







# The State Farm Bureau and the Commodity Exchanges

## Questions and Answers for Dec. Community Meetings

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1. How did the affiliation of the Commodity Exchanges with the Farm Bureau occur?

Quoting from a bulletin written on December 1, 1921, by Executive Secretary, C. L. Brody, we find the following: "At the very beginning of the State Farm Bureau movement, the organization was planned to be principally a federation of County Farm Bureaus, and it was originally thought of as a legislative, promotional and educational organization, rather than one having for its main purpose the transaction of business itself. As soon as the membership campaign was well under way, however, the demands from the farmers themselves for the state organization to actually start doing business became so insistent that the State Farm Bureau had no choice other than to start the various business departments. However, local co-operative business organizations had already begun to group themselves into at least six big commodity selling exchanges, and any attempt to build the State Farm Bureau central organization without recognizing the interest of these exchanges, surely can not succeed and would result in defeating one of the fundamental objects of the Michigan State Farm Bureau."

It becomes evident at a glance then, that the Farm Bureau program must be such that these commodity organizations may be welded together in the State Farm Bureau. It is, therefore, not the policy of the Michigan State Farm Bureau to start selling services in competition with those already being operated by the farmers.

"... and the control of the market of the major lines of produce is to remain with the separate incorporated commodity organizations." While plans have not yet matured (it will be remembered that this was in 1921), it will probably be provided that the Board of Directors of the

various exchanges nominate a candidate for election to the governing board of the Michigan State Farm Bureau.

This plan suggested in 1921 is the basis upon which the six farm commodity marketing exchanges have been affiliated with the Michigan State Farm Bureau.

2. What are the commodity exchanges affiliated with the Michigan State Farm Bureau today?

The Commodity exchanges affiliated with the Michigan State Farm Bureau today are:

1. Michigan Elevator Exchange.
2. Michigan Milk Producers Ass'n.
3. Michigan Potato Growers Exch.
4. Mid-West Producers Creameries, Inc., Mich. Distr.
5. Michigan Wool Marketing Ass'n.

During the past 5 years the milk which dealers buy for bottle purposes has been known as Class 1 milk, or commonly called fluid milk. The remainder of the milk which they buy is known as Class 2 or 3, or manufacturing milk. Such milk is used for cottage cheese, powdered milk, ice cream, sweet cream, cheese, and other purposes.

The price for fluid milk, or Class 1, is the price set for 3.5% milk delivered at Detroit. Deductions include the freight haul, association dues. The percentage of test above or below 3.5% affects the price paid the individual farmer.

The price for Class 2 or 3 milk in recent years has been determined by what the Chicago 92-score butter price was during the calendar month for which milk was being paid. During the past year and at the present time the price for manufacturing milk has been the condensary price plus the freight haul to Detroit.

The price for condensary and evaporated milk is determined in the following manner: Multiply the price of Chicago 92-score butter by 6, then add 24 times the average weekly prevailing prices per pound on cheese-twins during the same month on the Wisconsin Cheese Exchange, at Plymouth, and divide this by 7; then, to the combined butter and cheese value add 30 per cent. This price computation multiplied by the test of milk gives the minimum price paid for condensary milk.

The approximate price for condensary or evaporated milk can be determined by adding 30% to the Chicago 92-score butter price.

In recent years there has been more milk produced by members in the market than could be consumed as fluid milk, or that could be handled by the distributors in their manufacturing program. Therefore, during some months of the year the organization has been required to take care of the extra milk at some of the receiving stations having manufacturing units. When milk is manufactured, that milk does not bring nearly as high a price as the milk which finds its way into fluid milk sales.

and all of that sold at Class 1 price) makes an average of \$1.81 per cwt. This with the same deductions, 3c Association dues and 4c pool fee, makes the same price per hundred weight as was received for the milk, paid out to the producers, only divided in a different way.

Activities of the Michigan Milk Producers Association are summed up as follows:

1. Check test and weights.
2. Check credit rating of distributors.
3. Fix up errors and mistakes on milk payments to members.
4. Check on base transfers and compute new bases each year.
5. Collect money due producers when corrections are made.
6. Pay quarantine benefits.
7. Get the highest possible price for the milk and still get the pay.
8. Take care of the surplus milk in the market in an orderly manner so as not to disrupt the regular price yet give every farmer a chance to share equally in the market.
9. Have all the member-producers work as one unit.
10. Take market information to the 109 local meetings and do the innumerable things that cannot be done by individuals.

The manager of the Michigan Milk Producers Ass'n is B. F. Beach. His office is at the Ass'n headquarters, Cass at Grand Boulevard, Detroit.

matter of marketing grain and beans through old line trade channels. Banks were then very reluctant to advance credit to farmers elevators, and the elevators had difficulty in merchandising their grain and beans.

By 1922 the Elevator Exchange had progressed to the point where it was incorporated separately as a commodity exchange with a small capitalization. Twenty farmers' elevators were the stockholders.

The Exchange buys grain and beans from the local elevators at market prices and sells them to best advantage. Today the Elevator Exchange has 92 farmers' elevator stockholders. At the close of its business year in July, the profits are divided among the members and patrons as dividends upon the stock, and as patronage dividends. Stock dividends were paid

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Milk Producers helps with billboard advertising in Detroit

TOP-O-MICHIGAN CO-OP  
40KW - \$3.00  
100KW - \$5.50

PREQUE ISLE CO. CO-OP  
40KW - \$3.00  
100KW - \$5.50

CONSUMERS POWER CO.  
LOW RATE FOR FARM SERVICE  
40 KW - \$1.65  
100 KW - \$3.20  
(BASED ON 10 HOURS PER DAY, 30 DAYS PER MONTH, 100% SUPPLIED CAPACITY, NO TRANSFER CHARGE)

THUMB ELECTRIC CO-OP  
40KW - \$2.68  
100KW - \$5.00

TRI-COUNTY CO-OP  
40KW - \$2.78  
100KW - \$4.38

S.E. EASTERN MICH. CO-OP  
40KW - \$2.95  
100KW - \$5.35

### Consumers Rural Rate Gives "MORE JUICE for LESS MONEY"

CHEAP ELECTRICITY is more than words to farmers served by Consumers Power Company—it is a said-and-done fact to which a farmer can hitch his plans and his operations right now! The rate is one of the cheapest in the United States—and well below co-op scales hereabouts. First 15 kw-hr at 5c; next 15-4c; next 45-3c; next 125-2c; balance at 1½c. Special water heating rate 1c instead of 1½c on all over 200 kw-hr per month.

