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Financing production and marketing of Louisiana strawberries and suggested reorganization

Roy Leland Thompson

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Financing Production and Marketing of Louisiana Strawberries and Suggested Reorganization

BY

R. L. THOMPSON

LOUISIANA STATE UNIVERSITY

AND

AGRICULTURAL AND MECHANICAL COLLEGE

AGRICULTURAL EXPERIMENT STATIONS

C. T. DOWELL, Dean and Director
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A Brief Analysis of Present Practices
And a Suggested
Re-organization in Financing
The Production and Marketing
Louisiana Strawberries.

BY
R. L. THOMPSON, Research Economist

INTRODUCTION

The Louisiana Strawberry Industry has experienced during its existence violent fluctuations both in acreage production, and prices. When weather conditions have been favorable for Louisiana and adverse in the states to the north and east, farmers of Louisiana have been able to experience fair returns. On the other hand, when droughts keep down plant production and late frosts retard early shipments of berries, many farmers find themselves heavily in debt and often find it necessary to produce the succeeding crop by use of credit.

The latter condition has prevailed during the past two seasons, and as a result, farmers of the strawberry area are experiencing the poorest economic conditions that have prevailed in the industry for years. Possibly they have never experienced such conditions in the past. Supply and cash credits have become so important during the past few years, that a large per cent of the farmers feel that it is impossible to produce a crop unless some agency supplies all the ready cash and supplies necessary to carry out the farm program.

The relatively short crop coupled with low prices received for the bulk of the berry crop of the Spring of 1930, left farmers, as well as some associations* and other agencies concerned, heavily in debt. This condition has made it difficult for these agencies to

1Mr. M. J. Voorhies, of the Extension Division of the Louisiana State University and Agricultural and Mechanical College assisted with the field work of this project. Thanks are due the managers of the three central selling organizations for their cooperation in this study, also the heads of the various local associations and other leaders in the area.

*The term association is applied to all those organizations in the berry area, whether private, corporate, or cooperative in nature, that look after the marketing of berries, and supply credits for production purposes.
secure a line of credit with which to meet the needs of farm groups. This lack of available credit has caused leaders in the area to seek outside assistance. The Federal Farm Board was appealed to for aid in financing the production operations for the 1930-31 season.

The information desired by the Federal Farm Board upon which it could base its action was not available. A number of questions came up that could not be answered intelligently due to a lack of assembled facts. This condition, along with the desire to help the industry get on a sounder basis by pointing out the weaknesses and suggesting improvements, led to this study.

It is desired that all available facts be presented in such a manner that the masses in the area covered will be able to understand them, and to formulate a program that will help farmers to help themselves through cooperative activities.

This analysis proposes to bring out facts that will answer the following questions: 1—Is the berry crop handled consistently from year to year to the best interest of the producer? 2—Are farmers justified in supporting the numerous organizations through which they obtain supplies, and market their crops? 3—Are buyers able to come together on the Auction and hold prices down irrespective of market demands? 4—Does the type of refrigerator car in which berries are loaded have anything to do with the prices paid for berries? 5—Is there a relationship between the carrying qualities of berries and the type of refrigerator car used? 6—What are the possible advantages in closer cooperation among the berry growers? 7—What can be done and how can the farmer be helped to help himself?

Ways and means of bringing about this cooperative organization are presented in the appendix of this bulletin.

BRIEF HISTORICAL SKETCH OF THE DEVELOPMENT OF THE STRAWBERRY INDUSTRY IN LOUISIANA

According to some of the oldest residents in the berry area, David Manard settled in Tangipahoa Parish, near Tickfaw, in 1861 and introduced strawberries as a commercial crop. The Civil War interrupted the development for several years. In 1867 Mr. Manard
Fig. 1 DISTRIBUTION OF CAR LOT SHIPMENTS OF STRAWBERRIES FROM LOUISIANA 1929
returned to his farm and was joined in berry production by the following families: Stevens, Bucks, Calmes, Casons, Cunninghams, Stricklands and Hucks.

It was in 1876, according to Harry D. Wilson, that his father, Dr. W. D. Wilson, planted two acres of strawberry plants near Independence, Louisiana. This was the beginning of the commercial strawberry industry at this point. Two years later Mr. Ben Huck of New Orleans put in extensive plantings. Berry production expanded to a point where strawberries are the source of relatively large incomes to farmers of five parishes of the State, namely; Tangipahoa, Livingston, St. Helena, St. Tammany and Ascension.

Until about the middle of the nineties it was necessary to plant both pistillate and staminate plants, usually two rows of pistillate, and one of staminate. This assured proper pollenization and well formed fruit. Through the work of Mr. Bob Cloud of Independence, Louisiana, the Klondike plant was developed by crossing certain imported pistillate plants with Miller seedlings and the Huffman berry.¹ This Klondike berry came in as the main commercial plant in 1901. Mr. Cloud entered into contract with a few of his neighbors who obtained some of the early plants, not to sell or give away any of these plants for five years. However, they spread rapidly to other points in the area and are still grown almost exclusively in the berry belt of Louisiana.

One of the early problems of strawberry growers was to get the product to market in a salable condition. Refrigeration was not known to the industry and great care was necessary in fertilization and handling to be able to place the product on the Chicago market, the only market for a number of years, in a consumable condition. Bone meal was thought to be the only fertilizer that could be used to produce a hard firm berry. This resulted in bone meal being used extensively in the berry belt.

In the early nineties, pony refrigerators were introduced and these were used to convey berries to Chicago Commission Merchants, to hotels, and to restaurants.

¹Information obtained from Mr. H. B. Ray, Ponchatoula, Louisiana.
The American Express Company extended its services over southern lines of the Illinois Central in 1893. Ten refrigerator cars were provided by the Merchants' Dispatch Transportation Company in 1896. These were the first cars of farm produce to be moved by passenger train service. Refrigerator car service expanded in proportion to the expansion of the berry industry. In 1903 sixty refrigerator cars were in service. Chicago was the principal market up to that time. By the end of 1915 there were 336 refrigerator cars delivering fresh strawberries to eighty-seven different cities distributed over twenty-nine states, and points in Canada. The 1929 season found available refrigerator cars numbering into the thousands, and distributing fresh berries in car lots to 134 different city markets in thirty-five states and several points in Canada. (Fig. 1). Strawberries bring in annually from five to eight million dollars to farmers of the area.

The second problem with which the producer was confronted, was the problem of selling. Farmers delivered their crops to the railroad station and consigned them to commission houses. This practice was carried on independently until 1898. Freight rates were high on less than carlot shipments, and some of the commission men at the central markets were unscrupulous in their dealings with farmers. The farmers at Ponchatoula were the first to recognize the evils of the system that then prevailed, and first to come together in an associated way to load in car lots. The first local association was formed at Ponchatoula in 1898. Through concerted effort Ponchatoula farmers received an average from thirty to fifty cents per crate more for berries than did farmers at other local shipping points. Ponchatoula farmers established contact with Mr. E. G. Davies, a commission merchant in Chicago, and consigned all cars to him for several years. Mr. Davies distributed the berries to different jobbers throughout the city, and in turn rebated to the local association the advantages of car lot rates. Commissions of 10 per cent were charged by the Central receiver, and the refunds amounted to about five cents per crate. Concerted action on the part of berry growers stimulated more efficient express service, and the berry industry expanded to wider areas.

It was in 1909 and succeeding years that ushered in farm associations at the main shipping points in the area. Delhonde and Ripp organized the first association at Independence. This was in 1907. The following year Joe Duhuono was placed at the head of this association. He circularized every important market in the country, making it known to the buyers the berry production that could be expected the following year. This attracted buyers to Independence in large numbers, and resulted in the establishment of the “Strawberry Deal” in the berry area. That is, consignment methods gave way to F. O. B. sales.

Following the organization at Independence, farmers at Hammond, Amite, Tickfaw, and Albany organized into local selling units. There were no relationships established between these local associations that were binding. The Independence association sent men into the markets to learn conditions, and keep the local leaders informed as to supply and price. Local buyers desiring to buy car lot quantities would approach the Independence sales agency and get prices. If Independence offered berries for $2.50 per crate, which was in line with market prices, buyers would go to other points and ask for prices. Organizations at other points would quote prices at $2.50 on information obtained from Independence. Due to lack of close coordination between association leaders buyers were able to play one association against the other and force prices down from that point previously established by market conditions. Competition between organizations reduced prices below fair prices. This practice continued for several seasons. Eventually, Independence and Ponchatoula inaugurated a kind of auction sale, that is they sold berries to the highest bidder. This worked very nicely until the local broker came into being. The broker bought all berries with the understanding that the price be fixed at that price paid for the first car sold over the block at auction. The auctioneer found out what was happening and instituted a program of destroying the broker. This resulted in dropping the first car at the first bid offered. Often the first car was sold from a dollar to a dollar and a half less than the market justified. This caused much dissatisfaction on the part of the growers who were selling to the local brokers. Throughout the early years of the industry, competition between local units resulted in grief to the producer.
The auction method disappeared about the beginning of the World War, and wire sales were resorted to. In 1923, cooperation was encouraged through the Farm Bureau activities. The same year the Hammond Auction was inaugurated by Mr. Weinberger. The auction method of sales has proven satisfactory in a measure, and is still used. Two or three auctions have been maintained in Hammond since 1924. The auction as it is operated today has a distinct advantage over the early type that was used. Today all berries, with few exceptions are sold at auction. The broker as well as the association employs the auction method. This prevents a certain amount of competition between local units, and their activities do not unduly depress prices.

There are two auctions in the Hammond district that are operating at present, and these handled approximately 98 per cent of the berries shipped out of the area last season. The Louisiana Farm Bureau Selling Exchange maintains an office at Baton Rouge and by wire sales handles the berries that are delivered to it. Last season this organization handled forty cars of berries and its prices compared favorably with prices obtained on the Hammond Auction.

**TREND IN BERRY PRODUCTION IN THE EARLY PRODUCING AREA**

Berry acreage in Louisiana has expanded from a few acres along the Illinois Central Railroad in the early nineties to several thousand acres, extending both east and west from the main lines of the Illinois Central Railroad. In 1918 there were approximately 5,000 acres planted to berries. There was a slight decline in acreage for the 1919 season, but the area expanded to 14,600 acres by 1924. The 1925 season experienced a considerable decrease in acreage, dropping to 10,340 due to the unfavorable season for plant production during the summer of 1924, and the unfavorable conditions for getting plants out during the fall months. Since 1925 the area has been on the increase, reaching a total of 24,600 acres by 1930.

Other early states, Alabama, Mississippi, Florida, and Texas, have experienced a similar increase in strawberry acreage. These
Figure 2: A—Strawberry acreage changes in Louisiana and other early states from 1918 to 1930. B—Average yield per acre in quarts for Louisiana and other early states from 1918 to 1930. C—Average seasonal price per quart for strawberries produced in Louisiana and other early states from 1918 to 1930.
states combined planted 3,880 acres to berries in 1918 and reached 10,910 acres by 1924. During the 1925 and 1926 seasons the trend was downward; the acreage dropping to 8,240 in 1926. Since that time, the swing has been upward, reaching a maximum of 18,300 acres by 1930. Fig. 2, Plate A, shows the acreage changes in Louisiana and in the other early states since 1918.

**YIELD PER ACRE**

Due to the limited acreage that can be planted and managed by one man and his family, yield per acre is an important consideration. Fig. 2, Plate B, shows a distinct downward trend in yield per acre. Yields are governed to a great extent by weather conditions and cannot be controlled by cultural practices entirely. However, good cultural practices show decided results on yields. Some good farmers are able to harvest much heavier yields than are indicated by the chart. General low yields per acre are responsible in a measure for the plight of Louisiana berry growers. They are confronted with more and more competition from the early states. Alabama, especially, is becoming a strong competitor. Yields per acre have been considerably higher in Alabama than in Louisiana. The Chart gives a comparison of acreage yield for Louisiana with that of other early states over a period of thirteen years. Alabama and Florida have averaged approximately 21 per cent higher in yield per acre than has Louisiana. The average yields being 1,812 and 1,443 quarts respectively. The other early states have relatively low yields. The best cultural practices must be employed by all Louisiana berry farmers if they wish to hold the lead in the early berry area.

**BERRY PRICES**

Louisiana berries bring a higher price per quart than is paid for berries in competitive states. Only one time in thirteen years has the price of berries as a seasonal average been higher in the neighboring states, and that was in 1922. The average seasonal prices for Louisiana and other early states are shown in Fig. 2, Plate C. Louisiana berries have averaged above twenty-three cents per quart during eight of the thirteen years under consideration.
Of the five years in which twenty-three cents or less were received as an average, four of these were the last preceding seasons. If one can judge from the economic conditions that prevail in the berry area, Louisiana berry production is not profitable when the price averages twenty-three cents or less. The advantages that are maintained in price differences are primarily due to the type of package put on the market and the fact that the Louisiana area is favorably located with respect to transportation-facilities, that is, time from the central markets.

