

Some Economic Considerations  
Affecting the Marketing of  
Oregon Dried Prunes  
Through  
Cooperative Dried-Prune-  
Packing Associations

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## INTRODUCTION

This report is based on an economic study of nine Oregon cooperative dried-prune-packing associations and of the Oregon Prune Exchange, the cooperative selling agency for seven of these associations. All of the associations surveyed are located in western Oregon, the only section of the state where prunes are dried and packed commercially. The survey of the dried-prune-packing associations was conducted during 1940, although the financial records obtained from each of the organizations covered the fiscal years of 1936, 1937, and 1938, only.

The marketing functions performed by the seven dried-prune-packing associations that are members of the Oregon Prune Exchange are limited to assembling, storing, processing (which includes washing and steaming), and packaging. The selling functions are carried on by the Exchange for its members. The two independent associations do their own selling in addition to the work of assembling, storing, processing, and packing.

The study of the dried-prune-packing associations was a phase of a more comprehensive project that entailed a study of the organization and financial structure of cooperative fruit and vegetable marketing associations in Oregon. The main part of the study covered the marketing of Oregon fruits and vegetables through cooperative canning associations, the results of which were the subject of a report entitled "Some Economic Considerations Affecting the Marketing of Oregon Fruits and Vegetables Through Cooperative Canning Associations."

Except for the statistical data relating to production, domestic and foreign shipments, the output of competing products, and per-capita income data, this report is the result of a study of the facts assembled from the records of the Oregon dried-prune-marketing associations and from other agencies servicing the nine associations.

The study was undertaken for the following purposes:

1. To develop the pertinent facts relative to the organization, financing, and operation of the existing Oregon dried-prune-packing associations.
2. To study those developments in the marketing of prunes through cooperative packing associations that might have a direct bearing in the future on the methods of organizing, financing, and operating this type of marketing agency.
3. To establish, if possible, certain basic principles to guide the existing associations in their financing and operating methods.
4. To furnish comparative data to those associations now operating that will enable them to gauge certain aspects of efficiency in their own organizations.
5. To afford to those groups contemplating the establishment of a cooperative dried-prune-packing association the basic facts relative to the requirements for establishing such an enterprise.

## SUMMARY AND CONCLUSIONS

Following are the essential facts disclosed in this report:

### RELATING TO PRODUCTION

1. Approximately 90 per cent of the annual world production of dried prunes is produced on the Pacific Coast. The Oregon production for the period 1928 to 1937, inclusive, averaged approximately 9 per cent of the Pacific Coast total.

2. Italian prunes comprise more than 90 per cent of the prunes dried in Oregon. Several varieties of sweet prunes are of minor importance for drying purposes in this market.

3. Wide variations in the harvests of Oregon prunes and the production of dried prunes are due mainly to variations in the size of the annual crops, caused by light yields and by leaving the prunes unharvested. The acreage in prune orchards decreased slightly more than 16 per cent between 1930 and 1935, and the best available information indicates a further decrease in acreage since 1935.

4. Facilities for packing appear more than adequate from the standpoint of volume to care for existing needs. Available plant facilities are seldom used to capacity.

5. Within a given season there is a wide dispersion of prune sizes. Normally the large-sized prunes are sold at a premium over the average run. Available data indicate that the 20-30 size Italian prunes brought a return almost two and one-half times the return on the 40-50 size product.

6. It is estimated that the nine cooperative dried-prune associations pack an average of 25 per cent of the total prunes packed in the state. Commercial packers market the remainder.

7. All of the Oregon dried-prune packing firms are located between the Cascade Mountains and the Coast Range, practically all in the Willamette Valley.

### RELATING TO ORGANIZATION AND OPERATION

1. Eight of the associations are operating under corporation charters issued under the Cooperative Association Law of Oregon; one operates under a profit corporation charter. Seven associations were organized between 1924 and 1927; two were formed prior to 1924.

2. Membership equities in each of the eight associations are evidenced in part by a revolving fund. A portion of the

net worth does not appear in the revolving fund account. For this latter there appears to be no particular evidence or apportionment of ownership equities in such a form that individual equities can be readily established.

3. Capital stock as evidence of members' equities was used by one association only.

4. Each of the eight prune-packing associations operating on a revolving-fund plan has established a workable plan for equalizing members' burdens in maintaining the permanent investment. The successful operation of the revolving-fund plan has been aided considerably by the revolving-fund payments to member associations by the Oregon Prune Exchange. These revolving-fund payments from the Exchange have not been made available for distribution to grower-members, but they have been held by the packing associations in an unappropriated form for use as permanent investment capital. In theory these repayments from the Exchange revolving fund will ultimately provide all of the investment and working capital needed by the member associations, thereby eliminating the necessity of further direct deductions from the payouts to growers.

To avoid confusion that might result from the attainment of the theoretical goal, the associations should devise an adequate system for recording the individual member's equity in the repayments from the Exchange, and develop a suitable procedure for continuing to revolve the investment capital even though the capital is built up indirectly instead of directly.

In practice, the deductions for capital purposes by the Exchange have been returned to the member associations about every third year. Local associations have been able to redeem their revolving-fund certificates on an average of every five years.

5. Five associations appear to have had a larger membership equity than would seem necessary properly to finance their associations. This is true particularly in those instances in which a substantial percentage of the association's debt was to its own members.

6. The average investment in all assets for each of the associations surveyed was not high. The combined average total assets for six associations for the period 1936-1938, inclusive, was slightly in excess of \$38,000. The highest average investment in fixed assets for each ton of prunes handled by the associations was \$47.40; the lowest \$12.84. The highest average investment per member in these associations was \$337.95; the lowest \$67.52.

## RELATING TO GROWER RETURNS

1. The return to the Oregon producers of dried prunes is conditioned by the market prices on the several grades of prunes and the cost of marketing the products. The prices for Oregon prunes are contingent on the California prune prices. In general the price for dried prunes tends to vary inversely with the supply. There is some indication, however, that the demand for prunes is directly influenced by the demand for substitute products such as canned grapefruit, and grapefruit, orange, pineapple, and tomato juices. The rapid increase in the consumption of canned juices since 1933 without any perceptible rise in the consumption of dried prunes indicates a shift in consumer demand to fruit and vegetable juices, or at least a developing of consumer preference for canned juices over dried prunes.

2. The relative percentage of prunes falling into each of the several size grades varies considerably between Oregon producing areas during the same season. These variations in the sizes of prunes delivered to the respective associations account primarily for the differences in the average tonnage pay-out price by the different associations.

3. The per-ton cost of packing dried prunes varies inversely with the tonnage handled. Although not so markedly as the fruit and vegetable canning industry, the dried-prune-packing industry is definitely one of decreasing unit costs.

4. Seven of the associations market through the Oregon Prune Exchange. Up to May 1940 no sales-promotion work was done by the associations. Since that date the sales agency has developed a program for advertising packaged prunes. The sales-promotion work is aimed at creating a consumer brand consciousness for the prunes marketed through the Exchange.

5. The commodity and operating credit is obtained from community banks or from one of the large Portland banks. The Exchange arranges for credit with the Portland bank for its member associations. No collateral is required of the borrowing associations, although the borrowing association and the Exchange become co-signers of the unsecured note. Repayments are made to the banks as the goods are sold. One association has financed the purchase of its building and equipment through a private mortgage loan.

6. Dried-prune-packing associations, in general, claim that their credit needs are met more satisfactorily through commercial banks than through the Spokane Bank for Cooperatives. The credit requirements of the packing associations are relatively small and for short periods of time. The elimination of routine was reported to be a factor causing the dried-prune associations to favor the use of local credit facilities.

# Some Economic Considerations Affecting the Marketing of Oregon Dried Prunes Through Cooperative Dried-Prune- Packing Associations

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## PRODUCTION

### PRODUCTION TRENDS

THE estimated average production of Italian prunes in Oregon for the ten-year period 1928-1937 was 109,070 tons, green weight. The estimated production for 1938 on the same basis was 92,300 tons, and for 1939, 153,800. The growers left unharvested 22,200 tons of the 1938 crop and 28,700 tons of the 1939 crop.\* Statistics on the form in which the prunes were placed on the market are given below:

Table 1. DISPOSITION OF THE PACIFIC COAST PRUNE CROP\*

|  | Average<br>1928-1937 | 1938†   | 1939†   |
|--|----------------------|---------|---------|
|  | Tons                 | Tons    | Tons    |
| <i>Prunes dried (dried basis)</i>      |                      |         |         |
| Oregon .....                           | 23,460               | 13,300  | 26,600  |
| California .....                       | 198,600              | 224,000 | 184,000 |
| Washington .....                       | 3,440                | 1,000   | 1,800   |
| Total tons dried .....                 | 225,500              | 238,300 | 212,400 |
| <i>Prunes canned (fresh basis)</i>     |                      |         |         |
| Oregon .....                           | 13,940               | 12,400  | 25,600  |
| Washington .....                       | 4,520                | 2,900   | 5,900   |
| Total tons canned .....                | 18,460               | 15,300  | 31,500  |
| <i>Prunes used fresh (fresh basis)</i> |                      |         |         |
| Oregon .....                           | 17,000               | 17,800  | 19,400  |
| Idaho .....                            | 18,110               | 15,200  | 20,200  |
| Washington .....                       | 14,240               | 15,500  | 15,300  |
| Total tons used fresh .....            | 49,350               | 48,500  | 54,900  |

\* General Crop Report, Crop Reporting Board, United States Department of Agriculture, September 1, 1940.

† Unharvested tonnage given in preceding paragraph.

\* General Crop Report, Crop Reporting Board, United States Department of Agriculture. September 1, 1940.

For the period 1928-1937, the Oregon crop averaged approximately 9 per cent of the total Pacific Coast dried-prune tonnage. In 1938 it was equivalent to less than 6 per cent, but the 1939 Oregon production increased to slightly more than 12.5 per cent of the Pacific Coast total. The production of dried prunes in the state of Washington is relatively small (Table 1).

Table 2. DRIED PRUNES: TONNAGE HANDLED AND BIN CAPACITY

| Association | Tonnage handled* |             |             |                   | Plant bin capacity† | Bin capacity utilized average 1936-1938 |
|-------------|------------------|-------------|-------------|-------------------|---------------------|---|
|             | 1936             | 1937        | 1938        | Average 1936-1938 |                     |   |
|             | <i>Tons</i>      | <i>Tons</i> | <i>Tons</i> | <i>Tons</i>       | <i>Tons</i>         | <i>Per cent</i>                         |
| A .....     | 1,471            | 422         | 398         | 764               | 1,000               | 76.4                                    |
| B .....     | 663              | 60          | 701         | 475               | 650                 | 73.1                                    |
| C .....     | 569              | 221         | 1,412       | 734               | 900                 | 81.6                                    |
| D .....     | 243              | 55          | 270         | 189               | 1,000               | 18.9                                    |
| E .....     | 758              | 33          | 418         | 403               | 800                 | 50.4                                    |
| F .....     | 1,061            | 68          | 762         | 630               | 500                 | 126.0                                   |

\* Nearest whole ton.

† Floor space is also available in all plants to store the prunes as they are packed in boxes and other containers.

Italian prunes are the principal variety of prunes included in the data in Tables 1 and 3. Small quantities of Petite and Date prunes are handled by each of the packing concerns, and special varieties such as the Miller Sweet prune and the Noble French are used to a limited extent by the Oregon packing concerns.

