The family-sized farm, though a successful and typical unit of production in Iowa, in many situations proved too small for economy in selling products or in buying raw materials to be used in production.

20. The Marketing Phase of Iowa Farm Living

SAM H. THOMPSON, *Economics*

As the virgin sod was broken, Iowa grain production increased rapidly. In 1849 the state grew only about one and one-half million bushels each of wheat and oats, and less than nine million bushels of corn. Ten years later Iowa farmers produced five times as much wheat and corn and four times as much oats. Iowa had climbed in a single decade from nineteenth place to seventh place in corn production and from fifteenth to eighth place in production of wheat. Farmers had products to market.

Older settlers often sold feed or livestock to newer arrivals in their own neighborhood. Since there were no railroads, surplus grains had to be hauled overland in wagons or moved by waterways. Large amounts of grains were fed to cattle, hogs, and sheep, and these animals were often driven to market on foot.

**GRAIN MARKETING**

The coming of the railroads made it possible for the Iowa farmer to market his grain without having to convert it into livestock or meat. As rails reached one town after another, elevators were erected to collect, store, and load the grain. Railroad companies, terminal commission companies, and local capitalists built the elevators. Where they did not, the farmers did. In some cases there was dissatisfaction with established private agencies.

The first farmers' elevator organized at Blairstown in 1867–68 ran only two years. With the coming to Iowa of the Grange in 1869 the movement got under way in earnest. The first incorporated elevator began at Brooklyn in 1869. By 1877, forty-two had been organized. Half of these failed by their third year, and none were in operation.
after 1883. For a time, line and other private elevators again handled all the local grain trade.

The second period of the farmers' elevator movement started in 1886 when two elevators began operations. The farmers had picked up the idea of strictly commercial organizations for improving farm marketing. At every turn they met with determined opposition from existing private companies, and for fifteen years success hung in the balance. By 1903 fifty-two elevators had been organized and thirty of them were still in operation. One of the chief factors in their success was the protection clause, commonly called the penalty clause by the enemies of co-operation, requiring members to pay a handling charge to the co-operative elevator if they sold grain to a competitor. In this way a member guaranteed the maintenance of his agency whose aim was to handle grain at minimum cost. The protection or maintenance clause was first adopted in 1890 as a bylaw by the Farmers' Co-operative Society organized at Rockwell in 1889. This is generally recognized as the oldest survivor which has remained in continuous operation as a farmers' elevator. Most other farmers' elevators speedily adopted the maintenance clause bylaw.

Alarmed at the foothold achieved by farmers' elevators, local independents and line elevators of Iowa attempted to destroy them by cutting them off from markets. The secretary of the state organization of private elevators informed grain commission firms at Chicago in 1904 that they would lose the business of the "regular" country grain shippers if they continued to handle farmer elevator grain from elevators using the maintenance clause. As a result, commission firms refused to accept co-operative shipments and their grain stood on track at Chicago or piled up in Iowa elevators until two firms defied the association of private dealers, thus ending the boycott.

As a result of the boycott seventeen farmers' elevators met at Rockwell in November, 1904, and formed the Farmers' Grain Dealers' Association of Iowa. Aggressive work by leaders of the group led to rapid and steady growth of farmers' elevators. Elevators were assisted in legal details of organization and commercial phases of their work, weighing and grading practices at terminals were improved, and a fairly good state co-operative law was passed in 1915.

From thirty farmers' elevators in 1904, numbers in operation increased to 244 in 1909, 345 in 1914, and 516 in 1922, the peak year. In fifty-five years beginning with 1867, 636 farmers' elevators had been organized and in 1922 more than four-fifths were still operating. Overexpansion, collapse of grain prices at the end of World War I,
inadequate volume, and inefficient management were among the factors that reduced numbers of elevators to 346 in 1938. Meanwhile, by 1931 farmers’ elevators had lost many of their original members and much of their co-operative character. Following 1931, membership and financial and co-operative structures were being rebuilt. By 1938, two-thirds of the elevators were organized under one of the three co-operative laws and by 1939 fifty-seven elevators were incorporated under the 1935 co-operative law.

In 1937 farmers sold 58 per cent of their grain through farmers’ elevators. One farmer in four was a member and two out of three patronized them. Collapse of grain prices stimulated various attempts to provide co-operative facilities at terminal markets or on a nation-wide scale. The first of these, United States Grain Growers, Inc., organized in 1921, grew out of plans developed by a committee of seventeen, appointed by an Iowan, J. R. Howard, president of the American Farm Bureau Federation. It operated a sales agency at Minneapolis for a short time. In 1924 a group of farmers’ elevators in Iowa and Illinois organized the Rural Grain Company which began operations in 1926 but was forced into receivership four years later.