The statement is often heard that Louisiana has a partial monopoly on the berry markets of the country due to the early season. This statement is partly true when weather conditions are favorable and a large harvest can be had before April 1st. However, when cold weather retards the season as was the case in 1930, Louisiana meets with much competition. Alabama, Arkansas, Tennessee, and North Carolina became heavy shippers of berries before Louisiana completed the season. These four states shipped approximately 3,000 cars of berries during the forty-five days, April 1st to May 15th while Louisiana was shipping heavily. These cars were distributed throughout the period as indicated in Fig. 3. Apparently Louisiana producers under such circumstances would find it advantageous to get out of the market earlier, and divert their berries to cold-pack plants or some other outlet. This station is doing some work to find a profitable outlet for berries that are harvested near the end of the season.

**Changes in Marketing Organizations**

That the marketing organization has evolved from a very small unit back in 1898 has already been indicated. Since this date associations have been organized at all shipping points in the area. Back in 1908 or 1909, each shipping point had one organization. As the industry expanded and new leadership sprang up, farmers withdrew from the old associations and organized new units. With very few exceptions, there has never been a true cooperative spirit prevailing in the area and these exceptions have been confined to rather restricted areas, and to relatively few individuals within the
Figure 3: Daily carlot shipments of strawberries by states from April 1st to May 15th, 1930.
area. Today there are forty-two local associations; twenty-four of these are brokers operating under the name of specific associations. The remaining eighteen have hired managers and take on the nature of cooperative associations. Only three or four can be classified as pure cooperative associations. One of the big evils in the marketing system of the area is the excessive number of these associations that are maintained.

USES OF CREDIT IN THE BERRY AREA

Berry growers were introduced to the credit system, that now prevails, in 1910. Brokers throughout the area, in order to get a better claim on the farmers’ business, as well as to promote larger business, made credits available to growers in the form of supplies and cash. In many cases credits were not needed, but farmers felt that it was safer from a personal standpoint to operate on the other man’s capital than it was to operate on his own. Consequently, many used credits who could have otherwise done without them.

It was in 1923 that wholesale uses of credit were introduced. Mr. Charles Weinberger, who was a man of considerable means, came into the territory, put into operation the auction as we now know it, and encouraged berry production. Credit practices were stimulated, and heavy losses were experienced by some of the leaders, who were eager to help the berry growers. The needs for credits in the form of supplies and cash have been increasing up to the present time. This past season 85 per cent of the berry producers used credits obtained from the local associations. The demand for credit for the 1931 season is even greater than it was last year, and many farmers are unable to secure a line of credit because some of the associations have been placed in a weakened condition, and their credit rating has been impaired. The past two seasons have left the associations with large carry-overs of unpaid loans due to the farmers' inability to meet their obligations. The associations, as a rule, meet their obligations to the banks and other financing agencies, but the position of some is weak and this makes it difficult to secure cash and supplies to advance to farmers.

The trouble which the farmers are having in securing credit, the short crops, and the relatively low prices for the product, is
causing a degree of unrest, and it is showing itself in the demands for a revision of the present system.

LOCAL ASSOCIATIONS IN THE BERRY BELT

It has been suggested that the so-called associations take on many forms; some are private brokers who deal with groups of farmers, others are made up of groups of farmers and business men who hire a manager. These organizations usually are incorporated and carry small capital stock. This stock is owned by a few farmers and business men, farmers owing a very small share of the total. These associations deal with several hundred farmers, sell supplies, advance cash, and handle the crop through the marketing channels. Every patron pays the same price for supplies and service, but the profits or losses are absorbed by the stockholders. A third type of association exists in the territory. This type we might call cooperative. All patrons of the organization are members, a hired manager is maintained, and every member shares in the profits or losses which occur to the body. These organizations are usually without capital stock and operate for mutual benefit. For the sake of convenience, all organizations will be referred to as associations in the succeeding pages of this analysis.

In an effort to find out the present status of these associations, a survey was made during the summer of 1930. An effort was made to get records from the entire group of forty-two associations. Twenty-eight of the forty-two found it possible to cooperate in the study. Eleven of these were outright brokers and the remainder maintained a degree of cooperation.

There were 6,144 farmers represented by the twenty-eight associations, averaging 220 men to the organization in 1930. In 1929 the average number of farmers per association was 228, and in 1928 it was 246. There has been an increase in the number of associations out of proportion to the increase in number of berry farmers: thus the decrease in number of farmers per association.

These associations sold on the average 40,125 crates of number 1 berries during the spring of 1930, or a total of 1,123,500 crates. These sold for $2,941,316.00, an average of $2.61 per crate. Aver-
age prices for the same associations reporting for 1929 and 1928 seasons were $2.39 and $3.12 respectively.

Not all associations were able to report 1928 and 1929 business, some of these were not in existence, others had no records from which information could be had.

The increasing number of associations in the area is promoting inefficiency in the operation of the local businesses. Amite, Independence, Hammond, and Ponchatoula, have too many individual units. The same is true at other points where dissension has been the sole cause for additional organizations. Leaders do an injustice to the farmer when they promote organizations to duplicate work of existing organizations. Farmers should recognize this fact and be reluctant in giving up an established organization for one that has not been tried, unless there is a possibility of additional service from the new organization.

The following frequency distribution will give one a picture of the size of the organization unit based on volume of berries handled in 1930.

<table>
<thead>
<tr>
<th>VOLUME OF BUSINESS PER ASSOCIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Crates</td>
</tr>
<tr>
<td>Less—20,000</td>
</tr>
<tr>
<td>20,000—30,000</td>
</tr>
<tr>
<td>30,000—40,000</td>
</tr>
<tr>
<td>40,000—50,000</td>
</tr>
<tr>
<td>50,000—60,000</td>
</tr>
<tr>
<td>60,000—70,000</td>
</tr>
<tr>
<td>70,000—80,000</td>
</tr>
<tr>
<td>80,000—90,000</td>
</tr>
<tr>
<td>90,000—</td>
</tr>
</tbody>
</table>

It will be noted in this table that there were five associations in the group operating on a volume less than 20,000 crates; and in the class in which most of the associations fall, there is a volume of only 30,000 to 40,000 crates, or between forty-five and fifty cars. There are four associations in this group that handled 80,000 crates or more last season. This approaches a volume that will justify keeping paid secretarial and office help. The small volumes require proportionately too much overhead, and the actual cost per crate
handled is excessive when consideration is given to services rendered. The tendency seems to be toward the smaller unit, as has been pointed out. Not only the number of men per association is decreasing, but the average volume of business, as well as the lower range of volume handled. In other words, there is not that adjustment toward what is thought to be the ideal unit. The following data give an indication as to what has happened during the past three years in this respect.

<table>
<thead>
<tr>
<th>Year</th>
<th>Range in Number of Crates</th>
<th>Average Number of Crates per Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>1928</td>
<td>23,887 to 129,248</td>
<td>70,645</td>
</tr>
<tr>
<td>1929</td>
<td>12,083 to 117,907</td>
<td>55,991</td>
</tr>
<tr>
<td>1930</td>
<td>8,341 to 100,728</td>
<td>40,125</td>
</tr>
</tbody>
</table>

**STATUS OF LOCAL ASSOCIATIONS**

Apparently there is little relationship between the volume of business an organization handles and the average price that is received for the product. However, there is a variation in average prices from association to association.

The prevailing charge collected from farmers by the associations, both private and cooperative, is ten cents per crate. For this dime, the local association keeps records for the group as to crates, fertilizer, seed and the loading of berries on cars at harvest time. The association assumes no responsibility after the berries are inspected and loaded, except to collect the checks from the auction and distribute them to the growers or to their accounts. There is an additional service rendered by the local associations. They furnish cash and supplies to the membership where it is necessary. There is a charge on each of the two items to pay expenses, and in some cases an excessive price is charged because the farmer cannot get the service elsewhere. Very few of the associations show a profit at the end of the year, and fewer rebate to the membership that which has been made. The twenty-eight associations reporting for 1930 season were paid $104,770.00 as a charge against handling the berries. Some few associations handle the business for five cents per crate, some seven cents, but most of them charge ten cents. This crate charge amounted to 3.6 per cent of the value of
the sales of berries. Apparently, there is a chance for unusual profits for the associations. However, due to the small size of business units, the heavy overhead, and the failure to collect from the farmers their outstanding obligations, associations experience very small profits.

The average income from crate charge is $3,741.00 for each association. The total expenses, on the average, for each association, including salaries, wages, telephone, telegraph, stationery, etc., amounted to $4,911.00. The average salary and labor bill was $3,826.00 and in addition, thirteen associations reported losses amounting to an average of $2,727.00, and the carry-over, that is the amount on books that was not paid by farmers out of 1930 crop, by twenty-seven associations averaged $10,122.40. The farmers of one association paid up in full. Total credits advanced by these twenty-eight associations amounted to $1,114,891.00. Of this amount, $430,518.00 was cash advances the remainder consisted of fertilizer, seed, and crates. The carry-over amounted to 24.5 per cent of all credits advanced. Losses that were marked off the books amounted to 3.2 per cent of total credits.

The advances made by the various associations cover expenses for vegetable crops as well as for berries. Expenses experienced by these associations also include truck expenses. The total expenses amounted to 73.4 per cent of all money received by associations for handling charges. This leaves 26.6 per cent for the association. In addition, farmers paid on the cash loans $45,088 in interest, which amounts to 10.4 per cent as a flat charge. The associations paid from eight per cent to 14 per cent discount rate on what money they borrowed, and most of them borrowed the full amount used. This means that the farmer got a flat rate that was just about equivalent to the time rate paid by the association. Several association records indicated a loss on the interest account. In some cases managers anticipated the rate at eight per cent and agreed to carry borrowers at six per cent flat rate, and later found that the agencies from whom the association intended borrowing moved the rate to twelve per cent and fourteen per cent discount. This made it impossible for associations to come out ahead on the interest account.

Thirteen of the associations were able to discount their paper with banks and other agencies at the rate of 8 per cent, one at 9
per cent, four at 10 per cent, two at 12 per cent, and two at 14 per cent. These were discount rates and actually amounted to a range in interest rates from 8.6 per cent to 16.2 per cent. It would seem that the interest rate is entirely out of line when we consider the rate of interest that is paid on the money market, and too, when the ability of the farm enterprise to pay is taken into consideration. No one denies the fact that agriculture cannot continue to pay such rates and succeed. The state usury law does not control the rate of interest, neither is it expected that it should. Money is like other commodities in a sense. If there are excessive loanable funds seeking employment, the interest rate will adjust itself to where these funds will be used. On the other hand, if there is a lack of sufficient loanable funds, the interest rate will rise to that point where the maximum income is obtainable. The risk element is a factor in interest rates. The greater the risk, the higher the rate must be to offset the danger of losses. Another factor that is a strong determinant is the monopoly element that prevails in the area. The sources of credit, as the farmer sees it, are very limited, and it becomes a matter of using the money at the high rate or do without. The question of interest rates is purely a relative matter. A fifteen per cent rate is not high if the money can be used in such a way that better combinations of the productive factors can be secured, and the returns are sufficiently great to pay this rate. On the other hand, four per cent is a high rate when losses are incurred. The good business man will refuse to use money at rates that will bring losses to his enterprise. This matter should be looked upon in the same light as buying machinery or any other capital goods. If it will not result in net returns to the enterprise, the machine should not be purchased. Money should not be borrowed if it will not result in net returns to the business, except for unusual circumstances, as preservation of health and holding things together over short depressions.

Not only do farmers pay high prices for cash credits, but in most cases they pay unnecessarily big margins on supplies. For the twenty-eight associations reporting, farmers paid in margins on fertilizer, a total of $21,506.00. These margins ranged from $1.00 per ton with some of the cooperative associations, to 20 per cent on the list price for private associations. Fertilizer companies
allowed 10 per cent discount for cash in most instances. This made it possible for associations with cash to buy fertilizer for $90.00 which were sold to farmers for $120.00, making a profit on cash outlay of 33⅓ per cent. Generally these associations used borrowed money to purchase the fertilizer, and this cost them from 8.6 per cent to 16.2 per cent. Under such circumstances it was not profitable for organizations to borrow money with which to get the benefit of the 10 per cent discount allowed by fertilizer companies.

