

August 18, 1949

To the Committee on Graduate Study:

I am submitting to you a thesis written by Carl R. Hall entitled "Cotton Marketing Practices of Growers, Ginners, and Buyers in Tennessee, 1947." I recommend that it be accepted for eighteen quarter hours of credit in partial fulfillment of the requirements for the degree of Master of Science, with a major in Agricultural Economics.

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COTTON MARKETING PRACTICES OF GROWERS, GINNERS,
AND BUYERS IN TENNESSEE, 1947

A THESIS

Submitted to
The Committee on Graduate Study
of
The University of Tennessee
in
Partial Fulfillment of the Requirements
for the degree of
Master of Science

by

Carl R. Hall

August 1949

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ACKNOWLEDGMENTS

The writer wishes to express his appreciation to Professor C. E. Allred, Head, Department of Agricultural Economics and Rural Sociology for making this study possible and for guidance given in planning and completing this project. Deepest gratitude should also be given to Mr. B. D. Raskopf for helpful suggestions and for editing the manuscript.

Acknowledgment is also due the growers, ginners, and buyers interviewed for furnishing the information on the marketing of cotton, and to the clerical staff of Agricultural Economics Department for assistance in the tabulation and presentation of the report.

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CHAPTER I

INTRODUCTION

When every farmer in the South shall eat bread from his own fields and meat from his own pastures and disturbed by no creditor, and enslaved by no debt, shall sit amid his teeming gardens, and orchards, and vineyards and dairies and barnyards, pitching his crops in his own wisdom and growing them in independence, making cotton his clean surplus, and selling it in his own time, and in his chosen market, and not at a master's bidding--getting his pay in cash and not in a receipted mortgage that discharges his debt, but does not restore his freedom--then shall be breaking the fullness of our day.¹

The Scope and Purpose of the Study

This study is part of a regional project on cotton marketing conducted by the agricultural experiment stations in 12 cotton-producing states including Alabama, Arizona, Arkansas, Georgia, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina, Tennessee, and Texas in cooperation with the United States Department of Agriculture. The work to be done by each of the cooperating states was the collection of data on marketing practices from cotton growers, ginner, and buyers, and the tabulation of the information in such manner that it could be summarized on a regional basis. This necessitated the adoption of uni-

¹H. C. Holmes, Safe and Sound Cotton Farming in Tennessee (Knoxville, Tennessee: Agricultural Extension Service, The University of Tennessee, November, 1939), Publication 229, p. 1, quoting Henry W. Grady, "The Fullness of Our Day," 1888.

form methodology and procedure. Field work was done near the end of the 1947 crop season, hence, the study shows the practices used in marketing cotton in 1947.

The study is limited to the marketing of lint cotton, specifically the marketing practices of cotton growers, ginners, and buyers.

The purposes of the study are as follows:

1. To compare cotton marketing methods used in organized one-variety communities with those in unorganized communities in Tennessee, in 1947.

2. To determine the principal methods, practices, and channels used by growers, ginners, and buyers in moving cotton from the field to the mill.

3. To investigate problems and inefficiencies in existing methods of marketing one-variety cotton, and determine opportunities and procedures for making improvements.

Importance of and Need for the Study

In 1947, cotton was Tennessee's leading agricultural crop in cash value of sales, and second only to corn in value of production.² In 1948, cotton exceeded corn in value of production. Cotton farmers in 52 of Tennessee's

²Agricultural Trends In Tennessee (Nashville, Tennessee: Tennessee Department of Agriculture, December, 1948), p. 11.

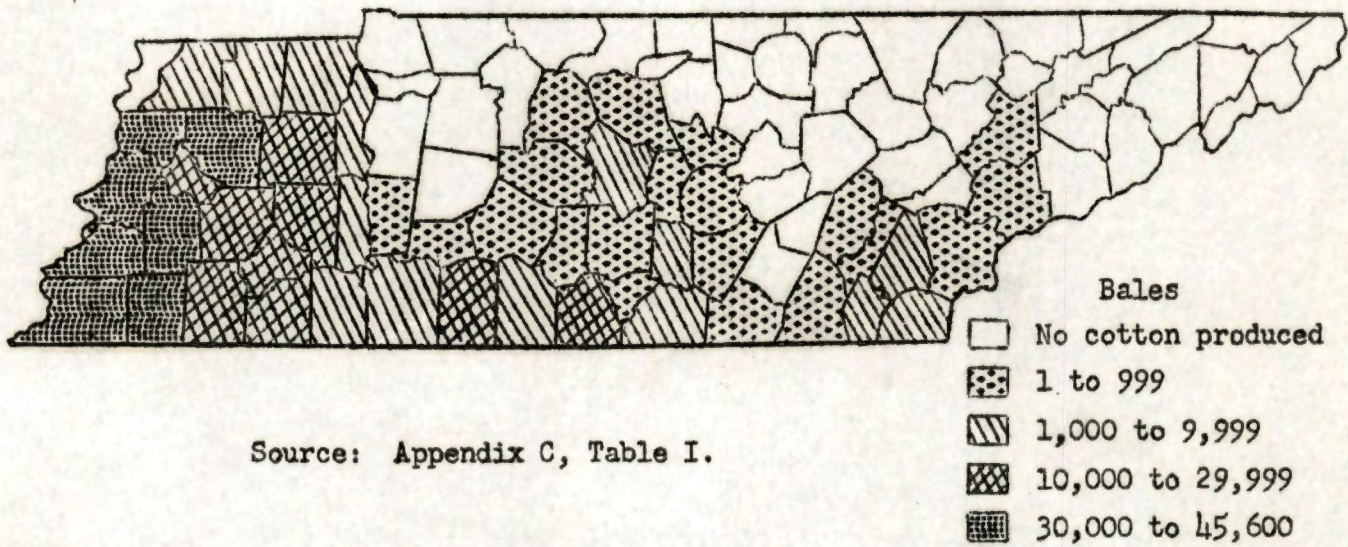
95 counties in 1947 produced 520, 000 bales of lint cotton (Figure 1). This crop was produced on 704,000 acres which was less than 12 percent of all land used for crops in the state, but yielded 25 percent of the total value of farm production, or a cash value of nearly 102 million dollars (Figure 2). The production and acreage of cotton is centered in the Southwestern part of the state.

Because of the economic importance of cotton to the farmers of Tennessee, it is essential that cotton marketing practices keep pace with the changes in southern agriculture to assure the farmers of maximum returns. Many leaders in the cotton trade believe that American cotton will be faced in the near future with greater competition from other materials, on both the domestic and foreign markets.³ Foreign countries have already increased their production of cotton, and are competing with southern farmers for the markets which they have dominated in the past.

Cotton farmers can meet this competition in at least two ways, by producing a higher grade product more efficiently, and by better marketing. In short, they must offer a high quality product on the market at a relatively low cost.

Many agencies, both federal and state, are working with cotton farmers to help them produce more efficiently

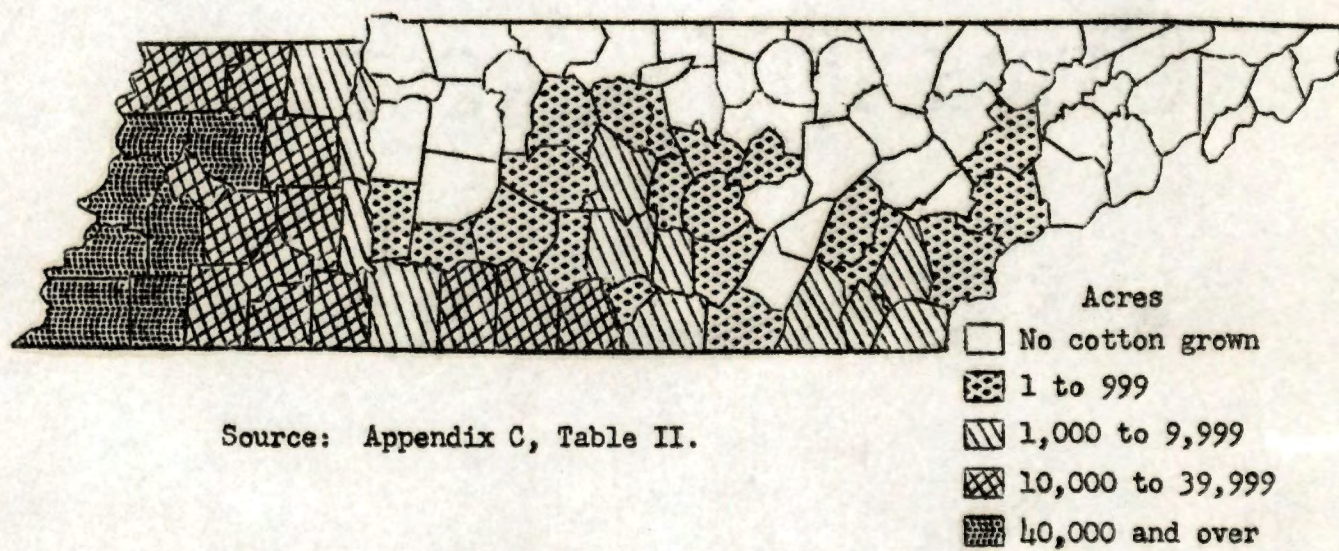
³E. D. White, "The Road Ahead For Cotton," Proceedings of the Eighth Research Congress (Dallas, Texas: July 16-18, 1947), pp. 10-16.



Source: Appendix C, Table I.

Figure 1

Distribution of Cotton Production in Tennessee,
by Counties, 1947



Source: Appendix C, Table II.

Figure 2

Distribution of Cotton Acreage in Tennessee,
by Counties, 1947

a product of finer quality. It is the job of marketing agencies to help farmers move their cotton to market in the most efficient manner. This study is designed to aid marketing specialists by pointing out specific problems or inefficiencies in the marketing of cotton in Tennessee and by suggesting improvements in the marketing procedure.

Source of Data and Sampling Procedure

Because no recent information on cotton marketing practices in Tennessee was available, it was necessary to conduct a field survey of cotton growers, ginner, and buyers both in one-variety communities and in those not organized for one-variety production. The data presented in figures and tables in this report are, therefore, based on the field survey except where other sources are indicated.

Uniform procedure in securing field data was developed for the region, and followed in each of the cooperating states. The following sampling procedure was used in Tennessee. The state was divided into five strata based on type of farming areas, soil types, and marketing practices. Two counties were selected at random from each stratum, or a total of 10 counties (Figure 3). Within each county an organized and an unorganized community was selected for study, the area around a gin serving to define a

community. A double sample was taken in Tipton County in order to represent conditions in the Mississippi Delta. This made a total of 11 organized communities and 11 unorganized communities which were studied. An organized one-variety community was designated as one that qualified for Smith-Doxey cotton classification and market news services under the supervision of the Cotton Branch, Production and Marketing Administration, United States Department of Agriculture.

At least five growers, selected at random, were interviewed in each of the 22 communities, or a total of 141 growers (Figure 4). A ginner's schedule was taken from the gin in each of the 22 communities (Figure 5). A buyer's schedule was taken from all types of cotton buyers represented in each of the 22 communities selected. A total of 41 cotton buyers were interviewed (Figure 6). The schedule forms used for recording the information during personal interviews with cotton growers, ginner's, and buyers are shown in Appendix A.

No attempt was made to determine the number of growers, or amount of cotton, affected by any particular practice. The sampling procedures used were designed to uncover the maximum number of marketing practices, without regard to obtaining proportionate representation of each practice. The data therefore are considered adequate, reliable and

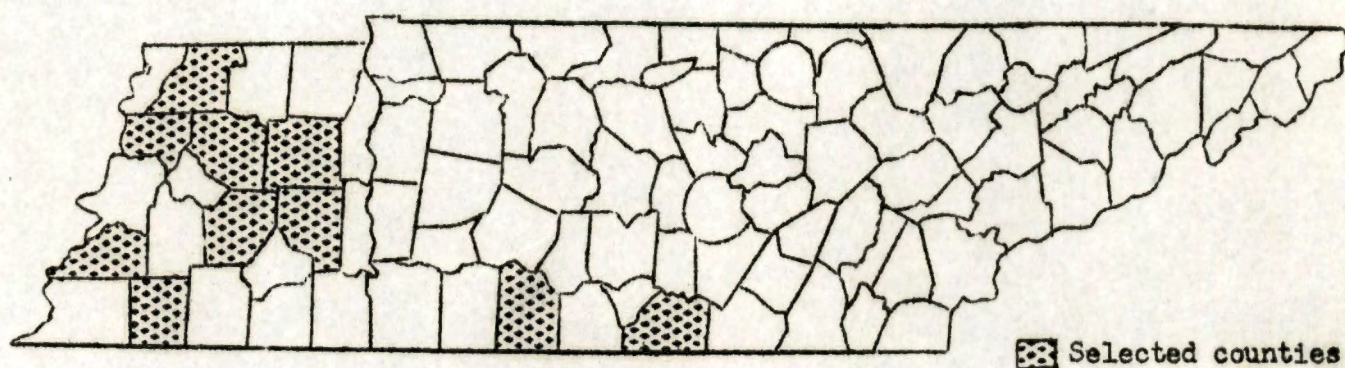
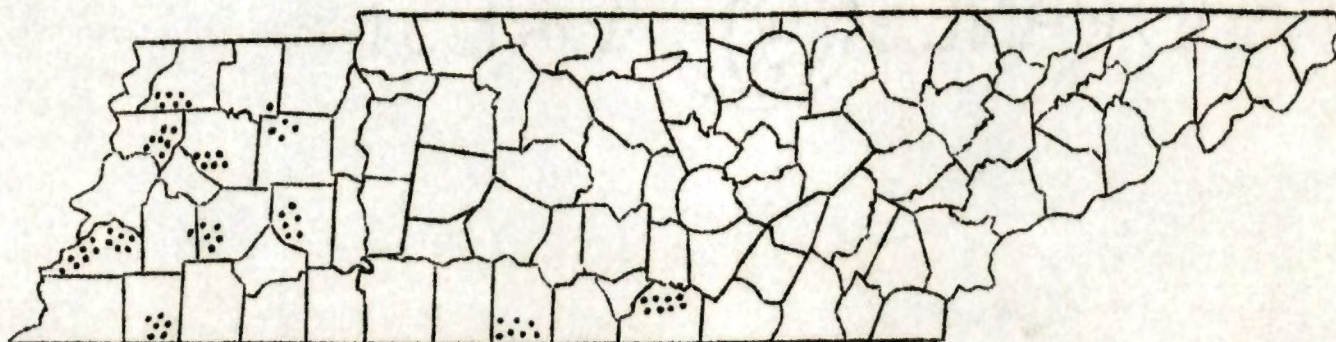


Figure 3

Location of Counties Selected for Study, Tennessee, 1947

70 Organized Growers



71 Unorganized Growers

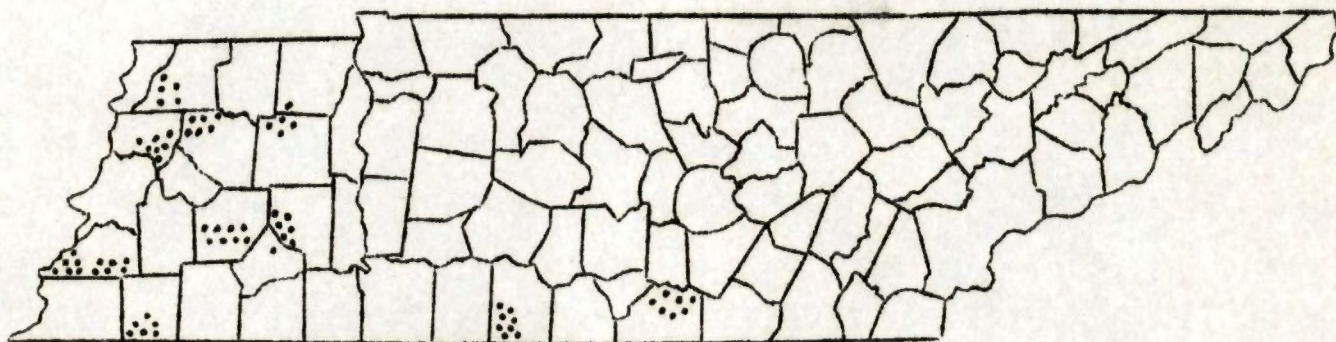


Figure 4

Location of 70 Organized and 71 Unorganized Cotton Growers
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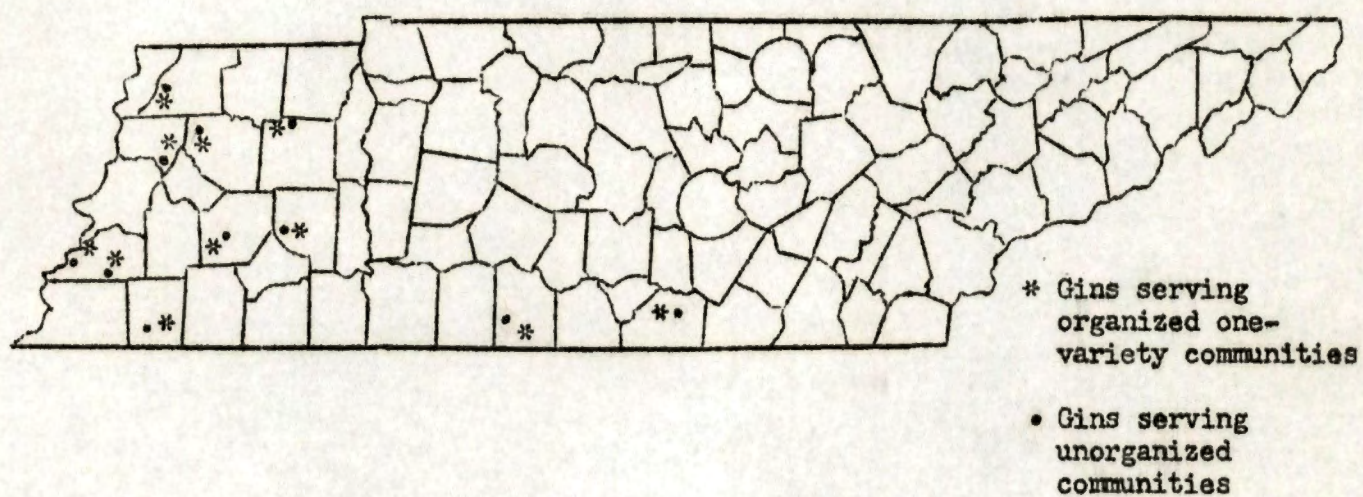


Figure 5

Location of 22 Gins Surveyed, Tennessee, 1947

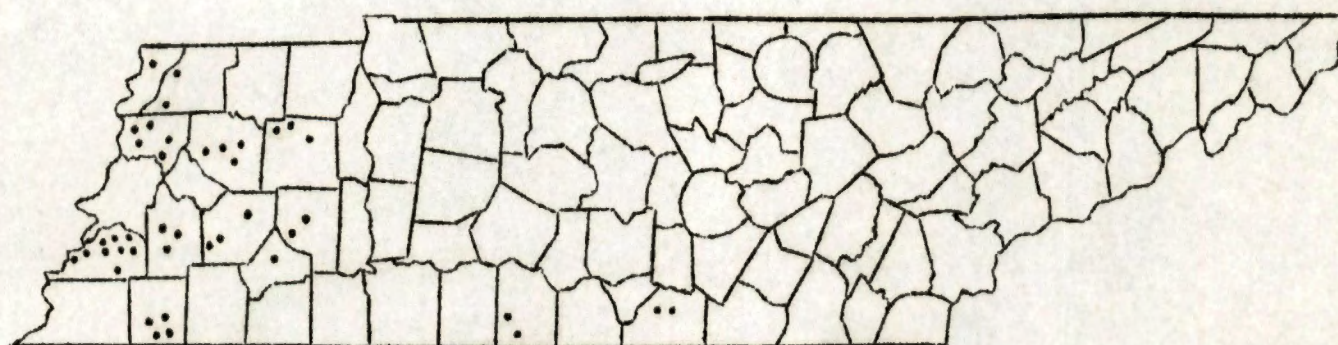


Figure 6

Location of 41 Cotton Buyers Interviewed, Tennessee, 1947

representative only for certain uses.

