Possibilities of cooperatives among the farmers of Aiken County South Carolina

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POSSIBILITIES OF COOPERATIVES
AMONG THE FARMERS OF
AIKEN COUNTY SOUTH CAROLINA

A THESIS
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CHAPTER I

INTRODUCTION

The purpose of this study is to present the most important problems of production and marketing that confront the farmers of Aiken County, South Carolina, together with suggestions that offer possibilities in the solution of those problems.

The importance of this study is revealed by the fact that organized efforts among the farmers in Aiken County have not kept pace with the new techniques of production and marketing which have developed along with changes that have taken place in our present economic pattern. Although the scope of this study is limited to Aiken County, the fact of its limitation to this particular area is not intended to convey the impression that the problems of farmers presented are peculiar to Aiken County alone. Problems similar to those of the farmer in Aiken County may be found to exist on many farms in the United States and especially the Southern portion.

The very nature of the study admits of certain limitations which are listed as follows:

1. Racial factors
2. Diverse types of farm tenure

Farmers Cooperatives are suggested as means of helping the farmers of Aiken County to improve their economic status. Successful experiments in cooperative methods among farmers in various sections of the United States have already been made to meet their needs. Also a great degree of success in farmers cooperation has been realized among important
Scandinavian nations.

The following method is used in making this study:

1. A description of the farm situation in Aiken County
2. Analysis of the methods of production
3. Analysis of the methods of marketing of the most
typical crops
4. A discussion of the possibilities of Cooperatives
in production and distribution
5. The summary presents the important facts found in
the study, and the conclusion advances some opinions
that seem to be justified in the light of the facts
found.

Location.—Aiken County is located in the western part of South
Carolina, bordering the Savannah River which separates it from Georgia.
It has a favorable location with respect to trade for to the north at a
distance of 60 miles is located Columbia, the capital of South Carolina.
To the west at a distance of 17 miles from the county seat is located
Augusta, Georgia. Southeast, at a distance of 120 miles, is located
Charleston, South Carolina, a city of much trade along the Atlantic sea-
coast. These cities furnish important trade outlets for the products pro-
duced in Aiken County. Augusta, Georgia is one of the old spot market
centers and, therefore, furnishes an outlet and convenient point of mar-
keting the cotton produced in Aiken County. At Columbia, South Carolina
is located one of the State and Regional Cooperative Cotton-Marketing
Associations. The comparatively close distance to these markets enables
the farmers of Aiken County to reach them without an expensive haul.
DEFINITION OF TERMS

**Farm Operators**—A person who operates a farm, either performing the labor himself or directly supervising it. The number of operators is the same as the number of farms.

**Color of Farm Operators**—Classified as follows:

1. White, including (Mexicans, Hindus, Negroes, Indians)
2. Colored, including (Chinese, Japanese, Other non-white races)

**Tenure**—The tenure under which the farms are operated forms four general classes:

1. **Part owners**—Farm operators who own part of the land which they operate, and rent and operate additional land. They have some of the characteristics of full owners and some of the characteristics of tenants.
2. **Managers**—Those persons who operate farms or ranches for owners, receiving wages or salaries for their services.
3. **Tenants**—Farm operators who operate hired land only. They may be classified as:
   (1) Cash tenants who pay a cash rental
   (2) Share tenants, to whom landlords furnish all the work animals
   (3) All other tenants, including those giving a share of the products for the use of the land or a share for part and cash for part.
4. **Full Owners**—Farm operators who own all the land which they operate.
Livestock.-- Domestic animals raised on the farm, especially those for profit, such as hogs, sheep, and cows.

Crop Land.-- The total crop land consists of three classes of land, as follows:

1. Crop land harvested in 1929, comprising all land from which cultivated crops were harvested, all land from which hay was cut (including wild hay cut), and all land in small fruits, orchards, vineyards, gardens, nurseries, and greenhouses. A given acreage is counted but once, even though two or more crops were harvested from it.

2. Crop failure, comprising land from which no crop was harvested in 1929 because of crop failure or destruction from any cause, including drought, flood, insects, or disease.

3. Idle or fallow land, comprising crop land which was lying idle or which was not in cultivation.

Pasture Land.-- The total pasture land consists of the three classes of land, as follows:

1. Pliovable pasture, comprising land used only for pasture in 1929 which could have been plowed and used for crops without clearing, draining, or irrigating.

2. Woodland pasture, comprising woodland used for pasture at any time during 1929. (Woodland pasture includes all farm wood lots or timber tracts, natural or planted, and cut-over land with young growth; but excludes chaparral and woody shrubs.)

3. Other pasture, comprising all land used for pasture in 1929 which was not included under pliable pasture or woodland pasture.

Woodland not used for pasture.-- All woodland included in farm acreage but not pastured in 1929.
All other land in farms.— Including all rough, swampy, or waste lands not in forest, pasture, or crops; and also the land occupied by buildings, barnyards, feed lots, roads, ditches, etc.

Value of farm implements and machinery.— The value of farm implements and machinery is the combined value of automobiles, trucks, tractors, tools, wagons, harnesses, dairy equipment, cotton gins, threshing machines, combines, apparatus for making cider, grape juice, and sirup, and for drying fruits; and all other farm machinery. The value of commercial mills and factories located on the farm was not included.

Value of crops and specified livestock and livestock products.— The values shown were obtained by multiplying unit values by the number of units in each class. The unit values were obtained jointly by the Bureau of the Census and the Bureau of Agricultural Economics of the United States Department of Agriculture.
CHAPTER II

METHODS OF PRODUCTION IN AIKEN COUNTY

For the most part agriculture in Aiken County is a decentralized business. Each farm is a separate operating unit, with the number of operators corresponding to the number of farms. Thus, in viewing the methods of production among the farmers in Aiken County, it must be kept in mind that the factors of land, labor, capital, and entrepreneur are all combined on a given farm unit to produce the finished product.

Land.—As one of the major factors in the production of farm commodities, land occupies an important place. The following table shows the farm land according to use in Aiken County in 1934:
<table>
<thead>
<tr>
<th>Item</th>
<th>Number of Farms Reporting</th>
<th>Acres</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop land harvested</td>
<td>3,659</td>
<td>134,055</td>
<td></td>
</tr>
<tr>
<td>Crop failure</td>
<td>194</td>
<td>2,280</td>
<td></td>
</tr>
<tr>
<td>Crop land, idle or fallow</td>
<td>1,904</td>
<td>61,644</td>
<td></td>
</tr>
<tr>
<td>Plowable pasture</td>
<td>415</td>
<td>8,266</td>
<td></td>
</tr>
<tr>
<td>Woodland pasture</td>
<td>18,528</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other pasture</td>
<td>5,353</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woodland not pasture</td>
<td>169,769</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other land in farms</td>
<td>14,872</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land available for crops</td>
<td>206,155</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crop land harvested by tenure of operator</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full owners</td>
<td>43,057</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part owners</td>
<td>14,832</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>4,276</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenants</td>
<td>71,830</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crop failure by tenure of operator</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full owners</td>
<td>1,139</td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td>Part owners</td>
<td>234</td>
<td>1.47</td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>23</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Tenants</td>
<td>804</td>
<td>1.1</td>
<td></td>
</tr>
</tbody>
</table>

1Department of Commerce, Bureau of the Census, Farm Census Preliminary Report, Washington, D.C., 1936
<table>
<thead>
<tr>
<th>Item</th>
<th>Number of Farms Reporting</th>
<th>Acres</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop land idle or fallow by tenure of operator:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full owners</td>
<td></td>
<td>26,350</td>
<td></td>
</tr>
<tr>
<td>Part owners</td>
<td></td>
<td>4,386</td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td></td>
<td>2,426</td>
<td></td>
</tr>
<tr>
<td>Tenants</td>
<td></td>
<td>27,872</td>
<td></td>
</tr>
</tbody>
</table>

\[3\] Department of Commerce, Bureau of Census, *op. cit.*, 1935
Table I shows that in 1934 there were 202,186 acres of land in Allen County available for crops. In consideration of the land as a factor in production, recognition must be given to the law of diminishing returns. Two methods may be used in counteracting the law of diminishing returns as follows: (1) More intensive cultivation of the land already in use by a wider application of the use of machinery; (2) Extension to new lands of suitable quality for cultivation. The table shows that of the 202,186 acres of land available for crops, 66 per cent or 134,086 acres were harvested in 1934. Of the remaining 35 per cent, 29.5 per cent or 61,554 acres are idle or fallow and may be used for crops. Pleasable pasture constitutes 4 per cent or 8,256 acres of land available for crops. The above facts indicate the possibilities of the utilization of new lands for the cultivation of crops. The following statement by Mr. Henry C. Taylor bears much significance on the question of land utilization:

The growth of our population is sure to make increasing demands upon the agricultural resources of our country, a part of which may be met by extending the industry into regions which are not being used; but the most important means of increasing the supply of agricultural products in the future will be by farming more intensively the land which is already in use. This means that the part which labor, equipment, and skill in management will play in agricultural production will be more important, relatively, in the future than in the past.3

Thus, the possibility of more extensive cultivation is shown by the amount of land not now under cultivation as stated above. Further possibilities of expansion of production through intensive means will be considered in a later section of this study.

