ECONOMIC FUNCTION AND ORGANIZATION
OF PACIFIC WOOL GROWERS

by

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PURPOSE OF THE STUDY

Cooperative movement in China has been under development since 1926. As a result of inadequate transportation, and the inability of farmers to organize themselves as well as a shortage of modern equipment and competent management, cooperative associations in China have been small both in number and in size. Regardless of its slow growth, the significance of cooperation has been broadly recognized by the Chinese people. They preferred the democratic type of control of their own business, accepted the basic principles of limited returns on capital and savings distributed in proportion to patronage, therefore, the rate of growth of cooperative associations is accelerating.

Wool industry in China, generally speaking, is still in its primitive stage. Many wool marketing associations need competent management, scientific grading, warehousing, storage, shipping and inspection practices and equipment, besides, very few of them are organized and operated by farmers themselves. This study points out some salient features of the organization and operation
of an effective cooperative association in the United States. It is hoped that some features of this type of business organization may be applied to the wool industry of China.

GENERAL ECONOMIC SITUATION OF WOOL

Wool is produced all around the world in both the Temperate Zones. It is an important product in the world trade. There are many reasons that make wool move freely in the commerce of the world. It does not need large storage and handling expenses, it does not require refrigeration nor protection from cold as do fruits and vegetables, therefore, freight charges in proportion to its value are comparatively low.

Wool production in the world has been following a cyclic pattern. Generally, higher production results in a lower price, lower production results in higher price. The length of the cycles of wool production appears to be about seven or eight years from low point to low point\(^1\) which can be lengthened or shortened by any force that causes a shifting of the economic position of sheep production in relation to other

\(^1\) Hultz, Fred S. and Hill John A. "Range Sheep and Wool in the Seventeen Western States" p. 204.
agricultural industries such as droughts or wars.

From the experience of thirty years (1900-1930), observed by John A. Hill, price has been the main mechanism affecting the production and consumption of wool. The following conclusions were reached by him and are summarized as follows:

1. At around a certain price, the production and consumption of wool tends to be balanced. This price varies according to general prosperity of the world and the composite price of various other staple commodities.

2. When wool prices are low as compared with the general level of the world's prosperity, and below or in line with the prices of various other staple commodities, the world will absorb much more wool than current production.

3. After a period of low price, the surplus will be absorbed, wool price will raise again.

4. Abnormal high prices which are not justified by the general current level of the world's prosperity and the composite price of the world's other staple commodities, generally, and sometimes suddenly, shut off buying by the distributing trades. Those great distributing firms constantly study the price situation. When they find the price is unjustified and can not be
sustained, they stop buying for a long time and keep selling to retailers and consumers. When they sell they do not replenish their stock, place few or no orders with the manufacturers. Manufacturers, in turn, shut down a certain portion of their machinery, and use stock wool to operate that portion of machinery.1/

The main wool producing countries in the world according to their importance are Australia, Argentina, United States, New Zealand, British South Africa, Soviet Union, Uruguay, and United Kingdom. The estimated world total production averaged at 3,720 million pounds in 1934-1938, about 3,760 million pounds in 1945 and 3,730 million pounds in 1947. The chief exporters of wool before War II were Australia, Argentina, Union of South Africa, New Zealand, and Uruguay. The chief importers were France, United Kingdom, Germany, United States, Belgium, Italy, and Japan.2/ The chief world markets of wool are London and Boston.


The United States has been a wool importing country, in other words, its consumption has been exceeding production for many years. The quantity imported during 1933 and 1939 averaged about 224,498,000 pounds, and the average during 1946-1948 was 852,750,000 pounds.¹

Most wool imported are either carpet wool or wool of high quality. Carpet wool is so cheap and of such low quality that it is easy for the wool growers of the United States to produce better wool with greater profit. The carpet wool comes in free of duty. Much of the high quality wool is imported from Australia and New Zealand and is sought for by manufacturers for its superior length, softness and uniformity of fineness. The small amount of British combing wool imported has superior luster. Much wool from South America is inferior to the average American wool. Some is imported because of lower price.

THE IMPORTANCE OF WOOL TO OREGON FARMERS

In the state of Oregon almost every county produces some sheep, lamb and wool for market. The greatest concentration of sheep in the state is the Columbia Basin between the 10 bushel wheat belt and the forest line.1/ According to Agriculture Statistics1949, the number of sheep in Oregon had dropped to 713,000 in 1948 and 720,000 in 1949 which were about a little more than one half of 1,369,000 of 1938-1947 average.2/

Wool production for the year 1947 was first in Douglas county, second in Umatilla, Morrow, Malheur, Lake and Klamath counties. The importance of its cash receipts from farm marketings in different counties also arranged in the same order.3/ The cash receipts from wool for Oregon farmers in the year 1948 was $2,928,000. This was 2.5% of $114,072,000 of the total for the United States. It was 0.7% of the total cash receipts ($386,562,000) from farm marketings of the state of Oregon.4/

---

1/ Scudder, H.D. and E.B. Hurd "Graphic Summary of Agriculture and Land Use in Oregon" Station Circular 114, Agricultural Experiment Station, Oregon State College, pp. 33-37.

2/ United States D.A. "Agriculture Statistics" 1949 p. 376

3/ Table I.

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<thead>
<tr>
<th>County or District</th>
<th>Total Production</th>
<th>Average Price per Pound</th>
<th>Cash Receipts from Farm Marketings</th>
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<tr>
<td>Clackamas</td>
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<td>Lane</td>
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<td>Linn</td>
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<td>Marion</td>
<td>288,000</td>
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<td>Multnomah</td>
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<td>Polk</td>
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<td>Yamhill</td>
<td>115,000</td>
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<td>Clatsop</td>
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<td>Columbia</td>
<td>5,000</td>
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<td>Coos</td>
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<td><strong>47</strong></td>
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<td>Gilliam</td>
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<td>Hood River</td>
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<td>Morrow</td>
<td>(3) 454,000</td>
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<td>Sherman</td>
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<td>Umatilla</td>
<td>(2) 408,000</td>
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<td>Wasco</td>
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<tr>
<td></td>
<td>pounds</td>
<td>cents</td>
<td>dollars</td>
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<td>Baker</td>
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<tr>
<td>Malheur</td>
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<td>(4) 178,000</td>
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<td>Jefferson</td>
<td>99,000</td>
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<td>39,000</td>
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<tr>
<td>Klamath</td>
<td>(6) 352,000</td>
<td>(6) 151,000</td>
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<tr>
<td>Lake</td>
<td>(5) 417,000</td>
<td>(5) 163,000</td>
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<td>State total</td>
<td>6,204,000</td>
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<td>2,606,000</td>
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BACKGROUND OF ORGANIZING THE ASSOCIATION

For the purpose of maintaining domestic wool prices and thereby stimulating the production of wool in the United States, and for the object of counterbalancing the lower costs of production in some foreign countries, a tariff was placed on wool. Since 1916 there has been some kind of a duty on wool. Numerous revisions have been given to the wool tariff afterwards. Fine and medium wool prices quoted in Boston have been consistently higher than those quoted in London as a result partially of these tariffs.

However, it has been reported by wool exports in Boston that foreign wool sold in Boston is worth 10 cents a pound more on the clean basis than similar grades of domestic wool. This is because the foreign fleeces have been skirted before packing also contain much less short, stained and interior wool than the corresponding domestic grades.

During the early part of 1921, the emergency tariff bill was pending in the United States Congress. This tariff bill was an attempt to answer the widespread dislocation of agricultural prices which followed the war and post-war inflation. International price disparities were also apparent.
American prices were very high. During the same period wool prices in the British markets were kept down by government control, domestic wool buyers began a very active buying campaign of foreign wool. Resulting in great volumes of foreign wool entering the country in competition with local wool, the local growers had great difficulty in selling their wool. Many growers were still holding their 1920 clip when their 1921 clip of wool was sheared, because many of them refused to sell for lower prices. Growers felt the need of some sort of system for solving the difficulties of selling their wool, also as a relief in obtaining market, the Oregon Wool and Mohair Cooperative Association was therefore organized.

Like other marketing cooperatives, this Cooperative Association was organized based on the economic need of the members, which brings up the objectives of promoting, fostering, and encouraging marketing and producing all varieties of wool and mohair in order to benefit both the producers and consumers. Its establishment also was trying to obtain the result of avoiding duplication and waste.

HISTORY OF PACIFIC WOOL GROWERS

For the purposes stated above, the Oregon Wool and Mohair Cooperative Association was therefore organized as a non-profit, non-capital stock corporation under the state Cooperative Law, for the purpose of assembling, classifying, grading and selling wool for its members. Later on, its name was changed to "Pacific Wool Growers."

ASSOCIATION IN 1921 the association in 1921 began receiving its first wool in June. Receiving that month about one-half million pounds of wool, and in July received about one-half million additional pounds of wool, which together valued at $316,000. The association controlled the wool from 250,000 sheep. The total average cost per pound for assembling, grading, weighing, selling and for all operating costs of the association exclusive of freight amounted to 2½c per pound of wool handled. The association's average price paid to its member was 7½c per pound more for their wool than the prices paid to non-members out in the country. In the year 1921, about 10% of the total volume of Oregon wool was in the association but about 50% of the wool grown in western Oregon or the valley wool was in the association.
The affairs of the association were under the management and control of a board of 15 directors. Each wool producing district having 20,000 head of sheep signed up in the association is entitled to elect one director. The association had a conservative policy over its investments in physical property. In 1921, their total investments amounted to about $1,900, the bulk of which was in office fixtures, furniture and necessary equipment for conducting the business.

ASSOCIATION IN LATER YEARS The association received many requests from eastern Oregon range wool growers and wool growers in Washington and California to market their wool. As a result, the name of the association was changed to the Pacific Cooperative Wool Growers.

In 1932, certain changes were made in the corporate set-up to enable the organization to transact the business in a wider field. It was then incorporated under the present name Pacific Wool Growers.

Under competent management, the association has been expanding to a great extent during the past twenty nine years. It was the first time in the history of Oregon wool growing that western Oregon wools have been carefully and impartially graded in accordance with commercial and proposed government standards through Pacific Wool Growers. Grading is done by United States Licensed
graders who have made a business of grading wool for years, and it has been highly complimented as strict and impartial by woolen mills.

As in other commodity cooperative associations operating under membership contracts, the Pacific Wool Growers have had some difficulty in enforcing the fulfillment of these agreements, such difficulty arose from the fact that a few members have desired to sell their wool outside the association, neglecting to fulfill the contract they had made under the marketing agreement. Others have sold outside and paid the penalty damages to the association for the wool they failed to ship it.

Pacific Wool Growers has been operating in a strengthened condition since its first year in operation. It started with sound organization, good facilities and scientific marketing processes. As a result of the association activity, a great deal more wool comes to the association than existed previously.

Demand for wool has been increased after the War II, the association has been receiving less off wool. Due to the demand of purchasers in the east the world shipments, as well as demand of consumers, the association has made direct connection with mills in the East and a considerable amount of wool goes directly from the growers through the association to the eastern mills.
LEGAL STRUCTURE OF PACIFIC WOOL GROWERS

The economic activities of cooperatives are influenced by statutory law, common law, and the decisions of the courts. A general description as well as the influence of these laws upon the operation and organization of a cooperative need to be studied.

THE COMMON LAW

"The common law is the rule of action which has grown up from old and popular usage, from the decisions of the courts and from the opinions of text writers and commentators in contradistinction to the written statutory law, civil or Roman law or the ecclesiastical law."1/

Under the common law, individual property rights were recognized. Those rights include right of farmers to sell farm products and to buy farm supplies collectively. Under the common law, farmers had the clear right to associate themselves together in any number for the purpose of making collective sales of their products or collective purchases of their supplies. These constitute the basic legal standing for organizing a cooperative.

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Laws legalizing cooperative marketing are quite uniform in various states. Most of them were copied in toto or with slight modifications from the Kyngham law of Kentucky of 1922. The Kentucky law became the so-called Standard Cooperative Marketing Act and have been used as a model for establishing the cooperative law for other states.

The cooperative law in Oregon bears some characteristics as those in other states. It provides the authorization of association, membership, incorporation, powers, articles and by-laws, stock ownership, marketing contracts, use of term "cooperative" and some other features.

The Oregon law permits five or more men to set up an association which permits dealing for handling of "agricultural products" including "Horticultural, viticultural, forestry, nut, dairy, livestock, poultry, bee and any farm products and the by-products delivered from them." Association may be organized "with or without capital stock." The term "cooperative" will be used by


2/Publisher's Editorial Staff and the Supervision of the Supreme Court of Oregon, "Oregon Compiled Laws Annotated" Volume V, Section 77-501 to 77-525; pp. 509-523, Bancroft - Whitney Company San Francisco 1940 (Oregon Cooperatives
person, firm, corporation, or association organized or doing business not for profit. "Voting shall be by ballots, one man one vote. The association may or may not have membership contracts. Every cooperative association shall elect from their own member a board of not less than three directors, a fair remuneration for the time actually spent by its officers and directors in its service will by provided. In Oregon Law, it also provided that "after the payment of all operating expenses, including deductions for reserves, an association having capital stock may pay dividends not to exceed 8 per cent per annum for share of stock upon all sums received from members."1/

FEDERAL LAW

Federal laws legalizing cooperative marketing and purchasing associations came later than State Law. Its main tasks are enabling and defining the status of cooperative associations engaging in interstate and foreign commerce. Main federal acts bearing upon cooperative associations are Sherman Antitrust Act, The Clayton Act of 1914 and Capper-Volstead Act of 1922. The main features and Association's Code, Chapter 5.

of these acts and their importance in legislation of Pacific Wool Growers will be discussed hereafter.

SHERMAN ANTITRUST ACT. The Sherman Antitrust Act was passed by congress early in 1890. The main thing declared in this act was that any restraint of interstate or international trade or commerce was illegal. The economic effect of this act to cooperatives has been in two ways: "(1) in a direct way, which adjudges cooperatives to be combinations in restraint of trade, (2) in an indirect way, by creating the belief that this law was an effective means of curbing monopolies and therefore, there was no particular need for cooperatives to combat the trust."

During the postwar period, the more liberal attitude toward large scale enterprises and their methods of conducting business may lead the people to think the cooperative as the only effective means of meeting those giants in business and industry with such a background. Sherman Antitrust Act has been passed for the purpose of preventing the cooperatives from monopolizing the industry.

THE CLAYTON ACT OF 1914

The Clayton Act was passed in 1914 as an amendment to Sherman Antitrust Law in which an exemption has been given to agricultural and horticultural organizations instituted for the purpose of mutual help. This provision simply exempted the non-stock, nonprofit cooperative association but did not clarify the status of the capital stock association.

Till 1917, the United States Department of Agriculture Model Bill has been passed. This bill included provisions for the incorporation of either capital stock or non-stock association. It also provided voting, ownership of stock, and distribution of patronage dividends of cooperatives. This bill had its effect upon the wording of the Capper-Volstead Act of 1922.

CAPPER-VOLESTEAD ACT OF 1922

With the passage of the Capper-Volstead Act in 1922, it clarified the uncertainty of the capital stock association. This act does not permit cooperative marketing association to conduct their business as monopolies in restraint of trade, but it permits the organization of producers of agricultural products to engage in interstate commerce and defines the method of organizing such associations. This act has its extreme importance in the legal phases of a cooperative association.
ECONOMIC SIGNIFICANCE OF LAWS RELATING TO LEGAL BASIS OF PACIFIC WOOL GROWERS

The legal basis of Pacific Wool Growers has been founded according to the various laws discussed above. The association has been organized as a corporation and authorized to perform the same kind of business as ordinary corporations do, but, since it is a cooperative corporation, it is subject to certain specific limitations as provided in the laws.