Table I shows the number of growers, ginner, and buyers interviewed, and the counties in which they were located. Five counties that appear in this table were not among those selected for study. This is because some growers did not live in the same county in which they ginned their cotton, and buyers often bought cotton from an area covering more than one county.

Definition of Terms Used

Uniformity in the use of words and terms is an essential element of any treatise on marketing. A wide variation was found in the use of certain terms and phrases, hence, the following definitions are adopted for the purpose of consistency in this report.

Cotton Buyer - A person or organization which buys lint cotton for resale or for use.

Turn-out - The amount of lint cotton remaining after seed, trash, and foreign material has been removed in the ginning process.

Seed Cotton - Cotton before it is ginned.

Hog-Round Buying - The purchasing of all qualities of cotton at the same price.

One-variety Community - The area surrounding a gin, the growers in which had formed an organization to promote

TABLE I

NUMBER OF GROWERS, GINNERS, AND BUYERS INTERVIEWED,
BY COUNTIES, TENNESSEE, 1947

County	Growers	Ginners	Buyers
Carroll	8	2	3
Chester	1		1
Dyer	14	2	5
Fayette	12	2	4
Franklin	15	2	2
Gibson	12	2	4
Giles	15	2	2
Haywood	1		3
Henderson	12	2	2
Henry	1		
Lake			1
Madison	13	2	3
Obion	11	2	2
Tipton	25	4	9
Weakley	1		
Total	141	22	41

the growing of a single variety of cotton.

Organized Community - A one-variety community that had qualified for free Smith-Doxey cotton classification and market news services. One-variety and organized communities are used synonymously in this study.

Unorganized Community - A gin area, the growers in which had not agreed to produce a single variety of cotton and qualified to receive free Smith-Doxey services.

Organized Grower - A member of an organized community.

Unorganized Grower - A member of an unorganized community.

CHAPTER II

MARKETING PRACTICES OF COTTON GROWERS IN ORGANIZED ONE-VARIETY AND UNORGANIZED COMMUNITIES IN TENNESSEE

Development of One-Variety Communities in Tennessee

The one-variety cotton improvement projects in the state were started in the late twenties by the Tennessee College of Agriculture in cooperation with such agencies as Memphis Cotton Exchange, Tennessee Ginners Association, Mid-South Cotton Growers Association, Federal Bureau of Plant Industry, and Federal Division of Cotton Marketing.¹ The program functioned on a local community basis until a State One-Variety Organization was started in 1936 which centralized their activities. Twenty-five one-variety communities in 1936 had an acreage of about 50,000. The number of communities had increased to 125 by 1939 with an acreage of over 200,000.

There were one or more one-variety communities in each of the major cotton-growing counties of the State in 1939. The objectives of the program were given as follows, "Through concerted action by growers and ginners in a one-

¹Charles E. Allred and Benjamin D. Raskopf, Economic Aspects of One-Variety Cotton Communities in Tennessee (Knoxville, Tennessee: Agricultural Experiment Station, The University of Tennessee, August 20, 1940), Rural Research Series Monograph 111, pp. 2-3.

variety community, or in a single-variety gin area, pure seed may be more easily maintained, better control of diseases and insects secured, better ginning obtained, and higher prices secured for the lint when available in regular and sufficient volume to satisfy market demands".²

The Secretary of Agriculture, in 1937, was authorized and directed by congress to make available free classification and market news services for cotton to any group of producers organized to promote the improvement of cotton and who complied with such regulations as he prescribed (Appendix B). This program is generally known as the Smith-Doxey Act. Nine of the 100 local one-variety communities in 1938, and eight of the 125 organizations in Tennessee in 1939, made application under this act for free classification and market news services (Table II). A movement was started in 1940 to combine local one-variety groups into county-wide cotton improvement associations. There were 26 Smith-Doxey groups in 1947, of which only five were local, and 21 were county-wide organizations (Figure 7).

The percentage of total ginnings classed under the Smith-Doxey Act in Tennessee has exceeded the South Central

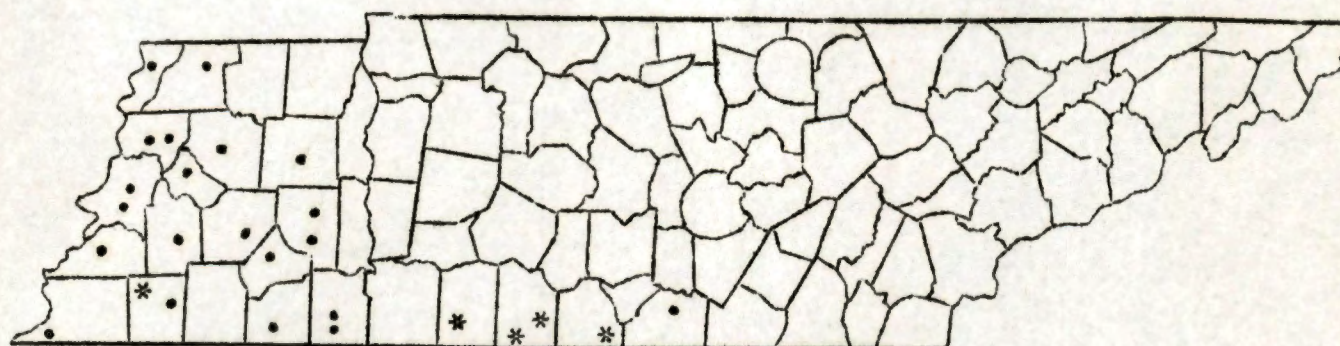
²Charles E. Allred, P. B. Boyer, G. H. Hatfield, N. J. Stanford, and Benjamin D. Raskopf, Cotton Varieties Grown By Tennessee Farmers (Knoxville, Tennessee: Agricultural Experiment Station, The University of Tennessee, April 20, 1937), Rural Research Series Monograph 35, pp. 7-11.

TABLE II

SMITH-DOXEY PARTICIPATION SUMMARY,
TENNESSEE, 1938-1947

Year	No. Groups	No. Members	Total Smith-Doxey Acreage	Samples Classed	Pct. of Ginnings Classed
1938	9	353	9,244.8	325	.07
1939	8	281	5,190.2	964	.20
1940	12	694	9,264.3	2,047	.40
1941	33	8,045	136,758.3	19,250	3.40
1942	39	9,591	178,332.0	43,814	7.30
1943	26	10,854	242,694.6	78,618	16.40
1944	32	21,097	332,173.3	134,670	25.00
1945	27	23,932	382,870.9	124,024	27.60
1946	29	26,898	397,306.4	62,125	12.20
1947	26	25,559	381,499.0	60,839	12.00

Source: United States Department of Agriculture,
Production and Marketing Administration, Cotton Branch,
1948. (Mimeographed.)



- Organized county-wide cotton improvement groups.
- * Organized community cotton improvement groups.

Source: United States Department of Agriculture, Production and Marketing Administration, Cotton Branch, (Mimeographed), 1948.

Figure 7

Location of Groups Approved for Free Cotton Classing and Market News Services, Tennessee, 1947

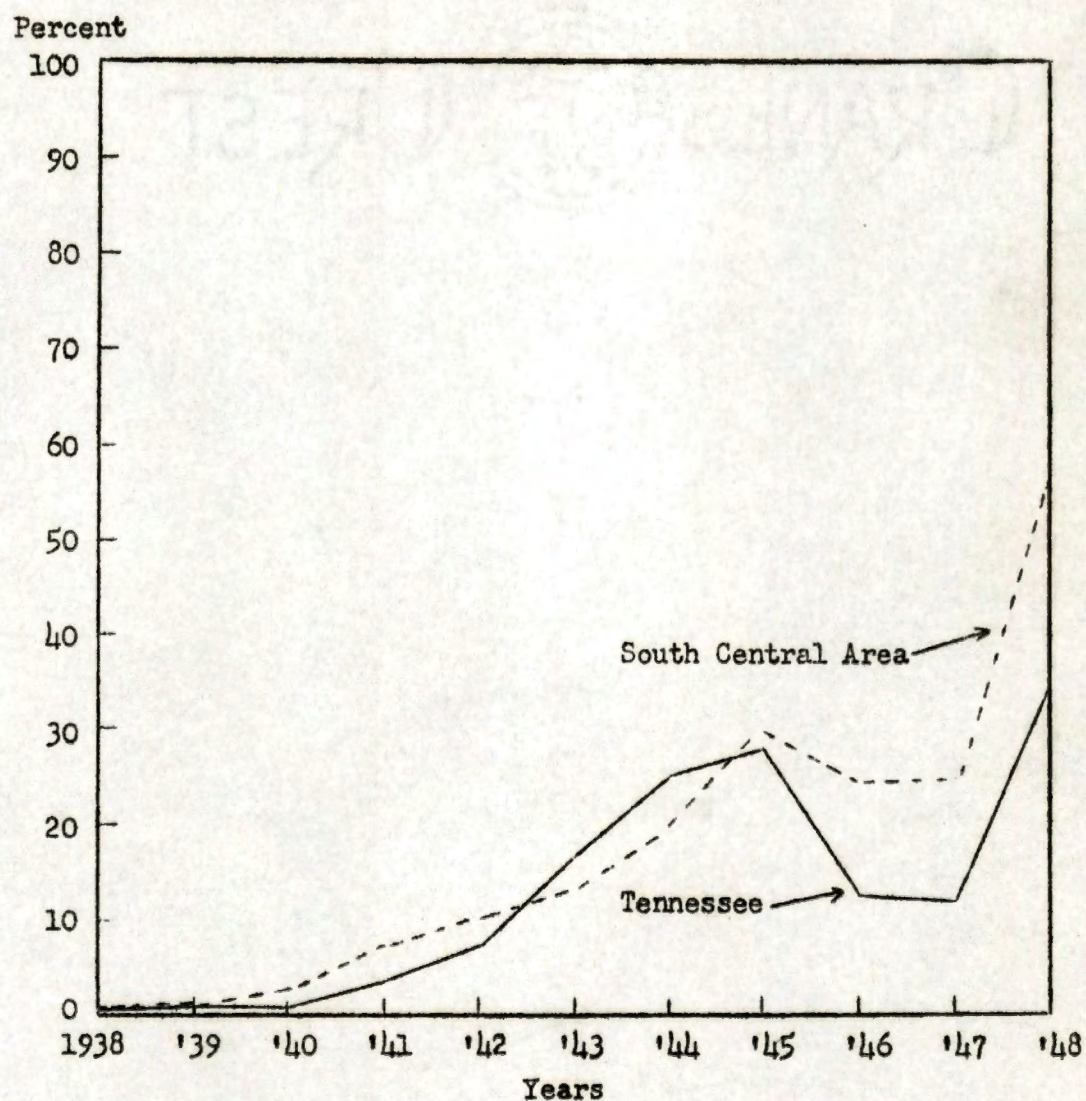
Area in only two years (Figure 8). The spread between the two has greatly increased in the last three years.

Variety Trends in Tennessee

In a survey made in 1907, 33 recognized cotton varieties were found in Shelby County alone. In a similar survey made during the period 1925 to 1933, 37 recognized varieties were found in the entire state. Delta and Pine Land and Half and Half were the two principal varieties grown. Delta and Pine Land increased from 11.4 percent of the total production in 1928 to 35 percent in 1932, while Half and Half declined from 46 percent of the total production in 1928 to less than 23 percent in 1932.³

The number of cotton varieties grown in Tennessee has declined until only 12 different important varieties were found by this survey. Fifty-five percent of the production of the 141 growers interviewed was Delta and Pine Land, 25 percent Stoneville, 16 percent Summerour Hybrid generally called Half and Half, and 4 percent all other varieties (Table III). The organized growers planted only 5 varieties, Delta and Pine Land, Stoneville, Half and Half, White Gold, and Rucker. Unorganized growers raised Delta and Pine Land, Stoneville, and Half and Half in about the same proportion

³Ibid., pp. 7-15.



Source: United States Department of Agriculture, Production and Marketing Administration, Cotton Branch, (Mimeographed), 1948.

Figure 8

Percentage of Total Ginnings Classed Under the Smith-Doxey Act,
Tennessee and South Central Area, 1938-1948

TABLE III

VARIETIES OF COTTON GROWN BY 141 GROWERS IN ORGANIZED AND
UNORGANIZED COMMUNITIES, TENNESSEE, 1947

Varieties Produced	Production of Growers in				Total	
	Organized Communities		Unorganized Communities		Bales	%
	Bales	%	Bales	%		
Delta and Pine Land	1528	55	766	55	2294	55
Stoneville	728	26	299	22	1027	25
Half and Half	492	18	173	13	665	16
Other varieties	39	1	142	10	181	4
Total	2787	100	1380	100	4167	100

as did organized growers, but besides these they raised 5 other varieties, Coker, Empire, Cleveland Big Boll, Broomes' Prolific, and Paula. Organized growers grew fewer varieties and seemed to be slower to change to new varieties than the unorganized growers. The growers in organized communities were much larger cotton producers, averaging 40 bales per grower, while the growers in unorganized communities averaged only 19 bales per grower.

Growers Source of Funds for Producing and Marketing Cotton

Over half of the growers interviewed used their own funds entirely or in combination with other sources to produce and market their cotton (Table IV). Organized producers used government credit agencies to a somewhat greater extent than did unorganized producers. The commercial bank was the second most important source of funds for all growers. Over one-fifth of the unorganized producers obtained credit from commercial banks, while only about one-seventh of the unorganized growers used this source for funds. Only about six percent of the growers interviewed obtained credit from more than one source to produce and market their cotton.

The nature of cotton production is such that often cash advances are needed to pay for the cultivation, picking, or ginning of the crop. When the grower, because of

TABLE IV

MOST IMPORTANT SOURCE OF FUNDS FOR PRODUCING AND MARKETING
COTTON, 141 GROWERS IN ORGANIZED AND UNORGANIZED
COMMUNITIES, TENNESSEE, 1947

Source of Funds	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
Own funds	40	57	41	57	81	57
Commercial bank	10	14	15	21	25	18
Production Credit Association	7	10	4	6	11	8
Private individuals	5	7	4	6	9	6
Ginner	4	6	4	6	8	6
Supply merchant	3	5	3	4	6	4
Farmers Home Administration	1	1			1	1
Total	70	100	71	100	141	100

a lack of education or other reasons, is inadequately financed he loses much of his freedom in selecting a buyer or the best time to sell his cotton. Because of advances in merchandise or cash, general merchants, gins, or banks buy from the farmer and sell to other types of local buyers. Better financing opportunities have reduced the degree of obligation of farmers to local merchants, but such buyers are still a definite factor in local cotton markets.⁴

Renewal of Seed Used For Planting Purposes

Source of Seed

Home-grown seed was used for planting by over half of the 141 growers interviewed (Table V). Sixty-five per cent of unorganized producers used home-grown seed, compared with only 39 per cent of organized producers. Over twice as many organized growers obtained planting seed from gins as did unorganized growers, and over three-fourths of all planting seed was handled by the gin before it was planted. More organized growers also used breeder seed than unorganized growers, the per cent being 28 and 20, respectively. These facts indicate that one-variety com-

⁴Harold H. Maynard and Theodore N. Beckman, Principles of Marketing (New York: The Ronald Press Company, 1946), pp. 351-352.

TABLE V

SOURCES OF PLANTING SEED, 141 GROWERS IN ORGANIZED AND
UNORGANIZED COMMUNITIES, TENNESSEE, 1947

Source of Seed	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
Home grown	29	39	49	65	78	52
Gin	25	33	12	15	37	24
Breeder	21	28	15	20	36	24
Total	75*	100	76*	100	151*	100

*Does not total 70, 71, and 141 respectively, because some growers obtained seed from more than one source.

munities have been somewhat successful in improving the quality of the planting seed used by growers, since the seed obtained from breeders and ginners is generally superior to home-grown planting seed that often has become mixed and mongrelized.