Labor.— In addition to the land factor, labor constitutes an important item in the factors of production. The types of tenure under which the farms in Allen County operate are as follows: (1) part owners; (2) managers; (3) tenants; (4) full owners.

3Henry C. Taylor, Outlines of Agricultural Economics, The Macmillan Company, New York, 1929
The following table shows some important facts with reference to types of tenure in Aiken County:
<table>
<thead>
<tr>
<th>Operators</th>
<th>Number of Operators</th>
<th>Per Cent Operator</th>
<th>Acres Operated</th>
<th>Value of Acres, Dollars</th>
<th>Number of Acres per Operator</th>
<th>Value per Acre, Dollars</th>
<th>Per Cent Value by Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part owners</td>
<td>267</td>
<td>7.0</td>
<td>42,962</td>
<td>642,591</td>
<td>160.9</td>
<td>14.95</td>
<td>9.8</td>
</tr>
<tr>
<td>Full owners</td>
<td>1,135</td>
<td>30.1</td>
<td>173,387</td>
<td>2,940,615</td>
<td>152.8</td>
<td>22.72</td>
<td>44.1</td>
</tr>
<tr>
<td>Managers</td>
<td>21</td>
<td>0.6</td>
<td>13,855</td>
<td>254,240</td>
<td>659.8</td>
<td>15.34</td>
<td>3.0</td>
</tr>
<tr>
<td>Tenants</td>
<td>2,348</td>
<td>62.3</td>
<td>184,472</td>
<td>2,831,830</td>
<td>78.5</td>
<td>15.34</td>
<td>42.3</td>
</tr>
<tr>
<td>Total</td>
<td>5,771</td>
<td>100.0</td>
<td>414,857</td>
<td>6,666,666</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4 Department of Commerce, Bureau of the Census, op. cit., 1935
An analysis of Table II indicates some important facts in relation to farm tenure, as it provides the labor force to operate the farms in Aiken County. The full owners constitute 30.1 per cent of the operators, with 44.1 per cent of the total value of land operated. The value of land per acre for a full owner is $22.72. Thus, the full owners in respect to the value of land per acre as well as the total value of all lands operated have the highest value. These facts indicate the importance of the full owners in embracing the possibilities of cooperation. Having full ownership with all rights accruing therefrom, this class can completely control the long range management policies of their farms as well as the day to day methods of operation to be used. This gives them the opportunity of accepting any innovations and practices that may help to improve the efficiency or production. As to the size of a full owners farm, the average number of acres per operator is 152.8. As contrasted with a farm operated by a manager, the farm operated by a full owner is small. The average size of a farm operated by a manager is 659.8 acres, which is over four times the size of that of a full owner. The value per acre of a farm operated by a manager is $18.34. Thus, despite the fact that he operates a farm over four times the size of the typical full owner farms, the value of his land is lower than that of the full owner by $4.38 per acre. A further fact is revealed that the managers who constitute only .6 per cent of the operators, account for only 5.8 per cent of the total value of land. Thus, the managers who receive wages or salaries for their services operate the largest size unit of any operators. Despite the advantages that may be gained through a larger scale of operation under well directed management, the
ultimate power of control and determination of policy will come from the full owner class.

The table further shows that the tenant class, though constituting 62.3 per cent of the operators, has the smallest units operated of any type. The average size of a tenant farm is 78.5 acres. The average value per acre is $15.54, which is next to the lowest value of that of the part owners. The tenant class represents 42.3 per cent of the total value of farms in the county. This class of operator represents a group with the least control and varying degrees of supervision ranging from little supervision to very close supervision by the landlord. Tenants usually have little or no authority in determining the policies under which their farm shall be operated.

The part owner representing 7.0 per cent of the operators has an average size of farm amounting to 160.9 acres. The average value per acre is $44.95 which is the lowest for any of the operators. He further accounts for 9.6 per cent of the total value of farm land. In view of the above facts, it seems logical to indicate that the realization of economies of large-scale operation of the individual farm units must come through cooperation of the full owner class. For it is this class that, (1) can control and dictate its own policies of operation and, thus, can embrace cooperation if it is convinced that it is a desirable type of organization for production; (2) the advantage possessed by this class in having the highest land value per acre, largest per cent of total land value seems to indicate superior resources which would be an advantage in considering efficiency and economy in large scale production.

In the further analysis of farm tenure for Aiken County, the
racial factor bears an important place in this study. The following table presents some facts that will show the tenure of operation by color:
### TABLE III

Farm Operators by Color of Operator in Aiken County for 1935

<table>
<thead>
<tr>
<th>Operators</th>
<th>Number of Farms</th>
<th>Per Cent of Operators</th>
<th>Number of Acres</th>
<th>Acres per Operator</th>
<th>Value of Farms Dollars</th>
<th>Average Value per acre Dollars</th>
<th>Per Cent of Farm Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colored</td>
<td>1,876</td>
<td>43.5</td>
<td>123,021</td>
<td>67.5</td>
<td>1,589,531</td>
<td>15.44</td>
<td>28.48</td>
</tr>
<tr>
<td>White</td>
<td>1,945</td>
<td>51.5</td>
<td>291,637</td>
<td>150.2</td>
<td>4,768,853</td>
<td>16.35</td>
<td>71.52</td>
</tr>
<tr>
<td>Total</td>
<td>3,771</td>
<td>100.0</td>
<td>414,658</td>
<td></td>
<td>6,358,384</td>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>

5 Department of Commerce, Bureau of the Census, *op. cit.*, 1935
As shown in Table III, 48.5 per cent of the farms with a value of 23.48 per cent of the total value of land are operated by colored farmers. The white operators constitute 51.5 per cent of the total, with a value amounting to 71.52 per cent of the total value. The average value per acre of a colored operator is $15.44, while the average value per acre for a white operator is $16.35. Thus, the value of land per acre operated by colored and white farmers in Aiken County shows no marked degree of difference. The table also shows that the average size of farms for Negroes is 37.9 acres as contrasted to the Whites with an average size of 150.2 acres. This fact indicates that for effective cooperation approximately twice as many Negroes would be required as the Whites to gain the same scale of production and volume of output. This indicates a disadvantage for Negroes as contrasted with the Whites.

The disadvantage of cooperation among Negro farmers is further accentuated by the fact that the illiteracy rate for the Negro farmer in Aiken County is 28.7 per cent, while that for the White farmer is 5.1 per cent. This indicates that the problem of education, which is the foundation of cooperative action, would be somewhat more difficult among the Negro group and, thus, effective cooperation among Negroes correspondingly more difficult by virtue of this wide disparity in educational attainments.

In further consideration of the labor factor in relation to the method of production in Aiken County, Table IV presents some important facts. The table indicates that the major part of the farm work is done by hand labor. As an evidence of this fact, a sample, constituting 20.1 per cent of the total farms reported the use of farm implements and machinery with a value per farm reporting amounting to $122.14. Of the
total farms, a 29 per cent sample reported $272,118 spent in cash for labor, exclusive of house work. This shows the amount per farm spent for labor is $249.00 compared with $122.14 spent for machinery. Thus, from this analysis it is indicated that labor takes a relatively larger share for farm expenditures than farm machinery, being slightly above twice the expenditure for farm implements and machinery. The small scale method of production with labor playing the dominant role must continue as long as the size of the typical farm is small and the individual operators cultivate their soil as separate farm units with little assistance to each other. It appears that a greater degree of the use of farm machinery can be made possible by the method of horizontal combination of many of the small operating farm units. This mechanical assistance made possible by cooperative purchasing and utilization would be a factor in helping to lower labor costs and thereby tend to increase the farmer's income.

Capital: Capital constitutes a significant part in the process of production. The extent to which a large or small amount of capital may be combined with the other factors of production, helps to determine to a large degree the scale of production. The following table shows the extent to which capital is invested in the farms reporting in Aiken County for 1935:
<table>
<thead>
<tr>
<th>Capital Expenditure Items</th>
<th>Farms Reporting</th>
<th>Distribution of Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Per Cent</td>
</tr>
<tr>
<td>Total</td>
<td>3,771</td>
<td></td>
</tr>
<tr>
<td>Farm implements and machinery</td>
<td>758</td>
<td>20.1</td>
</tr>
<tr>
<td>Farm labor (cash)</td>
<td>1,094</td>
<td>29.0</td>
</tr>
<tr>
<td>Feed</td>
<td>781</td>
<td>20.7</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>3,161</td>
<td>83.3</td>
</tr>
<tr>
<td>Electric light and power</td>
<td>93</td>
<td>2.4</td>
</tr>
</tbody>
</table>

*Department of Commerce, Bureau of Census, op. cit., 1935*
According to the Bureau of Census of 1935, the value of all farms in Aiken County, including land and buildings, amounts to $6,688,666. Table II shows that the average value per acre is $17.84. In Table III it may be seen that the average value per farm is $1,745. When the land value in Aiken County is compared with the land value of the state as a whole, the following contrast is presented:

<table>
<thead>
<tr>
<th></th>
<th>Value of all farms</th>
<th>Av. value per farm</th>
<th>Av. value per acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>$285,515,573</td>
<td>$1,725</td>
<td>$23.16</td>
</tr>
<tr>
<td>Aiken County</td>
<td>$6,688,666</td>
<td>$1,745</td>
<td>$17.84</td>
</tr>
</tbody>
</table>

It is significant to note that the average value per farm in Aiken County is more than the average value per farm for the state as a whole. However, the average value per acre in Aiken County is less than the average value per acre for the state as a whole.

