

Shall FB Services Manufacture Supplies?

Background Material for Discussion in May by Community Farm Bureau Groups

By NORMAN K. WAGGONER, Research and Education

From time to time farmers everywhere have considered the desirability of expanding co-operative enterprise. Sometimes this expansion is along the lines of co-operative buying of farm supplies and co-operative selling of farm products. Sometimes farmers have found it to their advantage to expand into the manufacturing of farm supplies.

In fact, according to the United States census of manufacturers, in 1940 there was a total of 2,084 co-operative manufacturing industries. That, however, represented only 1.1% of all of the manufacturing industries in the United States. The co-operative manufacturing establishments produced 2/5 of 1% of the total value of manufactured products.

In 1940 co-operative manufacturing plants were distributed in Michigan and the neighboring states as follows:

Wisconsin	585	Michigan	41
Illinois	72	Indiana	8

By far the large majority of the plants are processing plants for farm products. The development of plants to manufacture farm supplies co-operatively is yet in its infancy. The Farm Bureau Services is in the process of constructing a fertilizer plant at Saginaw to have an annual manufacturing capacity of 30,000 tons or more.

At present, the Services has contracts and investments in the following organizations to manufacture farm supplies:

- Farm Bureau Milling Co., Hammond, Ohio-feed.
- United Co-operatives, Inc., Alliance, Ohio-paint, barn equipment and oil blending.
- National Co-operatives, Inc., Chicago, Illinois-Milking machines, electrical equipment and steel products.
- National Farm Machinery, Inc., Bellevue, Ohio-tractors, corn planters, corn pickers, hay tools and other farm machinery.

The National Co-operatives policy is that farmer co-operatives should be in the manufacturing business if it is necessary in order to accomplish one or more of four things:

1-To maintain quality. For example, the co-operative feed business has been built on the basis of quality. He has pioneered in open formula feeds. There has always been a tendency on the part of some mills to reduce quality in order to meet competition. Perhaps this can be regulated to some extent by farmer owned and controlled feed mills. Likewise, co-operatives have placed emphasis on the distribution of guaranteed seeds. Safety and convenience of operation of farm machinery as well as durability of the machine are features that might well be stimulated by farmer owned and controlled machinery plants.

2-To reduce costs and increase savings. Many of the costs of distribution have been accepted. It may be up to the farmer co-opera-

tives to find ways to break with tradition and blaze new trails to lower distribution costs. For example, it may be a saving to process soy beans in the area where they are produced and incorporate them into feed locally. The same may be true for alfalfa meal. The added competition frequently results in a savings. For example, when the first co-operative elevators were established the margin for handling grain was 8c to 10c per bushel. Now it is usually under 3 1/2c per bushel. The opportunity for savings has been greatly increased in some cases. The United Co-operatives, Inc. found that its savings were about six times greater after it began manufacturing supplies compared with savings effected when these same supplies were secured under contract. Also

National Co-operatives, Inc. have increased savings to the patron 150% on the Universal Milker since they began manufacturing the milker four years ago.

3-To avoid a monopoly. Most persons are aware of what may happen when any particular product is produced and distributed by one at the exclusion of all others.

4-To assure supplies. Farmer co-operatives ought to be in the manufacturing business if it is necessary in order to assure a source of supply. Frequently, farmer co-operatives choose to buy their supplies from already established manufacturing concerns. In the past the Farm Bureau Services has acquired supplies in this manner. There are certain advantages to acquiring supplies under contract. They are:

1. Little or no additional finances are required.

2. The supply is almost immediately available and no time is required for the construction of new plants.

Certain disadvantages of this source of supply must also be recognized:

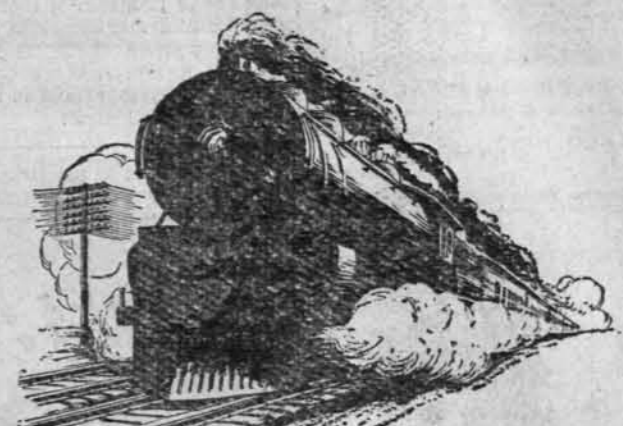
1. The co-operative can never be sure of a dependable source of supplies. It has happened a few times that the co-operative have lost this supply after they have built up a substantial trade. For example, a number of years ago the Farm Bureau Services had a contract with the Avery Manufacturing Company to supply tractors to the Services. The arrangement was satisfactory until the Avery Company was sold out to another concern and the Services lost its

source of tractors after a substantial trade had been established. The Services later contracted with the Cietrac Manufacturing Company which resulted in a similar experience.