During 1932, Iowa members of the defunct Rural Grain Company organized the Iowa Co-operative Grain Company. In 1934 this organization joined the Farmers’ National Grain Corporation, sponsored by the Federal Farm Board, and continued to channel in grain for it until 1937 when Farmers’ National Grain Corporation went into receivership. The Iowa organization ceased operations in 1938. In 1943 the state Farmers’ Grain Dealers’ Association inaugurated brokerage service at Fort Dodge, and since 1945 has operated a terminal elevator at Des Moines. Two other federations serving Iowa farmers’ elevators are Farmers’ Elevator Mutual Insurance Association, organized in 1909, and the Farmers’ Elevator Service Company, dating from 1926. The latter operates on a brokerage basis and purchases feeds, fencing, coal, and other merchandise for member associations. In 1946 it acquired a feed plant at Des Moines.

LIVESTOCK MARKETING

Outside of Iowa, Cincinnati so dominated the livestock and packing trade from 1830 to 1860 that it was called “Porkopolis.” Its pre-eminence resulted from its nearness to livestock-producing areas and its location on the Ohio River which served as a highway for transport of livestock and packing house products and also carried off wastes.
Consolidation of trading at a single public market, the Union Stock Yards, on Christmas 1865, marks the beginning of the importance of Chicago as a livestock marketing and packing center. Other public stockyards were begun at Kansas City in 1871 and Omaha in 1884.

Mississippi River firms had almost exclusive handling of the Iowa packing industry until the early seventies. However, State Agricultural Society reports note that in 1858, twenty cattle were driven from Kos-suth County to Chicago and four thousand cattle were slaughtered for export or driven from Jackson County. But hogs could not readily be driven such distances. In the winter some were slaughtered on the farm and others went to merchants along the Mississippi who forwarded products to St. Louis and New Orleans by boat. In the early forties small packing plant were in operation at Keokuk, Burlington, Musca­tine, Fort Madison, and Davenport. More adequate plants were developed in the fifties and until 1874, river packers processed more than half the hogs slaughtered by packers in Iowa.

PACKING HOUSES

Pork packing at Davenport was begun in 1842 on a small scale by provision merchants. The real beginning, however, should be credited to four local butchers who in the early sixties began pork packing operations in connection with their meat markets. Eventually pork packing became their major interest. By the mid-nineties only Henry Kohrs and one other were operating and in 1907 the Kohrs Packing Company became the sole operator at Davenport. The Tri-City Pack­ing Company promoted at Davenport in 1893 did not become a going concern.

Packing operations were carried on at Ottumwa from 1860 to 1863 with fair success by B. Ladd and Company. Later the plant declined and was leased in 1877 to John Morrell and Company, a seasoned English firm with half a century of experience. In 1878 Thomas D. Foster, Morrell representative, concluded that Ottumwa was a satisf­actory site for a permanent location and under his leadership a new plant was constructed.

Pork packing was started in 1871 at Cedar Rapids in an old icehouse by T. M. Sinclair, whose experience in the field dated back to 1832 in Belfast, Ireland. In 1872 a modern plant was built. By 1878 Cedar Rapids claimed the fourth largest packing plant in the world.

At Des Moines pork packing, mainly for the local market, was carried on in a small way before and during the Civil War. For twenty-four years following 1870 two plants handled by various
proprietors were fairly active. In 1894 Liverpool capitalists, then owners of both, suspended operations.

The importance of Waterloo as a packing center began with the arrival of E. F. Rath, Jr., and John W. Rath in 1891. Members of the Rath family had been packers since the early fifties at Dubuque but they moved when their plant was destroyed by fire.

Packing began at Mason City in 1895 and the enterprise was purchased in 1899 by Jacob E. Decker and son, Jay, whose family had been in the business in Europe since 1777.

Brittain and Company began packing pork for Liverpool at Marshalltown in 1882 and by the turn of the century Marshalltown was in fourth place among Iowa packing centers.

The first of the national packers to locate at Sioux City was Cudahy in 1892. Even before the opening of public stockyards there five years earlier, James E. Booge, a merchant who started pork packing in 1870, had attained some success.