In the use of capital tools with which to produce his crops, the farmer of Aiken County has not made extensive use of farm implements and machinery. Table IV shows that only 20.1 per cent of the total number of farms reported the use of farm implements and machinery. The amount per farm reporting was $122.14. It is further worthy of note that the percentage for implements and machinery is 8.7 per cent.

Among the farmers of Aiken County, fertilizer is an important capital item in the process of production. As may be seen in Table IV, 83.3 per cent of the total farms reported fertilizer purchased to the amount of $573,088. This amount represents 54.3 per cent of the total capital expenditures, excluding land and buildings. The amount spent for fertilizer per farm was $181.28. The fact that 83.3 per cent of the total farms reported fertilizer purchased, constituting 54.3 per cent of the capital expenditure seems to indicate that the quality of the soil demands
an extensive use of fertilizer in combination with other factors in order to produce crops. In the analysis of the cost of production, the importance of fertilizer cannot be underestimated. According to Mr. Odum:

"The place of commercial fertilizer as a leading factor in human culture also deserves a special twofold appraisal. One is the quantitative problem and the other is the relation to the whole farm economy of the region. Both are fundamental. First, as to the size of the fertilizer bill, the Southeast, cultivating barely a sixth of all crop lands harvested in the United States, uses two-thirds of the total national tonnage of commercial fertilizer. The Southeast, accounting for a fifth of the agricultural income, expends three-fifths of the fertilizer bill. Further comparisons with other regions shows that although the Far West, the Northwest, and the Southwest account for nearly 50 per cent of all crop lands and nearly 40 per cent of all agricultural income, they account for only 5 per cent of the total fertilizer tonnage. Furthermore, the Southeast spends more than 7 per cent of its gross income for fertilizer as compared with less than 1 per cent for the Northwest and Southwest and only 1 per cent for the Middle States. In costs for farm operations, the Southeast shows a still greater preponderance with 41 per cent for fertilizer, 27 per cent for feed, and 32 per cent for labor as contrasted with the great Middle States farming areas of 6 per cent for fertilizer, 51 per cent for feed, and 42 per cent for labor; or contrasted with the Southwest with less than 4 per cent for fertilizer, 36 per cent for feed, and 60 per cent for labor. Thus, exclusive of debt service and taxes, the fertilizer bill amounts to nearly a half of the base cost of operation for Southeastern Agriculture, and has nearly four times the importance as for the Northeastern, seven times as for the Middle States, and about 150 times that of the Northwest."7

The significance of fertilizer as an item in the cost of production can be very clearly seen from the quotation cited above.

As to further capital investment, the insignificance of the extent to which the Aiken County farmers have availed themselves of power and light is revealed by the fact that 2.4 per cent of the total farms reported the use of light and power. This represented a percentage of the total capital expenditures, exclusive of land and buildings, of .3 per cent. The amount of power and light per farm is $37.60.

With reference to capital as a factor in production among the farmers of Aiken County, the facts presented seem to indicate that

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mechanization through a larger investment in machinery and farm implements has not taken place to a very large extent. With each farmer operating as a single unit, the extensive use of farm machinery would be prohibitive to many of the single operating units because of the expense in purchasing it, and the inability to completely utilize its productive capacity because of the small size of the farm. By means of combining many of the small units, machinery could be purchased and used to the advantage of many small units that could not otherwise afford to invest the capital in production.

Entrepreneur—In consideration of the entrepreneur as a factor in production of farm commodities, it must be pointed out that in small scale production he is the owner. As the owner the entrepreneur himself furnishes much of the direct labor in farm operation.

With reference to the factors of production discussed above, namely, land, labor, capital, and entrepreneur, the facts seem to indicate that the farmers of Aiken County are essentially small scale producers. Viewing each farm as a single operating unit all of the factors of production are combined in order to produce the finished product. According to the Bureau of Census for 1935, the average size of an operating farm unit in Aiken County is 110 acres. In order to obtain the advantages of large scale production, a combination of many of the small units would offer possibilities to the farmers of Aiken County in lowering their costs of production through mass purchasing of farm equipment and cooperative utilization of farm machinery. In reality, cooperation among the small operators offer possibilities of horizontal combination under a unified management comparable to that which takes place in other industries.
What Aiken County Farmers Produce—The ultimate end of all production is consumption. An appraisal of the possibilities of cooperatives among the farmers of Aiken County must take into consideration what they raise and the value of the products. The following table presents the commodities produced by the farmers in 1930 and classified according to groups:
### TABLE V

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value Dollars</th>
<th>Per Cent of Value of Farm Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field and orchard crops, vegetables, and farm gardens (excluding cotton)</td>
<td>$1,276,474</td>
<td></td>
</tr>
<tr>
<td>Cotton*</td>
<td>$1,901,539</td>
<td>39.0</td>
</tr>
<tr>
<td>Nursery, greenhouse, and hot house products</td>
<td>$11,930</td>
<td></td>
</tr>
<tr>
<td>Forest products cut on farms for home use and for sale</td>
<td>$100,654</td>
<td></td>
</tr>
<tr>
<td>Dairy products sold and butter churned</td>
<td>$199,736</td>
<td></td>
</tr>
<tr>
<td>Wool</td>
<td>$288</td>
<td></td>
</tr>
<tr>
<td>Poultry</td>
<td>$143,405</td>
<td></td>
</tr>
<tr>
<td>Chicken products</td>
<td>$276,139</td>
<td></td>
</tr>
<tr>
<td>Honey</td>
<td>$1,999</td>
<td></td>
</tr>
<tr>
<td>Livestock on farms</td>
<td>$943,003</td>
<td>19.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$4,859,257</td>
<td></td>
</tr>
</tbody>
</table>

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3 Department of Commerce, Bureau of the Census, *op. cit.* 1935

*The Bureau of Census report for 1930 reported 20,370 square bales of cotton for farms reporting in Alvin County for 1930. Assuming that 500 pounds is the average weight of a bale, the total number of pounds produced is 10,185,000. According to the year book of Agriculture for 1930, p. 5, the average price of middling cotton at the spot markets was 18.67 cents. Multiplying 18.67 x 10,185,000 pounds the total amount in dollars is $1,901,539. This is an estimated value based on the above calculations.*
From Table V it can be seen that cotton and livestock constitute 56 per cent of the total value of all commodities produced in Aiken County. Cotton makes up the largest single item by value. This indicates that the largest income producing commodity among the farmers of Aiken County, South Carolina is cotton. Livestock constitutes 19 per cent of the total value of products raised in Aiken County. The trend in the production of livestock for Aiken County is shown by the figures presented in the following table:
<table>
<thead>
<tr>
<th>Livestock</th>
<th>Number Year 1935</th>
<th>Number Year 1936</th>
<th>Percentage increase over five year period</th>
<th>Percentage decrease over five year period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horses and colts</td>
<td>493</td>
<td>306</td>
<td></td>
<td>39.0</td>
</tr>
<tr>
<td>Mules and Mule Colts</td>
<td>4,973</td>
<td>5,002</td>
<td></td>
<td>2.6</td>
</tr>
<tr>
<td>Cattle</td>
<td>6,965</td>
<td>4,742</td>
<td>45.0</td>
<td></td>
</tr>
<tr>
<td>Cows and heifers two years old and over</td>
<td>4,209</td>
<td>3,233</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>Sheep and lambs</td>
<td>154</td>
<td>226</td>
<td></td>
<td>31.0</td>
</tr>
<tr>
<td>Hogs and Pigs</td>
<td>15,136</td>
<td>11,044</td>
<td>26.0</td>
<td></td>
</tr>
</tbody>
</table>

From the above table it may be seen that over the five year period from 1930-1935 the number of cattle produced in Aiken County increased 45 per cent. There was likewise an increase of 30 per cent in the number of cows and heifers 2 years old and over, and the number of hogs and pigs increased 26 per cent.

Further, the number of work animals showed a decrease over the five year period from 1930-1935. Horses and colts showed a decrease of 38 per cent; mules and mule colts, a decrease of 2.6 per cent; and sheep and lambs a decrease of 31 per cent over the five year period. The facts mentioned above would seem to indicate that the farmers of Aiken County are not depending solely on the one-crop system of farming for their income. The following statement by Mr. William L. Austin bears much significance on this point: "A marked shift from one-crop system of farming toward a greater production of feed crops with larger numbers of livestock is indicated by the 1935 preliminary report for the Farm Census of Aiken County, South Carolina."10 Thus, in relation to what the Aiken County farmer produces, it is significant in this study to deal with cotton and livestock as two commodities which offer cooperative possibilities in helping the farmer to increase his income. This consideration will be treated more fully in Chapter III of this study.

