law, and in the law for accident and sickness insurance. It was due to the farmer's union that the last named law was passed. For scientific work the farmer's union receives an annual support of 40,000 francs. The income of the union consists in free contributions by the members. The influence of the farmer's union is especially due to the democracy. Every law has to have the signatures of 30,000 voters before it can be passed; that is, before any law can be referred 30,000 people must sign the petition. For voting the union has taken but a very small active part. The main reason is because the union contains or embraces the tendency of the Swiss people and, further, because the voting is usually done in each canton separately from the other cantons.

In tracing the development of the concept of the theory of cooperative endeavor from its ancient elemental forms down to its most modern intricate and complicated extensions, we find that Switzerland played a significant part in exemplifying the importance of the small units of organization and of the empowering of the individual control within those units and over the organization.

PART I  
CHAPTER III

DENMARK AS A PRACTICAL EXAMPLE OF THE MORE MODERN  
CO-OPERATIVE SYSTEM.

In considering the outstanding national exponents of co-operative in chapter 2, we linked Switzerland with Denmark. We have found wherein Switzerland was essentially a number of small unions, and we find that the individual member of the local unions is an important element in this immediate organization.<sup>8</sup> We can see that the idea of cooperation gradually developed from the ancient friendliness of the Chinese and now in Switzerland we find men cooperating for reasons other than that of meeting an unforeseen emergency. They are now applying the principle of cooperation to everyday business and are realizing that their success as farmers and industrial people lies in their ability to coordinate their work with that of others of their occupation.

Now we come to consider Denmark as a nation of co-operatives and to appreciate the more extensive development here than we found in Switzerland.

The cooperative movement in Denmark is essentially a farmer's movement.<sup>9</sup> Besides the distributing societies, there are about 1,150 cooperative dairies, and 38 pig and cattle abattoirs, 1 wholesale society, 1 egg-exporting society, and various societies for exporting



live stock and butter. There are some 1,330 distributing societies--as many as there are in England, but not so large. The average turnover of the Cooperative wholesale Society is about 50,000 crowns or about \$14,000.

Nearly all the local societies (1,280) are in the country; only 50 are in the towns, and the societies in the towns are not larger than those in the country. This is the great difference between distribution in Denmark and in other countries. Almost all of these societies are members of the wholesale society of Copenhagen, which is a sister society of the Cooperative Wholesale Society of England.

#### Scope of the Cooperative Wholesale Society.

In delving into the scope of the Wholesale society we find that Denmark is divided into 23 districts; and each district elects a member of the board of representatives, which of course, consists of 23 members. The board of representatives elect a committee of 7 members. Only two of the committee, the chairman and the vice-chairman, devote all of their time to the work of the society.

The five other members devote only their spare time to the work. The committee does not buy or sell. It appoints the managers and oversees the general conduct of the business.

The capital is about 8,000,000 crowns. There is a share capital which amounts to 800,000 crowns, a large

reserve fund--4,500,000 crowns, and real property amounting to 3,000,000 crowns. They have various warehouses which have cost 3,500,000 crowns and to this we must add their rent of 3,000,000 crowns. This will give some idea of the financial standing of the organization.

There is also a small insurance fund of 400,000 crowns, which is used to alleviate conditions of market stress and thus keep the market favorable to the company. Besides the head office at Copenhagen, there are 2 depots through which goods are distributed to the various districts. Copenhagen distributes goods for Zeeland.<sup>9</sup>

The society owns several manufacturing establishments, including sugar and chocolate works, a tobacco factory, soap works, and a rope factory, each employing about 100 men. Denmark exports so much butter that she finds it profitable to manufacture 70,000,000 lbs., of oleomargarine annually for her own use. It is carefully made and used extensively in that country.

#### Distributive Societies.

The first two distributive societies were organized in 1886; but it was only after 1890 that there were more than 500 societies. Today there is nearly 1,500. The annual turnover in these societies is 70,000,000 crowns; and of this seventy millions the societies have bought from the Cooperative Wholesale Society, fifty-five mil-

lions' worth of goods. They buy practically everything from the Cooperative wholesale Society. They are under no compulsion however; they can buy where they like and need not buy from the central society unless they find that its prices are cheapest.

The average membership of these 1,500 local societies is 141 members, and the average reserve fund is 2,600 crowns per society. In 1913 they had a million and a half kroner and every year has brought an increase up to the depression after the world war. It is now on a gradual increase again.

The Cooperative Wholesale Society imports only manufactured goods for the household. The turnover averages; of roasted coffee is 2,500,000 crowns; 556,000 crowns represent chocolate; tobacco, 700,000 crowns; rope, 430,000 crowns; and soap 900,000 crowns. The oleomargarine work started in 1913 and there has been an increasing turnover from this.

After the crisis of 1880 to 1890 when the best European farmers were pretty nearly failing, the small farmers were of Denmark combined to try to build up the decline caused by the banking crises. On account of the low grain prices, the expenses of agriculture and the price of other foods, meats, bacon, and eggs, and the means of transportation were not good. So everybody manufactured what he liked.<sup>10</sup> For that reason, the farmers endeavored to get better prices for their eggs and other products when put upon the world's markets by using such brands as

would create a demand in the world's markets. Then they started the cooperative production of butter. This movement was slow on account of the existence of the cooperative system which had been in vogue since bygone days, but which had not shown good results.

In 1882 the first cooperative dairy was started, upon such features of the old system as could be adapted to the existing conditions. In the course of 10 years the movement had grown so much that in each community all over the country there was at least one cooperative dairy. It was financed so that the members of the cooperative society were liable only for the amount used for the buildings, machinery, etc., the members giving no cash. The system succeeded in raising prices to the producer, but the members did not rely upon it, because they did not believe that these dairies could produce first-class butter. This was a mistake. The products from the cooperative dairies brought a higher price than the products of the dairies run by the large landowners. In this way the small farmers were able to receive a better rate of interest on capital invested in their small farms than it was possible for the large landowners to realize. It was usually claimed that the cooperative movement should take care of the great capitalists of the nation. The Danish movement did not take this view. So, too, the movement had some social mission to fulfill. Before this movement

was started the small farmers were dissatisfied and they were not counted as being very much. But now the "housemen", as they are called, endeavored to raise their products to the level of these of the large landowners and farmers, and in this way the cooperative movement among the small farmers proved the foundation of the agricultural system throughout the country. What is known as the small farmer usually has from two to four cows, while the large ones have from five to twenty cows. For this reason the movement of cooperation is of great importance to the upbuilding of Danish agriculture, because it is founded on the movement of the small housemen getting together along cooperative lines.

Two facts will show the importance of the movement: Of the net agricultural area of Denmark, 15 percent belongs to large landowners and 85 percent to small farmers. These farmers constituting the 85 percent have been compelled to raise the grade of their products in order to compete with the large farmers. This is the real problem which has been solved by the cooperative movement.

The result of the extreme confidence placed in the Egg Exporting Society by the farmers has been that more farmers have gotten together in cooperative associations and bought feeds, manures, and fertilizers, and the results have all been good.<sup>11</sup> The small farmers get their necessities in this way at the same price at which the large landowners get theirs.



From the above consideration of the conditions as they exist in Denmark we see that in the development of the cooperative movement from the ancient individual idea or method, down to the more modern group system, Denmark lends us a good example of the more modern and more advanced method as compared with that of Switzerland with her more individual or small-unit system.

## PART I.

## CHAPTER IV.

CALIFORNIA AS OUR PRINCIPLE EXAMPLE AND  
AS THE BASIS OF THE "CALIFORNIA PLAN".

We have considered, in earlier parts of the treatise, the development of the concept of cooperative work in other countries and at times quite removed from our own. Now we come to the consideration of the development of this line of endeavor in our own country and at a time not so remote in history.

"Nowhere in the history of cooperative marketing have successes more sensational been scored than with the dried fruits of the Pacific Coast. (raisins, ppunes, peaches, apricots and figs) Within the short space of ten years, cooperative marketing there has literally rescued the growers of raisins, prunes, peaches and apricots from bankruptcy and disaster, and placed them upon the most substantial financial basis of any group of farmers in our country. This record is one of the ourstanding agricultural devel-  
12  
opments of the past decades.