The main effects of federal and state laws on cooperative associations has been on the economic side. Common law recognizes private property rights of farmers which enables farmers to engage in collective exchange. State law confines Pacific Wool Growers to operate along with the public policy of the state of Oregon. It's ultimate objective has been encouraging the production of agricultural products and to stabilize marketing conditions through the elimination of speculation and to bring about a lower cost of living through the establishment of more efficient system of distribution. One important phase of the Capper-Volstead Act effecting the association's policy is price making. The price policy of Pacific Wool Growers has been carefully and legally founded so that it will not be "unduly enhanced" and to be charged as monopoly or restraint of trade. Federal law
on the other hand legalizes Pacific Wool Growers to engage in interstate also international trade. On the other side, it has the effect of preventing the association from monopoly or restraint of trade.

ARTICLES OF THE ASSOCIATION

The Articles of Pacific Wool Growers is the paper filed for record in conformity with law for the purpose of forming a corporation. In accordance with the provision of Chapter 8, Title 25, Oregon Code 1930, relating to cooperative associations, the Articles of the Association has been adopted and approved by Secretary of State.

The Articles of Pacific Wool Growers consist of nine sections, covering the name of the association, the purpose for organizing the organization, the principle place of business, duration of the association, conditions under which membership may be transferred, qualifications for a member, cooperative characteristic of the association, and power to assist or to affiliate with any regional or national sales agency for the cooperative of any of the products handled by the association.

In Article I, it is stated that the name of this association shall be Pacific Wool Growers.

In Article II, a purpose of promoting, fostering, and encouraging marketing and producing of all varieties of
wool and mohair has been stated. Toward this purpose, a number of legal actions such as purchasing and selling of wool and mohair, to borrow money and to loan money to members, to buy, lease, or sell of real properties, certificates of membership, shares of stock, bonds, commercial paper or other evidences of indebtedness and to act as agent, representative or broker for any person or association in such activities are provided.

In Article V, it specially provides that this association shall not have any capital stock but shall admit members into the association upon payment of a membership fee of one dollar.

A copy of the Articles of the association will be found in the Appendix I.

ECONOMIC SIGNIFICANCE OF ARTICLES

The significance of the Articles of the Association has been its limitation to the economic functioning of the association. Pacific Wool Growers has been organized as a corporation and authorized to perform the same kind of business as ordinary corporations do, but, as a cooperative corporation, its purpose as stated in the articles has been mutual benefits among members. Members of the association handles their own marketing of wool and mohair cooperatively and collectively in orderly and economical manner. Also the association has an objective
of promoting and encouraging the production of wool and mohair, which serves a great part in building up the nation's wool industry.

The Articles authorizes the association to borrow and loan or advance money for the purpose of facilitating members; to buy, sell, over real or personal property, stocks or bonds; to act as agent, representative, factor or broker for any person, firm, corporation, or association in any of these activities.

The articles authorizes the association to make marketing contracts with its members to sell exclusively to or through the association.

BY-LAWS OF THE ASSOCIATION

The Pacific Wool Growers has made up a set of by-laws which provide rules for the regulation of the affairs of the association and make provisions consistent with law and with the character for any matter or thing relative to the conduct or business of the association.

The by-laws consist of seventeen articles covering the meeting of members, board of directors, their powers and duties, officers, executive committee, local advisory committees, general provisions concerning members, manager, money borrowing etc. also the use of seal, books and official papers.
According to Article II of the by-law, a regular meeting of the members shall be held at such places and at such a time, as shall be designated by the Board of Directors. A regular or special meeting of the members must be held at the place where the association is located when it is demanded by petition signed by twenty per cent of the membership.

Where a general meeting of the association is held, one hundred members present in person or represented by ballot shall constitute a quorum for all purposes. At any district meeting, ten per cent of the members residing in the district, presented in person or represented by ballot shall constitute a quorum.

The association is adopting one member one vote system, mail voting also may be arranged by the Secretary prior to any general or special meeting of the association.

The by-laws provide that in each year the territory of the association shall be redistricted, and the members of the directors re-apportioned between the 15th of December and the 15th of January, by a two-thirds vote of the Board of Directors in office. Such redistricting and reapportionment shall be based upon the sign up of products handled by the association.

Directors of the association have the power to conduct, manage, and control the affairs and the business of the
association and to make rules and regulations for the
guidance of the officers and management of its affairs.
The Board of Directors may appoint an Executive Committee
consisting of five directors, to conduct the affairs of
the association. Any three members of such executive
committee shall constitute a quorum for the transaction
of business.

The Board of Directors may appoint an auditing
committee from among its members. An annual audit shall
be made by a certified public accountant, and the con-
dition of the affairs of the association shall be reported
to the members at the annual meeting.

In Article VI of the by-law, the association will
have a president, a vice-president, a secretary, who shall
also act as treasurer, and a manager.

The Board of Directors of the association shall con-
clusively determine the pools by which the wool and mo-
hair of the association shall be marketed. All expenses
of maintaining the association shall be met from mem-
bership and entrance fee and the charges provided in the
standard marketing agreement. The by-law also provide
the general provisions concerning members, such as the
eligibility of membership, entrance and membership fees.
The voting power of the members of the association shall
be equal, each member shall have one vote. The property
rights and interests of each member in the property or other rights of the association. Any member whose rights are so purchased shall cease to be a member of the association. The association issues a certificate of membership to each member, it shall not be assigned to any other person.

According to the by-laws, surplus funds may be divided among the members on the basis of the value of the products delivered by them under the marketing agreements as a return of a portion of the association. Deductions or any such surplus may be used all within the direction of the directors for any general corporation purpose of advantage to the association.

ECONOMIC SIGNIFICANCE OF BY-LAWS

By-laws of the association forms the pattern of the organization. Generally it covers the same provisions as those in other associations. There are some special phases in the by-laws of Pacific Wool Growers which needs discussion.

It is provided in the by-law that in each year, the territory of the association shall be redistricted and the membership of directors re-apportioned based upon the signup of products handled by the association.
Pacific Wool Growers has a board of 15 directors, from them five officers have been elected. These officers are able to manage the association, also the number elected is adequate to manage the business.

The surplus funds of the association according to the by-laws will be distributed to the members on the basis of the value of the products delivered to the association. Such policy has an important effect on volume of business handled by the association. It would automatically encourage members to expand their business with the association.

The by-laws of the association also provided that every member shall pay an entrance fee of five cents per head for all sheep or goats owned, providing that the minimum fee shall be $10.00 and the maximum fee shall be $50.00. The use of such funds as described in the by-laws will be one dollar for membership fee, remainder may be used for organization or other purposes as the Board of Directors deem it advisable. Such an amount of fund covers a great part of association expenditures used for purchasing of supplies, equipment, payment of rent, salaries, taxes, insurance, office and inspection expenses, advertising, reserves for betterments, experiments, organization and the likes.
THE PRESENT CONDITION OF PACIFIC WOOL GROWERS

Pacific Wool Growers at the present time has over 3,000 members in the state of Oregon, Washington, California, Idaho and Montana. The wool growers in the western half of Oregon, Washington are called valley growers while the eastern half of Oregon, Washington, all of California, Idaho and Montana are called farm flock growers. The growers with 500 head of sheep from the farm flock area sign a one year consignment type contract which is called CCC contract. This contract obligates the growers to consign only their crop for the current year. It may be renewed by signing a new contract each year to market the wool through the association. Valley contracts are called continuing contracts and are good for as many years as the growers wish the association to handle their wool. In this contract, an opportunity of withdrawing in September of any year by writing and advising the association whenever they want to renew this contract they immediately placed back on an active record.

The association maintains a complete wool marketing service including financing, warehousing, grading and selling. Its wool is sold directly to mills, through its own sales offices. It handles clips from large producers
in the range areas, as well as small clips from farm
flocks section therefore, it offers wool of different
types to mills.

The association makes liberal advances to its members
based on current value at time of delivery. The wool is
marketed in an orderly manner throughout the season and
payment is made to producers upon settlement of the var-
ious pools. Education is a main feature of Pacific Wool
growers. It holds growing demonstration and cooperates
with government agencies and farm organizations in the
promotion of improved marketing practices.

The head office of the association has been seated
in Portland, Oregon. Mr. R. A. Ward is the general
manager and Mr. E. L. Adams the office manager, together
with ten other persons carrying all the work in the head
office.

The association has 15 directors residing in Idaho,
Washington and Oregon. From them, five officers have
been elected, they are Mr. R. L. Clark, Robert E. Warrens,
C. E. Grelle, Arthur A. Goldsmith, R. A. Ward, some of
them have been serving the association for a period of
twenty nine years, they are all competent and well appre-
ciated by the members.

Members of the association have their meeting
annually between the 15th of January and the 5th day of
February. A regular meeting of the Board of Directors is held quarterly of each year.

ORGANIZATION OF PACIFIC WOOL GROWERS

TYPE OF THE ASSOCIATION Pacific Wool Growers is a cooperative marketing association. Since it only handles wool and a few wool products, it is a single commodity association. From the legal standpoint, it is an incorporated, contract, voluntary association. Its membership affiliation is centralized which means all the members belong to the central organization in Portland. Pacific Wool Growers used to be a non-stock association, it collects membership fee of one dollar. Pacific Wool Growers purchases farm products upon delivery, the association also pools products, sale receipts and expenses.

HEAD OFFICE The head office of Pacific Wool Growers is situated at 734 N. W. 14th Avenue, Portland, Oregon. There are 12 persons in the head office besides the general manager and the assistant manager. The rest of the members in the office are the secretary, treasurer, other administrative officers and the employees. Duties in the head office have been well distributed for the purpose of a sound management. The general manager is in charge of general affairs of the association, mostly
dealing with trading problems, outside relations, and attending national wool conferences. Office manager is in charge of office business, warehouse, and personnel. Warehouse superintendent is in charge of the foremen, graders, warehouse foreman, and warehouse boss. Mr. Ward has been in wool business for 29 years, graders of Pacific Wool Growers are practically under his supervision.

Pacific Wool Growers divides its territory into two main districts. Portland district covers Oregon, Washington and west Idaho while San Francisco district covers west Nevada and California.

The association has two main branch offices, one in San Francisco and one in Boston, Massachusetts.

SAN FRANCISCO BRANCH Pacific Wool Growers has a branch office and two warehouses in San Francisco, California. It is functioning as a branch of the Portland head office but it handles almost the same kind of business as the Portland head office does. San Francisco branch is dealing mainly with the association members in California and west Nevada while Portland office handling its business for their members cited in Oregon, Washington and west Idaho.

Those two warehouses of Pacific Wool Growers in San Francisco are (1) Haslett's Warehouse Company's Harbor
FIGURE I

LINES OF COMMUNICATION AMONG HEAD OFFICE AND BRANCHES OF
PACIFIC UNION BRANCHES ASSOCIATION

PORTLAND
HEAD OFFICE

Management Policies
Sales Policies
Credit Policies

SAN FRANCISCO
BRANCH
San Francisco District
Western Nevada and California

BOSTON BRANCH
SALES OFFICE

Covering Oregon
Washington and Idaho

Sales Policies

Management Policies
Sales Policies

Storing
Selling
The capacity for storing wool in Harbor Warehouse No. 4 was too small. Since June 1943, the San Francisco Branch found that they need some more storing space, they leased an excellent new warehouse at 806 Buchanan street in San Francisco. This warehouse is operated and bonded by the Haslett Warehouse Co. and is called Harbor Warehouse No. 5. The building contains 32,000 square feet for storing wool.

San Francisco Branch office is run by one manager and one fieldman. A fieldman of Pacific Wool Growers acts as a liaison person between the growers and the association. His mission is servicing not marketing the wool for the association. They go out to contact the growers by sending shipping instructions etc. Under the association's jurisdiction, fieldmen are working on commission basis. The commission at present time is $0.03 of a cent per 100 lbs of wool.

PACIFIC WOOL GROWERS CHANGES TO STOCK FORM

The cooperative form of the Pacific Wool Growers was slightly changed on December 23, 1929 to provide for a cooperative stock form of corporation instead of non-stock. This was done by vote of the members at a membership meeting held in Portland. There was no change in the cooperative form of the association, eligibility of
membership, voting rights or any other important rights of members.

The change simply provides that instead of paying a $1.00 membership fee, a member joining the association now purchases one share of stock for $1.00, and those who are already members and have paid the $1.00 membership fee are entitled to one share of stock.

The change was made necessary in order to permit the Pacific to do business in Massachusetts where the association's Boston warehouse is located and where much of its wools are sold at the least possible expense to the association. A substantial saving in taxes will result and the new set-up is more in line with latest cooperative organization procedure.

Such proposed amendment has been voted by 99% of the members in favor of it, therefore, stock certificates were issued to members in lieu of membership certificates.

MANAGEMENT POLICIES

IMPORTANCE OF GOOD MANAGEMENT Management of an organization from the practical point of view, consists of the control and direction over the activities of an organization.

There are many reasons which cause the failures of an association, such as financial difficulty, insufficient
volume of business, inability to meet competition, lack of membership interest, and an inadequate accounting system. Anyone of these, are directly traceable to inefficient management. The thousands of cooperative associations which are operating successfully in the United States and abroad today are a proof that high-calibered management and capable men are the main power to achieve the success.

In any organization, the management bears upon the responsibility for visualizing, initiating, and achieving future objectives. The more specifically the future course of an association is conceived and defined, the more likely is its realization. This reveals another important phase of a good management.

**MEMBERSHIP PARTICIPATION IN MANAGEMENT** Cooperative association is a democratic institution. Members of the association constitute the legislative body which forms the main part of the organization and operating policies of the association, in other words, members should have the right to express their opinions in governing the affairs of their enterprise, also run the enterprise.

The rights of memberships of Pacific Wool Growers in management are varied. Important matters involved in the rights are adopting the constitution, by-laws, and amendments; to elect and recall directors; to vote upon the
appropriations of money for various purposes, to require directors and managers run the business legally and to hold them liable for any damage or violating the statutes, by-laws, or constitution of the association; to elect a committee for examining records and auditing books, etc.1/

MEMBERSHIP POLICY Pacific Wool Growers like other cooperatives has an open membership policy. It is provided in the Association Article that any person, partnership or corporation engaged in producing wool or mohair may be admitted into the association as a member.

The procedures of joining the association are such, any wool grower interesting in joining Pacific Wool Growers should write to Portland or San Francisco office for marketing agreement forms and any special information they wish. Growers are advised to tell how many sheep they have and what kind, and also if their wool is mortgaged to any of the federal agencies.

After filling out the marketing agreement, growers send it to the Portland office with the payment of one share of stock of one dollar the first year only. It may be deducted from the proceeds of the clip, from then the growers become a member of the association. He may then

1/ These rights are based on the various provisions on the By-Laws of the association and the Oregon Cooperative Law.
ship their wool at once to Portland plant or to San Francisco plant wherever is in their territory. Shipping directions can be obtained from the association. If growers wish and request, cash advance on their wool could be given promptly upon receipt of wool.

Throughout past 29 years, members of Pacific Wool Growers has been growing following an upward trend. This is mainly due to the western wool growers who have realized the advantage and the long time profit that the association can make for them.

