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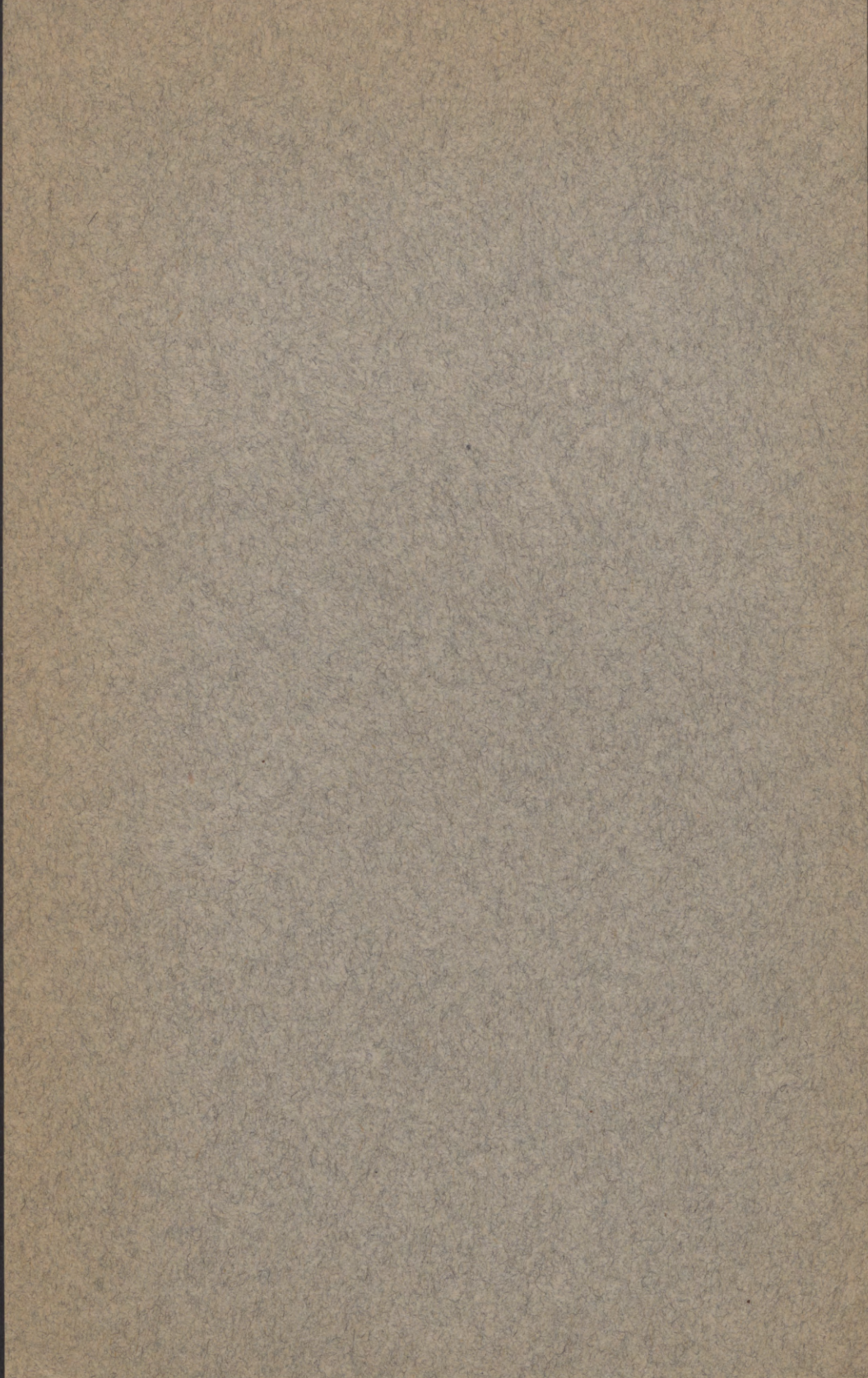
IN CO-OPERATION WITH
UNITED STATES DEPARTMENT OF AGRICULTURE,
DIVISION OF FARM POPULATION
AND RURAL LIFE

The Marketing Attitudes of Minnesota
Farmers

Carle C. Zimmerman and John D. Black
Division of Agricultural Economics



UNIVERSITY FARM, ST. PAUL



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MARKETING ATTITUDES OF MINNESOTA FARMERS¹

BY CARLE C. ZIMMERMAN AND JOHN D. BLACK

INTRODUCTION

The purposes of this study were to discover the attitudes of the farmers of Minnesota toward marketing problems, and particularly toward co-operation; to discover the genesis of these attitudes, and to point out their significance in programs of organization and education in the field of marketing. Some of the important relationships between farmers' marketing attitudes and successful marketing, are the following:

1. Efficient marketing is partly a matter of proper attitudes. A simple illustration of this is the attitude of farmers toward quality of products. Too many farmers are indifferent on this subject. They are inclined to feel that it is their business to produce and that of the other fellow to find the consumer. If farmers continue to send their products to market without regard to the size, condition, and quality wanted by consumers, the large spread between producer and consumer prices will continue.

2. Failures in farmers' marketing organizations often arise through social causes which supplement the ordinary economic hazards of a business. Important among these social causes are the attitudes of the members toward marketing and co-operation problems. Membership loyalty, so vital to the success of every co-operative organization, is no doubt a problem of fundamental human traits and behavior.

3. Membership relations between individuals and groups are a most important social phase of every co-operative organization. Shall an organization have locals? When and where shall such locals be established? Who shall be their leaders? What relations shall a member have with his neighbor members and with the organization as a whole? Shall a co-operative be organized from the bottom up or from the top down? What should be the source and the extent of the farmers' information concerning marketing? Shall there be membership drives? Who shall conduct them? The answer to all these questions is closely bound up with farmers' attitudes on many points.

¹This study was a joint project between the Division of Agricultural Economics, of the Minnesota Agricultural Experiment Station, and the Division of Farm Population and Rural Life of the Bureau of Agricultural Economics of the United States Department of Agriculture. Dr. Zimmerman made the field study. Dr. C. J. Galpin, of the United States Department of Agriculture, assisted in directing the project.

It was originally presented to the Faculty of the Graduate School of the University of Minnesota in partial fulfillment of the requirements for the degree of Doctor of Philosophy.

The term "attitude" is one whose definition has recently provoked considerable discussion. As here used, it means simply an opinion or point of view on a subject, expressed or defined in response to a direct question. In most cases, the behavior of the individuals is correlated with their opinions thus expressed. Those who said that they believed in co-operation were, as a rule, members or patrons of such organizations. Altho the correlation between expressed attitude and actual behavior was not perfect, it was high enough for practical purposes.²

METHOD OF CONDUCTING THE STUDY

The data were obtained by the survey method. After a careful analysis of the territory, nine communities were chosen for detailed study, and from 30 to 50 farmers were interviewed in each. The farmers solicited were chosen by going north, south, east, and west from town and taking each farmer along the road until a quarter of the number desired had been seen. A total of 345 were interviewed, an average of 38 in a community. This is one out of every 520 farmers in the state, and one out of every 80 in the ten counties in which the communities were located. These data were analyzed (1) to find the attitudes of the farmers regarding the problems under investigation, and (2) to explain the variations between communities and between individuals in order to determine the significant factors influencing marketing behavior.

The data obtained consisted of:

1. Pertinent information relating to the individual farm business, including acreage of crops, number of head of livestock, sale policies, etc.
2. Farming experience and land tenure history of the operator.
3. Education, reading habits, social and political history of the operator.
4. Co-operative experience and organizations in which the farmer had participated.
5. The attitudes of the farmer regarding certain marketing institutions and practices, and a number of other economic and social phenomena with which the farmer had had experience.
6. The farmer's explanation of his own behavior on attitudes.
7. The explanation of the farmer's attitudes by a "community adviser" who had known him personally for some years.³

² The term "attitude" became popular through the works of the psycho-analysts, especially Freud, Jung, and Adler. It was introduced into "Social Psychology" by W. I. Thomas and Florian Znaniecki. It has been discussed by Park and Burgess, L. L. Bernard, Floyd Allport, Emory Bogardus, J. M. Williams, R. H. Gault, Ellsworth Faris, C. H. Cooley, James H. Leuba, E. C. Lindeman, and others.

³ This community adviser was a local man of considerable knowledge and intelligence who was consulted regarding each farmer. He gave considerable data which the farmers would not or could not tell about themselves, such as emotional bias, etc. See E. C. Lindeman, "Social Discovery," pp. 187-200 for a discussion of this method.

8. An analysis of the social problems of marketing for each community by local leaders.

The Sample⁴

The sample was chosen with a view to representing the important systems of farming prevailing in the state and also such social characteristics as nationality and traditional backgrounds. Studies already made have shown that the principal agricultural areas of Minnesota consist of the corn belt in the southwestern section of the state; the small-grain belt in the northwestern area and in the Red River Valley; the potato belt just north of the Twin Cities, extending through the cut-over section into the Red River Valley; and the dairy belt in the southeastern and central sections.⁵ Figures 1, 2, and 3 show the locations of several of these areas and of the communities studied. The problem consisted of sampling these areas, and at the same time covering the marketing experience and the social characteristics of the farmers.

The most important social characteristic of Minnesota farmers is their nativity. The foreign-born in the survey were 28 per cent of the total and were of 13 nationalities. Their average residence in the United States was 32 years; and in the community 19 years. The foreign-born in the communities varied from 14 to 80 per cent. Three-fifths of these were Scandinavians, and the rest were mostly Germans and Finlanders. The first generation of native-born were proportionately more of German origin, because the Germans settled in the state earlier than the Scandinavians.

The average age of the operators interviewed was 44.5 years. Only one community differed from the average more than 2 years. The average years in school were 7.7, the average in the communities varying from 6.7 to 9.2 years. A daily paper came into 78 per cent of the homes. The average farmer subscribed to 4.1 other papers. Eighty per cent had telephones, the range being from 58 to 100 per cent in the different communities. Automobiles were owned by 85 per cent of the farmers interviewed, the percentages ranging from 66 to 96 for the separate communities. Only three of the farmers did not read or speak English, and only two others could not write.

A comparison of the sample with the census statistics shows rather close agreement with respect to all important economic and other social characteristics—crops grown, livestock kept, size of farms, tenancy, nativity, nationality origin. Figures 4 and 5 show the relationship of

⁴ This sampling was conducted and tested according to the principles given by G. Udny Yule in "An Introduction to the Theory of Statistics," and by F. S. Chapin, in "Field Work in Social Research."

⁵ Minn. Tech. Bull. 4 and 26, and Agr. Exp. Sta. Bull. 195; and U. S. Dept. of Agr. Bull. 1295. Technical Bulletin 26 is no longer available for distribution.

the farmers studied to the different sizes of farms and different land values of the state. It is no doubt true, however, that farmers near town were included proportionately more than those living farther away. Furthermore, it is the opinion of the authors that the necessity of securing farmers who could discuss the questions raised gave a sample which is somewhat above the average in intelligence and degree of success in farming. The authors think the sample may be 10 per cent above the average in these respects.

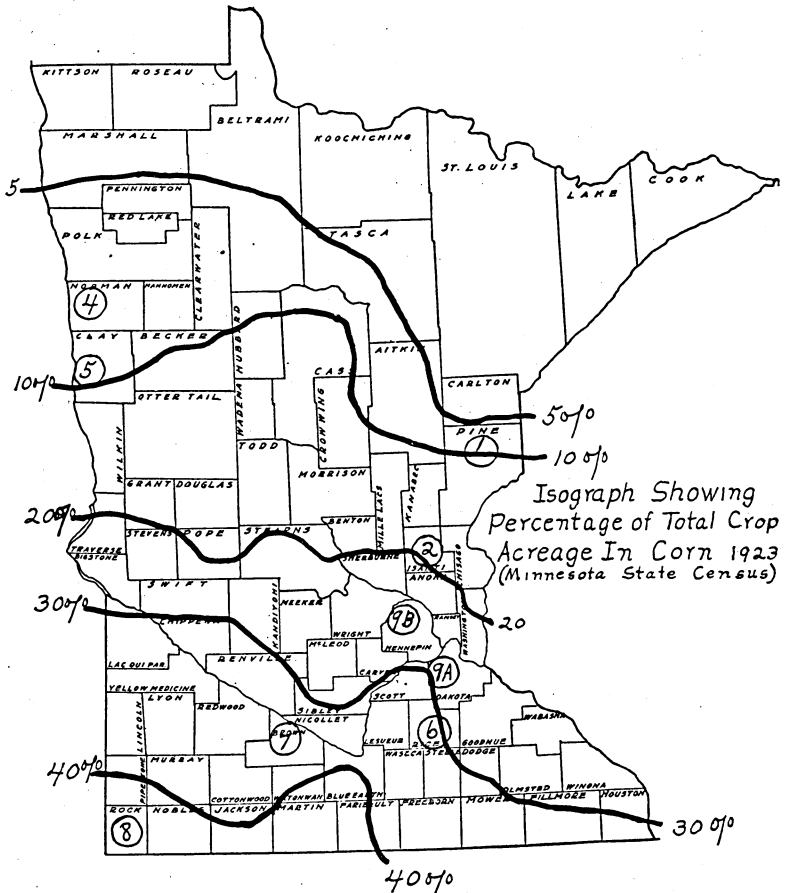


Fig. 1 Percentage of Crop Area Devoted to Corn

In 1923 southern Minnesota had more than 30 per cent and southwestern Minnesota more than 40 per cent, of the crop area devoted to corn. The numbered circles are the communities studied.