A further indication of the movement away from the one crop system is the fact that the remaining 42 per cent of the value of Aiken County products is made up of a highly diversified list of commodities. While this tendency is noteworthy as a possible means of improving the agricultural situation over a period of years, the immediate possibilities of increased income arising from more effective production and marketing the

10 William L. Austin, Director, Bureau of the Census, Department of Commerce, Washington, D.C., 1935
two major products, cotton and livestock, are of primary importance to us in this study first, because of their magnitude and second, because they are illustrative of what might be done in other lines.

Scale of Production.— Small-scale production is the prevailing type among the operating farm units of Aiken County. One indication of the scale of production is shown by the value of output reported by 2,569 cotton farms in 1929. The following table presents information relative to that fact:
<table>
<thead>
<tr>
<th>Amount in Dollars</th>
<th>Numbers of Farms</th>
<th>Per Cent of Farms</th>
<th>Cumulative Per Cent of Farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 250</td>
<td>184</td>
<td>7.1</td>
<td>0</td>
</tr>
<tr>
<td>250 - 399</td>
<td>306</td>
<td>11.9</td>
<td>19.0</td>
</tr>
<tr>
<td>400 - 599</td>
<td>642</td>
<td>21.1</td>
<td>40.1</td>
</tr>
<tr>
<td>600 - 999</td>
<td>737</td>
<td>30.6</td>
<td>70.7</td>
</tr>
<tr>
<td>1,000 - 1,499</td>
<td>444</td>
<td>17.2</td>
<td>87.9</td>
</tr>
<tr>
<td>1,500 - 2,499</td>
<td>239</td>
<td>9.3</td>
<td>97.2</td>
</tr>
<tr>
<td>2,500 - 3,999</td>
<td>66</td>
<td>2.2</td>
<td>99.4</td>
</tr>
<tr>
<td>4,000 - 5,999</td>
<td>17</td>
<td>0.4</td>
<td>99.8</td>
</tr>
<tr>
<td>6,000 - 9,999</td>
<td>10</td>
<td>.17</td>
<td>99.97</td>
</tr>
<tr>
<td>10,000 and over</td>
<td>1</td>
<td>.03</td>
<td>100.00</td>
</tr>
<tr>
<td>Total</td>
<td>2,569</td>
<td>100.00</td>
<td></td>
</tr>
</tbody>
</table>

\[\text{Department of Commerce, Bureau of Census, op. cit., 1935}\]
It is important to note from Table VII that 79.7 per cent of the farmers had a value of output on the cotton farms in 1929 of less than $1000. The table also shows that 50.6 per cent of the farms producing cotton had an output ranging from $600 to $999. It is further interesting to note that 99.8 per cent of the cotton farms produced a value less than $6000 per farm. Since cotton represents the major crop among the farms of Aiken County, it is important to note that the value of output indicates essentially small-scale production on each individual unit.

As a further indication of the scale of production as measured by the value of output the following table is significant:
### TABLE VIII

General Farms, by Value of Product, Showing Per Cent and Cumulative Per Cent of the Number of Farms for 1929.

<table>
<thead>
<tr>
<th>Amount in Dollars</th>
<th>Number of Farms</th>
<th>Per Cent of Farms</th>
<th>Cumulative Per Cent of Farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 250</td>
<td>15</td>
<td>6.1</td>
<td>0</td>
</tr>
<tr>
<td>250 - 599</td>
<td>29</td>
<td>13.2</td>
<td>19.3</td>
</tr>
<tr>
<td>400 - 999</td>
<td>31</td>
<td>14.7</td>
<td>34.0</td>
</tr>
<tr>
<td>600 - 999</td>
<td>66</td>
<td>26.5</td>
<td>60.5</td>
</tr>
<tr>
<td>1,000 - 1,499</td>
<td>46</td>
<td>21.3</td>
<td>82.3</td>
</tr>
<tr>
<td>1,500 - 1,999</td>
<td>29</td>
<td>10.4</td>
<td>95.7</td>
</tr>
<tr>
<td>2,500 - 2,999</td>
<td>7</td>
<td>3.0</td>
<td>98.6</td>
</tr>
<tr>
<td>4,000 - 5,999</td>
<td>1</td>
<td>.5</td>
<td>100.0</td>
</tr>
<tr>
<td>6,000 and over</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>212</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

---

12 Department of Commerce, Bureau of the Census, *op. cit.,* 1935
From Table VIII it can be seen that 60.5 per cent of the farms of the general type reported produce an output less than $1000 in value. The table further shows that 26.5 per cent of the farms which represent the greatest concentration of farms produces an output ranging from $800 to $999. Further, 66.7 per cent of the farms produce an output less than $2500 per farm. From the facts presented in Tables VII and VIII, it is seen that a majority of farmers producing cotton and those of the general type have a value of output less than $1000. This is evident from the fact that 70.7 per cent of the cotton farms reporting showed a value of output of less than $1000, while 60.5 per cent of the general farms reporting showed an output of less than $1000 in value. Since the value of the output is one measure of the scale of production these facts are convincing that the scale of production is essentially small.

The above figures are also indicative of an unusually low income received by farmers of Aiken County. The average income per family for the nation in 1929 was $2,600, but the great majority received less than $1,800 per family, while 20% of the families received less than $1,000 per year. In Aiken County, between 60.5 and 70.7 per cent of the farms received under $1,000 while 19 per cent obtained less than $400, and the typical farm had a yield of between $600 and $999 during the same year.

Size of the Operating Unit. In relation to the scale of production the size of the operating unit proves instructive. According to the Bureau of Census, Department of Commerce, for 1936, the average size farm unit for Aiken County was 110 acres. According to Mr. Henry C. Taylor:

15 See Tables II, III, and IV of this study.
"The proper size of a farm in relationship to the scale of production must be considered for a given man, at a given stage of his own development, on a given type of soil, in a given line of production, with given labor and market conditions." 14

Continues Mr. Taylor further:

"The average area of improved land in farms in Bell County, Texas, where more than half of the improved land is in cotton was about 70 acres in 1910, whereas the average was about 270 acres in Barton County, Kansas, where more than half the improved land was in wheat. If Washington County, Mississippi, is compared with Cass County, North Dakota, the contrast is even more striking. In the former county, the average area of improved land in farms is 23 acres; in the latter it is about 470 acres. In the Mississippi County, over 47 per cent of the improved land was in cotton, while in the Dakota County 44 per cent was in wheat." 15

The above stated facts indicate that the crop grown is a factor in determining the most efficient size of a farm. It may be logically stated that the capacity of the individual farmer and the size of his family are potent factors in determining the size of a particular operating unit. On this small size operating unit, the average investment in capital tools is $122.14 for the farms reporting. The average labor cost per farm reporting is $249. While the average fertiliser bill per farm is $181.28. With a combination of these three important items on a small operating unit, 60.5 per cent of the general farms reporting and 70.7 per cent of the cotton farms reporting produce an output valued at less than $1000 per farm.

Cost of Production:-- A study shown in The Yearbook of Agriculture for 1935 reveals the cost of producing cotton on farms in South Carolina. The facts presented in the following table are given in order to indicate an estimated cost of production of Aiken County's principal crop:

---

15 Ibid.
<table>
<thead>
<tr>
<th>Item</th>
<th>Pound</th>
<th>Gross Cost Per Acre</th>
<th>Gross Cost Including Rent (Dollars)</th>
<th>Gross Cost Excluding Rent (Dollars)</th>
<th>Gross Cost Including Rent (Cents)</th>
<th>Gross Cost Excluding Rent (Cents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average yield of lint per acre</td>
<td>266</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare and plant</td>
<td></td>
<td>3.54</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultivate and hoe</td>
<td></td>
<td>4.71</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harvest</td>
<td></td>
<td>5.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizer and manure</td>
<td></td>
<td>3.74</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seed</td>
<td></td>
<td>.60</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ginning</td>
<td></td>
<td>1.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td>3.63</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land rent</td>
<td></td>
<td>3.15</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cost of lint</td>
<td></td>
<td>22.98</td>
<td></td>
<td>19.83</td>
<td>8.3</td>
<td>6.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>26.26</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table IX, the net cost per pound for producing cotton, including rent, on a farm in South Carolina for 1935 was 6.3 cents. The average price received per pound by the producer for that year was 9.7 cents.\(^\text{17}\) An average bale weighing 500 pounds at an average price of 9.7 cents would have amounted to $46.50 per bale, while the cost of producing an average bale weighing 500 pounds at 6.3 cents amounted to $41.50. Thus, deducting the cost of producing a bale from the amount received for a bale the return to the farmer was $7.00 or 14 per cent.

A further analysis of Table IX shows that the following percentages of cost items entered into the production of a bale of cotton:

<table>
<thead>
<tr>
<th>Expense Items</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare and plant</td>
<td>15.4</td>
</tr>
<tr>
<td>Cultivate and hoe</td>
<td>17.9</td>
</tr>
<tr>
<td>Harvest</td>
<td>19.2</td>
</tr>
<tr>
<td>Fertilizer and manure</td>
<td>14.2</td>
</tr>
<tr>
<td>Land rent</td>
<td>12.0</td>
</tr>
<tr>
<td>Ginning</td>
<td>7.0</td>
</tr>
</tbody>
</table>

The facts seem to indicate that the farmer of Aiken County in producing his principal crop, cotton, has 85 per cent of the value of a bale absorbed in the cost of production. This is a convincing fact that the cost of production for this particular commodity is very high. Of the expense items, 64.7 per cent of the cost of production went for preparation and planting, cultivating and hoeing, harvesting, and fertilizing.