MEMBERSHIP RELATION WITH THE ASSOCIATION The membership department of Pacific Wool Growers is concerned with the relationship between the membership and the association. The main work of this department are organization and field work, preparation and editing of the monthly bulletin, arrangements for "County Days" and other membership meetings. It meets with the members who visit the warehouse, keeps the membership records, sponsors the annual wool show at the Pacific International Livestock Exposition, participates in fairs and other educational businesses, arranges for yearly elections, sends out letters and information to prospective members, and handles the vast amount of correspondence incidental to handling the wool and mohair for members.
MEMBERSHIP SOLICITATION

Every year Pacific Wool Growers put out a slogan - "Each member get a new number."
Particularly during the shearing season, the association asks the members to help, by sending in names of prospective members, or talking to their neighbors about the service offered by the Pacific, or assisting association field-men, and in cooperating in other ways to get new members. Hundreds of personal letters were sent out to members and others by the membership department. Thousands of circular letters and letters were sent to prospects.

The main point which the association wants to express to its prospects is that the foundation of cooperation is not a promise of profits, but a conviction that through members cooperation and the outstanding services done by the association, the cooperation will bring the best possible returns under the circumstances. The association adopts the technique of asking the old members through their own influences, inviting new members joining the organization. It attracts new members by inquiring a number of questions inspiring them the need to join their association for marketing their wool, on the other hand, it reveals them the advantages and profits they can get from the association in the long run. Those questions are
generally asked as follows:

1. Do you know the grades of your wool and the qualities you have of each grade?
2. Do you know its actual shrinkage?
3. Do you know whether it will bring more in the grease or scoured?
4. Do you know what it is quoted at daily in Boston and other wool centers?
5. Do you know the size of the stocks of these grades on hand in the United States?
6. Do you know the consumption by grades monthly by mills?
7. Do you know what mill uses this kind of wool?
8. Do you know what the current sales to mills of this grade of wool has been?
9. Do you know from accurate trade reports and statistics and actual mill contracts when this wool is liable to be in demand?
10. Do you know how and where this wool can be marketed in order to bring you the most money?"

"If you can not answer these questions, you need a marketing agency," which is the Pacific Wool Growers.1/

1/ Pacific Wool Growers Monthly No. 31, June 17, 1926.
DIRECTORS ARE THE GOVERNING BOARD

The board of directors of Pacific Wool Growers is the governing agency of the association, together with the manager, it constitutes the active management of an association.

The board of directors of Pacific Wool Growers has certain obligations, it formulates the operating policies, retaining competent managerial officers, to enforce and to appraise the policies adopted, to attend all board meetings, to create confidence in the organization, also, to act as a liaison officer between the association and the membership.

Also, the directors have certain powers, they have been granted by the association's by-laws to call regular and special meeting, to elect the officers of the directorate, to employ a manager for the association, to remove officers for cause, to receive, deposit, and disburse the funds of the organization to make contracts, to issue instrument of credit, to revise and amend grades and standards, to borrow money for the association in its name.

Pacific Wool Growers has a board of 15 directors, they actually exercise, conduct, and control the corporate powers, business, and property of the association. The territory covered by the association is divided into
districts and fourteen of the directors are elected from among the members in such districts. The association decides the number of directors to be elected from each district, such districting and apportioning of directors are based upon the number of sheep and goats signed up under the Marketing Agreement of the Association.

Directors of Pacific Wool Growers have their first meeting on the second Monday of February each year. In addition, a regular meeting shall be held quarterly, a special meeting may be held whenever called by the president or by a majority of the directors.

It is provided in the by-laws of the association that the directors shall receive no compensation for their services as directors except the actual traveling expenses and a per diem of $5.00 per day when traveling and attending meetings.

The most important economic functions that the board of directors perform are to make and enter into any contracts or agreements with any persons, associations, firms, or corporations in furtherance of any of the purposes of the association, and to carry out the marketing contracts of the association representing the growers collectively. Therefore, the board of directors have
been exerting their effort for promoting an orderly wool marketing of the association.

**MANAGER ACTUALLY CONDUCTING THE BUSINESS** Manager of Pacific Wool Growers is appointed by the board of directors, and holds office at their pleasure on terms and conditions set by the board of directors. He is the driving force of the association. Together with his executive staff, he is responsible for carrying out the policies formulated by the board of directors. Alertness, business sagacity with ability to deal with people, are essential characteristics of a good manager.

Managers of Pacific Wool Growers have been concentrating their efforts in technical business problems and building the membership morale. The technical business problems are: (1) external operating policies such as sales promotion, preparation of products for market, claims, advertising and public relations and pricing of wool; (2) internal management problems consisting of accounting, financing, labor problems, insurance, and personnel. The general manager is in charge of external management policies while the office manager is in charge of internal management affairs. The authorities have been clearly divided so that it will not be handicapped by overlapping of authority.
A few managers of wool industry do not make a strong bid for increased volume as long as they receive sufficient tonnage to pay operating expenses, but the manager of Pacific Wool Growers has been active and aggressive and results have shown steady increase of volume of business handled by the association. Such results have been obtained through effective operation and economical marketing.

It is important for managers to maintain friendly relations with all groups of farmers, to understand their interests, to report the business of the association, making them realize that their association is under good management. Close contact of manager to the members has been conducted through attending membership meetings as well as through a monthly publication "The Pacific Wool Grower."

TRADING POLICY OF PACIFIC WOOL GROWERS

Pacific Wool Growers has been conducting its business both in buying and selling of wool for the benefit of its members. This has to deal with both growers and the consumers, therefore, its trading policy can be looked through two angles. The policy the association holds for dealing with its members is mainly given in the marketing agreements, which is based on the economic need of the members, while
the policy it holds for trading with outside mills has been tied up with various governmental regulations and laws, public opinions, and economic operations.

Marketing Agreement sets forth the obligation of each member to every other member. The form of these agreements are subject to change to meet changing conditions. Such agreements are usually "contentious" in duration, but, provide a cancellation period each year when the grower may withdraw from the association.

It is legally, as well as morally binding, on its signers as any other kind of agreement. It provides that a grower shall deliver all of his wool for marketing as long as he is a member, but does not attempt to dictate how much of the wool he shall raise. Members should particularly respect his cooperative marketing agreement because it is between himself and is not with the officers or owners of a company in which growers has no real interest.

**Marketing Agreements of Pacific Wool Growers** The Marketing Agreement is made between the growers and Pacific Wool Growers. Under this agreement, growers consign and deliver their wool and agree that their wool should be delivered in good merchantable condition, dry, well tied and honestly packed at the place as the association may direct at the earliest time after shearing. The grower
also agree to pack tags, black, buck and other off wools separately and mark off wools plainly. The grower will authorize the Association to sell such wool and disburse the proceeds after final settlement is made.

According to the agreement, the association may make advances for trucking, freight, storage, warehouse and other handling charges also may make cash loans. The association agrees to sell wool to Commodity Credit Corporation. In the event that purchasing program under C.C.C. is no longer effective and wool support program is enacted, the association will take necessary steps on behalf of growers to deliver and market his wool. If neither purchasing program nor support program is in effect, growers will authorize the association to sell his wool.

The grower agrees that the association may make deductions for advances. Interest upon such advances, liens, costs of transportation and any other charges or deductions due from the grower to the association irrespective of the program under which grower's wool is sold. Grower warrants that his wool covered by the contract has not been shorn are clear of all mortgages and liens. Growers also authorize the association to deduct 10c per bag as the grower's contribution for the support of the wool promotion campaign to increase wool
consumption. According to the marketing agreement, the grower's membership relations and voting rights shall continue until the transaction covered by the contract terminates.

After the association marketed all the wool, the association will pay to the growers, his proportion of the proceeds of each pool after deducting all necessary expenses such as maintaining expenses, maintaining reserves, all advances and interests. The association shall classify the wool delivered by type, grade, shrinkage, district or other commercial factors, and may pool or mingle wool of like classification.

The contract between association and the grower shall be a continuing one. It is a subject to any limitation imposed by law, but may be cancelled by either party by notice in writing to the other during the month of September of any year and such cancellation shall become effective on the 1st day of January of the following year.

THE ECONOMIC SIGNIFICANCE OF MARKETING AGREEMENT

There are many significant phases in Marketing Agreement those could be listed as follows:

1. The agreement insures a sufficient volume of business over a period of years to operate effectively and at a low cost.
2. By the use of agreement, the association knows in advance the approximate volume of business which permits the making of favorable financing agreements and provides a definite basis for the merchandising or orderly marketing policy.

3. The use of marketing agreements insures the association's continued patronage, which increases the member's confidence in their organization.

4. The use of agreements minimizes the power of outside buyers to undermine the member's confidence in their own organization by offering inducements such as prices above the true grades or true competitive prices.

5. The use of marketing agreements protect the association against members taking advantage of organization's services and then selling outside if speculation sends prices temporarily above their normal level.

6. The use of agreements provides a convenient method of stating the responsibilities, privileges, understandings, and duties of the member and the association.

7. The agreement is a business agreement between the individual member and his fellow members.

All the advantages of marketing agreement listed above have been well illustrated as in the 'canvasser's Handbook' of the Alberta Cooperative Wheat Producers.
OTHER TRADING POLICIES  Since 1943, Pacific Wool Growers has been an approved Primary Wool Handler under the U.S. Government wool purchase program, acting as an agent for CCC in buying and selling of wool. This program was inaugurated in April, 1943 and is continued till 1946 provides for the U.S. Government, through the commodity Credit Corporation, to purchase domestic shorn wools from producers at O.P.A. domestic wool ceiling prices through the U.S. Approved Wool Handlers. Since 1948, the association sold the fine and half blood wool outside the government program for they could serve higher net returns from private mills in the meantime, the CCC still proved the best method for the marketing of the lower grades of wool such as 3/8s blood, 1/4 blood, low 1/4 and all the off wools such as tags, locks, and crutchings.

Under the purchasing program, lower grades of wool has been sold through the Commodity Credit Corporation. Prices are determined based on the prices fixed by that corporation. Under such program, domestic growers are receiving from 10¢ to 15¢ more in the grease then they would receive without the program. Also under certain prescribed rules and regulations, the approved handlers, in turn, must market to the mills the wools purchased for the account of CCC.
The association conducts its business under the provisions of Federal law, state law as well as Sherman Anti-Trust law. These laws binding the association from illegal trading practices but inducing it to engage in a fair trade among all the business organizations in the same field.

The association has laid a policy that all sales of member's wool under the marketing agreement must be done with the permission of the association. Problems as to how to sell, when to sell, whether through auction or not are decided by the general manager and Boston sales office. After the sales are completed, then both places keep the records.

The association decides the prices of premium wool according to the willingness to pay by different mills.

Pacific Wool Growers were the originators of wool grading system. Grading and sorting of wool are done by mills in June and December each year. Under the government Wool Purchasing Program, grading into proper lines, according to fineness of fiber and length and strength of staple, is an absolute requirement in the case of all clips. All wools are graded according to U.S. standard wool grades. Auction sales are often conducted by the association.
COOPERATIVE MARKETING IN AN ECONOMIC SOCIETY

COOPERATIVE MARKETING DEFINED

"A cooperative marketing association is a voluntary business organization established by its member patrons to market farm products collectively for their direct benefit."1/

A cooperative marketing association is governed according to democratic principles, members are owners, operators and contributors of the commodities handled. They are the direct beneficiaries of the savings that may occur. It is a business institution, its economic motives and its economic character are different from those of governmental and private commercial enterprises regardless of their methods of conducting marketing operations may be vary only slightly from those of private tradesmen.

PURPOSE AND SCOPE OF COOPERATIVE MARKETING ASSOCIATION

The most common reason for members to join a cooperative marketing association is the desire for pecuniary gain. The immediate purpose of a farmer's cooperative marketing association is to obtain the highest farm price which is the largest price payable

to the farmer for the products which he has to sell. The ultimate purpose is to elevate the plane of living on farms. There are many concepts of forming cooperatives. The main concept of cooperatives is economic. It considers the organization and operation of cooperatives as a means to a richer life and a higher plane of living. The chief aim of this concept is efficiency in conducting the business of marketing and its ultimate goal is social improvement in agricultural life.

The social concept of cooperation also has its importance. Cooperation is often considered as a means of social reform. Owen and Fourier sponsored communal societies with cooperative production, living and government. This plan embodies complete changes in living and working habits of the members. The sociopolitical concept considers cooperation as an effective political means of improving the social life of the cooperators. Sponsors of such cooperations believe that social reforms are dependent upon political partisanship.

Some think of the cooperative organization as a legalist creation. An association in their minds is a form of corporate organization in which the legal rights and duties powers and exposures are carefully enumerated.
There are three ways for a cooperative to make economic betterments (1) obtain a better price than could be obtained by private agencies. (2) obtain the same price but have a lower marketing margin so that the net price received by the producer will still be higher than that paid by private middlemen, and (3) a combination of these two.

**ECONOMIC VALUE OF COOPERATION**

The economic value of cooperatives contributed to their members are increasing prices, obtaining middleman's profit, reduction of marketing cost and lower cost of supplies and equipment.

Sometimes the cooperatives have been used as bargaining strength for individual farmers. For obtaining the success of orderly marketing, a considerable degree of monopoly control has been used by many cooperatives. Cooperatives also have devoted some efforts to secure government aid in order to maintain favorable farm prices. A number of cooperatives have tried to get higher prices for better grades; encouraging better production; advertising for creating demand also by obtaining better information to meet the demand.

Many marketing cooperatives have been serving in the place of independent middlemen in the channel of distribution. The cost of marketing of members in a cooperative may be reduced through elimination of certain
trade abuses and by handling commodity in large amounts so they can reduce the selling cost per unit.

Many cooperatives serve as agencies to reduce the cost of supplies and equipment to their members. Some equipment may be expensive, if a number of members can pool a certain amount of money and buy certain equipment, the cost of production will be reduced. Members can also be benefited from their cooperatives by purchasing the equipment in larger quantity.

PRODUCTION AND CONSUMPTION OF WOOL IN THE UNITED STATES

Sheep industry in the United States has shifted constantly westward. Until now about two-thirds of the wool is grown in the Rocky Mountains and Coastal States.¹ Since 1920, Texas has been the leading state in producing wool.² Before 1929, the United States imported about as much wool as the country produced. From 1930 to 1940, domestic production exceeded imports. Since 1941 imports exceeded production to a great extent.³

The United States clip has been stabilized at a much higher level after 1929. Under war stimulation, it

¹/ Hultz and Hill, Range Sheep and Wool, p. 209
³/ Table III.
reached the peaks in 1941 and 1942, but, due to the changing price relations and lack of help, caused a sharp decline after 1944.1/ 

Prior to 1900, net imports of carpet wool exceeded apparel wool in most years. From 1911 until 1923, imports of apparel wool exceeded carpet wool. From 1927 through 1939 United States imported more carpet wool than apparel wool. From 1940 on, imports of apparel wool again exceeded carpet wool.2/

Wool consumption in the United States during World War II, rose to the all time record little above 1,000 million pounds g r e a s e basis per annum.3/ Mill consumption of shorn wool in the United States since 1920 is shown in Table III. In 1943, the War Food Administration issued Food Distribution Order 70, which provided with certain exceptions, all domestic wool not sold before April 25, 1943, must be sold to or for the account of the Commodity Credit Corporation. Since 1943, CCC purchased all domestic wool, the government therefore was substantially the only customers.