Table I summarizes the co-operative experience of the 345 farmers. Only 32 had never been members of co-operative marketing organizations. More than half had a combined membership in all types of co-operative marketing organizations of 10 years or less.

In addition to this representative sample of farmers, interviews were obtained from 100 other persons, as county agricultural agents, co-operative employees, farm leaders, and dealers in farm products.

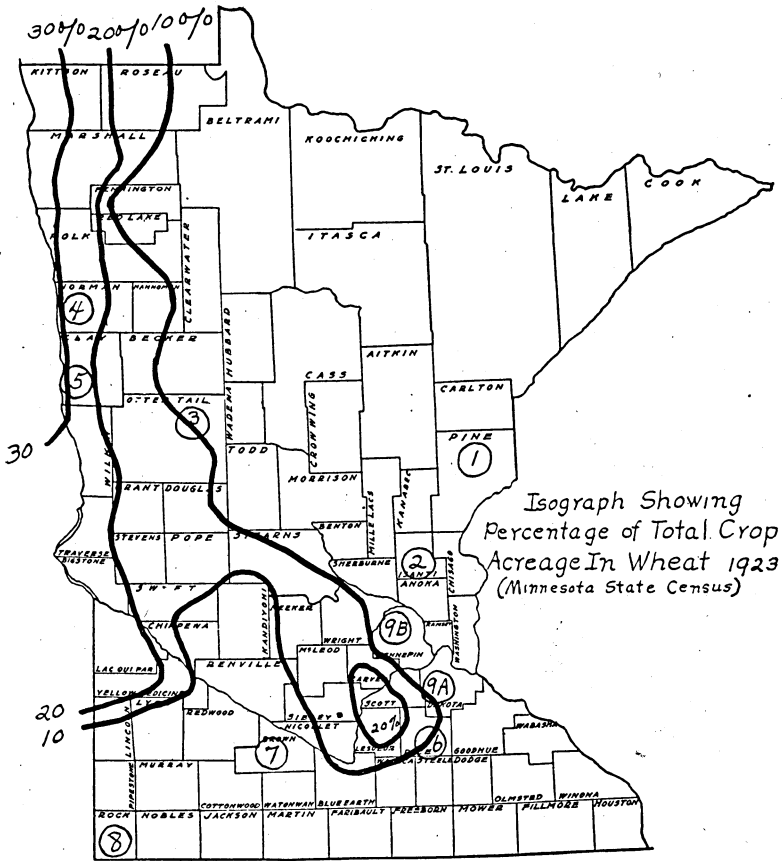


Fig. 2. Percentage of Crop Area Devoted to Wheat

The wheat and small-grain belt is in the west, especially in the Red River Valley. The numbered circles are the communities studied.

TABLE I
YEARS OF CO-OPERATIVE EXPERIENCE OF THE FARMERS STUDIED*

Amount of experience	No. of farmers	Percentage of total studied
Years		
None	32	9.3
1-5	96	27.8
6-10	67	19.4
11-15	54	15.7
16-20	19	5.5
21-25	19	5.5
26-30	18	5.2
31-35	13	3.8
More than 36	27	7.8
Total	345	100.0

* Experience was taken to mean number of years of membership. A farmer who had belonged to a creamery 4 years and a shipping association 1 year was credited with 5 years experience. Practically the same results would have been obtained in the diversified farming sections had the number of associations of which the farmer was a member been used.

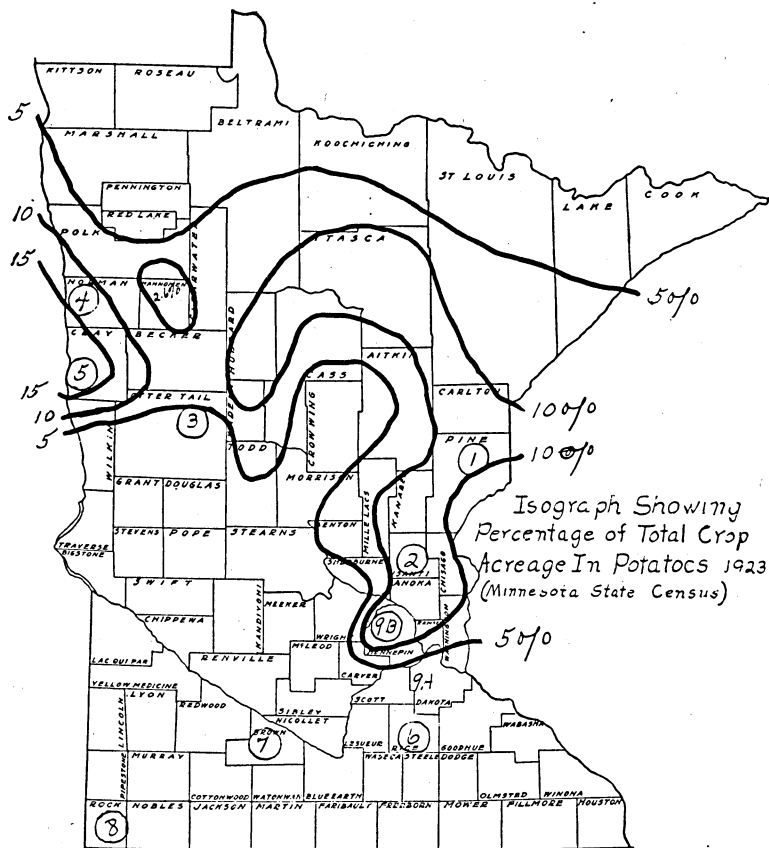


Fig. 3. Percentage of Crop Area Devoted to Potatoes in 1923

The numbered circles are the communities studied. The potato territory may be divided into an eastern and a western belt.

The Communities Studied

Askov, in Pine County, is a Danish colony of 2000 people located in the old potato belt and cut-over territory. The village has a population of 250. The community first sprang up in 1904 as a result of colonization by the Danish Lutheran Church. Sources of income, in order of importance, are butterfat, rutabagas, potatoes, poultry, and livestock. Farms averaged 82 acres in size, and nearly all who farmed were owner-operators. The people not only belonged to the same church and were of the same nationality, but 33 out of the 41 were born in Denmark. Their average residence in the United States was 25 years. One outstanding characteristic of this community was its attempt to reproduce in the United States the Danish system of rural

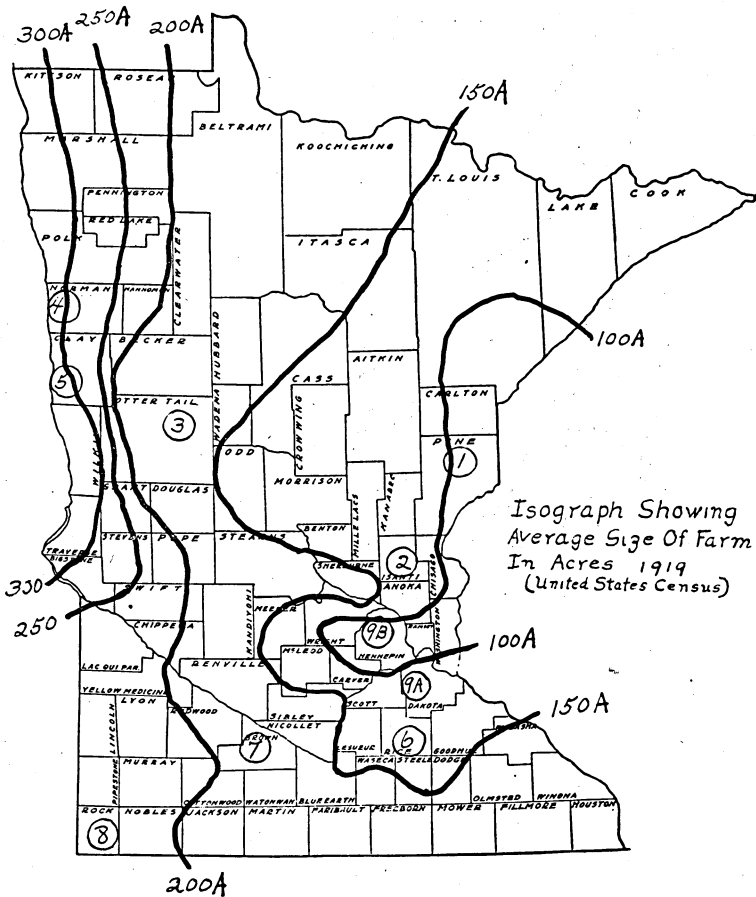


Fig. 4. Average Size of Farms

The numbered circles are the communities surveyed. Size of farms increases from the east-central to the northwest.

co-operation. A second was the level of understanding and high quality of living of the people. This is generally attributed to the training they had received in the Danish peoples' colleges and to the selective influences which brought the people to the community. The Non-Partisan League had made no headway in this community.

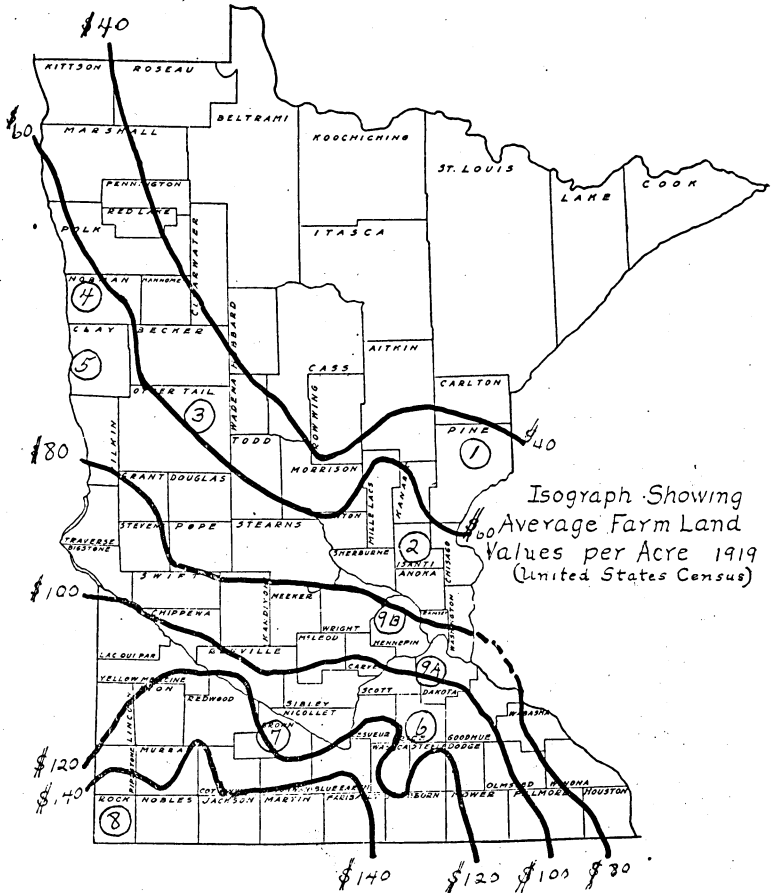


Fig. 5. Average Value per Acre of Land

The numbered circles are the communities studied. Farmers included in the study were tilling all types of soil.

The co-operatives are a creamery, a livestock shipping association, a feed store, a cow-testing association, two meat rings, and a mutual fire insurance society.⁶ Many of the farmers are members of the Minnesota Egg and Poultry Association. The creamery is a member of the Minnesota Co-operative Creamery Association.⁷ At one time

⁶ These and the other associations named in describing these areas will be discussed later. The meat rings were consumers' clubs for co-operative butchering.

⁷ Now the Land O'Lakes Creameries, Inc.

the potato growers had organized a local, which sold through the first state potato exchange when it was in operation. They later joined the second potato exchange and sold through it for the year that it lasted. Rutabagas were sold privately. The shipping association was a member of Central Co-operative Commission Company, at South St. Paul. A local buyer was handling cattle on a similar basis and selling through a private commission firm. For some years the farmers had stamped their eggs and handled them through the grocery stores; but now they were joining the state association. The feed store was 12 years old.

Cambridge, in Isanti County, is a predominantly Swedish community around a county seat village of 1100 people. It is also in the old potato belt. Much of the soil is more or less sandy. Sources of income, in order of importance in normal years, are potatoes, dairying, poultry, livestock, and small grains. The community had suffered from several years of poor crops and low potato prices. Farmers had cut their expenditures to a minimum, and the Non-Partisan League had been popular. A local paper owned on the League plan had been a financial success. Farms averaged 124 acres. Less than 20 per cent of them were farmed by tenants. The foreign-born comprised 37 per cent of the population. All of these were of Swedish descent, but had lived in the United States an average of 33 years.