These same associations reported a margin of $19,640.00 on crates, crate prices ranging from twenty-four cents to thirty-five cents each. This indicates that there is a wide variation in margins charged on crates by different associations. Some reported no charge except when crates had to be stored, and then only the expenses of storage were charged. Other associations charged 20 per cent on list price, the prevailing charge was three cents per crate. Only $1,298.00 was reported as profits on other commodities such as seed, insecticides and the like. The total income for all associations in the area amounted to $215,280.00, this includes crate charges $104,770.00, margins on fertilizer, $26,181.00, crates $22,913.00, seed $4,032.00, and interest collected, $57,384.00. The expenses of operation were: salary, and wages, $107,154.00, miscellaneous expenses $36,200.00 and interest paid, assuming eight months to be the time the loans were used, $56,302.00. These items totaled $199,656.00, leaving a paper profit of $15,624.00. A picture of this situation for the past three years is shown in Table II.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1928</td>
<td>5410</td>
<td>1026</td>
<td>2164</td>
<td>8600</td>
<td>5962</td>
<td>2189</td>
<td>9345</td>
<td>9345</td>
<td>745</td>
<td></td>
</tr>
<tr>
<td>1929</td>
<td>4998</td>
<td>514</td>
<td>2085</td>
<td>7597</td>
<td>5264</td>
<td>2357</td>
<td>9305</td>
<td>1684</td>
<td>1708</td>
<td></td>
</tr>
<tr>
<td>1930</td>
<td>3826</td>
<td>1085</td>
<td>2049</td>
<td>6960</td>
<td>3741</td>
<td>1753</td>
<td>7506</td>
<td>2012</td>
<td>546</td>
<td></td>
</tr>
</tbody>
</table>

Average losses reported for each of the preceding years are: 1928, $988.00 for those reporting losses, of which there were five; 1929, $1,747.00, ten reported losses; 1930, $2,727.00, thirteen reported losses.
Average losses for those reporting increased rapidly over the past three seasons. The necessity for carrying on their books heavy obligations for the membership, seems to be growing more important. The average carry-over for 1928 was $4,944.00, only six associations reporting a carry-over. In 1929, twenty associations reported carry-overs averaging $6,305.00, and in 1930, twenty-seven of the twenty-eight associations reported their carry-overs as averaging $10,122.00. Some of these figures are cumulative, but in most cases men who owe the association at the end of the season are able to get very little credit during the succeeding year, and many times this group is able to pay up in full the following year, and it is the so called good risk that falls behind the following year. Apparently, the majority failed to pay up in full during the 1930 season, since only 75 per cent of the credits granted were repaid.

There is no question but what the association heads are responsible in a large measure for the conditions as they now exist. In the first place, they feel that it is good business to get a large number of members, since every crate of fruit delivered to the association means an income of 10 cents and every ton of fertilizer sold has promises of profits, so it is with empty crates. As a result of this desire for business, keen competition sets in between the associations at the various shipping points. There are from two to seven of these units at all the important shipping points. This competition causes managers to be too lax in their credit policies. They do not know the business of the men they serve. As evidence of this fact, managers of twenty-eight associations were asked to list the number of acres of berries planted by its membership for the 1930 season. Eight of these managers could not even guess at the acreage. They stated that they had no idea; ten others were frank to say that they did not know, but were willing to make an estimate: while the remainder could give fairly accurate information, as they had records on every man who obtained credit from them, and were in close touch with the rest of the membership. One reason for this apparent laxity is probably due to the fact that the other fellow's money is being used to conduct the business. The average amount of money borrowed by these associations was $32,330.00 in cash. The amount of credits in the form of boxes and fertilizer is not available. The total credit advanced was approximately $50-
000.00 per association, including supplies and cash. The average amount of cash on hand at the end of the 1929 season was $4,013.00. When cash and supply credits are combined they probably approach 90 per cent of the total funds the association handled during the season of 1930.

These associations must be handled efficiently and along business lines the same as any banking or mercantile business if they are to render a real service to the farm group. Lax credits and policies will prove disastrous to not only the institutions, but to the farmers patronizing them.

In giving these averages, it is not the purpose to condemn all associations. Some are being manned by efficient managers, and are succeeding in a splendid way. This cannot be said of the majority however.

The following table summarizes the general conditions for the associations for the past three years.

**TABLE III**

<table>
<thead>
<tr>
<th>Status of Average Conditions for Twenty-eight Local Associations For 1928-29-30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Average No. men per association</td>
</tr>
<tr>
<td>Per cent men using credit</td>
</tr>
<tr>
<td>Average No. acres berries per man</td>
</tr>
<tr>
<td>Average amount credit extended by ass'n</td>
</tr>
<tr>
<td>Average value property owned by ass'n</td>
</tr>
<tr>
<td>Average capital stock for stock ass'ns</td>
</tr>
<tr>
<td>Average No. crates No. 1 berries sold</td>
</tr>
<tr>
<td>Average value of berries sold per ass'n</td>
</tr>
<tr>
<td>Average price received for berries</td>
</tr>
<tr>
<td>Average amount borrowed by ass'n</td>
</tr>
<tr>
<td>Av. amt. cash on hand at end of season</td>
</tr>
<tr>
<td>Per cent local ass'n charge is of total value</td>
</tr>
<tr>
<td>Per cent carry-over is of total credit</td>
</tr>
<tr>
<td>Per cent loss is of total credit</td>
</tr>
<tr>
<td>Per cent auction charge is of total value</td>
</tr>
</tbody>
</table>

The above summary gives a picture of trends for the past three years. The trend is downward in most of the items. The fact is very noticeable in number of men per association, average number crates sold, average borrowings, available cash on hand at end of season, and value of berries sold. A slight upward trend is noticeable in per cent of men using credit, average carry-over, and losses. The only conclusion that one can draw from the above data, is that
these associations are finding themselves in a more precarious position as time goes on.

There is a wide variation in the system of record keeping as one moves from association to association. In some cases, trained bookkeepers are employed, and all records are kept up to date, and reliable information can be had from these associations. Other records are kept in the most haphazard way, and many items cannot be obtained due to lack of records. For any manager to be able to interpret his business in the proper way, he must have complete records of all transactions and these systematised in such a way that they can be interpreted. It is highly desirable that men who are in charge of this work, adopt a system of accounting that will aid them in determining exactly the status of the business at all times.

Several associations in the berry area have gone a step farther in serving their membership than that of looking after the loading and selling of the product, and advancing cash and major farm items. These associations have gone into the retail mercantile business. This is getting into another field of service entirely and should not be a part of the work of the association. There is danger of this phase of the work becoming a burden, and handicapping the other work for which the associations are organized. Apparently, these associations are making a success of the retail business. However, there are specialized agencies already in this field and until these agencies become so inefficient that cooperation and cooperative effort can surpass them, it is advisable to stay out of such activities. If there be a tendency to enter this field of activity it could well be kept as a separate and distinct enterprise.

FINANCING THE BERRY INDUSTRY

It has been pointed out already that about 85 per cent of the farmers in the berry area depend upon credits in some form on which to operate. The number seeking credit for the 1931 season will exceed 90 per cent of all farmers in the berry business.

On the basis of information obtained from twenty-eight of the associations in the area, approximately $1,810,000 worth of credit was supplied by the associations in 1929-30. Information is not available for advances made by banks, merchants and other agencies. However, in 1928, banks supplied credit to 27.7 per cent of the
berry farmers, the loans averaging $344.02, a total of $762,304. Merchants advanced credit to 41.9 per cent of the berry growers in 1928, the average account being $431.53. These accounts amounted to $1,444,712. There is every reason to believe that bank credit to individual berry growers has decreased very much within the past two years. Merchants have had a tendency to decrease the amount of their advances to farmers, both agencies leaving it to the local associations to take care of the credit needs of their membership. If bank and merchant credit be reduced by 50 per cent from the 1928 figures, which is purely an estimate, the total credits extended by these three agencies for 1930 amounted to $2,913,000. This is a conservative estimate of credits used in the area. Individuals supply some credit, and when we take into account all sources of credit, the total amount used will approximate $3,000,000. The berry crop sold for $4,475,232. This leaves a difference of $1,475,232. The auction deducted from this value $120,159 for selling service, the local associations deducted $157,122 for services rendered, the interest charge on cash amounted to approximately $86,000. This makes a total deduction of $363,339, leaving approximately one million dollars to be distributed among farmers of the area. Out of this must come taxes, upkeep, and the like. There are approximately ten thousand berry farmers in the entire area. This leaves a relatively small sum per farmer. However, many farmers have other enterprises, and the income from these is not listed. These data are presented to show that the berry industry is capable of paying its way even under unfavorable conditions as were experienced last season. These averages mean little from the individual farmers' standpoint. There are many individuals who are able to make a much better showing than the average. There are those who are experiencing heavy losses. It is within this group that the heavy mortality is found. The in and out movement is taking place all the time, and it is not the same group of men who are losing year after year.

**COST OF CREDIT**

The association is the main source of cash credit for the berry farmer. This credit costs farmers a flat rate of 10.47 per cent, or a term rate of 15.69 per cent. At this apparent high rate, the associations are making very little on the interest account, since
some of them pay more than 16 per cent for the use of the money which the membership uses.

Some farmers will look upon these figures and realize that they are considerably below what they actually paid. Others will look upon them with great surprise, and feel that they are exaggerated. However, this average is based upon data of which there is no reason to doubt the authenticity. Merchant credits were even higher for the year 1928. It cost the farmer in the berry area on an average of 18 per cent to open an account at a store, more than it would have cost had he used cash.

Crates carry a margin from one cent each to 10 per cent of the value. These margins are lower than the farmers think they are. Competition between these associations forces them, in centers where there are several associations to reduce the margins to a minimum. If one association supplies fertilizer and boxes for a lower price than its competitor, this gives an opportunity for it to bid for membership the coming year. Even with apparent low margin on fertilizer and crates, great advantages could be had in collective buying, so long as cash could be had to pay for goods upon delivery.

TABLE IV
Frequency Distribution of Charges Made by Local Associations for Handling Fertilizer and Crates, 1929-30 Season, Louisiana Strawberry Area

<table>
<thead>
<tr>
<th>FERTILIZER</th>
<th>CRATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margins charged per ton</td>
<td>No. Ass’ns</td>
</tr>
<tr>
<td>Less than $1.00</td>
<td>3</td>
</tr>
<tr>
<td>1.00 to 1.50</td>
<td>6</td>
</tr>
<tr>
<td>1.50 to 2.00</td>
<td>0</td>
</tr>
<tr>
<td>2.00 to 2.50</td>
<td>2</td>
</tr>
<tr>
<td>2.50 to 3.00</td>
<td>2</td>
</tr>
<tr>
<td>3.00 to 3.50</td>
<td>1</td>
</tr>
<tr>
<td>3.50 to 4.00</td>
<td>8</td>
</tr>
<tr>
<td>4.00 to 4.50</td>
<td>4</td>
</tr>
<tr>
<td>4.50 and over</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
</tr>
</tbody>
</table>

It will be noted that three associations charged less than a dollar per ton to handle fertilizer. Only two organizations charged more than $4.50 per ton. The remainder ranged between these two extremes. These figures are based on the list price. Those organiza-
tions that paid cash for the fertilizer used, received a 10 per cent discount, which made it possible to make an additional $3.00 or $4.00 per ton.

The above distribution shows that crates were handled on very close margins. Only one association handled crates for less than 1 cent, while ten associations handled this business for 1 cent to 1.5 cent per crate. Only two associations charged as much as four cents per crate, or more. Here again cash business made it possible to enjoy a 10 per cent discount on the list price. The average list price last year was approximately twenty-eight cents.

Cooperative effort on the part of the berry farmers could possibly get closer prices than were paid by the associations last year. When the buying power is placed in the hands of a central agency for such large quantities of fertilizer and crates as are used by the berry growers, manufacturers will strive to get the business and will sell on very close prices.

One of the big savings that can be made by berry farmers is in the purchase of unmixed goods that go to make up the complete fertilizer, and mix them on the farms.

Last season local associations had the different complete fertilizers and the unmixed goods quoted as is indicated in the following table. These prices were quoted for Hammond as an unloading point.

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Ready Mixed, Prices per Ton*</th>
<th>Home Mixed, Prices per Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. P. K.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3—10—3</td>
<td>$33.05</td>
<td>$23.00</td>
</tr>
<tr>
<td>4—12—4</td>
<td>39.45</td>
<td>29.06</td>
</tr>
<tr>
<td>3—10—5</td>
<td>35.05</td>
<td>24.66</td>
</tr>
<tr>
<td>4—10—2</td>
<td>35.80</td>
<td>24.99</td>
</tr>
<tr>
<td>5—10—5</td>
<td>40.50</td>
<td>30.30</td>
</tr>
<tr>
<td>4—10—7</td>
<td>40.75</td>
<td>29.14</td>
</tr>
<tr>
<td>6—10—7</td>
<td>48.15</td>
<td>34.77</td>
</tr>
<tr>
<td>6—12—6</td>
<td>48.50</td>
<td>36.35</td>
</tr>
<tr>
<td>5—15—5</td>
<td>46.70</td>
<td>36.33</td>
</tr>
</tbody>
</table>

Ingredients in which materials can be purchased.

| Acid Phosphate, 16% | $19.70 | Nitrate of Soda, 15% | $45.97 |
| Acid Phosphate, 18% | 21.95  | Nitrate of Soda, 16% | 45.82  |
| Acid Phosphate, 20% | 24.15  | Sulphate of Am., 20.5% | 50.06 |

*There was a 10 per cent discount allowed for cash on all mixed goods and phosphate. The above prices on mixed goods and ingredients are taken from a price list sent out by the Louisiana Farm Bureau, 1929-30 season.
If cash is not used, it is clearly seen that farmers are paying from $10.00 to $12.00 per ton for having the manufacturers mix the fertilizer and for freight and other handling charges on inert materials.