Just as the California farmers enjoy a virtual monopoly in the production of dried fruits, so also the cooperative associations of that state have

practically a monopoly of their marketing.\* The co-operative associations handle 90 percent of the California raisins, 85 percent of the prunes, and nearly 80 percent of the peaches and apricots, or approximately 80 percent of the entire American production of the dried fruits.

The development of cooperation among the growers of raisins began when the raisin growers of the San Joaquin valley organized in 1912. The rise of the raisin industry was simultaneous with the development of the Sun-Maid Raisin Growers.\*\*

Raisin cooperation began in 1889. At first each grower marketed his own crop, a plan which gave way to selling for cash to the raisin packers. This method was not a success in that the packers could control the price of raisins and the growers did not get a fair price for their product.

\* The state of California produces all of the nation's raisins, more than 90% of the peaches, apricots, and figs, and 90% of the prunes.

\*\* Originally the California Associated Raisin Co.; name changed in 1922 to Sun-Maid Raisin Growers.

This first association did not live long and the plan of cooperation was afterward tried out every few years until in 1912 the bankers and business men of Fresno backed the first successful organization.

The California Association of Raisin Growers, later changing its name to the Sun-Maid Raisin Growers, in order to take advantage of their trade mark, contracted 76 percent of the raisin crop of 1913. Previous to this time the raisin crop had always been handled by the packers, who processed and packed it and later sold it to the wholesalers. When the packers refused to assure the new association  $3\frac{1}{4}$ ¢ per pound, the association established their own plants and through skillful borrowing they financed the distribution of the entire crop at  $3\frac{1}{4}$ ¢ per. pound.

This association's success after a long string of failures is not a great deal unlike the experience of the first Prune Growers' Association. The first of these organizations of prune growers was formed in 1900. It included 60 percent of the growers of the Santa Clara valley, which then produced the bulk of the prunes. It had a half-million dollar plant, was well financed, and apparently was destined to succeed. The big prune packers got control of the outside prunes, and dumped millions of pounds of them

on the market just as the association was ready to move its product. The market went to smash, and so did the association. Most of the association prunes could not be sold at all, and finally in 1902 were turned over to a small pecker named H.G. Coykendall, who succeeded in selling them at prices that gratified the growers. This was the last of the organizations in this field until in 1917, when under this same Coykendall's management the California Prune and Apricot Growers, Inc. organized with the help of Aaron Sapiro and handled the production for three years until in 1920, the financial crisis that struck the country nearly wrecked the organization.<sup>13</sup> The Prune Growers recognized certain defects in their organization and in 1921 organized the California Prune and Apricot Growers' Association to succeed the old organization.

This new organization was a non-profit, non-stock, cooperative association, and its method of operation was essentially the same as that of the old association.

The third member of the California dried fruit triumvirate is the California Peach and Fig Growers, organized in 1916. This organization originated as the California Peach Growers, but in 1921 it was reorganized to include the fig growers. Heartened by the success of the raisin growers, the peach



growers turned to cooperation. They organized with \$600,000 capital in the early part of 1916 and contracted about 75 percent of the crop for five years. (their present contract covers eight years) They followed the raisin growers' plan almost exactly. They sold their product through brokers to recognized wholesalers only.

The growers of citrus fruits in California, though a bit earlier in their first attempts at cooperation were certainly more successful. Thirty-one years have elapsed since the orange growers of Southern California began to market the products of many separate localities through one channel, and to secure fair prices almost for the first time in the history of their industry. The real beginning of cooperative orange marketing dates from 1888, when T.H.Chamblin organized the Pachappa Orange Growers' Association at Riverside. These growers had a common packing house, thus putting out a standardized product, and the officers instead of the growers, sold the fruit. A number of other local associations sprang up, notable the Claremont Fruit Growers' Association. These organizations supervised the sale of their fruit in the East, while the others merely bargained with local buyers for a sale and were not very effective.

In 1893 the orange growers of California met at Los Angeles and organized a state exchange which later (Oct. 21, 1895) was reorganized into the Southern California Fruit Agency, which included a speculative group of shippers and buyers. This organization of growers later recognized their error in having anyone in the society but growers and so organized the California Fruit Growers' Exchange (1905) so as to include only growers. This organization handled more than three-fourths of the citrus crop of the state.<sup>14</sup> They divided the work of the association into three branches: the local associations; the district exchanges and the central exchange. They pooled their product and made payments to the producers when the pool was sold, according to the amount of product contributed and the quality of it.

California markets more than \$240,000,000 worth of products cooperatively each year, standing first in that respect. More important still, it has furnished the principles and system to most other cooperatives.

The California Fruit Growers' Exchange is the oldest large cooperative association in the United States, and was until 1922, the largest. There are some seventy other cooperative associations in that state at the present time, all working satisfactorily

and covering nearly every field of endeavor from raising hogs to the production of fruit. Thus it is reasonable to understand why California was the state that The Oklahoma Cotton Growers turned to in their endeavor to find the home of the ideal system of cooperative organization. They were the most experienced of any state and they had been forced to work with a product that was relatively perishable, a fact which made their effort all the more strenuous. They had made a success of their business and had mapped and chartered practically all of the pitfalls of the cooperative business. Hence, considered a wise move on the part of the Oklahoma organization when they secured the legal as well as the administrative counsel of the California Fruit Growers' Exchange before launching the Oklahoma Cotton Growers' Association which has come to be an outstanding success in the southern states of the continent and which has come to concern every cotton producer in the state whether he happens to belong to his local organization or not.<sup>15</sup>

## PART II.

### CHAPTER I.

ORGANIZATION AS THE RESULT OF THE EXPRESSION OF THE GENERAL OPINION THAT THERE WAS A DIRE NEED FOR A MORE EFFECTIVE **SYSTEM** OF MARKETING THE COTTON CROP OF THE STATE.

It seems consistent with human nature to link the names of the promoters of any great move or project with the success or failure of that move after it has had its run and has proved its worth or its uselessness later on. It is this consistency that the writer wishes to assume as his excuse for bringing into the following pages the names of the men which have been most prominent in the establishment and development of the cooperative association of the cotton growers in this state and even in the organization of the 'National Exchange'.

Probably the most important man that assisted in the organization of the Oklahoma Cotton Growers' Association, was Carl Williams, present editor of the Oklahoma Farmer Stockman, first president of the American Cotton Growers' Exchange, Chairman of the

executive committee of the original Oklahoma Association and honorary President of the Exchange at the present time. Let us consider his story of the early history of cooperative cotton marketing in the state as well as the nation.

The germ of the idea of cooperating the cotton growers of the state was fertilized in the brain of Carl Williams back in 1904. He saw the condition of farmers, new to the country and conditions of territorial administration, being wheedled out of a large part of their rightful share of profit on their production of the most common and most profitable "cash" crop, cotton. Due to the conditions of the government and the lack of a stabilized rural populace there was little chance of any real work toward directly developing even local organizations, but the thought was occasionally 'aired' through the columns of the state's most popular newspapers and farm journals.

Little was done in the work of bringing the cotton producers of the state together until in 1914 agitation was stirred up through the newspapers and farm journals and through the influence of the county agents working out of the State Agricultural and Mechanical College. Then, for the first time the thought of cooperation was presented to the citizens of the state. Nothing resulted however from this agitation save that the people were given a chance to see that eminent leaders in farm





HOME OF THE OKLAHOMA ASSOCIATION.

This building, at 10 West Sixth Street, Oklahoma City, is of reinforced concrete and is thoroughly modern. It is complete in every detail of equipment and covers 56 X 120 feet of ground.

organization were thinking of cooperation for mutual benefit.

In April of 1920 there was a meeting of the American Cotton Growers' Association at Montgomery Alabama. This was a meeting of producers designed mostly to give each man some idea of what the conditions were in the other parts of the cotton district and to present new plans for future consideration. It was during his attendance at this meeting that Mr. Williams met Aaron Sapiro, the able legal advisor of the cooperative associations of California and other states. Sapiro was cordially invited to come to Oklahoma City and to bring others with him to talk over the possibilities of organizing a cotton growers' association in Oklahoma.