The co-operatives consisted of a creamery and a livestock shipping association. Many of the growers had been members of a local of the old potato exchange. This is an important potato market, having 15 warehouses. The recent development of the new potato belt in the Red River Valley has been somewhat at the expense of potato growing in this area.

Competition between creameries in this territory was very ruthless at the time of the survey. Some of the farmers were being solicited daily by representatives of three creameries. This competition had led to faulty business practices and some failures. The local creamery was being reorganized on account of losses sustained a few years before. The livestock shipping association had recently been reorganized because of dissatisfaction with declining receipts. Poultry and small grains were handled privately, altho there was talk of a poultry local.

New York Mills, in Ottertail County, is a Finnish village of 500 people located in the center of a large area populated by about 15,000 Finnish people, about 3000 of whom are tributary to this village. It is on the western edge of the cut-over territory of the north central part of the state. The first Finnish people settled about 1875 as employees in the logging industry. Sources of income are dairy products, small grain, livestock, potatoes, and poultry in order named. Potato growing had been developing rapidly of late.

The community is divided into two groups on the basis of social and political philosophy, and these groups had taken issue on various economic problems. One group publishes a weekly newspaper in Finnish, which is the language most commonly spoken. The other group consists of the more conservative element. Of the sample taken, 45 per cent were foreign-born. The average time of residence of the foreign-born was 32 years. This is, therefore, one of the oldest Finnish communities of the state. The average size of the farms was 165 acres, and 16 per cent of the farmers were tenants. The Non-Partisan League had been very popular, especially with one of the groups mentioned.

The co-operatives consist of a creamery, an elevator, a feed and flour mill, two shipping associations, a consumers' store, and a farmers' telephone. Some of the farmers were members in the new potato exchange. The creamery is a member of the Land O'Lakes Association. The community was much divided at the time over the question of the best location for a new plant. The elevator, organized in 1913, had paid patronage dividends every year except 1923. In that year, it did a small volume of business on account of a drouth. Prices for grain declined during the year. The mill was organized in 1919 to grind local grain into flour and feed. It has been recapitalized once, partly because of small crops and falling prices. About two-thirds of the stockholders in the elevator were also interested in the mill. There was some talk of a combination of the two to reduce overhead expenses. One of the shipping associations did business with the Central and the other with private firms. They ship on alternate weeks, the Central getting the majority of the business. Eggs were handled co-operatively through the store. This store, established in 1911, paid patronage dividends every year until 1920 when there was a drop in prices. It was recuperating slowly. The telephone exchange and a local bank had recently been reorganized on account of losses.

Ada, in Norman County, is a county seat village of 2000 people in the Red River Valley. The village began as a sawmill town about 1880, but the lumber, floated down the river from the forests to the east, has long disappeared, and agriculture is now well developed. Sources of income, in order of importance, are wheat and other small grains, dairying, potatoes, livestock, and sugar beets. Potatoes and sugar beets had been introduced recently, as a result of crop adjustments in the valley. Rust and thistles had created a demand for cultivated crops, and low prices for wheat made diversification desirable. The dairy industry had been established on the lighter soils to the east of town for a long time, but had only recently spread to the west of the village.

The sample included mostly the farmers on the heavier soils to the west, it being desired to include small-grain farmers principally. The average size of farms was 341 acres, and 31 per cent of the operators were tenants. The foreign-born comprised 23 per cent of the total. Norwegians were most numerous, with Germans and Canadians tying for second place. The foreign-born had resided in the United States an average of 38 years. The Non-Partisan League had been fairly popular in the area.

The co-operatives were two grain elevators, a creamery, a livestock shipping association, and a local potato warehouse. A number of the farmers had memberships in the new potato exchange and in the Minnesota Wheat Growers' Exchange. The two co-operative elevators—one a local farmers' elevator and the other a branch of the Equity—were closed. The farmers' elevator, which had operated during the last five years, had lost money each year. The Equity had closed when the central organization went into receivership, eighteen months before the study was made. The trouble with the elevators was no doubt partly the low and declining prices for grain, but partly also the steady decline in the acreage of small grains in the valley. The first creamery, organized in 1888, had failed. The present creamery was started in 1903, and reorganized in 1915. It is a member of the state poultry exchange and eggs are handled as a side line. The livestock shipping association was organized in 1917. Since then it has gone through two cycles of growth and decay. It grows when the farmers are dissatisfied with the margins taken by the local buyers, and decays when the buyers cut margins to meet or underbid the co-operative. More farmers were members of the potato exchange than of the wheat exchange. The members of the wheat exchange had sold only one crop through it. The potato warehouse was being used for storage only.

Moorhead, in Clay County, is a mixed community, a city of 6000 located on the state line in the southern portion of the Red River Valley. Fargo, North Dakota, a city of 22,000, is just across the river. The farms studied made a half circle around the city on the Minnesota side of the state line. Sources of income, in order of importance, were wheat and other small grains, and potatoes, with beef cattle and dairying taking small third and fourth places, respectively. As at Ada, some sugar beets were being grown. This is a community of large farms, the average of those studied being 398 acres. The valley at this place is as level as a table and apparently very fertile. The same change to diversification is going on here as at Ada. The large farmers had many of the characteristics of city business men, some of

them selling their crops personally in the Twin Cities. The Non-Partisan League had been popular in the county, but not in this community. Only 22.5 per cent of the sample were tenants. A fourth of the sample were foreign-born, mostly Swedes and Norwegians. The average time of residence for the foreign-born was 33 years. The Norwegians predominated in the first generation of native-born.

The community as a whole had very little knowledge of co-operation and was markedly indifferent toward it. There was only one co-operative in operation, a local potato commission company organized in 1913. However, a number of farmers had memberships in the new potato exchange. The exchange had a large storage warehouse in town. Three other types of co-operatives had been tried here and in the surrounding country, namely, creameries, livestock shipping, and farmers' elevators; but all had failed.

Faribault, in Rice County, is a county seat town of 11,000 population in the southeast dairy section. Sources of income in order of importance are dairying, hogs, poultry products, and minor crops. Dairying is of outstanding importance. The annual butterfat production of this section of the state is estimated at about 4000 pounds per square mile.⁸ Farms averaged 135 acres in size. About a fourth of them were operated by tenants. A third of the farmers were foreign-born, mostly Hollanders and Germans. French were numerous in the first generation of native-born. The average number of years of residence for the foreign-born was 34. Diverse nationalities appeared to have hindered economic and social co-operation in the community. The Non-Partisan League had never been popular.

The co-operatives in the area are two creameries, a livestock shipping association, and an egg and poultry association. At one time there was a farmers' elevator in town, but it passed into private hands. A co-operative store failed in 1912. Formerly the community shipped milk to the Twin Cities, but with the gradual development of more intensive dairy production nearer the market, Faribault dropped out of the Twin City milk supply area. A private condensery and a co-operative creamery were then started. The creamery failed in 1917, but another was started at once and is operating successfully. The second creamery, started in 1921, is the larger of the two. In 1923, the two creameries made three-quarters of a million pounds of butter. The livestock shipping association was organized in 1917. For the year 1923, it did \$600,000 of business. In 1924, a small packer from southern Minnesota established a buyer in the area who offered prices higher than those on the St. Paul market minus freight from Faribault. This caused some disloyalty, and the loyal members were

⁸ Minn. Tech. Bull. 26, p. 9. (No longer available for distribution.)

agitating for reorganization on a contract basis. The egg and poultry association is a charter member of the central organization.

Sleepy Eye, in Brown County, is in a second-generation German community—a village of 2000 people in the mixed-farming territory in south central Minnesota. Sources of income, in order of importance, are hogs, dairying, beef, poultry, and corn. The post-war decline had placed dairying temporarily on a par with hog raising. Local opinion was divided as to the permanency of this situation. The average size of farm was 215 acres, and 23 per cent of those studied were tenants. Only 14 per cent were foreign-born. At one time the Non-Partisan League was very popular in the community. The sample taken was not so large as in the other communities, owing to conflict with the haying season.

The co-operatives consist of a livestock shipping association, a creamery, an elevator, and an informal wool pool. There had been some agitation for an egg and poultry association, but it had not materialized. The livestock association was organized in 1916, and by 1924 was handling about 80 per cent of the local shipments. The creamery was established in 1916 by moving a smaller open-country creamery to town and securing more members. By 1923 it was making 300,000 pounds of butter, about double the 1916 production. The farmers' elevator was organized in 1899, had deteriorated into a stock company, and in 1921 was reorganized on co-operative lines. It handles bulk farm supplies as a side line. The informal wool pool, begun in 1920, was handling about 10,000 pounds of wool a year.

Luverne is a county seat town of 2800 in the choice corn-belt section of extreme southwestern Minnesota. In order of importance, incomes are derived from hogs, beef, dairy products, corn, and poultry. Hogs and beef are by far the outstanding sources of income. Corn, the principal crop, is nearly all fed locally. Dairying has gained on beef production since the war, but this may not be permanent. The farms averaged 224 acres, and 30 per cent were operated by tenants. The foreign-born comprised 23 per cent of the population and were mainly Germans. The so-called "Yankees" were about equal in proportion with native-born sons of German immigrants. The farmers were individualistic in a true sense of individualism, that is, they bought and sold on their own judgment and were fairly successful. They knew very little about co-operation, but knowledge was developing with the growth of the shipping association. The only co-operative in the community was a livestock shipping association. At one time a farmers' elevator was established, but it had gradually gone into private hands. About 1909 a co-operative creamery was started, but it soon failed. At the time of the study, there were only

two co-operative creameries in the entire county. The livestock shipping association, organized in 1920, ships to Sioux City, Iowa, where it is a member of a central co-operative commission firm. Most of the large farmers ship to the market on their own account, and the association gets most of its business from the "less than carlot" producers.

The **Twin Cities Milk Territory** consists, roughly, of the farming territory within a radius of 40 miles about the Twin Cities. Within this territory, 6203 farmers belonged to the Twin City Milk Producers' Association on September 30, 1924.⁹ The association had 14 plants for handling milk, and 50 locals for communication with the members. Half of the sample was taken north of Minneapolis, around Osseo and Robbinsdale, in Hennepin County, and the other half south of St. Paul, around Farmington and Rosemont, in Dakota County. The farmers produce milk and truck for the Twin Cities and do a little general farming as a side line. The sample was biased to include mainly milk producers, because the truckers had had very little experience with co-operation. The average farm was 124 acres. The smaller ones were near the cities and the larger ones farther away. More than a fourth of the farmers were tenants, and 30 per cent were foreign-born. The majority of the foreign-born were Germans, Danes, and Swedes. They had resided in the United States an average of 37 years. The farmers in this territory were above the average in intelligence, which may be due either to the selective influence of the city, or to the greater number of social contacts, or both.

MARKETING INSTITUTIONS

Before proceeding further with the study, it will be necessary to discuss a few of the marketing organizations of the state. Those for marketing dairy products consist of local creameries, centralizer creameries with their cream stations, The Minnesota Co-operative Creameries, Inc. (now called the Land O'Lakes Creameries, Inc.), and the Twin City Milk Producers' Association. In 1924 there were 647 co-operative creameries compared with 124 proprietary and 46 centralizer organizations. The co-operatives comprised four-fifths of the number of organizations and made two-thirds of the butter. The centralizers, however, have stations in many cities and villages which buy cream and ship it to their factories. Land O'Lakes Creameries, Inc., is a federated non-profit service and sales organization having a membership of 430 local co-operative creameries in 1926, of which 20 were located in Wisconsin. Thus, about 63 per cent of the local co-operatives in Minnesota are members. The study included 246 farmers selling

⁹ Secretary's Annual Report for 1924.

through co-operatives, 41 through proprietary creameries, 32 through centralizers, and 32 who either produced no butterfat or made butter at home. The nine communities studied had 7 co-operative, 7 proprietary, and 22 centralizer cream stations. The Twin City Milk Producers' Association is a bargaining organization which deals with the distributors. It was organized in 1916 and its members now produce over three-fourths of the milk consumed in Minneapolis and St. Paul.

The livestock marketing organizations include local shipping associations; local buyers; the central market organizations, including the commission firms at South St. Paul; the stockyards corporation; the Central Co-operative Commission Company; the Farmers' Union Livestock Commission Company, and the packers. There were 577 local livestock shipping associations in the state in 1926. The Central Co-operative Commission Company was organized in 1921 and by August 1, 1924, had a membership of 618 locals. The Farmers' Union Company was organized in 1922 as a successor to the Equity Co-operative Exchange. The Central handled about 27 per cent of the entire sales at South St. Paul in 1924. The Farmers' Union Company is much smaller. There are about 28 private commission firms in the South St. Paul market. Of the 345 farmers studied, 216 were members of one of the eight shipping associations in the communities. These eight shipping associations handled 1072 cars of livestock in 1923. Four of the locals shipped all cars to the co-operative commission companies, one shipped to a private commission firm, and three to both types.

