

Speech of Senator Hubert H. Humphrey
Before National Federation of Grain Cooperatives
April 29, 1963

THE ROLE OF COOPERATIVES

IN U.S. AGRICULTURE

Cooperatives are an accepted part of farming and business life in Minnesota---so much so that it continues to lead the Nation in number of cooperatives and number of memberships and to stand second in dollar volume of business.

One of the country's leading grain cooperatives also is located in Minnesota---the Farmers Union Grain Terminal Association in St. Paul. A brief look at some comparative figures of that organization will show its progress and its accomplishments and what it means to farmers in our region.

In 1938 GTA started business with only \$30,000 member capital. By 1962 it had \$42 million in member capital. It moved from assets of about \$2 million in 1938 to assets of \$106 million in 1962. And from 1938 through 1962 this cooperative marketed over 2 billion bushels of grain for farmer members.

Over the years, GTA has averaged ~~returning an~~ *a return of an* extra 3 cents a bushel to members---or an estimated \$60 million more than farmers would have ~~gotten~~ *received* if they had not started their own cooperative business.

Or take the Farmers Union Central Exchange of St. Paul. In 1961 its farmers made nearly \$9 million added savings on \$92 million worth of supply business.

This wide acceptance of cooperatives in Minnesota stems from our Scandinavian forebears who helped settle

this region. They brought with them a deep-rooted understanding of basic cooperative philosophy and a background of successful experience with cooperatives in their home countries.

But I think another ingredient---or trait---also entered into this acceptance. That was a willingness to venture boldly, to strike out on their own with their neighbors when there was a job to do.

This last trait was inherent in these people who had enough physical daring to leave their homes abroad and come to a strange and untried land. Thus, when the need arose, they had the business daring to strike out into cooperative development--even though it was as yet untried and unproven in their new land.

We make progress only because we are dissatisfied

with things as they are, because we want things to be better. Certainly this applies to cooperatives.

All of you tonight can look back to the early days of ^{your} ~~the~~ cooperatives ~~you are here to speak for---~~ back to the origins and why cooperatives were formed. These early pioneers found they had no power in the Nation's market places. To correct this wrong, they turned to cooperatives.

Perhaps they were getting paid the same for high quality cotton as for low grade. Maybe year after year they had watched wheat hit its lowest price for the year just when they had to sell at harvest time to pay interest and back debts.

Perhaps the seed they bought wouldn't grow, or the fertilizer had so much filler and so little nutrients

that it didn't improve their crop yields or rejuvenate their soil.

These and many other serious buying and selling problems faced our sturdy cooperative pioneers.

I recall stories I have heard of the early stirrings of some of today's most successful cooperatives.

One I'd like to recall is of a few Midwest farmers who met in a granary one fall day nearly 75 years ago to talk about the marketing vise they found themselves in--- abundant crops but no ~~good~~ place to sell except at extremely low prices. From this small beginning has come a successful cooperative, one that had to fight bitter battles to get the first toehold on the terminal markets to sell their grain.

And I recall similar stories from my own state---
tales of the fire and vision of one man who has been
called the father of cooperative creameries---Professor
Theophilus Levi Haecker...of how he first visited Danish
settlers at Clark's Grove who were successful with their
cooperative creamery...of how he then moved from community
to community with evangelical fervor talking to farmers
everywhere and anywhere, sometimes in the community store
where the potbellied stove would glow red behind him as
he spoke.

He would ask how much farmers were getting for
their butter. Often the answer was 10 to 12 cents a pound.
Then he'd point out that the Clark's Grove cooperative
was getting farmers 22 cents a pound for quality butter.

After five years of stumping the state, with or without invitation, many cooperative creameries ~~came~~ *came into being* ~~sprang up~~. And more than once when Professor Haecker would hear rumors of trouble in one of them, he'd trudge all night on foot to reach the community to mend a quarrel and prevent a cooperative breakup.

L There are many stories to tell of resolute cooperative men and early struggles of marketing co- operatives---and some more recent---as they move toward the main objective of giving the farmer member a greater say in the price for his product and the way he markets it.

L ~~The~~ purchasing and service cooperatives also have in their histories the same story of struggle to prove their right to do business and of developing a base and form of operation that would best serve the farmers' needs.

Coops came from necessity
-8- & conviction

Farmers have made great strides toward solving some of their problems through cooperatives. At the beginning they couldn't even be sure cooperatives would work, that they could get enough volume, money, and sustained courage to follow through on their plans.

From ~~the~~ ^{this} past has come the inspiring heritage that is a built-in legacy of most of today's cooperatives... the heritage of free men freely working together to try to better their farming lot.