Two months later, (June, 1920) Sapiro came to Oklahoma City and spent ten days with Carl Williams in his little office working out the marketing contract of what later was to be the Oklahoma Cotton Growers' Association. After considerable discussion and even more advertising in farm papers, a general meeting was called for June 10, 1920 of all the producers of cotton in the state to meet in Oklahoma City. In this meeting there were some thirty- two counties represented. The delegates at this convention recognized in Mr. Williams a leader with the



MULTIGRAPH AND SUPPLY ROOM.



WHERE THE LEDGER CARDS ARE MADE.

ability and the equipment to aid them in establishing their organization and elected him chairman of the executive committee of their new organization, the Oklahoma Cotton Growers' Association. He also represented the public in the membership of the board of directors, being appointed by the President of the State Board of Agriculture, as representative of the general public.

For several months the business of the Oklahoma Cotton Growers' Association was carried on from the little old red desk ~~of~~ in William's office in a third story, down-town publishing building. In October of 1920, Secretary Stealey was hired and paid solicitors were put in the field. Williams personally guaranteed the payment of all bills incurred, but the membership campaign paid out well and by the first of April, 1921 there were approximately 34,000 members and the cost of obtaining the membership had been cut almost in two, leaving about \$ 90,000 over and above expenses. About this time the new organization proceeded with the legal steps in making the Association a legal business firm.

In July of 1921, a few months after the new Association was made a legal business firm, the American Cotton Growers' Exchange organized at the





THE GENERAL OFFICE



CHECKING SAMPLES.



institution of Williams at Oklahoma City. He was elected President of the national organization and held this office until three years later when he was elected honorary president after his resignation because of pressing personal business interests. Thus begins the story of the first attempt at united cooperative commodity marketing east of the Rocky Mountains.

While considering the most important men concerned with the origin and growth of the Oklahoma Cotton Growers' Association it is very hard to tell just which particular man's work has had the most outstanding results, but we have considered the work of Williams because of the part he played in starting the Association out on its first steps to success.

Probably more important in consideration of the total result of his effort, is C. L. Stealey, present General Manager of the Association and first Secretary of the organization. Stealey has been a prime mover of the Cotton Association ever since its origin and at the present time is the Secretary and General Manager of it. He it is who makes the trips in its behalf and brings from all corners of the nation the latest knowledge for the business.. He it is who~~##~~ is held liable more or less for every venture of the Association.



THE MAILING ROOM



THE TABULATING ROOM

Stealey is who has been at the helm of the business from its very beginning and who has steered a good course and true. It is Stealey that marshalls the forces within the state and cooperates with the National Exchange. Stealey has been in the heaviest of the hail of abuse at the hands of the skeptic and the unbeliever, yet he, like Williams, has done a work and has performed a service that he will never in all probability receive any credit for. These men have been instrumental in founding and developing one of the largest cooperative organizations east of the Rocky Mountains, yet only a relative few people know of them or their work in bettering the condition of the workers of the one big industry of the south, the cotton production of America.

There are a host of other important men, but there is only space for the mention of two here. Aaron Sapiro, the legal advisor of the California cooperatives was the attorney that drew up the contract for the Association with due respect to the legality of every clause. Fred Wilmarth, the able editor of the Association publication, the Oklahoma Cotton Grower, has had charge of publicity ever since the organization got on its feet, and has been a booster and powerful aid in maintaining and fostering the

cooperative spirit among the members. He has been a friend to the farmers and has rendered a wonderful service through his publication.

Now we have an insight into the concept of cooperative endeavor as developed from the Chinese centuries before the Christian era down through such European countries as Switzerland and Denmark, altered and expanded in California to meet the conditions and now finally adopted in our own state under the guidance of some of the most public-spirited men of our time. Let us consider further the growth of this most promising child of the agriculture brotherhood of the south.<sup>16</sup>

PART III

THE DEVELOPMENT AND EXPANSION OF THE SEVERAL  
FUNCTIONS OF THE NEW ORGANIZATION.

CHAPTER I.

NEW METHODS OF FINANCING OPERATIONS.

The original method of financing the Oklahoma Cotton Growers' Association was through the Clearing house Association at Oklahoma City, wherewith they agreed to offer \$ 1,000,000 for financing the new business after they had investigated the Cotton Association. This action was taken following recommendations by the committee appointed early in July of 1921, by the Clearinghouse Association to investigate thoroughly the practicability of cooperation on the part of their members with the Cotton Association.

This committee was composed of representatives of the Security National Bank; American National Bank; Liberty National Bank; and the First State Bank. The Clearing-house Association unanimously approved the plan of cooperation with the Oklahoma Cotton Growers' Association embodying the issuance and purchase of inland trade bills and bank acceptances. The bankers further put themselves on record as having found the Cotton Association an

organization that had gained much popularity among the cotton interests of the state, and an institution worthy of their support as a business organization. These findings were based on the association having title to the cotton it would handle and on there being a market through the Federal Reserve Bank or elsewhere through the securities which was created for the inland trade bills and bankers' acceptances. The members of the Clearing-house Association were agreed that they would extend to the cotton Association every consideration that could be allowed under conservative banking principles.

The matter of credit extension to the Cotton Association was brought to the attention of the local clearinghouse members by the special committee appointed some time previous by the Bankers' Association.<sup>17</sup> This committee made an exhaustive study of the whole problem of financing the 1921 crop for members of the Association. This assistance of the banks to the Association spread from the banks at Oklahoma City to those of the other towns and cities over the state until there were over 260 banks that cashed drafts on the organization to its members. They also honored at sight all paper of the association.



Quoting an early edition of the association publication, we read: "The new financing plan put into operation by the Association following the difficulty experienced for a few days in taking care of drafts coming through several Oklahoma City banks is meeting with unqualified approval on the part of bankers all over the cotton belt of the state.<sup>18</sup>

Immediately following announcement of details of the plan, letters and telegrams began coming to the Oklahoma City office from bankers in all cotton counties commending the plan and pledging cooperation in to it. A number of banks have voluntarily extended loans in considerable amounts. Others are simply taking up drafts on cotton originating in their own territory and carrying these until the Association is able to sell the cotton covered by the drafts they hold. The Association's policy of quick sales, where market conditions justify, pleases these banks. They have their loans repaid in a short time and in addition receive the balance of the sale price of the cotton as a deposit pending distribution to the members. At present (8/5/21) market prices this balance is even larger than the 10 cents per pound advanced. The bank thus gets two for one or better and following the first sales by the Association has at all times considerable sums of Association funds on deposit.

The War Finance loan of \$ 6,000,000 was made available as rapidly as the compress tickets and certificates of grade and class could be concentrated in Oklahoma City. These funds may be used to liquidate the obligations to Oklahoma banks in the event the Association does not make sales rapidly enough to allow the bank the quick turnover it desires.

A feature of the plan which appeals to all the banks that are handling Association paper, is the appointment of the Trust Department of the Security National Bank of Oklahoma City as custodian for collateral securing all loans made to the Association by Oklahoma banks. This arrangement is also a great help to the Association in completing delivery on sales, since compress tickets covering the cotton are concentrated in the hands of the Security National Bank and are easily accessible. Under the old plan compress tickets were scattered and much time was lost in getting them in hand at Oklahoma City."

The War Finance Board mentioned above made a thorough investigation into the Oklahoma Cotton Growers' Association and on September, 19, 1921, approved the loan to the Trades Compress Company of \$ 6,000,000 to be made immediately available.<sup>19</sup> This financial assistance from federal sources permitted the Association to convert at once the Traders' Compress tickets,

held as collateral by any bank out of the new funds.\*  
The new funds were available upon presentation by the  
Association of bill of lading without the necessity  
of assembling compress tickets and certificate of  
grade and class.<sup>20</sup>

Later, (November 5, 1921) it was found that  
additional funds were needed to make the advance pay-  
ment on Association cotton. Following a conference  
of Association officials, a telegram signed by Carl  
Williams was sent to the War Finance Board, requesting  
that an additional half million dollars be made avail-  
able for the Association's use under the terms  
governing the advance of the initial amount of one  
million dollars already used by the Association. The  
telegram detailed the reasons for the need of additional  
funds and requested early and favorable action.