Breeding of Seed

In addition to obtaining seed from more reliable sources, growers in organized communities also used planting seed of better breeding than did the unorganized growers (Table VI). Over two-thirds of the organized growers used planting seed of excellent breeding that was registered, certified or first-year seed. Registered or foundation seed as referred to here is seed coming direct from the breeder, and certified seed is the first year progeny of registered seed that has been inspected and certified by the Tennessee Crop Improvement Association. Almost two-thirds of the growers in unorganized communities used seed for planting which was two to five years from registered seed, indicating that the one-variety cotton community program has done much to improve the quality of the planting seed used by organized producers. This is one of the greatest accomplishments of the one-variety program in the opinion of the writer, since the breeding of the planting seed used has a great effect on the staple length of the cotton. The staple length of cotton decreased at an increasing rate

TABLE VI

**BREEDING OF PLANTING SEED USED, 141 GROWERS IN ORGANIZED
AND UNORGANIZED COMMUNITIES, TENNESSEE, 1947**

Breeding of Seed	Growers				Total	
	Organized Communities		Unorganized Communities		No.	%
	No.	%	No.	%		
Registered	28	36	12	15	40	25
First year or certified	25	32	18	22	43	28
Second year	13	17	38	48	51	32
Third year	12	15	10	12	22	14
Over three years			2	3	2	1
Total	78*	100	80*	100	158*	100

*Does not total 70, 71, and 141 respectively, because some growers obtained seed from more than one source and of different breeding.

for each year the planting seed was removed from foundation seed.⁵ Therefore, the organized growers who use a better quality of planting seed can expect to have a better quality of cotton to market, other practices being equal.

Growers Dependence on Ginners in Marketing Cotton

Number of Gins Patronized by Growers

Although the characteristics and methods of operation differ somewhat between gins patronized by growers, an important factor affecting the choice of gins by growers was the distance from the farm to the gin. The general tendency was for the growers to gin most of their cotton at the gin nearest to their farm, but other factors influenced them to patronize other gins. Sometimes the local gin was "rushed" and the grower, rather than wait a long time to get his cotton unloaded, went to another gin. Often a gin will burn during the ginning season, and the growers must choose between two or more plants in opposite directions, but about equal distance from their farms. Of the growers interviewed in this study, almost three-fourths patronized only one gin, and all growers traveled an average of 3.5 miles to have their cotton ginned (Table VII). There were no apparent

⁵Allred and Raskopf, op. cit., pp. 10-11.

TABLE VII

NUMBER OF GINS PATRONIZED, 141 GROWERS IN ORGANIZED AND
UNORGANIZED COMMUNITIES, TENNESSEE, 1947

Number of Gins Patronized	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
1	52	74	50	71	102	72
2	16	23	21	29	37	26
3	2	3			2	2
Total	70	100	71	100	141	100

differences in practices of organized and unorganized growers in the patronizing of gins.

Growers Selling Seed Cotton

The practice of selling cotton in the seed to the gin was of greatest importance in the Northeastern portion of West Tennessee and in areas of sparse production. Only seven growers, or five per cent of producers interviewed, sold their cotton in the seed (Table XIX). This does not include bale remnants which were generally sold in the seed.

Marketing of Cottonseed

In addition to ginning the growers cotton, buying seed cotton, and buying baled cotton, the gins also purchased most of the growers cottonseed at the time of ginning (Table VIII). More organized growers sold their cottonseed at the gin and for planting seed while more unorganized producers kept their cottonseed to use as feed for livestock. Seven growers, or about ten per cent of the respondents, disposed of their cottonseed through more than one outlet, but none of the producers interviewed sold their cottonseed direct to an oil mill.⁶

⁶E. J. Lebrun and M. L. Downen, Marketing Cottonseed in Tennessee (Knoxville, Tennessee: Agricultural Experiment Station, University of Tennessee, December 15, 1947), Rural Research Series Monograph 233, p. 27.

TABLE VIII

DISPOSITION OF COTTONSEED, 141 GROWERS IN ORGANIZED AND
UNORGANIZED COMMUNITIES, TENNESSEE, 1947

Outlets for Cottonseed	Growers				Total	
	Organized Communities		Unorganized Communities		No.	%
	No.	%	No.	%		
Sell at gin	64	89	63	83	127	86
Feed for livestock	3	4	9	12	12	8
Sell as plant- ing seed	5	7	4	5	9	6
Total	72*	100	76*	100	148*	100

*Does not total 70, 71, and 141 respectively, be-
cause some growers sold their seed through one or more
outlets.

Conditions Influencing the Sale of Cotton

Market Information

The bargaining position of the cotton grower in the sale of his cotton was determined to a great extent by his knowledge of the quality of the cotton produced and his knowledge of current market prices. Without either type of information it was impossible for a grower to determine whether or not prices offered for his product were in accord with the central market evaluation of its worth.

Of the growers interviewed in this study, 113 used one or more sources to obtain information concerning prices or other market conditions, but 28, or one-fifth of the growers interviewed, had no market information except the price offered by the buyer (Table IX). Obviously the price offer cannot always be depended upon by growers as either a reliable source or as sufficient market information to do the most efficient job of marketing cotton. Hence, 20 per cent of the cotton producers were not in a position to bargain effectively with the cotton buyers. Of the growers who used one or more sources of market information, 53 per cent of the organized, and only 17 per cent of the unorganized growers, used as many as three different sources.

Over half of the growers interviewed rated the radio as their most important source of cotton market information (Table X). Organized growers, compared with unorganized,

TABLE IX

SOURCES OF MARKET INFORMATION, 141 GROWERS IN ORGANIZED AND UNORGANIZED COMMUNITIES, TENNESSEE, 1947

Sources of Market Information	Growers				Total	
	Organized Communities		Unorganized Communities		No.	%
	No.	%	No.	%		
No information except price offer	11	16	17	24	28	20
One or more sources	59	84	54	76	113	80
Total	70	100	71	100	141	100
One source	8	13	17	31	25	22
Two sources	20	34	28	52	48	43
Three or more sources	31	53	9	17	40	35
Total	59	100	54	100	113	100

TABLE X

MOST IMPORTANT SOURCE OF MARKET INFORMATION, 141 GROWERS
IN ORGANIZED AND UNORGANIZED COMMUNITIES,
TENNESSEE, 1947

Source of Information	Growers								Total			
	Organized Communities				Unorganized Communities							
	No.		%		No.		%		No.		%	
Radio:												
Only	<u>1</u>		<u>1</u>		<u>5</u>		<u>7</u>		<u>6</u>		<u>4</u>	
In combination	<u>44</u>	45	<u>63</u>	64	<u>27</u>	32	<u>38</u>	45	<u>71</u>	77	<u>51</u>	55
No information ex- cept price offer:		11		16		17		24		28		20
Newspaper:												
Only	<u>1</u>		<u>1</u>		<u>2</u>		<u>3</u>		<u>3</u>		<u>2</u>	
In combination	<u>1</u>	2	<u>1</u>	2	<u>8</u>	10	<u>12</u>	15	<u>9</u>	12	<u>6</u>	8
Cotton factor or broker:												
Only	<u>3</u>		<u>5</u>		<u>3</u>		<u>4</u>		<u>6</u>		<u>4</u>	
In combination	<u>5</u>	8	<u>7</u>	12	<u>1</u>	4	<u>1</u>	5	<u>6</u>	12	<u>4</u>	8
Verbal:												
Only	<u>3</u>		<u>5</u>		<u>7</u>		<u>10</u>		<u>10</u>		<u>7</u>	
In combination	<u>-</u>	3	<u>-</u>	5	<u>1</u>	8	<u>1</u>	11	<u>1</u>	11	<u>1</u>	8
Government price report:												
In combination		1		1					1		1	
Total		70		100		71		100		141		100

used the radio to a greater extent for cotton market information, the percentage being 64 and 45, respectively. Newspapers, cotton brokers, and verbal sources were used by about the same number of growers as their most important source of market information. Government price reports were relatively unimportant, since only one organized and no unorganized growers used this as their most important and only source of market information. There may be a need for some future study to determine why government price reports are not used extensively by growers and how this practice could be encouraged and expanded. However, the newspaper and radio industries may be obtaining much of their market news information from Government sources and the extent of such use should be investigated.

Two different sources of market information were used by 88, or about three-fifths, of the growers studied (Table XI). About two-thirds of these growers gave the newspaper as their second most important source of market information. More organized growers relied on cotton brokers and gin bulletin boards, while more unorganized producers used the radio and verbal sources as their second most important source of cotton market information.

A third source of market information was used by only 40, or less than a third, of the growers interviewed (Table XII). Half of these growers listed the cotton broker and

TABLE XI

SECOND MOST IMPORTANT SOURCE OF MARKET INFORMATION, 88
GROWERS IN ORGANIZED AND UNORGANIZED COMMUNITIES,
TENNESSEE, 1947

Source of Information	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
Newspaper	35	69	25	68	60	68
Radio	6	12	9	24	15	17
Cotton factor or broker	9	18	1	3	10	12
Verbal			2	5	2	2
Gin bulletin board	1	1			1	1
Total	51	100	37	100	88	100

TABLE XII

THIRD MOST IMPORTANT SOURCE OF MARKET INFORMATION, 40
GROWERS IN ORGANIZED AND UNORGANIZED COMMUNITIES,
TENNESSEE, 1947

Source of Information	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
Cotton factor or broker	16	52	4	45	20	50
Newspaper	10	32	2	22	12	30
Verbal	3	10	1	11	4	10
Government price report	2	6	1	11	3	8
Radio			1	11	1	2
Total	31	100	9	100	40	100

about a third the newspaper as their third most important source of market information.

Cotton Quality Information

Almost half of the growers interviewed did not know the quality of their cotton before it was sold. Thus they were at the mercy of the person or persons who bought their cotton (Table XIII). Of the 82 growers who had some information as to the grade, staple, and preparation of their cotton, only four used as many as three different sources to obtain this information.

Organized growers were much better informed as to the quality of their cotton before it was sold than were the unorganized producers. Only about a tenth of the unorganized growers had reliable information as to the quality of their cotton, compared with over half, or 56 per cent, of the organized growers (Table XIV). This is one of the important accomplishments of the one-variety cotton community organization and points for the need of organizing the present unorganized communities.

The United States Department of Agriculture class, or Smith-Doxey class, was the only reliable source of cotton quality information used to any extent by the growers interviewed. The growers own class and the ginner's class were only used by five growers but were not generally considered as dependable sources of cotton quality information.

TABLE XIII

SOURCES OF COTTON QUALITY INFORMATION, 141 GROWERS IN
ORGANIZED AND UNORGANIZED COMMUNITIES,
TENNESSEE, 1947

Sources of Cotton Quality Information	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
Growers not knowing quality of cotton sold	12	17	47	66	59	42
One or more sources	58	83	24	34	82	58
Total	70	100	71	100	141	100
One source	29	50	17	71	46	56
Two sources	26	45	6	25	32	39
Three or more sources	3	5	1	4	4	5
Total	58	100	24	100	82	100

TABLE XIV

MOST IMPORTANT SOURCE OF COTTON QUALITY INFORMATION, 141
GROWERS IN ORGANIZED AND UNORGANIZED COMMUNITIES,
TENNESSEE, 1947

Source of Cotton Quality Information	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
Growers not knowing quality of cotton sold	12	17	47	66	59	42
United States Depart- ment of Agriculture class	39	56	6	9	45	31
Buyer's class	18	26	13	19	31	22
Grower's own class	1	1	3	4	4	3
Warehousemen's class			1	1	1	1
Ginner's class			1	1	1	1
Total	70	100	71	100	141	100

Over a fifth of the growers used the buyer's class as their most important source of information concerning the grade and staple length of their cotton. The reliability of this source was very questionable because of the economic interests of the informers, and the use of this source of information only was a great limitation on the grower's bargaining power. Most of the cotton buyers are excellent cotton classers but they class for their own benefit, and much of the grade and staple information made public by them does not come under the realm of reliability.⁷

Only 29 organized and seven unorganized growers, or about one-fourth of the producers interviewed, used more than one source of cotton quality information (Table XV). A greater proportion of the organized growers used the buyer's class and Smith-Doxey class for a second source, while a greater proportion of the unorganized growers used their own class or did not know the quality of their cotton before it was sold.

It was observed from personal discussions with several growers that they were often at a great disadvantage when selling their cotton. Buyers used two methods to gain an advantage when bargaining with the farmers at market. The most used method was to pay above the market price, or about the market price, to obtain the cotton, but class it

⁷Maynard and Beckman, loc. cit.

TABLE XV

SECOND MOST IMPORTANT SOURCE OF COTTON QUALITY INFORMATION,
36 GROWERS IN ORGANIZED AND UNORGANIZED COMMUNITIES,
TENNESSEE, 1947

Source of Cotton Quality Information	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
Buyer's class	17	59	2	29	19	53
United States Department of Agriculture class	11	38	1	14	12	33
Growers own class			3	43	3	8
Growers not knowing quality of cotton sold	1	3	1	14	2	6
Total	29	100	7	100	36	100

low on grade and staple length. This, of course, increased the buyer's margin and subsequently his profits. The other method used was to class the cotton correctly but pay less than market price. The farmer to bargain efficiently with the buyer, therefore, should know both the grade and staple length of his cotton and the market price being paid for these certain qualities. The Smith-Doxey program, as discussed, has done a better job of providing a free classing service to growers than making available market news services. Several growers stated that before selling their cotton they would wait for their government class cards to return so they would know the grade and staple length of their cotton. They would then get the latest price reports from a reliable source, take their bale samples, and go to market their cotton feeling confident of their bargaining ability. The first buyer who made what they considered a fair class on their cotton, in relation to the government class, and offered the market price, bought their cotton. Some growers said that many buyers would become indignant and not make an offer on their cotton if they knew the grower had government class cards on his cotton. Reduced margins on purchases, may, or may not be, the reason for the buyers generally disliking the government free classing service and their criticism of the program.

Factors Determining Time of Sale

Many cotton growers considered themselves price

analysts of a sort, for over half of the organized and 39 per cent of the unorganized growers said they sold their cotton when they considered the price to be most favorable (Table XVI). About one-fourth of the growers had to sell their cotton immediately after ginning to meet current obligations, and another fourth said it was a matter of custom to sell their cotton as soon as it was ginned. Hence, over half of the growers sold their cotton immediately after ginning. Several growers who sold their cotton immediately said they had tried the practice of holding cotton in order to take advantage of a rise in price, but they had lost about as much as they gained. Therefore, they did not think the practice of holding cotton for anticipated price rises was either advisable or worth the risk and bother.

Number of Buyers Interviewed Before Selling

Almost two-thirds, or 63 per cent, of the growers interviewed contacted only one buyer before selling their cotton (Table XVII). About one-fourth of the organized growers interviewed three or more buyers, compared with only eleven per cent of the unorganized growers. This means that many of the organized growers shopped around until they received a satisfactory price offer and, in general, did a better job of selling their cotton.

Buyer's Attitude Toward Government Classification

Eighty-eight per cent of the unorganized growers did

TABLE XVI

FACTORS DETERMINING TIME OF SELLING COTTON, 141 GROWERS
IN ORGANIZED AND UNORGANIZED COMMUNITIES,
TENNESSEE , 1947

Reason for Time of Sale	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
Price considered most favorable	38	54	28	39	66	47
Custom to sell immediately	13	19	28	39	41	29
To meet immediate obligations	19	27	14	20	33	23
Convenience			1	2	1	1
Total	70	100	71	100	141	100

TABLE XVII

NUMBER OF BUYERS INTERVIEWED BEFORE SELLING COTTON, 141
GROWERS IN ORGANIZED AND UNORGANIZED
COMMUNITIES, TENNESSEE, 1947

Number of Buyers Interviewed	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
One	43	62	46	65	89	64
Two	10	14	17	24	27	19
Three	10	14	3	4	13	9
Four	5	7	4	6	9	6
Five or more	2	3	1	1	3	2
Total	70	100	71	100	141	100

not have their cotton classed by the government (Table XVIII). One-third of the remaining unorganized growers reported their Smith-Doxey class cards of some value in selling their cotton. While eighty-three per cent of the organized growers obtained the government class on their cotton, over one-fourth of these growers either sold their cotton before their class cards returned from Memphis or did not use their class cards when selling their cotton. Over one-fourth of the organized growers reported that the buyers showed dissatisfaction or resistance to mention of possession of government class cards on their cotton. Some buyers told the growers that they could not buy cotton on the government class because they could not sell on this basis. The implication was that they would buy the grower's cotton on the government class if they could sell on the same basis which may, or may not, be true. Almost one-fourth of the organized growers reported that buyers made some use of the government class in purchasing their cotton. Five organized growers sold on the basis of government class cards without the buyers sampling their cotton, and about one-fifth of the growers sold their cotton to buyers who took a sample of the cotton and used government class cards as a guide. Several buyers stated in personal discussions that they thought the Smith-Doxey classing service was of great value to the grower in selling his cotton, but cotton buying was a highly competitive business and buyers would

TABLE XVIII

BUYER'S REACTION TO MENTION OF POSSESSION OF GOVERNMENT CLASS
ON COTTON, 141 GROWERS IN ORGANIZED AND UNORGANIZED
COMMUNITIES, TENNESSEE, 1947

Buyer's Reaction to Government Class Cards	Growers				Total No. %	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%		
Did not have cotton classed	12	17	62	88	74	53
A passive resistance shown	15	21	1	1	16	11
Took sample and used class card as guide	13	19	1	1	14	10
Did not try to sell cotton with class cards	9	13	2	3	11	8
Sold cotton before class cards were returned from Memphis	9	13	1	1	10	7
Expressed dissatisfaction with government class	5	7	1	1	6	4
Bought cotton on cards without sampling cotton	3	4	2	3	5	4
Buyer could not sell on this class	3	4			3	2
Other	1	2	1	2	2	1
Total	70	100	75	100	141	100

not publicly favor any program which narrowed their buying margins. Most cotton buyers, as was observed, respected and valued the classing program, but for business reasons criticized, degraded, and pointed out the disadvantages of the program to the growers.