**TABLE VI**

<table>
<thead>
<tr>
<th>Price per pound for available plant food according to source</th>
<th>Price per Pound in Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Plant Food, Sources</td>
<td></td>
</tr>
<tr>
<td>16 per cent acid phosphate</td>
<td>.0617</td>
</tr>
<tr>
<td>18 per cent acid phosphate</td>
<td>.0609</td>
</tr>
<tr>
<td>20 per cent acid phosphate</td>
<td>.0603</td>
</tr>
<tr>
<td>15 per cent Chilian nitrate of soda</td>
<td>.1532</td>
</tr>
<tr>
<td>16½ per cent Arcadian nitrate</td>
<td>.1409</td>
</tr>
<tr>
<td>20.5 per cent sulphate of ammonia</td>
<td>.1219</td>
</tr>
<tr>
<td>15 per cent calcium nitrate</td>
<td>.1454</td>
</tr>
<tr>
<td>50 per cent murate of potash</td>
<td>.0415</td>
</tr>
<tr>
<td>30 per cent manure salts</td>
<td>.0446</td>
</tr>
<tr>
<td>20 per cent manure salts</td>
<td>.0508</td>
</tr>
<tr>
<td>14 per cent manure salts</td>
<td>.0622</td>
</tr>
<tr>
<td>12 per cent manure salts</td>
<td>.0705</td>
</tr>
</tbody>
</table>

There is quite a variation between price per pound for available plant food as different sources are considered. The apparent high priced goods give the lowest cost per pound of plant food. For example, the 50 per cent murate of potash was quoted last year for $41.57 per ton. This is equivalent to 4.15 cents per pound for available potash, and 12 per cent manure salts was quoted at $16.92 per ton which is equivalent to 7.05 cents per pound for available potash. The difference between 7.05 cents and 4.15 cents is 2.90 cents. A significant figure when considerable quantities are used. Nitrogen and phosphate are also cheaper per pound when the higher test materials are considered. The values of home mixed fertilizer, as indicated in Table V, are based on the use of 20 per cent acid phosphate, 50 per cent murate of potash, and 16½ per cent Arcadian nitrate. Should a farmer wish to use the equivalent of a 4-12-4 fertilizer, he can get this analysis by mixing 1,200 pounds, 20 per cent acid phosphate; 492 pounds Arcadian nitrate, 16½ per cent; and 160 pounds murate of potash. This will equal 1852 pounds of fertilizer which contains the same available plant food that a ton of 4-12-4 ready mixed fertilizer contains. The difference in price is $10.49. Part of this difference goes to freight on 148 pounds filler, and the other is a charge made by the fertilizer company for mixing. Most farmers can afford to sell their labors for the price charged by the manufactures for mixing fertilizer.
If a farmer is accustomed to using 800 pounds of 4-12-4 mixed fertilizer per acre, 750 pounds of home mixed goods will be equivalent. A saving of $10.00 per ton on mixing, $3.50 per ton on collective buying, and a ten per cent discount that can be had in many cases through cooperative financing methods, would amount to approximately $15.00 per ton on all mixed fertilizers now used.

FINANCING LOCAL ASSOCIATIONS

With few exceptions, local associations depend on specialized financing agencies for credits.

In the past, local banks have been able to take care of these needs. More recently banks have found it hard to meet the needs of the local associations, due to the increased demands for funds. Also the available loan fund is shrinking relative to needs. These conditions have led to the formation of agricultural credit corporations, through which some local associations obtain money from the Intermediate Credit Bank of New Orleans. Some associations are being financed by local banks, others are using money from members of the organization, others are not operating due to unfavorable conditions in securing credits.

CENTRAL SELLING AGENCIES

There are two auctions in Hammond, and a selling exchange located at Baton Rouge. These handle practically all the berries from the area.

The Miller Auction at Hammond handled approximately 55 per cent, the Strawberry-Vegetable Auction also at Hammond handled 43 per cent, and the Louisiana Farm Bureau Selling Exchange, located at Baton Rouge handled approximately two per cent of the strawberry crop during the 1930 season.

The Miller Auction is purely a private organization, and operates for profits. The Strawberry-Vegetable Auction is cooperative insofar as the local associations are concerned, but is not cooperative from the standpoint of the farmers. The associations that go to make up this auction are both private and cooperative. Each association is represented on the board of directors by one man from each of the member associations. The private organizations have equal voice in the management with the cooperative associations. If there are any benefits to be derived, the farmers get
them where they are members of cooperatives, while those who work with private associations pay the price for the service, and never expect a rebate, regardless of profits made. The association managers of these private organizations assume all losses or gains. The Farm Bureau Selling Exchange is made up of local associations that are cooperative, and work for mutual benefit. The central is incorporated without capital stock, while the locals are unincorporated. The locals are merely loading associations.

The two auctions in Hammond render several services, some of which involve hazards for the auction company. The primary function is to sell berries, and collect the sales price before title to berries is transferred. In addition to this service, these auctions pay for inspection service, look after car service, damage claims, pay for local express, and route cars to their proper destination. The managers of these auctions are in close touch with market conditions and keep Hammond prices in line with central market prices. If buyers are inactive on the auction, berries are bid in by the managers and resold by wire, or to cash buyers after the auction. It often happens that the managers misjudge what the price should be, and a loss is experienced by the auction, by paying the auction price and selling for less on the central market. The auctions absorb these losses. They also take care of any losses due to shortage in load, leaky berries and other claims with which they are confronted. Apparently these losses could be placed on the group responsible for them to an advantage. By placing the responsibility of shortage in loading, poor quality pack and the like on local associations, more careful work in checking the load and handling the product would result. As it is, these losses are paid for by all associations, regardless of where the fault is, and the careful organizations are penalized for the acts of those belonging to the same central selling organization, by paying a relatively higher price for the service than is necessary to cover the expenses for those particular units.

There is quite a misapprehension on the part of farmers and leaders in the berry area as to the profits made in the auction business. A number of services are rendered of which the outsider is not aware. All these services cost money, and the auction pays the bills.
Among the expense items are found: Salaries for office help, inspection fees, brokerage, local express charges, lights and water, traveling expenses, telephone, and telegraph, advertising, stationery, donations, entertaining, attorney fees, and many miscellaneous items.

**TABLE VII**

**Distribution of Receipt by Hammond Auction Companies for the Season 1929-30**

<table>
<thead>
<tr>
<th>Expense Items</th>
<th>Per cent of Total Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>22.40</td>
</tr>
<tr>
<td>Inspection</td>
<td>13.70</td>
</tr>
<tr>
<td>Telephone and telegraph</td>
<td>6.70</td>
</tr>
<tr>
<td>Brokerage</td>
<td>4.30</td>
</tr>
<tr>
<td>Local Express</td>
<td>4.40</td>
</tr>
<tr>
<td>Advertising</td>
<td>2.80</td>
</tr>
<tr>
<td>Traveling expenses</td>
<td>1.90</td>
</tr>
<tr>
<td>Stationery</td>
<td>1.50</td>
</tr>
<tr>
<td>Entertainment</td>
<td>1.00</td>
</tr>
<tr>
<td>Donations</td>
<td>.53</td>
</tr>
<tr>
<td>Attorney fees</td>
<td>.21</td>
</tr>
<tr>
<td>Fuel, lights, water, ice, etc.</td>
<td>.27</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>17.10</td>
</tr>
<tr>
<td>Loss on purchase and sales</td>
<td>11.26</td>
</tr>
<tr>
<td>Profit margins</td>
<td>11.93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

The total income for the two auctions equaled 2.64 per cent of the value of their total sales. Total expenses, as reported, equaled 2.33 per cent of total sales, leaving an operating profit of .31 per cent of value of total volume of business handled for the 1929-30 season.

When the two businesses are combined, we see that the difference in income and out-go is not enough to permit very great profits to accrue.

There is some duplication of effort in the two organizations that might be eliminated through consolidation. In the first place, salaries could be reduced considerably, but not necessarily fifty per cent, inspection would remain the same, telephone and telegraph could possibly be reduced, local express could be partially eliminated, since there would be no reason not to load a car if sufficient berries were brought to the loading point, advertising could be better systematized and possibly made more effective. Traveling expenses could be reduced by nearly fifty per cent, as well as fuel, lights, water, and fixed expenses on equipment.
Consolidation of the two auctions could reduce the actual expenses of operation by about twenty-four per cent of the present cost. This is a conservative estimate of economies that could be accomplished. Further economies could be realized for the industry by centralizing all accounting in the central selling organization, and reducing the clerical force in the local association to a minimum. An average of $4,911 per local association is out of proportion to the services rendered. One of the important items of expense is salary. Accounting work is responsible for most of the salary. The installation of proper machines at the central office, with an efficient accountant over trained operators, could do the work for the entire area at a minimum cost. Each local could maintain its office, and keep a paid clerk to take care of local work under the supervision of the central office.

Figure 4: Prices paid on Hammond auction for berries loaded at four different shipping points—from March 26th to May 12th, 1930.
VARIATIONS IN PRICE FOR DIFFERENT SHIPPING POINTS

If the associations are distributed on the basis of average price received during 1930 season, the distribution will be as indicated in the following table:

**TABLE VIII**

Frequency Distribution of Average Prices Received by the Different Associations for the Season 1930

<table>
<thead>
<tr>
<th>Price</th>
<th>Number of Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $2.20 per crate</td>
<td>2</td>
</tr>
<tr>
<td>$2.20 to $2.30</td>
<td>2</td>
</tr>
<tr>
<td>2.30 to 2.40</td>
<td>0</td>
</tr>
<tr>
<td>2.40 to 2.50</td>
<td>3</td>
</tr>
<tr>
<td>2.50 to 2.60</td>
<td>5</td>
</tr>
<tr>
<td>2.60 to 2.70</td>
<td>13</td>
</tr>
<tr>
<td>2.70 and over</td>
<td>3</td>
</tr>
</tbody>
</table>

The range in price is $2.11 to $2.88, with an average as reported by the associations of $2.61 per twenty-four pint crate. Two very small associations received relatively low prices, the extra large associations did not receive the extra high prices. The low prices were received by growers in the north end of the berry area, while the highest average was reported by one of the associations in Independence. These associations do not consistently hold the lead year after year. During the 1928 season, the highest average was received by one of the associations at Albany, $3.28; and one of the Hammond associations received the lowest average, 2.39, a difference of $.89. The average for all the associations reporting was $3.12. In 1929, Independence again received the high average at $2.60 and Hammond the low at $2.00, or a difference of $.60. Average for all reporting was $2.39.

There are several reasons for this variation in prices from point to point. One of the main factors is no doubt the proportion of berries an association gets on the market while prices are high, and the alertness of the association to quit picking when prices drop below a profitable level. Some associations, due to their methods of operation can afford to pick and ship longer than others. Efficient service at low cost give some returns when berries sell for relatively low prices. On the other hand, there are some associations that run consistently high as compared to the prices at other points. The Albany people, while they do not necessarily average
the highest price every season, are near the top. In this case, pride in putting up high quality packs has caused the buyers to seek Albany berries, and often they pay a premium for them. Weather conditions at the different local points cause variations. Hard rains are experienced in some communities, while ideal weather conditions prevail only forty or fifty miles away. The lack of a sufficient labor supply to pick over the field before the sun begins to damage the ripe fruit, and often the temptation to continue to pick and pack in the afternoon and ship out the next day is great. This practice causes inferior berries to be placed in the car, thus causing a reduction in price offered for these cars. At some points in the area, people do not work on Sunday. The two days picking on Monday often results in low quality fruit. This is especially true later in the season when the fruit ripens rapidly. The one strong factor controlling price paid for berries is the ability of buyers to reach the different local points during the loading hours. The outlying points are not visited by the buyers and they are reluctant to bid on the berries of which they know nothing. Federal inspection, together with good highways, will remove this difficulty to a large extent.

The associations that fall on the lower half of the range should examine themselves and find out why their prices are consistently low. If due to careless handling, or improper cultural methods, or anything else that is due to human causes, a correction of these defects would increase the chances for better returns.