1/ Table III.
From the beginning of the program until August 1945, sale of domestic wool to the corporation was mandatory with minor exceptions. After restrictions were lifted, wool continued to move largely to CCC because its purchasing prices were higher.

A statistic survey of wool production in the United States has been given in Table II. From which, a graph has been made as shown in Figure II. From the figure, the behavior of wool production throughout the past 30 years in the United States could be clearly seen.

In 1929, business cycle reached its peak. Following that, there was a sharp downward trend which affected a sharp decline of sheep prices, herdsmen were holding their sheep in ranches for a few years that caused an upward trend of wool production. Till 1931 herdsmen couldn't keep their sheep in ranches any longer so they sold them immediately which caused a sharp drop in 1932.

Since 1941, a great deal of farm labor was absorbed by an expanding war-time industry which took labor away from ranches. This tended to cut down the number of sheep raised on ranches, and resulted in a downward trend of wool production.
### Table II

**Production of Wool U.S.A. and Pacific Northwest 1920-1949**

<table>
<thead>
<tr>
<th>Year</th>
<th>Produced in United States 1,000 pounds</th>
<th>Production of Pacific Northwest</th>
<th>Produced in U.S. 1,000 pounds</th>
<th>Total Shorn Pounds</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>250,868</td>
<td>12,900</td>
<td>223,788</td>
<td>85,352</td>
<td>34%</td>
</tr>
<tr>
<td>1921</td>
<td>241,723</td>
<td>14,700</td>
<td>200,433</td>
<td>80,884</td>
<td>33%</td>
</tr>
<tr>
<td>1922</td>
<td>228,376</td>
<td>12,000</td>
<td>200,376</td>
<td>77,229</td>
<td>34%</td>
</tr>
<tr>
<td>1923</td>
<td>230,168</td>
<td>12,500</td>
<td>212,668</td>
<td>79,088</td>
<td>34%</td>
</tr>
<tr>
<td>1924</td>
<td>238,205</td>
<td>13,800</td>
<td>212,005</td>
<td>81,075</td>
<td>34%</td>
</tr>
<tr>
<td>1925</td>
<td>253,203</td>
<td>16,800</td>
<td>200,413</td>
<td>86,436</td>
<td>34%</td>
</tr>
<tr>
<td>1926</td>
<td>269,261</td>
<td>19,600</td>
<td>218,861</td>
<td>93,331</td>
<td>35%</td>
</tr>
<tr>
<td>1927</td>
<td>269,194</td>
<td>50,100</td>
<td>339,594</td>
<td>94,757</td>
<td>33%</td>
</tr>
<tr>
<td>1928</td>
<td>314,820</td>
<td>51,900</td>
<td>366,720</td>
<td>103,515</td>
<td>33%</td>
</tr>
<tr>
<td>1929</td>
<td>327,795</td>
<td>51,500</td>
<td>382,295</td>
<td>106,806</td>
<td>33%</td>
</tr>
<tr>
<td>1930</td>
<td>352,129</td>
<td>61,900</td>
<td>414,029</td>
<td>113,508</td>
<td>32%</td>
</tr>
<tr>
<td>1931</td>
<td>376,301</td>
<td>66,100</td>
<td>442,401</td>
<td>120,800</td>
<td>32%</td>
</tr>
<tr>
<td>1932</td>
<td>350,996</td>
<td>67,100</td>
<td>418,096</td>
<td>103,695</td>
<td>30%</td>
</tr>
<tr>
<td>1933</td>
<td>374,152</td>
<td>64,200</td>
<td>438,352</td>
<td>105,836</td>
<td>28%</td>
</tr>
<tr>
<td>1934</td>
<td>368,860</td>
<td>60,500</td>
<td>429,360</td>
<td>106,186</td>
<td>29%</td>
</tr>
<tr>
<td>1935</td>
<td>361,531</td>
<td>60,000</td>
<td>421,531</td>
<td>106,983</td>
<td>30%</td>
</tr>
<tr>
<td>1936</td>
<td>353,211</td>
<td>66,200</td>
<td>419,411</td>
<td>100,102</td>
<td>28%</td>
</tr>
<tr>
<td>1937</td>
<td>356,078</td>
<td>66,200</td>
<td>422,278</td>
<td>93,081</td>
<td>26%</td>
</tr>
<tr>
<td>1938</td>
<td>359,225</td>
<td>61,500</td>
<td>420,725</td>
<td>94,169</td>
<td>26%</td>
</tr>
<tr>
<td>1939</td>
<td>361,689</td>
<td>61,500</td>
<td>423,189</td>
<td>94,316</td>
<td>26%</td>
</tr>
<tr>
<td>1940</td>
<td>372,014</td>
<td>62,000</td>
<td>434,014</td>
<td>94,514</td>
<td>26%</td>
</tr>
<tr>
<td>1941</td>
<td>387,520</td>
<td>65,800</td>
<td>453,320</td>
<td>100,917</td>
<td>26%</td>
</tr>
<tr>
<td>1942</td>
<td>388,297</td>
<td>66,700</td>
<td>455,997</td>
<td>97,721</td>
<td>25%</td>
</tr>
<tr>
<td>1943</td>
<td>378,843</td>
<td>65,200</td>
<td>444,043</td>
<td>88,937</td>
<td>23%</td>
</tr>
<tr>
<td>1944</td>
<td>338,318</td>
<td>73,500</td>
<td>411,818</td>
<td>82,129</td>
<td>24%</td>
</tr>
<tr>
<td>1945</td>
<td>307,949</td>
<td>70,500</td>
<td>378,449</td>
<td>72,541</td>
<td>24%</td>
</tr>
<tr>
<td>1946</td>
<td>280,487</td>
<td>61,300</td>
<td>341,787</td>
<td>64,101</td>
<td>23%</td>
</tr>
<tr>
<td>1947</td>
<td>252,798</td>
<td>56,500</td>
<td>309,398</td>
<td>56,374</td>
<td>22%</td>
</tr>
<tr>
<td>1948</td>
<td>233,924</td>
<td>46,600</td>
<td>280,524</td>
<td>54,516</td>
<td>19%</td>
</tr>
</tbody>
</table>

**Source:** Wool Statistics, United States Department of Agriculture, Bureau of Agricultural Economics, Washington D.C. 1949 CS-37
FIGURE II

PRODUCTION OF SHEARED WOOL U.S.A. AND PACIFIC NORTHWEST 1920 - 1948

Millions of Pounds

Production of U.S.A.

Production of Pacific Northwest

### TABLE III

PRODUCTION, IMPORTS AND CONSUMPTION OF WOOL
IN UNITED STATES 1920-1945

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic 1/ Total Production</th>
<th>Net Imports (1,000 pounds)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 pounds</td>
<td>Apparel</td>
<td>Carpet</td>
</tr>
<tr>
<td>1920</td>
<td>293,788</td>
<td>198,574</td>
<td>35,093</td>
</tr>
<tr>
<td>1921</td>
<td>290,223</td>
<td>215,306</td>
<td>97,820</td>
</tr>
<tr>
<td>1922</td>
<td>270,367</td>
<td>189,033</td>
<td>172,828</td>
</tr>
<tr>
<td>1923</td>
<td>272,668</td>
<td>242,736</td>
<td>121,518</td>
</tr>
<tr>
<td>1924</td>
<td>252,005</td>
<td>94,186</td>
<td>110,684</td>
</tr>
<tr>
<td>1925</td>
<td>300,903</td>
<td>171,708</td>
<td>157,579</td>
</tr>
<tr>
<td>1926</td>
<td>318,861</td>
<td>169,850</td>
<td>115,235</td>
</tr>
<tr>
<td>1927</td>
<td>339,504</td>
<td>109,601</td>
<td>118,794</td>
</tr>
<tr>
<td>1928</td>
<td>366,720</td>
<td>86,672</td>
<td>148,674</td>
</tr>
<tr>
<td>1929</td>
<td>382,295</td>
<td>100,114</td>
<td>174,832</td>
</tr>
<tr>
<td>1930</td>
<td>414,029</td>
<td>69,973</td>
<td>90,622</td>
</tr>
<tr>
<td>1931</td>
<td>442,101</td>
<td>42,915</td>
<td>113,796</td>
</tr>
<tr>
<td>1932</td>
<td>418,096</td>
<td>13,343</td>
<td>39,196</td>
</tr>
<tr>
<td>1933</td>
<td>438,352</td>
<td>59,324</td>
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<td>429,360</td>
<td>29,259</td>
<td>79,037</td>
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<tr>
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<td>427,531</td>
<td>41,965</td>
<td>157,907</td>
</tr>
<tr>
<td>1936</td>
<td>419,111</td>
<td>110,710</td>
<td>142,562</td>
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<tr>
<td>1937</td>
<td>422,278</td>
<td>150,159</td>
<td>171,636</td>
</tr>
<tr>
<td>1938</td>
<td>424,125</td>
<td>30,812</td>
<td>71,851</td>
</tr>
<tr>
<td>1939</td>
<td>426,189</td>
<td>96,194</td>
<td>114,633</td>
</tr>
<tr>
<td>1940</td>
<td>434,014</td>
<td>222,903</td>
<td>134,203</td>
</tr>
<tr>
<td>1941</td>
<td>453,320</td>
<td>613,565</td>
<td>202,412</td>
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<tr>
<td>1942</td>
<td>444,997</td>
<td>782,647</td>
<td>72,017</td>
</tr>
<tr>
<td>1943</td>
<td>444,943</td>
<td>642,887</td>
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<tr>
<td>1944</td>
<td>411,818</td>
<td>561,848</td>
<td>34,775</td>
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<tr>
<td>1945</td>
<td>378,449</td>
<td>725,237</td>
<td>79,521</td>
</tr>
<tr>
<td>1946</td>
<td>341,787</td>
<td>923,614</td>
<td>125,421</td>
</tr>
<tr>
<td>1947</td>
<td>309,398</td>
<td>528,171</td>
<td>112,120</td>
</tr>
<tr>
<td>1948</td>
<td>280,524</td>
<td>596,666</td>
<td>160,634</td>
</tr>
</tbody>
</table>

1/ Total of shorn and pulled wool.
### TABLE III

(Continued)

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic Production and Imports (1,000 pounds)</th>
<th>Mill Consumption (Greasy Shorn Basis) (1,000 pounds)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Apparel</td>
<td>Carpet</td>
</tr>
<tr>
<td>1920</td>
<td>527,455</td>
<td>510,900</td>
</tr>
<tr>
<td>1921</td>
<td>603,349</td>
<td>597,400</td>
</tr>
<tr>
<td>1922</td>
<td>632,228</td>
<td>640,400</td>
</tr>
<tr>
<td>1923</td>
<td>636,922</td>
<td>603,100</td>
</tr>
<tr>
<td>1924</td>
<td>516,675</td>
<td>516,000</td>
</tr>
<tr>
<td>1925</td>
<td>629,290</td>
<td>525,200</td>
</tr>
<tr>
<td>1926</td>
<td>603,946</td>
<td>524,100</td>
</tr>
<tr>
<td>1927</td>
<td>592,980</td>
<td>551,100</td>
</tr>
<tr>
<td>1928</td>
<td>602,161</td>
<td>571,900</td>
</tr>
<tr>
<td>1929</td>
<td>656,892</td>
<td>554,700</td>
</tr>
<tr>
<td>1930</td>
<td>574,624</td>
<td>447,900</td>
</tr>
<tr>
<td>1931</td>
<td>1,198,284</td>
<td>515,200</td>
</tr>
<tr>
<td>1932</td>
<td>470,635</td>
<td>439,800</td>
</tr>
<tr>
<td>1933</td>
<td>612,114</td>
<td>572,200</td>
</tr>
<tr>
<td>1934</td>
<td>537,656</td>
<td>381,400</td>
</tr>
<tr>
<td>1935</td>
<td>627,423</td>
<td>748,400</td>
</tr>
<tr>
<td>1936</td>
<td>672,683</td>
<td>666,400</td>
</tr>
<tr>
<td>1937</td>
<td>714,073</td>
<td>573,500</td>
</tr>
<tr>
<td>1938</td>
<td>527,058</td>
<td>413,883</td>
</tr>
<tr>
<td>1939</td>
<td>669,016</td>
<td>673,860</td>
</tr>
<tr>
<td>1940</td>
<td>791,200</td>
<td>683,300</td>
</tr>
<tr>
<td>1941</td>
<td>1,269,309</td>
<td>1,021,477</td>
</tr>
<tr>
<td>1942</td>
<td>1,309,461</td>
<td>1,125,571</td>
</tr>
<tr>
<td>1943</td>
<td>1,120,419</td>
<td>1,112,316</td>
</tr>
<tr>
<td>1944</td>
<td>1,028,441</td>
<td>1,054,697</td>
</tr>
<tr>
<td>1945</td>
<td>1,183,207</td>
<td>1,058,374</td>
</tr>
<tr>
<td>1946</td>
<td>1,391,022</td>
<td>1,098,538</td>
</tr>
<tr>
<td>1947</td>
<td>949,689</td>
<td>1,021,206</td>
</tr>
<tr>
<td>1948</td>
<td>1,037,624</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Wool Statistics, J.S.D.A. 1949
WOOL INDUSTRY IN THE NORTHWESTERN STATES

Pacific Wool Growers has its members spread over all the northwestern states. In order to study the production of wool in those states, a survey of wool industry in the northwestern states is therefore made.

Pacific Wool Growers has its members located in the state of Oregon, Washington, California, Idaho and Montana. Each year, it receives wool from those states as well as Alaska and Nevada. Although the general system of flock management in these northwestern states are fundamentally the same, however, there are still some variations and adaptations have been developed in various regions in order to fit the local conditions. Geographically, these wool producing states are arbitrarily divided into the following districts: The Central Range Area, The Idaho District, The Pacific Northwest, The Eastern High Plains Area, and the California District. A general survey of the topography, type of flock management, and the type of sheep within each district is made as follows:

THE CENTRAL RANGE AREA The Central Range Area includes western Wyoming, Utah, southern Idaho, southern Oregon and Nevada. The general characteristics of the topography in this area is extensive areas of desert lands, which are mostly surrounded by high mountains.
FIGURE III

PRODUCTION OF SHORN WOOL, PACIFIC NORTHWEST
(MONTANA, IDAHO, NEVADA, OREGON, WASHINGTON AND CALIFORNIA)

SOURCE: WOOL STATISTICS, UNITED STATES D.A., 1949
Because of the lack of water available for grazing in this area except only during the winter months, sheep are run on desert areas for a period of four to six months during the winter and then moved to high mountain ranges for two or three months of summer grazing. The sheep are usually in the mountains from the middle of June or first of July until about the first of October or when snow begins to fall. The rest of the time is spent en route between the two areas.

The sheep in most of this area are merino-longwool cross. Usually 1,500 to 2,400 head run in a band, and there is a herder with each band. In larger companies, the yearling ewes, the ewes that failed to breed and wethers are formed from 2,000 to 2,500 head in other sections usually called "dry band," but in small one band outfits, all classes may be run together such as are common in the southwest.

In more level portions, especially on the winter ranges, herdsmen use a specially equipped camp wagon, which is provided with a stove, for cooking and heating purposes in winter. The wagon is located at a point where there is water supply. When feed is exhausted, the wagon is moved to the next feeding ground. The feeder used to have another wagon to carry supplies, nowadays, they use auto truck to carry supplies as far as possible.
THE IDAHO DISTRICT  The greater part of Idaho is mountainous. Valleys between mountains has been brought into irrigation. There is a large amount of summer range but very little desert or winter range except in the southwestern and extreme southern part of the state.