For limited periods at more than fifty other Iowa towns and cities there have been small operations in packing, particularly while the country was new and inadequate transportation and simple processing operations prevailed. For the ten years ending in 1900, annual slaughter of hogs in Iowa averaged 1.5 million head. Almost one-fifth of this was at the relatively new Sioux City market.

CONCENTRATION YARDS

In 1896 concentration yards for hogs were opened at Boone and Des Moines. Most of the hogs purchased at these stations came in by rail in single-deck cars on a through rate from point of origin. Sorted, graded, fed, and watered, they were then loaded into double-deck cars for greater economy in transportation and sold to best advantage. In 1904 the J. P. Squires Corporation, with eastern slaughter facilities, established concentration yards at Burlington and Valley Junction (now West Des Moines). The following year it opened yards at Muscatine and in 1913 at Clinton. The first interior packer to open a concentration yard in Iowa was T. M. Sinclair at Perry in 1914. Cudahy Brothers established concentration yards in 1916 at Creston and in 1917 at Tama. Squires opened a concentration yard at McGregor in 1917. Thus in the first two decades of the 1900’s seven additional concentration yards were established in Iowa. In 1920 packing houses in Iowa (excluding Sioux City) slaughtered more than 1.8 million hogs, a gain of 40 per cent over 1900.

During World War I, contracts for meat to be shipped overseas
were allocated principally to the five national packers. As a result, interior packers supplied a larger part of domestic needs. They were helped by the increase of hog production in Iowa and the northwest Corn Belt, and by development of truck transportation which increased the accessibility of live hogs. Freight rates which made it cheaper to forward pork products than live hogs also assisted. By 1930 there were eight interior Iowa packing plants operating, only one of them—Swift at Des Moines—by a national packer. Wilson acquired the Sinclair plant at Cedar Rapids in 1930 and Armour the Decker plant at Mason City in 1935. Swift acquired plants at Marshalltown and Perry in the thirties. Concentration yards or hog-buying stations were operating in Iowa at 43 points in 1940 and there were 1,247 local dealers as well as 22 interior packing plants. In 1940 more than half the hogs, sheep, and calves and about 30 per cent of the cattle marketed from Iowa farms went to packing plants within the state.

One or more community livestock auction sales barns had been operating in Iowa since 1904. They increased rapidly from 25 in 1929, to 195 by 1936. Stimulated by abnormal distribution of feed resulting from drouth, they seemed favorably located for handling locally-produced stocker, feeder, and breeding animals. A few specialized in distribution of range cattle. Slaughter animals were handled by most auctions to a limited extent only.

Co-operatives for shipping of livestock began in 1904 at Postville. Although as late as 1916 there were only fifty-seven active associations, four years later 682 co-operatives were serving one hundred thousand farmers and handling about one-fourth of the livestock from Iowa farms. The local co-operatives federated in 1920 to form a state service agency, the Iowa Co-operative Livestock Shippers, later reincorporated as the Iowa Co-operative Livestock Marketing Associations. In 1924 there were 697 local associations but by 1937 the active associations declined to 173, handling about 10 per cent of livestock shipments. Some associations ceased because they were not needed. Inadequate objectives, lack of dependable membership, and failure to adjust to changing economic needs of farmers were factors also. Expansion of interior packing, improved roads, and flexible transportation influenced many local livestock co-operatives to become merchandising or marketing associations. In some associations adjustment was too little and too late. Some acquiring a substantial volume of business continued to serve. A federation of local associations, the North Iowa Co-operative Livestock Marketing Association, incorporated at Mason City in 1930, sold hogs co-operatively for two years.
Farming in Iowa

Sales Agencies

Iowa livestock growers did not participate in the earliest attempt to establish sales agencies at Midwest markets, begun in the early seventies by the Missouri State Grange. Nor did they take part in 1889 in organizing the American Livestock Commission Company sponsored by the Kansas State Grange and State Farmers' Alliances of Kansas, Nebraska, and Missouri. However, Iowans did assist in organizing the Co-operative Livestock Commission Company in 1906 as a protest to increased commission rates at Chicago, Kansas City, and St. Joseph. One of the sponsoring organizations was the Corn Belt Meat Producers' Association, originally organized in Iowa in 1903. The Farmers' Union Livestock Commission of Omaha began operations in April, 1917, and paid a patronage dividend of 30 per cent the first year. At the end of one and a half years the Farmers' Union had outstripped all but one of the fifty firms in numbers handled. Within two and a half years livestock-selling agencies had been established by Farmers' Union organizations at five western markets, including Sioux City.