"Traders' Compress Tickets" are the tickets  
issued by the Association's clerk at the central  
compress, giving the weight, staple, and the  
condition of cotton. This serves as a basis  
of credit since they determine the actual  
value of the producers bale, upon which money  
has been loaned.

This telegram was filed just before midnight. Before nine O'clock the next evening a reply had been received stating that the request had been passed on and that it was granted at a meeting of the War Finance Board that day, and that the desired amount was being placed in the Federal Reserve Bank at Oklahoma City, for the Association's use under the same terms as governed the first advance, that is, upon presentation of original bill of lading covering cotton on which advances were to be made. "This is the first time on record," said Secretary Stealey, "that any organization of farmers has been able to get such quick action on government funds and at the same time to get the money in such shape that it can be immediately used on terms that are practical and easy to meet." Their success seems to have been due to the fact that they were able to go to the financial interests on the same basis that any large city corporation would go, that is, they were able to prove that they practiced sound business methods.<sup>21</sup>

## CHAPTER 2

EXTENSION OF THE FIELD OF OPERATIONS SO AS TO  
INCLUDE INTERNATIONAL MARKETS.

The sales machinery of the Association was set in motion Wednesday, July 6, 1921 when the Board of Directors in session at Oklahoma City definitely engaged a head salesman. The man chosen for this important post was W. G. Sparks of Houston, Texas. To this man was checked up the task of selling all of the cotton signed up by 34,500 members of the Association. Mr. Sparks had been for twenty years with the Texas agency of George McFadden and Brother, who were among the largest cotton exporters of the world. He had a wide acquaintance and friendship among cotton exporters of the South. He was also well and favorable known to the spinners. Since the association was to deal direct with exporters and with spinners, both in the United States and Europe, these qualifications were particularly valuable. He was especially well equipped in training and experience to handle the big job before him.<sup>22</sup>

With the selection of a head salesman and auditor, the members could now feel that their association was well under way with the necessary preparations to handle their cotton. The further development of the

sales organization could now proceed without delay. This was now possible with experts at the head of each department.

Complete approval of the Association's sales policy was expressed in meetings over the state, according to reports made by the secretary and directors of the Association at a meeting of the board of directors at Oklahoma City December 7. Several of the directors and Secretary Stealey held a number of meetings over the state and covered practically every part and section. In all of these meetings the lack of market demand for cotton, the amount of unsold cotton on hand and the fact that no distribution could be made until a considerable amount of cotton was sold were discussed. The board's decision that the proper policy would be to sell only at a fair price together with the prospect for a fair price after the first of the year had been laid before the members. In every case the members voted unanimously to follow the policy of not dumping Association cotton on an unfavorable market, regardless of the need for money on the part of either members and bankers.

In view of support of their course thus evidenced by the members themselves in these representative meetings, the directors at their meeting December 7th, 1921 decided unanimously to continue this policy.<sup>23</sup>

With the engaging of an expert cotton salesman with a wide range of experience to carry on the work of handling the selling end of the business and with the membership of the organization and the bankers of the state and nation behind the movement, the range of activity now began to spread and finally came into international prominence. At the present time the state organization can deal directly with foreign markets and often does. The national association generally arranges the larger purchases. However, the largest single shipment ever made to a foreign country by one firm went from a state organization, the Texas Farm Bureau Cotton Association, from the Houston warehouse to Liverpool. The steamer Abercoos from the United States shipping Board carried a cargo of 18,000 bales insured at almost \$4,000,000 all sold by the farmer's organization to English dealers.<sup>49</sup>

The American Cotton Growers' Exchange, composed of state associations in Alabama, Arizona, Arkansas, Georgia, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee and Texas, now has foreign sales agents and offices in the following places: Liverpool, Bremen, Havre, Rotterdam, Enschede, Holland, Copenhagen, Denmark; Lille, France; Milan, Italy; Zurich, Switzerland; Barcelona, Spain; and Osaka, Japan.



Sales offices are also maintained in Boston, Atlanta, Charlotte and Greensboro, North Carolina; Spartanburg and Greenville, South Carolina. The head sales office being at Atlanta.

## PART III

## CHAPTER III.

## MORE EXTENSIVE OPERATIONS TO SECURE MORE MEMBERS.

With reports in hand showing over 225,000 bales signed up, the Organization Committee, in session at Oklahoma City, March 15, felt that it was near enough the goal to go ahead and finish the job by April 2d.<sup>24</sup>

The week starting March 28, and closing April 2, was designated as the Oklahoma cotton grower's week of opportunity. During this week was staged the final, rapidfire drive for members. Every cotton farmer then a member of the Association was urged by the committee to get every cotton farmer in his district into the Association and then go out into other districts and help the folks over there get lined up. This was different from the first method used in securing members. At first the committee had paid field workers in the business of procuring the new members. The membership fee was ten dollars, then considered as very reasonable and the new members were urged to assist others to sign up the Association contract.

In order that every cotton farmer might not only be given an opportunity to join the Association, but would have the way made so easy for him that he could not refuse, the Committee further decided to accept members

for this drive upon the payment of the ten dollars membership fee by notes due in the Fall to be paid out of the first cotton marketed by the Association. The Committee felt that it was justified in taking this action because of the assurance it then had that there would be little difficulty in financing the operations of the Association from this point. After this drive no memberships were accepted on this or the old basis, as an entirely new plan was then put into operation.

Quoting a contemporary publication<sup>25</sup> "The success of this drive depends very largely upon the members themselves," says Secretary Stealey. "With the payment of membership fee put on a note basis, there is no very sound reason why every cotton farmer in the state should not join the Association if they are properly approached during this drive. No crew of paid organizers can reach all, however. It is up to the members themselves to go out and finish the job. Every new member signed up by an old member renders no expense to the Association. Every new member signed in this way means a saving to the Association, and therefore a saving to every member."

After the drive for the 300,000 bales was completed, there was a change in the membership plan made. No more members were accepted on the old basis or on \$10

notes. Secretary Stealey made the statement just before the finish of the drive," the drive for the 300,000 bales, during which members will be accepted on note basis, will close just as soon as the Committee is satisfied it has reached the 300,000 bale mark. After the close of the drive a different plan for membership in the Association will be put into effect.

While definite action has not as yet been taken as to the exact amount, the Organization Committee has already agreed that as soon as the necessary 300,000 bales are signed up, the membership fee will be made not less than \$15."

This increase in the membership fee, however, was never made. The fee at the present time is still \$10 cash.

There are many instances where the bankers and business men interested in the welfare of the farmers they serve, rendered valuable assistance to the Association workers. In one particular instance,<sup>26</sup> a Grady County banker, H. P. Ellis had for several years been "hand-picking" a good many members as they came into his bank. One such instance, typical of many others, is related by Field Worker C. L. McNutt.

"At a recent meeting" says Mr. McNutt, "we were bothered considerably by two men while not actually opposing the movement kept asking irrelevant and fault-

finding questions. It happened that a few days later these two men came to Mr. Ellis to borrow some money, which he loaned them. After the loan had been arranged, Ellis asked the men about their membership in the Association and made all necessary explanations and offered them a contract to sign. Their opportunity had presented itself and they had no reasonable excuse for not signing the agreement." This is typical of many other broad-minded men interested in the welfare of the cotton farmer, many of them doing a work that they will never get notice of but will be paid for through the increase in business from their more prosperous farmer patrons.

## PART IV

## CONTEMPORARY ORGANIZATIONS IN OTHER STATES.

## CHAPTER I.

## REVIEW OF STATE COTTON ASSOCIATIONS IN OTHER STATES.

## ARIZONA PIMA COTTON GROWER'S ASSOCIATION.

Following the severe decline in cotton prices in the 1920-21 season, the Arizona American Egyptian Cotton Association sponsored the movement which resulted in the formation of the Arizona Pima Cotton Growers.