The grain marketing agencies are the local elevators, the Minnesota Wheat Growers' Association, the Minneapolis Chamber of Commerce, and the flour mills. By 1924, there were 413 farmers' elevators in the state, which handled 48 per cent of all grain marketed at country points.¹⁰ The Minnesota Wheat Growers' Association is a centralized contractual organization operating with a so-called "standard marketing agreement." The 1923-24 crop was the first handled. Of the 345 farmers, only 94 were members of farmers' elevators, and only 24 of the Minnesota Wheat Growers' Association.

Local co-operative potato marketing began about 1908 and grew slowly until 1919, at which time it expanded rapidly, owing to the decline in prices. The first potato exchange was formed in 1920 by the federation of 92 locals. It ceased operation after three seasons. Its failure is generally attributed to declining prices, lack of co-ordination, and inefficient management. It was succeeded in 1924 by the new

¹⁰ Minn. Agr. Exp. Sta. Bull. 224, p. 6.

exchange, which was a centralized organization rather than a federation. The new exchange handled 10,000 cars the first year, but disbanded before the next season. This study was made just before the new exchange began operation. Of the farmers included in this study, altho 225 produced potatoes for sale, only 50 had been members of locals, only 36 had sold through the old exchange, and only 80 were members of the new one.

Poultry and eggs have nearly always been handled in Minnesota as side lines of the grocery business. Produce houses developed later in communities with sufficient volume of business. The cream stations of the centralizers also began to purchase eggs. The first co-operative selling of importance was as a side line of the local creameries or farmers' stores, or elevators. In 1923, various local or district units began organizing with a view to combining later into a central exchange. The central exchange began operating in May, 1924, under the name of the Minnesota Egg and Poultry Association. In 1926 the name was changed to the Lake Region Egg and Poultry Exchange. This study included 21 members of the exchange, and a number of others who were handling their eggs and poultry through other co-operative agencies.

Table II contains a summary of the experience which the 345 farmers had had with these various co-operative organizations up to the time of the survey. They had held or were holding 257 memberships in creameries, 216 in livestock shipping associations, 118 in grain organizations, 135 in potato or produce exchanges, and 84 in other associations. The total was 810 memberships, or more than two per farmer.

TABLE II
SUMMARY OF MEMBERSHIPS THAT FARMERS HELD OR HAD HELD IN CO-OPERATIVE MARKETING ORGANIZATIONS

Community	Farmers surveyed	Creameries	Livestock shipping associations	Farmers' grain organizations*	Potato and produce exchanges	Other organizations†	Total memberships	Memberships per farmer
Askov	41	41	39	..	33	41	154	3.8
Cambridge	41	33	27	..	31	..	91	2.2
New York Mills	38	34	34	48	15	22	153	4.0
Ada	43	39	24	36	24	..	123	2.9
Moorhead	40	3	..	10	4	..	37	0.9
Faribault	46	42	44	..	..	11	97	2.1
Sleepy Eye	22	21	22	18	..	..	61	2.8
Luverne	30	1	26	6	..	..	33	1.1
Twin Cities Milk Territory	44	43‡	..	..	8	10	61	1.4
Total	345	257	216	118	135	84	810	2.3
Percentage of total..		31.8	26.6	14.6	16.6	10.4	100	

* Includes all farmer-owned agencies for selling grain.

† An egg and poultry association, some co-operative purchasing agencies, and others.

‡ Twin City Milk Producers' Association.

WHAT FARMERS BELIEVE AND KNOW ABOUT CO-OPERATIVE MARKETING AND ITS PROBLEMS

We are now ready to discuss the attitudes of these 345 farmers. Let us first consider their attitudes toward co-operation and its problems. The first part of the discussion under this head will consist merely of a description of attitudes. Later an attempt will be made to give reasons for the differences in attitudes.

It was realized at the beginning of the study that many of the farmers to be interviewed would have to be classified as having "no attitude" on many of the subjects named. An attitude is significant in proportion to the pronouncedness of it and the amount of experience and thinking upon which it is based. What farmers believe and what they know are therefore closely related. If an attitude is pronounced, it is significant, even tho it is based on limited experience or wholly inadequate knowledge of the issue in question. If it is based on extended experience or information, it is significant even tho it be somewhat indefinite and uncertain. If it is pronounced and at the same time based on extended experience and knowledge and thinking, it is most significant of all.

As was expected, many of the farmers interviewed had had so little experience with some of the problems considered, or had so little knowledge or understanding of them, that they really had no attitude, or any which they stated had little significance. In the tables and other summaries, therefore, a group of farmers is frequently reported as having no attitude at all. This usually means that their experience or knowledge was too limited to furnish a basis for an attitude. In some cases, however, it means plenty of experience, but a neutral attitude.

Table III reports the percentage of the farmers interviewed who were classified as having no opinions on the various problems considered. The high percentage for stock vs. non-stock organizations, for form of organization and local vs. central control of grading and selling, and for length of contract, reflect the fact that these questions had been raised only a few years previously in Minnesota. Minnesota co-operation had nearly all been of the stock type, and the farmers of the state had little knowledge of the non-stock type. Membership contracts had been used very little. The co-operative organizations were nearly all of the local or federated type. Attitudes for or against a centralized type of organization were probably not very significant when expressed, being based largely on opinions derived from recent propa-

ganda¹¹ and seldom upon real information or experience. Lack of attitude toward co-operative buying was principally due to lack of experience.

TABLE III
PROBLEMS OF CO-OPERATION RANKED ACCORDING TO PERCENTAGES OF FARMERS
WITH NO ATTITUDES

Problem of co-operation	Percentage with no attitudes
Stock vs. non-stock types of organization.....	35.0
Advertising	19.7
Control of grading and grade standards.....	19.1
Control of sales policy.....	19.1
Control of manager.....	18.5
Type of co-operation—localized, federated, or centralized.....	16.8
Co-operative buying	15.9
Length of contract.....	15.7
Price policy ("fair price").....	15.6
Pooling vs. cash payments.....	11.6
Use of membership contracts.....	8.4
Central control of quality of production.....	7.3
Central control of quantity of production.....	7.0
Right of members to withdraw.....	6.4
Handling produce for non-members.....	5.2
Co-operative selling.....	0.0

It was also realized at the beginning of the work that attitudes could be defined more closely than this study provides for; for example, that instead of getting simply a "yes," "no," and "no opinion" attitude with respect to co-operative buying, that an "attitude scale" might have been used and opinions recorded of several gradations between these two extremes.¹²

In view of the type of people to be interviewed and conditions under which the interviewing would be done, it was believed best to put the responses to the questions into only the three classes mentioned. In the actual field work opinions were recorded for the most part exactly as expressed and the classifying was done later at the office.

Table IV reports the percentages of all farmers interviewed, and also of those having an attitude, who favored co-operative selling and buying and certain specific marketing practices. In the following paragraphs, the attitudes on each subject are described in detail. The percentages of those having an attitude must not be taken too literally. Some of those with no opinion were merely neutral on the subject and really should not be excluded from a percentage division.

¹¹ In connection with the organization of the second potato exchange, a centralized organization.

¹² See such a study by Floyd H. Allport and D. A. Hartman in the *American Political Science Quarterly*, Vol. XIX, No. 4, pp. 735-760, Nov. 1925.

TABLE IV
PERCENTAGES OF FARMERS WHO FAVOR CERTAIN CO-OPERATIVE
MARKETING PRACTICES

Type of co-operative marketing practice	Percentage of all farmers favorable	Percentage favorable of those having an attitude
Co-operative selling.....	79.0	79.0
Co-operative buying.....	69.3	82.3
Use of membership contracts.....	61.4	67.0
Use of a withdrawal clause.....	65.2	69.6
Use of stock organization.....	44.4	68.3
Handling produce for non-members.....	58.0	61.3
Pooling	64.7	72.5
Federated organization	51.2	61.5
Central control of grading.....	61.8	66.8
Central control of selling.....	61.7	76.3
Local control of manager.....	58.0	71.3
Central control of quantity of production.....	43.2	46.5
Central control of quality of production.....	76.2	82.2
Advertising by central organization.....	66.1	82.2
Supply and demand price.....	41.7	49.4

Co-operating selling.—Experience with co-operative selling is so universal among Minnesota farmers that all could be classified either as favorable to it or opposed. Some had had no direct experience but had seen enough of it in operation that they had definite convictions on the subject. Some farmers with no experience favored it. A small number with only limited experience rather generally opposed it.

Co-operating buying.—The 69.3 per cent favoring co-operative buying included 61.4 per cent who favored buying through side line departments of other co-operatives, such as elevators or the creamery association, and only 15.1 per cent who favored buying through co-operative stores or other special co-operative buying agencies. Only 14.8 per cent were opposed to all forms of co-operative buying, but 69 per cent were opposed to buying through co-operative stores and the like. The 15.9 per cent with no opinion included a good many who were neutral on the subject.

Membership contracts.—The attitudes of the farmers regarding the use of membership contracts must not be taken as conclusive. They reflect in large measure the effect of a great deal of recent agitation in favor of them. It is significant that 30.2 per cent of those interviewed were still opposed in spite of this agitation. Those with no opinion were only 8.4 per cent of the total, and consisted for the most part of those who had not heard the matter discussed.

Of the 345, 65.3 per cent favored some method of terminating the agreement at the wishes of the member—53.7 per cent withdrawal at any time, and 11.6 per cent withdrawal at specified periods, such as once or twice a year. It is significant that of the 212 who favored the

use of membership contracts, 51.9 per cent, or more than half, favored the right of withdrawal at least once during a season. This indicates that they had been doing some thinking as well as listening to propaganda.

Length of contracts.—The opinions of the 212 favoring membership contracts may be classified as follows in the matter of length of contracts:

Percentage favoring a contract of less than five years.....	25.9
Percentage favoring a contract of five years.....	27.2
Percentage favoring a contract of more than five years....	16.1
Percentage favoring variations in length of contract.....	5.2
Percentage with no opinion as to length of contract.....	25.6

Most of the agitation had been in favor of the longer contracts, five years or more being the period usually named.

Stock vs. non-stock form of organization.—Table IV shows that 68.3 per cent of those having any opinion on the subject favored the stock form. This is to be compared with the 38.5 per cent of those who favored the non-stock type. Nearly 7 per cent of these favored using both types, according to circumstances. The question involved in this case is somewhat technical, and relatively few of the farmers really understood the issues involved. Under the circumstances, they were inclined to favor what they knew about. Farmers with a great deal of co-operative experience often had no opinion on this matter.

Non-members.—The local co-operatives in Minnesota have nearly all done business with non-members. They had been told recently by many people, that this is wrong. That 36.8 per cent were opposed to it, indicates that the agitation had had some effect. It should be added, however, that many farmers have always insisted that granting membership privileges to non-members was unfair. Two thirds of those who favored business with non-members thought that there should be a differential in both price and treatment between members and non-members, while the other third favored equal terms.

Pooling vs. cash payments.—The chief difference between these two business practices is that in one the farmers receive all their money at time of delivery, while in the other a part or all of the money is held until the product is sold and not until then do they know what the price will be. Pooling was favored by 58 per cent, all cash payments by 23.7 per cent, and both types of payments by 6.7 per cent. The remaining 11.6 per cent had no opinion on the subject. This was a problem with which the farmers had had considerable experience and practically all had definite ideas about it.

Types of co-operation.—The three main types of co-operation considered were called the localized, the federated, and the centralized. The local type consists of independent units, each covering a small rural community, these units for the most part rendering the same marketing services as the small town town proprietary business units. The federated type consists of a central organization imposed upon a group of such locals. The farmers owe their allegiance to the locals, and the locals to the central organization. Any one local may fail without affecting the federation to any great extent; and, on the other hand, the economies of any one local organization or of an advantageous location are retained generally by that local. The centralized type of co-operation consists of a large group of members attached directly to the central office. The central office sets up receiving plants wherever necessary. A great deal of local autonomy is eliminated and all failures or economies react on the whole organization or at least upon other members in the same district.¹³

Merely localized co-operation was favored by 11.6 per cent of the farmers studied, federated by 51.2 per cent, and centralized by 11.9 per cent. Those having no opinion composed 16.8 per cent. Some favored different types for different commodities. Many of those who favored the federated or centralized types were not sure that they understood the differences between the two. Most of the experience of Minnesota farmers has been with the localized and federated types. Only the wheat growers' association and the second potato exchange were centralized, and these were recent developments. There had been much discussion of late in favor of centralized co-operation, but the issues involved are so large and so numerous that most of the farmers interviewed were not ready to commit themselves in favor of it.

Control of grading and grade standards.—This is connected intimately with the problem of type of co-operation. That local responsibility for grading was favored by only 15.9 per cent, as compared with 61.8 per cent for central responsibility and 3.2 per cent for joint responsibility, indicates that in this detail of practice their minds run toward centralization. Nearly a fourth (19.1 per cent) had no opinion.