Table 3. PRUNES HARVESTED IN OREGON AND MANNER OF MARKETING

| Year       | Dried tons, fresh basis | Canned      | Fresh       | Total harvest |
|------------|-------------------------|-------------|-------------|---------------|
|            | <i>Tons</i>             | <i>Tons</i> | <i>Tons</i> | <i>Tons</i>   |
| 1924 ..... | 60,000                  | 1,700       | 8,200       | 69,900        |
| 1925 ..... | 37,500                  | 3,200       | 8,600       | 49,300        |
| 1926 ..... | 105,000                 | 5,700       | 14,800      | 125,500       |
| 1927 ..... | 61,500                  | 5,200       | 13,300      | 80,000        |
| 1928 ..... | 21,000                  | 7,300       | 18,200      | 46,500        |
| 1929 ..... | 150,000                 | 10,000      | 16,000      | 176,000       |
| 1930 ..... | 61,500                  | 7,000       | 14,000      | 82,500        |
| 1931 ..... | 75,000                  | 9,700       | 11,800      | 96,500        |
| 1932 ..... | 72,000                  | 6,900       | 13,100      | 92,000        |
| 1933 ..... | 66,000                  | 10,500      | 16,000      | 92,500        |
| 1934 ..... | 78,000                  | 12,400      | 16,500      | 106,900       |
| 1935 ..... | 100,500                 | 19,300      | 11,200      | 131,000       |
| 1936 ..... | 72,000                  | 24,400      | 14,100      | 110,500       |
| 1937 ..... | 19,500                  | 22,500      | 11,000      | 53,000        |
| 1938 ..... | 39,900                  | 12,400      | 17,800      | 70,100        |
| 1939 ..... | 80,100                  | 25,600      | 19,400      | 125,100       |

SOURCE: General Crop Report, Crop Reporting Board, United States Department of Agriculture, December 1939.

A thorough check of reliable sources indicates an appreciable decrease in the acreage of prunes in Oregon since 1935. This tendency was apparent between 1925 and 1935. The census data for Oregon relative to prune acreage for stated periods follows in Table 4.

Table 4. BEARING AND NONBEARING PLUM AND PRUNE TREES, BY CENSUS YEARS, AND INDICATED ACREAGE BASED ON AVERAGE NUMBER OF TREES PER ACRE

| Census year | Non-bearing | Bearing   | Average number trees per acre | Acres  |
|-------------|-------------|-----------|-------------------------------|--------|
| 1935 .....  | 115,248     | 4,719,963 | 99                            | 48,410 |
| 1930 .....  | 329,026     | 5,292,900 | 99                            | 56,787 |
| 1925 .....  | .....*      | 5,677,689 | 99                            | 57,350 |

United States Census of Agriculture.

\* Not available.

While the number of acres of prunes in production has a direct relation to the total production of the commodity, the wide variations in yield that occur in the annual prune crops are the principal factor affecting the immediate market for the product.

### PRUNE SIZES AFFECT PRICE

The information available indicates that Oregon prune prices follow closely the market prices for California prunes. The higher prices are paid for the large-sized fruit and substantially lower prices are paid for the small-sized fruit. In Oregon as in California the graded size of dried prunes is an important factor affecting the marketability and the price of the commodity. The grower who obtains a high percentage of prunes of medium to large size is in a comparatively favorable position. It appears that the growers of Petite prunes obtain a slightly higher price than they are able to get for Italian prunes of like size.

Prune sizes vary widely between the producing sections during the same season, and noticeable variations in size distribution of prunes exist in the same district from one year to another (Table 5). Size as a factor in the price of prunes is discussed at greater length in the section of this report dealing with grower returns.

Table 5. AVERAGE DISTRIBUTION BY SIZE GROUPS OF THE DRIED-PRUNE CROP DELIVERED TO 8 COOPERATIVE ASSOCIATIONS IN 1936, 1937, AND 1938\*

| Size†         | Average distribution |
|---------------|----------------------|
|               | <i>Per cent</i>      |
| 20-30 .....   | .1                   |
| 25-35 .....   | 2.0                  |
| 30-40 .....   | 15.2                 |
| 35-45 .....   | 13.3                 |
| 40-50 .....   | 41.2                 |
| 50-60 .....   | 21.2                 |
| 60-70 .....   | 4.6                  |
| 70-80 .....   | 2.2                  |
| Over 80 ..... | .2                   |
| Total .....   | 100.0                |

\* Italian prunes made up approximately 98 per cent of the total deliveries.

† Number of dried prunes per pound.

### PACKING FOR MARKET

Eight Oregon cooperative marketing associations are engaged solely in packing and marketing dried prunes for their members. One association packs prunes as a part of a general fruit-and-vegetable-canning business. It is esti-

mated that the associations handle approximately one-fourth of the prunes dried and packed in this state. This estimate is strengthened somewhat by data available for 1936, 1937, and 1938. During these three years the cooperative prune-packing houses handled approximately 26 per cent, 22 per cent, and 33 per cent, respectively, of the total Oregon dried prunes.

In addition to the nine cooperative establishments packing dried prunes, eight commercial packing houses operate in the state. The 75 per cent of the dried-prune crop packed by private concerns indicates that the volume handled by the commercial packing houses averages considerably higher than that of the cooperatives. The location of the commercial packing houses places each of them in a position to compete directly with a cooperative organization as well as to carry on a competitive business among themselves for the available supply of prunes.

The location of each of the commercial and cooperative prune-packing concerns is designated on the outline map (Figure 1).

It is the practice of the trade to pack prunes when the purchase orders are received at the packing plant. This practice is one of convenience and one evolved to prevent the deterioration of the prunes caused by packing too far in advance of the date of shipment. At the same time the practice of packing prunes to order tends to limit the storage capacity of the plants to the capacity of the storage bins because of unwillingness of the packers to package and store the product on the available floor space.

The information contained in Table 2 indicates that three of the associations for which data were available handled more dried prunes during the 1936

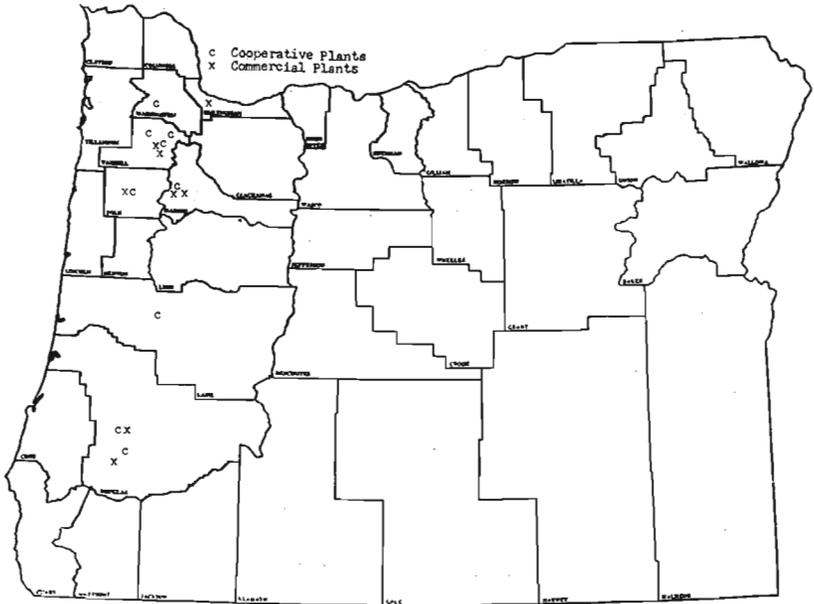


Figure 1. Geographical distribution of all Oregon plants engaged in packing and marketing dried prunes.

season than their bins would accommodate. Only one of the associations handled an average tonnage for 1936-1938 in excess of the bin capacity of the plant. Obviously bin capacity does not mean plant capacity. Bin capacity, however, is a limiting factor. The producers have their driers available for storing the dried prunes until the packing plant is prepared to receive them.

The numerous variables, such as the length of the work-day and the length of the packing season, make it impossible to place any estimate on the average utilized capacity of the plants in operation. The members of the industry have indicated that the capacity of the existing prune-packing plants is never reached.

The problem of utilizing the capacity of the existing cooperative as well as private prune-packing plants is contingent on the volume of prunes delivered to the plants by the growers. The statistics in Table 3 show that the harvests of prunes in Oregon have been highly irregular. Between 1919 and 1939 the volume of prunes delivered to the dried-prune-packing plants reached a maximum of 150,000 tons in 1929 and a minimum of 19,500 tons in 1937. Considerable variation in deliveries to cooperative and commercial canneries for canning purposes occurred during the same period, but there has been a marked upward trend in the tonnage of Oregon prunes used for canning since 1919. It seems reasonable to conclude, therefore, that future demand for prunes for canning will have a material effect on the volume of dried prunes delivered to the packing plants.

The volume of dried prunes delivered to the packing plants is affected greatly by the price for fresh prunes prior to and during the prune-harvesting season. Suitable market outlets for prunes in other than dried form tend to reduce considerably the amount of drying, thereby resulting in a decrease in the volume of dried products marketed through the packing plants. In recent years the unharvested prune acreage appears to have been considerable. This fact, together with the wide fluctuations in the size of the annual prune crop, prevents any worth-while comparisons with respect to the average yield per acre.

## ORGANIZATION AND FINANCIAL STRUCTURE

### CHARACTERISTICS OF COOPERATIVE DRIED PRUNE ASSOCIATIONS

Six of the 9 dried-prune-packing associations now operating in Oregon were established in 1924 following the dissolution of the Oregon Prune Growers Cooperative Association and the Oregon Growers Packing Corporation.\* Each of the six organizations adopted with very little variation the plan of organization proposed by the representatives of the groups sponsoring the establish-

\*The Oregon Growers Cooperative Association and the Oregon Growers Packing Corporation were both organized in 1919 under the corporation laws of Oregon. According to a report submitted in 1921 to the Director of Extension of the Oregon State Agricultural College by Mr. R. S. Besse, College Extension Specialist in Marketing and Organization, "The officers and directors are the same for both organizations and the operation of each is inter-dependent upon the other. The Association is a non-profit, non-stock association and admits its members upon payment of \$10.00 each. The Association was organized to obtain contracts from growers for the sale of fruits grown in Oregon and to deliver the fresh fruits to the packing corporation. Also, to sell the finished product as delivered from packing corporation and to distribute the proceeds of sales to the grower. The packing corporation was organized for the purpose of acquiring and operating packing plants and to pack the fruit for the Association." Mr. Besse stated that "The packing corporation has an authorized capital stock of \$1,000,000, divided into \$500,000 common stock and \$500,000 preferred stock." It appears that approximately 50 per cent of the authorized common and preferred stock was issued prior to the dissolution of both organizations in 1924.

Professor Besse reported that the packing corporation was operating plants in Oregon at Boring, Canby, Carlton, Corvallis, Dallas, Dever, Forest Grove, Grants Pass, Hubbard, Jordan Valley, Medford, Myrtle Creek, Newberg, Phoenix, Riddle, Roseburg, Salem, Scotts

ment of some form of cooperative packing plants to take over the marketing work formerly conducted by the Oregon Prune Growers Association and the Oregon Growers Packing Corporation. Two of the 9 associations were in existence prior to 1924 and 1 was organized in 1927.

Eight of the associations are operating under charters granted under the Cooperative Association Law of Oregon, 1915.\* One is chartered under the Oregon Corporation Law. Each of the Associations requires that the applicant for membership be a grower and sign a contract with the association for marketing his prunes through the association. In addition to the contract between the member and the association, 7 of the organizations require that the applicant pay a membership fee varying from 1 to 10 dollars, depending on the association, and be accepted by the board of directors. One association requires only that the grower sign the marketing contract with the association and be accepted by the board of directors, and one substitutes the ownership of stock in the organization for a membership fee.