There were 86 men on the organization committee, which was formed at Phoenix after a series of group meetings at different points in the Sale River Valley. The membership campaign began in the spring of 1921 and ended July 13, 1921. No minimum number of bales was established as a goal, but the committee planned to obtain contracts covering 26,345 of the 54,690 acres planted in cotton in the valley, or one-half of all the acreage not under control of tire companies. The 713 contracts obtained by July 13 represented 27,153 acres.<sup>27</sup>

The organization was incorporated in Arizona, July 13, 1921, and directors were elected on the same date. The board of directors was composed of representatives from the 14 voting districts, 5 directors at large, and 2 public directors. The Governor of



Arizona and the Maricopa County Bankers' Association each appoints one of the public directors. An office was established at Phoenix and the association began to receive cotton in September.

In 1923, as a result of high ginning rates and low prices for cotton-seed, a subsidiary company was formed, the Arizona Cotton Process Co., all of the common stock being owned by the Arizona Pima Cotton Growers. To this company the association loaned its reserves, amounting to about \$90,000 and the company in turn purchased a one-fourth interest in the Mutual Cotton & Oil Co., a local corporation owning about 15 gins and 2 oil mills, paying \$60,000 in cash and executing notes for \$75,000 and \$43,000.

#### TEXAS FARM BUREAU COTTON ASSOCIATION.

The Texas Farm Bureau Federation was formally organized in June, 1920. At this time there were already several large farmers' organizations in the state, including the Farmers' Union and the Texas division of the American Cotton Association. Another organization was the United Cotton Growers of America, an association which had its beginning at Corpus Christi in 1919, and which was actively engaged in 1920 in a membership campaign. Although this organization had not engaged in business, its stated purpose was to market cotton.



Local branches had been formed in several southwestern Texas counties, and in October, 1921, the organization reported a total membership of 3,000 persons, representing 70,000 bales of cotton.<sup>28</sup>

Shortly after the formation of the Texas Farm Bureau Federation, an agreement was entered into whereby the Texas division of the American Cotton Association became a branch of the farm bureau. Close working relations were established with the Farmers' Union and the United Cotton Growers of America, and at a meeting of the representatives of the four organizations, held November 17, 1920, plans were made for the immediate organization of a state-wide cotton-marketing association. A committee of 21 was named by the Farm Bureau Federation on December 13, to develop plans and carry on organization work under its auspices.

The committee met in Dallas in December of 1920, and remained in session for one week. It adopted, with minor changes, the same plan which had been approved and adopted in Oklahoma, where organization activities were then beginning. The plan was also given general approval at the first annual convention of the Texas Farm Bureau Federation in Dallas, January 26-27, 1921.

The membership campaign began March 1, the agreement stipulating that the contracts signed would be effective if the signatures obtained by July 1, 1921, represented 1,000,000 bales. In the event the quantity signed should be less than 1,000,000 and more than 500,000 bales, the agreement provided that signers should have the right to cancel or withdraw their membership. The goal of the committee was, therefore, 1,000,000 bales; the minimum sign-up necessary for organization, after the right of withdrawal had been exercised, 500,000 bales. The membership fee was \$10 with the understanding, as the result of the agreement between the Texas Farm Bureau Federation and the United Cotton Growers of America, that in consideration of their promotional activities the members of their organizations might join the association without the payment of this fee.

The committee was given active assistance by approximately 50 county farm bureaus. In June, the State Farm Bureau Federation had 125 paid solicitors at work. The Texas Bankers' Association indorsed the movement and appointed a committee to assist in the sign-up campaign. When it closed on the date specified, 19,146 contracts had been signed, representing more than 600,000 bales on the basis of 1920 production.

Inasmuch as the sign-up was less than the 1,000,000 bales agreed upon, signers were given an opportunity to cancel their contracts. The committee, however, believed that cancellation would not reduce the number of bales under 500,000, and they proceeded to effect permanent organization. The association was incorporated in Texas, July 27, 1921. Twenty-three members composed the board of directors, 20 of these representing the membership of the 20 districts of the association, and 3 being appointed, respectively, by the Governor of Texas, the president of the State Agricultural and Mechanical College, and the President of the State Farm Bureau Federation. Five of this group were named as an executive committee. An office was established in Dallas and the association was ready for business in September, 1921.

#### ARKANSAS COTTON GROWERS' COOPERATIVE ASSOCIATION.

On January 17, 1921, delegates from county farm bureaus met at Hope, Arkansas for the purpose of forming the Arkansas Farm Bureau Federation. At this meeting approval was given to the plan of organizing a cooperative cotton-marketing association along the lines of the one then in process of organization in Oklahoma. Later, the executive committee of the newly formed State Farm Bureau called a mass meeting of cotton growers at Little Rock, March 22, 1921, at which the plan was formally adopted and an organization committee was  
29  
named.

The Arkansas Farm Bureau Federation sponsored the movement and assumed the leadership in the organization campaign. Under an arrangement somewhat similar to that previously adopted in Texas, no membership fee was required from farm bureau members. The minimum quantity of cotton to be obtained in the membership campaign was placed at 200,000 bales, on the basis of the 1920 production, and the time limit specified in the marketing agreement was 1/1/22. The contracts signed by that date by 5,500 growers represented 211,000 bales. The association was incorporated under the Arkansas cooperative marketing act on February 25, 1922. Headquarters were established at Little Rock.

The board of directors consists of 23 men, 20 being elected by the membership in the 20 established voting districts, and 3 being appointed, one each by the governor of the state, the dean of the college of agriculture, and the commissioner of the state Department of Mines, Manufactures, and Agriculture.

Following the organization of similar associations in Tennessee and Missouri in 1923, and in Illinois in 1924, the Arkansas association entered into an agreement whereby it became the sales organization, on an actual cost basis, of these three relatively small associations.

NORTH CAROLINA COTTON GROWERS' COOPERATIVE  
ASSOCIATION.

In January 1926, representatives of the North Carolina branch of the American Cotton Association and the organization committee of the proposed Tobacco Growers' Cooperative Association, held a joint meeting at Raleigh, to perfect plans for organizing cooperative marketing associations for cotton and tobacco. The meeting was attended by several hundred growers, bankers, business men, extension workers, and agricultural leaders, many of whom had attended previous meetings at which the so-called commodity plan of cooperative marketing had been discussed.<sup>30</sup> At this joint meeting the plan and contract were approved and it was agreed that separate organizations would be formed simultaneously. The organization committees for each of the two commodities cooperated in obtaining membership in those localities producing both cotton and tobacco. The organization committee for the cotton association was named by the North Carolina division of the American Cotton Association and consisted of 15 men.

January 1, 1922, was the date fixed for the close of the sign-up campaign, and the minimum number of bales was placed at 200,000 on the basis of the 1920 production. The work of soliciting members began in March,

and before September 1, the signed contracts exceeded the established goal. By January 1, contracts had been signed by 26,000 growers, representing 340,000 bales.

The association was incorporated in North Carolina February 8, 1922. Ten men were elected directors from the 10 voting districts into which the State had been divided, and an eleventh director was nominated by the governor of the state in accordance with provisions in the association agreement for public representation on the board. Five directors were named as an executive committee. Officers were elected, the various operating departments were organized, and offices were established at Raleigh. It began receiving cotton about the middle of September, 1922.

#### ARKANSAS FARMERS UNION ASSOCIATION.

In the early part of 1921 leaders of the Arkansas Farmers' Union became interested in the possibilities of organizing a cooperative cotton-marketing association according to the plan which was then attracting south-wide attention. As a result of the decision to organize such an association, exclusively for the benefit of members of the Farmers' Educational and Cooperative Union, the president of the union appointed an organization committee in April. There were 18 men on the committee, including

the advisory council of the Farmers' Union, composed of 5 men, and 13 other members of the organization. The committee began work immediately. July 30, 1921, was the date set for the close of the campaign, and the minimum number of bales to be obtained by that date, based on 1920 production, was 40,000 bales.<sup>31</sup>

The minimum stated in the organization agreement was not obtained by July 20, but the campaign was continued under certain provisions in the agreement which permitted continuation at the discretion of the committee. At the annual state meeting of the Arkansas Farmers' Union, August 2, 1921, it was found that about 3,500 signers, representing approximately 20,000 bales, had not exercised their withdrawal privileges, or had signed the contract since July 20. Permanent organization was decided upon. Articles of incorporation and by-laws were drawn up and approved at a meeting on October 7, and the association was formally incorporated under the laws of Arkansas on October 31, 1921.