Control of selling and sales policy.—Their attitudes on this point were divided almost identically with those toward control of grading and grade standards. Farmers seem to feel that the same organization which controls grading should control selling.

Control of the manager of the local.—Local responsibility was favored by 58 per cent, central by 20 per cent, and both by 3.5 per

¹³ Minn. Exp. Sta. Bull. 211 discusses these types of co-operation more fully. (The bulletin is no longer available for distribution.)

cent; 18.5 per cent had no opinion. Farmers like to control the co-operative employees in the local market because they think most of the success or failure is due to these men. The proper relationship between the local employees and the members is often the keynote to successful co-operation. In this important particular, therefore, the minds of the farmers interviewed incline away from centralization.

Control of quantity and quality of product.—This is another problem of co-operation in which either the local or the central may take the major responsibility. As to control of acreage by the central, 43.2 per cent favored it and 49.8 per cent opposed it. It is safe to say that a constantly increasing percentage of the farmers of Minnesota are becoming reconciled to it. In 1924, the idea was rather new to many of them. Many more of them were at that time reconciled to the idea of central control of quality.

The inconsistencies in the farmers' attitudes on these four controls indicate that they either had not, in 1924, assimilated to any great extent the essential differences between centralized, federated, and localized marketing, or else that they really favored neither one type nor the other, but instead an intermediate type with some of the controls highly localized and some highly centralized, with all gradations between. Probably one explanation fits part of the farmers, and the other the rest.

Advertising by co-operatives.—Most of the farmers had heard reports of the experience of the California co-operatives in attempting to create demand for their products by national advertising. Of the 345, 66.1 per cent favored some kind of advertising, 14.2 per cent opposed it, and 19.7 per cent had no opinion. The advertising of dairy products was favored by 46 per cent, of poultry products by 40 per cent, of potatoes by 37 per cent, of all products by 14 per cent. Their opinions on this point represent largely an uncritical acceptance of reports read in newspapers, heard from promoters, and the like. One could not expect them to be in a position to analyze such reports.

What is a fair price?—Probably the strongest motive for co-operation is dissatisfaction with prevailing prices. In times of declining prices farmers are especially prone to try co-operation. Each of the 345 was asked what he considered a fair price, and as to the basis of price determination which he thought a co-operative should try to establish in the market. These answers are analyzed in Table V. A supply and demand concept was held by 41.7 per cent, and a cost of production concept by 33.3 per cent. About 12 per cent thought that sales prices should be proportional to the costs of things the farmers customarily purchase. Actually, there is a close correspondence

between this and the cost of production concept, but the farmers themselves did not realize this. About 16 per cent had no opinion. The table shows great variations between communities. The farmers at Askov and Moorhead had a supply and demand concept in more than two thirds of the cases, and those at Faribault and Sleepy Eye in less than one third. A part of this variation is accounted for by co-operative experience, as will be shown later, and another part by such community factors as education and traditional background.

TABLE V
SUMMARY OF ATTITUDES ON "FAIR PRICE"

Communities	Farmers surveyed	Supply and demand	Cost of production	Price level of products farmers purchase	No attitude
Askov	41	68.3	7.3	4.9	19.5
Cambridge	41	39.0	31.7	7.3	22.0
New York Mills... 38	38	44.7	44.7	2.6	0.9
Ada	43	39.5	39.5	4.6	18.6
Moorhead	40	60.0	27.5	10.0	10.0
Faribault	46	15.2	26.1	30.4	28.3
Sleepy Eye..... 22	22	27.3	54.6	22.7	4.5
Luverne	30	33.3	43.3	23.3	10.0
Milk Territory.... 44	44	43.2	38.6	6.8	11.4
Total*	345	41.7	33.3	11.9	15.6

* This row totals 102.5 per cent because some of the farmers said that two factors should control price.

Summary and interpretations.—It appears from the foregoing that farmers are most definitely decided on the phases of co-operation which involve either class consciousness or membership relations in the local community. They are least decided on problems which are technical and theoretical in their nature and which involve relationships outside their local communities; and are most decided on problems of human nature. The main experience of Minnesota farmers has been with the stock forms of organization. This is a technical matter, therefore farmers in general have no pronounced convictions with respect to this problem.

It also appears that failures of co-operatives and other farmers' organizations have a confusing effect on their attitudes. They are convinced by some co-operative leader that a particular form of organization or business practice will insure success; and when it fails to do so, they lose all their definite convictions for the time being.

The table shows that anywhere from a tenth to a third of the farmers interviewed had no definite attitudes on most co-operative problems. If allowance be made for the upward bias of the sample, it may be said that the lower third of the farm population has no definite ideas concerning most of the problems of co-operation. Closer analysis of the data would show that only a half of this lower third of the farm population is connected with various marketing associations.

The obvious conclusions from this are that co-operative marketing practice must either be made so simple that it is within the comprehension of this lower group, or the need for harmony within the organization will require that they be fitted for membership by educating them, or that they be eliminated by the selection of membership on a basis that excludes them.

RELATION BETWEEN ATTITUDES AND CO-OPERATIVE EXPERIENCE

Table VI groups the farmers interviewed according to co-operative experience and shows how the percentage having a favorable attitude toward co-operative selling increases rapidly with co-operative experience. Figure 6 shows this relationship graphically and in more detail. From this figure it appears that the first few years of experience are the period of conversion, during which there is a rapid increase of

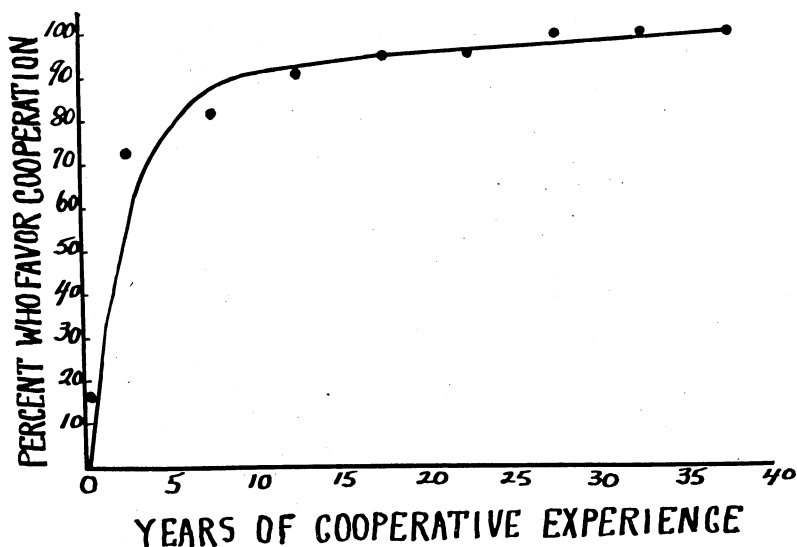


Fig. 6. Correlation Between Co-operative Experience and Attitudes Toward Co-operation

favorable attitudes. No doubt much of the early experience in many cases is with new co-operatives, many of which are always failures. Following this period of conversion, there is a long period of growth of knowledge and a gradual increase in attitudes favorable to co-operation. The great significance of this table is apparent. Given experience enough, everybody comes to favor co-operation. The majority acquire a favorable attitude quickly; a small percentage very slowly. These conclusions are highly valid, even conceding the obvious

fact that the reason why many of these farmers had had so much co-operative experience was that they were favorable toward it before they got their experience. If their experience had been disillusioning, they would no longer be favorable. Co-operative experience is selective as well as educational.

TABLE VI
RELATIONSHIP BETWEEN CO-OPERATIVE EXPERIENCE AND ATTITUDES FAVORING
CO-OPERATIVE SELLING*

Amount of experience	No. in group	Percentage favoring co-operative selling
None	32	16
1-5 years	96	73
6-10 "	67	82
11-15 "	54	91
16-20 "	19	95
21-25 "	19	95
26-30 "	18	100
31-35 "	13	100
More than 35 years	27	100
All	345	79

* The Pearsonian coefficient of simple linear correlation for these data is $+0.66$, (standard error, $.09$). If allowance is made for the curvilinear nature of the relationship, the coefficient is raised well over $+0.90$. These coefficients are probably all considerably higher than true coefficients would be because some of the remaining influences average out within each group. No other method was available for correlating "yes" and "no" answers with experience. The two coefficients are surely significant enough to justify the use of the curved "regression" line in Figure 6.

What determines co-operative experience.—Since experience with co-operation is all that is needed to make farmers approve of it—with most of them only a little experience—obviously the real determinant of attitudes for any farm population group is whether or not it has had co-operative experience, and if so, how much. Accordingly, an effort was made to discover what determines co-operative experience. Data are from a study of 157 Minnesota farmers made in 1925-26. Age of farmers, income, and education were correlated with co-operative experience separately and in combination. No significant relationship was found. There appeared only a slight tendency for co-operative experience to be greater with age, income, and education. The farmers with incomes over \$5000, and also those over 60 years of age, were mostly opposed to co-operative selling. The coefficient of multiple correlation was only $+0.36$, excluding the farmers over 60 years of age and with incomes over \$5000. Apparently other factors—community and occupational environment, exposures to co-operative experience, and the like—are the major influences. Selection may be a factor.

TABLE VII
RELATIONSHIP BETWEEN CO-OPERATIVE EXPERIENCE AND PERCENTAGES FAVORING CERTAIN MARKETING PRACTICES

Amount of experience	No. in each group	Favoring contracts	Use of capital stock	Dealing with non-members	Pooling of returns	Federated organization	Supply-demand price	Central control of quantity of production	Central control of quality of production
None	32	56	22	56	44	25	44	25	63
1-5 years	96	53	36	49	47	47	40	36	65
6-10 "	67	70	60	58	54	58	37	39	76
11-15 "	54	63	52	69	63	56	35	53	91
16-20 "	19	42	32	63	58	47	42	53	90
21-25 "	19	74	42	53	74	63	53	47	84
26-30 "	18	67	44	50	89	55	50	50	78
31-35 "	13	77	31	54	69	54	77	23	92
36 or more	27	59	67	81	78	59	41	74	78
All	345	61	44	58	58	51	42	43	76

Co-operative experience and attitudes toward particular practices.—Table VII shows the relation between co-operative experience and the several co-operative and marketing practices studied—the percentages in each group which favor the use of contracts, capital stock organization, dealing with non-members, pooling of returns, federated organization, supply and demand price, and central control of quantity and quality of production. With the single exception of attitudes regarding capital stock organization, all the relationships are positive and somewhat significant. The highest relationship is between experience and attitudes favorable to pooling of returns. This indicates that the members have developed faith in one of the most essential features of co-operative practice. The experience in question is mostly with local pooling. The next highest relationship is between experience and attitudes favorable to central control of quantity of production. This suggests that the farmers have learned that co-operative marketing alone will not give them the prices they want. A few years of co-operative experience would ordinarily convince them on so fundamental a matter. Among those with a great deal of co-operative experience are the Danes at Askov, who had learned, even before leaving Denmark, that a processing factory works most efficiently when it is guaranteed a steady and dependable supply of raw material. It is significant that in spite of their experience, the farmers of Minnesota are still generally favorable to dealing with non-members and to the use of the federated type of organization. Co-operative experience has also apparently taught them that central control of quality of production is highly necessary. The relationships indicate a healthy state of mind toward the future of co-operation. The lack of relationship between experience and attitude toward stock or non-stock type of organization indicates the confused state of the farmers' minds on this point. Their older experience was nearly all with the share-stock form of organization. They had been told recently in many cases that it was not the proper form of organization; but their recent experience with the non-stock form of organization was not very encouraging.

Table VIII measures in Pearsonian coefficients the amount of relationship between co-operative experience and the group average of attitudes favorable to those business practices as given in Table VII. These coefficients are not to be taken as true coefficients of correlation because, as already explained for Table VI, they are based upon group averages. They are to be interpreted here merely as indexes of different degrees of relationship with co-operative experience for these several marketing practices.

The significant conclusion is that co-operation is itself one of the best educational forces for further co-operation. The co-operative mar-

keting technic of the future is developing through the experiences of the present. This growth of behavior patterns is a social process to which the revival method of co-operation can make little, if any, contribution.

TABLE VIII
CORRELATION OF CO-OPERATIVE EXPERIENCE WITH GROUP AVERAGE ATTITUDES
REGARDING VARIOUS BUSINESS PRACTICES

Type of co-operative marketing practice	Gross correlation coefficient
Use of membership contracts.....	+0.466
Capital stock form of organization.....	-.015
Dealing with non-members.....	+.587
Pooling of sales product.....	+.907
Federated type of organization.....	+.533
Supply and demand price.....	+.452
Central control of quantity of production.....	+.701
Central control of quality of production.....	+0.581

WHAT FARMERS THINK AND KNOW ABOUT MARKET- ING AGENCIES

We are now ready to consider the attitudes of the farmers toward specific market agencies, some co-operative and some not. These agencies include the Minnesota Co-operative Creameries, Inc., the Twin City Milk Producers' Exchange, the old and new potato exchanges, and a number of private agencies handling livestock and small grain. Following is a summary of the general current of opinion and the amount of information farmers had regarding these agencies.