As we look to our accomplishments today and the firm place cooperatives have forged ~~for~~ for themselves in our ~~business~~ economy, you can take a full measure of pride in the giant strides you have made.

One measure of success can be made by checking dollar value to farmers---more than \$200 billion worth of business done by marketing, purchasing, and related

service cooperatives since 1913, and a net volume of
\$12.4 billion in fiscal year 1961.

Another measure could be made by taking the
proportion of total business ^{the} cooperatives do. Figures
collected by Farmer Cooperative Service of the U. S.

Dairy

Department of Agriculture show that about two-thirds of
the dairymen in this country belong to cooperatives, that
dairy cooperatives handle three-fifths of the fluid milk,
60 per cent of the butter, and 75 per cent of the nonfat
dry milk in this country.

A better measure of the importance of cooperatives
can be taken by considering what services these farmer
businesses perform.

Consider marketing first---for certainly the

marketing

picture for marketing farm products shows some disarray,
in spite of cooperative, Government, and other actions.

We can take some comfort in the thought that things would
be much worse if nothing at all had been done by all the
people involved.

One of the great needs of farmers today is still
to strengthen their bargaining position to give them

Bargain
Power

"Muscle in the market place," as Secretary Freeman has so

aptly expressed it. ~~In the face of increased economic~~

~~concentration of buyers and handlers of farm products,~~

~~it is even more difficult than in the past for a farmer~~

~~to market as one individual.~~ By pooling both the volume

of their products and their bargaining power through co-

operatives, ^{farmers} they have proved again and again that they

can exert more influence in the market place.

↳ Cooperatives help build markets and find outlets for farm products. The combined resources of many farmers often make it possible to process, package, and sell under a nationally known brand---thus creating a demand for the farmer's product and giving him a bigger share of returns in these added steps in handling his own raw product.

*Build
markets*

↳ Cooperatives have helped farmers establish a reputation for good quality products by being leaders in adopting U. S. grades, by encouraging members to produce a better product on their farms, and by careful handling of a farm-fresh product on its way to the consumer.

Quality

↳ Cooperatives have become a potent factor in the agricultural export trade, with some cooperatives being the biggest exporters of their respective commodities.

Exports

Exports

L Groups of cooperatives also have joined together into larger cooperatives to go into the export trade. The Producers Export Company has sold millions of bushels of co-op grain abroad since it organized a few years ago.

L Right now, a group of soybean and cottonseed processing cooperatives are starting a new cooperative to sell abroad as well as at home. Its name is Soy-Cot Sales with headquarters at Houston.

Soy Beans

L Purchasing cooperatives also exert a great force for the good of the farmer in the supply and distribution picture. Farmers obtain their supplies at reduced costs by volume buying, by operating for their own interests, and often by doing their own manufacturing and processing.

Central Exchange

L In addition, they obtain the kind and quality of supplies specifically fitted to their farming needs, since they are

both owners and users of the business and can make their wants and needs known.

h Although cooperatives supply only about one-fifth of the farm market for the major supplies they handle, their influence on daily prices and quality result in savings to all farmers that amount to several times the dollar savings shown in their annual audits. ✓

h Another contribution cooperatives make is in helping farmers operate their farming enterprise more efficiently. Farmers ~~they~~ get advice that improves their operations from field men specifically trained to recommend improved production practices, better seeds, better harvesting methods, and the like. Farmers may read about an improved practice in their membership publication or hear about it in a meeting. *more can be done.*

and Cooperatives often prove ^{to be} ~~the good~~, the gadfly that stimulates other businesses to do a better job for farmers. This is no small contribution. Just recently the major grain company in the United States has offered a firm marketing agreement to growers in its area that guarantee ~~paying~~ them a cash price above that given by a cooperative in the region.

Cooperative spokesmen often refer to the yardstick or price setting influence of their businesses. You all know instances where the price of a product has shown an immediate increase when farmers first formed a co-operative to market it---or the price of farm supplies has dropped when farmers started manufacturing their own through a cooperative, at times as much as 30 to 40 per cent on some supplies in some areas. This is a

*Price
Pressure*

contribution to all farmers in those communities, not
just to members of the particular cooperative.

L The acceleration of change in farming and in the
outside environments in which farmers operate is throwing
out ^a big ^{to} challenge ~~as~~ our agriculture ~~ever has faced~~.

L Corresponding challenges are being thrust upon cooperatives.

Many of you are meeting these challenges in good fashion;
others who are doing little or nothing to keep up and
adapt are falling behind.