The board of directors was composed of 16 men, representing the 16 voting districts of the association. Unlike most of the associations formed on a similar plan, no provision was made for the appointment of public directors. The membership of approximately 4,000 was located in about 50 of the 54 counties of the



state in which the Farmers' Union had members, the area of most concentration was reported to be the section in the vicinity of Fort Smith. Headquarters were established and maintained at Little Rock.

Although the association was of the state-wide, centralized type with a contract generally similar to the other associations of the group, it does not operate in all respects according to the generally accepted principles and policies of the group. It is not a member of the American Cotton Growers' Exchange and is not affiliated in any way with other organizations, except the parent organization. It was sponsored and organized solely by the Farmers' Union during the same time that the State Farm Bureau was organizing the Arkansas Cotton Growers' Cooperative Association.

#### SOUTH CAROLINA COTTON GROWERS' ASSOCIATION.

In the spring of 1921, a number of regional meetings were held in South Carolina for the purpose of discussing cooperative marketing and of interesting farmers in the organization activities in other cotton-producing states. At these meetings, which were called by the director of the Agricultural Extension Service of Clemson College and the South Carolina division of the American Cotton Association. Delegates were

named to represent their respective sections of the state at the semi-annual meeting of the South Carolina division of the American Cotton Association at Columbia, May 3, 1921.

The Association agreement and marketing contract were entirely indorsed at the Columbia meeting. An organization committee of 21, the members of which had been named at the regional meetings, directed the membership campaign. The campaign began on July 19, in Marion and Spartanburg Counties, under the leadership of the cotton organization. It continued until May 1, 1922, at which time 9,981 growers had signed the contracts representing 415,371 bales, or more than the established minimum of 400,000 bales on the basis of 1920 production.<sup>32</sup>

The association was incorporated in South Carolina on June 16, 1922. On the same day directors were elected from each of the 10 established voting districts. An eleventh director was named by the governor of the state to represent the public in the Association. Headquarters were established at Columbia

## GEORGIA COTTON GROWERS' COOPERATIVE ASSOCIATION.

In Georgia it was the State Bureau of Markets that was largely responsible for the movement to organize the cotton growers of Georgia. At a mass meeting of the growers at the State Capital in April, 1921, the plan was submitted and an organization committee named, with the chairman having authority to increase the personnel of the committee. The organization campaign began in April with January 1, 1922, as the time limit, and 300,000 bales as the minimum to be obtained.<sup>33</sup>

The early campaign failed to arouse the interest necessary for its successful culmination. Finally, the members of the committee resigned, with the exception of the chairman, who managed to produce another committee of 17 members. The time limit was extended to April, 1, 1922, and the minimum required was reduced to 200,000 bales. The second campaign, which began in January 1922, was finally closed at the stated time. It was found that 12,000 growers had signed contracts representing 240,000 bales.

The Association was incorporated in Georgia on June, 27, 1922. The State had been divided into 20 districts, and representatives from each of these districts, together with three public directors, composed the board of directors.

The public directors were named, one each by the Commissioner of Agriculture, the Director of the State Bureau of Markets, and the President of the State College of Agriculture. Headquarters were established at Atlanta.

#### ALABAMA FARM BUREAU COTTON ASSOCIATION.

In January of 1921 the director of the ~~ext-~~ension service of the Alabama Polytechnic Institute called a meeting at Auburn, which was the beginning of the farm bureau movement in the state. The cotton association, which was planned from the beginning of the movement, was the direct culmination of numerous conferences and meetings held from time to time during its organization.<sup>34</sup>

The farm bureau sponsored the plan to organize a state-wide association and named a committee of 25 men at a meeting in Montgomery in February, 1922. The sign-up campaign began in April and ended June, 17, with 11,380 contracts, representing 165,000 bales. The minimum to be obtained was 100,000 bales. No membership fee was charged members of the Farm Bureau.

The association was incorporated in Alabama on July, 1, 1922, and began receiving cotton in August. A primary election had been held June 14, and the general election of directors on June 26. The personnel of the board of directors consists of elected representatives from 14 voting districts and 2 public directors nominated by the President of the Alabama Polytechnic Institute. Headquarters were established at Montgomery.

LOUISIANA FARM BUREAU COTTON GROWERS'  
COOPERATIVE ASSOCIATION.

In Louisiana the cotton associations was sponsored by the State Farm Bureau Federation. The organization committee of 33 men was named by the farm bureau in May, 1922.<sup>35</sup> Although some contracts were signed as early as July, the intensive sign-up campaign did not begin until October. When it ended on January 1, 1923, the 5,230 contracts obtained represented 33,500 bales on the basis of 1922 production. The minimum necessary for the contracts to be binding had been fixed at 75,000 bales. Members of the Farm Bureau were exempted from the payment of membership fees.

Organizations assisting in the campaign included also the American Farm Bureau Federation, the State Extension Service, and the Louisiana State University.

The association was incorporated in Louisiana on February 24, 1923. Directors were elected from the 15 established districts and the Governor of Louisiana, the Dean of the College of Agriculture, and the State Commissioner of Agriculture each named an additional director. The main office was established at Shreveport. In June, 1924, the sales and classing offices were moved to New Orleans.

#### MISSISSIPPI FARM BUREAU COTTON ASSOCIATION.

The Mississippi State Farm Bureau organized the cotton marketing association that covers the so-called hill section of the state since the Staple Cotton Cooperative Association covers the delta section. Agitation for its organization had begun in the spring of 1922, when the Farm Bureau was organized.<sup>36</sup>

The extension service of the Agriculture and Mechanical College and the Chambers of Commerce in the state were active in aiding the movement. An organization committee of 16 men was named by the Bureau at a meeting in Jackson, May 8, 1922. The membership campaign began October 15, and ended on December 23.



Contracts signed numbered 11,773, representing 108,632 bales, or almost 9,000 more than the required minimum.

The Association was incorporated under Mississippi laws on March 30, 1923. The Board of directors had been elected and met for the first time on February 13. Ten members of the board represented the 10 districts of the Association and the eleventh director had been named by the President of the Agriculture and Mechanical College. The main office was established at Jackson.

#### TENNESSEE COTTON GROWERS' ASSOCIATION.

In Tennessee, agitation for a cotton marketing association began in the spring of 1922, and culminated in a meeting at Jackson in December, called by the extension service of the Agricultural College. An organization committee of 20 members was selected at this meeting. The membership campaign began January 1, 1923, and ended April 15. Contracts were obtained from 6,000 growers in 26 counties, representing approximately 70,000 bales of cotton on the basis of 1922 production, more than the 60,000 bales established as a minimum. The association assumed the expense of organization under an arrangement whereby the Tennessee Farm Bureau Federation agreed to refund \$10,000 of the amount expended before the expiration of the five-year contract. Money to defray immediately the organization



expense was borrowed by the association from a Memphis bank, from several county farm bureaus, and from individuals.<sup>37</sup>

The association was incorporated in Tennessee June 4, 1923. The board of directors was formed by the election of 10 men representing the 10 voting districts, and 1 public director selected by the President of the University of Tennessee and the State Commissioner of Agriculture. The main office was established at Memphis. Arrangements were made with the Arkansas Cotton Growers' Cooperative Association for the handling of its cotton, including pooling, financing, selling, and clerical work, on a cost basis.

Beginning with the 1925-26 season the Tennessee Cotton Growers' Association planned its own operating departments, with the exception of sales. In selling, it uses exclusively the sales service of the American Cotton Growers' Exchange.

#### MISSOURI COTTON GROWERS' COOPERATIVE ASSOCIATION.

In Missouri the farm bureau organization sponsored the movement which led to the formation of the Missouri Cotton Growers' Cooperative Association.