It appears through a combination of several of the operating units that costs might be reduced by the joint use of machinery and purchase of farm supplies, that otherwise a single operating unit could not

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\(^{17}\) U. S. Department of Agriculture, Yearbook, 1935, p. 480.
effectively use.

Methods of Marketing in Aiken County.---Since cotton constitutes
the major crop among the farmers of Aiken County, it is important to see
how they market it at the present time. The following analysis of the
channels of distribution for cotton is taken from E. L. Rhoades, Intro-
ductive Readings in Marketing, and is typical of methods of marketing cotto-
ton in Aiken County:

"The farmers may dispose of their cotton locally or ship to
one of the larger spot markets. If sold locally, it may follow the follow-
ing channels:

1. Local storekeeper
2. Local interior buyer
3. Direct buyer from one of the large shippers

If the cotton is shipped to the spot market before sale by the producer,
it is usually handled on a commission basis by a factor or commission
house and sold either on a to-arrive or spot basis.

"Local Storekeepers."---A considerable portion of the cotton
crop is bought by local storekeepers. This frequently renders the small
planter and tenant farmer dependent upon local general merchants for fi-
nancial assistance. A large portion of the small planters and farmers of
the South are unable to finance themselves through the growing season.
They are compelled to borrow, and frequently this borrowing takes the form
of an open or charge account with the local storekeeper, whereby the let-
ter supplies the planter's wants during the growing season. Thus, the
storekeeper becomes the first middleman for a considerable proportion of
the cotton crop.

"Interior Buyer."---These are local people who engage in pur-
chasing cotton on their own account or for others, in competition with
other buyers. They usually operate on a small capital basis and under-
take to make a profit by buying the farmer's crop in competition with
other buyers and selling to larger dealers or through factors. These buy-
ers keep close watch of the trade situation and the character and condi-
tion of the cotton as it is being picked. With this information as a ba-
sis they make their offering prices for the cotton as it runs. Often they
buy directly from the gins and in some instances the ginner themselves
are cotton buyers.

"Mill."---Where the mill is located in the vicinity of the grow-
ers it is sometimes sold directly to the mill.

"Direct or Road Buyers."---These are buying agents or road buyers
who are employed by the large cotton merchants in buying cotton directly
in the producing territory. These buyers work either on salary or
commission basis and are interested in trading to the best advantage for
their principals. They purchase largely, however, from sellers who own or
have purchased a considerable quantity of cotton so that the road buyer
can take it up in lots of 100 to 1000 bales. Their purchases, therefore,
are chiefly from the larger planters, or else from local stores or inter-
ior buyers, who may have accumulated 200 or 300 bales or more in local ware-
houses. These buyers offer what is called a ‘hog round’ price, that is,
a flat price for the entire lot of cotton, even though it may be of the
most widely varying grades and staples.

"The road buyer goes through each lot of cotton and samples it.
He may sample every bale of it and still not buy it, since he may offer a
price which the merchant refuses. He also reports to his concern the
quantity of cotton purchased, with the classification of it.

"The buyers from the large spot merchants are furnished by the
head office with limits or a basis, that is, the number of points on or
off which is to be applied to the future price of the hedge month prevail-
ing at the time the cotton is purchased. The limits are generally sent
out once a day, but are generally changed whenever conditions warrant,
which may be several times a day. Buyers are also furnished with a list
of differences on and off middling to be added to or subtracted from the
basis in buying cotton grades other than middling. These differences, in
contrast to the limits or basis, do not change very often.

"Concentration of Cotton.—Cotton accumulated locally by interior
buyers, local storekeepers, and road buyers, may be of considerable
variety, either in grade or staple, or both. In consequence, much of this
cotton is concentrated at what are known as concentration points. The con-
centration of cotton from an economic standpoint is principally in order
to bring together lots of cotton of different grades and staples so that
they can be classed out and divided into lots of even running quality.
Extra expense is entailed by warehouse and handling charges.

"Methods of Selling Spot Cotton.—1. On sample. An original
sample, and a sale or sample means that the sale is on the basis of a sam-
ple from each bale, and that each bale must come up to or equal the sample
for that particular bale. 2. On type. In selling by type the dealer may
offer his prospective customer, or the prospective purchaser may offer to
buy from the dealer, cotton equivalent to a specified type. The type it-
self may be made up by the dealer or by the spinner and may be one sample
or it may be twenty; that is, a selection of samples made up as a type to
which the shipment must conform. 3. On description. The cotton is sold
to equal a certain grade, staple, or both, without the buyer seeing any
sample. The description specifying the grades and staples the buyer is to
receive. This method of trading is employed when actual samples are not
available at the moment of trading, but when the buyer is familiar with
the character of the cotton coming from the section in which he is making
his purchase."

Thus, the small-scale scattered producers meet a large-scale
centralized demand. Due to the bulky, non-perishable character, and

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18 E. L. Rhodes, Introductory Readings in Marketing, McGraw-Hill Book Co.,
unstandardized character of the product, the performance of a number of specialized services becomes necessary. The cotton must be collected from the producers, ginned, baled, transported, graded, stored. Hence, a group of specialized merchants has developed in order to market the farmers' cotton. The farmer finds himself faced with certain definite disadvantages incident to marketing his cotton as follows: 1. wide fluctuations in prices paid for middling cotton in the same market on the same day; 2. undue penalizing of the lower grades; 3. insufficient premiums for better grades, staples, and qualities; 4. advantage taken due to the farmer's ignorance of the exact grade, staple, and quality of his cotton. Thus, Mr. Rhoades makes a statement which bears much significance as follows:

"The manufacturer, and non-speculative middleman are finding cooperation a good thing. A stable market, without the dangers of dump- ing, is as valuable for them as for the grower. The cotton farmer is going right ahead with his cooperative marketing." 19

Livestock—Typical of the method of marketing livestock is that of the method of marketing hogs in Aiken County. The more important present-day methods of marketing may be listed as follows:

1. Producer shipments:
   a. To central markets
   b. Slaughter and sale of products by farmers

2. Local sale:
   a. To the county drover
   b. To the packer buyer
   c. To local butcher

The hogs are sold for the most part on the hoof, the product, in this form is to a great extent bulky. In many respects it is highly perishable.

19 Ibid.
As the hogs leave the farm, they represent a wide range of characteristics. Some conform to well established grades, whereas others are ill shaped and rough; some are fat and others are emaciated; some are very young and others are old; some heavy and others light; and, finally, some represent the highest degree of quality; whereas others are extremely deficient in quality. In the light of these conditions it is the function of the marketing process to bring this great variety of animals into such a condition that the people who can utilize them to the best advantage may have an opportunity to buy them. To accomplish this end most economically, the livestock should be assembled into groups on the basis of certain significant characteristics. Thus, the process of classification according to grades becomes necessary. This process is called grading. Grading has the following definite economic values:

1. It enables the buyer to get the animals he needs without buying some for which he has no use.

2. It makes possible an accurate determination of values.

3. It enables the producer to sell his livestock strictly on its merits.

4. It makes possible accurate and intelligible market reporting by providing a name or label for each group and having the meaning of such group names clearly understood by all prospective buyers.

The livestock in Aiken are produced on a small-scale by many scattered units. The choice of the methods of marketing livestock as indicated above depends upon several factors, such as the volume of production, distance from market, relation of prices in the various markets, freight-rate structure, and the alertness of the farmer. The individual farmer producing livestock in Aiken County is not likely to be familiar
with the demands and conditions necessary to give him the greatest returns for his livestock. Thus, the conditions that confront him in marketing his livestock are essentially the same as those that confront him in marketing his cotton. He remains at a disadvantage for he is selling as an individual producer to a complex well-organized market, hence, has weak bargaining power.
CHAPTER XIII

POSSIBILITIES OF COOPERATIVE METHODS OF PRODUCTION AND
DISTRIBUTION AS A SOLUTION OF FARM PROBLEMS IN
AIKEN COUNTY

History of Farmers' Cooperation.—Before making an appraisal of
the possibilities of cooperatives among the farmers of Aiken County, it is
necessary to present a brief sketch of the history and principles of farm-
or cooperatives. So far as available records show, dairy farmers were the
first to attempt collective action. A cooperative cheese factory was es-

tablished as early as 1810 and this was followed by other similar estab-
lishments. The first boom in the farmer-cooperative movement came during
the depression of 1872-1877. The Grange (Patrons of Husbandry), the old-
est of the general farm organizations, had been formed in 1867. Many
farmers who found themselves caught in the depression following the panic
of 1873 turned to the new organization in an effort to lessen the dis-
tressing consequences of economic maladjustments. Cooperative stores were
promoted in the North Central States. In the South the State Granges gave
attention to the marketing of cotton. Cooperative grain marketing was
undertaken in California, and a cooperative bank was established in San
Francisco.