Time and Place of Sale By Growers

Not quite as many growers held their cotton for anticipated price rises as those who sold immediately after ginning (Table XIX). All but six per cent of the growers sold their cotton in bales. A greater proportion of the unorganized growers sold their cotton immediately after ginning, while more organized producers held their cotton until later in expectation of receiving a higher price. Practically all of the growers sold their cotton either at the gin or at a street market.

Basis of Sale

Over half of the growers interviewed sold their cotton on a grade and staple sample classification, however, 40 per cent of the growers sold their cotton on a hog-round basis (Table XX). A greater proportion of the organized growers sold on a sample classification, while more unorganized growers sold their cotton on a hog-round basis. Five per cent of the growers sold their cotton in the seed before it was ginned. The practice of selling cotton on a hog-round basis was one of the greatest inefficiencies

TABLE XIX

TIME AND PLACE COTTON WAS SOLD, 141 GROWERS IN ORGANIZED
AND UNORGANIZED COMMUNITIES, TENNESSEE, 1947

Time and Place of Sale	Growers				Total			
	Organized Communities		Unorganized Communities					
	No.	%	No.	%	No.	%	No.	%
At gin or street market:								
1. In seed	4	6	3	4	7	5		
2. In bales:								
(a) Immediately after ginning	31	44	40	57	71	50		
(b) Later	<u>35</u>	66	<u>27</u>	67	<u>62</u>	133	<u>44</u>	94
At farm			1	1	1	1		
Total	70	100	71	100	141	100		

TABLE XX

SPECIFIED BASIS OF COTTON SALES, 141 GROWERS IN ORGANIZED
AND UNORGANIZED COMMUNITIES, TENNESSEE, 1947

Basis of Cotton Sales	Growers								Total			
	Organized Communities				Unorganized Communities							
	No.		%		No.		%		No.	%		
Sample classification: Grade, staple, character, and variety	3		4						3		2	
Grade, staple	<u>41</u>	44	<u>59</u>	63	<u>33</u>	33	<u>47</u>	47	<u>74</u>	77	<u>53</u>	55
Hog-round		22		31		35		49		57		40
Seed cotton		4		6		3		4		7		5
Total		70		100		71		100		141		100

found in the cotton marketing process. This practice penalized the grower who produced and marketed a product of premium qualities and was actually an incentive for the growers to produce and market a poor quality product. This explains to some extent why so much Half and Half, a short staple cotton, was grown in Tennessee in 1947. Half and Half was easier to pick by hand and had a higher lint turn-out, hence, if the grower could sell at the same price as was paid for the longer staple, lower yielding varieties, such as Delta and Pine Land and Stoneville, his net income would be greater. A program is needed that will encourage the marketing of cotton on a quality basis and therefore discourage hog-round or gin-run sales.

Reasons For Choice of Buyer

Organized growers and unorganized growers gave about the same reasons for choosing a particular buyer. About a third of the growers interviewed said they sold their cotton to the highest bidder or the buyer considered to have the best price (Table XXI). Over one-fourth of the growers stated that all buyers paid the same price for cotton which indicates that cotton was sold on a hog-round basis in their areas. Fifteen growers stated that it was a matter of custom to sell to a particular buyer, while seven growers said that no other buyer was available in the local market. Some growers did not have an entirely free choice in selecting a

TABLE XXI

REASONS GIVEN FOR CHOICE OF BUYER, 141 GROWERS IN
ORGANIZED AND UNORGANIZED COMMUNITIES,
TENNESSEE, 1947

Reasons for Choice of Buyer	Growers				Total	
	Organized Communities		Unorganized Communities			
	No.	%	No.	%	No.	%
Highest bidder or con- sidered to have best price	25	32	23	27	48	30
Same price from all buyers	24	31	21	25	45	28
Custom	8	11	7	8	15	9
Confidence in buyer	3	4	5	6	8	4
Indebted to buyer	1	1	7	8	8	4
No other buyer available	3	4	4	5	7	4
Ginner pays more for cotton ginned at own plant	5	6	1	1	6	4
Convenience	1	1	5	6	6	4
Most liberal weights	1	1	3	4	4	3
Satisfied with first offer	2	3	1	1	3	2
Friendship			3	4	3	2
Business connection with buyer	2	3	1	1	3	2
Sell to landlord	1	1	2	3	3	2
Buyer selected by landlord	1	1	1	1	2	1
Purchased on basis of quality	1	1			1	1
Total	78*	100	84*	100	162*	100

*Does not total 70, 71, and 141 respectively, because several growers gave more than one reason for choice of buyers.

buyer because of their indebtedness to the buyer or because the landlord selected the buyer.

Number of Buyers Patronized by Growers

In addition to interviewing only one buyer before selling their cotton, the majority of producers sold their entire crop to a single buyer or through a single marketing agency. Slightly more unorganized growers than organized sold their cotton to only one buyer, the percentage being 63 and 57, respectively (Table XXII). Seven per cent of the organized growers sold their cotton to four or more different buyers, while no unorganized growers patronized over 3 buyers. The larger cotton growers, both organized and unorganized, patronized a greater number of buyers, and several producers patronized three or more buyers.

Pooling or Cooperative Sales

Only six per cent of all growers had ever pooled cotton in even-running lots for sale, and one-third of these reported the practice unprofitable. The practice of pooling cotton was found to be more prevalent among organized growers but the sample was too small to draw any sound conclusions.

TABLE XXII

NUMBER OF BUYERS PATRONIZED, 141 GROWERS IN ORGANIZED AND
UNORGANIZED COMMUNITIES, TENNESSEE, 1947

Number of Buyers Sold To	Growers						Total		
	Organized Communities			Unorganized Communities					
	No.	%	Ave. No. of Bales	No.	%	Ave. No. of Bales	No.	%	Ave. No. of Bales
One only	40	57	17	45	63	10	85	60	14
Two only	20	29	46	21	30	29	41	29	37
Three only	5	7	53	5	7	53	10	7	53
Four or more	5	7	75				5	4	75
Total	70	100		71	100		141	100	

TABLE XXIII

EXPERIENCES AS MEMBERS OF COTTON POOLS, 141 GROWERS
IN ORGANIZED AND UNORGANIZED COMMUNITIES,
TENNESSEE, 1947

Member of a Cotton Pool	Growers				Total	
	Organized Communities		Unorganized Communities		No.	%
	No.	%	No.	%		
No	63	90	69	97	132	94
Yes	7	10	2	3	9	6
Total	70	100	71	100	141	100

CHAPTER III

MARKETING PRACTICES OF COTTON GINNERS IN ORGANIZED ONE-VARIETY AND UNORGANIZED COMMUNITIES IN TENNESSEE

Facilities For Ginning

Relation of Gin Facilities to Marketing of Cotton

The methods and practices followed by the ginner during the ginning process has as great an effect on the quality of the cotton as the harvesting and handling practices used by the producer.¹ The average gin, adequately maintained and efficiently operated, can do a good job of ginning on dry, carefully picked, clean cotton. Green, damp, or wet cotton, if ginned without drying, gives rough preparation and grade penalties that amount to as much as one or two grades, or from one to ten dollars or more per bale, depending on the moisture content, staple length, and current price of cotton.² Heat applied to green, damp, or wet cotton in amounts of less than 200 degrees Fahrenheit by artificial dryers will improve the quality of the cotton and increase the ginning capacity of the plant. The gin capacity may be increased up to 25 per cent by natural or artificial drying

¹Francis L. Gerdes, William J. Martin, and Charles A. Bennett, Cotton Harvesting and Handling (Washington, D. C.: United States Department of Agriculture, 1938), pp. 1-13.

²Ibid., pp. 1-10.

of the cotton, because of fewer chokages and breakdowns and by an increased rate of feed.³ Master extractors or big bur machines and after cleaners were found to improve the grades of cotton in Western Oklahoma enough to increase the price about \$1.80 per bale.⁴ A recent study made in Tennessee concluded that modern gins, compared with sub-standard gins, handled a larger proportion of the cotton crop, used looser seed rolls, operated at higher speeds, kept gin saws and ribs in better condition, and produced a smaller percentage of roughly-prepared cotton.⁵

The cotton farmer must depend upon the ginner to keep his plant in good operating condition so that the quality of his cotton will at least be maintained at its original level. The gin, if equipped with modern machines and operated correctly, can actually improve the quality of much of the growers' cotton and result in a greater return to the producer.

³Francis L. Gerdes, Ralph A. Rusco, and Victor L. Stedronsky, Drying of Seed Cotton At Gins (Washington, D. C.: United States Department of Agriculture, September, 1941), pp. 10-21.

⁴John D. Campbell, "The Effect of Cleaning and Conditioning Equipment of Gins On Cotton Grades in Oklahoma," Oklahoma Current Farm Economics, Vol. 20, No. 3 (Stillwater, Oklahoma: Agricultural Experiment Station, June, 1947), pp. 65-68.

⁵A. H. Chambers and W. H. Fortenberry, Effect of Ginning Equipment On Cotton Quality (Knoxville, Tennessee: Agricultural Experiment Station, The University of Tennessee and Cotton Branch, United States Department of Agriculture, December 12, 1947), Rural Research Series Monograph 213, p.iii.

Number and Location of Gins

In 1947 there were 370 cotton gins in 36 Tennessee counties, while 16 other cotton producing counties did not have gins (Appendix C, Tables I and III). The number of cotton gins per county ranged from one gin in McMinn, Hamilton, Warren, Monroe, and Marshall counties, to 31 gins in Shelby county. Cotton farmers in Tennessee produced 520,000 bales of cotton in 1947 or an average of 1,405 bales per gin.

It is important to the cotton grower to have one or more cotton gins near to his farm. During the picking and ginning season, time is a very important factor, and if the farm is near to a gin less time will be needed to transport the picked cotton to the gin. The growers cost of transportation will also be less because of the shorter distance traveled. It is also to the growers advantage to have competition among two or more gins in his area, because ginning charges would probably be lower and services better than if no competition existed. Figure 9 shows the distribution of cotton gins by counties and gives some indication of the high and low competitive gin areas.

Type of Gin Ownership

Over half of the gins studied were owned by partnerships which might indicate that a modern gin requires more capital and time than most individuals have available

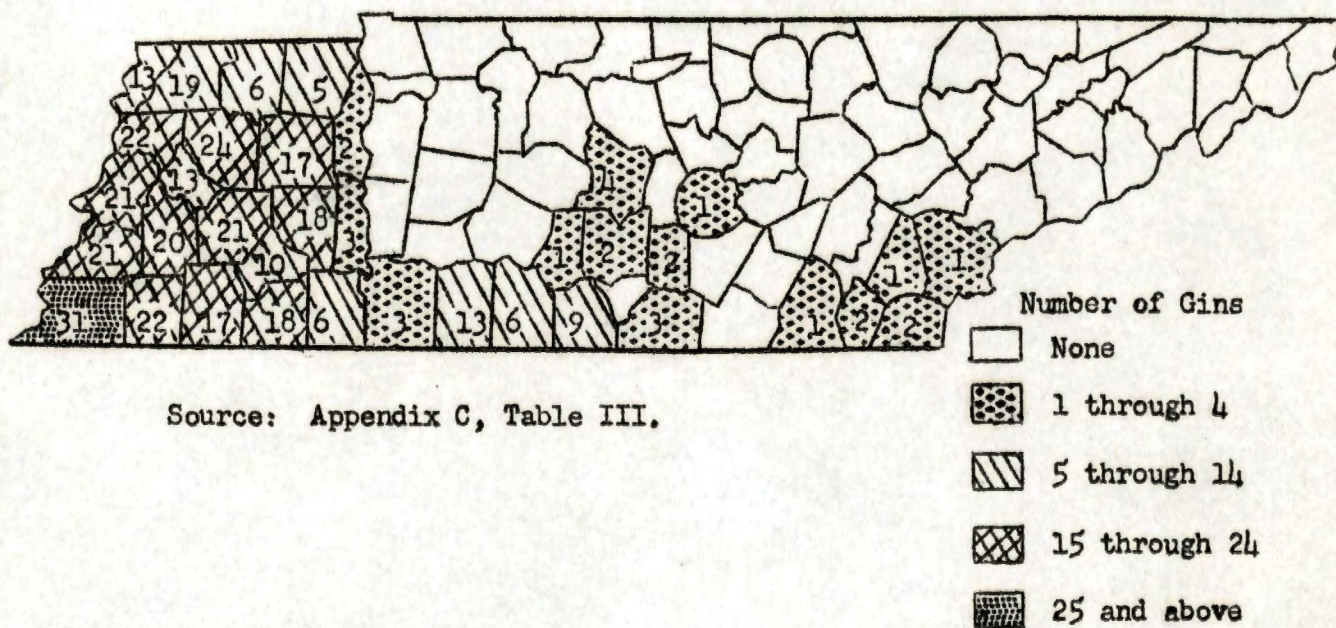


Figure 9

Distribution of Cotton Gins, by Counties, Tennessee, 1947

(Table XXIV). Most of the gins in organized one-variety communities were owned by partnerships, while most of the gins in unorganized communities were owned by individuals. One gin serving an unorganized community was owned by a corporation while none of the gins studied were owned by farmer cooperatives.⁶

Kind of Cleaning Equipment

Over half of the gins surveyed used the Mitchel Super type of cleaning equipment, and this type seemed to be most popular with ginners serving both organized and unorganized communities (Table XXV). Continental and Lummus ginning equipment were used most by gins serving unorganized communities, while the gins serving one-variety communities used combinations of Hardwicke Etter, Murray, Continental, and Mitchel combinations.

Type of Drier

Almost two-thirds of the gins studied were equipped with seed cotton driers, and over half of the driers used were of the tower type (Table XXVI). Gins serving organized one-variety communities were better equipped with driers than the gins serving unorganized growers. Eighty-

⁶Cotton Ginning Machinery and Equipment in the United States (Washington, D. C.: Department of Commerce, United States Government Printing Office, 1946), p. 29.

TABLE XXIV

TYPE OF OWNERSHIP OF GINS SERVING ORGANIZED AND UNORGANIZED
COMMUNITIES, 22 GINS, TENNESSEE, 1947

Type of Ownership	Number of Gins Serving:		
	Organized Communities	Unorganized Communities	Total
Partnership	8	4	12
Individual	3	6	9
Corporation		1	1
Total	11	11	22

TABLE XXV

KIND OF CLEANING EQUIPMENT USED AT GINS SERVING ORGANIZED AND
UNORGANIZED COMMUNITIES, 22 GINS, TENNESSEE, 1947

Kind of Cleaning Equipment	Number of Gins Serving:		
	Organized Communities	Unorganized Communities	Total
Mitchel Super	7	6	13
Continental		3	3
Lummus		2	2
Hardwicke Etter	2		2
Murray, Continental, and Mitchel	1		1
Murray and Mitchel	1		1
Total	11	11	22

TABLE XXVI

TYPES OF COTTON DRIERS USED AT GINS SERVING ORGANIZED AND
UNORGANIZED COMMUNITIES, 22 GINS,
TENNESSEE, 1947

Type of Drier	Number of Gins Serving:		Total
	Organized Communities	Unorganized Communities	
Tower	5	3	8
In-draft	3	2	5
Extractor feeder	1	1	2
None	2	5	7
Total	11	11	22

two per cent of the gins in one-variety communities were equipped with seed cotton driers, compared with only fifty-four per cent of the gins serving unorganized producers. This probably means that organized growers as a group received more for their green, damp, or wet cotton than did the unorganized growers.

Use of Seed Scales

Only 18 per cent of the organized and unorganized gins have seed scales, and only one-half of these were reported to be used (Table XXVII). The gins not using seed scales usually weigh the seed cotton, then subtract the weight of the baled cotton, the remainder being the weight of the seed and trash. Some gins pay a reduced price for the total weight of the seed and trash, while other gins pay full price for just the seed. These gins calculate the weight of the seed by deducting a percentage of the total weight for dirt and trash. The deduction for dirt and trash is usually about three per cent. The gins that had seed scales but did not use them gave competition as their main reason. The growers in these cases preferred to sell their cottonseed where seed scales were not used to determine the net weight of their cottonseed.

TABLE XXVII

SEED SCALES OWNED BY GINNERS SERVING ORGANIZED AND UNORGANIZED
COMMUNITIES, 22 GINS, TENNESSEE, 1947

Have Seed Scales	Number of Gins Serving:		
	Organized Communities	Unorganized Communities	Total
No	9	9	18
Yes	2	2	4
Total	11	11	22

Factors Influencing Ginning Costs and Services

Charges For Ginning

Ginning is an essential step in the preparation of Tennessee's cotton crop for market. Once primarily a farm operation, ginning is now conducted chiefly as a highly specialized commercial activity.⁷ Under the system of marketing raw cotton that is now most prevalent throughout Tennessee, ginning is an item of direct cost to cotton producers. However, in a few areas cotton is sold in the seed by growers, in which case ginning is for the account of the ginners who have purchased the seed cotton. At present only a comparatively few plantations and institutions in Tennessee continue to maintain private ginning facilities, and as a rule the ginning of cotton is a public-service function. This being the case, the ginning facilities available and the rates charged for ginning and wrapping cotton are of special importance to growers and cotton millers in Tennessee.

According to custom in the local community, ginners use one of four basic systems in assessing charges for ginning. They are as follows:⁸

⁷John W. Wright and R. C. Soxman, Charges For Ginning Cotton (Washington, D. C.: United States Department of Agriculture, Agricultural Marketing Service, January, 1942), p. 1.