In October, 1920, the American Farm Bureau held a conference on livestock marketing which resulted in the appointment of a committee of fifteen and the emergence in 1921 of a plan for organizing terminal commission organizations and related agencies. Competing sales agencies were set up at East St. Louis by the Missouri Farmers' Association and the Committee of Fifteen. The former opened the Farmers' Livestock Commission Company in November, 1921, and the latter opened the Producers' Livestock Commission Association in January, 1922. Both rather quickly reached positions of leadership. The Producer group opened several more commission agencies during the next two years, including Chicago in 1922 and Sioux City in 1924. In 1930, a State Farm Bureau-controlled marketing corporation was organized in Iowa to sell hogs, as a unit developed under Federal Farm Board plans. Discontinuing this type of service in 1934, it served as a procurement agency for feeder cattle and sheep until it ceased operations in 1938. At Sioux City a third farmers' selling agency was established in 1933 by the Progressive Farmers' Union.

Today we find a reduced number of local co-operatives handling livestock. The number of active auctions is somewhat less than in 1936. The future of local livestock co-operatives rests on relative gains from co-operative disposal as compared to other methods. There are three farmer-owned selling agencies at Sioux City and two each at Omaha, Chicago, St. Joseph, and Kansas City.
Operating in Iowa in 1940 were 506 locker plants, with 98 additional branches. Iowa pioneered in the service type of locker. Meat is chilled at the plant, cut into consumer-size packages, wrapped, frozen in a sharp freezer, and stored in a locker.

So-called co-operative livestock packing enterprises in Iowa were mainly stock selling schemes and had little to do with co-operation or packing. In 1915 stock was sold in Brittain's Marshalltown plant to three hundred persons who soon found that the promoter was receiving $78,000 of the $170,000 being paid for the plant, and in addition was getting 12.5 per cent commission on stock sales. Between 1917 and 1925 Iowans invested about fifteen million dollars in four packing house projects, two of which never passed the paper stage and one of which operated only three months. Twelve hundred persons—including one thousand farmers—bought over three million dollars of stock in the Associated Packing Company of Des Moines. In ordering dissolution of this concern the judge said:

The evidence . . . has convinced me . . . as showing . . . a stupendous fraud planned in cold blood . . . a scheme concocted not for the purpose of building a packing plant . . . but . . . of selling stock and getting . . . money out of stock sales.

Stock sales in the Midland Packing Company, incorporated at Sioux City in 1918, reportedly totaled over eight million dollars, salesmen being paid 30 per cent. The Corn Belt Packing Company at Dubuque, in which 1,857 invested nearly two million dollars, brought in 1922 only $150,000 at sheriff's sale, of which $45,155 went for delinquent taxes. Investors in the Muscatine Packing Company, later renamed Farmers' Mutual Packing Company, were said to have lost three hundred thousand dollars.

Transportation from the days of the river flatboat was always a key factor in Iowa marketing problems. Iowa had indeed set a precedent for the nation when the United States Supreme Court upheld the Iowa Grange Law fixing maximum rates railroads could charge for freight and passengers. In the early twenties, livestock transportation began to shift from rail to truck. Only 6 per cent of Iowa hogs went to market by truck in 1920; ten years later 31 per cent were so transported. And at Sioux City in 1931, more than 85 per cent of the livestock received from Iowa arrived by truck. Improved roads put four times as many trucks on the road as there had been ten years earlier. Increase in truck transport has resulted in abandonment of some railroad lines. By 1940 nearly all of Iowa's livestock was moved from the farm by truck, mainly by common carriers. Farmers themselves trucked to market only 5 per cent of their cattle and sheep, 12
per cent of their hogs, and 31 per cent of their veal calves. For grain, dairy products, and poultry the bulk of hauling from the farm also is done by truck, chiefly by common carriers although much milk and cream is hauled by contract haulers.

During World War II necessity for conserving trucks and tires tended to limit somewhat the distances animals were hauled. Ceiling prices on hogs tended to produce the same result.

POULTRY AND EGG MARKETING

Except for turkey raisers, Iowa has few producers of poultry on a commercial scale. Stores and produce plants have long been important outlets for poultry products. Co-operative marketing of poultry never has been important in Iowa. Co-operatives specializing in other types of farm products handled some poultry as early as 1910. In 1938, fifty-nine co-operatives were handling poultry and eggs. A regional organization, Iowa Poultry Producers' Marketing Association, controlled by the state Farm Bureau, processed poultry and handled eggs at Ottumwa from fourteen county-buying branches for a short time in the thirties.