There was a farmers' elevator movement in the grain states to
the west of the Mississippi River in the eighties. During the nineties
the citrus-fruit growers evolved a technique for cooperative marketing of
their products. Beginning with the new century, local associations were
organized at the rate of more than 100 a year. This movement reached its
peak in 1920, and during that year nearly 1,800 farmers' marketing associations were formed.

The year 1920 marks the close of one era and the beginning of a new one. The farmer was in distress because of a post-war slump in prices of the things he had for sale. Continued financial distress among farmers during the late twenties resulted in the Agricultural Marketing Act of 1929. Cooperative marketing became of great interest and during the next few years, large-scale national or regional cooperatives were formed for the marketing of grain, livestock, cotton, wool, beans, sugar beets, dairy products, poultry, eggs, and pecans.

In 1935, 10,700 farmers' cooperative selling or buying associations in the United States were listed by the Farm Credit Administration, with a total estimated membership of 3,280,000 persons.¹

Principles of Cooperation.— Farmers' cooperative associations have a few well-recognized principles which distinguish them from commercial organizations operated for profit. (1) The cooperative association is owned and controlled by the agricultural producers who are its patrons. (2) Voting is on the basis of membership (usually on the "one-man-one-vote" principle) as contrasted with the commercial corporation where voting is on the basis of money invested, as represented by the numbers of shares of stock held by each stockholder. (3) The cooperative association, being a non-profit organization, is operated on a cost basis to provide services at cost to its members. The net income to the association less the expenses of operating the association is returned to the individual cooperating farmers on the basis of quantity and quality of product contributed. Savings resulting from the operation of the association accrue

to the individual farmers who own and operate the association rather than
to the cooperative, which is merely a medium by which the cooperating
farmers carry on collectively certain of their producing and marketing
operations. (4) The income rate on the capital stock or money loaned,
which member farmers or the public may have contributed to the cooperative
association, is limited to the current rate of interest or a fair return
on capital invested. One of the alternative provisions of the Capper-
Volstead Act is that a cooperative association shall not pay dividends on
stock or memberships in excess of 8 per cent per annum.

Lowering the Costs of Production.—According to the analysis of
the farm situation in Aiken County, as shown in Chapter II, the scale of
production is essentially small. Viewing each farm as a single operating
unit, it was pointed out that the advantages to be gained through in-
creased mechanization would be prohibitive due to costs of expensive
machinery. The combination of several individual producing units under
unified management would afford the farmers some of the economies of
large-scale production. As was shown in Table II, the number of acres
operated by managers averaged 659.8 acres per manager. This constituted
the largest number of acres per operator by tenure. It is also important
to note that in Table I, the percentage of crop failure by operators was
the lowest for managers showing .5 per cent. Thus the cooperative through
horizontal combination of several small operating units offers both inter-
nal and external economies. These economies can be realised through the
cooperative purchasing of raw materials and machinery which are necessary
to obtain the most efficient production. It must be emphasised that ef-
ficient management is just as necessary for the combining units in a
cooperative as that of any corporate type of business. It must be further
recognized that the extent to which cooperative combination by the individual farm units can take place will be determined in a large measure by their nearness to each other; especially is this true in regard to cooperative utilization of farm machinery.

In addition to economies to be gained through integration of several small operating units for more effective utilization of farm machinery, cooperative purchasing of farm supplies offers additional economies. Through cooperative purchasing a method is provided by which farmers through collective purchasing can reduce costs of basic supplies. Through purchasing associations, the farmers can obtain trade and quantity discounts and other price considerations that are customarily granted only to retail and/or wholesale agencies. In so far as the cooperative can perform the marketing functions normally rendered by the wholesalers, such as quantity buying, risk bearing, standardization, it would be due the compensation for performing such services. This would be expressed in a middleman discount. The cooperative might obtain quantity discounts even if purchases are made in retail quantities as the size of the individual order increases. As was shown in Table IV, 83.5 per cent of the farms in Aiken County reported expenditure for fertilizer. Fertilizer constituted 54.5 per cent of the capital expenditure for farm operation. The labor cost constituted 26.3 per cent of the expenditure for farm operation, while expenditure for machinery made up only 8.7 per cent of the total expenditure. These facts indicate that fertilizer as raw material constitutes a large and significant part of the expenditure for farm operation. The next highest expenditure was for labor costs as compared with the cost for machinery, the labor cost indicates that the majority of work is done by hand,
and machinery is not very widely used.

It must be emphasized that farmers are essentially manufacturers, and like other manufacturers, are concerned with keeping down costs of production. The more value the farmer receives for each dollar invested in farm supplies, the lower is his cost of production. It is therefore the aim of farmers participating in cooperative purchasing associations to obtain their basic supplies economically through their own agencies designed for this purpose. This objective is well supported in the following statement by Mr. Russell:

"We must bear in mind what is too often forgotten, that farmers are manufacturers and as such are entitled to buy the raw materials for their industry at wholesale prices. Every other kind of manufacturer in the world gets trade terms when he buys... The farmer, who is as much a manufacturer as the shipbuilder or the factory proprietor, is as much entitled to trade terms when he buys the raw materials for his industry. His seeds, fertilizers, ploughs, implements, coals, feeding stuffs are the raw materials of his industry, which he uses to produce wheat, beef, mutton, pork, or whatever else... Is it any wonder that agriculture decays in countries where the farmers are expected to buy at retail prices and sell at wholesale prices?"

As an indication of what the farmers of Aiken County have done by the use of the cooperative method of purchasing farm supplies, the following facts are given: In 1928 the number of farms reporting cooperative purchases was 37, with the value of farm supplies purchased amounting to $6,181. For the same year the total farm expenditures for farm supplies amounted to $782,634 exclusive of the amount spent for labor. An analysis of these figures indicates that 0.7 per cent, or the 37 reporting farms, out of a total of 5,771 in the County bought their supplies cooperatively, while 99.3 per cent bought through independent channels. It is evident from this fact that the farmers of Aiken County have not made extensive use of the method of purchasing their farm supplies cooperatively.

3Fifteenth Census of the United States, Agriculture for South Carolina, 1930, p. 22.
A study made by Pennsylvania State College of six cooperative purchasing associations in Pennsylvania indicates that 92 per cent of the members and 50 per cent of the non-members who were patrons were of the opinion that the cooperative associations had lowered the prices generally paid for farm supplies in the counties served. This fact seems to indicate that farmers may lower the cost of supplies through cooperative purchases, thereby, reducing the cost of producing their commodities. It is quite possible that the farmers of Aiken County have not awakened to the need and possibilities of cooperatives in helping to improve their methods of production by lowering the cost of raw materials.

The Cooperative offers to the farmers of Aiken County large-scale production through a method of horizontal combination which will virtually increase the size of a unit of operation through unified control and operation of several ownership units. As to the result of this large-scale production certain definite economies are gained which are as follows:

1. **The more extensive use of machinery**—Where the farms are combined into several units, machinery can be used to a greater advantage where the type of soil permits, thereby helping to decrease the cost of production.

2. **Greater application of the division of labor**—Specialization by workers, and more refined processes of production can be realized. Under well directed management, this factor would help to improve the farms productive efficiency.

3. **Experimentation and research**—Through experimentation and research made possible by large-scale operation, the farmer can learn more about his soil, what type of seed to plant, when to plant and harvest his

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crops. Further savings may be gained through cooperative methods, for large-scale production, by the utilization of by-products which may come from such products as the peanut, potato, and corn stalk.

4. **Economies in the purchase of raw materials.**—The cooperative offers the advantage of purchasing in large quantities, thereby lowering the costs that enter into production.

The above facts indicate that a single operating unit cannot obtain these advantages, but through cooperation of the several farm units, economies can be obtained. The degree to which each of these advantages can be realized will depend in part upon the proximity of the various co-operating units to each other. This is particularly true of the first two. This amounts to large-scale production in farming as applied with much success in other industries.

**Cooperative Marketing.**—According to the methods by which the farmer in Aiken County now markets his products, it was pointed out in Chapter II, the distinct disadvantages he faces in marketing them. Cotton and livestock were selected because they represented the two principal commodities as to sources of income for the farmers. Although small-scale scattered producers, the farmers are forced to meet a large-scale centralized demand. Thus, they find themselves faced with penalties for low grades of products, insufficient premiums for better grades, and qualities, ignorance of what constitutes the best grades and qualities. Thus, the method of cooperative marketing offers another possibility of helping the farmer to receive greater net returns for his products. The cooperative has three fundamental possibilities to offer in helping the farmer to improve his methods of marketing. They are as follows:
1. Standardization of grades and improved handling methods;
2. development of an effective merchandising program; 3. give the farmer information which will enable him to visualize market conditions six months or a year in advance, thus, assist in making adjustments in production plans.

Standardization.— In pooling the products of their members, the cooperatives must divide them into grades so that they can make returns to the growers in accordance with the market value of the product each one produces. The standard grades make trading easier, reduce wastes, and promote wider distribution and increased consumption.

Merchandising.— The cooperative marketing organization can do more effective merchandising of farm products than the individual producer.