When the average daily auction prices for berries from the different points are plotted, there is a tendency for these prices to vary little from point to point. Fig. 4 shows how close together these prices are, from day to day, for Ponchatoula, Hammond, Independence, Amite, and Denham Springs. It is to be noted that there was a difference in average price of Hammond and Independence berries of fifty cents per crate on March 29th. Denham Springs and Independence berries sold for differences of fifty cents per crate on March 31st. On April 6th, the prices came very close together and remained so to nearly the end of the season. The season’s average for the five points are reasonably close together, but there is sufficient variation to justify a checking up on methods and practices by those associations that are below the average.
PRICES IN CENTRAL MARKETS

Berries from the Hammond area are received in car lots by 134 markets throughout the United States and Canada. One of the tests of the efficiency of the marketing machinery in the berry area is the spread in price on the same day at the different markets. The Market News Service of the Bureau of Agricultural Economics releases daily sheets reporting carlot receipts and jobber prices at the different important markets. When express and icing charges are taken into account, there is a rather uniform price for Louisiana berries throughout the country. Minneapolis, Minnesota is one exception, following the prices day by day throughout the season, there appears to be some artificial force that limits shipments to this center, and thereby holding prices out of line with those in other centers.

Prevailing jobbers prices for New York, Chicago, and St. Louis for forty-five days are compared in Fig. 5*. The differences between prices in different markets on the same day are brought out in these three typical markets. It will be noted that rather wide

*Daily releases, Market News Service, Bureau of Agricultural Economics, Spring, 1930.
differences appear in the early part of the season. Extreme variations appear on April 7th, when St. Louis was paying $4.00 per twenty-four pint crate, and Chicago was paying $6.50. It will be further noted that the marketing agencies in the berry area reacted immediately and loaded Chicago to the extent that prices dropped the following day, while St. Louis cleared out and prices moved upward.

Figure 6: Strawberry prices on Hammond auction compared with L. C. L. prices to jobbers in four central markets from April 1st to May 15th, 1930.
After the first few weeks of shipping, there is a tendency for the prices to even up. However, the movement of fruit to the different points is not timed exactly, but indications are that a close contact is maintained with the markets. There is also an indication that relatively higher prices in certain markets attract too many berries, and depress the price unduly.

**DIFFERENCES BETWEEN AUCTION PRICES AND CENTRAL MARKET PRICES**

Many farmers in the berry area, as well as some association leaders, criticize the auction method of selling berries, by assuming that buyers get together before the auction takes place and fix the price of berries. In answer to this question, Fig. 6 is presented. In each of the central markets, high, low and prevailing prices are quoted for sound salable stock. There is also a high and low price quotation at the auction, as well as an average daily price. In comparing prices at the auction and at the central markets, the question arises; What prices should be used for this comparison? Buyers are influenced in the price they pay at the auction by what the market is paying on that day, and what he thinks it will pay by the time his purchases arrive on the market. Low quotations on the central market evidently control the maximum price paid on the auction, when dealers opinion is eliminated. However, for the purposes of illustration, and presenting an approximate picture of conditions for the 1930 sales, average auction prices have been plotted against low quotations to jobbers for number 1 berries at Chicago, New York, St. Louis, and Detroit. These plots are based on activities from April 1st to May 15th. The simple average of jobber prices paid in the Chicago, New York, St. Louis, and Detroit markets are $3.68, $3.84, $3.67, and $3.93 respectively.

The prices on the Hammond Auction during the same period, simple average, was $2.55 per twenty-four pint crates. This leaves a margin of $1.13, $1.29, $1.12, and $1.37 respectively for the four markets.

Charges for icing and express on each car to Chicago are $341.04, to New York, $478.87, St. Louis, $341.04, and Detroit, $427.87. Using the average number of crates per car for the past season, 720, the express and icing charges per crate were $.47, $.67, $.47, and $.59 respectively for the above cities. The central re-
ceiver or buyer receives a commission of 10 per cent. This amounts to approximately $.25 per crate. This leaves for the legitimate buyer $.41, $.37, $.40, and $.53 in the cities as heretofore named. Out of this a charge of $9.00 per car must be paid for bracing. The remainder is the price that is paid to middle men for assuming the risk of falling prices before the berries arrive on the central market, and deterioration in quality while in transit.

The amount of risk involved is indicated by Fig. 6. Close observation will reveal that there are many days when a higher price is paid on the auction than is quoted on the central market by the time the berries arrive.

Specific cases are cited. Berries bought in Hammond on April 5th for an average of $5.55 per crate were quoted in St. Louis the second day following for $4.00 per crate. Buyers in other markets experienced similar situations. This results in loss to those firms that buy F. O. B. Hammond. There are sufficient upswings in price in the central markets to offset these losses, as can be noted from the chart.

Considering the price movements both in Hammond and in the central markets, the upward and downward swings are too near together to conclude that buyers are in any degree controlling the price of berries on the Hammond Auction. We are forced to resort to our time-worn theory of supply and demand, to explain these price variations.

RELATIONSHIP OF PRICE TO TYPE OF CAR USED

Another contention that prevails in the area is that buyers discriminate against berries that are loaded in short cars. This contention is not without some basis. However, this relationship is not great enough to cause strife between loading organizations in securing certain series of cars. I. C. car series 4300, 4400, 4500, 4700, and 4800, are short cars, and shippers believe that buyers discriminate against berries loaded in these cars. These cars were combined and daily average prices were determined for berries loaded out in these from April 1st to May 16th. The same thing was done for the large cars. These two price series are plotted in Fig. 7. During the forty-five days considered there were twenty-eight days on which the large cars sold for a higher price. This difference ranged from one cent to 33 cents per crate. On eight
days, the short cars averaged the higher price, ranging from one cent to eight cents per crate, and the remainder of the time there appeared no difference in the average price. If we were to assume that buyers would have paid the same price for all the berries as were paid for those in the large cars, the returns would have been $21,086.82 more than they were. There were only four days during the forty-five that more than 10,000 crates were loaded in the short cars. On April 12th, 16,637 crates were placed in short cars and sold for an average of 21 cents less than those loaded in large cars. April 14th, 15,737 crates were thus loaded and sold for 33 cents per crate less. April 23rd, 13,041 crates were loaded in short cars and sold for 28 cents per crate less. But, on April 29th, 14,880 crates were loaded on short cars and the average price just equaled the price for berries loaded on long cars. Apparently, the discrimination is greater in the earlier part of the season than toward the latter part.

There are two reasons why buyers seek the larger cars to the degree indicated. First, there is a tendency for berries to be loaded five high in the short cars in order to approach the minimum tonnage allowed by the express company, which is 17,000 pounds. Berries loaded over four crates high are likely to deteriorate in
transit, especially the fifth layer, due to improper refrigeration at this height. Second, the buyer is charged a fixed rate for icing and express, regardless of type of car or load. It requires 850 twenty-four pint crates of berries of twenty pounds each to give a minimum load. These short cars cannot carry over 684 crates, loaded four deep and nine wide, with safety. This means that express and icing charges are made on 3,320 pounds not represented by strawberries. It is readily understood why the large car loaded to approximately the minimum tonnage will sell for more per crate, if other things are equal.

There are other factors that enter into these price differences. Prices vary on the same day from shipping point to shipping point, for reasons already stated. Should one of the low price points load several short cars on those days when there is a wide difference in price, there would be a double force operating to put the price lower for berries loaded in short cars than for those loaded in long cars.

Apparently these short cars were distributed to the different loading points according to the law of chance. Of the total number of cars loaded in the area, twenty-three per cent were short cars. The percentage of short cars of total cars loaded at the following points was: Amite, twenty-four per cent; Independence, twenty-nine per cent; Hammond, twenty-nine per cent; Ponchatoula, fifteen per cent, and Denham Springs, nineteen per cent. When the entire season and all loading points are considered, the average car lacked 2,600 pounds carrying the minimum load allowed by the express company. This resulted in the use of approximately fifteen per cent more cars than was necessary had minimum capacity cars been supplied.

DEFECTS IN HANDLING BERRIES THROUGH MARKETING CHANNELS

Losses experienced in the marketing process can be traced primarily to the following causes: First, poorly equipped express cars that fail to furnish proper refrigeration for berries while in transit; second, the improper loading of cars, that is, placing too many packages in one car thereby interfering with proper movement of air currents, thus causing damage to the top tier of packages. When berries are stacked over four packages deep there is danger of deterioration. Careless manufacturing of crates, leaving the ends
of boxes uneven, with projections of the sides over the end, make it easy to load the crates to where the slightest side movement will cause end play between packages, and result in so-called shifting of loads. This shifting causes leaky berries, and consequently claims come back on the auction or express company; third, refrigerator cars are cooled before they are spotted on the siding to be loaded. Loaders are prone to leave the car doors open at times when it is unnecessary. At times both sides of the car are opened and left open for hours. This permits the temperature inside the car to rise, and when warm berries are loaded in the car and it is finally closed, several hours are required for cooling to take place, and in some instances much extra icing is necessary. As a result of slow cooling, berries often damage before they reach the central markets. Fourth, there are some instances where cars are not moved rapidly enough due to delay on part of salesmen. This causes delay in transit and loss is experienced through over ripe condition of berries when they arrive on the market. Fifth, there is a tendency on the part of some people in the berry area to impair the effectiveness of inspection service. There is sufficient evidence to indicate that inspectors turn down packages of berries as unclassified and persons in charge of loading relabel these packages and slip them into a car as number 1's. This practice though not common, has a damaging effect and is likely to cause buyers to become skeptical when buying berries from this point, and lower prices will be the result. Sixth, berries that do not come up to standard are marked unclassified by the inspector. These berries are sent to the same market that receive the number 1 berries. The consumer in the central market is not aware in most cases, that his dealer is handling second class fruit. One purchase of poor quality fruit by a consumer is likely to result in loss of a customer even though there is a price differential to take care of the difference in quality. The loss of customers, and the depressing of price, is sufficiently grave to make it prohibitory to place second class berries on the same market with number 1 berries. This is especially true after the season is well under way. At the first of the season when berries are scarce there seems to be no direct disadvantage in sending unclassified berries to the market. This could be carefully watched by the marketing agencies and when conditions are such that unclassified berries depress the market, the withholding
of this class of fruit would be advantageous. Seventh, too many labels or brands are used at the different shipping points by the various associations. This often results in mixed loadings, which in turn is reflected in price. There were times last season when cars were sold at auction as loaded with a given brand of berries and when the car arrived in the central market, other brands would be found. Loaders failed to inform the Auction that a few crates of another brand had to be used to finish loading the cars. The buyer would then present a claim to the Auction, and justly so, for not getting what he paid for. Apparently the first condition mentioned is the most important. A brief analysis will give its due importance. A check on an adequate sample of last season's business indicates that eight per cent of all cars shipped out of the Hammond territory damaged while in transit and claims amounting to 1.2 per cent of the sales value were paid by the Central Selling agencies because of spoilage of fruit before it reached its destination.

Leaders in the Hammond territory believe that the type of car has much to do with these losses. Of all the cars on which claims were made, fifty per cent were the short ill equipped type. Seventy-two per cent of this class were I. C. cars, of the series 4300, 4400, 4500, and 4700. The remainder were R. E. X. cars, 400 series, and a few A. R. E. cars. The losses experienced on the above cars amounted to sixty-four per cent of the total losses, however these cars represented only fifty per cent of the total cars having losses. As has already been indicated there are causes for losses other than the type of car. This is substantiated by the fact that fifty per cent of the number of claims were made on berries shipped in large well equipped cars. There is little doubt but what there is some relationship between the type of car and losses incurred if other factors are eliminated. These poorly equipped antiquated refrigerator cars should be converted into freight cars and replaced in the express service by large well equipped up to date cars. This recommendation is justified on the basis that have been suggested already, first, small cars cannot be loaded to get the advantage of minimum tonnage allowed by the express company, consequently express is paid on dead space; second, the apparent discrimination by buyers causes losses to growers which amount to twenty or twenty-five
thousand dollars annually; and third, the apparent losses due to poor conditions of these small cars.

Apparently there is a mutual benefit to be derived for both railroad company and berry growers from making available suitable cars, reducing the minimum tonnage to be consistent with the load that can be placed in the car and possible adjusting the express rate to the point of more equitable distribution of the sales receipts. Last season the express and icing charges per car regardless of type of load, to the following points were: New York, $478.87; Cleveland, $415.97; Toronto, Canada, $617.50; Chicago, $341.04; Detroit, $427.87; and other points throughout the country in about the same amounts. Of this charge $55.00 to $80.00 was an icing charge.

The railroad company is interested in the expansion of the berry and truck industry. To encourage this expansion it is necessary to narrow the gap between the Hammond prices and the central market prices to a minimum. This will stimulate consumption in the central market due to lower prices, and the producer will expand his business to where the cost will absorb the small share that comes back to the farmers. This will result in more cars of produce to be hauled, and until the adjustment is made on the farm it will mean a greater net income to the producer.

**CONCLUSIONS**

The foregoing discussion has pointed out some of the defects that persist in the berry industry. It has attempted also to use facts to show that certain fallacies exist in the minds of people in the area. In this concluding section an attempt is made to present certain conclusions and recommendations that must be considered if certain of these defects are to be eliminated.