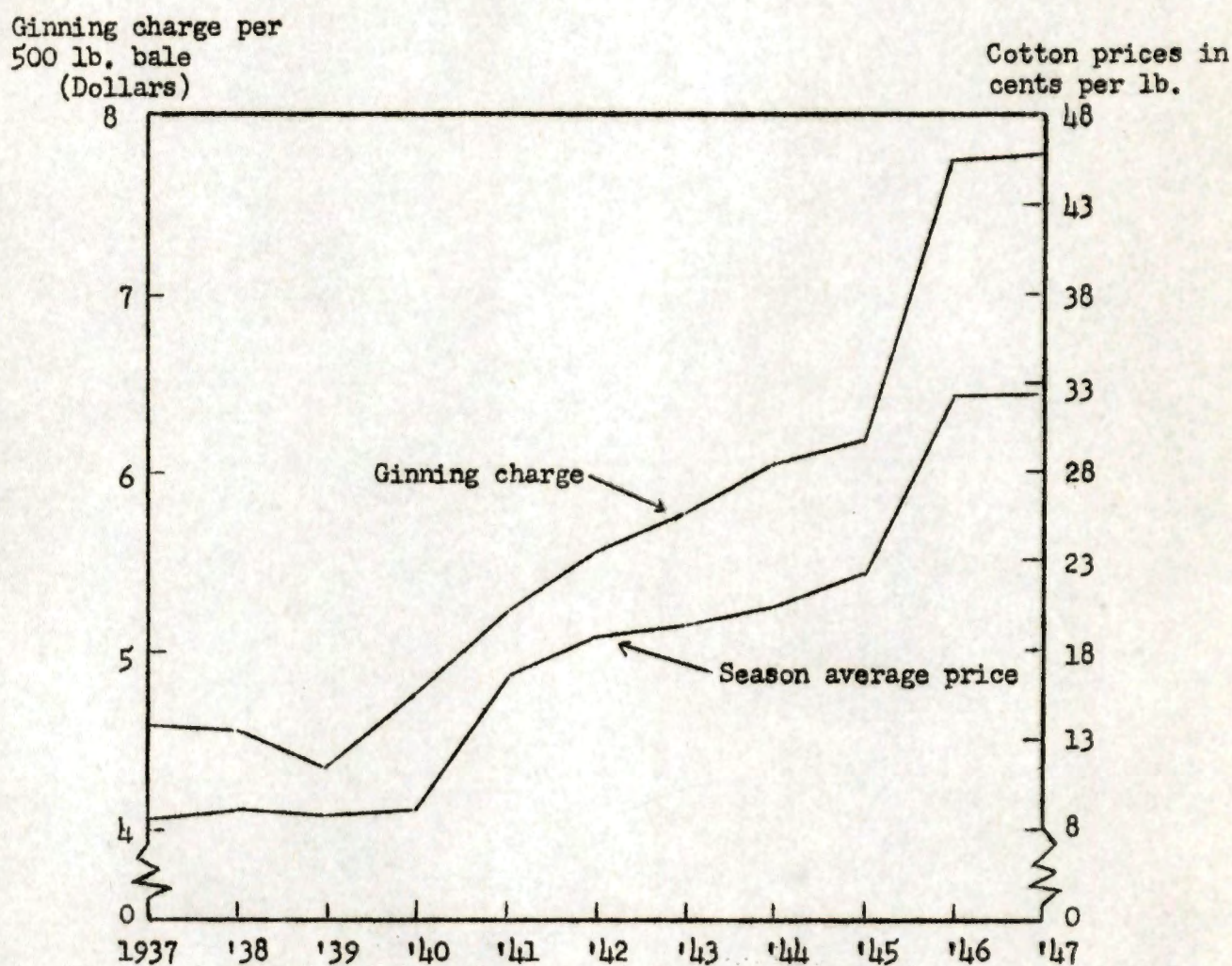
⁸Ibid., pp. 6-7.

1. A rate per hundredweight of seed cotton.
2. A flat charge per bale.
3. A rate per hundredweight of lint.
4. A toll charge (proportion of the lint cotton).

The first three are the widest used according to the previously cited publication, but the toll system is still in use in some areas of Tennessee. The toll usually charged by ginners was five per cent or one-twentieth of the lint cotton.⁹

Estimates of the charges for ginning a 500 pound bale of cotton fluctuates similarly to season average prices of cotton in Tennessee (Figure 10, Table XXVIII). Both ginning charges and cotton prices reached their peak for the period, 1937 to 1947, in 1947 with prices up 400 per cent from a low of eight cents a pound in 1937 and ginning charges up 177 per cent from a low of \$4.38 a bale in 1939. Prices have increased at a faster rate than charges for ginning, which means that the cotton farmers are paying a smaller proportion of their crop for ginning and wrapping (Figure 11). The proportion of the crop paid for ginning and wrapping, which is a necessary operation, has become smaller since 1940 when cotton prices began to rise faster than ginning charges. In general, the

⁹W. P. Stephens, Marketing Activities of Farmers in Bradley County, Tennessee, 1947 (Knoxville, Tennessee: Thesis, The University of Tennessee, August 5, 1949), p. 90.



Source: Table XXVIII.

Figure 10

Estimated Average Charge for Ginning and Wrapping a 500 Pound Gross Weight Bale and Season Average Price of Cotton in Tennessee, by Years 1937-1947

TABLE XXVIII

ESTIMATED AVERAGE CHARGE FOR GINNING AND WRAPPING A 500 POUND GROSS WEIGHT BALE, SEASON AVERAGE PRICE OF COTTON, AND PER CENT GINNING CHARGE IS OF TOTAL LINT VALUE, TENNESSEE, BY YEARS 1937-1947

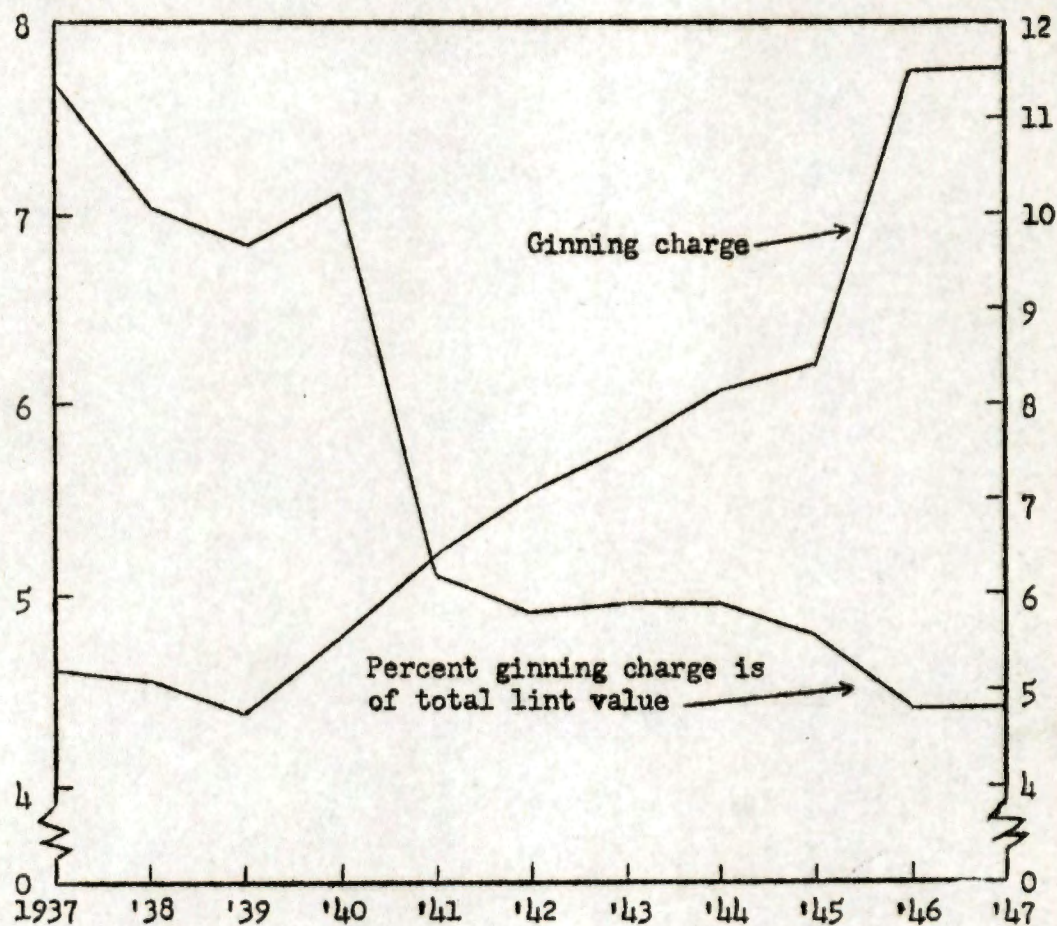
Year	Cotton Prices (Cents Per Pound)	Ginning Charge* (Dollars per 500 Pound Bale)	Per Cent Ginning Charge is of Total Lint Value
1937	8.09	4.60	11.4
1938	9.02	4.57	10.1
1939	8.99	4.38	9.7
1940	9.37	4.79	10.2
1941	16.77	5.21	6.2
1942	18.92	5.52	5.8
1943	19.42	5.77	5.9
1944	20.64	6.07	5.9
1945	22.21	6.17	5.6
1946	32.33	7.75	4.8
1947	32.40	7.77	4.8

*Includes bagging and ties.

Source: Agricultural Statistics (Washington, D. C.: United States Department of Agriculture, 1948), p. 83.
Agricultural Trends in Tennessee (Nashville, Tennessee: Tennessee Department of Agriculture, December 1948), p. 14.

Ginning charge per
500 lb. bale
(Dollars)

Percent ginning
charge is of total
lint value



Source: Table XXVIII.

Figure 11

Estimated Average Charge for Ginning and Wrapping a 500 Pound Gross
Weight Bale of Cotton and Percent Ginning Charge is of
Total Lint Value, Tennessee, by Years 1937-1947

farmer's real ginning costs are lower during high price periods and higher during low price periods.

Variety Estimates

The ginners interviewed estimated that over two-thirds of the cotton ginned at their plants was Delta and Pine Land, while less than one-fifth of the cotton ginned was Stoneville (Table XXIX). There were no important differences between the variety estimates for the gins in organized communities and those in unorganized communities.

Patronage and Volume of Ginnings

The ginning costs per bale of cotton at each gin are influenced greatly by the volume of ginnings, number of patrons, and bales per patron. The gins serving organized communities had almost one-fifth more patrons, who averaged 8.1 bales of cotton per patron which was 33 per cent larger than the ginnings of unorganized growers (Table XXX). The gins in organized communities had more and larger producing patrons, hence, averaged 53 per cent more bales per gin than did the gins in unorganized communities. It might be expected that the costs of ginning a bale of cotton would be less, relatively, for the gins in organized communities than for those serving unorganized growers because of the greater volume per gin.

TABLE XXIX

VARIETY ESTIMATES OF COTTON GINNED BY PLANTS SERVING ORGANIZED
AND UNORGANIZED COMMUNITIES, 22 GINS, TENNESSEE, 1947

Variety Estimates	Gins Serving:					
	Organized Communities		Unorganized Communities		Total	
	Bales	%	Bales	%	Bales	%
Delta and Pine Land	13,428	67	9,642	73	23,070	70
Stoneville	3,625	18	2,048	16	5,673	17
Half and Half	1,942	10	750	6	2,692	8
Other	1,168	5	725	5	1,893	5
Total	20,163	100	13,165	100	33,328	100

TABLE XXX

PATRONAGE AND VOLUME OF GINNINGS OF GINS SERVING ORGANIZED
AND UNORGANIZED COMMUNITIES, 22 GINS, TENNESSEE, 1947

Patronage and Volume	Gins Serving:		
	Organized Communities	Unorganized Communities	Total
Total number of patrons	2,503	2,164	4,667
Average number of patrons per gin	228	197	212
Bales ginned in all plants	20,163	13,165	33,328
Average bales per gin	1,833	1,197	1,514
Average bales per patron	8.1	6.1	7.1

Additional Commercial Activities of Gin Owners

Very few cotton gin owners depend entirely upon their ginning profits for their total source of income. Because of the highly seasonal nature of the ginning business, gin owners engage in from one to five other commercial activities (Table XXXI). Some of these activities are, like ginning, seasonal in nature, but most of them are year-round occupations. The forty-one persons, who owned the twenty-two gins, were engaged in 105 other commercial activities besides operating their gins (Table XXXII). Almost three-fourths of the gin owners participated in two or three other commercial activities. Seventeen per cent of the owners of gins in organized communities were engaged in as many as five other commercial activities, while none of the owners of gins serving unorganized growers participated in more than four other occupations. This seems to be the only outstanding difference in the degree of participation in other commercial activities by owners of gins in organized and unorganized communities.

The different kinds of commercial activities engaged in by gin owners are ranked in order of their importance and shown in Table XXXII. The ginners interviewed were engaged in 13 different kinds of activities, with farming, cotton buying, and fertilizer handling being the three most

TABLE XXXI

NUMBER OF OTHER COMMERCIAL ACTIVITIES ENGAGED IN BY OWNERS OF
GINS SERVING ORGANIZED AND UNORGANIZED COMMUNITIES,
41 OWNERS OF 22 GINS, TENNESSEE, 1947

Number of Other Activities	Gin Owners In:					
	Organized Communities		Unorganized Communities		Total	
	No.	%	No.	%	No.	%
One	4	17	2	12	6	14
Two	9	37	7	41	16	39
Three	7	29	6	35	13	32
Four			2	12	2	5
Five	4	17			4	10
Total	24	100	17	100	41	100

TABLE XXXII

KIND OF OTHER COMMERCIAL ACTIVITIES ENGAGED IN BY OWNERS OF
GINS SERVING ORGANIZED AND UNORGANIZED COMMUNITIES,
41 OWNERS OF 22 GINS, TENNESSEE, 1947

Kind of Activity	Number of Gin Owners In:		
	Organized Communities	Unorganized Communities	Total
Farmer	22	15	37
Cotton buyer	15	17	32
Fertilizer dealer	6	3	9
Banker, loan co. and insurance agency	7		7
General merchandise store		5	5
Seed dealer	4		4
Feed or grist mill	3		3
Cotton warehouse	2	1	3
Lawyer	1		1
Gas company operator	1		1
Blacksmith	1		1
Railroad engineer		1	1
Housewife	1		1
Total number of occupations	63	42	105
Total number of owners	24	17	41
Average number of positions per owner	2.6	2.5	2.6

important. The owners of gins serving organized growers participated in 11 different kinds of activities compared with only six different activities for the owners of gins in unorganized communities. The 11 gins serving one-variety communities were owned by more persons, but on the average they reported about the same number of other occupations as the owners of the 11 gins serving unorganized producers.

Supplementary Gin Services That Aid Growers in Marketing Cotton

Purchase of Cotton

All of the ginner in unorganized communities studied, purchased cotton at the gin, and all but one of the ginner in one-variety communities followed the same practice (Table XXXIII). The proportion of total ginnings purchased ranged from five to 100 per cent, and on the average about three-fourths of the cotton ginned at these plants was purchased by the ginner, usually on a hog-round basis. The ginner in unorganized communities bought a higher percentage of their total ginnings than did those serving organized producers which may indicate that organized growers used better practices in selling their cotton. The speed and convenience by which the grower could sell his cotton to the ginner as it was ginned was an important factor in causing him to accept the first offer. It was also true that the ginner in some cases was the only cotton buyer available in

TABLE XXXIII

NUMBER OF GINS BUYING COTTON AND PERCENTAGE OF TOTAL GINNINGS
PURCHASED AT GINS SERVING ORGANIZED AND UNORGANIZED
COMMUNITIES, 22 GINS, TENNESSEE, 1947

Question	Gins Serving:		Total
	Organized Communities	Unorganized Communities	
Do you buy cotton at the gin:			
Yes	10	11	21
No	1		1
Total	11	11	22
Per cent of total ginnings bought	73	80	76

the local community. The grower was either forced to sell to him or accept the risk of paying a high transportation charge to take his cotton to the nearest street market.

Storage of Cotton

After the cotton was ginned it was shipped by truck, in most cases, to the nearest public compress or warehouse (Table XXXIV). Due to the competition among ginners, or for other reasons, most gins did not charge the growers for this service. Some ginners provided private bonded warehouses in which to store growers' cotton before it was sold. None of the ginners interviewed stored cotton at the gin yard, public cotton yard, or farm. However, some of the ginners serving unorganized growers stored cotton on railroad platforms from one to 10 days until the cotton was sold and could be shipped. More ginners in organized communities, compared with unorganized ones, stored cotton at public compresses and warehouses, but more ginners in unorganized communities stored cotton on railroad platforms. After the cotton was ginned it was transported up to 45 miles for storage, but cotton on the average was carried only 17 miles to be stored.

Bale Identification

Almost three-fourths of the ginners interviewed used paper tags as a means for identifying each bale of cotton after it was ginned (Table XXXV). A few ginners used metal

TABLE XXXIV

COTTON STORED AT INDICATED LOCATIONS AFTER GINNING BY GINS
SERVING ORGANIZED AND UNORGANIZED COMMUNITIES,
22 GINS, TENNESSEE, 1947

Location	Gins Serving:		Total
	Organized Communities	Unorganized Communities	
Public compress or warehouse	9	7	16
Private warehouse	2	2	4
Railroad platform		2	2
Total	11	11	22

TABLE XXXV

TYPE OF BALE IDENTIFICATION USED AT GINS SERVING ORGANIZED AND
UNORGANIZED COMMUNITIES, 22 GINS, TENNESSEE, 1947

Bale Identification	Number of Gins Serving:		
	Organized Communities	Unorganized Communities	Total
Paper tag only	8	8	16
Paper and metal tag	2	1	3
Metal tag only	1	1	2
Wooden tags		1	1
Total	11	11	22

tags for this purpose, while others used a combination of paper and metal tags. One ginner interviewed used a small wooden tag to identify each cotton bale ginned at his plant. Ginners serving both organized and unorganized growers used about the same means to identify their cotton. Several ginners who used metal tags stated that the tags were removed at the compress and replaced with paper tags. Since metal tags are more costly to the ginner than paper ones, the practice of removing bale identification tends to discourage ginners in following through with bale identity to the mills.

The use of recommended ginning methods and techniques has considerable effect on the spinning qualities of the cotton, hence, many ginners produce cotton of superior preparation, and if the mills know the name of the gin they will prefer cotton from this plant when they next buy. Almost 10 per cent of the cotton arriving at Tennessee cotton mills in 1948 was unidentifiable as to the plant where the cotton was ginned.¹⁰ The percentage of unidentifiable cotton ranged from zero at one mill to 50 per cent at another mill.

The information generally shown on identification tags by ginners to mark each bale of cotton is shown in

¹⁰Unpublished Study of Tennessee Cotton Mills (Knoxville, Tennessee: Agricultural Experiment Station, The University of Tennessee, July, 1949).