2. The farmer co-operatives is not always in a position to make certain desirable changes in the merchandise when it is manufactured by somebody else under contract.

For these reasons, farmer co-operatives everywhere have expanded into the manufacturing business. When the cost of farm supplies increases considerably, this gives an added stimulus to the thought for a need of manufacturing farm supplies co-operatively. According to the Bureau of Agricultural Economics, the prices paid by farmers in December, 1946 for feed was two (Continued on page 4)

"Farm Bureau" Farm Home ELECTRICAL APPLIANCES NOW Being Delivered IN GREATER QUANTITIES



Farm Bureau Electrical Home Appliances are coming your way in ever greater quantities. Your local Farm Bureau or Co-operative dealer should now be in position to supply you with the appliances listed in this advertisement. However, the quantities are still limited and they won't last long.

Emphasis is placed on known quality and tested performance of all merchandise handled by Farm Bureau Services, Inc. Procurement takes longer this way, but the farmer-patron will ultimately benefit with merchandise that gives satisfactory results. Buy Farm Bureau Quality, and you buy the best.

6 FOOT FARM FREEZERS

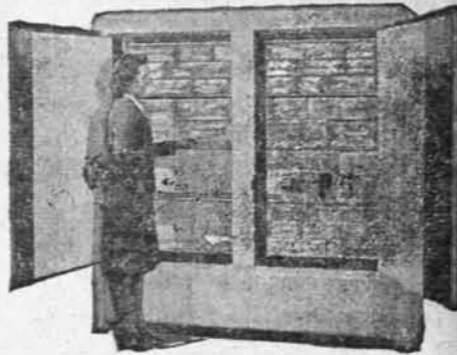


Now available in ever greater quantities. Simplicity, efficiency and dependability are the basic features of its design. Ideal farm unit for poultry, meat, fruits, berries, and vegetables. Affords convenience with economy. See them on display.

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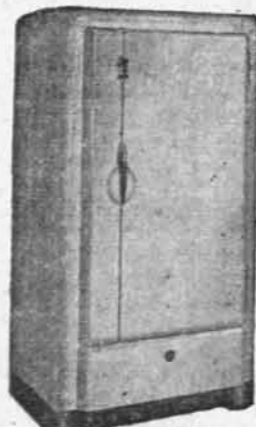
Economical FROZEN FOODS With These Unico FARM FREEZERS

THE 30 CU. FT. SIZE HOLDS FROM 1000 TO 1200 LBS. OF FROZEN FOODS



MODEL B-305C

The New Unico Farm Freezers provide food storage needs for the farm. This spacious 30 cu. ft. size freezer holds half a steer; a calf; a pig; 24 fowl — plus 200 qts. of fruits and vegetables for year-around use. Stop in for full information and features of the Unico Farm Freezer.

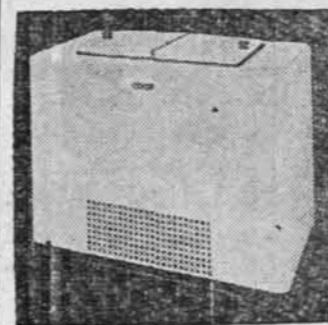


15 CU. FT. SIZE FARM FREEZER FOR FAMILIES NEEDING ONLY 500 TO 600 LBS. OF STORAGE SPACE

This attractive and practical Unico Freezer takes no more space than the ordinary refrigerator. It has the same practical features as the larger size freezer and will serve the average size family with year-around frozen foods. Stop in for complete information.

MODEL B-155C

CO-OP HOME FREEZER



The Co-op 8 cubic foot chest type farm freezer brings garden fresh goodness to every meal. Ask your local dealer about the convenience and healthful qualities of food stored in a Co-op farm freezer.