Because of the lack of winter range, the more rigorous winter, and the abundance of alfalfa hay available for feeding purposes, sheepmen became more dependent on winter feeding. Many flockmasters have their own irrigated farms on which the necessary feed for the sheep is raised, while other buy large quantities of hay. Flock masters have found that they get the best lambs by using ewes of the Rambouillet longwool cross because it is well adapted to their conditions. Lambs are also bred from rams of Down breeds, the Hampshire being preferred because of its greater size and more rapid growth.

The winter feeding period usually begins about the middle of December and lasts until March 15 or April 15. Because of the long winter feeding period and also because of the additional equipment for early lambing, the annual expense of carrying a ewe was considerably greater than for the central range area.

THE PACIFIC NORTHWEST  In the Pacific Northwest, nearly all of the original range not too broken or too arid, has been homesteaded or purchased for wheat growing.
Many flock masters in Northeastern Oregon who purchased range for growing wheat have found it necessary to devote their best lands to wheat growing and by running a combination business, they are able to keep down operating expenses. They graze sheep on stubble fields which are frequently used for winter range.

Flock size in open range area ranging from 800 to 1,200 head. Some principle sheep growing places in this area have a carrying capacity of 3 to 5 head to an acre. In some desert areas, it takes 10 acres to feed a sheep for a year. Feeding period in this area lasts from 2 to 4 months which is longer than in the western coast area where the winter is mild. Ration given in this area contains mainly alfalfa hay (3 to 4 pounds) and a small portion of grain. Sheep during the rest of the time are herded or grazed on pastures.

Shearing has been done once a year. Sheep usually go to the summer range soon after shearing. Commercial lambs have to be shipped to outside markets through a longer distance which increases the marketing costs for growers in this area.

There are more pure-bred sheep in Willamette Valley. Sheep in the valley is not a principle source for farm income. Flock size in the valley range from 50 head to 300 head. Due to warmer weather in winter season, sheep
in the valley have longer grazing period. Feeding is done shortly in winter before lambing for a period of 1 to 1\(\frac{1}{2}\) months. Sheep in the valley are shorn in June or July.

Pure-breds, rams and ewes are generally sold as yearlings. Commercial lambs are sold when they are 4 to 6 months old. They are mostly sold unshorn and fattened before sold to packers and stock yards.

**THE EAST PLAINS AREA** This area includes that part of Montana, Wyoming and Colorado lying east of the Rocky Mountains.

Sheep in this area are grazed either on owned, leased land or in national forests. Because of limited ranges in this area, the majority of flock masters in this area are compelled to feed for a period of three to five months during the winter, using alfalfa or native hay. Those living near enough to the national forests can graze sheep on those areas for a period of two or three months in summer.

The general system of flock management is similar to that in the Central Range Area. The sheep are mostly crossbred, except in parts of Montana and Wyoming, where merinos prevail.

**THE CALIFORNIA DISTRICT** Conditions in California are diverse, according to the character of the country. In the northern part of the state, sheep are handled as in those areas previously described. In summer, they are
grazed in national forests and on leased timber lands, in winter months they are run on stubble fields and other waste areas. During the remaining time they are run wherever suitable range can be found and some are winter fed in a few localities.

In southern California, most sheep are grazed on wheat stubble, in vineyards and in other farm forage during the winter months. They are usually run on the desert during the spring months and are driven to various places in California and Nevada in search of summer grazing.

FARM FLOCKS A large number of irrigated lands throughout the western states have been used for producing feed for the wintering of the livestock in the vicinity. Moreover, many of the irrigated farms have areas that are either above the irrigation ditch or too rough for cultivation. These areas may be utilized as pasture and sheep can be kept to advantage on them, besides, grazing sheep can control the weeds which grow along the banks of the irrigation ditches. Therefore, in addition to range sheep there are numerous small farm flocks scattered throughout the western states and which are handled the same way as in the fleece-wool states.

In the irrigated areas of Montana, Washington and Idaho, the keeping of farm flocks has been increasing
steadily because sheep kept in these areas are proved profitable. The sheep on the larger farms have from 40 to 80 acres. The size of the flocks varies from 25 to 100 head. For the best adaptation to the irrigated farms, also because there is a large demand for the meat by range sheepmen, Hampshire sheep are especially popular in those areas.

In Willamette Valley, Oregon, there have been numerous farm flocks for many years. Many of the sheep in this valley are of longwool type which is particularly adopted to that climate.

In general, wool production in northwestern six states where Pacific Wool Grower's members reside, fluctuates following the same pattern as the wool production of the United States as a whole. Wool produced in the northwestern six states according to Table II accounts for about 30% of the total national production. During years 1940 to 1942, wool production in Pacific Northwest did not increase to the same extent as did the nation as a whole. Wool grown in the west is mainly range wool, it needs more labor than farm flock wool in the east, therefore, while war took away labor from farm and ranches, wool growers in the northwest suffered the most.
MARKETING WOOL THROUGH PACIFIC WOOL GROWERS

Before members send their wool to the association, there are many things that they can do in helping the association market their wool.

Good shearing is the most important thing suggested by the association to its members. The association suggests their members "to shear the wool when the wool is absolutely dry; the sheep should be shorn only on a smooth, dry surface, preferably a planed board floor never on dirt or straw; care should be taken to keep the fleece intact, avoid second cuts which reduce the average length of the staple; clip all tags, dung, locks or stained pieces and pack them separately, never permit them to remain in the fleece; fleeces should be prepared with the flesh side out, never the wether side, tie each fleece separately, never tie two fleeces together nor pack and market untied wool; use only enough twine to tie the fleece securely. Paper twine should be used. Never use sisal, binder twine or other material; never permit the fleece to come in contact with chaff haydust or other foreign material; place the tied fleeces in regulation wool sacks; select a clean, dry place for storing wool until it is shipped to the association; never permit the
wool to lie upon the ground or store it in a basement; divide the burry, seedy, cotted, dead, black and gray fleeces from the clean, white, well grown wool and pack separately; never pack all together indiscriminately."

Good shearing saves the work of the association particularly in sorting and grading. It will keep their wool in good condition so that a better return could be brought to them through less handling costs.

**WEIGHING WOOL** After members sent wool to the association, it is weighed upon inspected automatic scales by U.S. Licensed Weighers. It is weighed before the sacks are cut for grading or sorting. Graded grease wool handled in straight lots is again reweighed when baled or put into graded lines in bins. Thus all wool handled by the association is weighed twice and checked before the final invoice and shipping weight is taken. At the end of each day, receiving sheets are turned in to the association office and cash advances and weight acknowledgments are promptly mailed to each shipper. The wool then has been taken up to grading floor and is ready for the next step in the marketing process.

**GRADING OF WOOLS** After wool has been weighed, the sacks are cut and the wool is placed at the grading floor for grading.

1/ Pacific Wool Growers Monthly
Grading is extremely important in merchandising of wool. Very few woolen mills use different grades of wool, for very few mills manufacture a line of woolen goods that ranges from the sheerest woolen fabrics made from fine wool to the products which are made from braid wool. Mill specializes in the manufacture of a certain class of fabrics employing the use of only two or three grades of wool. In that way they are able to keep the manufacturing costs down, their investments in wool at a minimum, and can buy their supplies to the greatest advantage. They are therefore interested only in buying certain grades of wool in order to meet their manufacturing needs. Mills like to purchase wool in lots of from one to ten or twelve cars of a certain grade and quality, and the association is functioning as a large clearing house between the producer and the consumer by taking the wools of its members, grading them into separate mill-sized lots to meet these requirements and supplying the mills with particular grades each require. This affords the shortest and most direct route and makes for economical and orderly merchandising of member's wool. Buying wool at random throughout the country would require the purchase of a good deal of wool for which they have no use. They may have to resell those they do not want at a loss, thus, they are speculating on this wool for which they have no manufacturing use.
Quality of wool  No two fleeces of wool are alike.
Fleece from the same breed differ widely in many respects.
No single sheep will grow wool of the same character,
also, here can be just as much difference in grade, quality and shrinkage between two fleeces of wool coming out of the same general territory.

Characteristic of wool is determined by many factors such as fineness, length of staple, elasticity, crimp, softness, pliability, uniformity, color, luster, felting property and working property. Good wool is that can be carded, combed, spun, felted, woven, and knitted without loss or waste. The natural color of wool usually is called white, which takes dye well in textile manufacturing.

The essential thing in grading is measuring diameter, but, in actual grading, there is no mechanical measurement of wool. Grading mostly based on sight and touch, and training skill. Light is essential to grading, there should be enough light in grading room the best direction of light is shining directly above head. Too strong light makes fiber to appear distorted and irregular.

Blood system  Blood system of grading the wools is based on the pure breeding fine wool which is called merino. All other wools ranked according to their relative coarseness and length of fiber staple as compared
with merino. Merino crosses with British breeds get different cross bred sheep. British wools consist of two main classifications. 1. Medium wools - from down breeds: (1) Hampshire (2) Suffolk (3) Oxford down (¼) Shropshire; 2. The long wools - from the British long-wooled breeds: (1) Lincoln (2) Leicester (3) Cotswold (¼) Romney marsh. The cross breeds are made between Merino and British breeds, these consist of: (1) Down crossbreds (2) Longwool crossbreds.

Grade names for Blood system are: 1. Half Blood 2. 3/8 and ¼ Blood 3. Low ¼ and ¾. Common and Braid. These terms no longer have reference to the proportion of different kinds of blood in the sheep. They are just as arbitrary terms now-a days.

A rough summary of wool grades and the corresponding breeds of sheep that produce these grades is shown as in Table III.

The grade of a fleece is determined in general by 60 per cent or more of its contents so that a fleece carrying 60 per cent or more of Quarter Blood grade, even though there is a little Three-eighths on the shoulders and a little low Quarter Blood on the breech and bellies, would still be classed as a Quarter Blood fleece.
### TABLE IV

WOOL GRADES AND THE CORRESPONDING BREEDS OF SHEEP THAT PRODUCE THEM

#### FINE WOOLS

<table>
<thead>
<tr>
<th>GRADE</th>
<th>Fine</th>
<th>Half Blood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spinning Count</td>
<td>6½-70-80</td>
<td>60-62</td>
</tr>
<tr>
<td>Approximate Length</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Required for Combing</td>
<td>2 in.</td>
<td>2½ in.</td>
</tr>
<tr>
<td>Grades</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breeds of Sheep</td>
<td>Merino</td>
<td>Targhee</td>
</tr>
<tr>
<td>Producing</td>
<td>Rambouillet</td>
<td>Corriedales</td>
</tr>
<tr>
<td></td>
<td>Delaine</td>
<td>Crossbreds</td>
</tr>
</tbody>
</table>

#### MEDIUM WOOLS

<table>
<thead>
<tr>
<th>GRADE</th>
<th>3/8 Blood</th>
<th>½ Blood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spinning Count</td>
<td>56-58</td>
<td>48-50</td>
</tr>
<tr>
<td>Approximate Length</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Required for Combing</td>
<td>3 in.</td>
<td>3½ in.</td>
</tr>
<tr>
<td>Grades</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breeds of Sheep</td>
<td>Hampshire</td>
<td>Shropshire</td>
</tr>
<tr>
<td>Producing</td>
<td>Corriedale</td>
<td>Hampshire</td>
</tr>
<tr>
<td></td>
<td>Shropshire</td>
<td>Suffolk</td>
</tr>
<tr>
<td></td>
<td>Southdown</td>
<td>Oxford</td>
</tr>
<tr>
<td></td>
<td>Dorset</td>
<td>Romney</td>
</tr>
<tr>
<td></td>
<td>Crossbreds</td>
<td>Crossbreds</td>
</tr>
</tbody>
</table>

In the "French Combing" grade of Fine wools a length of only 1¼ inches is required.

Clothing wool is wool shorter than "combing," as listed above, and is therefore less valuable. Tender wool containing a "break" in the fibre is also classed as "clothing." Some of the longer clothing wool can be combed with special machinery and are called "baby combing."

Grade is more accurately described by spinning counts. Spinning count denotes the numbers of hanks of yarn - each hank 560 yards in length - that can be spun from a pound of combed clean wool. Thus, one pound of combed wool top of 60s spinning quality will spin a thread of yarn 60 times 560 yards - 33,600 yards, or 19.09 miles. One pound of 40s will spin a thread 40 times 560 yards - 22,400 yards, or 12.72 miles. Therefore, spinning counts are determined by the maximum number of hanks of yarn that can be obtained from a standard pound of wool and by the length of the staple.
Grading wool of a large quantity is a process requiring technical skill obtained only by long years of practice. It requires experience, ability and judgement that enables the grader to instantly recognize the grade of the fleece. The association graders are men who have the qualifications and have long time experience in the wool business. They are U.S. Licensed Graders.

**SHIPPING WOOL**  Shipping wool of Pacific Wool Growers consists of two aspects, 1. Growers ship their wool from farm to the association warehouse, and 2. The association shipping wool from warehouses to mills.

1. Growers ship their wool from farm to the association warehouses: When individual grower's wool is ready to ship, the association mails him a shipping instruction sheet. There are many important requirements listed in the sheet for members to observe. In the sheet the association informs members about furnishing bags and twine to its members by contacting local fieldmen; Members should tie their fleece with paper fleece twine and none other because wool not tied or tied with other than paper twine is subject to discount in price. Fleece also should be tied with the flesh side out; Keep fleece clean. Take all tags, dung locks, and stained pieces out of the fleeces and pack in separate sacks. Never pack
wet wool, as this stains and weakens the fibers. Be sure
the shipping tags on the bags are marked plainly with
their names and mailing addresses and are securely fas-
tened to the bag. As soon as their wool is received at
the association warehouse, the association will forward
them an advance on their good wool. Secure two copies of
the bill of lading, keeping one and mailing the other with
the list of shipping questions completely filled out to
the association. When their wool is ready, it should be
sent with freight charges "collect" to the association
warehouse. All members' wool are fully insured against
fire from shearing until mill delivery, etc.

The association has designed a questionnaire attached
with the shipping instructions. Such questionnaires con-
sisting of information about when and how the member is
hauling this wool, is his sheep mortgaged or not, is each
bag tagged or marked with owner's name, brand and address
or not, etc., so that the association will be well in-
formed before shipment arrives.

Range members will receive a detailed weight listing
sheet with instructions to ship either to the dock or to
a warehouse. Such lists destinating yearlings, ewe wool,
bucks, tags, black etc., should be filled in two copies
and mailed to the association together with the bill of
lading and answers to shipping questions. The result will be a saving on handling of wool and obtaining better price.

2. The association ships wool to mills in the east:
Pacific Wool Growers ship wool from Portland warehouse to Boston. Means used for shipping wool to the east are by rail and water. Throughout past years, Pacific Wool Growers has made its shipping by various railroads and shipping companies transcontinentally. In fact, all railroad companies have same freight over same distance. Freight rate of all shipping companies for a given distance is also the same.

Wool are shipped first from warehouse by rail or truck to dock. Consignees in the east take position of the wool at the dock.