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**Liberal Extension Plan**

New plan opens the way to more electrified farms. Company builds lines without cost to farmer, regardless of number per mile—on guarantee of \$12.50 monthly use per mile of line.

**Co-operation**

"We live with it"—once your line is in. Trained rural service men work with farm customers, free, to make best use of service, get most work and benefits out of electricity... a valuable and permanent feature at no extra cost.

**Care and Capacity**

The farmer hooked to power company lines knows there will be plenty of capacity to supply all demands, and come storm or shine, the utility backs up his service night and day. Keeping up lines once they're in is one of the most important jobs—and utility service is good "insurance".

12,000 miles of lines now supply over 52,000 farms with the same complete Good Service features and LOW RATES.

## CONSUMERS POWER COMPANY

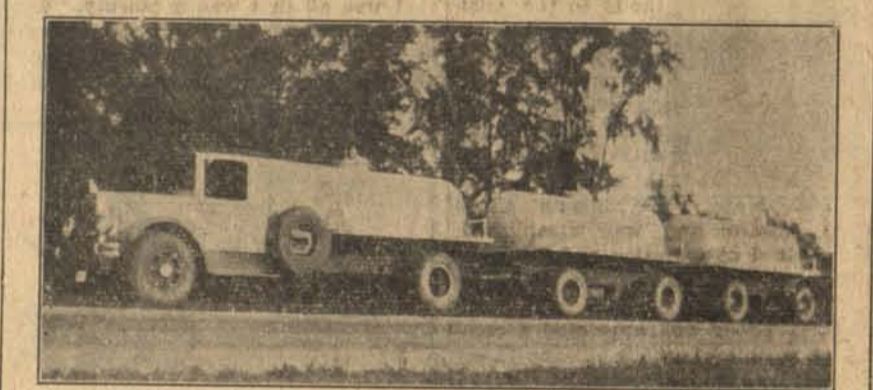
6. Michigan Livestock Exchange. In addition to this, the Farm Bureau Fruit Products Company has representation on the board of directors of the Michigan State Farm Bureau. The Farm Bureau Fruit Products Company is, however, a subsidiary of the Farm Bureau.

As was suggested in the plan of 1921, each of these organizations nominates a candidate for the Board of Directors of the Michigan State Farm Bureau for a two year term. This nomination has always been considered tantamount to election. Nominees presented by the various commodity exchanges are usually accepted without question. It must be remembered, however, that each of these commodity exchanges are in no way responsible to the Farm Bureau for conducting their individual programs.

3. What directors on the Michigan State Farm Bureau Board represent the various commodity exchanges?

The various Commodity Exchanges are represented as by these men, who are directors of their commodity exchanges. All are Farm Bureau members.

Potato Growers Exch.—J. T. Bussey, Lake Leelanau.  
Livestock Exch.—C. A. Woodruff, Hastings.  
Wool Marketing Ass'n.—Forrest King, Charlotte.  
Elevator Exchange—George McCalla, Ypsilanti.  
Fruit Products Company—Carl Steimle, Sodus.  
Milk Producers Ass'n.—William Bristow, Flat Rock.  
Midwest Producers Creameries—G. S. Coffman, Coldwater.



Milk Producers equipment for hauling milk to Detroit

**MICHIGAN MILK PRODUCERS**

The Michigan Milk Producers Association was organized in 1916. Today it includes 17,000 producer members in 33 counties. The membership agrees to a deduction of 2c per hundred weight of milk marketed to defray the operating costs. An additional cent per hundred weight also was deducted to maintain an educational and milk advertising program. This was later reduced to ¼c per hundred weight. Since 1933, when the milk pooling program was established, and operated by the federal administrator, ¼c has been deducted to maintain such a program. Therefore, since 1933 each producer has had a total deduction of 3c per hundred weight of milk marketed in the Detroit market. In other markets, different amounts have been deducted from time to time, in accordance with programs approved by the membership.

Two special services, aside from securing a market for the members' milk, have been maintained: (1) guaranteeing the producer pay for his milk; and (2) payment of ½ of his previous month's milk check in case of quarantine for contagious diseases in the farm home, thereby causing a market shut-off.

Up to the present time, over \$130,000 has been paid to producer members for these two reasons. The association also employs 10 testers to check the butterfat content for producers.

85% to 95% of the entire supply of milk for Detroit and suburbs is produced by members of the association. They ship approximately 2,000,000 pounds of milk a day, of which approximately 1,100,000 pounds is sold as fluid milk. The balance is manufactured.

The producers are represented by a selling committee of 34 sales committee members, selected by the delegates in the various counties from which the milk comes, at the ratio of one sales committee member to each 500 shipper members. These committee members meet once a month, or oftener, with the various distributors in the market to bargain for the milk. At these meetings the price is arrived at which

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**Co-op Cleaner**

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**Automatic**

This 660 watt Co-op iron is very good, somewhat cheaper. Fully automatic heat control. Sets for fabrics. No snapstand.

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