WOOL MARKETING

During most of its history as a state Iowa wool has been handled by private dealers. In its twenty-fifth anniversary year, 1943, the Iowa Sheep and Wool Growers' Association sold co-operatively for its members over 2,200,000 pounds of wool, about one-fourth of total production in the state.

OTHER FARM PRODUCTS

Other products marketed in quantity from some Iowa communities include fruits, vegetables, and honey. In addition to private dealers there were in 1937 four fruit and vegetable co-operatives, two canning factories and one regional honey co-operative.

The marketing of dairy products already has been described in Chapter 19.

FARM SUPPLIES

In their role as a producer of foodstuffs, farmers use large quantities of raw materials and equipment. During the early days in Iowa, private merchants were exclusive suppliers and still continue to furnish the bulk of farm supplies.

Through 940 local and regional co-operatives, Iowa farmers in 1937 sold to themselves twenty-three million dollars' worth of farm
supplies. In order of their importance these supplies were petroleum, lumber, fencing, hardware, feeds, seeds, and coal. Farmers' elevators led in importance, selling at retail more than half the co-operatively handled farm supplies. Petroleum co-operatives rank second. General merchandise co-operatives, co-operative creameries, and livestock marketing co-operatives in the order named come next in dollar volume of supply sales.

Early efforts of the Grange and Farmers' Alliance were expended to obtain lower prices and lower freight on farm supplies. From the beginning, farmers' elevators were active in purchase of farm supplies for members. Farmers' lumber companies started in the nineties. General merchandise co-operatives were established during and after World War I, mostly in 1919 and 1920. In 1936–37, co-operatives handling supplies included 300 elevators, 80 petroleum co-operatives, 180 creameries, 21 livestock co-operatives, 18 lumber co-operatives, 32 general merchandise co-operatives, and 20 others. In 1938 the Farmers' Elevator Service Company on a brokerage basis supplied to its member elevators about one-tenth of the supplies sold by them at retail.

Petroleum co-operatives in Iowa began in 1923. Organization went forward rapidly in the last half of the twenties and early thirties. In spite of a slight decline since 1935, the peak year, there were eighty-six in operation in 1937 with thirty thousand members. During 1938 over three-fifths of the gasoline co-operatively sold in Iowa was delivered by three wholesale organizations: Farm Bureau Service Company, Co-operative Service Company of Waterloo, and Consumers' Co-operative Association of North Kansas City.

MUTUAL FIRE INSURANCE

Local farmers' mutual insurance associations for protecting farm property developed early in Iowa. The first to organize was the Swedish Mutual Insurance Association in Jefferson County in 1865. A second was organized in Clayton County in 1866, and a third in Johnson County that same year. Three more local mutuals were organized in 1867. A general insurance act passed by the General Assembly in 1868 permitted any number of persons not exceeding two hundred to organize "self insurance companies for loss by fire." Two years later the limit was raised to seven hundred and in 1874 to two thousand. In 1900 there were 130 county mutuals. Twenty-nine have been established since the turn of the century. They have been characterized by marked stability, effectiveness, and economy. There were 154 county
mutual associations serving Iowa in 1944 and nine federated insurance mutuals. Fire and lightning risks in force at the close of 1944 exceeded one and one-half billion dollars.

MUTUAL TELEPHONES

In the late nineties farmers became highly interested in telephones and in the next few years built many community lines. Ten or fifteen neighbors, usually as an unincorporated group, would jointly construct a line and furnish their own telephones. Usually several lines converged at a nearby city or village and further co-operative action in paying a switchboard fee made other community groups accessible. Construction of lines often did not exceed twenty to thirty dollars a mile for first cost. There are still more than 3,700 unincorporated community lines in Iowa. Thus many Iowa farmers through the technique of co-operative effort provided themselves with telephone service long before it could have been obtained by an alternative method. In recent years there has been a trend to reorganize the separate community lines and the local switchboard into a single business unit, under the 1935 co-operative law. Small farm lines often failed to make suitable provision for maintenance and depreciation reserves and many suffered later. Larger organizations tend to systematize maintenance of lines, poles, and equipment.

RURAL ELECTRIC SERVICE

Although a few communities did pioneer work a good many years ago, the development of rural electrification in Iowa for the most part came about in the last decade of Iowa’s first hundred years. In 1944 there were fifty-one local electric co-operatives with twenty-four thousand miles of line serving about sixty thousand members. More than 90 per cent of the electrified farms have radios, irons, and washing machines; half of them have electric refrigerators. Local co-operatives federated to form the Iowa Rural Electric Co-operative Association to assist locals in legal, legislative and other problems.