The association is constantly trying to cut down handling and clerical costs and handle growers' wools and accounts in the most efficient and economical manner. In many cases, the association makes arrangements for shipping with some one transportation company because rates are cheaper or because of greater safety or service or other benefits to the members. Growers in the three Northwestern states who produce strictly fine wools which the association does not bring in to the Portland warehouse are sent directly to the association's Boston warehouse from the dock or car.
All wool belonging to members which are in the country, in warehouses or on the ranch are fully covered with fire insurance. Wool which are not in the warehouse are covered with standard insurance, those on sea are covered by marine insurance.

**STORING WOOL**

The economy of cooperative warehouse. It has been reported to the wool marketing meeting at Salt Lake City in 1928 by a representative from Texas the reason why private warehouse plan in Texas was unsatisfactory. Because that there has been competition and dissension between the warehouses, grower's wool were sold too cheap. He further pointed out that one wool grower who ran a wool warehouse because he could make more money by selling the wool on commission than he could growing wool, therefore, he decided to go into the wool warehouse business exclusively. This is why grower's cooperative should have its own warehouse wherein the interest of the member would be the only interest and the services rendered would be performed at cost.

The warehouses of Pacific Wool Growers Association

The Pacific Wool Growers is the only grower's wool marketing agency, either private or cooperative, which has U.S. Licensed Wool Warehouse facilities for storing wools in three of the largest wool marketing and wool
shipping centers in the United States, namely Boston, Portland and San Francisco.

The warehouses of Pacific Wool Growers association are operating under the U.S. Warehouse Administration Act executed by chief of the U.S. Department of Agriculture. Amendments have been made to this act regarding to the regulations on grading, checking on warehouse, etc. in order to facilitate the operations of the wool growers association.

Besides Portland, Boston and San Francisco the association has a number of warehouses located in Idaho Falls, Michard Idaho, Shoshone Idaho, Burley Idaho, Blackfoot Idaho, Palisades Nevada and Mendota and Maxwell in California.

Portland Warehouse When the association was first organized in 1921, arrangements were made for storing wool in a warehouse in north Portland, strictly on a tonnage basis, by the month and storage charges were paid on the weight of wool that held there for the length of time it was in storage. The offices were located in a downtown building separate from the storage facilities. Since April 1935, the association purchased its new warehouse at 73¼ N. W. 14th Avenue where the present head office is located. The new building is a brick building, located in the heart of the wholesale district.
Two stories and a basement comprise the building 100 x 200 feet in size with a large capacity for storing of wool. There is well-lighted space for grading on the top floor, also with the facilities of terminal railroad truckage, and car and truck loading platforms.

San Francisco Warehouse Pacific Wool Growers have leased an excellent new warehouse in San Francisco at 806 Buchanan street since 1943 after their storage space at Haslett's Harbor warehouse No. 4 has been outgrown. The new warehouse is operated and bonded by the Haslett warehouse company and is called Harbor warehouse No. 5. It is a two-story brick building with concrete floor and basement. One big advantage of this warehouse is its location. This warehouse is located at Buchanan and Buck street where the cool moist air from the bay insures ideal storage condition for wool. The building contains 32,000 square feet, with spaces in the basement, it handles as large a volume of wool as we ordinarily store in 50,000 square feet of space.

The top floor of this building has no upright posts or joists and makes over 10,000 feet of perfectly clear grading space.

There are many economic considerations involved in selecting warehouses. Location seems to be the most important one. Warehouses best to be close to terminal,
dock or mill. Labor charges of that locality is also essential for consideration. Another important factor is the method that the warehouse used in taking in and putting away wools will determine cheap or expensive in its operation. This will in turn determine the type of warehouse that will be chosen.

In considering these factors, Pacific Wool Growers association is using Portland and San Francisco warehouses for the storage of wools from within practical freight areas and also for the handling of small lots and grading wools, while large grower's wool with original bag fine quality which can be sold without grading and which can be shipped in carlots are sent directly to Boston warehouses of the association.

The association has adequate warehouse facilities at the manufacturer's warehouse in Boston which is the largest wool warehouse in that city. The association has warehouses at two nearby locations in the Boston area. The two warehouses located outside of Boston are exceptionally fine. Both are near enough the mill area so that customers can reach them as easily as they can the Boston warehouse district.
SELLING WOOL

MARKETING METHODS OF WOOL. The general manager, R. A. Ward of Pacific Wool Growers has listed out a number of methods used for marketing wool, those are:

1. The strictly commission consignment house plan with cooperative features as relates to the handling of cooperative pools shipped to these houses for sale.

2. The sealed bid auction plan followed at many points in the western range territory.

3. The accumulation plan frequently but wrongly called the pool plan, wherein the accumulation is sold as an entire lot at a single price regardless of grade, quality, or shrinkage of the various individual lots that may have gone to make up the concentration.

4. The outright purchase plan, wherein representatives of the large Boston wool houses call at the ranches and barter with the wool growers for their clips.

5. Strictly cooperative type. 1/

The cooperative marketing of wool from growers directly to mill consumers has been acknowledged as the best method. This marketing method eliminates the various

1/ Pacific Wool Growers Monthly No. 34
functions performed by millmen. The cooperative association is grower's own association for their own benefits and requires no profit. It also operates at actual cost. A comparative study of cooperative methods of marketing wool, as well as country buyer method is made by Mr. R.A. Word and shown as in the diagrams: Figure III and IV.

ECONOMIES IN COOPERATIVE SELLING OF WOOL. A wool growers cooperative is a farmers owned association for farmer's own benefits. Merits of marketing wool through farmers own association are many: (1) Growers market their wool through a cooperative association and are paid according to the grade and quality of fleeces which they deliver. (2) Wool cooperatives assemble their wool for sale in lots of uniform quality. Wool are graded by experienced graders according to government standard grades. (3) Cooperative selling of wool in large amounts reduce freight rates and other marketing expenses. (4) Because of the qualities of wool handled by the large wool cooperatives, mills can purchase their raw wool needs in any quantity or quality desired, besides, they are able to maintain sales offices in the principle wool markets in the United States, which gives them the direct contact with mill buyers.

A comparative diagram of functions performed both by cooperatives and through dealers is shown on Fig. III & IV.
FIGURE IV
THE COOPERATIVE METHOD OF MARKETING WOOL
- AS DONE BY THE -
PACIFIC WOOL GROWERS

This agency is cooperative, run by growers, does not require profit and is operated at actual cost.

SOURCE: PACIFIC WOOL GROWERS BULLETIN No. 18
FIGURE V

COUNTRY BUYER METHOD OF MARKETING WOOL

Source: PACIFIC WOOL BROKERS BULLETIN No. 18
POOLING Pacific Wool Growers has many pools spread out in its territory, those are: Western Washington and Oregon pool, Northwest Farm Flock pool, Northwest Range pool, California Range pool, Nevada Range pool, Nevada Farm Flock pool, Humboldt County, California pool, Central California Farm Flock pool, and Mohair pool.

Pooling means the commingling of products of many producers and, after deducting average expenses, paying the average price received for the same during a definite period, usually on a basis of established grades.¹/

In different pools, member's wool are gathered together according to similar grades, character and shrinkage and from like territories.

The pooling practice can be best explained by illustrating an example. Assuming there are three growers A, B, and C. Deliver all the wool and place them in a certain pool, and that

A delivers 2,000 pounds  
B delivers 4,000 pounds  
C delivers 10,000 pounds

Now  
A would own 1/8 of the pool  
B would own 1/4 of the pool  
C would own 5/8 of the pool

If every time 1,000 pounds of the wool from that pool

is sold, it means that

- 125 pounds of A's wool is sold
- 250 pounds of B's wool is sold
- 625 pounds of C's wool is sold

But, as long as the association has any wool unsold, it belongs to each of them in the same proportion as they deliver to the pool, which is 1/3 to A, 1/4 to B and 5/8 to C.

This method has been used by the association for pooling farm flock wools. Farm flock wools are always pooled with other farm flock wools of similar quality, grade, general characteristics and shrinkage. When growers wool reaches the association, it is weighed immediately and noticed to the member. The wool then goes to the grading department and graded by a U.S. Licensed Grader. Each fleece is then placed in the bin containing wool of the same grade, general quality and per cent of shrinkage delivered by other growers. The wool delivered by one member may be delivered into a dozen or more bins. The association keeps the exact weight of each member's wool going into those bins.

Another pooling practice which is called the clean price pool basis has also been used by the association. While average range clip is too small in quantity for mill use by itself, and from the mill standpoint, even the uniformly fine clip contains many mill sorts and these
sorts must be taken and combined with others wool of the same sorts to make a sufficient blend or run to put through the machinery. Under such circumstances, a clean price pool basis is better used.

This principle has been used by the association for pooling cross-bred range lots or uneven farm flock wool and it can be illustrated as follows: Suppose range clips of similar character and grade would be sold on a clean price basis. The first five clips are sold at $1.00 clean. Each clip would receive a grease price based on actual shrinkage, grade and percentage of staple. Suppose the next five clips sold at $1.05. Again each clip would receive a grease price based on its actual shrinkage and grade. Suppose the next five clips sold at $1.10. If all the clips were of equal weight, the average clean price is $1.05. The clips would then be settled for on shrinkage at the average pool clean price, which can be illustrated as follows:

<table>
<thead>
<tr>
<th>Shrinkage</th>
<th>Grease price</th>
<th>Clean price 1/ per pound</th>
</tr>
</thead>
<tbody>
<tr>
<td>65%</td>
<td>37¢</td>
<td>$1.05</td>
</tr>
<tr>
<td>62%</td>
<td>40¢</td>
<td>$1.05</td>
</tr>
<tr>
<td>71%</td>
<td>30½¢</td>
<td>$1.05</td>
</tr>
</tbody>
</table>

1/ Prices used were in 1927.
This plan has many advantages which are observed by Mr. Ward as:

1. It eliminates speculation and the holding of clips.
2. It secures the fair average orderly marketing price for the grade in question, and over a period of years is better and safer for the grower.
3. It permits the selling of association wools each month to mill customers in accordance with consumption.
4. The grower has not to carry over wools.
5. It secures a high average price for all wools without speculation for possible peak prices.1/

FINANCING MEMBERS UNDER PACIFIC'S POOLING PLAN Between the time of members delivering of wool and its sale, members A, B, or C or all of them may need money. The association has been borrowing money from the Federal Intermediate Credit Bank or one of the large city banks at a low rate of interest and loan the money to the growers.

Growers are entitled to request a loan from the association upon the delivery of their wool. The amount of the loan is about 60% of the value of his wool.

The way the association proceeds with the selling of

1/ Pacific Cooperative Wool Growers Bulletin No. 34, Sept. 1926 P.I.
the wool is such; The first money received from the sale
of A's portion of the pool is used to repay the bank for
the money borrowed from the bank and passed to A. As
soon as enough wool is sold to repay the bank the asso-
ciation stops paying interest to the bank and at the same
time it stops charging A interest on the money loaned to
him.

As more wool are sold, the balance of the money is
placed to A's credit. After all the wool from the pool
has been completely sold out, the association sends A a
detailed statement showing just how many pounds of wool
he had of each grade in the pool, the average price
each grade sold for, expenses on grading and selling the
wool, freight paid for the grower's account, etc. and
sends him a check for all balances due him and the can-
celled note which he gave to the association covering
his first advance.

The settlement of a pool must be conducted after all
wool in the pool are sold. The total deliveries of A, B,
and C make up the pool. Each grower has different grades
of wool. If 90 percent of the wool has been sold from
the pool, each grower still has 10 percent of their wool
on hand, therefore, they can not expect the settlement of
the pool.
PRICE STRUCTURE OF WOOL

Wool prices in the United States are determined and based on the prices in world's two big wool trading centers namely Boston and London. Wool prices at any point in the United States equals to Boston prices quoted for the very grade minus shipping and handling charges from the production point to Boston, whereas prices in Boston is strongly related with the prices in London.

Factors influencing the prices of wool are many. Cost of raising sheep in the range; The comparative advantage of cattle industry to sheep industry; Competition of cotton with wool; War; Business cycle and the price in international markets are the main features. In great many of ranges and farms, wool is a by-product of mutton. When beef prices rise, range managers will intend to shift sheep business to beef cattle industry. When cotton prices comparatively goes down, wool price will be suffered, due to the substitution of cotton for wool. During 1910, there was a rapidly growing competition of cotton with wool, which caused the wool prices at a lower level. Generally, a revival of business brings high prices for wool. A raise in London prices causes a raise in domestic prices. High prices of wool tends to increase the production of sheep, which will increase the production of wool and in turn decrease the wool price.
THE EFFECT OF GOVERNMENT MEASURE ON WOOL PRICES

The Steagall Commitment In 1941 in Public Law 74, Congress directed the CCC to make loans on the 1941 basic crops at 85% of parity. On July 1, 1941 Congress passed the Steagall Amendment in Public Law 147. This Amendment extended the price floor to nonbasic crops which has a strong effect on wool prices since then.

The chief objective of this Amendment is to direct the Secretary of Agriculture to "encourage the production of any non-basic commodity, to support its price through commodity loans purchase or other operation at not less than a parity price of 85% or comparable price." In 1942 Congress enacted Public Law 729 again emphasized the use of price floor was to expand production, in the mean time, raised the parity.

In latter 1944, the War and Postwar Price-support legislation has specified 166 agricultural commodities into three groups for price support operation, those three groups are: 1/

1. Basic commodities - corn, wheat, cotton, tobacco, rice and peanuts.

2. The Steagall Commodities - hogs, eggs, chickens, turkeys, milk and butterfat, dry peas, dry edible beans, soybean for oil, American - Egyptian cotton,

potatoes, and cured sweet potatoes.

3. Other Agricultural Commodities - commodities other than 1 and 2 - wool, naval stores, American hems, sugar beets, sugarcan, black-eye peas and beans, certain fruits, vegetables for processing, barley, grain sorghums, rye, Sea Island cotton, certain vegetables, winter cover crops, hay and pasture seeds.

Commodities belong to group 3 consist of about 1/3 of all agricultural commodities. The law also directed the Secretary to support the price of nonbasic agricultural commodities at not less than 90 per cent of parity through a commodity loan, purchase, or other operation.

Since the Steagall Amendment, the price of wool has been supported and the Commodity Credit Corporation has accumulated a stock of wool. At one time the stock of wool of the Corporation was equal to a years supply, however these large holdings have been greatly reduced by the rapid recovery of the wool textile industry in the western Europe and the high level of consumption of the rest of the world.

Prices paid by Commodity Credit Corporation for medium and coarse wool have been higher than market prices.

and for fine wool lower than market price, therefore the stock of medium and coarse grades have been increased. The prices paid by Commodity Credit Corporation are adjusted on year basis, so far, it has been in favor of medium and coarse grades all the time. In competing with foreign markets, the Commodity Credit Corporation has been selling wool at 8 to 16 cents a pound, clean basis, below the price it has paid to the producers.1/

Pacific Wool Growers offers almost a complete service in wool marketing. It services varies from warehousing, grading, financing, to selling of wool for its members directly to mills.

According to statistics, throughout past thirty years, the members of the association did receive higher long time average returns for their wool than non-members received. In a printed material of the association called "How Farm Flock Wools Are Marketed," it indicated that from 1921 till 1944, members of the Pacific Wool Growers have gained over the average prices paid in the country at shearing time in 19 years of 24, or an average yearly gain of approximately 3¢ per pound over all years.1/ The cooperative members are enjoying such a benefit due to the fact that in recent years the country wool prices in the western Oregon are 50% closer to Boston manufacturer's price than the time before the association was organized.