The Minnesota Co-operative Creameries, Inc.—The study included 246 farmers who sold butterfat co-operatively; however, in only 197 cases was it sold through creameries which belonged to the federation. Each member of a federation creamery was asked to give his frank opinion of the central organization. Only 12 farmers, or 5.9 per cent of those who were members, had definite criticisms of the organization. Five of the 12 believed that it was an unnecessary expense. Three were opposed to anything but local co-operation. Two criticized the organization for low scoring of butter, 2 for inefficiency. One claimed that it favored non-member creameries in joint shipments, and another objected to the practice of suggesting salaries of local creamery operators. This is an exceedingly small amount of criticism for such an important organization.

Among the farmers interviewed were 29 who lived in communities where co-operative, proprietary, and centralizer creameries were in competition with each other and who did not sell to the co-operatives. The reasons given for not selling co-operatively were as follows: 10 disliked employees of the co-operative and claimed they did not get

courteous treatment; 2 said they had a relative or friend employed at the other place; 11 claimed the non-co-operatives paid the most money; 2 said the co-operative was too far away; 1 wanted cash for his cream; 1 said he was "afraid of the co-operative"; 1 said his wife controlled the sale of the cream; and 1 wished to sell low-test cream. These reasons seem to fall mostly into two equal classes, one consisting of those growing out of personal likes and dislikes and other purely social causes; and the other, those growing out of ignorance of proper methods of production which made them susceptible to propoganda by the private agencies. Only a few had legitimate reasons, such as distance from the creamery, for not delivering to the co-operative. The great bulk of the farmers were well pleased with their local co-operative creameries and the federation.

The Twin City Milk Producers Association.—The general feeling among the members of this association was that it was very successful. Criticisms were few and far between. The farmers most favorable toward it were found in the middle and upper income and intelligence classes, which produce five-sixths of the milk. Each member of this association interviewed was asked to suggest things which would improve the organization. Of 44 who made suggestions, 14 suggested retailing of the milk by the association; 7, more reliable testing; 5, a larger differential for the farmers nearest the city; and 4, more educational work toward improving the quality of the milk. Two objected to the membership contract, 2 warned against retailing milk, 2 claimed that the association handled milk for non-members, a practice to which they objected; 1 wished the older members to advance more capital, and 1 thought the differential for tainted milk was too high.

In spite of considerable educational work done among the members by the officers and managers of this association, some farmers were badly misinformed with respect to its methods and practices. They had obtained their misinformation in some cases from employees of the association. It appears highly important for co-operative associations to keep all their employees correctly informed as to methods and policies being followed. The outside public and the membership expect them to be "on the inside," when, as a matter of fact, in some associations they know less than observing outsiders. This is especially important if the associations have employees, as milk collectors, who circulate regularly among the members. It is exceedingly difficult to reach the lower stratum of the membership of an association by the usual methods employed. Farmers in this group will not read weekly or monthly news letters or association organs; they will not attend meetings. Left to themselves, they pick up mostly gossip and false reports.

Old potato exchange.—A total of 225 potato growers were included in the survey. The 36 members of the old exchange had little knowledge concerning the reasons for its failure. The failure came gradually, the locals withdrawing one by one because of dissatisfaction with the service. The members told of particular mistakes made by the exchange, as selling a certain carload of potatoes at a price below the market for that period, but they had failed to analyze its insufficiency according to the principles of co-operation. Not only was the percentage of farmers who had belonged to it very low, but a large number of them did not know that it had even existed. In the Twin Cities Milk Territory, less than 25 per cent knew that there had been a previous potato exchange, altho 81 per cent grew potatoes. The growers in this territory, however, grow early potatoes mostly and for the local market. Farmers note and remember specific things which happen to them, but not very often the incidents which occur outside of their communities or which do not affect them directly.

New potato exchange.—Of the 225 potato growers interviewed, 80 were members of the new potato exchange, about to begin operating. Each member and each non-member living in the same community was asked to give his opinion of the new organization. Of the members, 87.5 per cent gave favorable opinions and 18.8 unfavorable, some giving opinions of both sorts. It is surely highly significant that 18.8 per cent of the farmers in the survey had an unfavorable attitude to the Exchange within a few months after signing a five-year membership contract with it and before it had handled a potato. Of the non-members, 28.5 per cent were favorable, 57.6 per cent were critical, and 26.0 per cent had no opinion.

These attitudes are analyzed in Tables X and XI. It is important to remember that these tables represent opinions and attitudes obtained after the membership campaign and just before the organization began operation. Two important conclusions may be drawn from these tables. The first is that favorable attitudes in at least 50 per cent of the cases were based upon erroneous economic assumptions. Illustrations of this are the 26.7 per cent who thought great economies would arise from holding potatoes off the market, the 6.1 per cent who thought that the organization could set prices, and the 3.6 per cent who thought it could control acreage. Most opinions with respect to speculation and middlemen's profits are in considerable part unfounded. The second conclusion is that the unfavorable attitudes were founded mainly upon distrust of leadership. They objected to the management or pointed out the possibilities of graft, and mentioned the so-called "outsiders" who were aiding in the organization of the association.

TABLE X
REASONS FOR APPROVING THE SECOND MINNESOTA POTATO GROWERS'
EXCHANGE, RANKED ACCORDING TO OCCURRENCE*

Rank	Content of attitude	Occurrence	Percentage of total attitudes
1	It will control selling by holding and pooling.....	44	26.7
2	It will cut out speculation, gambling, and middlemen's profits..	25	15.2
3	It will improve the quality of the potatoes.....	20	12.1
4	It will establish a fair grading system.....	14	8.5
5	It will advertise, find markets, and merchandise.....	13	7.9
6	It will require everyone to stick to his contract.....	11	6.7
7	It will set a fair price.....	10	6.1
8	It will reduce costs of distribution.....	7	4.2
9	It will control acreage and production.....	6	3.6
10	It is large enough to control the markets.....	5	3.0
11	It will do away with the fluctuating system and stabilize the price	5	3.0
12	The other system failed and this is co-operative.....	4	2.4
13	It will furnish competition for the dealers.....	1	0.6
Total		165†	100.0

* Taken from one to three months previous to its opening.

† Some farmers gave more than one reason.

TABLE XI
CRITICISMS OF THE SECOND MINNESOTA POTATO GROWERS'
EXCHANGE RANKED ACCORDING TO OCCURRENCE*

Rank	Content of attitude	Occurrence	Percentage of total attitudes
1	The management will be crooked.....	24	17.7
2	The control of acreage is not provided for.....	20	14.7
3	The contract is too long.....	20	14.7
4	There will be graft, especially in purchase of warehouses.....	15	11.0
5	The centralized control makes it top heavy.....	11	8.1
6	The contract is too weak.....	8	5.9
7	Pooling and holding will not work.....	7	5.2
8	The organization is too large.....	7	5.2
9	The overhead costs will be too high.....	6	4.4
10	It is a mushroom organization formed by outsiders.....	5	3.7
11	Farmers need production rather than marketing economies.....	4	2.9
12	A perishable product can not be handled co-operatively.....	3	2.2
13	It is too small an organization.....	3	2.2
14	The home storage provision will lead to losses.....	1	0.7
15	It has no capital with which to operate.....	1	0.7
16	It is a monopoly.....	1	0.7
Total		136†	100.0

* Taken from one to three months previous to its opening.

† Some farmers gave more than one criticism.

Agencies for marketing livestock.—Of the 345 farmers studied, 216 were members of livestock shipping associations and had been members an average of 5.5 years. Most of the memberships were among the less-than-carlot shippers. Seven of the associations shipped all or a part of their livestock to the Central Co-operative Commission Company. The attitudes of the members were influenced by two main

factors, (1) the importance of livestock as a sales product in the community, and (2) the feeling of antagonism which has developed toward the packers and the old line commission firms at South St. Paul. In communities where livestock is a minor source of income, and where its production was then mostly in a state of development, as in the Red River Valley, the attitudes toward co-operative shipping were not positive, and varied a great deal. When farmers in these areas became dissatisfied with the prices paid by local buyers, they turned to the association. As soon as buyers met the competition of the associations, some of the farmers deserted the association. In the short space of seven years, one association had gone through two such cycles of growth and decay. On the whole, co-operative shipping was accepted as a satisfactory method of handling livestock at the local market. In the heavier producing areas, the most common problem encountered was that of keeping members from selling to packers' representatives. This was causing the other members to favor incorporation and contractual organization.

The attitudes regarding the Central Commission Company, at South St. Paul, were a reflection largely of the existing beliefs that the old line commission companies have been unfair to farmers' organizations. Of the total number of farmers, 43.8 per cent were of the opinion that the general tendency of the South St. Paul market was to take advantage of farmers. There were 29.8 per cent who had no opinion on this subject, and 26.4 per cent who were at least not antagonistic to the private agencies in the market. The trouble which the Central Commission Company had had with the Federal Packer and Stockyards Administration had added to this feeling of antagonism, the farmers as a rule believing that the old line companies were at the bottom of this trouble.

Each farmer was asked his opinion as to who should own and who should regulate the meat packing business. Private ownership was favored by 39.3 per cent, government ownership by 29.1 per cent, and farmer ownership by 23.0 per cent. The remaining 8.6 per cent had no opinions on this point. Most of those in favor of private or farmer ownership thought government regulation was necessary. Only 15 per cent were opposed to government regulation, most of these favoring "farmer regulation" instead.

Agencies for marketing grain.—Of the farmers studied, 94 held membership in farmers' elevators, and 24 in the Minnesota Wheat Growers' Association. Others had sold through farmers' elevators but did not hold shares of stock. A characteristic of the elevators is that membership requires ordinarily a relatively large investment of capital,

and as a result shares are often not widely distributed in the communities. Many of the elevators do not limit the dividends in stock, and hence are not true co-operatives. This is coupled with concentration of ownership in a relatively few hands in many cases. The change from grain to livestock production by the farmers in some regions has reduced the membership in the elevator organization. The elevators are no longer sales agencies for the farmers' main crop. The rapid decline in prices of grain following the War caused the failure of a number of the elevators, and the practical disappearance of patronage dividends from the others. For these and no doubt other reasons, the farmers of Minnesota, so far as covered in the survey, did not seem to be greatly interested in their elevators in 1924. There were no definite trends of opinion concerning them. Most of the farmers were not even thinking about them.

The 24 members of the Minnesota Wheat Growers' Association had had very little experience with it. Fifteen had delivered one crop, 7 had delivered no crop since signing, 1 had had a crop failure, and 1 had broken his contract. Of the 15 who had delivered their 1923-24 crop to the association, 1 reported satisfaction, another claimed that he had lost 5 cents per bushel, and the other 13 were very anxiously and somewhat skeptically awaiting their last payment. The outstanding fact was the members' complete lack of information concerning the association, and, in consequence, their eagerness for information or even rumors.

The farmers in all but one community were asked to give their opinions concerning the Minneapolis Chamber of Commerce, the practice of trading in grain futures, and the ownership and regulation of the flour mills. Of the 297 farmers interviewed, 59 per cent thought that the Minneapolis Chamber of Commerce was harmful to the interests of the farmers, 14.8 thought that it was favorable, and 27.2 per cent had no opinion. Future trading was opposed by 66.3 per cent, and favored by 16.2 per cent. The other 17.5 per cent had no attitude. Private ownership of the flour mills was favored by 38.1 per cent, government ownership by 25.9 per cent, and farmer ownership by 24.6 per cent. The remaining 11.8 per cent had no opinion. Government regulation was favored by 76.4 per cent, farmer regulation by 10.8, and no regulation by 2 per cent. About 11 per cent had no opinion.

Agencies for marketing poultry and eggs.—Co-operation in egg marketing began as a side line of the creameries. The need for better organization was discussed in 1923 at the annual meeting of the creamery federation. The Minnesota Co-operative Egg and Poultry Exchange was an outgrowth of this meeting. The exchange was formed

on May 3, 1924. Its organization consists of county or district locals which have contracts with their members, these locals in turn having contracts with the central organization. In most cases the contracts may be cancelled once a year during certain seasons. Twenty-one members of the exchange were interviewed. At that time, there were only 13 so-called locals or county exchanges.

One of the main reasons for forming the association was the lack of a standard grading system for eggs. The wholesale dealers of the state at one time unanimously agreed to purchase only according to government grades, but the agreement was not carried out. Most of the eggs were purchased through the retail grocery stores at which the farmers trade. The grocer is primarily interested in his patronage. Buying eggs by grade often antagonized some of the patrons, so the grocers found it easier to pay an average price for all eggs, and this the wholesale dealers could not overcome.