The membership campaign began February 1, 1923 under the direction of an organization committee of 2 men who had been named at a state-wide convention of

cotton growers. It closed May 15, 1923, with 470 contracts signed, representing 12,171 bales on the basis of the 1923 crop, or some 2,000 bales more than the 10,000-bale minimum which had been agreed upon.<sup>38</sup>

The Association was incorporated in Missouri, July 11, 1923. A board of directors was elected, composed of nine men from the nine voting districts which had been established to include the cotton-producing area of the state. Three directors were named as the executive committee. Headquarters were established at New Madrid.

The Association's sales, clerical work, and financing are handled on a cost basis by the Arkansas Cotton Growers' Cooperative Association.

#### ILLINOIS COTTON GROWERS' COOPERATIVE ASSOCIATION.

In the middle of the summer of 1924, cotton growers in five counties of southern Illinois organized the Illinois Cotton Growers' Cooperative Association, with 21 members. The membership campaign began July 22, and closed September 13, 1924. Although the minimum fixed in the campaign was 1,500 acres of the 1924 crop, the association was formed on the basis of 800 acres signed up at the close of the campaign.<sup>39</sup>

The movement for cooperative marketing was urged by a number of progressive farmers. They were given encouragement and assistance in organizing by the five county farm bureaus in the cotton-producing area. Nine men composed the organization committee. The association was incorporated in Illinois October 8, 1924. Offices were established at Mound City, and arrangements were made with the Arkansas Cotton Growers' Cooperative Association to handle its operating and selling functions on a cost basis.

There are six voting districts in the association, each being represented by one man on the board of directors. There is one director at large, elected at the annual meeting of the members. The executive committee is composed of three directors appointed by the board.

## PART V.

### AGITATION AS A RESULT OF THE FELT NEED FOR A HIGHER UNIT OF MARKETING ORGANIZATION.

#### CHAPTER I.

#### ADVENT OF THE NATIONAL UNIT OF COOPERATIVE MARKETING OF COTTON.

A complete plan for the formation of the most gigantic commodity selling organization ever proposed in the world's history was unanimously adopted April 19, 1921, by delegates representing state-wide cooperative cotton marketing associations of Oklahoma, Arkansas, Arizona, California, Texas, Georgia, North Carolina and Mississippi, in session at Oklahoma City, the first part of April, 1921.

The proposed national sales agency for cotton was, when organized, to be known as the American Cotton Growers' Exchange and was to have headquarters at Dallas, Texas. The plan was referred back to the state associations for approval and adoption with the recommendation of the delegates to the Oklahoma City conference, that it be approved subject to subsequent action by the several associations when incorporated.

The exchange was to be formed by trustees representing associations signing the agreement, which was unanimously adopted by delegates from states growing more than 76% of the entire cotton production of the United States. It was expected that the national plan would be endorsed also by the South Carolina Association, which was organizing on the "Oklahoma plan", as were the states above named states.

This brought the production of states included in the plan to 84% of the country's total crop of cotton. Under the proposed plan not only the associations represented at this national cotton marketing conference might participate in the exchange, but any association handling cotton on a purely cooperative and non-profit basis, might, upon approval of the executive committee, sign the agreement at any time after original execution, select its trustees and become a part of the exchange.

The Oklahoma Cotton Growers' Association was the only one of those represented which was then ready to proceed as a selling agency for the cotton of its members. This association proceeded with the conduct of its own business of selling cotton just as though no national agency was proposed for that work.

It was specifically provided in the agreement endorsed by the delegates at the April 19, conference, that each state association making up the exchange, might retain the right and be entitled without restriction or limitation to sell its own cotton or any part thereof under any terms acceptable to the state association. In this the exchange was to cooperate.

The purpose of the exchange was to be merely to provide a single overhead selling organization which might be used when it was thought advisable or advantageous to the state associations of which the exchange was composed.

The Associations together with their representatives endorsing the plan for the American Cotton Growers' Exchange at the National Cotton Marketing Conference at Oklahoma City, were: Arizona Pima-cotton Growers' Association, Charles M. Morgan, Sec., Organization Committee and W. S. Stevens, Chairman Executive Committee; Arkansas Cotton Growers Association, Bradford Knapp, Dean Arkansas College of Agriculture; M. T. Payne, Director of extension; L. W. Osborn Secretary-Treasurer; H. T. Brown, Chairman Executive Committee, Arkansas Farm Bureau; Conway Scott and Colonel Henry Stroupe; Georgia Cotton Growers' Association, O. E. Tate and Victor Victor; Mississippi Delta Cotton Growers Association, Oscar Bledsoe, Secretary; Texas Farm Bureau Cotton



Growers' cooperative Marketing Association, C. O. Moser Secretary-Manager; Oklahoma Cotton Growers' Association, Carl Williams, Chairman, C. L. Stealey, Secretary and Walter Colbert Chairman of the Organization Committee and George Bishop, member executive committee.<sup>41</sup>

In the selection of Mr. Williams for this important position, the Oklahoma Association felt that it was assured the best possible representation. The plan for organizing the national sales agency was primarily Mr. Williams' idea. The National Cotton Marketing Conference held in Oklahoma City, April 18, and 19, was called at Mr. Williams' invitation as chairman of the Executive Committee of the Oklahoma Association. He played a leading part in the formation of the plan of organizing the Exchange, being made chairman of the meeting.

Mr. Williams presented the plan, as adopted at Oklahoma City, at a later conference at Memphis in which official delegates from twelve cotton states took part. This meeting also approved the plan. The entire south came to look upon this man as the real leader in co-operative cotton marketing.<sup>42</sup>

During the middle of the summer of 1921 we find ~~the~~ cooperative movement of the south welling up in



the breast of the cotton grower. Arrangements had been made for the meeting that was to be the foundation of the National unit. The decision to proceed immediately with the formation of the national sales body followed a series of conferences and correspondence between the Oklahoma representatives and those of Texas, Mississippi and Arizona, the other three states which expected to have their cooperating marketing in associations completed before the cotton of the 1921 crop moved. Trustees had been appointed by these states to meet in Dallas on the first of July, to begin the official organization of the Exchange.<sup>43</sup>

Pending formal action at the Dallas meeting, immediate steps were taken, unofficially, to complete the sales, transportation, statistical, insurance, warehouse and other branches of the Exchange.

In addition to the four state associations which would join on July 1, in forming the Exchange, Arkansas was expected to come in as soon as the growers of that state had successfully completed the campaign they were then conducting in an effort to sign up 200,000 bales. It was thought likely that North Carolina would be ready to come into the Exchange after July 15, and take its share in perfecting the national organization. Other states were expected to join in the movement one by one as they completed their "sign-up" campaigns.

The cost of operating the Exchange as then planned was to pro-rate expenses among the several member associations. The Exchange was not to be operated at a profit and the member associations planned to pool the cotton; make payments to each association participating in a pool, much as was done in the individual member associations. The plan suggested that each association would be entitled to one trustee and one additional trustee for every 250,000 bales or major portion thereof signed up. The business was agreed to be continued until final disposition had been made of the cotton of the 1926 crop.

Oklahoma, the first state to complete its organization and the originator of the plan on which all other state associations were being formed, naturally was timed to play a leading part in the formation of the American Cotton Growers' Exchange, the greatest commodity selling organization in the world.

## PART VI

THE AMERICAN COTTON GROWERS' EXCHANGE  
AS A RESULT OF THE UNTIRING EFFORTS OF  
THE OKLAHOMA ASSOCIATION LEADERS.

## CHAPTER I.

## FUNCTIONS OF THE NATIONAL ORGANIZATION.

Actual and permanent organization of the cotton growers of the South into the world's most powerful co-operative marketing association was accomplished at a meeting at Memphis, August 1, 1921, when Oklahoma, Texas, Mississippi and Arizona joined in the formation of the American Cotton Grovers' Exchange and elected Carl Williams, of Oklahoma, as its chairman. C. O. Moser secretary of the Texas Cotton Growers' Cooperative Marketing Association, was chosen as secretary of the national Exchange and Dallas selected as temporary headquarters. <sup>44</sup>

In addition to the states actually organized and participating officially in the formation of the Exchange the meeting was attended by representatives of nearly all cotton producing states then organizing. All evidenced the keenest interest in the national body and expressed it as the intention of their several state associations to join in it as soon as their respective membership campaigns were successfully completed.