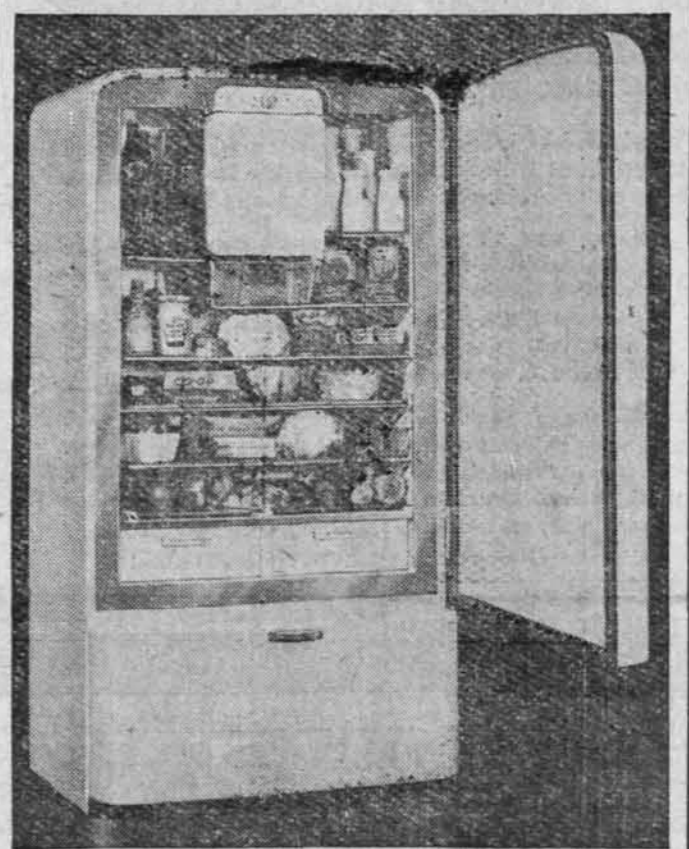
In savings of time and lessening of food spoilage alone, these freezers will pay their way many times over.

ELECTRIC IRONS

This Co-op Electric Iron is outstanding for its accurate temperature selector. Registers exactly the correct degree. Nichrome heating element is embedded in sole plate to insure even, accurately distributed heat. Economical to operate. Perfectly balanced, streamlined design. Easy grip handle.



9 Cu. Ft. REFRIGERATOR



The Co-op refrigerator is a dependable performer. The simplicity of its styling, the durable wear-resistance of its baked enamel finish, qualifies it for lasting satisfaction. A hermetically sealed mechanism keeps its 9 cubic feet of storage space economically cold. Sliding shelves, storage bin, vegetable drawers, covered meat tray and handy cold control for tops in convenience. All steel cabinet. 3 inches of thermocraft insulation. You'll always be proud you bought a Co-op.

Here Are 5 Quality PRODUCTS For Greater Production



Every good farmer realizes the importance of having his farm machinery in good operating condition when he comes to use it. Yet there are many who aren't getting the most out of their equipment because they aren't using proper types of fuels, oils, greases.

Farm Bureau Motor Oils

"Bureau Premium" motor oil assures better lubrication in tractors, truck and cars. It cleans as it lubricates, retarding oxidation, sludging, gum formation and carbon. It gives longer-life motor performance.

Gasolines

With heavy spring work here, you need a fuel that will give your truck or tractor that extra drive. Farm Bureau gasoline has what it takes. Excellent quality at low price.

Greases

We have a complete line of greases and lubricants. Especially designed for farm use. Gives maximum efficiency with minimum of fuss. Low cost comes through co-operative buying.

Tractor and Implement Tires

The new Unico tractor tire has improved curved bar type tread designed to give maximum traction in forward or reverse movement. Rugged four or six ply. Available in popular sizes. Non-skid farm implement tire has a tread similar to the curved bar type. Especially built for rear wheels of manure spreaders and potato diggers. Whatever your tire requirements may be, there is a Unico tractor, truck, implement or passenger tire to serve your needs.