When the association was organized it faced three problems which are of interest to this study—grading, pooling instead of cash payments, and the organization of delivery places. Farmers ordinarily recognize only two grades of eggs, plain eggs and rotten eggs. For years, poor producers had been getting the same prices as good producers except for the few that were candled out. Hence most of the members had to become adjusted to the grading idea and to readjust some of their methods of production. Most of them were used to receiving cash at time of sale. In many rural districts eggs were a principal source of cash income in the seasons between sales of the major products. The association opened with 15-day pools. This meant at least 30 days before the first check came. Market prices fluctuated between time of delivery and time of payments. Members often remembered the peak of prices during this whole period when they compared store prices with exchange prices. The new places for delivery were generally near the co-operative creameries. In a good many cases, the women deliver the cream. This meant that the buttermaker had to handle the cases of eggs and crates of poultry. He was allowed a small fee for this. This creamery man thus became practically the only representative of the association with which the egg producer came in contact. Often he had no dependable information concerning the poultry organization and in many cases disliked the irksomeness of handling the produce. Sometimes the egg member became dissatisfied with returns and blamed the creamery. These details are mentioned because they indicate the psychological readjustments which the producer had to make in the early days of the organization.

Some of the locals realized the significance of these psychological adjustments and tried to help the members in the transition. Money was

secured and part cash was paid at time of delivery. The former selling places were made points of delivery and a great deal of educational work was done and personal contacts were maintained. Other exchanges, not appreciating the importance of this, suffered from some disloyalty. The former middlemen were active in inciting suspicion. They did this at times by publishing propaganda, but mainly by circulating rumors and by occasionally quoting irregular prices on eggs.

Some of the locals met this crisis by invoking Section 27 of the 1923 Co-operative Marketing Act of Minnesota, which provides for enforcing contracts with members, and also forbids third parties soliciting products under contract to co-operative marketing associations; and also by the use of blanket threatening letters to the members. Following is an actual sample of one of these letters:

—————County Co-operative Egg and Poultry Association,
—————, Minn., July 1, 1924

Members of Association:

Some time in the past year *you** agreed with your neighbors in _____ County and adjoining counties to market *your* eggs and poultry co-operatively, in order to improve the quality, lessen the spread between the price to the producer and to the consumer, and increase the returns to the producer.

When one views impartially the markets of the Northwest, one can see that the spread has been very much narrowed. The markets near the co-operative associations are higher than those at points nearer Chicago where they formerly had the advantage. Many times the local prices have been even with those in the Twin Cities—a condition that has seldom existed before.

A few of *you* for various reasons have not lived up to *your* agreement with your neighbors. Some signed the marketing contract when they did not have any poultry products to market.

A large number of our members have enjoyed an unusually good demand for hatching eggs. This is a good thing for the community as it tends to improve the standard of the eggs and poultry we will handle. Selling for this purpose is encouraged but, of course, it cuts down our supply materially.

A few have felt that their small number of eggs would not make any difference, while a few have plainly disregarded their obligation to their neighbors who have been making the market by supporting your organization. It would make a difference of a cent or more had we had all the eggs we had a reason to expect.

Your contract is just as legal a paper as any note and is enforceable.

Any dealer who buys from a member of a Co-operative Association is also liable under the New Minnesota Co-operative Law, and the directors are considering taking steps to see that this law is enforced.

It should not be necessary to do anything further than to give you our best effort to get 100 per cent co-operative. In other words, it is up to the members to see that they live up to their contract and deliver their eggs.

* Italics supplied.

We have enlarged our membership nearly 100 per cent. We are mailing out a good return for the first half of June. Market at different points was all the way from 18 cents to 22 cents for firsts and 16 cents for seconds. We are returning 23 cents for top grade and we have some instances where members' eggs grade 80 per cent of that grade.

We returned 36 cents for broilers and 28 cents for heavy hens; so you will agree we are making the market and getting consistent prices. We will load our first poultry car July 9, 10 and 11 and if you need coops let us know and the truck will take coops out to your receiving station next week. If you send in your own coops they will be returned on the next trip of the truck. The poultry market is about steady, but is somewhat lower than during the fore part of June. Let's all get behind the organization that will put our poultry products on the same high plane as Minnesota butter.

—————Co. Co-operative Egg and Poultry Association,
—————Mgr.

Note that this letter used "you" and "your" instead of "we" and "our," and that it suggests legal procedure against members and dealers. The psychological effects of such a letter on the members have repeatedly been demonstrated to be bad. A state of mind is set up which is highly contrary to the co-operative spirit. It apparently puts the matter of loyalty largely in the hands of the central office. The use of the second-person pronouns *you* and *your* strengthens this impression. The reaction of a loyal member may be stated as follows: "If the contract is legal and easy to enforce and an injunction can be secured against these dealers, as this letter says, let the central office do it and make this thing a success. If it does not succeed, the manager is to blame." The reaction of the disloyal member is even worse. A poultry and egg association can not afford to enjoin or sue a member over the few eggs his wife is selling at the store. A better procedure would be to explain the disloyalty. This is valuable for both loyal and disloyal members. Every contract breaker blames the association for his behavior. This is the psychology of rationalization. Some analysis of causes of disloyalty helps the loyal member to prevent disloyalty in others and, to some extent, the disloyal one to understand himself.

As a result of invoking Section 27, of the Co-operative law, the dealers became openly antagonistic. By combining with dealers in other products who were also opposed to co-operation, they were able to bring the clause before the Supreme Court of Minnesota for review.¹⁴

¹⁴ Minnesota Wheat Growers' Co-operative Marketing Association vs. Radke, and Minnesota Wheat Growers' Co-operative Marketing Association vs. Commander Elevator Company. See "Agricultural Co-operation," issue of June 6, 1925. The Court pointed out that malicious interference by a dealer laid him open to damages, but that Section 27 went beyond this in making it an objectionable wrong for a dealer to receive produce from members when he had used no effort or made no inducement to them to break their contract.

The decision was sufficiently adverse to make it advisable for some of the co-operative associations to revise their policies and depend more on voluntary co-operation, which is undoubtedly the policy which they should have adopted at the start.

Reasons for Attitudes Toward Private Marketing Agencies

The attitudes which farm people have toward such institutions as the Minneapolis Chamber of Commerce and the meat packing companies at South St. Paul, are of great interest to many classes of people and of great significance to workers in the field of agricultural organizations. Many circumstances enter into and affect these attitudes. It will be well to refer to these briefly before analyzing the data obtained.

Geographic distance is a very important factor in determining attitudes. Farmers are fairly well acquainted with the things which happen in the local trading community. The local creameries, live-stock shipping associations, potato warehouses, and farmers' elevators are within the range of almost daily contact. Even under such circumstances, suspicion, mistrust, and misunderstanding are all too prevalent. Organizations located in the Twin Cities are out of the circle of frequent contact for the great majority of farmers, and hence their aims, purposes, and functioning are greatly misunderstood, misinterpreted, and mistrusted.

The method the co-operatives have of handling the obstacle of geographic distance is to organize on a federated basis. In the minds of most of the farmers, the federation exists in the body of the local association. The federated type of organization is merely a method of placing centralized co-operative endeavor in physical contact with the members. But private marketing agencies find it hard to provide a substitute for such an organization.

Occupational or other social grouping may also be an important factor. Farmers as a group are socially separate from townsmen as a group, and especially from the middlemen group who handle their products. The mistrust and misunderstanding will be especially great if the two groups have vital relations with each other, as have farmers and middlemen. When this and geographic distance are combined, as, for instance, between Red River Valley farmers and members of the Minneapolis Chamber of Commerce, the avenues of mistrust are doubly open. Table XI, which summarizes the criticisms of the Minnesota Potato Growers' Exchange, is a good example of misunderstanding which arises when geographic distance and social grouping combine in the case of a co-operative.

Farmers have certain traditional types of beliefs which profoundly influence and determine their attitudes. Geographic distance, social groupings, occupational environment, and the conventional logic or types of reasoning prevalent among the farmers, lie back of these traditional beliefs. Examples of these beliefs are the following: "The farmer is the only producer," "The middlemen set the price," "Crop statistics enable the middlemen to take advantage of farmers," "All other groups are organized except the farmer, and he must organize to protect himself," "All other economic groups are parasites." These traditional beliefs play a large rôle in guiding the conduct of farmers when crises arise in agriculture. These traditional beliefs are no doubt in considerable part the result of certain modes of thinking which have become customary among rural peoples. The most prevalent of these are:

- a. From one particular phenomenon to a general principle. A failure of one organization leads to generalizations concerning all organizations.
- b. From simple analogy. For example: "Merchants have organized to price the goods they sell; consequently farmers should organize and set prices on their produce."
- c. From correlation to causation. If two things occur together or following each other, one is certain to be assumed the cause of the other. If a co-operative begins operation on a rising market, the organization receives credit for the increase; and if, on the contrary, it begins with a declining market, it is so thoroly censored that it often fails.
- d. From generalizations which are generally accepted but not proved. Their acceptance of the traditional beliefs mentioned illustrate this.
- e. From vitalistic interpretations of natural or mechanical forces. By this is meant that a current method of thinking among farmers, as well as among most other people, is to attribute personal motives to very impersonal behavior, to blame persons for mishaps due to nature or very little under human control. If a cream test is lower than the farmer thinks it should be, in a great many cases he blames the buttermaker rather than his cows or the condition of his home separator. If prices of wheat sag, he blames it upon the middleman or the political party then in power.

These five elementary types of thinking are very prevalent among the modal groups of farmers. Any co-operative must combat them, and its success depends upon its ability to please its members in spite

of them. All the attitudes considered in this study are conditioned by these types of logic.

Farm people are inclined to allow the success or failure of other farm organizations to affect their attitudes toward any particular co-operative operating at the same time. Institutions which have been established and have operated successfully for a number of years build up pattern ideas which lead to attempts at duplication of these institutions for other commodities. Successful co-operation in one line leads to attempts at co-operation in all other lines, regardless of need for it or prospects of success. The early co-operatives were farmers' elevators. These were closely followed by creameries. These proving reasonably successful, co-operation has gradually spread since 1910 to all phases of farm life. On the other hand, there have been important failures from time to time, and these have weakened the morale of the whole movement for a time and have produced a temporary disintegration of the favorable attitudes toward similar institutions.

Table XII gives information about the investments which farmers in five of the communities have made since 1917 in co-operative ventures which have either failed or have never paid dividends.¹⁵ Of the 20 organizations, 18 had been reorganized with a complete loss of the original capital stock or had gone out of business by July, 1924. Two were operating, but had barely managed to keep the original capital intact. The 203 farmers had made 155 investments in these organizations. Needless to say, the effect of these failures was very disturbing. The effect of such failures is more devastating to the morale of members of the centralized associations than of local or federated organizations because in the latter cases the farmers can see for themselves.

TABLE XII
NUMBER OF FARMERS IN FIVE COMMUNITIES WHO JOINED "FARMERS" ORGANIZATIONS WHICH LATER BECAME DEFUNCT BETWEEN 1917 AND 1924

Community	No. of farmers surveyed	Farmer-owned papers	Meat packing plants	Potato warehouses	Creameries	Flour mills	Farmers elevators	Other types	Total
Cambridge	41	10*	4	15	12	..	..	3	44
Askov	41	..	1	..	..	..	..	..	1
New York Mills..	38	8*	7	1	..	14	..	6	36
Moorhead	40	2	11	..	..	..	..	11	24
Ada	43	10	17	..	..	..	21	2	50
Total	203	30	40	16	12	14	21	22	155

* Of the 20 farmers' organizations, these two are the only ones which had not gone bankrupt or had not been completely reorganized up to the time of the survey.

Effect of co-operative experience.—The only data obtained which throw any particular light upon reasons for attitudes of farmers toward private marketing agencies, are those given in Table XIII. In

¹⁵ This information concerning investments was not obtained in the other four communities.

general, those with considerable co-operative experience are more opposed to the private agencies in the central market than are those with little co-operative experience. But the relationship is not at all pronounced. The group of 25 farmers with most co-operative experience, 36 or more years, were most charitably inclined. The table suggests, if anything, a variety of points of view on this subject. No doubt a principal reason for obtaining co-operative experience in the first place was hostility toward the private central market agencies. Their experience apparently has made some of them more hostile and no doubt many of them less hostile. This is what would be expected. Some have become somewhat disillusioned by their co-operative experience. Others have become more attached to their own organization and more embittered toward its enemies.