Only one of the associations has capital stock outstanding. Each of the remaining organizations operates on the basis of a capital investment fund† and capital reserves,‡ a portion or all of such capital being revolved periodically as a means of equalizing the responsibilities of maintaining the member investment.

### INVESTMENT IN EXISTING ASSOCIATIONS

The average investment (1936-1938) in all assets in any one of 6 of the associations did not exceed \$53,950.81. The lowest 3-year average investment in total assets was \$16,626.29. The combined average investment of the 6 associations for which data were available amounted to \$38,072.22. (See Table 6.) The fiscal statements (see Table 21, Appendix) of the organizations disclosed that one of the associations had approximately \$84,000 invested in all assets, which was the highest figure recorded by the firms during the period under discussion. The lowest investment for any one year was approximately \$11,000.

Mills, Sheridan, Sutherlin, Talent, The Dalles, and Yamhill. It was estimated that the Association controlled the following percentages of the total fruit and nuts produced in the areas in which it operated:

|                           | <i>Per cent</i> |
|---------------------------|-----------------|
| Prunes .....              | 45              |
| Apples .....              | 40              |
| Gooseberries .....        | 10              |
| Loganberries .....        | 25              |
| Pears (Bartlett) .....    | 40              |
| Raspberries (Black) ..... | 50              |
| Raspberries (Red) .....   | 10              |
| Strawberries .....        | 10              |
| Walnuts .....             | 40              |

\* See—Oregon Laws Relating to Cooperative Associations. Compiled and arranged by J. H. Hazlett, Corporation Commissioner, 1938. State Printing Office, Salem.

† The capital investment fund used by the Oregon dried prune cooperatives is a plan of financing the principal capital needs of the associations through uniform per-unit deductions from the sales proceeds. These contributions are revolved by repaying at a later date the earlier deductions in the order of their occurrence. In this report the authors have used the term "revolving fund" interchangeably with "capital investment fund."

‡ The capital reserves of the Oregon dried prune cooperatives are that part of the member equities in the associations not apportioned among members and not appropriated for some specific purpose.

Table 6. THREE-YEAR AVERAGE INVESTMENT BY ASSOCIATION.

| Association                       | 1936-1938 average<br>total asset investment |
|-----------------------------------|---|
| A .....                           | \$53,950.81                                 |
| B .....                           | 16,626.29                                   |
| C .....                           | 51,899.15                                   |
| D .....                           | 21,782.49                                   |
| E .....                           | 42,715.41                                   |
| F .....                           | 41,459.15                                   |
| Combined three-year average ..... | \$38,072.22                                 |

For comparative purposes a similar three-year average (1936-1938) was worked out for the net worth of the respective associations (Table 7). These averages pertaining to members' investments considered in connection with the ratio of net worth to total assets (Table 8) for each of the 6 associations for which data are available indicate a fairly low average membership investment in the marketing associations.

Table 7. MEMBERSHIP AND NET WORTH, BY ASSOCIATION, THREE-YEAR AVERAGE.  
1936-1938.

| Association                   | Member-<br>ship | Net worth   | Investment<br>per member |
|-------------------------------|-----------------|-------------|--------------------------|
| A .....                       | 96              | \$ 6,481.78 | \$ 67.52                 |
| B .....                       | 53              | 12,907.51   | 243.54                   |
| C .....                       | 94              | 17,439.76   | 185.53                   |
| D .....                       | 33              | 11,152.51   | 337.95                   |
| E .....                       | 168             | 18,882.68   | 112.40                   |
| F .....                       | 81              | 11,532.56   | 142.38                   |
| Combined 3-year average ..... |                 | \$13,066.14 | .....                    |

Table 8. RATIO OF NET WORTH TO TOTAL ASSETS.

| Association                   | 1938            | 1937            | 1936            |
|-------------------------------|-----------------|-----------------|-----------------|
|                               | <i>Per cent</i> | <i>Per cent</i> | <i>Per cent</i> |
| A .....                       | 29              | 21              | .....           |
| B .....                       | 72              | 94              | 72              |
| C .....                       | 51              | 25              | 33              |
| D .....                       | 43              | 97              | 41              |
| E .....                       | 50              | 100             | 24              |
| F .....                       | 25              | 62              | 20              |
| Average .....                 | 45              | 66.5            | 38              |
| Combined 3-year average ..... |                 |                 | 50.5            |

**Investment in fixed assets.** The initial investments of the prune associations in their buildings, machinery, and equipment show a good deal of similarity. Each of the associations had very much the same line of machinery and equipment, which included a fruit elevator, a grader, prune-storage bins, a processor for washing and steaming the fruit, weighing scales, and nailing machines. Variations existed in the size and construction of the buildings and bins, which account for the differences in the original investment. The information for six of the associations is shown on page 16.

Three of the associations surveyed recorded no charge for several years for depreciation against their buildings and equipment. This was due to a desire on the part of the management of the associations to increase the size

Table 9. COMPARISON OF ORIGINAL AND AVERAGE INVESTMENT TO BOOK VALUE OF ASSETS BY ASSOCIATION.

| Association | Original investment in fixed assets | 1936-1938 average investment in fixed assets | 1939 book value of fixed assets |
|-------------|-------------------------------------|--|---------------------------------|
| A .....     | \$20,742.45                         | \$20,699.65                                  | \$20,742.45                     |
| B .....     | 23,154.99                           | 6,098.82                                     | 9,475.07                        |
| C .....     | 17,186.24                           | 12,275.25                                    | 12,003.58                       |
| D .....     | 19,699.04                           | 8,957.86                                     | 8,594.13                        |
| E .....     | 18,420.01                           | 11,782.51                                    | 12,360.69                       |
| F .....     | 10,554.75                           | 10,076.96                                    | 10,554.75                       |

of the payouts to the members of their firms during a period of exceptionally low prices, poor crops, and correspondingly small grower returns.

The data available indicate that \$47.40 was the highest average investment in fixed assets per ton of prunes handled; \$12.84 was the low figure (Table 10). To be of any particular value the average given in Table 10 must be considered along with the tonnage of prunes handled by each of the associations, and the policy of each association with respect to depreciating its plant and equipment. (See Tables 2 and 9.)

Table 10. AVERAGE INVESTMENT AND AVERAGE NET WORTH PER TON OF PRODUCE HANDLED, BY ASSOCIATION.

| Association | Average investment in fixed assets per ton of produce handled* | Average net worth per ton of produce handled |
|-------------|--|--|
| A .....     | \$27.09  | \$ 8.48                                      |
| B .....     | 12.84  | 27.17  |
| C .....     | 16.72  | 23.76  |
| D .....     | 47.40  | 59.01  |
| E .....     | 29.24  | 46.85  |
| F .....     | 16.00  | 18.31  |

\* Based on the average 1936-1938 fixed assets and net worth.

**Current and other assets.** The investment of the association in the commodity in the form of the costs incurred in packing, and the advances made to the growers prior to the distribution of the sales proceeds, which are included in the balance sheets as "Other Current Assets," are the only items of any significance listed among the current and miscellaneous assets of the associations. The relative importance of these items is brought out in the percentage balance sheet distribution, Table 21, Appendix.

**Grower equities.** Investment capital for each of eight of the Oregon dried-prune associations is obtained either from reserves built up by means of deductions from the sales proceeds due members, from returns to the respective associations from the Oregon Prune Exchange revolving fund, or from memberships. One of the nine organizations has capital stock outstanding; however, this packing plant is merely a part of the general fruit-and-vegetable-canning and processing business operated by a cooperative organization.

The comparatively small investment requirements of a dried-prune-packing enterprise enabled the growers to develop their respective organizations without resorting to the issuance of capital stock. In one instance where capital stock was originally issued by the cooperative, the organization has adopted a revolving-fund plan and is now financing itself by means of capital reserves. One of the cooperatives that acquired its plant and facilities by purchase from

a private packing company financed the purchase by means of a mortgage note. In this latter instance the net worth of the cooperative at the end of its first year of operation was less than one hundred dollars.

The similarity in the financing policy of the cooperative associations arises from the conditions surrounding the formation of the existing organizations. This interest of several civic groups in creating and/or continuing the mechanism for marketing Oregon dried prunes resulted in a remarkable degree of standardization in the organization of the seven associations created in 1924. The points of similarity in financing eight of the cooperatives are indicated by the manner of accumulating the capital revolving fund.

| Association | Deductions from net proceeds from sales for revolving fund   | Manner of recording members' equities   |
|-------------|--|---|
| 1 .....     | $\frac{1}{4}$ of 1¢ per pound of produce handled by association.   | Ledger record kept of each member's equity in fund.   |
| 2 .....     | $\frac{1}{5}$ of 1¢ per pound of produce handled by association.   | Certificates of indebtedness issued to members as evidence of interest in fund.                                     |
| 3 .....     | $\frac{1}{5}$ of 1¢ per pound of produce handled by association.   | Ledger record kept of each member's equity credits.   |
| 4 .....     | $\frac{1}{5}$ of 1¢ per pound of produce handled by association.   | Certificates of indebtedness issued to members as evidence of interest in fund. Record kept of certificates issued. |
| 5 .....     | $\frac{1}{8}$ of 1¢ per pound of produce handled by association.   | Ledger record of contributions and of certificates issued to members.   |
| 6 .....     | $\frac{1}{5}$ of 1¢ per pound of produce handled by the association goes to the capital investment fund, and 1 per cent of net sales deducted for operating reserve. | Ledger record kept of each member's equity in fund.   |
| 7 .....     | $\frac{1}{20}$ to $\frac{1}{5}$ of 1¢ per pound of produce handled by association.   | Certificates of indebtedness issued to members. Ledger record kept of member's equity.                              |
| 8 .....     | $2\frac{1}{2}$ per cent of net proceeds due each member each year.   | Record kept of patronage accounts only.   |

In each of the above cases the amount withheld by the local associations for capital and operating purposes is a stated sum for each unit of product marketed through the prune association. The sum withheld from the proceeds of sales reduces the unit return to the grower. These deductions, however, are repaid periodically, so that any deduction from proceeds for revolving-fund purposes amounts merely to a postponement of the date for returning to the grower the entire proceeds.

Only five associations have issued revolving-fund certificates.\* Each of these associations is paying interest on the certificates to the holders. The members of three of the associations receive 7 per cent interest on their investment in the capital-revolving fund. One of the associations pays 6 per cent interest, and another pays 5 per cent.

\* The revolving-fund certificates used by the cooperative dried-prune associations have three characteristics in common: (1) each certificate indicates the amount received from the member for a special fund, (2) the rate of interest the certificate bears, and (3) an agreement on the part of the association to continue to make assessments against the members of the cooperative for the purpose of maintaining the revolving fund. The periodic payments can be made to the contributors on the basis of their pro-rata share of the total sum repaid. The certificates are repaid in the order in which they are issued.

It is significant that each of the prune associations has established a workable revolving plan for equalizing the members' burdens of maintaining the investment in the association. On the basis of the records available, it appears that the seven associations with revolving-fund certificates outstanding have been able to redeem the certificates after approximately five years. The policy of the cooperatives in maintaining a consistent redemption program has been due partly to their ability to use for capital purposes the proceeds returned through operation of the Oregon Prune Exchange revolving fund.

The revolving fund of the Oregon Prune Exchange represents the uniform per-ton contributions of the local units to the capital of their sales agency. As these contributions are repaid to the local associations through the operation of the Exchange revolving fund, the locals have been setting up the amounts so received in an unapportioned capital reserve fund. The effect of this plan is to shift the burden of financing the association from the apportioned capital-investment funds (revolving funds of the locals) to the unapportioned reserve funds representing the aggregate of the returns from the Exchange. This shifting process will require a considerable period of time. It appears, therefore, that the associations should consider the apportionment of these undivided reserves in preparation for the time when the Exchange refunds will make up the bulk of the local associations' capital.