1/ Pacific Wool Growers "How Farm Flock Wools Are Marketed."
The following table gives detail information:

TABLE V

SPREAD BETWEEN COUNTRY AND BOSTON PRICES
SINCE PACIFIC WOOL GROWERS ORGANIZED

<table>
<thead>
<tr>
<th>Period</th>
<th>Years</th>
<th>Average Spread</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before Association</td>
<td>1918-1920</td>
<td>21.6%</td>
</tr>
<tr>
<td>Pacific Organized</td>
<td>1921-1923</td>
<td>17.6%</td>
</tr>
<tr>
<td>Period of Growth</td>
<td>1924-1926</td>
<td>15.9%</td>
</tr>
<tr>
<td>Association Established</td>
<td>1927-1929</td>
<td>15.2%</td>
</tr>
<tr>
<td></td>
<td>1930-1932</td>
<td>9.3%</td>
</tr>
<tr>
<td></td>
<td>1933-1935</td>
<td>8.7%</td>
</tr>
<tr>
<td></td>
<td>1936-1938 and on</td>
<td>8.5%</td>
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Wools compared are Willamette Valley ungraded wool and 3/8s combing.

Source: Pacific Wool Growers "How Farm Flock Wools Are Marketed."

A number of factors contributing to the success are summerized as follows:

1. Good Management - The overall success of the association is a product of a long time competent service of the managers. Their abundant knowledge and experience in wool business enables them to conduct the association affairs in an excellent manner.

2. Sound Marketing Policy -

   (1) By actual experiences, Pacific Wool Growers has been selling wool through two different methods. The
association has been selling the fine and half blood wool outside the government program for securing higher net returns from private mills while marketing its lower grades of wool such as 3/8s blood, 1/4 blood, low 1/4 and all the off wools such as tags, locks and crutchings through CCC.

Under the United States Government Wool Purchase Program, growers are receiving from 10% to 15% a pound more in the grease than they would receive if the program is discontinued. This is because there is large quantity of foreign wool and domestic stockpile wools are available and are being purchased by mills at prices which amount to 10% to 15% per pound under the prices which CCC is permitted to pay.

(2) The correct timing of sales: This is a difficult task, it depends greatly upon the ingenuity of a manager, storing facilities of the association, as well as the financial condition of the association. Regardless of many difficulties, such tasks have been successfully carried out by the association. Some surveys have been made revealing that the consumption of wool falls off about shearing time. The drop in consumption combined with a carry over of wool is equivalent to a full years supply and has a depressing effect on prices.1/

Because of these characteristics the association has withheld its wool from the market in the early part of the year and has turned it on the market towards the end of the year. Such policy puts member’s wool on the market when demand is high and tends to bring the members a higher price for their wools.

(3) The association initiated wool grading system along the western coast which contributes a great deal to the standardized wool marketing.

(4) The association adopted Clean Price Pooling plan which has many merits as have been discussed before.

(5) The association offers great facilities in storing members wool which makes the sales problem perfectly under control.

(6) The association handles large amounts of wool which makes an economical marketing possible.

3. Service at Cost - Private business is dependent upon a margin above the costs of rendering sales services, but, cooperative business has different purposes. It is conducted at cost and without profit.

It is impossible to figure the exact costs of any transaction of the association. The aggregate costs over a year of the association are allocated to the different services. The power to arbitrarily allocate some costs is reserved for the directorate.
4. Risk Assumption - When members' wools are in the process of being sold there is a considerable risk assumed by holding title to and financing the wool. Wool easily may be damaged during shipping or when it is stored in the warehouse. In order to protect its members, Pacific Wool Growers association have provided means for assuming the risk of its member's wool. It minimizes the risks which the individual producers assume by reducing the number of transactions between the growers and woolen mill consumers, on the other hand, it has an effect of stabilizing the market.

In pooling process, the association handles a large quantity of wool. This has an effect of spreading the risks which result from temporary inequalities in the markets and reduce the per unit handling cost for the association.

5. Dissemination of Information to Members - Cooperative marketing association performs a form of collective action. Such kind of organization requires a high degree of functional coordination. Throughout the past years, the association has been using many means to inform its members about the activities of their association in order to attend the full meaning of democratic control. Members need to be informed about the
situation of the association concerning production, processing or marketing of their products, in the meantime, it bears a task of educating their members.
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APPENDIX
ARTICLES OF ASSOCIATION OF PACIFIC WOOL GROWERS

In accordance with the provision of Chapter 8, Title 25, Oregon Code 1930., relating to cooperative associations, the Association adopted the following Articles of Association:

ARTICLE I

The name of this Association shall be PACIFIC WOOL GROWERS.

ARTICLE II

The purposes for which this Association is formed are:

(a) To promote, foster and encourage the intelligent and orderly marketing of wool and mohair products through cooperation of members; to eliminate or minimize speculation and waste, to stabilize the marketing of wool and mohair and their by-products, and to handle and solve cooperatively and collectively so far as possible in an orderly and economical manner the marketing problem of the producers of wool and mohair.

(b) To provide a medium for unity of effort by producers in the handling and marketing of wool and mohair and their by-products.

(c) To promote, foster and encourage the business of producing any and all varieties of wool and mohair.
(d) To engage in any activity in connection with the production grading, scouring, manufacturing, storing, warehousing, handling shipping, and marketing of any wool, mohair or products made from wool and/or mohair, or their by-products, and in the financing of any of said operations.

(e) To purchase and sell any wool, mohair or products made from wool or mohair or their by-products, or any machinery, equipment or supplies used in any of the above mentioned activities, either by the Association, or by members or patron thereof.

(f) To enter into marketing contracts with members requiring the members to sell exclusively to or through this Association or through any facilities to be created by this Association, to any extent provided by law or by the by-laws hereafter to be adopted by this Association.

(g) To borrow money for any purpose, either as principal or agent, giving such evidence of indebtedness and security as may be necessary or desirable, and to issue bonds, deeds of trust, debentures, notes or other obligations, and to secure the same by pledge, mortgage, trust deed or otherwise, on the whole or any part of the property of the Association, real or personal or to issue such obligations without security.
(h) To loan money to members, and make advances to members and other patrons on account of products delivered to it, and for other proper Association purposes, and if deemed advisable, to accept as collateral for any loan, warehouse receipts, chattel mortgages, deeds of trust, or any other kind of property or security.

(i) To buy, acquire, hold, own, lease, sell and otherwise dispose of and exercise all privileges of ownership over such real or personal property of any character, wherever located, as may be necessary or desirable for the conduct of the business of the Association or instrumental thereto.

(j) To guarantee, purchase, or otherwise acquire, own, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of certificates of membership, shares of stock, bonds, commercial paper, or other evidences of indebtedness created by this or other corporations and while the holder of such securities to exercise all the rights and privileges of ownership, including the right to vote thereon.

(k) To apply for, take out, acquire, own, use and dispose of trade marks, copyrights, patents, necessary, convenient or desirable for furthering any of the corporate purpose of this Association.
(1) To act as agent, representative, factor or broker for any person, firm, corporation, or association, in any of the above activities.

(m) Wherever this Association is given power to deal in the products of other than its members, such power shall be restricted so that this Association shall not deal in the products of members to an amount greater in value than such as are handled by it for its members.

(n) The objects herein shall, unless otherwise expressed, be in no way limited or restricted by reference to inference from the terms of any other clause or paragraph of these Articles of Association.

(o) The foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this Association but said Association shall have all the privileges and immunities granted by the Acts of congress of the United States and the laws of the State of Oregon to cooperative associations and be subject only to such restrictions and limitations as may be contained in said acts of Congress and the laws of said State. It is further expressly provided that this Association shall have full, complete and ample power to engage in and transact any lawful business whatever, and do any and all things necessary therefore to the same extent as any corporation or natural person might or could do,
as principal, agent, factor, contractor, trustee, or otherwise, alone or in company with others except as such powers may be restricted or denied by the acts of Congress of the United States or the laws of the State of Oregon here-in-above mentioned in this paragraph.

ARTICLE III

The principal place of business of this Association shall be at the City of Portland, County of Multnomah, State of Oregon, but offices or places of business may be located at any other point within this state or within any other state of the United States or anywhere throughout the world.

ARTICLE IV

The duration of this Association should be perpetual.

ARTICLE V

This Association shall not have any capital stock, but shall admit members into the Association upon payment of a membership fee of One Dollar ($1.00) and upon such other conditions as may be provided in the By-Laws.

ARTICLE VI

The conditions under which membership may be transferred are as follows:

Membership in the Association may be transferred only to a party who is eligible or qualified for membership as
provided in the following paragraph of these Articles and not otherwise. The Board of Directors will establish reasonable rules and regulations authorizing the acceptance of an eligible transferee and recognizing as a member the purchaser of a member's land or flock or lease who acquires member's membership certificate. After such transferee has signed a marketing agreement, and, the Board of Directors will also determine conditions under which the Executor or Administrator of a deceased member may continue as a member representing such deceased member, and the requirements for the issuance or transfer of an appropriate membership certificate to the successor or successors in interest of such member's land or flock or lease, and likewise the conditions for transfer of rights and certificate to a purchaser at execution sale and any successor by operation of law, provided such purchaser or successor is eligible in accordance with the following Article.

ARTICLE VII

Any person, partnership or corporation engaged in producing wool or mohair or owning or leasing a farm or ranch on which wool or mohair is produced and sharing in the profits therefrom may be admitted as a member into the Association, and any corporate marketing association marketing wool or mohair for producers, may become
a member of the Association by executing a marketing contract, and upon approval of the board of Directors.

ARTICLE VIII

This Association is formed to function on a cooperative basis for the mutual benefit of its members. Reasonable reserves as determined by the Board of Directors of the Association, may be set aside each year. After setting aside such reserves paying all expenses of every nature incurred by the Association, including making necessary deductions to retire outstanding loans, the balance of the net earnings or savings of the Association shall be distributed on a patronage basis, as approved in the by-laws.

ARTICLE IX

This Association shall have the power to assist in the organization of, and/or to affiliate with any regional or national sales agency for the cooperative of any of the products handled by the Association.
BY-LAWS
OF
PACIFIC WOOL GROWERS

We, the undersigned, together constituting and being all the present members of the Pacific Wool Growers, a cooperative association not conducted for profit, do hereby adopt the following code of by-laws as and for the by-laws of said Association:

ARTICLE I

The purposes for which this Association is formed are set forth in the second paragraph of the Articles of Association of the Association.

ARTICLE II
Meetings of Members

Section 1. Regular Meetings. A regular meeting of the members shall be held at such place or places and at such time or times, as shall be designated by the Board of Directors, between the 15th of January and the 5th day of February after 1922, for the purpose of electing directors and transacting such business as may come before the meeting. Such regular meeting may be held by districts as provided in Article III, Sec. 2, of these by-laws, provided that all elections of directors shall be held in accordance with the provisions of Article III, Sec. 2.
Section 2. Special Meetings. A special meeting of the members may be called at any time by the President or by a majority of the Board of Directors, or by ten per cent of the membership. Each such call shall be in writing, and shall state the time, place and the purpose of such meeting. No business shall be transacted at a special meeting other than as is stated in the purposes for the call. Special meetings may be held by districts as provided in Article III, Sec. 2, of these by-laws.

Section 2. (a) General Meeting on Petition. When demanded by petition signed by twenty per cent of the membership, a regular or special meeting of the members must be held at Portland, Oregon, or wherever the office of the Association is located, instead of by districts.

Section 3. Notice of Regular Meetings. Notice of each regular meeting of the members shall be given. Such notice must state the time and the place of the meeting, and the purposes thereof. A copy of such notice shall be mailed to each member of the Association, as his address shall appear upon the books of the Association, at least ten (10) days prior to the time for holding such meeting.

Section 4. Notice of Special Meeting. Notice of each special meeting shall be given by mailing to each member a copy of the call for such meeting, as his address shall appear upon the books of the Association, at least
ten (10) days prior to the time fixed for such meeting.

Section 5. Quorum. Where a general meeting of the Association is held, as distinguished from district meetings, one hundred members present in person or represented by ballot shall constitute a quorum for all purposes.

At any district meeting ten per cent of the members residing in the district, present in person or represented by ballot shall constitute a quorum.

Section 6. Votes. Every member shall be entitled to one vote, except in emergencies, as provided by Article XIII (d) of these by-laws.

Section 7. Voting by Mail. Prior to any general or special meeting of the Association the Secretary shall prepare a ballot upon the principal questions to be voted upon. The Secretary shall thereafter mail to each member, along with the notice of the meeting, one ballot and a small voting envelope.

Any member who does not expect to be personally present at said meeting, may cast his ballot by mail, by writing the Secretary, enclosing the sealed envelope containing his vote, with a request over his signature, that the voting envelope be dropped into the ballot box along with the votes cast by members present in person.
The Secretary shall then file such signed request and place the voting envelope, unopened, in the ballot box. Any votes so cast shall be counted as if the member were present and voting in person.

ARTICLE III
Board of Directors

Section 1. Number. The corporate powers, business, and property of the Association shall be exercised, conducted and controlled by a Board of fifteen directors.

One director of the Association shall be appointed by the Director of the _____________________________. Such director shall not be a member of the Association but shall represent the interest of the public. He shall have the same powers and rights as the other directors.

The organizing Board of Directors shall be ten in number. One of such directors shall be appointed by the ____________________________ of the _____________, as above mentioned, and the other directors shall be elected at a meeting held at the office of the Association at Portland, Oregon. Such organizing directors shall hold office for not to exceed sixty days or until their successors are elected as herein after mentioned.

Section 2. The territory covered by the Association shall be divided into districts and fourteen of the directors shall be elected from among the members in such
districts. Prior to ___________ 19___, the organizing directors of the Association shall divide the territory in which the Association has members, into districts, and determine the number of directors to be elected from each district, such districting and apportioning of directors to be based upon the number of sheep and goats signed up under standard Association and marketing agreements of the Association. The Secretary of the Association shall provide for district elections in each district, to be held prior to ___________, 19___, and at such elections directors shall be chosen representing such districts. Such directors shall serve with the appointee of the Director of the Bureau of Markets of the Oregon Agricultural College until their successors are elected at the district meetings, and qualify at a meeting to be held on the _____ of _____, 19___.

In each year after 1924, the territory of the Association shall be redistricted, and the number of directors re-apportioned between the 15th of December and the 15th of January, by a two-thirds vote of the Board of Directors in office. Such redistricting and reapportionment shall be based upon the signup of products handled by the Association.

Subsequent to such redistricting and apportionment, but at least two weeks prior to the First Meeting of the
Directors, the secretary shall cause a district election to be held by the members in each district, and the members, at such elections shall select the directors to represent their respective districts on the Board of Directors of the Association for the following year. Voting at such district elections shall be by ballots presented in person or by mailed ballot.

Such district elections shall be held in accordance with the rules and regulations to be drawn up by the Board of Directors. There shall be no voting by proxy.

Section 3. Vacancies. In case of a vacancy in the Board of Directors, the remaining directors shall by majority vote elect a member from the district in which the vacancy occurs, and such member shall serve as a director representing that district until his successor is chosen at the next annual election.