Spark Plugs -- Batteries

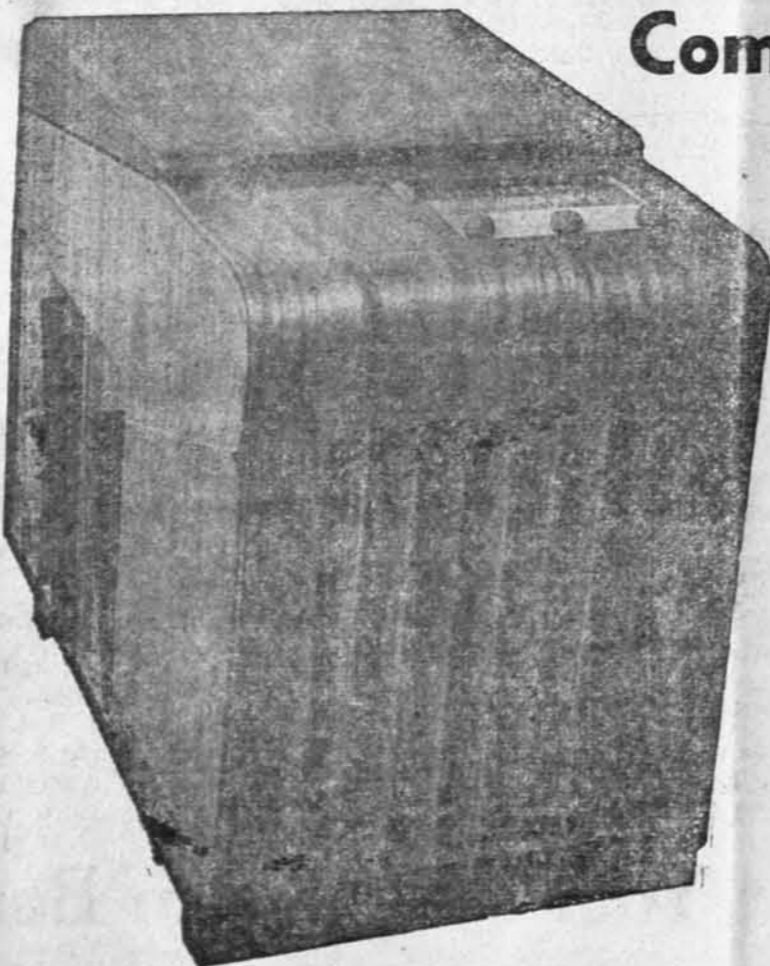
Co-op Spark Plugs and Batteries are top in quality of materials and precision of manufacture. A size and type for every need. For greater power, better fuel consumption, we suggest that you get a set of Co-op spark plugs. Every farm truck, tractor and auto should carry 3 or 4 spares.

Buy at Your Farm Bureau Oil Dealer

FARM BUREAU SERVICES

Petroleum Dept. 221 N. Cedar St. Lansing, Mich.

Unico Radio-Phonograph Combination



ARM CHAIR Model No. 582, 6 tubes, 115 volts, 60 cycles, A/C only, 8 inch electro speaker, 5 watts output. Broadcast and shortwave bands. Automatic record changer. Plays 10-12" or 12-10" records at one time. Hand rubbed walnut finish cabinet with magazine and record album storage space at each side of cabinet.

THESE ARE REAL QUALITY VALUES

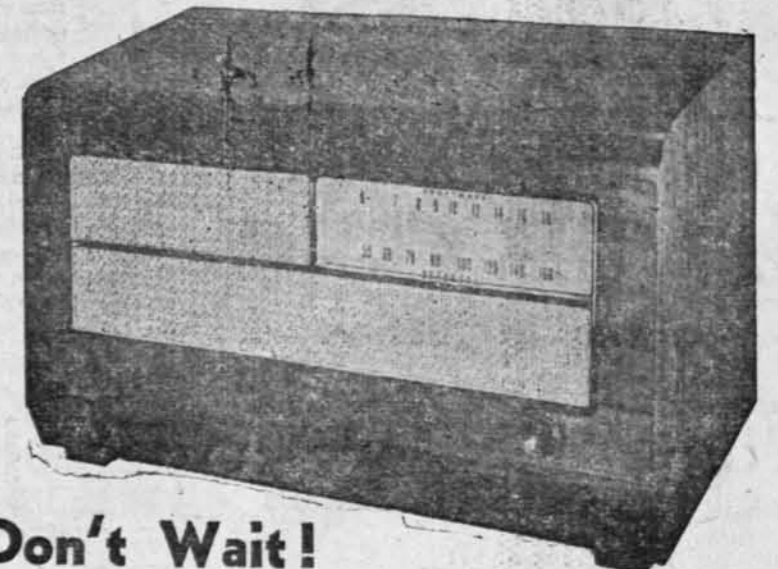


Co-op Table Model Radio

This Co-op table model radio in beautiful two color plastic case has illuminated slide-rule type dial, fingertip control, built-in full wave antenna, and lifetime aluminum chassis. Many other plus features makes this radio a remarkable performer.

New Unico Table Model Radio

TABLE MODEL 572, 6 tubes 115 volts, 50/60 cycles, A/C only 6" electro speaker, slide rule dial, 2 wave bands. Hand rubbed, walnut wood cabinet. Very attractively designed and precision made to give top listening pleasure and selectivity.



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Lansing, Michigan