Seven of the Oregon prune associations are affiliated with the Oregon Prune Exchange, a cooperative sales agency. This organization is operated as a federated association and is financed by a deduction of 1/25 cent per pound of prunes handled for the member units. It issues revolving-fund certificates to the member cooperatives representing the contributions to the capital fund on a patronage basis. Each of the members of the Exchange has been able to build up its own capital reserves from the payments received from the Exchange out of the revolving fund. The reserves of the member associations resulting from returns from their marketing agency have not been made available for distribution to the growers. The effect has been to create within each of those associations a permanent capital-investment fund separate and apart from the capital and operating reserves built up by means of deductions from the sales proceeds by local associations. These payments from the Exchange have assisted materially in financing the member associations. This fact is indicated in Table 11.

Table 11. REVOLVING-FUND CONTRIBUTIONS TO NET WORTH.

| Association | Percentage of net worth attributable to payments from the revolving fund of the Oregon Prune Exchange |
|-------------|---|
|             | <i>Per cent</i>   |
| A .....     | 9.8   |
| B .....     | .....   |
| C .....     | 35.4  |
| D .....     | 40.9  |
| E .....     | 20.5  |
| F .....     | 19.5  |

Specific balance-sheet comparisons are given below for the purpose of showing the financial position of each of the cooperative associations at the end of their 1938 fiscal period. The balance-sheet items for 1936, 1937, and 1938 were interpreted in terms of percentages and are given in the Appendix (Table 21) to this report.

Table 12. 1938 BALANCE SHEET RATIOS (In Per cent)

| Items: Ratio of                            | Association     |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | A               | B               | C               | D               | E               | F               |
|  | <i>Per cent</i> |
| Current assets to current liabilities .... | 105             | 152             | 120             | 106             | 131             | 91              |
| Net worth to total assets ..               | 29              | 72              | 51              | 43              | 50              | 25              |
| Net worth to fixed assets ..               | 52              | 131             | 142             | 121             | 168             | 94              |
| Net worth to debt .....                    | 41              | 259             | 106             | 75              | 101             | 33              |
| Capital reserves to total net worth .....  | 13              | 21              | 42              | 61              | 31              | 8               |

The debts of the association members to their own associations is the principal item in the current assets of each of the organizations. The amount due from members results from advances made to the growers and for operating expenses incurred prior to the distribution of the pools. The current liabilities are due primarily to the funds borrowed by the associations (commodity loans or loans on open notes) for the purpose of making advances to the growers prior to the sale of the prunes, and to the amounts due to growers from the proceeds of the sales of prunes.

The ratio of net worth to total assets appearing in Table 12 tends to over-emphasize the importance of the creditors' equities in the associations. This is due to the fact that a substantial part of the creditors' claims against each of the associations is held by the members of the association. These claims result from the undistributed proceeds of sales made by the association prior to the closing of pools.

The records of four of the associations show an owners' equity (net worth) in excess of the investment in fixed assets; only one is now financing its building and equipment needs with the aid of outside credit.

The ratio of net worth to debt is merely a comparison of the owners' equity in each of the associations to the creditors' equity. None of the associations can be considered as having the minimum owners' equity. On the other hand, there is some possibility that the owners' equity is unnecessarily large. The size of the owners' equity should be conditioned by the cost of financing by means of borrowed capital compared to the cost of member financing.

As previously explained, the capital reserves of the associations refer to that part of the reserves that is unappropriated. Through practice these capital reserves are separated from the revolving capital and from any funds available for distribution to the growers. The capital reserves have been built up from receipts from the Oregon Prune Exchange revolving fund and/or minor deductions from the sales proceeds. Through practice the capital reserves have become the most permanent type of capital maintained by the associations.

## GROWER RETURNS

### POOLING

The prune packs of seven of the associations included in this study are pooled and sold through the Oregon Prune Exchange. The proceeds from the sale of the prunes are prorated to the member associations on the basis of the

size and variety of the products delivered. Each member association is then in a position to prorate to its membership the proceeds received from the selling agency. In this latter instance, as in the former, the apportionment is based upon the size and variety of product delivered to the association plant by the member grower. The two independent associations prorate the proceeds from the sale of the members' prunes on the basis of the size and variety of product delivered to the packing plant.

It is significant, in view of the limited buying policy of some of the commercial packing companies, that the associations accept all salable prunes regardless of the size of the product. The result of the practice is often a lower average tonnage payout to the growers from the association, but not necessarily a lower payout per ton on prunes of size equal to those purchased by the commercial buyer.

### FACTORS AFFECTING RETURNS TO GROWERS

Two factors determine the net amount paid to the growers for prunes marketed through their associations; namely, (1) the price received for the product, and (2) the cost of marketing through the association.

**The market prices for dried prunes.** Dried prunes produced on the Pacific Coast are destined principally for markets outside of the states in which the production occurs, and to a considerable extent the dried-prune producers depend on foreign markets. It may be assumed, therefore, that dried-prune prices will be dependent not only on domestic market conditions but also on the conditions of the foreign markets for the product.

The total tonnage of dried prunes produced in the United States has been upward since 1921 (Figure 2), but the exports of this product have tended downward since 1930, although there was a noticeable recovery between 1934 and 1940 (Figure 3). Oregon foreign exports failed to show any increase prior to 1938, and the domestic shipments of dried prunes from the state have fallen well below the 1927-1936 average (Table 20, Appendix) since 1935. These data with respect to the decrease in the foreign and domestic market for Oregon dried prunes in the face of an increasing export market for California prunes deserve greater consideration than can be given to the problem in this report.

Other factors than the production of dried prunes have a material bearing on the price structure, the most important being the change in consumer taste resulting in a shift to competitive or substitute products (see Table 13) and in the consumer income level. In the former instance it is significant that the price of prunes has tended downward since 1928 (Figure 4), a period when the demand for and the production of fruit and vegetable juices was increasing very rapidly. Whether or not the fairly definite downward trend of the price index on Italian prunes (Figure 4) between 1933 and 1938, when the index on farm products and all commodities was upward, is in any way related to the increased consumption of fruit and vegetable juices is a matter of conjecture. It is reasonable to assume, however, that shift in consumer demand to fruit juices or the development of a demand for fruit juices among the potential consumers of dried prunes was a factor in the demand situation in the prune market.

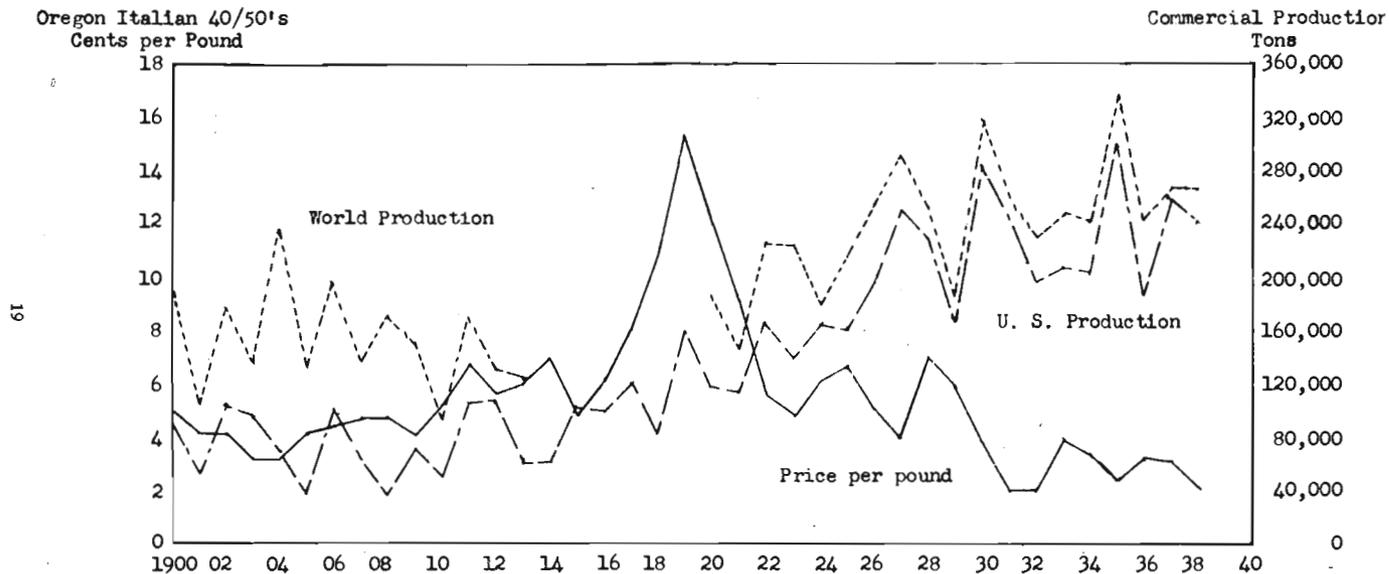


Figure 2. World and United States production of dried prunes and Oregon farm price of Italian 40/50's, 1900-1938. *Source of data:* World and United States production compiled by S. W. Shear, Giannini Foundation of Agricultural Economics, University of California. Prices compiled from the records of the Willamette Valley Prune Association, Salem, Oregon, and the Oregon Prune Exchange, Portland, Oregon.

Millions  
of  
Pounds

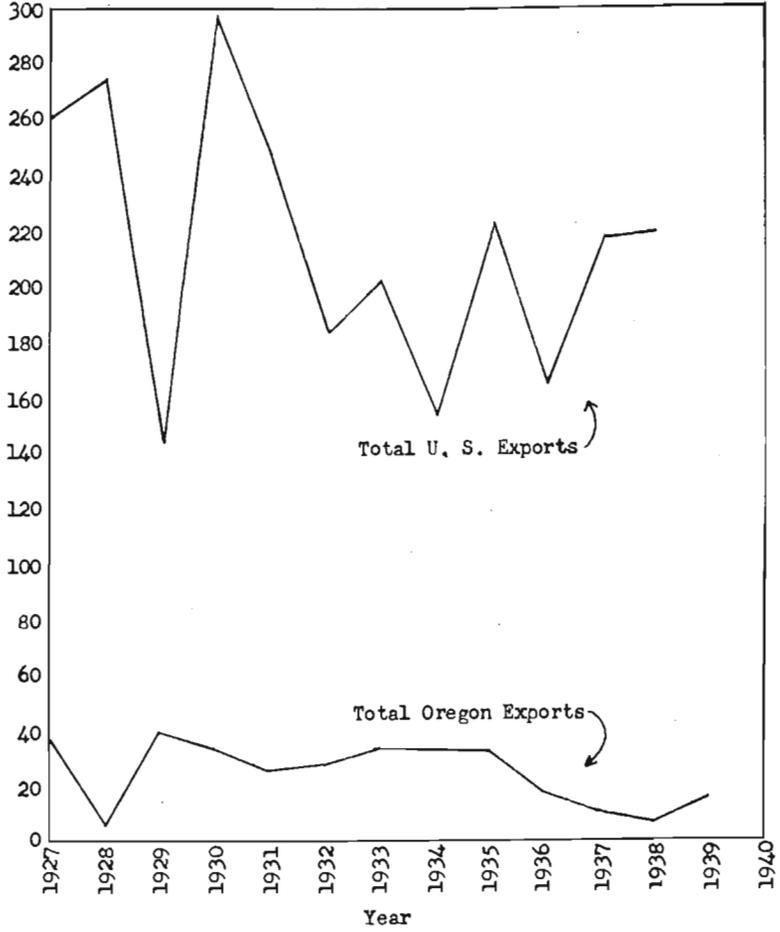


Figure 3. Foreign exports of dried prunes. Data from Tables 18 and 19, Appendix.