The aim of the selling program of the cooperative is to service its members and its customers. A thorough study of the price and demand history of a commodity and a knowledge of the present and potential supply are essential in order that the correct selling program can be determined for the commodity. It is very likely that the cooperative marketing organization can perform this service more effectively than the independent producer.

Information about the market.— The cooperative association is in a better position to know the markets and the factors that affect prices than the independent producer. It can use this information to guide its price policies; determine the markets in which it will attempt to sell; the quantity it will offer each day or week; and the trade channels it will use. These services cannot be effectively performed by individual producers who must rely to a large extent on the independent channels of distribution. The following observation by Mrs. B. E. Derrick bears much significance.
in relation to the marketing of farm products in South Carolina:

"The marketing specialists of South Carolina found that the greatest handicap in obtaining a profitable price for farm products was lack of standardization. Through shipping-point inspection in cooperation with the South Carolina asparagus growers, the asparagus industry in this state climbed from a low-quality place on the New York and Boston markets to the top in three years time and increased its acreage 300 per cent. Shipping-point inspection brought about improved production methods as well as a change from a slack pack of low quality to a full pack of top quality."

The above example cited is typical of the need for standardization of the farm products for Aiken County if they are to net greater returns to the farmers, thereby increasing their income.

To study the possibilities of cooperatives among farmers in Aiken County without relating them to the broad trends that have taken place in the United States, would not present a true picture of what progress has been made by farmers' cooperatives. The following table is presented to show some trends that have taken place in cooperative development in the United States for buying associations:

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<table>
<thead>
<tr>
<th>Years</th>
<th>Associations</th>
<th>Membership</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purchasing</td>
<td>Percentage</td>
<td>Purchasing</td>
</tr>
<tr>
<td></td>
<td>Number</td>
<td>For Cnt</td>
<td>Number</td>
</tr>
<tr>
<td>1913</td>
<td>111</td>
<td>5.6</td>
<td></td>
</tr>
<tr>
<td>1915</td>
<td>275</td>
<td>5.1</td>
<td>59,503</td>
</tr>
<tr>
<td>1921</td>
<td>893</td>
<td>12.2</td>
<td></td>
</tr>
<tr>
<td>1925-26</td>
<td>1,217</td>
<td>11.3</td>
<td>247,000</td>
</tr>
<tr>
<td>1927-28</td>
<td>1,205</td>
<td>10.6</td>
<td>399,000</td>
</tr>
<tr>
<td>1929-30</td>
<td>1,484</td>
<td>12.1</td>
<td>470,000</td>
</tr>
<tr>
<td>1930-31</td>
<td>1,508</td>
<td>13.3</td>
<td>392,000</td>
</tr>
<tr>
<td>1931-32</td>
<td>1,645</td>
<td>13.8</td>
<td>533,000</td>
</tr>
<tr>
<td>1932-33</td>
<td>1,646</td>
<td>15.0</td>
<td>242,700</td>
</tr>
<tr>
<td>1933-34</td>
<td>1,848</td>
<td>17.0</td>
<td>692,000</td>
</tr>
<tr>
<td>1934-35</td>
<td>1,906</td>
<td>17.8</td>
<td>790,000</td>
</tr>
</tbody>
</table>

6 E. H. Elsworth, op. cit., p. 97
This table shows the significant fact that the number of farmers' cooperative purchasing associations in the United States has shown a large increase from 111 in 1913 to 1,506 in 1934-35. Likewise, the percentage of purchasing associations has increased from 3.6 in 1913 to 17.6 per cent in 1934-35. Membership in these associations has increased from 9.1 per cent in 1913 to 24.1 per cent in 1934-35. The estimated business increased from $5,928,000 in 1913 to $187,000,000 in 1934-35 or an increase from 1.9 per cent to 12.2 per cent.

The above table is presented merely to show the progress which has been made in the United States among cooperative purchasing associations. The fact that these institutions have increased in number and volume of business is indicative of their importance to the farmers in purchasing their supplies.

As evidence of what the farmers of Aiken County have done in marketing their crops cooperatively the following facts are presented: According to the Census of Agriculture for 1930, the total value of crops for Aiken County including field and orchard crops, vegetables, and farm gardens amounted to $5,178,015. The Census further showed that 113 farms or 3.0 per cent of the total farms reported sales amounting to $113,189. The value of all farm products on farms reporting cooperative sales amounted to $510,611. Thus, 3.6 per cent of the value of farm crops was sold through cooperative channels by the 3.0 per cent of the total number of farms. These figures show that the farmers of Aiken County have not made extensive use of the cooperative method of distributing their farm products to the ultimate consumer. There is a possibility of greater efforts to be directed in this direction.
Cotton—In Chapter II the problems that confront the farmer in marketing his cotton in Aiken County were pointed out. Cooperative marketing of cotton offers him the following possibilities as a solution to these problems:

1. The cooperative markets in a business-like manner; prevents dumping of cotton in the fall, through a rather equal distribution of sales over the entire year. Through its organization it can better obtain full value for grade and staple of cotton produced. Further, because of its large-scale operations, it is in a position to effect savings by making sales direct to the spinners and manufacturers.

2. Cotton can be sold only when there is a demand for it. The cooperative studies the sales and price policies of a given market and interprets its marketing program as one in which it is merchandising its product, that is being prepared to sell and deliver, not only the quality, but also the quantity of the cotton in accordance with demand as expressed by the buyers with whom they are dealing.

Operation of the Cotton Cooperative—Like any other organization the cotton cooperative is faced with certain problems. One of the major problems is the question of contracts between the individual producers and the association. In order to conform to the needs of individual growers, the cotton cooperative creates short-time pools, including the operation of daily pools, 30-day pools, and seasonal pools, thereby giving the farmer the option of choosing the particular pool to which he wished his cotton to go. In the daily pool he is permitted to choose the day of sale. In the event a spot sale of that particular quantity can not be made on the date chosen by the grower, the association sells an equivalent quantity on the future market. This hedge is liquidated at some future date.
when the actual cotton is disposed of through the cotton-marketing outlets of the association.

In the event that a member becomes dissatisfied, he has the privilege of withdrawing from the association during a certain 15-day or 30-day period each year. In some instances the association is empowered, at the discretion of the board of directors, to terminate a grower's membership and cancel his marketing contract.

The sales of all seasonal pools are carried in one sales account and the total net amount is distributed to the various pools in proportion to the quantity in each pool and in accordance with commercial grade and staple differences. In this manner the member receives full value for his cotton on a quality basis. This creates an incentive for the individual operator to improve the quality of his cotton which in due course leads to higher value product per farmer and therefore an additional source of increased real income.

**Location and the Market.** The farmers of Aiken County have a distinct advantage in regard to location of markets. In Columbia, South Carolina, a distance of 60 miles from the Aiken County seat, is located one of the State and Regional Cooperative Cotton-Marketing Associations.

To get some idea of the activities of the South Carolina Cotton Growers' Cooperative Association, the following table is given:
### TABLE XI

Percentage of the Cotton Crop Delivered to Large-scale Cooperative Associations in South Carolina, 1921-30.

<table>
<thead>
<tr>
<th>Year</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921 - 1922</td>
<td>5.3</td>
</tr>
<tr>
<td>1922 - 1923</td>
<td>21.7</td>
</tr>
<tr>
<td>1923 - 1924</td>
<td>12.5</td>
</tr>
<tr>
<td>1924 - 1925</td>
<td>12.3</td>
</tr>
<tr>
<td>1925 - 1926</td>
<td>11.0</td>
</tr>
<tr>
<td>1926 - 1927</td>
<td>7.1</td>
</tr>
<tr>
<td>1927 - 1928</td>
<td>5.8</td>
</tr>
<tr>
<td>1928 - 1929</td>
<td>3.9</td>
</tr>
<tr>
<td>1929 - 1930</td>
<td>9.9</td>
</tr>
</tbody>
</table>

*Yearbook of Agriculture, 1932, op. cit., p. 690*
PERCENTAGE OF THE COTTON CROP DELIVERED TO LARGE-SCALE COOPERATIVE ASSOCIATIONS IN SOUTH CAROLINA, 1922 - 1929

Fig. 2 - Data Taken From Table XI
This table shows that the percentage of cotton delivered to large-scale cooperative associations in South Carolina between 1921-1930 has shown wide fluctuations. Reaching 21.7 per cent in 1923-25, the percentage fell to a low of 3.3 in 1927-28. Then in 1929-30 the percentage increased to 9.9. This table is indicative of the extent to which the farmers of South Carolina have taken advantage of the cooperative method of marketing their cotton, which is one of their principal commodities raised. As indicated by the fluctuations in the amount of cotton delivered to the association it is logical to assume that the farmers have used the association to the extent that they have found it beneficial; also the reduced amount of cotton harvested in a given year may account for the fluctuation in amount delivered to the association.

Livestock—As was pointed out in Chapter II, the production of livestock among the farmers of Aiken County increased over the five-year period from 1930 to 1935. Further, the method by which the farmers marketed their livestock was indicated. Cooperative marketing of livestock offers distinct advantages through large-scale marketing that the individual producer can not obtain. Two types of local shipping associations have developed to serve the needs of livestock producers:

1. The local association which operates usually at one shipping point; 2. The county shipping association, which is usually a federation of local shipping associations in a given county.