1. There are too many local associations in the berry area, and these are costing the farmers out of proportion to the services rendered.

2. Farmers are paying prices for marketing service, mercantile service and credit service out of line with the income and services they receive.

3. Many dollars can be saved through efficient cooperative action in securing credits and purchasing major farm supplies, as fertilizer, crates and feed for cash.
4. The present system of handling the berry crop is not conducive to large gains for any of the agencies involved. A change in this method will not effect adversely the profits of those engaged in handling the crop, but a change for the better, after adjustments are made will be beneficial to merchants, bankers, and all who depend on the berry industry for an existence.

5. There is sufficient evidence to show that the type of car in which berries are loaded reflects itself in the prices paid. These inferior cars should be relegated to the trash heap, or placed in freight service where more durable commodities are hauled.

6. There are no substantiating facts that will lead to the conclusion that buyers voluntarily control the price of berries on the Hammond Auction.

7. There is not that high correlation as some suspect, between the type of car and the claims that come back on the Auction. However, there appears to be some relationship. Further study on this particular point is necessary before definite conclusions can be reached.

RECOMMENDATIONS

1. A consolidation of all existing associations at each of the shipping points, or a complete reorganization, with one strong local cooperative association at each of the main shipping points is desirable. At those points near each other where insufficient berries are produced to load in car lots consistently, one association could serve two or more of these points. One label or trade mark to be adopted for each shipping point, to keep down mixed loading. To keep down duplication of effort and reduce expenses of operation to a minimum, but maintaining the maximum efficiency is of prime importance in any industry.

2. To organize a central selling organization cooperative in nature and made up of local cooperative associations.

3. To locate this central organization in Hammond, and equip its offices with modern bookkeeping machinery, where the accounting for the entire organization, including locals, can be centralized and efficiently done.

4. A sales manager be employed and placed in charge of the central organization. This manager to have had successful experience in the berry business and should be the best that money can buy.
5. The central organization to maintain a Credit Corporation, capitalized at such a rate that a line of credit of $3,000,000 can be obtained if found necessary.

6. This credit corporation to be managed by a hired manager to be selected on the basis of business ability and banking experience.

7. The central organization to maintain a purchasing department, through which all crates, hampers, fertilizer and feed can be obtained. This department will make it possible to utilize hired management and clerical forces more efficiently.

8. Every transaction to be put on a cash basis this to be made possible through the proper functioning of the Credit Corporation.

To carry out the above recommendations, it is suggested that berry producers organize themselves according to the plan submitted in the appendix of this publication. Outside financial aid will be necessary to carry out the proposed program. The Federal Farm Boards stands ready to assist Louisiana berry producers when and only when they demonstrate their willingness to help themselves.
APPENDIX

PROPOSED PLAN FOR A CENTRAL AGENCY FOR MARKETING LOUISIANA STRAWBERRIES*

It is believed that improvement in the situation of Louisiana strawberry growers must be founded on a thorough organization of farmers for marketing purposes.

It is therefore suggested:

1. That a more complete organization of the strawberry growers of Louisiana will constitute a most effective instrument whereby these producers may sell their crops and through which the Federal Farm Board may work with the industry.

2. That the nineteen local cooperatives now in existence in Louisiana handle about 49 per cent of the Louisiana production of strawberries.

3. That very definite good has been brought about through the operation of these cooperative units.

4. That some of their greatest values have thus far been to improve grading practices and influence competitive practices at country markets.

5. That some cooperatives, because of smallness of size or for other reasons, have not been able to develop proper credit and marketing arrangements for their members.

6. That, while these cooperatives have rendered real service to members in many ways, it is necessary that present and future cooperatives shall increase the volume of products controlled in order to reduce the costs of operation, increase effectiveness in merchandising, bring about a more equitable distribution of supply, influence the adjustment of supply to demand, secure greater economies in the purchase of supplies, and establish full bargaining power for strawberry growers in the selling of their products.

7. That a large proportion of the strawberries produced in Louisiana is produced under some form of crop lien or some other form of legally acknowledged obligation, that these obligations often directly prevent growers in their efforts to join cooperatives and to market their products cooperatively, and that cooperatives

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*This proposed plan was discussed with leaders in the Louisiana strawberry industry and with representatives of strawberry associations at mass meetings held in Hammond in August, 1930.

The plan was developed by members of the staff of the Division of Cooperative Marketing of the Federal Farm Board and the Louisiana College of Agriculture and is believed to be in accord with the policies and program of the Federal Farm Board.
cannot obtain materially greater volume unless the control of production credit is friendly to cooperative marketing by growers.

8. That this greater volume cannot be obtained unless growers themselves have faith in the ability of the cooperative associations to give them definite benefits, either by way of price or other important commercial service, which they cannot get by remaining outside of cooperative associations.

9. That in order to get the desired volume of business, efficiency of operation, reasonably low costs to the membership, real effectiveness in merchandising, and a medium whereby the Federal Farm Board may work with Louisiana growers under the provisions of the Agricultural Marketing Act, some changes need to be made in the present cooperative marketing structure, to the end that all associations may be able to render efficient service to their members and become more centralized in their merchandising operations than they are now.

In view of the foregoing the following suggestions are made:

1. There shall be established a central marketing organization for strawberries. This organization shall be a non-profit cooperative association either with or without capital stock operating so that contributions to capital shall be proportional to the patronage of its member associations. Only such capital requirements shall be paid in as is necessary in the opinion of the directors from time to time. Contributions to capital shall be payable in cash as determined by the board of directors. Membership shall not be transferable without the consent of the central association.

   (a) The charter and by-laws shall comply in all respects with the Act of Congress approved February 18, 1922, entitled "An Act to authorize associations of producers of agricultural products", otherwise known as the Capper-Volstead Act.

2. The members of the central associations shall be local cooperative organizations complying with the provisions of the Capper-Volstead Act, handling strawberries and processed or manufactured products derived from these commodities. Local associations shall meet the following conditions:

   (a) Growers in any locality in Louisiana when organized and incorporated under the Louisiana State laws and which meet the Capper-Volstead requirements, shall constitute an association which
may become eligible to membership in the central agency upon the approval of the Board of Directors.

(b) Each local association may become a member of the central agency by executing the marketing agreement and subscribing to the capital thereof at the rate of \( \frac{1}{4} \) cent for each crate of strawberries received by it from its members, based on its average annual carloadings for a period of three years preceding the date of its application for membership. In case of an association, less than three years old, the Board of Directors of the central agency shall determine the amount of the capital subscription on an equitable basis.

(c) Member associations shall have sufficient tonnage to ship in carload quantities.

(d) Member associations shall require all their members to execute a growers marketing agreement acceptable to the Board of Directors of the central agency. This contract shall meet with the approval of the Federal Farm Board.

(e) Each member association shall agree to standardize grades and to pack their products according to Louisiana State standards and U. S. Standards in accordance with regulations prescribed by the Board of Directors of the central agency.

(f) Each member association shall contract to market all the products of the association through the central agency, as hereinafter provided.

(g) Each member association shall pay a prorated, per package, charge to the central agency equal to the expense of operation, such operating expense to include amounts for the establishment and maintenance of such reserve funds as may be agreed upon by the Board of Directors of the central agency.

(h) Each member association shall agree to furnish to the central agency promptly on call or as set forth in the agreement any and all information relative to production, crop conditions, or other data required by the central agency in furthering the purposes for which it was formed.

(i) Each member association shall execute a contract with the central agency in which it is agreed that the association will market all its products through the central agency and which permits the central agency to pledge the products delivered to it by the member
association as collateral for funds borrowed by the central agency. This contract shall meet the approval of the Federal Farm Board.

(j) Each member association of the central agency shall be entitled to elect one director to the Board of Directors thereof.

(k) Each member of the Board of Directors of the central agency shall have one vote.

(l) An Executive Committee of five members shall be elected from the members of the Board of Directors.

3. The purposes of the central agency shall be:

(a) To provide central marketing facilities and sales services for all member associations. In the discretion of the Board of Directors of the central agency, strawberries may be sold (1) directly by it or (2) by a sales organization with which the central agency may contract.

The sales policy is to be directed toward the coordination of cooperative effort in the sale of the products of the member associations.

The policy of the central agency shall be such as to continue as far as possible the present policies and management of local organizations.

(b) In the operation of the central agency its Board of Directors shall have full power of action in all matters pertaining to the operation and management of the organization including policies, finance, contracts, standardization of grades, packing methods, legal matters, claims, advertising, and shall have power to do any and all things consistent with cooperative laws and the Agricultural Marketing Act, necessary to insure better marketing conditions for its members.

(c) To promote the effective merchandising of all strawberries produced or controlled by farmers' cooperative organizations in Louisiana and for other organizations or individuals in accordance with the provisions of State and Federal statutes.

(d) To encourage the organization of producer-owned and producer-controlled local cooperative organizations and to strengthen those now in existence and discourage the organization of unnecessary competitive cooperatives.

(e) To effect consolidation of local associations into larger and more effective operating units, wherever such consolidations are possible and desirable.
To buy, sell or act as sales agents for member associations or others as provided by cooperative laws of the State of Louisiana and of the United States, and in accordance with the policy of the Congress of the United States of America stated in the Agricultural Marketing Act, approved June 15, 1929.

To borrow money for operating expenses, capital investments in Agricultural Credit Corporations, and for other purposes, to issue notes, bonds, or other evidence of indebtedness for the same, and to secure the repayment thereof by the giving of liens upon any real or personal property owned by the central agency including commodities delivered to it for sale by the member associations.

To loan money to any member association as defined in the Agricultural Marketing Act.

To establish and maintain grades and standards for all products handled by the central agency.

To process or manufacture by-products incidental to these industries, and to own, lease or otherwise acquire the use of all such warehouses, packing houses, machinery, shipping and terminal facilities as may be necessary or convenient in so doing.

To own, lease or otherwise acquire the use of any real or personal property which may be necessary or convenient in connection with the performance of any of the purposes for which the central agency is established.

To maintain departments necessary for the promotion of the best interests of the members of the central agency, including production and market information, inspection, advertising, production credit, legal, traffic, accounting and sales departments; and to conduct business and statistical research activities with regard not only to the business practices of the member associations but also for the purpose of collecting, analyzing, and interpreting the factors affecting prices, production and consumption of the products sold by members through the central agency.

To enter into, make and perform contracts of every kind and description with any person, partnership, cooperative association or corporation.

To have one or more offices in the State of Louisiana to carry on all or any part of its operations and business in any of the states, territories and or insular possessions of the United States and in the District of Columbia.
(o) To have and to exercise all the power conferred by the State of Louisiana upon corporations formed under the laws of said State, and to do any or all of the things hereinbefore set forth to the same extent as natural persons might or could do.

4. The central agency may be recognized by the Federal Farm Board when the organization has contracts from member associations representing 60 per cent of the volume on the basis of 1930 acreage and shipments from the area.

5. The central agency shall be so organized and operated as to be eligible for loans from the Federal Farm Board and the articles and by-laws of the central agency shall be drawn in cooperation with the Board in such a manner shall furnish proper safeguards in management so long as it shall be indebted to the Federal Farm Board. The books and accounts of the corporation shall always be open to inspection by the Federal Farm Board or by any member association.

6. The central agency might organize and operate a subsidiary agricultural credit corporation with an authorized capital stock of $250,000 of which $100,000 shall be paid in. This will make possible the expansion or contraction of the subscribed capital stock to coincide with any possible operations during the next few years.

7. The central agency will see that at least 20 per cent of the capital stock of the credit corporation is subscribed by its member associations, or by growers. The payment for this stock shall be in cash in advance of the operation of the credit corporation. When this capital has been raised and the other conditions as set forth in this proposed plan shall have been met and approved by the Federal Farm Board, then the central agency will be in position to apply to the Federal Farm Board for a loan to be used to supply a part of the capital stock of the credit corporation. The total paid-in capital of the credit corporation will be invested in such bonds and or debentures as the Federal Farm Board and the Intermediate Credit Bank shall specify.

8. Three classes of stock will be provided as follows:
   
   Class “A”
   Class “B”
   Class “C”

   Class “A” to be issued to and held only by the central agency. This is the only stock to carry the voting privilege.
Class "B" stock to be issued to and held only by the central agency.

Class "C" stock to be issued to growers. All growers borrowers will be required to subscribe to class "C" stock a sum equal to 10 per cent of the amount of their loan. Member associations will be required to subscribe to class "C" stock a sum equal to 5 per cent of the loans approved for their members.

Both class "A" and class "B" stock will be preferred stock and may be used as collateral security for any loans advanced by the Federal Farm Board. In case there are losses which impair the capital of the credit corporation, these losses will fall first on class "C" stock, so that no losses will fall on the preferred stock until after class "C" stock shall have been eliminated. The preferred stock will be issued to and held only by the central agency.