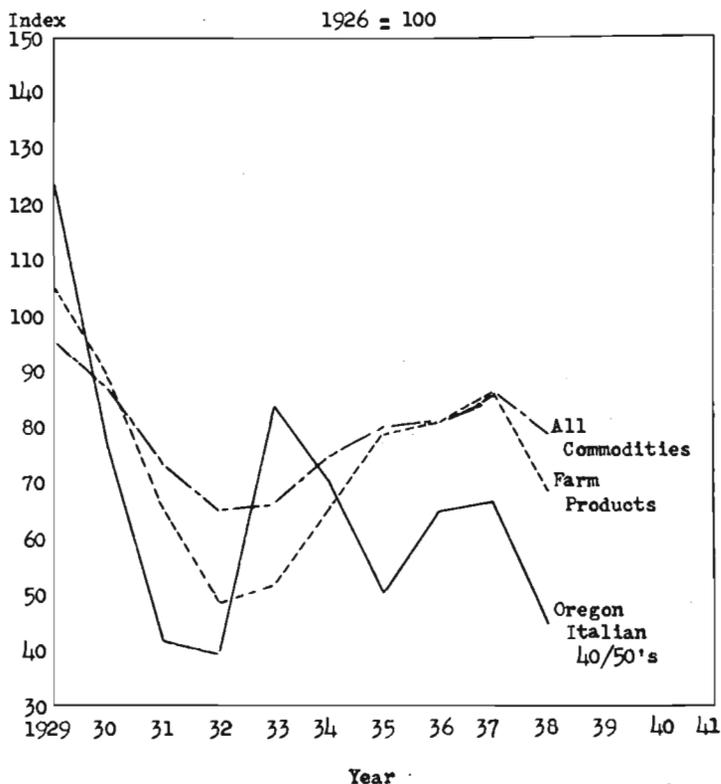


Figure 4. Index numbers of the wholesale prices of all commodities and of farm products, and of the Oregon farm price of Italian 40/50 dried prunes. *Source of data:* Index numbers of wholesale prices are from the publication "Wholesale Prices," Bureau of Labor Statistics, United States Department of Labor. Oregon farm price for Italian 40/50 dried prunes is based on the records of the Oregon Prune Exchange of Portland, Oregon.

Table 13. UNITED STATES COMMERCIAL PRODUCTION OF SPECIFIC CANNED FRUIT AND VEGETABLE JUICES BY YEARS, 1929 TO 1938 INCLUSIVE.  
(Cases of all sizes)

| Year | Tomato juice | Grapefruit juice | Orange juice | Pineapple juice | Total        |
|------|--------------|------------------|--------------|-----------------|--------------|
|      | <i>Cases</i> | <i>Cases</i>     | <i>Cases</i> | <i>Cases</i>    | <i>Cases</i> |
| 1929 | 185,000      | 205,000          | .....        | .....           | 390,000      |
| 1930 | 1,333,964    | 115,708          | 37,552       | .....           | 1,492,224    |
| 1931 | 4,583,635    | 416,683          | 99,209       | .....           | 5,099,527    |
| 1932 | 4,447,043    | 283,324          | 36,362       | .....           | 4,771,729    |
| 1933 | 4,170,794    | 733,691          | 110,597      | 700,000         | 5,720,082    |
| 1934 | 5,703,920    | 739,344          | 342,673      | 2,000,000       | 8,786,442    |
| 1935 | 9,286,590    | 2,617,155        | 1,107,299    | 2,500,000       | 15,511,044   |
| 1936 | 13,104,309   | 2,462,902        | 1,227,186    | 5,000,000       | 21,794,897   |
| 1937 | 13,444,972   | 6,399,078        | 1,646,059    | 7,500,000       | 28,990,109   |
| 1938 | 8,675,403*   | 8,500,000*       | 1,306,183*   | 5,000,000       | 23,481,586   |

\* Preliminary.

Source: Western Canner and Packer. Yearbook, 1939.

The information in Table 14 gives a comparative picture of the returns to the grower, by years, in each of the associations as well as furnishing some of the basic facts relative to the factors affecting the grower returns.

Table 14. DATA ON TONNAGE, UNIT RETURNS, AND UNIT OPERATING COSTS, BY ASSOCIATION, BY YEARS.

| Association | Tonnage handled | Net sales return per ton | Cost of operations per ton | Amount available for distribution | Net pool payment to members |
|-------------|-----------------|--------------------------|----------------------------|-----------------------------------|-----------------------------|
|             | <i>Tons</i>     |                          |                            |                                   |                             |
| <i>1936</i> |                 |                          |                            |                                   |                             |
| A           | 1,471           | \$ 67.88                 | \$12.95                    | \$54.93                           | \$49.26                     |
| B           | 663             | 37.18                    | 19.35                      | 68.17                             | 68.00                       |
| C           | 569             | 104.69                   | 13.02                      | 86.70                             | 86.44                       |
| D           | 243             | 86.16                    | 22.24                      | 64.10                             | 59.10                       |
| E           | 758             | 75.66                    | 13.43                      | 62.18                             | 56.59                       |
| F           | 1,061           | 73.36                    | 13.32                      | 60.07                             | 57.53                       |
| G           | 489             | 58.91                    | 15.60                      | .....                             | 43.31                       |
| H           | 242             | 44.95                    | 5.00*                      | 39.95                             | 35.95                       |
| <i>1937</i> |                 |                          |                            |                                   |                             |
| A           | 422             | 47.30                    | 14.52                      | 32.78                             | 27.41                       |
| B           | 60              | 107.79                   | 56.80                      | 73.08                             | 82.93                       |
| C           | 221             | 85.02                    | 20.58                      | 64.44                             | 64.14                       |
| D           | 55              | 103.00                   | 29.41                      | 73.59                             | 72.79                       |
| E           | 33              | 59.88                    | 67.34                      | 4.57                              | 54.31                       |
| F           | 68              | 53.78                    | 9.26                       | 44.51                             | 49.00                       |
| G           | 51              | 60.80                    | 11.76                      | .....                             | 49.04                       |
| H           | 467             | 41.79                    | 5.00*                      | 36.79                             | 32.79                       |
| <i>1938</i> |                 |                          |                            |                                   |                             |
| A           | 398             | 57.84                    | 20.64                      | 37.20                             | 33.15                       |
| B           | 701             | 69.48                    | 20.63                      | 50.01                             | 48.66                       |
| C           | 1,412           | 60.44                    | 10.45                      | 49.99                             | 46.13                       |
| D           | 270             | 64.99                    | 14.60                      | 50.39                             | 41.18                       |
| E           | 418             | 63.07                    | 15.13                      | 47.89                             | 44.65                       |
| F           | 762             | 61.23                    | 12.61                      | 48.66                             | 40.22                       |
| G           | 48              | 55.21                    | 12.34                      | .....                             | 42.87                       |
| H           | 362             | 47.94                    | 5.00*                      | 42.94                             | 38.94                       |

\* This association does not perform all of the marketing functions undertaken by the other associations included in this break-down.

**Marketing costs.** The differences in the net sales returns to the individual associations are due primarily to the differences in the size of prunes sold and delivered by the associations (Tables 15 and 16). This fact is clearly

indicated in Table 22, Appendix, which shows the percentage distribution of sizes of prunes and the average net payout to the grower for prunes marketed by each of seven Oregon prune associations for the fiscal years 1936, 1937, and 1938.

Table 15. AVERAGE VARIATION IN SALES RETURNS PER POUND OF DRIED FRENCH PRUNES CLASSIFIED BY SIZE GROUPS.\*  
(Return for 40-50 Group = 100)

| Size   | Index of return |
|--------|-----------------|
| 20-30  | 164             |
| 25-35  | 140             |
| 30-40  | 126             |
| 35-45  | 111             |
| 40-50  | 100             |
| 50-60  | 83              |
| 60-70  | 75              |
| 70-80  | 67              |
| 80-90  | 61              |
| 90-100 | 61              |

\* The computation is based on the average sales returns of 6 associations for the seasons of 1936, 1937, and 1938.

Table 16. AVERAGE VARIATION IN SALES RETURNS PER POUND OF DRIED ITALIAN PRUNES CLASSIFIED BY SIZE GROUPS.\*  
(Return for 40-50 Group = 100)

| Size  | Index of return |
|-------|-----------------|
| 20-30 | 239             |
| 25-35 | 191             |
| 30-40 | 143             |
| 35-45 | 111             |
| 40-50 | 100             |
| 50-60 | 86              |
| 60-70 | 78              |
| 70-80 | 65              |

\* The computation is based on the average sales returns of 7 associations for the seasons of 1936, 1937, and 1938.

The sum available for distribution to the growers in each of the associations is contingent on the net sales returns per ton of dried prunes less the cost per ton of marketing the product through the association. The net payment to the grower is the amount of cash the grower actually receives from his association. This latter figure is obtained by deducting the amount withheld by the association for capital or operating reserve purposes from the amount available for distribution. Noticeable variations exist among the associations with respect to the unit operating costs (Table 14).

Wide fluctuations in the tonnage of prunes handled by each of the associations occurred between 1936 and 1938. In this connection there is a definite tendency for the unit cost of operation to be higher when the packing plants operate at a very low capacity. This condition of costs per unit is brought out by a comparison of tonnage handled by the association to the cost of operations per ton of product. The tendency for a higher unit cost under a low-capacity operation would be more marked were it not for the fact that some of the associations allocated their expenses on a different basis during the 1937 season than they followed during 1936 and 1938.

The effect of the fluctuations in the volume of prunes handled by the association on the unit cost of packing and marketing the products is less severe than one finds in industries with a heavy investment in plant and facilities. To a certain extent there is a measure of variability in managerial cost due to the flexible arrangement of paying the managers on the basis of the time employed.

Labor and packing supply costs are extremely variable cost factors. Most of the labor employed in the association packing plants is paid on an hourly basis. The employees work when there is work to be done, and they are paid accordingly. Packing supplies are charged off in proportion to the amount used. The degree of flexibility present in the plant organization is particularly adaptable to the dried-prune-packing industry in which one finds very great variations from season to season in the volume of prunes delivered by the growers. There appears to be a marked variation in the percentage allocated to other expense accounts listed in the percentage break-down of the operating statements of each of six of the associations (Table 17). Part of the difference in percentage is attributable to the fact that operating-expense items are interpreted in terms of a percentage of the net sales, which is a different amount for each firm for each of the three years.

**Oregon Prune Exchange.** Reference has already been made to the Oregon Prune Exchange, the cooperative sales agency for several of the Oregon dried-prune associations. Inasmuch as most of the sales of dried prunes packed by associations are made through the Exchange, and inasmuch as the returns to the member associations and to the growers of these associations are conditioned by the cost of operating the Exchange, it seems reasonable at this point to discuss briefly the organization and functions of this sales agency.

The Oregon Prune Exchange is a federated sales agency. Its membership is composed of seven dried-prune-packing associations located in western Oregon, which it serves exclusively. Membership in the Exchange is open to any local association having five or more grower members and controlling not less than 250 bearing acres of prunes. Each member association pays a membership fee of \$100 upon admittance to membership. Voting is on the basis of one vote per member, and in this instance each association is designated as a member.

While the Exchange functions as a selling agency primarily, it performs other services of value to the individual associations and to the dried-prune industry as a whole. The principal service from the point of need in the dried-prune industry is that of improvement in dried-prune quality. In this respect the association is doing considerable work to bring about a uniformity of pack among the seven member associations that will be of distinct advantage to the industry in this state. At present the efforts of the Exchange are being directed toward the development of a program for marketing packaged dried prunes under brand names. It is possible that sales-promotion work directed toward a stimulation of consumer demand for branded Oregon dried prunes will yield something of value to Exchange membership.