L I'm thinking particularly of merging when merging
is called for; of modernizing and streamlining operations;
of adding farm services such as bulk delivery and spread-
ing fertilizer when farmers need them; or of being
flexible enough to adjust to serving the larger family
farms with increased specializations.

Aiken Say

It takes courage and spirit of daring to take these steps---and a lot more money.

There are times when conditions today may call for starting a new cooperative. A recent example of the formation of a new cooperative is a group of men with big orchards who had been their own packers and salesmen. They found the buyers wanting more of the product than they had as individuals, and also found themselves competing with each other on price with the same buyers.

So they stood around all one morning in an abandoned plant that was up for sale, discussing whether or not to form a cooperative, and finally how to go about it. From this has come a half million dollar plant that built up good domestic and export markets in its first

year of operation.

There are many men who dare, who can make bold ventures. These men had a solid backlog of experience to build on. They profited from mistakes other cooperatives had made and didn't repeat them in their organization and plans of operation.

Now, I would like to turn to a somewhat broader look at the importance of cooperatives---to consider what they can contribute to maintaining the family farm and private ownership, and democratic institutions.

Our family farm pattern of agriculture has always been the basis of our agricultural progress and good community life---and I hope it always will be.

Cooperatives are the chief means of preserving this pattern that is so essential to a sound and

progressive democracy.

The family farm today, however, must operate in an economic environment that is characterized by the bigness of the businesses in it. Here is where co-operatives have carved a firm hold. They have long since proved their ability to help farmers pool resources and volumes, and thus bargain on a better basis with the bigger businesses.

Compete with bigness

The cooperative may be the only answer in many cases as to whether family farming---which has been the bedrock of our agriculture---can continue to exist.

Family farmers, in the true democratic tradition of learning to work together, have developed their own extension of the free enterprise system in farmer cooperatives. These are a legitimate and desirable

means of preserving individuality while allowing farmers to find a way to compete in an economy of bigness.

Who is more closely and clearly identified with free enterprise than a landowner, a farm operator, the family farmer, the American farmer? U. S. Department of Agriculture figures show he has about \$4 billion of his own money invested in these cooperatives---with no government money invested.

In addition, cooperators are in essence doing things for themselves, and therefore embody a spirit of self reliance, of independence, and of initiative--all inherent in our system of free economic and political institutions.

They help us preserve our American heritage of a man with an independent spirit who is yet sensible

enough to work together with others for his own and
the common good.

I fail to understand why some people today seek
to deny farmers and the cooperatives the same ~~inalienable~~
rights to do what others do without criticism. Other
people, other businesses join together to do many things---
small grocers and drug stores form buying cooperatives
to meet ^{the competition of} chain stores on a nearly equal basis; newspapers
go together to hire reporters and collect news on a
mutual basis; many businesses carry ownership of their
product all the way from its raw state to the final
consumer sale.

Often it is the very people who clamor the loudest
about free enterprise who would deny the farmer the right
to try to preserve his own private ownership of his

farm by using cooperatives to help handle simply another stage or extension of his farming business.

Who has a better right and reason to market his own products than the farmer? Who has a better right and reason to get his supplies and services as economically and efficiently as possible?

This is only good business and good common sense--- and an inherent right under our form of government.

Cooperatives seek to help man preserve his rights of individual ownership of land and farm---not deprive him of them. This is the opposite of the state ownership of productive capacity that is embodied in socialism.

Cooperatives help build better citizens in our democracy. Look around you here and you will see several hundred outstanding leaders from all parts of the country.

Many of you are or have been farmers who might never have had a chance to become the well-informed individuals with the breadth and depth of knowledge and experience you now have if it had not been for your cooperative.

This process of distilling leadership qualities and letting the men possessing them rise to positions of greater responsibilities is constantly going on in cooperatives throughout the country. At least 100,000 farmers are directors of cooperatives each year, with new members moving into these positions as the boards change. From this core come many of our best agricultural leaders and spokesmen---^{+ women} men who are better all-around citizens because of their cooperative experience.

Leadership

Not the least of the cooperative contributions is their bestowal of dignity to the farmer. What man

among us doesn't stand straighter if he feels pride in his work, confident in his accomplishments!

The recent Encyclical issued by Pope John XXIII considers this point of dignity. It says, "The right to private property, even of productive goods, also derives from the nature of man. This right, as we have elsewhere declared, is suitable means for safeguarding the dignity of the human person and for the exercise of responsibility in all fields; it strengthens and gives serenity to family life, thereby increasing the peace and prosperity of the state."