9. The resources of the credit corporation will be made available only to grower-members of local associations which are members of the central agency, and the rules and regulations of the Federal Intermediate Credit Bank will govern the extension of loans to growers. Member associations will endorse the notes of their grower members before offering them for rediscount through the credit corporation.

10. The central agency will provide a bond as required by the Federal Intermediate Credit Bank to guarantee that receipts from sale of strawberries for which crop lien notes have been given to the credit corporation will be turned over to the credit corporation after marketing charges have been deducted.

11. Each local association will have a loan committee to pass on loans. The central agency in turn will have a loan committee selected from within its board of directors to pass on loans recommended by the local loan committees. Competent supervision will be given through field inspection by the credit corporation to see that the credits are being properly used.

12. The central agency will provide for repayment of any loan made by the Federal Farm Board to provide capital stock for the credit corporation, through the sale of stock and through the creation of a special reserve fund. The central agency shall see that one-half of the capital stock subscribed by growers and by member associations in the credit corporation shall be used annually to retire the indebtedness to the Federal Farm Board. A special
reserve fund shall be provided by the central agency levying a charge of two cents per crate on all berries handled by it. This fund, together with the income from the sale of class “C” stock, as provided above, is to repay the Board within five years for the loan advanced to provide capital for the credit corporation.

13. So long as the central agency shall remain indebted to the Federal Farm Board, its management, and policies and economic structure of the cooperative and its subsidiaries shall be such as to meet with the approval of the Board.

14. The central marketing agency may be formed in one of three ways, viz., by modification and recognition of one of the existing central marketing agencies, by merging existing central marketing agencies, or by organizing a new central marketing agency outright. If it is decided to set up a new central marketing agency, the procedure suggested is as follows:

By vote of the various cooperative marketing associations interested in this plan, through their respective boards of directors or authorized committees thereof, a committee shall be selected consisting of one member from each of the associations, qualified under the Capper-Volstead Act, that desire to participate in the establishment of the central agency. This committee shall serve as an incorporating Board of Directors, and the terms of the members thereof as such directors shall end at the first annual meeting to be held not later than (July 31, 1931).
ARTICLES OF INCORPORATION
of

We, the undersigned, all of whom are residents and citizens of the State of ................., engaged in the production of agricultural products, do hereby voluntarily associate ourselves together for the purpose of forming a cooperative marketing association, without capital stock, under the provisions of the ................. cooperative marketing act of the State of

ARTICLE I
The name of the association shall be the ................. Association.

ARTICLE II
The association is formed for the following purposes:
(a) To engage in any activity in connection with the picking, gathering, harvesting, receiving, assembling, handling, grading, standardizing, packing, processing, transporting, storing, financing, advertising, selling, marketing and/or distribution of any fruits and/or vegetables delivered by its members or any of the products manufactured therefrom and in connection with the purchase or use by and/or for its members of supplies, machinery and/or equipment.
(b) To acquire and/or handle and market the fruits and/or vegetables of its members in any capacity and on any cooperative basis that may be agreed upon.
(c) To borrow money without limitation as to amount of corporate indebtedness or liability; to pledge any of its property as security therefor in any manner permitted by law; and to make advance payments and advances to members.
(d) To act as the agent or representative of any member or members in any of the above mentioned activities.
(e) To buy, lease, hold and exercise all privileges of ownership, over such real or personal property as may be necessary or convenient for the conduct and operation of the business of the association, or incidental thereto.
(f) To draw, make, accept, endorse, guarantee, execute, and issue promissory notes, bills of exchange, drafts, warrants, certificates and all kinds of obligations and negotiable or transferable instruments for any purpose that is deemed to further the objects for which this association is formed, and to give a lien on any of its property as security therefor.
(g) To establish, secure, own and develop patents, trade-marks and copyrights.
(h) To cooperate with its members in conducting educational work concerning the value of cooperative marketing, the adjustment
of production to prospective demand, and for all other purposes pertaining to cooperation.

(i) To cooperate with other similar associations in creating central, regional, or national cooperative agencies, for any of the purposes for which this association is formed, and/or to become a member of such agencies as now are or hereafter may be in existence.

(j) To have and exercise all powers, privileges and rights authorized by the laws of the state and all powers and rights incident thereto, except such as are inconsistent with the express provisions of this act.

(k) To do anything that is conducive to carrying out the policy of the Congress of the United States of America stated in the Agricultural Marketing Act, approved June 15, 1929.

ARTICLE III
The association shall have its principal place of business in the City of ......................................................County of ...........................................................
State of ..............................................................

ARTICLE IV
The term for which this association shall exist is ....................... from and after the date of its incorporation.

ARTICLE V
The number of directors shall consist of ...................................., and the term of office of each director shall be ....................... years, and the names and addresses of those who are to serve as incorporating directors for the first term and until their successors are elected and qualified, are:

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ARTICLE VI
This association shall not have any capital stock, but shall admit members into the association upon payment of an entrance fee of ........................................ dollars, and other uniform conditions. This association shall be operated on a cooperative basis for the mutual benefit of its members as producers, and only producers of fruits and/or vegetables may be admitted to membership.

The voting power of the members of this association shall be equal, and each member shall have one vote only.

The property rights and interests of each member in the Association shall be in proportion to their patronage.
ARTICLE VII

IN TESTIMONY WHEREOF, WE have hereunto set our hands this day of , 193.

State of
County of

Before me, a notary public, within and for said county and state, on this day of , 193,
personally appeared known to me to be one of the identical persons who executed the within and foregoing instrument, and he acknowledged to me that he had executed the same as his free voluntary act and deed for the use and purposes therein set forth.

WITNESS my hand and official seal the day and year above set forth

My commission expires
ORGANIZATION AGREEMENT

We, the undersigned, in order to insure the efficient production and marketing of fruit and/or vegetables grown by us; to promote, foster and encourage the marketing of fruit and/or vegetables cooperatively; to reduce speculation with reference thereto; to stabilize the markets for and the values of fruit and/or vegetables; to enable the growers of fruit and/or vegetables to obtain benefits under the Agricultural Marketing Act; and for such purposes to cooperate with the Federal Farm Board and other State and National Agencies; propose to organize a non-profit cooperative association without capital stock as hereinafter provided.

In consideration of the premises, and of our mutual undertakings, and of the agreement of each and every party hereto, we, producers of fruit and/or vegetables, hereby agree as follows, each for himself and collectively, for the express benefit of and for the association to be organized as follows:

1. We will become members of the Association, a non-profit association without capital stock, to be organized under the Cooperative Marketing Act of.

2. (a) The association shall be organized with suitable articles of incorporation and by-laws as determined by an organization committee consisting of the following persons. (State name and address of committee members).

   (b) If any member or members of this committee shall resign or be unable to act, the remainder of the committee may elect a successor to fill any such vacancy, or may increase its membership if deemed necessary. The said organization committee may appoint an executive committee to conduct the details of its affairs. The said committee, or its executive committee, may incur necessary obligations for and on behalf of the committee and the association to be organized, make necessary expenditures and take any such action as may be deemed advisable to secure subscribers hereto.

3. The by-laws of the association shall provide among other things, that: (here enumerate the chief provisions which it is proposed shall be contained in the by-laws).

4. If, on or before, the organization committee is of the opinion that sufficient sign-up has been obtained to enable the association to operate efficiently, the committee shall make such a recommendation to those who have signed this agreement by a notice to be published in one or more newspapers of general circulation in the area in which the members reside. Such notice shall specify a date and place for the holding of a mass meeting of those who have signed this agreement for the purpose of having those signers attending such meetings determine, by a majority vote, if a sufficient sign-up has been obtained to justify the formation and operation of the association, and their conclusion shall be final. Fol-
following the holding of such a meeting, notice of the action there taken shall be published in one or more newspapers of general circulation in the area.

5. After the giving of a notice as above provided that a sufficient sign-up has been obtained to justify the operation of the association, all subscribers hereto shall deliver their fruit and/or vegetables to the association in accordance with the marketing agreement.

6. The organization committee shall keep a full, true and detailed account of all expenditures of every kind and shall have such accounts audited and render a written report thereof to the board of directors of the association when organized, and shall thereupon turn over to the association any balance remaining in its hands free of obligation. If it is not so organized, such unexpended balance shall be prorated among the signers hereof who have paid their organization fees.

7. The association, when organized, shall endeavor to secure signatures of additional growers to the marketing agreement.

8. The subscriber applies for membership in the association when organized and expressly agrees that signature to the marketing agreement shall be deemed to all intents and purposes the same as signature to this organization agreement; all of which shall be irrevocable except as provided in section 4 of this organization agreement, section 13 of the Marketing Agreement, or the by-laws of the Association, and he so agrees in order to induce other growers to sign this agreement for his benefit, as well as their own general benefit and the public welfare.

9. Acceptance of this application for membership and the marketing agreement shall be deemed conclusive upon the mailing, by the Association, of a notice to that effect to the subscriber at his address noted below, and such mailing and notice shall be conclusively established by the affidavit of the secretary of the association.

10. The subscriber agrees to be bound by the terms of the following marketing agreement:
MARKETING AGREEMENT

THIS AGREEMENT between the Association hereinafter called the "Association" and the undersigned, hereinafter called the "Grower,"

WITNESSETH:

(1) The Association buys and the Grower sells to the Association all fruits and/or vegetables except those which the Grower reserves for his own personal use, but not for sale, produced by or for him or acquired by him as landlord or lessor and the Grower agrees to deliver all such fruits and/or vegetables at such place or places as the Association may direct. This contract is intended by the parties to pass an absolute title to all such fruit and/or vegetables as soon as the same have a potential existence but shall be at the risk of Grower until delivery. The Association is authorized to exercise any and/or all powers conferred upon it hereunder through any central agency of which this and any other similar associations are members.

(2) The Association agrees that on the delivery of fruits and/or vegetables hereunder that it may make such advances to the Grower on such fruits and/or vegetables as in the discretion of the directors may be justified by marketing conditions.

(3) The Association agrees to sell such fruits and/or vegetables, together with fruits and/or vegetables delivered by other growers and to pay over ratably the net amount received therefrom as payment in full to the Grower, after making deductions to cover advances, interest upon advances, the cost of picking, gathering, harvesting, receiving, assembling, handling, grading, packing, inspecting, processing, financing, advertising, storing, insuring, selling and marketing such fruits and/or vegetables; and for organization, operating and maintenance expenses, stock in a central agency, and reserves, but such reserves shall not exceed per cent of the gross sale price, which reserves may be used by the Association for any proper purpose.

(4) All fruits and/or vegetables shall be delivered at the earliest reasonable time after harvesting, at such places as the Association may direct, and each package of fruits and/or vegetables delivered to the Association shall be marked for identification purposes in the manner prescribed by the Association at the Growers expense.

(5) Any loss that the Association may suffer on account of inferior or damaged condition at delivery shall be charged against the Grower, individually.

(6) The Grower further agrees that the Association and/or the central marketing agency shall have the power to borrow money for any purpose of the Association, and/or the central marketing agency on the fruits and/or vegetables delivered to the Association, and in its absolute discretion the Association and/or the central marketing agency may grade, pool, or commingle such fruits and/or vegetables or any part thereof, with other fruits and/or vegetables of like grade
and variety; and shall exercise all other rights of ownership without limitation; and sell or pledge for its own account, or as security for its own debts or otherwise, all or any such part of such fruits and/or vegetables or bills of lading, warehouse receipts, sale accounts, or other documents covering said fruits and/or vegetables, or received on account thereof.

(7) Inasmuch as the remedy at law would be inadequate and inasmuch as it would be impracticable and extremely difficult to determine the actual damage resulting to the Association should the Grower fail to deliver the fruits and/or vegetables hereby sold, regardless of the cause of such failure, the Grower hereby agrees to pay to the Association for all fruits and/or vegetables delivered or disposed of, by or for him, other than in accordance with the terms hereof, the sum of ____________ cents per package on all fruits and/or vegetables, as liquidated damages for the breach of this contract; all parties agreeing that this contract is one of a series dependent for its true value upon the adherence of each and all of the contracting parties to each and all of the said contracts, but the cancellation of this contract or the failure of Growers to comply here-with shall not affect other similar contracts.

(8) If the Association brings any action whatsoever by reason of a breach or threatened breach hereof, the Grower shall pay all costs of court, costs for bonds and otherwise, expense of travel and all expenses arising out of or caused by the litigation, and reasonable attorney fees expended or incurred by it in such proceedings and all such costs and expenses shall be included in the judgment.

(9) It is agreed that the charter, the by-laws now or hereafter in effect, and this contract constitute the entire agreement between the Association and the Grower.

(10) The Association may enter into agreements with other growers differing in terms from those contained herein, but consistent with the by-laws of the Association without invalidating this contract, provided that the Grower at his request may sign a similar contract as a substitute for this agreement.