None of the cooperative dried-prune associations has a sufficient volume of business to justify the maintenance of an independent sales department. It is true also that none of the associations has a sufficient volume of package business to warrant the purchase of suitable equipment to package dried prunes

in small paper cartons to meet current needs in merchandising the product. The selling organization appears to meet satisfactorily a particular need in the dried-prune industry in that it provides the mechanism by which it is possible

Table 17. 100-PER-CENT OPERATING STATEMENTS OF 6 COOPERATIVE PRUNE ASSOCIATIONS.

|   | A                   | B                   | C                   | D                   | E                   | F                   |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | Net sales<br>100.00 |
|   | <i>Per cent</i>     |
| <b>1936</b>   |                     |                     |                     |                     |                     |                     |
| <i>Expenses</i>                                     |                     |                     |                     |                     |                     |                     |
| Salaries and wages .....                            | 8.02                | 6.39                | 6.01                | 7.74                | 5.26                | 8.52                |
| Warehouse expense .....                             | 1.16                | .....               | .32                 | .96                 | 1.97                | 1.09                |
| Directors fees and expenses .....                   | .....               | .....               | .13                 | .48                 | .07                 | .....               |
| Interest paid .....                                 | 1.15                | .....               | 2.56                | 1.90                | 1.58                | 1.34                |
| Taxes .....   | .65                 | .17                 | .44                 | 1.59                | .28                 | .....               |
| Insurance .....                                     | .78                 | .51                 | .56                 | .16                 | 1.13                | .62                 |
| Depreciation .....                                  | .....               | .36                 | .80                 | 5.42                | 1.05                | .....               |
| Repairs and maintenance .....                       | .24                 | .62                 | .33                 | .15                 | .19                 | .....               |
| Light, heat, water, and<br>power .....              | .91                 | .60                 | .21                 | .84                 | .60                 | .88                 |
| Office supplies .....                               | .12                 | .24                 | .06                 | .12                 | .03                 | .....               |
| Packing supplies .....                              | 5.58                | 3.41                | 5.12                | 5.98                | 5.20                | 4.62                |
| Auditing .....                                      | .....               | .17                 | .....               | .....               | .....               | .....               |
| Telephone and telegraph .....                       | .13                 | .17                 | .03                 | .18                 | .03                 | .....               |
| Travel expense .....                                | .....               | .27                 | .....               | .....               | .....               | .....               |
| Freight, express, and<br>cartage .....              | .....               | 1.31                | .02                 | .....               | .03                 | .....               |
| Miscellaneous expense .....                         | .34                 | .78                 | .57                 | .30                 | .35                 | 1.09                |
| Brokerage and discounts .....                       | .....               | 7.19                | .....               | .....               | .....               | .....               |
| Total cost of operation .....                       | 19.08               | 22.19               | 17.21               | 25.82               | 17.82               | 18.16               |
| Proceeds after deducting<br>cost of operation ..... | 80.92               | 77.81               | 82.79               | 74.18               | 82.18               | 81.84               |
| <i>Other income</i>                                 |                     |                     |                     |                     |                     |                     |
| Interest earned .....                               | .....               | .15                 | .....               | .....               | .....               | .....               |
| Sundry income .....                                 | .....               | .23                 | .02                 | .21                 | .....               | .05                 |
| Amount available for dis-<br>tribution .....        | 80.92               | 78.19               | 82.81               | 74.39               | 82.18               | 81.89               |
| <b>1937</b>   |                     |                     |                     |                     |                     |                     |
| <i>Expenses</i>                                     |                     |                     |                     |                     |                     |                     |
| Salaries and wages .....                            | 11.22               | 12.35               | 9.89                | 5.37                | 44.62               | 5.48                |
| Warehouse expense .....                             | .....               | .....               | .....               | .....               | .....               | .....               |
| Directors fees and expenses .....                   | .....               | .....               | .32                 | .73                 | 1.42                | .....               |
| Interest paid .....                                 | 5.00                | .....               | 5.27                | 5.94                | 48.31               | .....               |
| Taxes .....   | 2.96                | 2.16                | 1.05                | 8.85                | 7.26                | .....               |
| Insurance .....                                     | 2.60                | 1.71                | 1.89                | 2.62                | 12.09               | 4.21                |
| Depreciation .....                                  | .....               | 3.15                | .93                 | .....               | .....               | .....               |
| Repairs and maintenance .....                       | .18                 | 1.23                | .....               | .....               | .....               | .....               |
| Light, heat, water, and<br>power .....              | 2.06                | 3.06                | .09                 | 1.52                | 3.58                | .51                 |
| Office supplies .....                               | .08                 | .98                 | .03                 | .93                 | .22                 | .....               |
| Packing supplies .....                              | 6.20                | 5.89                | 4.69                | 1.92                | (8.42)              | 6.63                |
| Auditing .....                                      | .....               | 2.06                | .....               | .....               | .....               | .....               |
| Telephone and telegraph .....                       | .31                 | .97                 | .....               | .45                 | .68                 | .....               |
| Travel expense .....                                | .....               | 1.02                | .....               | .....               | .....               | .....               |
| Freight, express, and<br>cartage .....              | .....               | 3.10                | .....               | .....               | .12                 | .....               |
| Miscellaneous expense .....                         | .08                 | 2.93                | .05                 | .22                 | 2.59                | .38                 |
| Brokerage and discounts .....                       | .....               | 12.08               | .....               | .....               | .....               | .....               |
| Total cost of operation .....                       | 30.69               | 52.69               | 24.21               | 28.55               | 112.47              | 17.21               |
| Proceeds after deducting<br>cost of operation ..... | 69.31               | 47.31               | 75.79               | 71.45               | (12.47)             | 82.79               |
| <i>Other income</i>                                 |                     |                     |                     |                     |                     |                     |
| Interest earned .....                               | .....               | 1.26                | .....               | .....               | .15                 | .....               |
| Sundry income .....                                 | .....               | 19.23               | .....               | .....               | 4.69                | .....               |
| Amount available for dis-<br>tribution .....        | 69.31               | 67.80               | 75.79               | 71.45               | (7.63)              | 82.79               |

Table 17. 100-PER-CENT OPERATING STATEMENT OF 6 PRUNE ASSOCIATIONS—Continued

|   | A                   | B                   | C                   | D                   | E                   | F                   |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | Net sales<br>100.00 |
|   | <i>Per cent</i>     |
| 1938  |                     |                     |                     |                     |                     |                     |
| <i>Expenses</i>                                     |                     |                     |                     |                     |                     |                     |
| Salaries and wages .....                            | 18.05               | 9.67                | 6.78                | 6.45                | 7.82                | 8.40                |
| Warehouse expense .....                             |                     |                     |                     |                     |                     |                     |
| Directors fees and expenses .....                   |                     |                     | .07                 | .53                 | .01                 | .18                 |
| Interest paid .....                                 | 4.21                |                     | 1.64                | 1.86                | 3.99                | 1.28                |
| Taxes .....   | 2.52                | .63                 | .60                 | 2.19                | .60                 | .22                 |
| Insurance .....                                     | 1.59                | .59                 | .39                 | .68                 | .90                 | .94                 |
| Depreciation .....                                  |                     | .65                 | .58                 |                     |                     |                     |
| Repairs and maintenance .....                       | .75                 | .35                 | .29                 | 1.42                | .01                 | .40                 |
| Light, heat, water, and<br>power .....              | 1.90                | .69                 | .30                 | .90                 | .94                 | .86                 |
| Office supplies .....                               | .09                 | .18                 | .06                 | .11                 | .08                 | .10                 |
| Packing supplies .....                              | 5.32                | 8.07                | 6.18                | 8.31                | 9.10                | 7.57                |
| Auditing .....                                      |                     | .22                 |                     |                     |                     | .30                 |
| Telephone and telegraph .....                       | .37                 | .25                 | .09                 | .01                 | .10                 | .10                 |
| Travel expense .....                                |                     | .15                 |                     |                     |                     |                     |
| Freight, express, and<br>cartage .....              |                     |                     | .08                 |                     | .09                 | .06                 |
| Miscellaneous expense .....                         | .89                 | .98                 | .22                 |                     | .43                 | .19                 |
| Brokerage and discounts .....                       |                     | 7.26                |                     |                     |                     |                     |
| Total cost of operation .....                       | 35.69               | 29.69               | 17.28               | 22.46               | 24.07               | 20.60               |
| Proceeds after deducting<br>cost of operation ..... | 64.31               | 70.31               | 82.72               | 77.54               | 75.93               | 79.40               |
| <i>Other income</i>                                 |                     |                     |                     |                     |                     |                     |
| Interest earned .....                               |                     | .31                 |                     |                     |                     |                     |
| Sundry income .....                                 |                     | 1.36                |                     |                     |                     | .06                 |
| Amount available for dis-<br>tribution .....        | 64.31               | 71.98               | 82.72               | 77.54               | 75.93               | 79.46               |

to carry out many of the marketing functions that would be impossible were the individual associations to attempt a similar program.\*

The Exchange maintains established market outlets through brokers, chain stores, independent wholesale grocers, and large independent retailers. For the services of brokers the Exchange pays a uniform percentage of the selling price of the product on both domestic and foreign sales.

The Oregon Prune Exchange retains one twenty-fifth (1/25) of 1 cent per pound from the net sales proceeds for the purpose of accumulating a capital revolving fund. Revolving-fund certificates are issued to the member associations as previously explained. These deductions for capital purposes are held by the Exchange on an average of three years.

Current operating expenses of the organization are cared for by means of a stipulated charge for each ton of product handled. A deduction is made also for advertising purposes. This advertising program is to begin in 1940.

The activities of the Exchange have done much to encourage the adoption of uniform accounting systems in each of the member associations.

### CREDIT REQUIREMENTS

The credit requirements of the prune associations are of three classes; namely, commodity, operating, and facility. The cost of obtaining credit has a

\* The Oregon Prune Exchange installed packaging equipment in one of the packing plants in 1939. This equipment is designed to pack small paper cartons.

definite bearing on the net return available for distribution to the grower-members of the associations.

Commodity credit is obtained by the associations through their local banks on open notes or through the Exchange, which makes advances to the member associations on the basis of the current and anticipated future market value of the prunes. The Exchange obtains the money for advances to the member associations from one of the large Portland, Oregon, banks. The local association for which the loan is to be used is a cosigner of the open note. The rate of interest paid for loans of this type is 6 per cent.

Operating credit is obtained by one association from local banks on open notes. The rate is 6 per cent.

Facility credit is now used by one association only. This firm has a 5 per cent note outstanding on a mortgage contract.

It is significant that none of the prune associations has used the credit facilities of the Spokane Bank for Cooperatives since 1936. The management of the prune-packing associations claims that the present policy of borrowing from private agencies rather than the Bank for Cooperatives is based on convenience and equally advantageous net cost for the loan. In this connection, they have three points that they offer in favor of using private banking facilities for credit rather than the Bank for Cooperatives. They are as follows:

1. The loans obtained from the private banks are on open notes. The associations are relieved, therefore, from the comparatively expensive warehousing costs incident to meeting the requirements of the Bank for Cooperatives for commodity loans.
2. The local credit agencies are located conveniently, and they are in a position to meet the current requirements of the local cooperative associations in their communities without unnecessary delay.
3. The prune associations are relieved of a considerable part of the reports required by the Bank for Cooperatives, and no formal procedure is required to obtain release of prune stock when the product is sold.