Local Association—The local association operates primarily as a livestock assembling organization. In many instances, however, these agencies act as direct selling agents. Sometimes they serve their patrons by purchasing for them coal, fencing, twine, and other general farm supplies. This association operates under a manager who requests the members
and patrons to bring their livestock to the loading point on designated shipping days. The farmer may haul the stock by truck or wagon to the shipping point, or those living nearby may drive their cattle to the loading pens. The manager lists the livestock of his patrons, when it is ready for market, and orders the cars. On the shipping days he receives the stock, marks it for ownership, weighs and loads it into the cars. The owner's number is listed, the kind of stock, and the weight, and this is mailed to the selling agency at the central market.

County Association—The county association usually has a county manager, with offices at some central point, and assistant managers at various loading points in the county. The returns from the commission associations in the terminal markets which sell the stock or from the packers when the livestock is sold direct, are usually sent direct to the county manager, who does the prorating and makes returns to the various managers of the local associations who in turn get out the account sales and returns to their patrons.

The local shipping associations and the county associations may deal with central cooperative sales agencies, thereby further integrating the marketing activities so as to gain the advantages of large-scale marketing.

Transportation—In order for the farmer to reach the market with his products, the question of transportation must be considered. The county is traversed by the Southern Railroad. In 1930 there were 1,613 automobiles, 231 motor trucks, 55 tractors. In relation to roads, 195 farms were located on concrete roads. On macadam road 10 were located. Gravel road 99. Sand-clay road 1,527. Improved dirt road 275. Unimproved dirt road 1,486. All other (including not reported) 82. The
above facts merely indicate the facilities with which the farmers have to work in transporting their farm supplies and products. The extent to which improvements can be made in transportation facilities will be determined in a large measure by the individual farmers in cooperation with County, State, and Federal agencies.

The cooperative offers in marketing large-scale operation as has been pointed out with reference to production. Through cooperative marketing a form of integration is developed which results in certain advantages to the farmers:

1. Improved Marketability of Products. The cooperative organization insists that products must conform to the desire of a given market. Thus, grading and standardization become fundamental factors in determining what prices the farmer will receive for his products. Then through standardized products the cooperative can influence demand by less wasteful methods than when the products are unstandardized. The recognition of differences in quality and price is of the greatest importance to the cooperative. When the independent local buyer often pays a flat price, or grades products roughly, the producer of low quality goods is often overpaid and the producer of superior products is underpaid. A uniform price thus penalizes the best producers, and grading too low penalizes all producers. The cooperative marketing organization overcomes this practice by getting a price for the farmer’s product according to its grade. The following significant statement as to recognition of quality is quoted:

"The farmer is frequently criticized for lack of attention to the uniformity and quality of his products. As an individual he is powerless to remedy this weakness. A multitude of other duties require his attention; he does not have an opportunity to become intimately acquainted with the demands of the trade; and his production is too limited to attract much attention, even though he uses a great deal of care in the
2. **Controlling the Flow to Market.** The cooperative seeks to send the commodities to the best markets at a particular time. It is logical that if large quantities of any commodities are centrally controlled, there is possibility of realization of this aim. Thus, a cooperative association as opposed to individual producers, can effectively follow the markets of products as they move toward market, and through carload shipments reach the best available market. This advantage an individual producer is not likely to obtain.

3. **Improved Bargaining Power.** The average farmer is not likely to study markets and marketing and to know price trends. Thus, he is in a weak position to bargain for his products. He is one of the many growers selling to local middlemen or other independent buyers. Where the farmers combine, their bargaining power increases even to the extent in some cases that the price policy may be dictated. Thus, when the cooperative controls a large part of the farmer’s supply, it becomes a definite force in the market. This is not likely to be the case with an individual producer.

4. **Reducing the number of Middlemen.** It is not always the intention of the cooperative to eliminate all middlemen between producer and consumer. However, in proportion as the cooperative efficiently performs the services and functions of the independent middlemen, will it affect savings for the farmers. It is evident that the cooperative when efficiently operated will give to the farmers, who own and control it, the returns which would otherwise go to the independent middlemen who market his products.

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Cooperative Finance. — The following quotation gives a clear description of the problem of cooperative financing:

"The basic needs of cooperative finance are similar to those of competing dealers. The methods available for obtaining funds are also fundamentally the same. A cooperative, like other business, needs fixed and working capital in varying degrees. Fixed capital requirements commonly arise out of the need for warehouses and processing plants and are commonly supplied by the sale of stock certificates in the cooperative or in subsidiaries created by it, from membership fees, member notes, and the sale of securities based on a mortgaged property. When obtained by means of loans, provision is frequently made for gradual repayment by deductions from the receipts for the commodities sold. The same method may be used to provide additional capital. Many associations need no such permanent facilities, and so have little need for fixed capital.

"Working capital may be supplied from the same sources, but is most commonly supplied by delaying payment to growers until sales proceeds are returned to the association. Short-time loans, including drafts drawn on customers and banks and usually based on transportation documents or warehouse receipts, are also used. The grower's need for funds in advance of the harvest are not readily met by cooperatives. State and Federal Agricultural Credit Corporations making loans based on farmers' credit statements, and liens on his property are developing with some rapidity and have been encouraged by cooperatives as a means of meeting this problem."

CHAPTER IV

SUMMARY AND CONCLUSION

This study has attempted to present the most important problems that confront the farmers of Aiken County, South Carolina, together with the possibilities of a solution.

The study shows that there are 3,771 farms operating as individual units. Of the total population of the county, comprising 22,057 persons, 47.2 per cent make up the farm population.

The following specific problems face the farmers of the county:

1. Improving their methods of production; 2. Finding a more efficient method of marketing their farm products.

Under their present methods of production, they do not receive the greatest possible income, due to the comparatively high cost of producing their products on small size individual farm units. Farm supplies such as fertilizer and farm machinery are often too expensive for the individual farmers to purchase in sufficient amounts to give them the most efficient and economic method of production.

The study shows that the farmers of Aiken County have not taken advantage to any great extent of the cooperative method of purchasing their farm supplies, which would enable them to lower their costs of production, thereby increasing their net income. In 1929, out of a total number of 3,771 farms, 37 or 0.7 per cent reported cooperative buying of farm supplies. The amount spent cooperatively for farm supplies was $6,181 or 0.7 per cent of the total farm expenditures of $782,624.

The extent of cooperative marketing has not been very great. In 1929 the total value of crops, including field and orchard crops, vegetables
and farm gardens amounted to $5,173,015. of the total number of farms 113
or 2.9 per cent reported sales amounting to $113,189 or 3.6 per cent of the
value of the crops.

These facts are conclusive proof that the farmers of Aiken Coun-
ty have not made extensive use of the cooperative methods of buying their
farm supplies and selling their products.

This study points to the fact that cooperatives offer the farmers
of Aiken County, the following definite advantages:

1. A form of horizontal combination through unification of
several small operating units under one management. This would afford
some of the advantages of large-scale production, thereby lowering the cost.

2. Integration of the steps necessary to produce and market the
individual commodity, from which might accrue increased real income to the
farm. This real income will accrue to the farmer from the efficiency with
which each of the necessary services is rendered, and by performing many
of the functions previously performed by independent middlemen who receive
the returns that would otherwise go to the farmer.

3. Improvement in grading and standardization of farm products,
that an individual producer is not likely to accomplish.

4. More efficient distribution due to superior knowledge of the
market, and more orderly distribution rather than sale at the peak supply
period regardless of the position of the seasonal price.

5. Economies gained through large-scale purchasing.

In conclusion, the writer wishes to emphasize the fact that the
degree of successful cooperation among the farmers of Aiken County will
depend in a large measure on the extent to which they become educated, as
to the philosophy and principles of cooperative action. In recognition of
this fact, the writer feels that as the rate of literacy among the farmers
increases, and as racial cooperation between the white and colored groups
becomes more effective, the possibilities of cooperatives among the farm-
ers will be broadened. In 1930 the rate of illiteracy for the colored
farmer in Aiken County was 26.7, while that for the white farmer was 5.1.
Thus, any effective program for education in the principles of cooperatives
must take these facts into consideration.

The writer further acknowledges that under the present system of
land tenure in Aiken County, greater realization of the advantages of
cooperation is more practicable among the full owners than any other class.

To those who may wish to read this study with the intention of
appraising the possibilities of cooperatives among farmers for any given
community, I wish to state the following:

First.—In proportion to extent that farmers become educated, as
to the principles and philosophy of the cooperative method, will these
methods prove effective in helping them to solve some of the important
problems that face them today.

Second.—It is not within the scope of this study to point out
all the various types and legal forms that cooperative associations may
take; these must be determined by the place, the nature of the specific
problem, and the existing need for cooperative action in the community be-
ing considered.

Finally, in the opinion of the writer, the farmer in Aiken Coun-
ty has remained too individualistic in the operation of his business in a
society where large-scale methods are becoming more and more the prevailing
type in our present economic society. With the scale of production expanding, the advantages of combination should be sought in order to gain the advantages of large-scale production and distribution. In so far as these advantages are realized the costs of production and distribution will be lowered and a larger net income will accrue to the farmer.
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