(11) By signing this agreement the Grower applies for membership in the Association and the signing hereof by the Association shall constitute an acceptance hereof.

(12) The Association shall make rules and regulations and provide inspectors or graders to standardize and grade the fruits and/or vegetables and the methods of handling and shipping the same and the Grower agrees to accept and abide by any such rules and regulations and to accept and abide by the grading established by the Association. The Association and/or said central agency shall provide for the inspection of all fruits and/or vegetables delivered hereunder, and if any such fruits and/or vegetables are not in proper condition
for sale they shall be sorted and prepared for sale at the expense of the Grower.

(13) After two crops of fruits and/or vegetables have been delivered to the Association hereunder, either party hereto may cancel this contract on August 15th of any year thereafter by notifying the other party in writing of this intention, such notice to be given during the month of July immediately prior to the effective date of cancellation. If neither of the parties hereto cancels this agreement on August 15th of any year, as aforesaid, it is hereby mutually agreed that this shall constitute conclusive evidence that the parties hereto have renewed this contract for another year. When any grower has exercised this privilege of cancellation he shall not be readmitted to membership until the expiration of one year and then only on a vote of the board of directors of the Association.

(14) If there is a lien on any of the fruits and/or vegetables delivered hereunder, Grower authorizes the Association and/or central agency to pay the holder of said lien from the proceeds derived from the sale of such fruits and/or vegetables before any payment is made to Grower hereunder.

(15) The parties agree that there are no oral or other conditions, promises, covenants, representations or inducements in addition to or at variance with any of the terms hereof; and that this agreement represents the voluntary and clear understanding of both parties fully and completely. Read, considered and signed at... this... day of... 193...

Grower's signature: ___________________________ (Print Grower's name here)

Address: ____________________________________ (R. F. D. or Street No.)

County: ____________________________________ State: ____________

Accepted at: ________________________________, this... day of... 193..., in accordance with a resolution of the board of directors.

Association

By: ________________________________________ Secretary.
BY-LAWS
of
Association.

ARTICLE I—Purposes and Powers

The purposes for which this association is formed, and the powers which it may exercise, are set forth in the Articles of Incorporation of the Association.

ARTICLE II—Directors and Officers

Section 1. Number—The business of the association shall be controlled by a board of directors of seven (7) or more members.

Section 2. Election—The directors shall be elected annually by ballot at the annual meeting of the members from the membership of the association, and shall hold office until their successors shall have been elected and qualified, and have entered upon the discharge of their duties.

Section 3. Election of Officers—The board of directors shall meet within ten (10) days after the first election and within ten (10) days after each annual election, and shall elect by ballot a president, vice-president, secretary, and treasurer (or a secretary-treasurer), each of whom shall hold office until the election and qualification of his successor unless earlier removed by death, resignation or for cause. The president and vice-president only need be members of the board of directors.

Section 4. Vacancies—Whenever a vacancy occurs in the board of directors, other than for the expiration of a term of office, the remaining directors shall appoint a member to fill the vacancy to serve until the next regular meeting of the members.

Section 5. Board Meetings—in addition to the first meeting mentioned above, regular meetings of the board of directors shall be held (monthly, quarterly, or semi-annually or at such times and places as the board may determine).

Section 6. Special Meetings—A special meeting of the board of directors shall be held whenever called by the president or by a majority of the directors. Any and all business may be transacted at a special meeting. Each call for a special meeting shall be in writing, signed by the person or persons making the same, addressed and delivered to the secretary, and shall state the time and place of such meeting.

Section 7. Notice of Board Meetings—Notice of the regular or special meetings of the directors shall be mailed to each director at least five (5) days prior to the time of such meeting.

Section 8. Compensation—The compensation of the board of directors shall be determined by the members of the association at any annual or special meeting of the Association.
Section 9. Quorum—A majority of the board of directors shall constitute a quorum at any meeting of the board.

ARTICLE III—Duties of Directors

Section 1. Management of Business—The board of directors shall have general supervision and control of the business and the affairs of the Association and shall make all rules and regulations not inconsistent with law or with these by-laws, for the management of the business and the guidance of the officers, employees, and agents of the Association. They shall have installed an accounting system which shall be adequate to the requirements of the business, and it shall be their duty to require proper records to be kept of all business transactions.

Section 2. Employment of Manager—The board of directors shall have power to employ or to authorize the employment of a manager and such other employees as may be deemed necessary, and to fix their compensation. The manager shall have charge of the business of the association under the direction of the board of directors. No director shall serve as manager.

Section 3. Bonds and Insurance—The board of directors shall require the manager and all other officers, agents, and employees charged by the association with responsibility for the custody of any of its funds or property to give adequate bonds. Such bonds shall be furnished by a responsible bonding company and approved by the board of directors, and the cost thereof shall be paid by the Association. The board of directors shall provide for the adequate insurance of the property of the Association, including fruit and/or vegetables and property of all kinds, regardless of ownership, which may be in the possession of the Association, or stored by it, and in addition shall provide for adequate employers’ liability insurance for all employees.

Section 4. Audits—At least once in each year the board of directors shall secure the services of a competent and disinterested public auditor or accountant, who shall make a careful audit of the books and accounts of the association and render a report in writing thereon, which report shall be submitted to the members of the Association at their annual meeting. This report shall include at least: (1) A balance sheet showing the true assets and liabilities of the Association; (2) an operating statement for the fiscal period under review which shall show the cost of, and income from sales and the gross income or loss from each of the commodities handled during the period; (3) an itemized statement of all expenses for the period under review.

Section 5. Marketing Agreements—The board of directors shall have the power to carry out the marketing agreements of the Associa-
tion with its producer members, in every way advantageous to the Association representing the producers collectively.

Section 6. Depository—The board of directors shall have the power to select one or more banks to act as depository of the funds of the Association and to determine the manner of receiving, depositing, and disbursing the funds of the Association and the form of check and the person or persons by whom same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.

Section 7. Membership Certificates—The board of directors shall cause to be issued appropriate certificates of membership.

ARTICLE IV—Duties of Officers

Section 1. Duties of President—The president shall (1) preside over all meetings of the association and of the board of directors, (2) call special meetings of the association and of the board of directors, (3) perform all acts and duties usually performed by an executive and presiding officer, and (4) sign all membership certificates and such other papers of the association as he may be authorized or directed to sign by the board of directors, provided, the board of directors may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the association. The president shall perform such duties as may be prescribed by the board of directors.

Section 2. Duties of Vice-President—In the absence or disability of the president, the vice-president shall perform the duties of the president; provided, however, that in case of death, resignation or disability of the president, the board of directors may declare the office vacant and elect his successor.

Section 3. Duties of Secretary—The secretary shall keep a complete record of all meetings of the association and of the board of directors and shall have general charge and supervision of the books and records of the association. He shall sign all membership certificates with the president and such other papers pertaining to the association as he may be authorized or directed to do by the board of directors. He shall serve all notices required by law and by these by-laws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting. He shall keep the corporate seal and the book of blank membership certificates; complete and countersign all certificates issued and affix said corporate seal to all papers requiring seal. He shall keep a proper membership book, showing the name of each member of the association, the number of his membership certificate, and date of issuance, surrender, cancellation or forfeiture. He shall act as secretary of the executive committee. He shall make all reports required by law and shall perform such other duties as may be required of him by the
association or the board of directors. Upon the election of his successor, the secretary shall turn over to him all books and other property belonging to the association that he may have in his possession.

Section 4. Treasurer—The treasurer shall perform such duties with respect to the finances of the association as may be prescribed by the board of directors.

ARTICLE V—Executive Committee

Section 1. Powers and Duties—The board of directors may in their discretion appoint from their own membership an executive committee of three (3) members, determine their tenure of office, their powers and duties and fix their compensation. The executive committee shall have such powers and duties as may, from time to time, be prescribed by the board of directors and these duties and powers may be all of the duties and powers of the said board of directors, subject to the general direction, approval and control of the board of directors. Copies of the minutes of the meetings of the executive committee and any reports thereof shall be mailed to all directors, within seven (7) days following such meeting.

ARTICLE VI—Duties of Manager

Section 1. In General—Under the direction of the board of directors the manager shall have charge of the ordinary and usual business operations of the association, including the purchasing, marketing and handling of all products and supplies handled by the association. He shall, so far as practicable, endeavor to conduct the business in such a manner that the members will receive just and fair treatment. The manager shall deposit all money belonging to the association which comes into his possession in the name of the association in a bank selected by the board of directors and he shall make all disbursements therefrom for the ordinary and necessary expenses of the business by check in the manner and form authorized by the board. Upon the appointment of his successor, the manager shall deliver to him all money and property belonging to the association which he has in his possession or over which he has control.

Section 2. Duty to Account—The manager shall be required to maintain his records and accounts in such manner that the true and correct condition of the business may be ascertained therefrom at any time. He shall render annual and periodical statements in the form and in the manner prescribed by the board of directors. He shall carefully preserve all books, documents, correspondence, and records of whatever kind pertaining to the business which may come into his possession.

Section 3. Control of Help—Subject to the approval of the board of directors, the manager shall have control over and may employ and dismiss all agents and employees of the association not specifically employed by the board of directors.
ARTICLE VII—Members

Section 1. Qualifications—Any person, firm, partnership, corporation or association, including both landlords and tenants in share tenancies, who is bona fide grower of fruit and/or vegetables in the territory tributary to the shipping point of this association and who is of good character may become a member of the association by executing the marketing agreement, and meeting such other conditions as may be prescribed by the board of directors.

Section 2. Membership Certificates—This association shall issue a certificate of membership to each member. The membership certificate shall be in such form as may be prescribed by the directors but shall not be transferable.

Section 3. Expulsion—If any member shall cease, fail, neglect, or refuse for any reason whatsoever to market the fruit and/or vegetables owned or grown by him as provided in the marketing agreement, then the board of directors may cancel his membership and expel him from membership in this association; and all of his rights and interest therein, shall by that act, be cancelled and such member shall be entitled only to payment, as provided by law, of the equitable appraised value of his interest in the property of the association.

Section 4. Withdrawal—Any member may withdraw from the association as provided in the marketing agreement, but such withdrawal shall not affect any right or lien which the association has against the retiring member or his property until his indebtedness to the association is fully paid.

ARTICLE VIII—Meetings

Section 1. Fiscal Year—The fiscal year of this association shall commence on the first day of .................................................... and end on the last day of ....................................................

Section 2. Annual Meeting—The annual meeting of the members of this association shall be held in the town of .................................................... State of ...................................................., on the last .................................................... in .................................................... of each year, at ...................................................., if not a legal holiday, but if a legal holiday, on the next business day following.

Section 3. Special Meetings—Special meetings of the members of the association may be called at any time by order of the board of directors, and shall be called at any time upon the written request of at least five per cent of the members, provided that in no case shall the required number of signatures to such a request be less than ten (10). The request shall state the time, place, and object of the meeting.

Section 4. Notice of Meetings—Written or printed notice of meetings for every regular and special meeting of members shall be prepared and mailed to the last known post office address of each
member not less than ten (10) days before such meeting. Such notice shall state the object or objects thereof and the time and place of meeting. Such notice in the discretion of the board of directors may be given by publishing the same at least ten (10) days prior to the date of the meeting in a newspaper of general circulation published at the principal place of business of the association. No business shall be transacted at special meetings other than that contained in the call.

Section 5. Quorum—Ten (10) per cent of the members shall constitute a quorum for the transaction of business at any meeting of the association except for the transaction of business concerning which a different quorum is specifically provided by law or by these by-laws.

Section 6. Order of Business—The order of business at the annual meeting shall be:

1. Roll call
2. Proof of due notice of meeting
3. Reading and disposal of minutes
4. Annual reports of officers and committees
5. Election of directors
6. Unfinished business
7. New business
8. Adjournment

ARTICLE IX—Miscellaneous Provisions

Section 1. Borrowing Money—The association shall have the power to borrow money for any corporate purposes on open account or upon any assets of the association, or on any property of members in its possession or upon any accounts thereof or any property not yet distributed to the members, in such amounts and upon such terms and conditions as may from time to time, seem to the board of directors advisable or necessary.

Section 2. By-Laws Printed—After adoption, these by-laws, preceded by the articles of incorporation, shall be printed in pamphlet form and a copy thereof shall be delivered to each member and to each person who may later become a member of the association hereafter as shown on the books of records.

Section 3. Seal—The seal of the association shall contain these words and figures: “Association, Incorporated, 193...” in circular form, the impress of which is placed hereon.
ARTICLE X—Amendments

These by-laws may be altered or amended at any regular or special meeting of the members by the affirmative vote of three-fourths or more of the members present.

We, the undersigned, being all of the members of the Association, do hereby assent to the foregoing by-laws and do adopt the same as the by-laws of said association.

IN WITNESS WHEREOF, we have hereunto subscribed our names, this day of 193...
Louisiana Agricultural Experiment Station, Bulletin.

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