On the basis of the information available other factors apparently need to be considered in connection with the policy of the associations in meeting their credit requirements through private banks. These are summarized below:

1. The commodity credit requirements of the prune-packing associations are small and for short periods of time compared with the larger credit needs of cooperative fruit-and-vegetable-canning associations.
2. Local banks are in a position to supply the credit needs of the prune cooperatives.
3. The prune-packing associations have arranged to finance their own long-term or facility credit needs by means of the members' investments in the associations. This condition leaves these associations less dependent on the Bank for Cooperatives from which this long-term credit could be obtained under favorable conditions.

# Appendix

Table 18. DRIED-PRUNE EXPORTS FROM THE PORT OF PORTLAND, FOREIGN.

| Year beginning July 1 | 1,000 pounds |
|-----------------------|--------------|
| 1919                  | 114,066      |
| 1920                  | 57,461       |
| 1921                  | 109,398      |
| 1922                  | 79,229       |
| 1923                  | 136,448      |
| 1924                  | 171,771      |
| 1925                  | 151,405      |
| 1926                  | 175,544      |
| 1927                  | 260,625      |
| 1928                  | 273,051      |
| 1929                  | 142,989      |
| 1930                  | 296,254      |
| 1931                  | 243,935      |
| 1932                  | 182,354      |
| 1933                  | 202,832      |
| 1934                  | 152,716      |
| 1935                  | 217,639      |
| 1936                  | 163,952      |
| 1937                  | 214,792      |
| 1938                  | 214,032      |
| 1939                  | .....        |

Source: Agricultural Statistics, 1939; Foreign Crops and Markets, Supplement to issue of August 12, 1939, Vol. 39, No. 7.

Table 19. DRIED-PRUNE EXPORTS FROM THE PORT OF PORTLAND, FOREIGN.  
By years, 1927-1939.

| Year                       | Exports       | Total value    | Price per pound |
|----------------------------|---------------|----------------|-----------------|
|                            | <i>Pounds</i> |                |                 |
| 1927                       | 38,825,793    | \$1,991,770.00 | \$0.05          |
| 1928                       | 6,654,467     | 330,121.00     | .05             |
| 1929                       | 39,663,685    | 3,299,156.00   | .08             |
| 1930                       | 33,752,201    | 2,438,577.00   | .07             |
| 1931                       | 24,906,909    | 1,265,563.00   | .05             |
| 1932                       | 25,713,753    | 1,123,778.00   | .04             |
| 1933                       | 33,205,477    | 1,481,441.00   | .04             |
| 1934                       | 22,316,113    | 1,122,183.00   | .05             |
| 1935                       | 21,994,473    | 1,004,836.00   | .05             |
| 1936                       | 18,476,654    | 714,967.00     | .04             |
| 1937                       | 11,608,942    | .....          | .....           |
| 1938                       | 7,405,119     | .....          | .....           |
| 1939                       | 14,283,634    | .....          | .....           |
| 10-YEAR AVERAGE, 1927-1936 | 26,550,952.5  | 1,477,239.20   | .056            |

Table 20. DRIED-PRUNE EXPORTS FROM THE PORT OF PORTLAND, DOMESTIC.  
By years, 1927-1939.

| Year   | Exports       | Total value    | Price per pound |
|--|---------------|----------------|-----------------|
|  | <i>Pounds</i> |                |                 |
| 1927   | 19,384,882    | \$1,126,853.00 | \$0.06          |
| 1928   | 14,817,081    | 889,022.00     | .06             |
| 1929   | 10,814,875    | 974,521.00     | .09             |
| 1930   | 22,853,909    | 1,302,893.00   | .06             |
| 1931   | 13,544,904    | .....          | .....           |
| 1932   | 18,863,212    | 943,335.00     | .05             |
| 1933   | 19,302,822    | 965,141.00     | .05             |
| 1934   | 19,173,541    | 1,477,850.00   | .08             |
| 1935   | 24,059,880    | 1,202,970.00   | .05             |
| 1936   | 14,276,797    | 685,282.00     | .05             |
| 1937   | 15,099,168    | .....          | .....           |
| 1938   | 15,877,408    | .....          | .....           |
| 1939   | 11,821,929    | .....          | .....           |
| 10-YEAR AVERAGE, 1927-1936                   | 17,709,190.3  | .....          | .0585           |
| 9-YEAR AVERAGE, 1927-1936<br>(1931 excluded) | .....         | 1,063,096.32   | .....           |

Source: United States Department of Agriculture, Agricultural Marketing Service, Northwest Dried Prune Reports; Oregon State College Extension Circular 305.

Table 21. 100-PER-CENT BALANCE SHEETS OF 6 COOPERATIVE PRUNE ASSOCIATIONS—1936

|                                       | A               | B               | C               | D               | E               | F               |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                       | <i>Per cent</i> |
| <b>1936</b>                           |                 |                 |                 |                 |                 |                 |
| <b>ASSETS</b>                         |                 |                 |                 |                 |                 |                 |
| <i>Current</i>                        |                 |                 |                 |                 |                 |                 |
| Cash .....                            | .23             | 43.21           | 1.38            | 1.48            | .92             | 1.41            |
| Accounts receivable .....             | .....           | 11.85           | .54             | 3.36            | .04             | .....           |
| Inventories:                          |                 |                 |                 |                 |                 |                 |
| Operating supplies .....              | .....           | 2.19            | 3.47            | .....           | 3.48            | .....           |
| Growers' supplies .....               | .....           | .14             | .....           | .....           | .....           | .....           |
| Other current assets .....            | 74.42           | .09             | 66.30           | 63.22           | 74.85           | 81.57           |
| Total current assets .....            | 74.65           | 57.48           | 71.69           | 68.06           | 79.29           | 82.98           |
| <i>Fixed</i>                          |                 |                 |                 |                 |                 |                 |
| Land .....                            | .....           | 2.94            | 1.87            | 11.95           | .71             | .38             |
| Buildings .....                       | 23.96           | 35.88           | 14.11           | 20.31           | 10.17           | 6.99            |
| Machinery and equipment .....         | .....           | 51.90           | 14.38           | 29.75           | 12.29           | 5.76            |
| Office equipment .....                | .11             | .....           | .42             | 1.40            | 1.15            | .39             |
| Other fixed assets .....              | .65             | .....           | 1.20            | 1.41            | 1.50            | .40             |
| Less depreciation .....               | .....           | (67.56)         | (8.79)          | (32.88)         | (9.06)          | .....           |
| Total fixed assets .....              | 24.72           | 23.16           | 23.19           | 31.94           | 16.76           | 13.92           |
| <i>Other</i>                          |                 |                 |                 |                 |                 |                 |
| Prepaid expenses .....                | .63             | 5.32            | .32             | .....           | .....           | .....           |
| Miscellaneous assets .....            | .....           | 14.04           | 4.80            | .....           | 3.95            | 3.10            |
| Total assets .....                    | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          |
| <b>LIABILITIES</b>                    |                 |                 |                 |                 |                 |                 |
| <i>Current</i>                        |                 |                 |                 |                 |                 |                 |
| Accounts payable .....                | .....           | 2.53            | 7.08            | .....           | .18             | 1.77            |
| Notes payable .....                   | 12.51           | .....           | 59.77           | .....           | .....           | 12.62           |
| Undistributed pools .....             | 68.27           | 25.24           | .....           | 58.63           | 63.16           | 65.18           |
| Accruals .....                        | .....           | .52             | .....           | .....           | .....           | .....           |
| Other .....                           | .....           | .....           | .09             | .....           | 10.42           | .....           |
| Total current liabilities .....       | 80.78           | 28.29           | 66.94           | 58.63           | 73.76           | 79.57           |
| <i>Fixed</i>                          |                 |                 |                 |                 |                 |                 |
| Secured notes payable .....           | 19.14           | .....           | .....           | .....           | 2.24            | .....           |
| Total liabilities .....               | 99.92           | 28.29           | 66.94           | 58.63           | 76.00           | 79.57           |
| <i>Net worth</i>                      |                 |                 |                 |                 |                 |                 |
| Common stock .....                    | .....           | 53.85           | .....           | .....           | .....           | .....           |
| Revolving fund .....                  | .....           | .....           | 20.17           | 17.97           | 16.82           | 13.90           |
| Capital reserves .....                | .08             | 17.86           | 12.89           | 23.40           | 7.18            | 6.53            |
| Total net worth .....                 | .08             | 71.71           | 33.06           | 41.37           | 24.00           | 20.43           |
| Total liabilities and net worth ..... | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          |
| <b>1937</b>                           |                 |                 |                 |                 |                 |                 |
| <b>ASSETS</b>                         |                 |                 |                 |                 |                 |                 |
| <i>Current</i>                        |                 |                 |                 |                 |                 |                 |
| Cash .....                            | 2.77            | 25.67           | .28             | 2.91            | 8.51            | 5.02            |
| Accounts receivable .....             | .....           | 13.78           | 1.88            | 7.75            | .45             | .25             |
| Inventories:                          |                 |                 |                 |                 |                 |                 |
| Operating supplies .....              | .....           | 5.02            | 2.69            | .....           | .....           | 2.43            |
| Growers' supplies .....               | .....           | .69             | .....           | .....           | .....           | .56             |
| Other current assets .....            | 42.56           | .13             | 73.72           | .....           | 21.14           | 23.30           |
| Total current assets .....            | 45.33           | 45.29           | 78.57           | 10.66           | 30.10           | 31.56           |
| <i>Fixed</i>                          |                 |                 |                 |                 |                 |                 |
| Land .....                            | .....           | 4.36            | 1.45            | 33.58           | 2.39            | 1.38            |
| Buildings .....                       | 49.32           | 53.21           | 10.94           | 57.07           | 36.12           | 25.50           |
| Machinery and equipment .....         | .....           | 76.96           | 11.16           | 83.91           | 42.45           | 27.93           |
| Office equipment .....                | .55             | .....           | .33             | 3.93            | 4.08            | 1.53            |
| Other fixed assets .....              | 1.10            | .....           | .93             | 4.02            | 5.09            | 1.46            |
| Less depreciation .....               | .....           | (101.73)        | (6.82)          | (102.89)        | (30.63)         | .....           |
| Total fixed assets .....              | 50.97           | 32.80           | 17.99           | 79.62           | 59.50           | 57.80           |
| <i>Other</i>                          |                 |                 |                 |                 |                 |                 |
| Prepaid expenses .....                | 1.29            | 2.49            | .24             | 9.72            | .....           | .....           |
| Miscellaneous assets .....            | 2.41            | 19.42           | 3.20            | .....           | 10.40           | 10.64           |
| Total assets .....                    | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          |