TABLE XIII
RELATIONSHIP BETWEEN CO-OPERATIVE EXPERIENCE AND ATTITUDES REGARDING
CERTAIN PRIVATE MARKETING INSTITUTIONS

Amount of experience	No. in group	Percentage antagonistic to South St. Paul livestock market	Percentage favoring private ownership of mills	Percentage favoring private ownership of packing plants
None	32	13	41	41
1-5 years	96	47	41	45
6-10 "	67	48	31	37
11-15 "	54	50 ^a	36	39
16-20 "	19	53	37	37
21-25 "	19	42	41	42
26-30 "	18	33	18	22
31-35 "	13	54	31	23
36 or more	27	44	52	44
Total	345	44	38	39

WHAT FARMERS THINK ABOUT FARMERS' ORGANIZATIONS

The Farm Bureau Federation and the Non-Partisan League are two farm organizations which have had an important influence on marketing in Minnesota. During this study, some information was obtained concerning the farmers' attitudes toward these organizations. A summary and analysis of these data follow:

The Farm Bureau Federation.—County agent work was first organized in Minnesota in 1912. Since then, with the exception of a rapid growth during the War and a decline in 1921 and 1922, it has on the whole increased in public esteem. Two of the ten counties visited during this study were first organized in 1913, two in 1914, five in 1918, and one in 1921. Three of the ten county farm bureaus were inactive at the time of the study. Of the farmers included in the study, 53 per cent had been members. The average number of years of paid membership for these 53 per cent was 3.8, varying from 2.4 to

4.8 years for the separate communities. Of the 183 farmers who were or had been members of the organization, 80.4 per cent were favorable to county agent work, 18.5 per cent were opposed, and 1.1 were indifferent. Most of the 18.5 per cent were not members of county farm bureaus at the time of the survey. Of the 162 who had never been members, 25.3 per cent favored the organization, 47.0 per cent opposed it, and 27.7 per cent had no opinion to express. Of the 345 farmers visited, 54.5 per cent favored it, 31.9 per cent opposed it, and 13.6 per cent had no opinions.

The Non-Partisan League.—This has been an important organization among Minnesota farmers during the last eight years. Table XIII shows that the organization was begun in these communities in 1916 and 1917. At one time it had 1586 paid-up members at eight of the rural postoffices included in the study. It was not deemed advisable to ask the farmers included in this study as to their relationships with the League, but a great many volunteered the information. The data in the table were obtained from the files of the League. The third column in Table XIV includes all who paid membership dues between the fall of 1921 and the date of the study. They form 24 per cent of all who originally joined. In four of the communities, strong League organizations had existed, and in the four others the organization had never been significant. Moorhead is classed with the communities in which the organization had never been strong. The 136 members given in Table XIV lived in an outer portion of the mail territory. Only one man included in the particular area studied had ever joined the League.

Motives behind Farm Bureau and League membership.—The Farm Bureau is ordinarily thought of as educational, and the League as economic and political. Indeed, in many communities the organizations were at cross purposes, some of the farmers favoring political and economic measures and others educational measures. A correlation of the total membership of the League at each mailing point with the percentage of the farmers at that place who had been or were members of the Farm Bureau Federation gave a negative coefficient of -0.315 .

For a few years there was considerable discussion as to the relationships which existed between the League, the Farm Bureau, and co-operative marketing. The relationship between the League and co-operative experience may be expressed by $r = +0.577 \pm 3$ (S. E. 0.108) and between Farm Bureau strength and co-operative experience by $r = -0.382 \pm 3$ (S. E. 0.137).¹⁶ In other words there appears a slight negative relationship between the Farm Bureau and co-operation, and

¹⁶ Complete positive correlation would be expressed by $+1.00$; complete negative correlation by -1.00 .

a positive relationship between the League and co-operation. This may be due either to members of co-operatives joining the League more freely than non-members, or to the League's promotion of co-operative enterprises. Undoubtedly it was due to both, but more largely to the latter. These coefficients are low, however. This means that many other factors were of importance in both cases. A second consideration is that of final results. In a great many cases, the educational work of the county Farm Bureaus promoted co-operation best in the long run, and in many other cases the failures of unfortunate farmers' organizations sponsored by the League harmed the co-operative movement, as shown in Table XIII.

TABLE XIV
POPULARITY OF NON-PARTISAN LEAGUE IN EIGHT COUNTIES STUDIED*

Community	Year organization work began	Total persons who get mail at this P.O. who belonged to League	Mailing list of Minnesota Leader, Sept. 1, 1924†	Percentage of all who joined who were "active" in summer of 1924
Sleepy Eye, Brown County	1916	475	112	24
New York Mills, Ottertail County	1916	351	54	15
Cambridge, Isanti County	1917	330	116	35
Ada, Norman County	1916	137	49	36
Moorhead, Clay County	1917	136	31	23
Luverne, Rock County	1917	91	13	14
Faribault, Rice County	1917	63	6	9
Askov, Pine County	1918	3	..	0
Total		1586	381	24

* These figures were obtained directly from the files of the National Non-Partisan League, by courtesy of its officers.

† Includes all paid-up until late in 1923. Since Non-Partisan League memberships were on a two-year basis, column 4 includes those who paid membership fees between the fall of 1921 and date of record. The files had not been cleared of members whose paid membership ran out in 1923, because the mailing list was valuable for campaign purposes.

Another motive behind the development of these two organizations was that of protest against bad economic conditions. The war unrest, the declining price levels of 1920 and 1921, and the crop failures experienced, caused the rise and spread of these organizations. Table XIV shows that by 1922 or 1923, less than a fourth of those who had originally joined the League still maintained their membership. Men who join organizations for such temporary motives do not stay by them very long when they fail to do the impossible. Such a motive

of protest was also behind the enormous increase in membership in the Farm Bureau Federation during the 1920 membership campaign. Table XV compares an index number of prices of farm commodities with similar indices of membership in the Farm Bureau for the 10 counties studied and for the state as a whole. The Farm Bureau received a great impetus from war patriotism during 1918. It about held its own during 1919. During 1920, prices began to decline just as the membership campaign began. During this campaign the membership in the ten counties increased from 3537 to 7714, and in the entire state from 30,516 to 53,282.¹⁷ This large membership continued during the next year and then slumped to below the 1918 level. It has grown gradually since that time. No doubt most of those who joined in 1920 and dropped out were actuated by only temporary motives.

The same temporary motives cause many farmers to join the large centralized co-operatives during intensive membership campaigns, and the organizations suffer when the time comes for delivery of the products. Probably 25,000 members of the Tobacco Growers' Association of Virginia, North Carolina, and South Carolina broke their contracts partially or entirely during the first year.

TABLE XV
RELATIONSHIP BETWEEN PRICES OF FARM PRODUCTS AND GROWTH OF FARM
BUREAU MEMBERSHIP

Year	Index Nos. of prices of 30 farm commodities*	Index of strength of Farm Bureau in 10 counties studied†	Index of strength of Farm Bureau in the entire state‡
1917.....	176	100	100
1918.....	200	237	487
1919.....	209	219	570
1920.....	205	477	995
1921.....	116	451	915
1922.....	124	189	..
1923.....	135	243	..
1924.....	134	244	..

* Taken from the June, 1925, supplement to the "Agricultural Situation," printed by the United States Department of Agriculture. August, 1909, to July, 1914=100.

† The year 1917 is used as 100. Figures were obtained from the State Extension Service.

‡ The year 1917 is used as 100. Membership figures after 1921 were kept by the State Farm Bureau, an organization separate from the Extension Service, and can not be obtained.

Several factors may affect the attitudes of farmers toward county agent work. Americanization may be a factor in it. Education, amount of reading done by the family, or the wealth and social position of the farmer as indicative of his success at farming, may all affect the attitudes toward this work. These influences were tested out by an analysis of a small group of farmers interviewed in the Rural Living study of 157 farmers previously mentioned. The five factors mentioned

¹⁷ These figures are taken from the annual reports of the State Extension Service.

accounted for a relatively small part of the total attitudes. "Income" and "generations in the United States" proved to be significant positive influences; and a somewhat larger percentage of the older than of the younger farmers were opposed to the work. The other significant factors would probably be experience as members of the organization, physical contact with agricultural agents and extension service men, and participation in demonstrations.¹⁸

ATTITUDES TOWARD NATIONAL ECONOMIC POLICY

The attitudes with respect to tariff policy are summarized in Table XVI. Tariffs for manufactured products were favored by 53.8 per cent, compared with 70.4 per cent for tariffs on farm products. Those opposed to tariffs constituted 28.6 per cent for manufactured products and 17.6 per cent for farm products. The others had no opinion. The conclusions to be drawn from this table and other information obtained may be stated as follows:

1. The majority of Minnesota farmers are protectionists. Less than a fourth of all the farmers were definitely opposed to protective tariffs.
2. The most common belief among farmers is that a tariff automatically holds up the price of a product. Most of them make no distinction between the effects of tariffs upon products produced for export and those produced for domestic markets only.
3. When the farmers became dissatisfied with relative differences in price levels, they turned to protection for agriculture rather than to less protection for manufacturing.
4. Farmers have practically no information regarding existing tariffs and their effect upon the country as a whole.

TABLE XVI
ATTITUDES WITH RESPECT TO TARIFFS

Attitude	For manufactured products	For farm products
Per cent favorable	53.8	70.4
Per cent opposed	28.6	17.6
Per cent no opinion	17.6	12.0
Total	100.0	100.0

Attitudes toward the Mellon tax plan, then being discussed, were obtained from the farmers in five of the communities. This plan was fairly well known because the Literary Digest had just completed a nation-wide poll on the subject. The plan was favored by 15.8 and opposed by 47.8 per cent. The remaining 36.4 per cent knew too little

¹⁸ See U. S. Dept. of Agr. Bull. 1384, p. 17.

about it to have an opinion or were undecided. These returns are somewhat different from those of the Literary Digest, which found 43,245 favorable and 34,899 opposed for Minnesota.

Reasons for Attitudes Regarding Tariffs

Why do Minnesota farmers think differently with respect to this measure? It is a problem of economic theory concerning which farmers have had little experience, but have rather definite attitudes. Why do they agree substantially with the dominant political thinking on the tariff and disagree as to this scheme of tax reduction? No doubt the most important of the reasons is political leadership and propaganda. Farmers have been impressed for many years with the necessity for tariffs and the doctrine of protection. Automatically they have accepted these doctrines and today protection is one of the fundamentals of their political and economic thinking. But in spite of the most vigorous propaganda for the Mellon tax plan, they had not fallen in line with it. Perhaps they may in time. It appears, however, that there are more fundamental reasons growing out of the character of logic behind the ideas. Tariffs do raise the prices of some farm products and of many manufactured products. Such an effect is easy to believe, and fairly easy to observe. In a period of generally rising prices, as from 1895 to 1920, it was not difficult for political propagandists to torture facts in such a way as to credit tariff protection with a good many things to which it had no relation. A rise in the tariff level is generally conceded to act as a temporary stimulus to business in general. Farmers as well as other ordinary business men rarely think in terms of other than immediate effects. Further statements concerning attitudes on problems of national economic policy will have to wait for more investigation and statistical analysis. From this study it is easy to observe that the attitudes regarding these problems are determined by social and psychological as well as economic factors.

SUMMARY

This study summarizes the attitudes of a representative sample of Minnesota farmers concerning co-operative marketing, co-operative business practices, marketing institutions, the Farm Bureau, the Non-Partisan League, and some current political and economic questions. The amount of experience with co-operation of the 345 farmers taken from 9 communities varied from none to more than 40 years. The majority were favorable to co-operation of all kinds and these attitudes correlate positively with their experience. Definite attitudes on the best practices in co-operative business organizations appear to be developing from experience. The road to efficient marketing is being blazed by

these organizations. Proper principles of social organization and membership relations are also developing.

Experience with such marketing agencies as co-operative and private organizations has also led to some agreement in attitudes. Co-operative organizations founded on safe principles and proceeding according to proper methods of farm psychology have won accepted places in the minds of the farmers. The result has been a growing recognition of the significance of these institutions in Minnesota farm life and a gradual increase in the amount and percentage of business handled. Proprietary organizations, especially those located at central markets, suffer from the misunderstandings which arise from the geographic and social isolation of farmers. The revival type of centralized co-operative organization has thus far proved a failure in Minnesota when measured from the standpoint of development of proper attitudes. The two chief psychological characteristics of the members of the centralized organizations included in this study were erroneous attitudes and a distrust of leadership.

The Farm Bureau and the Non-Partisan League competed for the loyalty of Minnesota farmers. The League was economic and political, whereas the Farm Bureau, especially the local county bureaus, emphasized educational work. The League, as such, is extinct. The Farm Bureau suffered a relapse because of the 1920 membership crusade; but the fundamental educational value of its work is developing favorable attitudes among farmers. This is similar to the development of attitudes favorable to co-operation.

Ideas regarding tariffs and taxation programs are the combined result of political propaganda, rural logic, and the structure of previous experience of farmers. Minnesota farmers are primarily protectionists. The next step in rural thinking about tariffs is uncertain. Farmers do not understand the prevalent theories of the incidence of income taxes.

Some of the more fundamental conclusions relating to the essential nature of rural social psychology, may be stated as follows:

1. Rural attitudes may be put into two classes. The first and most important class includes the attitudes concerning subjects with which the farmer has had actual experience. The second class consists of attitudes toward a subject with which the farmer has had no actual experience, such as tariffs or international trade.

2. Farmers in each community so vary in their attitudes toward the same phenomenon as to give a distribution often approaching the normal frequency distribution. An illustration is the attitude regarding "fair price." Forty-two per cent favored a supply and demand price, while 45 per cent favored cost of production, and 16 per cent had no idea on the subject. If an "attitude scale" could have been devised