Table XXXVI. The bale number, the most important information placed on tags, was placed on each bale by the ginners interviewed, whereas, the gin name and address were not put on identification tags by some of the ginners. More gins serving unorganized growers placed the name of the gin owner and bale weight on identification tags, while more gins in organized communities placed the name of the grower on the tag.

Cotton Sampling

As previously discussed, the Smith-Doxey act made available to cotton producers free classification and market news services for their cotton. This service was made available to growers through their ginners who met certain regulatory requirements. Usually the ginner cut and submitted the samples to the government classing office in accordance with the regulations regarding such samples. The government classing office, after classing the cotton, notified the grower by mail of the grade and staple length of each bale of cotton for which a sample was submitted. In addition to the gins in Smith-Doxey cotton improvement associations, a few gins, not a part of a cotton improvement group cooperated in cotton quality statistics work and submitted press-box samples to the government classing office. Sometimes other gins which were not included in the two groups above, and not eligible to receive free

TABLE XXXVI

INFORMATION SHOWN ON COTTON BALE IDENTIFICATION TAGS USED BY
GINS SERVING ORGANIZED AND UNORGANIZED COMMUNITIES, 22
GINS, TENNESSEE, 1947

Type of Information	Gins Serving:		Total
	Organized Communities	Unorganized Communities	
Bale number	11	11	22
Gin name	11	10	21
Gin address	8	8	16
Customers name	7	4	11
Bale weight	4	5	9
Gin owner	3	5	8

classification, submitted samples to the government classing office. These samples were classed, just as the samples from qualified gins, apparently because the government classing office was unaware of this discrepancy and because the cost was less than would be necessary to check the eligibility of each sample submitted. Most of the gins in the cotton improvement associations, and eligible to receive free classing service, were in communities organized for one-variety production, while most of the gins not a part of a cotton improvement group, and generally not eligible for free classing, were not in communities organized for one-variety production.

The ginner has been the hub of the Smith-Doxey cotton classing program, for the growers usually depend on him to cut and submit the samples to be classed. The gins in one-variety communities, interviewed in this study, sent over half of their total ginnings to the government classing office, compared with only six per cent of the ginnings of gins in unorganized communities (Table XXXVII). The average number of samples per gin and per patron were much greater for the gins serving organized communities than for gins serving unorganized groups. It was shown in Table II and Figure 7 that only 12 per cent of the total cotton ginned in Tennessee in 1947 was classed by the government classing service, but about 35 per cent of the 1948 crop was classed. The fact that in 1947 only a small

TABLE XXXVII

PER CENT OF TOTAL GINNINGS SUBMITTED FOR SMITH-DOXEY
CLASSIFICATION, AVERAGE NUMBER OF SAMPLES PER GIN,
AND AVERAGE NUMBER OF SAMPLES PER PATRON BY GINS
SERVING ORGANIZED AND UNORGANIZED COMMUNITIES,
22 GINS, TENNESSEE, 1947

Item	Gins Serving:		Total
	Organized Communities	Unorganized Communities	
Per cent of total gin- nings submitted for Smith- Doxey classification	53	6	35
Average number of samples per gin	974	74	524
Average number of samples per patron	4.27	0.38	2.47

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per cent of the cotton was classed may indicate that the differences between the marketing practices of organized and unorganized cotton communities was not as great as in more normal years.

Attitudes of Ginners Toward One-Variety Cotton Program

The majority of the ginners in both organized and unorganized communities believed the one-variety program has been helpful to the growers or would be helpful if established (Table XXXVIII). The comments of the ginners indicated that they believed the greatest benefits to the growers would result from the use of better quality planting seed. The use of higher quality planting seed would improve the quality of the cotton, increase the yield per acre, aid in marketing, and result in a greater net return to the grower. Some of the ginners believed that the growing of a single variety of cotton would eventually lead to the increased movement of cotton in even-running lots. Other ginners felt that the free classification of cotton would place the growers in a better bargaining position when selling their cotton and discourage hog-round purchases by cotton buyers.

One ginner in an organized Half and Half one-variety community believed that the program had not helped the growers since they were organized to grow a short staple cotton. This ginner stated that the growers would be in a better position economically if they grew a longer staple cotton. From

TABLE XXXVIII

ATTITUDES TOWARD ONE-VARIETY COTTON PROGRAM OF GINNERS
SERVING ORGANIZED AND UNORGANIZED COMMUNITIES,
22 GINS, TENNESSEE, 1947

Item	Gins Serving:		
	Organized Communities	Unorganized Communities	Total
One-variety program has or would help growers	10	9	19
One-variety program has not or would not help growers	1	2	3
Total	11	11	22



personal observations, it seemed that these growers had a better market for their short staple cotton because of its concentration in this area than did other short staple cotton producers who were scattered about over other areas.

Two ginnerers who had an unfavorable opinion of the one-variety program believed that the growers would not participate in the program, and one ginner thought the long staple variety presently grown could not be improved.

Practices of Gins That Affect Growers' Planting Seed

As indicated previously, about three-fourths of the growers' planting seed was handled by the ginner. The grower either purchased seed from the gin or saved seed from previous years production after it was ginned. The ginner plays a very important part in influencing the quality of the growers' seed and the quality of the cotton subsequently produced by the grower. The amount and quality of the seed sold, the conditions under which the cottonseed is stored, and the precautions taken to prevent the mixing of different varieties during the ginning process, are some of the ways the ginner influences the quality of the cotton grown in the community. These factors will be discussed separately.

Precautions Taken to Prevent Mixing of Seed

Unless a gin community grows only one variety of cot-

ton, the ginner exerts a great influence on the effectiveness of the one-variety program. If certain precautions are not taken to prevent seeds of different breeding and variety being mixed at the gin, a grower can have little confidence in his home-grown cottonseed that is saved for planting. Strains and varieties of seeds often become so mixed and mongrelized at the gin that the quality of the cotton is very poor. The measures taken by the ginner interviewed to prevent the mixing of seed are shown in Table XXXIX. In general, the ginner serving organized communities took more precaution than did those serving unorganized growers to keep seeds of different varieties from becoming mixed during the ginning process. All but three of the gins studied used the practice of dropping the seed roll as a means to prevent the mixing of seed, while almost half of the gins used the practice of ginning one or more bales of cotton before saving or catching seed to be used for planting. Since it is difficult or impossible to be absolutely sure that no mixing will occur if more than one variety is ginned, it is probable that a very substantial volume of the cotton produced by both organized and unorganized growers planting non-registered and non-certified seed was not of the varieties reported but actually a mixture of varieties.¹¹ The gins studied

¹¹Marketing of One-Variety and Other Cotton 1947-48, Regional Cotton Marketing Research Committee, Publication Number 1 (Preliminary) (Mimeographed).

TABLE XXXIX

PRECAUTIONS TAKEN TO PREVENT MIXING SEED BY GINNERS
SERVING ORGANIZED AND UNORGANIZED COMMUNITIES,
22 GINS, TENNESSEE, 1947

Measures Taken to Prevent Mixing of Seed	Gins Serving:					
	Organized Communities		Unorganized Communities		Total	
	No.	%	No.	%	No.	%
Drop seed roll	10	91	9	82	19	86
Gin one or more bales before saving seed	4	36	6	55	10	46
Catch seed at gin stand	4	36	3	27	7	36
Clean seed conveyors	2	18	3	27	5	23
Gin days for adopted variety	1	9			1	5
Pure seed system	1	9			1	5
Total number of measures	22		21		43	

averaged almost two different precautions per gin to prevent mixing seed of different qualities and varieties.

Source and Breeding of Planting Seed Sold

The procuring of planting seed for their patrons was one of the most important functions of gins in addition to their regular ginning services. Since the farmers purchased a large proportion of their seed from the gins, the source of the seed obtained by gins for resale becomes of utmost importance to the growers of the state. "The only reliable place to secure seed of a given variety or strain is usually from the breeder who supplied the Experiment Station with the seed used in its variety tests".¹² All but one of the gins studied serving organized growers obtained some planting seed directly from a breeder (Table XL). Obviously, the supply of foundation seed is limited, so the gins in one-variety communities followed the plan or one similar to the plan discussed below. Most gins serving one-variety communities obtained some foundation seed from breeders each year. This seed was planted by the ginner, or by some of the better growers in the community, and the progeny usually was inspected and certified by the Tennessee Crop Improvement Association. The certified seed, or first year

¹²More Money From Cotton (College Station, Texas: Department of Agricultural Education, Agricultural and Mechanical College of Texas, Bulletin SM-1, August 1938), p. 12.

TABLE XL

SOURCE AND BREEDING OF PLANTING SEED SOLD BY GINS TO
GROWERS IN ORGANIZED AND UNORGANIZED COMMUNITIES,
22 GINS, TENNESSEE, 1947

Item	Gins Serving:		
	Organized Communities	Unorganized Communities	Total
Source of planting seed:			
Direct from breeder	10	6	16
Home grown	3		3
Seed company	1	1	2
Gins not handling planting seed		4	4
Total	14*	11	25*
Breeding of planting seed:			
Registered	10	6	16
Certified	3	1	4
Second year	1		1
Gins not handling planting seed		4	4
Total	14*	11	25*

*Does not total 11 and 22, respectively, because some gins in organized communities obtained planting seed of different breeding from more than one source.

progeny of the foundation seed, was sold the following year to growers for planting seed. This system provides an ample supply of good quality planting seed for the growers in one-variety communities where the ginner follows such a procedure.

Four gins in unorganized communities did not provide planting seed for their patrons, whereas all of the gins serving one-variety groups provided such a service. Besides obtaining planting seed from a breeder, some of the gins secured seed from local growers and seed companies to sell as planting seed.

Only one gin studied sold cottonseed to growers for planting purposes which was older than certified first-year seed (Table XL). This gin sold second-year seed which is the second year progeny of foundation or registered seed. The remainder of the gins sold seed that was either certified or registered.

Amount and Quality of Planting Seed Sold

As discussed above, all gins in organized communities, and seven gins serving unorganized growers sold planting seed to producers. The gins serving one-variety groups sold an average of 13.98 tons of planting seed per gin, compared with 9.54 tons per gin for the gins in unorganized communities (Table XLI). The organized growers were larger producers than the unorganized ones, and this may be one explanation of why the gins in organized communities handled more planting seed per gin.

TABLE XLI

NUMBER OF GINS SELLING PLANTING SEED, AVERAGE TONS SOLD PER
GIN, AND QUALITY OF SEED SOLD BY GINS SERVING ORGANIZED
AND UNORGANIZED COMMUNITIES,
22 GINS, TENNESSEE, 1947

Item	Gins Serving:		Total
	Organized Communities	Unorganized Communities	
Average number of tons of planting seed sold per gin	13.98	9.54	12.55
Quality of seed sold:			
Per cent cleaned	100	82	95
Per cent delinted	100	82	95
Per cent treated	100	82	95
Number of gins selling planting seed	11	7	18

All of the seed sold by gins serving one-variety groups was cleaned, delinted, and treated which means that the growers using this seed had high quality seed for planting. The quality of the planting seed sold by gins serving unorganized communities was somewhat lower since 18 per cent or almost one-fifth of the seed sold was not cleaned, delinted, and treated. The proportion of the planting seed sold by these gins which was cleaned, delinted, and treated ranged from 15 to 100 per cent, and averaged 82 per cent.

Storage Facilities For Planting Seed

All except one of the gins studied stored planting seed in sacks, and this gin stored planting seed loose in a barn (Table XLII). Three of the gins in organized communities had a special seed house for storing planting seed, while most of the gins in both organized and unorganized communities stored planting seed in sacks in the gin or gin office.

TABLE XLII

PLANTING SEED STORAGE FACILITIES USED BY GINNERS SERVING
ORGANIZED AND UNORGANIZED COMMUNITIES,
22 GINS, TENNESSEE, 1947

Storage Facilities	Gins Serving:		Total
	Organized Communities	Unorganized Communities	
Sacked seed:			
In gin or office	7	7	14
Special seed house	3		3
Loose seed:			
In barn	1		1
Gins not handling planting seed		4	4
Total	11	11	22

CHAPTER IV

MARKETING PRACTICES OF COTTON BUYERS IN TENNESSEE

Buyer Practices In Organized and Unorganized Communities

Most of the cotton buyers interviewed bought cotton from growers in both organized and unorganized communities. There might have been a difference in practices used by buyers in purchasing cotton from organized and unorganized growers, but the nature of the data collected was such that differences could not be shown.

Facilities For Buying Cotton

Number and Types of Buyers

The 41 cotton buyers interviewed purchased 229,809 bales of cotton which was almost half of the total state production in 1947 (Table XLIII). Twenty-one or over half of the buyers surveyed were gin operators or their representatives, but they purchased less than one-fifth of the 229,809 bale total. Four mill buyers purchased about one-fifth of the cotton and had the highest average purchases per buyer with 12,331 bales. Seven buyers, who were agents for central market cotton merchants and paid either a salary or commission, bought 36 per cent of the cotton and had a bale average just under the mill buyers. Local independent cotton merchants averaged over 10,000 bales per buyer,

TABLE XLIII

NUMBER AND TYPES OF BUYERS INTERVIEWED, AND BALES PURCHASED,
41 COTTON BUYERS, TENNESSEE, 1947

Type of Buyer	Number of Buyers	Bales Purchased		
		Number	%	Average Per Buyer
Gin	21	36,492	16	1,738
Salaried or com- missioned buyers	7	84,200	36	12,028
Independent	5	52,000	23	10,400
Mill	4	49,327	21	12,331
Cooperative	2	7,440	3	3,720
Scalper	2	350	1	175
Total	41	229,809	100	

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and the five interviewed purchased almost one-fourth of the cotton.

Two other types of buyers were found in the local markets. One of these types was a scalper, or "curbstoner", and the other type was a farmer cooperative.

Scalpers were so-called because they bought from farmers, ginner, or buyers and resold to other buyers in the local market. Hence, they did not perform a necessary marketing function but made their profits by out-trading the people with whom they dealt. The scalpers were operators of general stores, landlords, or bankers and were creditors of the growers using indebtedness to force some growers to sell their cotton to them. Scalper buyers usually bought small amounts, or odd lots of cotton, and the two interviewed averaged only 175 bales each. It was noted that in areas in the state where scalpers operated that the "curbstoner" scalper was often a retired farmer, ginner, or cotton buyer who made the "city square" or court house lawn his daily place of business and only bought cotton when he had an opportunity to make a little "quick" cash.

The two cooperative buyers interviewed were representatives of the Mid-South Cotton Growers Association with headquarters in Memphis, Tennessee. These buyers averaged 3,720 bales each, which was considerably larger than the purchases of gin and scalper buyers but much smaller than

the purchases of the other types of buyers. The Mid-South Cotton Growers Association had year-round offices in several of the larger markets and operated through commission representatives in the smaller markets. This cooperative, besides acting as marketing agent for the grower in normal sales, also was an authorized representative of the government loan program. Hence, the growers could either sell directly through the cooperative or obtain a government loan on their cotton through the association. The association paid prevailing market prices for cotton purchased, and if there were any savings at the end of the fiscal year they were prorated back to the growers on a patronage basis.

The government loan program allowed the cooperative to loan the grower the support price for cotton, and the grower could sell his cotton at any future date to any buyer he desired or he could let the government keep his cotton. One advantage of this program to the growers was that it established a minimum price for cotton. It also permitted the grower to take advantage of any subsequent price increases.

Local Markets

The local markets, often referred to as primary or farmers' markets, are the assembling points at which the growers meet the buyer or buyers. In many cases the local

market was at the gin, and only one buyer, the ginner, and only one price were available to the grower. However, in other cases the local market was of sufficient size to furnish the grower eight or 10 different outlets for his cotton.

The size of the local markets studied, as indicated by the estimates of the buyers, ranged from 70 bales for one gin in Madison County to 100,000 bales each for Dyersburg and Tiptonville in Dyer and Lake counties (Table XLIV). Over eighty per cent of the cotton produced in Tennessee in 1947, or 416,700 bales, was sold at the Dyersburg, Tiptonville, Jackson, Brownsville, Covington, Henderson, Milan, Huntingdon, and Trenton markets. Some of the cotton sold in the nine markets listed above had been resold two and three times after the grower had sold the cotton to the first buyer. These nine markets are examples of concentration points which provide an outlet for the cotton sold in the small local gin markets by the growers.

Radius of Buying Area

The 41 buyers interviewed purchased cotton from one to 100 miles from their local market, but 20, or almost half of the buyers, bought their cotton within a 15 mile radius of the local market (Table XLV). Mill buyers, cotton merchants, and cooperative buyers bought cotton from greater distances, while ginner and scalper buyers pur-

TABLE XLIV

ESTIMATED NORMAL VOLUME OF COTTON SOLD IN LOCAL MARKETS
ANNUALLY, 41 COTTON BUYERS, TENNESSEE, 1947

Rank	Market		Estimated Annual Sales	Rank	Market		Estimated Annual Sales
	City	County			City	County	
1	Dyersburg	Dyer	100,000	15	La Grange	Fayette	2,000
2	Tiptonville	Lake	100,000	16	Ro Ellen	Dyer	2,000
3	Jackson	Madison	75,000	17	Tipton	Tipton	2,000
4	Brownsville	Haywood	45,000	18	Winchester	Franklin	2,000
5	Covington	Tipton	40,000	19	Elbridge	Obion	1,800
6	Henderson	Chester	25,000	20	Decherd	Franklin	1,600
7	Milan	Gibson	15,000	21	Hornbeak	Obion	1,500
8	Huntingdon	Carroll	10,700	22	Middlefork	Henderson	1,500
9	Trenton	Gibson	6,000	23	Bethel	Giles	1,400
10	Giltedge	Tipton	4,000	24	Luray	Henderson	1,200
11	Gift	Tipton	3,500	25	Tigrett	Dyer	1,200
12	Moscow	Fayette	3,000	26	Hollow Rock	Carroll	1,000
13	McKenzie	Carroll	2,700	27	Minor Hill	Giles	1,000
14	Eaton	Gibson	2,000	28	Denmark	Madison	70

TABLE XLV

RADIUS OF BUYING AREA, 41 COTTON BUYERS, TENNESSEE, 1947

Radius of Buying Area in Miles	Number of Buyers
Less than 15	20
15 to 29	7
30 to 44	7
45 to 59	5
60 and over	2

chased cotton from local areas usually within a radius of less than 20 miles.