Cooperatives are helping safeguard human dignity of our rural communities by helping farmers retain their independent farming enterprise, "their right to private property, even of productive goods," as the Encyclical

phrases it.

yes, Cooperatives help build better citizens under
our system of government---by providing them the means
to gain better standards of living, by increasing their
knowledge, by encouraging initiative, and by making them
feel more assurance of being a recognized and active
element of our society.

For these reasons, the Government has for over
half a century seen fit to give encouragement and
assistance through research and educational programs
for farmers and their cooperatives. Moreover, govern-
ment has assisted by providing loans to help improve
and expand operations, as in the early days of the Farm
Credit System and with the Rural Electric Cooperatives.

Farmers have proved the wisdom of this partnership

*Govt
Encourage*

*Have
enough
funds.*

*- Bank for
Coops*

between government and agriculture by rapidly repaying
the loans as they attained stature and maturity in
handling their own businesses.

This is how we view cooperatives and their
significant accomplishments in this country---and this
is the same view held in many countries abroad. In
Scandinavia, other European countries, and in most of
the other democratic regions of the world, the right
of farmers to own and operate their own farms and to
then use cooperatives for needed services is fully
recognized.

also
consumers
coops.
Health
coops

In other regions---behind the Iron Curtain pri-
marily---almost the exactly opposite view is held of the
way agriculture should be employed. Their state or
collective farms in those countries are about as far as

Iron
Curtain

you could get from our free and independent associations of farmers.

Unfortunately, too many people try to lump our form of cooperatives into the same pot with the Communist collectives---and tar them with that brush. Nothing could be further from the truth. Our cooperatives help preserve independent action; collectives destroy it. Our cooperatives encourage enterprise; collectives stifle enterprise.

Our form of cooperatives are instruments of their owner-users, the farmers. The collectives are ^{tools} ~~tools~~ of the state.

In all fairness, however, there are less advanced countries today that are finding the government must take a hand in getting cooperatives started. But in most of these areas,

the governments are trying to educate the farmers to the stage where they can take more of the responsibility for operating these cooperatives. This idea may not be as far removed from our early cooperative development as we sometimes think. Our own government gave us a hand in the form of loans, in the form of government-paid staffs of experts to help farmers---something still in effect---and in giving backing through Congressional laws and support.

One other point I should like to make here is that of the importance of cooperatives in combatting Communism.

Where true cooperatives are strong, Communism is weak.

Let me cite a few examples. Right after World

War II, the rural people in Japan were encouraged to form agricultural, credit, and fishery cooperatives. Today

Japan

many people say this is one of the prime reasons the *Japanese*
rural people stand with us and against communism, ~~in that~~
~~country~~.

h In one area of Italy, communism was gaining
strength. American cooperative groups helped the people
there get credit for the local cooperatives, with the
result that as cooperatives gained in strength, communism
was rolled back.

Italy,

h In many of the emerging countries of the world
we find keen interest in cooperatives and hope that their
use will turn the shape of their agriculture into a
pattern that provides for the individual's rights ^{to} own and
till their own land and to reap a better living from it.

*Emerging
Countries*

h The ~~primeval~~ *urge* to own and cultivate his own land remains
strong throughout the agricultural people of the world.

This urge has been a most effective roadblock to the success of communism in many areas.

But if a farmer---wherever he may be---cannot wrest a living from his land, then the danger is still there that he will turn to whoever and whatever seems to promise him better things.

I have just recently returned from Caracas, Venezuela. Here the Americas took another step toward greater use of cooperatives and toward strengthening those already in existence. — Coop Banks IntCoop Bank

(HHA to briefly comment on Latin American Coops)

I would like again to say that cooperatives long ago proved their worth in this country, and continue to reiterate this worth every day---and that they now are one

of the rays of hope to troubled lands in all parts of the globe.

Peace Corps volunteers, staffs of the Agency for International Development, and the other agencies and people moving about abroad bring us reports of the aroused interest in how our cooperatives have helped farmers make this a land of abundance.

The perimeters of our world are shrinking in upon us, and we must do our share of keeping this ray of hope from cooperatives bright---and this in spite of the problems of agriculture and cooperatives still confronting us here.

But we have the heritage, we have the vitality, we have many of the means to solve many of our problems represented in the combined strength in this room.

We may need to change our focus, to redouble our efforts. To see just what you need to do is why you are meeting here this week.

Here and in countless other formal and informal groupings, you are beginning to form your new cooperative future.

I am confident you can exert your united strengths for a better rural America and with your usual generosity to help make a better rural life for many other parts of the world.

Thus, you can surely make progress one of your most important cooperative products.

(END)



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