Table 21. 100-PER-CENT BALANCE SHEETS OF 6 COOPERATIVE PRUNE ASSOCIATIONS—1936  
Continued

|                                       | A               | B               | C               | D               | E               | F               |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                       | <i>Per cent</i> |
| <b>LIABILITIES</b>                    |                 |                 |                 |                 |                 |                 |
| <i>Current</i>                        |                 |                 |                 |                 |                 |                 |
| Accounts payable .....                |                 | 4.75            |                 |                 |                 | .92             |
| Notes payable .....                   | 6.48            |                 |                 |                 |                 | 19.85           |
| Undistributed pools .....             | 43.03           |                 | 74.57           |                 |                 | 17.54           |
| Accruals .....                        |                 |                 |                 | 2.58            |                 |                 |
| Other .....                           |                 | 1.65            |                 |                 |                 |                 |
| Total current liabilities .....       | 49.51           | 6.40            | 74.57           | 2.58            |                 | 38.31           |
| <i>Fixed</i>                          |                 |                 |                 |                 |                 |                 |
| Secured notes payable .....           | 29.55           |                 |                 |                 |                 |                 |
| Total liabilities .....               | 79.06           | 6.40            | 74.57           | 2.58            |                 | 38.31           |
| <i>Net worth</i>                      |                 |                 |                 |                 |                 |                 |
| Common stock .....                    |                 | 77.08           |                 |                 |                 |                 |
| Revolving fund .....                  | 18.11           |                 | 15.43           | 36.94           | 67.62           | 50.32           |
| Capital reserves .....                | 2.83            | 16.52           | 10.00           | 60.48           | 32.38           | 11.37           |
| Total net worth .....                 | 20.94           | 93.60           | 25.43           | 97.42           | 100.00          | 61.69           |
| Total liabilities and net worth ..... | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          |
| <b>1938</b>                           |                 |                 |                 |                 |                 |                 |
| <b>ASSETS</b>                         |                 |                 |                 |                 |                 |                 |
| <i>Current</i>                        |                 |                 |                 |                 |                 |                 |
| Cash .....                            | .09             | 1.16            | 8.97            | 8.38            | 2.83            | .96             |
| Accounts receivable .....             |                 | .35             | 3.25            | .07             | .21             | .04             |
| Inventories:                          |                 |                 |                 |                 |                 |                 |
| Operating supplies .....              |                 | 7.13            | 8.30            |                 | 1.06            | .53             |
| Growers' supplies .....               |                 | .15             |                 |                 |                 |                 |
| Other current assets .....            | 41.29           | 33.49           | 37.84           | 52.26           | 61.10           | 67.39           |
| Total current assets .....            | 41.38           | 42.28           | 58.36           | 60.71           | 65.20           | 68.92           |
| <i>Fixed</i>                          |                 |                 |                 |                 |                 |                 |
| Land .....                            |                 | 3.32            | 3.02            | 14.96           | 1.14            | .62             |
| Buildings .....                       | 53.29           | 61.82           | 22.78           | 25.42           | 17.32           | 11.51           |
| Machinery and equipment ..            |                 | 69.01           | 23.22           | 37.38           | 21.13           | 12.79           |
| Office equipment .....                | .61             |                 | .88             | 1.75            | 1.95            | .69             |
| Other fixed assets .....              | 1.18            |                 | 1.94            | 1.79            | 2.88            | .66             |
| Less depreciation .....               |                 | (79.25)         | (15.63)         | (45.83)         | (14.61)         |                 |
| Total fixed assets .....              | 55.08           | 54.90           | 36.21           | 35.47           | 29.81           | 26.27           |
| <i>Other</i>                          |                 |                 |                 |                 |                 |                 |
| Prepaid expenses .....                | .70             | 2.82            | .26             | 3.82            |                 |                 |
| Miscellaneous assets .....            | 2.84            |                 | 5.17            |                 | 4.99            | 4.81            |
| Total assets .....                    | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          |
| <b>LIABILITIES</b>                    |                 |                 |                 |                 |                 |                 |
| <i>Current</i>                        |                 |                 |                 |                 |                 |                 |
| Accounts payable .....                |                 | 6.07            |                 |                 | .12             | .17             |
| Notes payable .....                   | 2.65            | 5.79            |                 |                 |                 | 38.76           |
| Undistributed pools .....             | 36.60           |                 | 48.51           | 57.08           | 35.97           | 36.40           |
| Accruals .....                        |                 |                 |                 |                 |                 |                 |
| Other .....                           |                 | 15.97           |                 |                 | 13.72           |                 |
| Total current liabilities .....       | 39.25           | 27.83           | 48.51           | 57.08           | 49.81           | 75.33           |
| <i>Fixed</i>                          |                 |                 |                 |                 |                 |                 |
| Secured notes payable .....           | 31.87           |                 |                 |                 |                 |                 |
| Total liabilities .....               | 71.12           | 27.83           | 48.51           | 57.08           | 49.81           | 75.33           |
| <i>Net worth</i>                      |                 |                 |                 |                 |                 |                 |
| Common stock .....                    |                 |                 |                 |                 |                 |                 |
| Revolving fund .....                  | 25.14           | 56.92           | 29.74           | 16.78           | 34.73           | 22.71           |
| Capital reserves .....                | 3.74            | 15.25           | 21.75           | 26.14           | 15.46           | 1.96            |
| Total net worth .....                 | 28.88           | 72.17           | 51.49           | 42.92           | 50.19           | 24.67           |
| Total liabilities and net worth ..... | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          |

Table 22. PERCENTAGE DISTRIBUTION OF PRUNES BY SIZES AND THE AVERAGE NET RETURNS TO ASSOCIATION AND MEMBERS IN THE POOLS OF 8 COOPERATIVE PRUNE ASSOCIATIONS

| Number of prunes per pound                       | Firm 1          | Firm 2          | Firm 3          | Firm 4†         | Firm 5          | Firm 6          | Firm 7          | Firm 8          |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | <i>Per cent</i> |
| <b>1936</b>                                      |                 |                 |                 |                 |                 |                 |                 |                 |
| 20-30 .....                                      | .....           | .....           | .30             | .....           | .30             | .....           | .....           | .....           |
| 25-35 .....                                      | .60             | .....           | 11.00           | .....           | .10             | .....           | .....           | .10             |
| 30-40 .....                                      | 23.90           | 4.50            | 52.70           | .10             | 3.80            | 4.70            | 5.40            | 12.60           |
| 35-45 .....                                      | 23.90           | 2.10            | 7.00            | 2.20            | 21.20           | 20.00           | 15.20           | 15.50           |
| 40-50 .....                                      | 29.70           | 58.00           | 27.10           | 37.80           | 40.00           | 45.30           | 44.80           | 41.70           |
| 50-60 .....                                      | 18.00           | 19.50           | .60             | 50.20           | 25.90           | 19.70           | 30.60           | 22.50           |
| 60-70 .....                                      | 3.60            | 10.10           | .90             | 7.70            | 4.70            | 7.40            | .20             | 4.30            |
| 70-80 .....                                      | .30             | 5.80            | .30             | 2.00            | 2.60            | 2.90            | 3.70            | 3.30            |
| 80-90 .....                                      | .....           | .....           | .10             | .....           | .50             | .....           | .....           | .....           |
| 90-100 .....                                     | .....           | .....           | .....           | .....           | .40             | .....           | .10             | .....           |
| 100-120 .....                                    | .....           | .....           | .....           | .....           | .40             | .....           | .....           | .....           |
| 120 and over .....                               | .....           | .....           | .....           | .....           | .10             | .....           | .....           | .....           |
| Total .....                                      | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          |
| Average net sales returns per ton .....          | \$ 86.16        | \$ 58.91*       | \$104.69        | \$ 67.88        | .....           | \$ 75.66        | \$ 73.36        | \$ 87.18        |
| Average net cash payout to grower per ton .....  | 59.10           | 43.31           | 86.44           | 49.26           | .....           | 56.59           | 57.53           | 68.00           |
| <b>1937</b>                                      |                 |                 |                 |                 |                 |                 |                 |                 |
| 20-30 .....                                      | .....           | 1.40            | .....           | 1.20            | .....           | .....           | .....           | .....           |
| 25-35 .....                                      | 3.60            | 7.90            | 1.40            | 16.20           | .....           | 1.20            | .....           | 1.30            |
| 30-40 .....                                      | 29.00           | 28.10           | 16.70           | 41.40           | 27.80           | 16.90           | 5.80            | 28.80           |
| 35-45 .....                                      | 31.90           | 2.00            | 19.50           | 19.70           | 8.20            | 13.70           | 24.60           | 13.90           |
| 40-50 .....                                      | 27.70           | 19.50           | 45.50           | 13.70           | 25.00           | 53.30           | 69.60           | 44.30           |
| 50-60 .....                                      | 7.90            | 14.80           | 11.90           | 6.80            | 12.30           | 14.00           | .....           | 9.40            |
| 60-70 .....                                      | .....           | 16.20           | 5.00            | 1.00            | 10.30           | .90             | .....           | 1.70            |
| 70-80 .....                                      | .....           | 10.10           | .....           | .....           | 2.60            | .....           | .....           | .60             |
| 80-90 .....                                      | .....           | .....           | .....           | .....           | 8.60            | .....           | .....           | .....           |
| 90-100 .....                                     | .....           | .....           | .....           | .....           | 1.30            | .....           | .....           | .....           |
| 100-120 .....                                    | .....           | .....           | .....           | .....           | 3.90            | .....           | .....           | .....           |
| 120 and over .....                               | .....           | .....           | .....           | .....           | .....           | .....           | .....           | .....           |
| Total .....                                      | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          |
| Average net sales returns per ton .....          | \$103.00        | \$ 60.80‡       | \$ 85.02        | \$ 47.30§       | .....           | \$ 59.88        | \$ 53.78        | \$107.79        |
| Average net cash payout to growers per ton ..... | 72.79           | 49.04           | 64.14           | 27.41           | .....           | 54.31           | 49.00           | 82.93           |

Table 22. PERCENTAGE DISTRIBUTION OF PRUNES BY SIZES AND THE AVERAGE NET RETURNS TO ASSOCIATION AND MEMBERS IN THE POOLS OF 8 COOPERATIVE PRUNE ASSOCIATIONS--Continued

| Number of prunes per pound                       | Firm 1          | Firm 2          | Firm 3          | Firm 4†         | Firm 5          | Firm 6          | Firm 7          | Firm 8          |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | <i>Per cent</i> |
| 1938   |                 |                 |                 |                 |                 |                 |                 |                 |
| 20-30 .....                                      |                 |                 |                 | .10             |                 | .10             | .20             |                 |
| 25-35 .....                                      | 1.40            | 29.70           | 4.00            | 1.70            | 18.40           | 1.20            | 1.50            | 2.10            |
| 30-40 .....                                      | 22.60           | 30.70           | 19.80           | 13.40           | 37.10           | 31.80           | 15.40           | 20.20           |
| 35-45 .....                                      | 16.50           | 13.60           | 17.20           | 12.10           | 18.50           | 10.20           | 15.40           | 11.00           |
| 40-50 .....                                      | 38.50           | 20.10           | 40.10           | 44.00           | 15.50           | 42.90           | 44.20           | 44.10           |
| 50-60 .....                                      | 17.80           | 5.90            | 11.80           | 23.70           | 8.80            | 4.50            | 15.90           | 16.30           |
| 60-70 .....                                      |                 |                 | 6.20            | 3.80            | .40             | 5.90            | 3.90            | 4.30            |
| 70-80 .....                                      | 3.20            |                 | .80             | 1.20            | .90             | 2.20            | 2.80            | 2.00            |
| 80-90 .....                                      |                 |                 | .10             |                 |                 | 1.20            |                 |                 |
| 90-100 .....                                     |                 |                 |                 |                 | .40             |                 | .70             |                 |
| 100-120 .....                                    |                 |                 |                 |                 |                 |                 |                 |                 |
| 120 and over .....                               |                 |                 |                 |                 |                 |                 |                 |                 |
| Total .....                                      | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          | 100.00          |
| Average net sales returns per ton .....          | \$ 64.99        | \$ 55.21*       | \$ 60.44        | \$ 57.84        |                 | \$ 63.07        | \$ 61.23        | \$ 69.48        |
| Average net cash payout to growers per ton ..... | 41.18           | 42.87           | 46.13           | 33.15           |                 | 44.65           | 40.22           | 48.66           |

\* Estimated return.

† Applies to approximately 25 per cent of total 1937 pack of this association. This distribution is based upon the Italian prunes only.

‡ Estimated return.

§ Applies to average net sales return per ton on all prunes sold by the cooperative, 75 per cent of which were small size and comparatively lower quality.

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