Source of Funds

The 41 buyers interviewed obtained funds from seven different sources to use in buying cotton (Table XLVI). Almost one-third of the cotton buyers used their own funds for purchasing cotton, and about one-fourth of the buyers used the commercial bank as their main source of funds. The representatives or agents of large cotton merchants, brokers, and cooperatives used company funds in purchasing cotton. Other cotton buyers financed their purchases through cottonseed oil mills and private individuals. Six buyers used commercial banks as a second source of funds for buying cotton.

Source of Purchases

The 41 cotton buyers interviewed bought 101,250 bales, or 44 per cent of their total purchases, from cotton ginners (Table XLVII). Over one-third of the cotton purchased by the buyers interviewed was bought directly from the growers and less than one-fourth from cotton merchants and other buyers. As discussed in the previous chapter, the ginners bought about three-fourths of the cotton ginned at their plants, hence, they were the most important first-buyers of the growers' cotton. The ginner may sell direct to a central market shipper and exporter or to a mill buyer.

TABLE XLVI

SOURCE OF FUNDS USED FOR PURCHASING COTTON, 41 COTTON
BUYERS, TENNESSEE, 1947

Source of Funds	Number of Buyers
Own funds	13
Commercial bank	10
Central market cotton merchant	9
Cotton mill	4
Cottonseed oil mill	2
Main office of farmers cooperative	2
Private individuals	1
Total number of buyers	41

TABLE XLVII

SOURCES OF COTTON PURCHASED, 41 COTTON BUYERS, TENNESSEE, 1947

Source of Purchases	Bales	Per Cent of Total Purchases
Gin	101,250	44
Farmers	88,004	38
Cotton merchants	34,680	15
Other buyers	5,875	3
Total	229,809	100

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The ginner may, however, sell to a local cotton merchant who in turn sells the cotton to a central market shipper and exporter or to a mill buyer. Under the present system of marketing cotton in Tennessee, the cotton after leaving the growers possession is often exchanged two and three times before reaching a spinner.

Factors Influencing Purchasing Methods

Markets On Which Prices Are Based

All of the buyers interviewed based their prices paid for cotton on the quotations of New York Futures. Usually the buyers received this information from the nearest local brokers office established for future trading. However, the representatives or agents of central market firms, either cotton merchants or cooperatives, were generally given a schedule of prices to pay for different qualities of cotton bought in the local market. These quotations were usually received each time the price of cotton changed at the central market which in this case was the Memphis board of exchange. The agents or representatives received these quotations by telephone, telegraph, or teletype when available.

Weights Used In Buying Cotton

About half of the buyers interviewed used the gin weights of cotton as a basis for settlement with the grower

(Table XLVIII). Seventeen of the 41 buyers used compress and warehouse weights as a basis for settlement, while three buyers bought cotton on the basis of mill weights. None of the buyers surveyed purchased cotton on the basis of a public weigher's weights. Bonded compress or warehouse weights were considered more reliable and desirable than gin weights, because often there was no supervision of the weighing of cotton at gins.¹

Methods Used For Transferring Risk of Price Change

Ten buyers, or almost one-fourth of the buyers interviewed, did not attempt to transfer the risk of a price change while the cotton purchased was in their possession (Table XLIX). The agents or representatives of central market cotton merchants or cooperatives transferred risk of price change by reporting purchases daily to the main office of the firm where futures were sold as a hedge. Nine of the buyers sold daily all cotton purchased that day, while 10 of the buyers sold futures to transfer the risk of price change. Several of the buyers stated that when the market was strong or bullish they carried their cotton open, but if they doubted the market at all they

¹J. W. Wright, Marketing Practices In Producers' Local Cotton Markets (Washington, D. C.: Bureau of Agricultural Economics, United States Department of Agriculture, 1938), p. 26.

TABLE XLVIII

WEIGHTS ON WHICH PURCHASES WERE BASED, 41 COTTON
GROWERS, TENNESSEE, 1947

Weights Used	Number of Buyers
Gin	21
Compress and warehouse	17
Mill	3
Total	41

TABLE XLIX

METHODS USED FOR TRANSFERRING RISK OF PRICE CHANGE,
41 COTTON BUYERS, TENNESSEE, 1947

Methods	Number of Buyers
Reported daily to firm	12
Sale of futures	10
Carried open	10
Daily sale of all cotton purchased	9
Total	41

hedged their purchases by selling futures.

Source of Cotton Quality Information

In addition to being excellent cotton classers, some of the buyers had access to copies of official standards covering range in grade and staple length of cotton. However, 24, or over half of the buyers interviewed, did not have access to such standards. The fact that such a large proportion of the buyers could not compare the sample of cotton offered by the growers with the official standards casts some doubt upon their abilities as cotton classers, for it is generally agreed that accurate classing of cotton according to its quality characteristics require frequent reference to grade standard boxes and staple types.² Most of the ginners, who bought cotton at the gin, said they could not class cotton and did not have official cotton standards.

Basis of Purchases

Thirty, or about three-fourths, of the 41 buyers interviewed made the majority of their purchases on the basis of a sample classification (Table L). Twenty-three of these buyers considered grade and staple when buying cotton, one considered grade only, and six buyers consid-

²Marketing of One-Variety and Other Cotton 1947-48, Regional Cotton Marketing Research Committee, Publication Number 1 (Preliminary) (Mimeographed).

TABLE L

BASIS OF PURCHASING COTTON, 41 COTTON BUYERS, TENNESSEE, 1947

Basis of Purchase	Number of Buyers	
Sample classification:		
Grade, staple, character and variety	6	
Grade and staple	23	
Grade only	<u>1</u>	30
Hog-round		10
Seed cotton		1
Total		41

ered the grade, staple, character, and variety of cotton before making a price offer. The one buyer who considered grade only when purchasing cotton, bought many types of low grade cotton that could not be used by spinning mills. Much of this cotton was burned, wet, or otherwise damaged so that normal use was prevented.

About one-fourth of the buyers surveyed bought cotton on a hog-round or gin-run basis, that is, they paid only one price for all qualities of cotton offered for sale by the growers daily. Ginner buyers made up most of the group reporting hog-round purchases, although a few other buyers purchased cotton on this basis. As previously discussed, this method of buying cotton penalized the producers of premium quality cotton and encouraged the growers to produce a short staple and low grade cotton. Only one buyer bought more cotton in the seed than in the bale. This man was a ginner buyer and was located in Carroll County. Other ginner buyers bought some cotton in the seed in addition to bale remnants, but these purchases were not extensive and largely confined to areas of sparse production.

Volume of Purchases, By Variety

The buyers interviewed estimated that 144,583 bales, or 63 per cent of their total purchases, was of the Delta and Pine Land variety (Table LI). Seven other varieties

TABLE LI

VOLUME OF PURCHASES BY VARIETY, 41 COTTON BUYERS,
TENNESSEE, 1947

Variety	Volume of Purchases	
	Bales	Per Cent
Delta and Pine Land	144,583	63
Stoneville	53,698	23
Half and Half	16,458	7
Empire	8,559	4
White Gold	290	*
Paula	200	*
Heavy Fruiter	100	*
Coker	80	*
Other	5,841	3
Total	229,809	100

*One-tenth of one per cent and less.

were reported, but only three, Stoneville, Half and Half, and Empire were of much importance. The buyers estimated that over one-fifth of their total purchases was Stoneville, seven per cent Half and Half, and four per cent Empire. Four other varieties, White Gold, Paula, Heavy Fruiter, and Coker were reported, but together constituted less than one per cent of the total purchases of the buyers.

Basis of Grouping Cotton Into Even-Running Lots For Resale

The practice of grouping cotton into even-running lots before resale was followed most frequently by the larger buyers. Buyers who did not group cotton before reselling or passing on to the next purchaser were found most often among the ginner buyers. Of the 41 buyers surveyed, 36, or almost 90 per cent, reported that when the volume of cotton on hand was large enough to be grouped, a grade and staple basis was used (Table LII). Three buyers grouped cotton on the basis of grade, staple, and variety, and two buyers grouped on a grade, staple, variety, and location basis.

Buyer Attitudes Toward Government Classification Program For Cotton

Willingness to Purchase on Basis of Government Classification

About half, or twenty, of the forty-one cotton buyers interviewed, said they were willing to purchase cotton on

TABLE LII

BASIS OF GROUPING COTTON INTO EVEN-RUNNING LOTS FOR RESALE,
41 COTTON BUYERS, TENNESSEE, 1947

Basis of Grouping Cotton Into Even-Running Lots	Number of Buyers
Grade and staple	36
Grade, staple, and variety	3
Grade, staple, variety, and location	2
Total	41

the basis of the official government classification, while twenty-one buyers reported they were not willing to buy cotton on this basis (Table LIII). Nine of the twenty-one buyers said they were not willing to purchase on the basis of the government class cards, because they could not sell on this basis, indicating that they would buy on government class cards if they could sell on the same basis which may, or may not, be true. Five mill buyers criticized the Smith-Doxey class because it did not have split grades that would satisfy mill needs, therefore, they wanted to class the cotton before buying. Four of the buyers condemned the government classification because it did not agree with their class, implying that they thought themselves better trained to class cotton than the government cotton classers. Two buyers had probably felt a squeeze on their buying margins, because they said the government classers overclassed the cotton.

One buyer made what was considered a valid criticism, that is, he did not buy in large enough lots to purchase on the basis of the government classification. This seems to agree with opinions expressed by several agricultural leaders, that all cotton classers make classification which are too high and too low. Buyers indicated that when they purchased on the basis of government class cards they felt that they needed to buy in eight or 10 bale lots for the class to average out. The government classers are as well

TABLE LIII

WILLINGNESS TO PURCHASE ON BASIS OF GOVERNMENT CLASSIFICATION,
41 COTTON BUYERS, TENNESSEE, 1947

Attitude Toward Government Classification	Number of Buyers
Willing to purchase on official government class:	
Yes	20
No	21
Total	41
Reason why not willing to purchase on government class:	
Cannot sell cotton on this basis	9
Government class does not have split grades that will satisfy mill needs	5
Does not agree with buyers class	4
Believes cotton is overclassed	2
Does not buy in large enough lots	1
Total	21

trained and as well qualified to class cotton as any group of buyers, according to the opinions expressed by several buyers, but they are not able to take the human element of error out of cotton classing. Add to this, the fact that cotton buyers generally do not favor public policies that tend to decrease their buying margins, and the basis is formed for a great deal of the criticism of the Smith-Doxey cotton classification program.

Buyers' Suggestions For Improving Classing Service

Several of the buyers thought that the Smith-Doxey classing program would be improved if the government classers were given more responsibility for their work. Some buyers suggested having the government classers bonded and make them liable for any inaccuracies in their work.

Many of the buyers suggested the adoption of a system of split grades that would meet the needs of the mills. The new system should be devised with the help and approval of the cotton mills so that they would buy cotton on that basis. Several buyers said they would buy and sell cotton on any basis which the mills would accept, and thought that most other buyers would do the same.

Disposition of Cotton

Types of Outlets

The 41 cotton buyers interviewed disposed of their

purchases through six different types of market outlets (Table LIV). The bulk of the cotton was sold to cotton merchants, shippers, and exporters in 13 cities in Tennessee, Alabama, and Georgia. Thirty-four, or 83 per cent of the 41 buyers sold 141,821 bales, or 62 per cent of all purchases, through this type of market outlet. These buyers sold to cotton merchants, shippers, and exporters located in Memphis, Dyersburg, Covington, Tiptonville, Milan, Henderson, Jackson, and Brownsville.

Four of the buyers interviewed were mill buyers, and the 49,327 bales which they purchased was not resold but kept for use at the local mills at Bemis, Dyersburg, Covington, and Trenton. Eleven buyers sold some cotton direct to mills in Tennessee, North Carolina, South Carolina, Georgia, and Alabama.

About four per cent of the cotton purchased by the 41 cotton buyers was resold by consignment to cotton factors and commission firms in Dyersburg, Memphis, and New Orleans. The two cooperative representatives interviewed purchased for the central office of the organization in Memphis and had no further jurisdiction concerning the disposition of the cotton. Only one buyer reported selling cotton to another local buyer, and this man was a scalper.

Types of Transportation Used In Shipping Cotton

About the same number of buyers used the railroad

TABLE LIV

DISTRIBUTION OF SALES BY TYPES OF MARKET OUTLETS, 41 COTTON
BUYERS, TENNESSEE, 1947

Type of Outlets	Buyers		Sales	
	Number	Per Cent	Bales	Per Cent
Cotton merchants, ship- pers, and exporters	34	83	141,821 ^a	62
Mill buyers, did not resell	4	10	49,327 ^b	22
Direct to mill	11	27	22,217 ^c	9
Cotton factors and commission firms	4	10	8,884 ^d	4
Cooperative, central office	2	5	7,440 ^e	3
Other local buyers	1	2	120 ^f	*
Total	56**		229,809	100

*Less than one-tenth of one per cent.

**Does not total 41, because some buyers sold through more than one outlet.

^aLocated in Memphis, Dyersburg, Covington, Tiptonville, Milan, Henderson, Jackson, and Brownsville, Tennessee; Huntsville, Elkmont, Athens, and Florence, Alabama; and Atlanta, Georgia.

^bLocated in Bemis, Dyersburg, Covington, and Trenton, Tennessee.

^cLocated in Nashville, Trenton, Dyersburg and Bemis, Tennessee; and in North Carolina, South Carolina, Georgia, and Alabama.

^dLocated in Dyersburg and Memphis, Tennessee; and New Orleans, Louisiana.

^eLocated in Memphis, Tennessee.

^fLocated in Tipton County.

and truck as means of shipping cotton out of the local market (Table LV). A majority of the gin buyers used trucks to transport the baled cotton from the gin to the local compress or warehouse, while most street buyers used rail transportation to ship cotton from their local markets.

Sixty-four per cent of the total cotton purchased, or 147,926 bales, was shipped by 23 buyers from local markets by rail. Twenty-four buyers shipped 14 per cent of the total cotton purchased by trucks from their local markets. Ten buyers used both rail and truck for shipping cotton while four mill buyers used no transportation, since the cotton was used at the local cotton textile mills for which they worked.

TABLE LV

TYPE OF TRANSPORTATION USED IN SHIPPING COTTON OUT OF
LOCAL MARKETS, 41 COTTON BUYERS, TENNESSEE, 1947

Type of Transportation	Number of Buyers	Sales	
		Bales	Per Cent
Rail	23	147,926	64
Truck	24	32,556	14
No transportation used*	4	49,327	22
Total	51**	229,809	100

*These four buyers were mill buyers and the cotton purchased was used at the mill, hence, no transportation was involved.

**Does not total 41, because 10 buyers shipped cotton by both rail and truck.

CHAPTER V

CONCLUSIONS

Summary

This study was a part of a regional project on cotton marketing and covered the cotton marketing practices of 141 growers, 22 ginner, and 41 buyers in Tennessee in 1947. The main purpose of this study was to compare cotton marketing methods used in organized one-variety communities with those in unorganized communities.

Growers

The one-variety cotton improvement projects were started in Tennessee in the late twenties, and in 1947 there were five local and twenty-one county-wide organizations. Since the passage of the Smith-Doxey Act in 1937, the United States Department of Agriculture has provided free cotton classification and market news services for any group of producers organized to promote the improvement of cotton and who meet certain other requirements of the Act.

The number of cotton varieties grown by Tennessee farmers is declining, and over 95 per cent of the cotton produced in 1947 was either Delta and Pine Land, Stoneville, or Half and Half.

The growers in organized communities were much larger

cotton producers, averaging 40 bales per grower, while those in unorganized communities averaged 19 bales per grower.

Organized producers used government credit agencies to a somewhat greater extent than did unorganized growers, and over half of all the growers used their own funds to produce and market their cotton.

The organized growers obtained planting seed from sources which are generally accepted as being more reliable; and used seed of better breeding, this being one of the greatest accomplishments of the one-variety program.

In addition to ginning the growers cotton, buying seed cotton, and buying baled cotton, the gins also purchased most of the growers cottonseed at the time of ginning.

The bargaining position of the cotton grower in the sale of his cotton was determined to a great extent by his knowledge of the quality of the cotton produced and his knowledge of current market prices. One-fifth of the growers interviewed had no market information except the price offered by the buyer, hence, they were not in a position to bargain effectively with the cotton buyers.

Almost half of the growers interviewed did not know the quality of their cotton before it was sold. Over half of the organized growers had reliable information as to the quality of their cotton compared to less than a tenth

of the unorganized producers. This was an important accomplishment of the Smith-Doxey free cotton classification program.

About one-fourth of the growers had to sell their cotton immediately after ginning to meet current obligations, and another fourth said it was a matter of custom to sell their cotton as soon as it was ginned.

Organized growers contacted more buyers before selling their cotton than unorganized producers, but almost two-thirds of all the growers interviewed contacted only one buyer before selling their cotton. About one fourth of the organized growers reported that buyers made some use of the Smith-Doxey classification in purchasing their cotton but only four per cent of the cotton was sold entirely on the basis of government classification.

A greater proportion of the unorganized growers sold their cotton immediately after ginning while more organized producers held their cotton until later in expectation of receiving a higher price.

Over half of the growers sold their cotton on a grade and staple sample classification, but 40 per cent of the growers sold on a hog-round or gin-run basis. Hog-round selling of cotton was one of the greatest inefficiencies found in the cotton marketing process since this practice penalized growers who produced and marketed a product

CRANFORD CREST

of premium qualities and was actually an incentive for the growers to produce and market poor quality cotton.

The larger cotton growers, both organized and unorganized, contacted or patronized a greater number of buyers, but the majority of the producers sold their entire crop to a single buyer or through a single marketing agency.