OTHER SERVICES

Iowa farmers also are interested in other service co-operatives such as dairy herd-improvement associations, farm business associations, banks for co-operatives, and national farm loan associations.

GOVERNMENT AND MARKETING

Several congressional acts have a specific bearing on marketing of farm products. One of the first was the Twenty-Eight Hour Law
originally passed in 1873 but modified in 1906. This provided for unloading of livestock in transit for rest, water, and feeding after twenty-eight hours' confinement. By a congressional act of 1890 federal inspection was provided for live cattle, hogs, and sheep for export. Extended to meats and to animals moving in interstate commerce the following year, it was made more thorough by further legislation in 1906.

By congressional enactment, rural free delivery of mail had become general in the early 1900's and parcel post was introduced in 1912.

In March, 1913, Congress authorized an Office of Markets in the United States Department of Agriculture "to acquire and diffuse among the people of the United States useful information on subjects connected with the marketing and distribution of farm products." In its first year of operation the Office of Markets established standard cotton grades. In 1914 the Co-operative Extension Act passed by Congress provided for close co-operation between land-grant colleges and the United States Department of Agriculture. Establishment of research in marketing and of federal provision for extension services had been recommended by the Country Life Commission in its 1909 report.

Market news about fruits and vegetables was begun by the Office of Markets in 1915. In 1916 a similar service was inaugurated for livestock. The same year the United States Grain Standards Act was passed and official standards announced for corn. Market news service was then extended to include grain, hay, seeds, and dairy and poultry products. Market news, first transmitted from station WOI at Iowa State College in 1921, was received by wireless for three years and by commercial news dispatches for two years before the coming of the leased wire in 1926. In 1928 the leased wire was extended to Sioux City. By 1938 about three farms out of four reported a radio receiving set.

The Packers and Stockyards Act of 1921 provides for government supervision of meat packers, of stockyards, commission men, and yard traders. In 1922 the Capper-Volstead Act recognized the right of producers to organize co-operatively, and, for co-operatives conducting lawful business, removed the threat of prosecution under federal anti-trust laws. A division of co-operative marketing in the Bureau of Agricultural Economics was authorized by Congress in 1926. By executive order of the President this division was attached to the Federal Farm Board in 1929 and later became part of the Co-operative Division of the Farm Credit Administration.

As early as 1859 the Iowa State Agricultural Society indicated the
need of Iowa farmers for timely agricultural statistics. This need was in part supplied by market news programs and earlier efforts of the Bureau of Statistics of the United States Department of Agriculture. It was supplemented in 1923 by “outlook” work of the United States Department of Agriculture in which research and extension joined to determine and inform individual farmers of profitable readjustments in the extent and nature of their farm enterprises.

The Federal Farm Marketing Act, passed in 1929 for the purpose of stabilizing prices of farm products and achieving equality for agriculture, found it impossible to achieve those objectives.

ECONOMIC CO-OPERATION IN FARM MARKETING

In the first hundred years of Iowa agriculture many farmers had discovered that the family-sized farm, though often an effective unit of production, is in many situations too small for economy in selling products or in buying raw materials to be used in production. Co-operation, while by no means universally applied and never a cure-all, has become an essential tool enabling the farmer and his family to keep pace with commercial organization.

Co-operative practice in Iowa long preceded specific legislation authorizing co-operatives. Nearly half a century elapsed from the organization of the first farmers’ elevator in Blairstown to the enactment of the first co-operative law in Iowa in 1915 which provided for financing by issuance of stock. Fundamentally, co-operation provides for a democratically-controlled association in which members serve themselves at cost through their co-operative. When incorporated, the early co-operatives used the general corporation law. In 1896, however, the legislature amended the general corporation law to exempt “mutual co-operative creamery associations” from payment of incorporation fees. In 1921 a nonstock co-operative law was also enacted in whose membership only producers of farm products could participate. The membership certificate became void upon the death of the member or upon his ceasing to be a producer of the specified product. The 1935 co-operative law, which superseded the two earlier ones for new co-operatives, provided for issuance of a single share of voting stock or of a membership certificate. Membership is limited to producers of products marketed by the co-operative or users of the supplies it handles. Financing, which is separated from membership, may be by loans from members, sale of preferred stock, or other methods. Both membership and finances revolve. Farmers who use the organization gradually become its owners as dividends on patronage are credited to each, and patronage dividends are paid in the order of their priority.