Any member bringing charges against an officer or director shall file them in writing with the secretary of the Association; and the secretary shall immediately notify the officer or director of the charges filed against him. The officer or director may then file with the secretary a statement, not to exceed four hundred words in length, giving concisely his defense against the charges made. The Board of Directors shall take the matter up at its next meeting and take such action as it deems
to be for the good of the Association. If the charges are accompanied by a petition requesting the removal of the officer or director, signed by ten per cent of the members, and are filed with the secretary at least fourteen days previous to any general or special meeting, the secretary shall prepare and mail to each member with the regular notice a ballot calling for a vote upon the removal of the officer or director. Accompanying the notice and ballot, the secretary shall inclose a statement, not to exceed four hundred words, giving the charges against the officer or director; and at the request of the accused officer or director, the secretary shall inclose with this statement to each member a copy of the written defense as filed. By a vote of the majority of the total membership, present or represented by ballot, the association may remove the officer or director and fill the vacancy.

Any director who ceases to be an owner of wool or mohair, or of an interest in wool or mohair, or who violates any contract with this Association in any particular, shall cease to be a member of the Board as soon as a majority thereof pass a resolution to such effect.

Section 4. First Meeting of Directors. On the 2nd Monday of February, at 10 a.m. in each year after 1924, the newly elected Directors shall hold a regular meeting
and organize by the election of a president, a Vice-
President, a Secretary-Treasurer, and transact any other
business. Eight (8) days notice of such meeting shall
be given; but such notice may be dispensed with by consent
of the Directors; provided that the first meeting of the
Directors elected in July 1924, shall be held at 10 a.m.
on August 6th, 1924, at the office of the Association.

Section 5. Regular Meetings. In addition to the
first meeting mentioned above, a regular meeting of the
Board of Directors shall be held quarterly at such time
and place as the Board may determine.

Section 6. Notice of Regular Meeting of Directors.
Notice of the regular meetings of the Directors shall
be mailed to each Director at his last known address at
least seven (7) days prior to the time of such meeting.

Section 7. Special Meetings. A special meeting of
the Board of Directors shall be held whenever called by
the President or by a majority of the Directors. Any
and all business may be transacted at a special meeting.
Each call for a special meeting shall be in writing,
signed by the person or persons making the same, addressed
and delivered to the Secretary, and shall state the time
and place of such meeting.

Section 8. Notice of Special Meetings. Notice of
each special meeting of the Directors shall be mailed to
each Director at his last known address at least five (5) days prior to the time of such meeting.

Section 9. Quorum. Seven (7) directors shall constitute a quorum of the Board at all meetings.

Section 10. Compensation. The directors shall receive no compensation for their services as directors other than reimbursement for railroad fares actually expended by them in attending the meetings of the Board of Directors, and any other necessary traveling expenses and a per diem of $5.00 per day for each day necessary for traveling to and from and for attendance at meetings.

ARTICLE IV
Power of Directors

The Directors shall have the power:

1. To conduct, manage, and control the affairs and business of the Association, and to make rules and regulations for the guidance of the officers and management of its affairs.

2. To appoint and remove, at pleasure, all officers, agents, and employees of the Association, prescribe their duties, fix their compensation, and require from them, if advisable, security for faithful service.

3. To call special meetings of the members when they deem it necessary, and they must call a meeting at any time upon the written request of ten per cent of the
members.

4. To make and enter into any contracts or agree-
ments with any persons, associations, firms, or corpo-

cations in furtherance of any of the purposes of the
Association.

5. To carry out the marketing contracts of the
Association in every way advantageous to the Association
representing the growers collectively.

6. To select one or more banks to act as de-
pository of the funds of the Association and to de-
terminate the manner of receiving, depositing, and dis-
buming the funds of the Association and the form of
checks and the persons or person by whom same shall be
signed, with the power to change such banks and the per-
sons, or person signing said checks and the form thereof
at will.

ARTICLE V
Duties of Directors

It shall be the duty of the Board of Directors:

1. To keep a complete record of all its acts and
of the proceedings of its meetings, and to present a
full statement at the regular annual meetings of the
members, showing in detail the condition of the affairs
of the Association.

2. To supervise all officers, agents and employees
and see that their duties are properly performed.
3. To require of every officer or employee of the Association handling funds a Surety Bond in such amount
and in such terms as the Board may require, in favor of the Association. Such bonds shall be paid for by the
Association.

4. To cause to be issued appropriate certificates of membership.

5. To install such a system of bookkeeping and auditing that each member may know and be advised from
time to time fully concerning the receipts and disbursements of the Association.

ARTICLE VI
Officers

The officers of the Association shall be a President, a Vice-President, a Secretary, who shall also act as
Treasurer, and a Manager, together with any other administrative officers whom the Board of Directors may see
fit in its discretion to provide for by resolution entered upon its minutes.

The Board may appoint assistant secretaries, in its discretion, and may delegate to them any or all of the
duties of the Secretary hereunder or any other duties.

The compensation and tenure of all officers shall be fixed by the Board of Directors.

The Secretary need not be a member of the Board.
ARTICLE VII
The President

If at any time the President shall be unable to act, the Vice-President shall take his place and perform his duties and if the Vice-President shall be unable to act, the Board shall appoint a Director to do so. The President, or the Vice-President, or Director, shall:

1. Preside over all meetings of members and Directors.

2. Subject to the advice of the Directors, direct the affairs of the Association.

3. Call the Directors together whenever necessary.

4. Sign, as President, and in the name of the Association, contracts, notes and any other instruments when so directed by the Board of Directors.

5. Discharge such other duties as may be required of him by these by-laws or by the Board of Directors.

ARTICLE VIII
Secretary (Treasurer)

It shall be the duty of the Secretary:

1. To keep a record of the proceedings of the meetings of the Board of Directors, and of the members.

2. To keep the corporate seal and the book of blank membership certificates; fill up and sign all certificates issued and affix said corporate seal to all papers requiring a seal.
3. To keep a proper membership book, showing the name of each member of the Association, the number of his membership certificate, and date of issuance, surrender, cancellation, forfeiture, or transfer.

4. To receive and deposit all funds of the Association to be paid out only on check drawn as herein before provided and account for all receipts, disbursements and balances on hand.

5. To execute and sign all contracts, notes, papers and documents as Secretary only and to control only financial accounts as Treasurer.

6. To discharge such other duties as pertain to his office or may be prescribed by the Board of Directors.

ARTICLE IX
Executive Committee

The Board of Directors may appoint an Executive Committee consisting of five Directors, to conduct the affairs of the Association, and the Board of Directors may determine the tenure of office of said Executive Committee, its powers, duties and compensation of its members. The President of the Association shall constitute one member of such Executive Committee. Any three members of such Executive Committee shall constitute a quorum for the transaction of business.

The Executive Committee shall have such duties and powers as may from time to time be prescribed by the
Board of Directors and those duties and powers may be all of the duties and powers of the said Board of Directors, subject to the general approval of the Board of Directors.

ARTICLE X
Auditing Committee

The Board of Directors may appoint an Auditing Committee from among its members, determine the number of its members and its tenure of office. The Board may prescribe rules and regulations with reference to the manner and form in which claims shall be presented against the Association and the manner of auditing the same, and in lieu of such action by the Board, the Auditing Committee may prescribe the rules and regulations with reference to its meetings and procedure. An annual audit shall be made by a certified public accountant, and the condition of the affairs of the Association as shown by such audit shall be reported to the members at the annual meeting.

ARTICLE XI
Local Advisory Committees

Local Advisory Committees may be created by the Board of Directors, and shall have such privileges and perform such functions as the Directors may determine.
ARTICLE XII
Seal, Books, and Papers

The seal of the organization shall be three blank lines.

All books of the Association shall be kept at the principal place of business of the Association and all books and such papers as may be placed on file by votes of the members or Directors shall at all times during business hours be subject to the inspection of the Board and of any member or his representative, duly authorized in writing.

ARTICLE XIII
General Provisions Concerning Members

(a) Not a Profit Corporation. This corporation is organized for the purpose of mutual help, without capital stock, and for the purpose of serving its members only and providing all of its facilities to them upon uniform rules and regulations to be prescribed by the Board of Directors of the Association.

The Association shall do everything within its power to secure the production of the most desirable and profitable varieties of wool and mohair, and to secure the largest possible quantity production thereof; and the Association shall strive to preserve for the growers and the public generally the profits and economies which may result from the minimizing of speculation and waste in the
distribution of wool and mohair.

(b) Members - Who Eligible. Any person, firm or corporation, or manager, or officer of any corporation or member of any firm engaged in raising products handled by the Association, or owning or leasing a farm or farms on which products handled by the Association are grown and sharing in such products, may be admitted as a member of the Association. All members agree to abide by all the rules, resolutions, and by-laws of the Association with reference to handling and marketing of their products as provided in these by-laws, or any amendment thereto, or by resolution of the Board of Directors of the Association. All members agree to sign the standard marketing agreements current at the time of their entrance as members herein, when presented to them for signature and acceptance.

(c) Member to Market Output in Accordance with Rules of the Association. If any member shall cease, fail, neglect or refuse for any reason whatsoever to market all or any of his said products as provided by the marketing agreement, executed by him, then the Board of Directors may cancel his membership and his certificate and expel him from membership in this Association and all of his rights and interest therein shall by that act be cancelled and such member shall be entitled only to payment, as provided by law, of the equitably appraised cash value of
his interest in the property of the Association.

The expulsion of any member for the breach of any of these by-laws shall be separate from and in addition to the provisions of the Standard marketing Agreements in reference to liquidated damages or other remedies.

(d) Voting Power of Members. The voting power of the members of this Association shall be equal; and each and every member hereof shall have one vote, provided however, that whenever an emergency arises threatening the welfare of the Association, the Board of Directors may authorize an appeal to a vote by which each member shall be represented by a voting strength in proportion to the amount of business he may have done through the Association during the previous calendar year. Such an emergency shall be conclusively deemed to exist upon the affirmative vote of eleven out of the total number of fifteen directors. In the event of such a vote, the statement of the Board of Directors as to the proportion of voting power to which each member shall be entitled, shall be conclusive.

(e) Entrance and Membership Fees. Every member shall pay an entrance fee of five cents per head for all sheep or goats owned, providing that the minimum fee shall be $10.00 and the maximum fee shall be $50.00. One dollar ($1.00) of this fee shall be set aside as a
membership fee and the remainder may be used for organization purposes or such purposes as the Board of Directors deem it advisable, provided that the Board of Directors by a two-thirds vote may change the entrance fee for new members who become such after such change takes place.

If such fees are not actually paid when due, they shall be charged against the account of the member and deducted from his net returns under the standard marketing agreements and these by-laws.

(f) Property Rights and Interests. The property rights and interests of each member in the property of the Association shall be equal.

(g) The Association, by action of the Board of Directors, shall have the full right to purchase the full interest of any member in the property or other rights of the Association, at the book value thereof, whenever in the judgment of the said Board it is in the general interest of the Association so to do, and the statement of the book value thereof by the Board of Directors shall be conclusive. Any member whose rights are so purchased shall cease to be a member of the Association and his membership certificate shall thereupon be cancelled.

(h) Membership Certificates. This Association shall issue a certificate of membership to each member in such form as may be provided by the Directors but such membership shall not, nor shall said certificate thereof, be
assigned by said member to any other person, nor shall any purchaser at execution sale or any other person who may succeed by operation of law or otherwise to the property interests of a member, be entitled to membership or become a member of the Association by virtue of such transfer. The Board of Directors of the Association may, however, consent to any assignment and transfer and the acceptance of the assignee or transferee as a member of the Association. The Board will establish reasonable rules and regulations authorizing the acceptance of a transferee and recognizing as a member the purchaser of a member's sheep or goats, who acquires such member's membership certificate after signing a marketing agreement, and determine the conditions under which the executor or administrator of a deceased member, and the requirements for the issuance and transfer of an appropriate membership certificate to the successor or successors in interest of such member's sheep or goats and likewise the conditions for the transfer of rights and certificates to purchaser at execution sale and any successors by operation of law.

(1) Pools. The Board of Directors of the Association shall conclusively determine the pools by which the wool and mohair of the Association shall be marketed, provided that such pools shall be based upon differences
in varieties, qualities, grades and districts.

All returns to the members of this Association shall be based on the net proceeds from each of the said pools, less all charges provided in the marketing agreements of the Association, depending on the value of the products delivered by them to the Association for each of the said pools, such value to be determined by the re-sale prices, less deductions, as provided in the standard marketing agreement.

(j) Expense of Maintaining Organization. All expenses of maintaining the Association, including among other things, the purchase of necessary supplies and equipment, rent, salaries, taxes, insurance, office and inspection expenses, advertising reserves for betterments, experiments, organization and the like, shall be met from membership and entrance fees, and the charges provided in the standard marketing agreements.

Any surplus funds over and above the actual expenditures, reserves and obligations of the Association, shall be conclusively presumed to be a surplus arising out of the Association deductions referred to in the standard marketing agreement; and any such surplus funds may, in the discretion of the Board of Directors at any time, be divided among the members, on the basis of the value of the products delivered by them under the said
marketing agreements as a return of a portion of the said
Association deductions, or any such surplus may be used
all within the discretion of the Directors, for any gen-
eral corporate purpose of advantage to the Association;
provided that such surplus shall not be deemed to belong
finally to the Association as distinguished from its
members.

(k) Provision for Liquidated Damages. Each member
must agree to market the products produced or acquired
by or for him in accordance with the provisions of the
standard marketing agreements referred to in Article XIII
hereof, and each member shall therein admit that it would
be extremely difficult and impracticable to fix the
amount of damages which the Association or its members
would suffer if he should neglect, refuse, or fail to
keep or perform the terms, conditions and agreements here-
in, and in his marketing agreement contained as to such
marketing; and therefore, it is expressly understood and
agreed by and between each of the members of the Asso-
ciation, including any persons hereafter becoming members
and acknowledging notice and acceptance of these by-laws,
that if he shall refuse, neglect or fail to market his
products through the facilities and in the manner pro-
vided by the Association and in accordance with the terms
of the agreement, such member shall pay to the Association
as liquidated damages, upon demand of the Association, the sums set forth in the said marketing agreement.

ARTICLE XIV
Manager

The Board of Directors may, in its discretion, appoint a Manager who shall hold office at the pleasure of an on terms and conditions set by the Board of Directors. The Manager shall perform such duties as may be directed by the Board of Directors.

ARTICLE XV
Borrowing Money

The Association shall have the power, by affirmative vote of at least nine (9) directors, to borrow money or to authorize the Executive Committee or the Manager to borrow money for any corporate purpose, on open account or upon any assets of the Association or on any property of members in its possession or upon any accounts there-of or any property not yet distributed to the members in such amounts and upon such terms and conditions as may from time to time seem to the Board of Directors advisable or necessary, provided however, that the organizing directors may borrow money or authorize the Executive Committee or the manager to borrow money upon the affirmative vote of seven members of such organizing board.
ARTICLE XVI

Any officer or stockholder or manager or member of any corporation or firm which has signed the marketing agreement of the Association and has become a member thereof, shall be eligible as a Director of the Association; and for this purpose a membership certificate may be issued in the name of any such individual or be charged against or credited to the account of the corporation or firm of which he is an officer, stockholder, manager or member, upon the written request of such corporation or firm.

When any such individual ceases to be a Director of the Association such membership certificate or all of the rights and interests represented thereby, shall be transferred again to the said corporation or firm represented by such person.

ARTICLE XVII

Amendments

These by-laws may be altered or amended at any annual meeting of the members or at any other meeting of the members called for that purpose by the Directors, by a vote representing a majority of all the members.
Being all of the members of the Association.

Signed at this day of , 19.