It will be recalled that plans for the formation of the American Cotton Growers' Exchange were worked out and adopted at a conference at Oklahoma City, April 18, 19, 1921 called by Mr. Williams. Representatives of Arkansas, Arizona, Mississippi, Texas, North Carolina, and Georgia were present and voted to adopt the plan drawn up by Williams and other members of the Board, in consultation with Aaron Sapiro, general counsel for the Oklahoma Association. Williams was looked upon as the guiding spirit in this national movement from its beginning and his selection as head of the Exchange was just recognition of his marked ability and fearless leadership.

Williams had been tirelessly on the job in the interest of the cotton growers of Oklahoma since he called the first meeting more than a year previous to work out the details of a plan whereby the Oklahoma cotton grower might, through co-operative effort in marketing his crop, reap the same benefits which had been for several years realized by the producers of California. Aaron Sapiro was called into conference with the Oklahoma growers at that meeting, and worked out the legal details of the plan proposed by Williams and further elaborated by his associates.

Even before the organization of the Oklahoma Cotton Growers' Association was completed and its permanency assured, Williams saw the possibilities of extending the co-operative idea to embrace not only the individual cotton growers of this state, but the associations of other cotton producing states, at that time just beginning to follow Oklahoma's lead. He has been constantly on the job ever since and his efforts resulted in the actual formation of the greatest growers' marketing organization in the history of the world.

The American Cotton Growers' Exchange as organized is governed by a board of trustees. Each member association is entitled to one trustee and one additional trustee for each 250,000 bales or major portion thereof, covered by its standard marketing agreement. The Oklahoma Trustees at the beginning were: Carl Williams, Oklahoma City; Walter Colbert, Ardmore, and R. C. Kennedy, Pauls Valley. All were at the Memphis meeting. The "long staple" associations of Mississippi and Arizona, requested a new basis of representation for long staple cotton because of its higher value. It was set forth in the national agreement that they should have as large representation as the larges of the Associations connected with the Exchange, and this not to effect the total  
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of trustees from Mississippi.



Dispensing with the unimportant details of the first part of the "Exchange agreement" which deals with the methods of representation of the different associations in the Exchange as set forth in this national agreement:<sup>46</sup>

The Exchange supervises all the inspection, grading, classing, warehousing, transportation, and processing of the cotton delivered to the member associations; and sells and markets for and on the account of the member associations, all of the cotton of the associations not sold directly by the Associations themselves.

The Exchange is constituted as the exclusive operating agent for the Associations as specified in the agreement for such purposes, subject to the standard marketing agreements between the Associations and their members.

The Exchange is authorized to create the following departments and to select General Manager and Heads of each of the said departments in its discretion, all as and when the Exchange deems that each department should become operative:<sup>47</sup>

- A. Executive and Administrative;
- B. Office Management;
- C. Grading and Standardizing;
- D. Warehousing;
- E. Insurance;



SALES MANAGER AND HEAD CLASSER AT WORK.

This man passes on the grade and staple of all cotton classed by the three other classers employed by the association .



- F. Transportation;
- G. Finance;
- H. Statistical;
- I. Sales of ordinary cotton-Domestic and Foreign.
- J. Sales of long staple cotton-Domestic and Foreign;
- K. Legal;
- L. Field Service.

The functions of the Chief departments are fixed by the Exchange, subject to variation, by or on the authority of the Exchange, the Departments functioning as follows:

A. The Executive and Administrative Department has complete charge of all activities of the Exchange.

B. Office Management has charge of all office operations; purchase of supplies for the Exchange and for any association at its request, including the installation of uniform systems of accounting and auditing and checks and receipts for any of the Associations at their request.

C. The Grading Department has general charge of the classification of cotton offered for sale through the Exchange. This department works out appropriate standards, subject to the laws of the land, and supervises



CLASSING SAMPLES



ROLLING 50-BALE SAMPLE LOTS.

the grading and inspection done within each of the Associations, so as to keep the grading uniform for purposes of sale.

This department determines the basis for all classifications and gives due allowances for any variation of a commercial nature, however slight, between the cotton of same general grade produced in different districts. Each Association maintains its own inspection and grading forces, the activities of the Grading Department of the Exchange supervising the grading and enforcing a uniform classification.

D. The warehousing Department advises with the Associations on the erection of local warehouses and aids in standardizing such warehouses.

The Warehousing Department advises and initiates activities in reference to the use, lease, acquisition of construction of central warehouses or plants, or warehouses at shipping ports or in foreign countries.

E. The Insurance Department has general advisory supervision over all matters referring to insurance in the United States, in transit, or in foreign lands. This department also attends to the possibilities of insuring sales accounts; bonding of all employees who handle funds; and all matters of rates involved therein.

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F. The Transportation Department has charge of all matters in reference to railroad and shipping accommodations,





SAMPLES OF COTTON READY FOR MARKET.



SALVAGED FROM THE SAMPLING ROOM FLOOR.

railroad rates, rates for storage or re-conditioning in transit, loading and unloading charges, port charges, demurrage charges, shipping rates and allied problems.

G. The Finance Department acts as an advisor of each of the Associations in the handling of its financial problems, including the standardizing of crop liens, and the securing of credit upon cotton when delivered through drafts, acceptances, commodity bonds, or otherwise.

H. The Statistical Department gathers statistics from all over the world in reference to the production, distribution, storage or marketing of cotton, or any problems involved therein. This department also conducts researches regarding production or extension of markets for cotton.

I-J. The Sales Department (both short and staple divisions) engages experts to handle each distinct type of cotton and locates buyers for the cotton of the various Associations, anywhere in the world, preferably spinners and direct agents for spinners or exporters.

K. The Legal Department takes care of all of the legal problems arising in the operations of the Exchange, including definite supervision as general counsel over all of the legal problems arising in each of the Associations.



L. The Field Service Department has general supervision of organization; publicity and contact with the Growers in all of the states. This department helps to initiate and complete organizations of growers in all unorganized states, and increases or builds up the organizations in states in which the growers have not adequately responded to the advantages of cooperative organization.

M. Legislative problems are determined as matters of policy by the Executive Committee; and are handled by the Field Service Department and Legal Department under general supervision of the Executive.

Thus we have a review of the functions of the different departments of the National Cotton Growers' Exchange. The general nature of the organization is that of a number of state farmer associations banded together into one large national unit for the purpose of taking advantage of the benefits of complete and powerful cooperation among producers of a staple product that has a world market and a relatively constant demand. This national unit has proved itself a success and a benefit to the cotton grower of the South.

In consideration of the development of the idea of co-operative endeavor from the ancient practices

of the farmers of forty centuries ago in China, on down through the early moderns of Europe in the nation Switzerland and later of Denmark, we have come to see that the more recent development of co-operative associations in our own country was not a new idea at all. The associations of producers in California were based on the associations of producers in European countries and probably the real reason for most of their failures was their inability to adjust their organizations to the conditions in this country. But through the trial and error method they were at last successful in finding the proper way to adjust their associations to the conditions and thereby succeed. The Oklahoma Association of Cotton Growers took the best that California had to offer and added thereto the best that could be suggested by leaders of the cooperative movement. They were almost assured of success under the new system of organization management and after they had proved a success, other states were quick to follow suit until the cooperative idea was effecting every type of production in the United States. The cotton Grovers have developed and perfected their organization until it has become the model of a perfectly organized marketing unit, covering the entire production area and functioning as a perfect sales unit in either state or national organization. The American Cotton Growers' Exchange is truly



a milestone in the development and perfection of the concept of cooperative endeavor. It is the one possible means by which the producers of cotton are able to attain a higher standard of living and thus become better citizens in this, the greatest of all the nations of the earth.

FINIS.

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