Ginners

Once primarily a farm operation, ginning is now conducted chiefly as a highly specialized commercial activity and is an essential step in the preparation of the growers' cotton crop for market.

The gin, if equipped with modern machines and operated correctly, can improve the quality of much of the growers' cotton and result in a greater return to the producer.

Over half of the gins studied were owned by partnerships. This might indicate that a modern gin requires more capital and time than most individuals have available.

Gins serving organized one-variety communities were better equipped with cotton driers than the gins serving unorganized growers, which probably means that organized producers as a group received more for their green, damp, or wet cotton than did the unorganized growers.

Ginning is an item of direct cost to cotton pro-

ducers, and their real ginning costs are lower during high price periods.

It would be expected that the costs of ginning a bale of cotton would be relatively less, for the gins in organized communities than for those serving unorganized growers because of the greater volume per gin.

Because of the highly seasonal nature of the ginning business, cotton gin owners engage in from one to five other commercial activities. The forty-one persons, who owned the twenty-two gins, were engaged in 105 other commercial activities.

In some cases the ginner was the only cotton buyer available in the local community. On the average, ginner's purchased about three-fourths of their total ginnings, usually on a hog-round basis.

Most of the cotton, after it was ginned, was shipped by trucks to the nearest public compress and warehouse. Gins generally used paper tags showing the bale number, gin name, and gin address as a means for identifying each bale of cotton after it was ginned.

The ginner plays an important part in the Smith-Doxey cotton classing program, for the growers largely depend on him to cut and submit samples of cotton to be classed. Gins in organized communities sent samples from over half of their total ginnings to be classed, compared with only six per cent for gins serving unorganized pro-

ducers.

The majority of ginners in both organized and unorganized communities believed that the one-variety program has been helpful to the growers or would be helpful in areas where the service is not now established. They believed that the program has resulted in the use of a higher quality planting seed which improved the quality of the cotton, increased the yield per acre, aided in marketing, and resulted in a greater net return to the grower.

Ginners handled about three-fourths of the growers' planting seed and exerted considerable influence on the effectiveness of the one-variety program. In general, the gins serving organized communities took more precaution to keep seed of different strains and varieties from becoming mixed during the ginning process than did gins serving unorganized communities. All of the gins serving one-variety groups and all but four of the gins in unorganized communities sold planting seed to the growers which was mostly certified and/or registered seed.

The one-variety gins sold an average of 14 tons of planting seed per gin compared with nine and one-half tons per plant for the gins in unorganized communities. All of the planting seed sold by gins serving one-variety groups was cleaned, delinted, and treated, but almost one-fifth of the seed sold by gins in unorganized communities was not cleaned, delinted, and treated. Most of the planting

seed was stored in sacks before it was sold.

Buyers

Over half of the buyers interviewed were ginnerers. Other important types of buyers were millers, salary or commission representatives of central market cotton merchants, independent local market cotton merchants, and the Mid-South cotton cooperative.

In many cases the local market was at the gin, and only one buyer and one price were available to the grower. The largest cotton markets studied were at Dyersburg in Dyer County and Tiptonville in Lake County, and the annual cotton sales of each market were estimated to be 100,000 bales.

Most of the buyers bought cotton within 15 to 20 miles of the local market, but some purchased cotton from as far as 100 miles.

The 41 buyers interviewed obtained funds from seven different sources to use in buying cotton.

Only a little over one-third of the cotton purchased by local buyers was bought directly from the growers. Street buyers purchased the bulk of their cotton from ginnerers.

All of the buyers interviewed based their prices paid for cotton on the quotations of New York Futures.

Bonded compress or warehouse weights were consid-

ered more reliable, but about half of the buyers used gin weights of cotton as a basis for settlement with the growers.

Representatives of cotton merchants followed the practice of reporting daily to their firm all purchases, sale of futures, and sales daily of all cotton purchased as methods of transferring risk of price change.

About three-fourths of the buyers interviewed made the majority of their purchases on the basis of a sample classification; most of the others purchased on a hog-round basis.

The buyers reported that they purchased eight different varieties of cotton, but only Delta and Pine Land, Stoneville, Half and Half, and Empire were of much importance.

Only the larger buyers followed the practice of grouping cotton on a grade and staple basis before resale.

About half of the buyers interviewed stated that they were willing to purchase cotton on the basis of the official government classification. Some buyers criticized the government class because it was inaccurate, because it did not have split grades, and because they could not sell on this basis.

The 41 buyers disposed of their purchases through six different types of market outlets. The bulk of the cotton was sold to cotton merchants, shippers, and ex-

porters in 13 cities in Tennessee, Alabama, and Georgia.

Sixty-four per cent of the cotton purchased by the 41 buyers was shipped from the local markets by railroad and 14 per cent by truck.

Recommendations

It appears desirable that the present one-variety program be encouraged and expanded to include growers who are not members of one-variety organizations. This study shows that the unorganized growers need to use a better quality planting seed, more and better market information, and more and better cotton quality information. The one-variety program may be the best method of accomplishing these goals.

It seems desirable that the practice of selling cotton on a hog-round basis be corrected, but this will not be easy to accomplish because of custom and established practices in some areas. It is possible that the fibergraph machine will aid in solving this problem. This machine, developed by the Physics Department of the University of Tennessee, measures the length, strength, and fineness of cotton with almost perfect accuracy. A cotton laboratory with such facilities has been established in Memphis, Tennessee, and is the first of its kind to be operated on a commercial basis. If the operation of this laboratory is successful, it may be feasible to establish

similar laboratories at many of the local cotton markets in Tennessee. These laboratories could be financed by the state or federal government, by farmer cooperatives, or by commercial concerns through private enterprise.

It is recommended that a study be made of market news agencies serving the cotton growers to determine the source and quality of the market information disseminated by them and methods of improving market news services.

In many of the local markets the volume of cotton sold is so small that only one buyer is available to the growers. In these areas there is a need for competition among the buyers or provision for alternative methods of selling. It is possible that this situation could be improved by establishing auctions in the smaller markets. These auctions probably would operate only one or two days a week because of the limited volume of cotton. Many of the cotton ginner preferred not to buy cotton because of the added risk involved, or for other reasons, and probably would favor the establishment of cotton auctions to relieve them of this task.

There is a need for studying the effects of various methods of financing the production and marketing of cotton in Tennessee.

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APPENDIX A

State _____

Enumerator _____

Date _____

GROWER SCHEDULE

Regional
Cotton Marketing Study

Name _____ Community _____

Address _____ County _____

1. Acres in cotton _____.

2. Are you in a one-variety community? Yes _____ No _____.

3. 1947 Cotton Production (Indicate adopted variety, if any, by check).

Variety	Bales produced
_____	_____
_____	_____
_____	_____
_____	_____

4. If producing two varieties are you a member of 2 one-variety communities? _____

5. Gins patronized in 1947:

<u>Name of gin</u>	<u>Address</u>	<u>Miles to gin</u>	<u>Bales ginned</u>
_____	_____	_____	_____
_____	_____	_____	_____

6. Cotton buyers to whom you sold in 1947:

<u>Name of buyer</u>	<u>Address of buyer</u>	<u>No. of bales</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

7. Number of buyers interviewed before selling _____.

8. Reasons given by growers for choice of buyer:
Check: (If more than one reason, number in order of importance).
- ___ 1. Highest bidder or considered to have best price.
 - ___ 2. Satisfied with first order.
 - ___ 3. Same price from all buyers.
 - ___ 4. Guaranteed highest price.
 - ___ 5. Agreement by buyer to pay premium on cotton produced under cotton improvement program.
 - ___ 6. No other buyer available.
 - ___ 7. Confidence in buyer.
 - ___ 8. Friendship
 - ___ 9. Indebted to buyer.
 - ___ 10. Business connection with buyer.
 - ___ 11. Buyer selected by landlord.
 - ___ 12. Ginner pays more for cotton ginned at own plant.
 - ___ 13. Ginner buys only cotton ginned at own plant.
 - ___ 14. Custom.
 - ___ 15. Purchased on basis of quality.
 - ___ 16. Most liberal weights.
 - ___ 17. Prefer selling cooperatively.
 - ___ 18. Sell to landlord.
 - ___ 19. No special reason.
9. Factors determining time of selling cotton by growers in 1947:
Check: (If more than one reason, number in order of importance).
- | | |
|---|--|
| ___ 1. To meet immediate obligations. | ___ 5. To avoid storage, insurance, and other charges. |
| ___ 2. Price considered most favorable. | |
| ___ 3. To avoid loss in weights. | ___ 6. Convenience. |
| ___ 4. Custom to sell immediately. | ___ 7. No storage facilities. |

10. Time and place of sale by growers in 1947:
Check: (Most important major item should be checked (A,B,C,D).
If more than one number in order of importance, Complete the
subhead under major items checked)

- ____ A. At gin or street markets
- ____ 1. In seed*
- ____ 2. In bales
- ____ a. Immediately after ginning
- ____ b. Later
- ____ B. At local cotton yard or warehouse
- ____ 1. Immediately after ginning
- ____ 2. Later
- ____ C. At farm
- ____ D. From cotton buyers' tables
- ____ 1. Before harvest
- ____ 2. Immediately after ginning
- ____ 3. Later

* Other than crop remnants

11. Basis of sales of cotton: (Check most important basis)

- ____ A. Sample classification
- ____ 1. Grade, staple, character, and variety
- ____ 2. Grade and staple
- ____ 3. Grade only
- ____ 4. Staple only
- ____ B. Hog-round
- ____ C. Seed cotton

Page 4
Growers Schedule

12. Source of funds for producing and marketing cotton: (Check most important source)

- ___ 1. Own funds
- ___ 2. Commercial bank
- ___ 3. Ginner
- ___ 4. Supply merchant
- ___ 5. Production Credit Association
- ___ 6. Private individuals
- ___ 7. Credit corporations
 - ___ a. Cooperative
 - ___ b. Cotton buyer
 - ___ c. Oil Mill

13. In general, what are your marketing practices in regard to cottonseed? (Check most important practice)

- ___ 1. Sell at the gin
- ___ 2. Sell as planting seed
- ___ 3. Sell direct to oil mill
- ___ 4. Feed for livestock

14. Sources from which growers obtain information relative to quality of cotton sold: Check: (If more than one, number in order of importance)

- ___ 1. Buyers' class*
- ___ 2. U. S. Dept. of Agriculture class
- ___ 3. Licensed classer's class
- ___ 4. Warehousemen's class
- ___ 5. Grower's own class
- ___ 6. Factor's class
- ___ 7. Ginner's class

____ 8. Grower not knowing quality of cotton sold

* Includes cooperative's class

15. What is your source of market information? (Check 3 in order of their importance)

____ A. Daily paper

____ 1. Only source

____ 2. In combination with other sources

____ B. Radio

____ 1. Only source

____ 2. In combination with other sources

____ C. At gin bulletin board

____ 1. Only source

____ 2. In combination with other sources

____ D. Cotton factors and brokers

____ 1. Only source

____ 2. In combination with other sources

____ E. Cooperative association basis sheet

____ 1. Only source

____ 2. In combination with other sources

____ F. Government Price report

____ G. Verbal information only

____ H. No information except price offer

16. Characteristics of Cotton Planting Seed Used

Variety	Source	Breeding
	Breeder, gin, home grown neighbors, etc.	Registered, certified 1 st. year, etc.
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

17. What was the buyer's reaction to mention of the possession of the class?

- A. Bought cotton on cards without sampling () _____ bales.
- B. Took sample and used class card as a guide () _____ bales.
- C. A passive resistance shown ().
- D. Expressed dissatisfaction with government class; was inaccurate (); too high (); too low (); classers not competent ().
- E. Buyer could not sell on this class ().
- F. Other _____

18. Have you ever been a member of a group that has attempted to pool cotton in even running lots for sale? _____. Was this undertaking generally successful? _____

Explain _____

State _____

Enumerator _____

Date _____

GINNER SCHEDULE

Regional
Cotton Marketing Study

Name of gin _____ Community _____

Address _____ County _____

Name of owner _____

1. What is the type of ownership.

(a) Individual _____ (b) Partnership _____

(c) Corporation _____ (d) Cooperative _____

2. Other commercial activity engaged in by owner _____

3. Number of bales ginned in 1947.

<u>Name</u>		<u>Bales</u>
Adopted variety	_____	_____
Other variety	_____	_____
	_____	_____
	_____	_____
Total	_____	_____

4. Number of samples sent to government classing service of adopted variety _____. Number of samples sent to government classing service of other variety _____.

5. Number of patrons _____.

6. Kind of cleaning equipment _____

Type of drier _____

Do you have seed scales? _____

7. A. If in a one-variety community:

1. Has the one-variety community program helped the growers? _____

2. Has the one-variety program made no change? _____

B. If not in a one-variety community:

1. Do you feel that a one-variety organization would be of value? _____

8. Do you buy cotton at the gin? Yes ____ No ____ . Percentage of total amount ginned _____ .

9. How were bales identified?

<u>Kind</u>	<u>Information Shown</u>
Metal tag on tie _____	_____
Paper tag _____	_____
Stenciled _____	_____
Inside identification _____	_____
Other _____	_____

10. Precautions taken to prevent mixing of seed if more than one variety ginned: (Check method used)

____ a. Drop seed roll.

____ b. Gin one or more bales of adopted variety before saving seed.

____ c. Catch seed at gin stand.

____ d. Clean seed conveyors.

____ e. Gin days for adopted variety.

____ f. Pure seed system.

____ g. Other.

____ h. None.

11. Does ginner purchase seed for distribution to growers for planting purposes?

Yes ___ No ___. Source? _____ Years from breeder? _____

12. Conditions under which planted seed are stored:

___ 1. Special seed house.

___ 2. Sacked seed.

___ 3. Other. (Specify): _____

13. Quantity of seed sold for planting purposes _____ and proportions that he handled that were:

1. Cleaned _____ %

2. Delinted _____ %

3. Treated _____ %

14. How does farmer sell his seed? (Check most important method of sale)

___ 1. Through ginner as a commission agent.

___ 2. To ginner as an independent buyer.

___ 3. To cooperative.

___ 4. Other.

15. What are the practices with regard to storage of all cotton baled at your gin?

<u>Type of Storage</u>	<u>Per Cent</u>	<u>Distance from Gin</u>
Gin yard	_____	_____
Railroad platform	_____	_____
Public cotton yard	_____	_____
Private warehouse	_____	_____
Public compress & warehouse	_____	_____
At farm	_____	_____

State _____

Enumerator _____

Date _____

BUYER SCHEDULE

Regional
Cotton Marketing Study

Name of buyer _____

Address _____ County _____

1. Type of buyer _____

2. What is normal volume of cotton sold in your local market
annually? _____

3. Radius of area from which you buy? _____

4. Basis of purchase: (Check most important basis)

____ A. Sample classification

____ 1. Grade, staple, character, and variety

____ 2. Grade and staple

____ 3. Grade only

____ 4. Staple only

____ B. Hog-round

____ C. Seed cotton

5. Volume of cotton bought by variety:

A. Variety Bales

_____	_____
_____	_____
_____	_____
_____	_____

B. Basis of grouping even running lots of cotton:

1. Grade and staple only without variety and location_____.
2. Grade, staple, and location_____.
3. Grade, staple, and variety_____.
4. Grade, staple, variety and location_____.

6. Market on which buyers' prices are based: (Check most important market)

- | | |
|---------------------------------|--------------------------------------|
| _____ 1. New York futures | _____ 4. Ten designated spot markets |
| _____ 2. Nearest central market | _____ 5. No definite base |
| _____ 3. Mill prices | |

7. Weights on which settlement with growers are based:

Per Cent

- | | |
|----------------------------------|-------|
| 1. Gin weights | _____ |
| 2. Compress or warehouse weights | _____ |
| 3. Public weigher's weights | _____ |

8. For what particular qualities of cotton does buyer have best market outlet? (grade, staple, location, variety)_____

9. Distribution of sales of cotton by first-buyer by types of markets and locations:

- | | <u>Per Cent</u> | <u>Location</u> |
|---|-----------------|-----------------|
| 1. Other local buyers | _____ | _____ |
| 2. Central market | _____ | _____ |
| 3. Cotton merchants, shippers and exporters | _____ | _____ |
| 4. Direct to mill | _____ | _____ |
| 5. Cotton factors and commission firms | _____ | _____ |

10. Methods used for transferring risk of price change: (Check most important method)
- ____ 1. Sale of futures
- ____ 2. Reported daily to firm
- ____ 3. Daily sale of all cotton purchased
- ____ 4. Carried open
11. Government classing service
1. Are you willing to purchase cotton on the official government classification? _____
2. Not willing to purchase on official government classification
_____.
12. Source of funds for buying cotton: (Check most important source)
- ____ 1. Own funds
- ____ 2. Commercial bank
- ____ 3. Central-market cotton merchant
- ____ 4. Cottonseed oil mill
- ____ 5. Cotton mill
- ____ 6. Private individuals
13. What are the types of transportation used in shipping cotton out of local markets?
- | <u>Transportation</u> | <u>Per Cent</u> |
|-----------------------|-----------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
14. Number of bales purchased from:
1. Gin _____ bales
2. Merchants _____ bales

3. Other buyers _____ bales

4. Other _____ bales

15. Does buyer have access to copies of official standard covering range in qualities for:

1. Grade _____

2. Staple length _____

APPENDIX B

AN ACT OF CONGRESS

April 13, 1937
(S. 1500)
(Public, No. 28)

Cotton standards,
etc.
44 Stat. 1373.
7 U.S.C. ss 473, 474.

Classification pro-
visions.

Transportation,
tags, and containers.

Samples, disposition
of proceeds of sales

Authorizing the Secretary of Agriculture to provide for the classification of cotton, to furnish information on market supply, demand, location, condition, and market prices for cotton, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled
"An Act authorizing the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton", approved March 3, 1927, is amended by inserting between sections 3 and 4 thereof the following new sections:

SEC. 3a. The Secretary of Agriculture, upon request in writing from any group of producers organized to promote the improvement of cotton who comply with such regulations as he may prescribe, is authorized and directed to determine and to make promptly available to such producers, the classification, in accordance with the official cotton standards of the United States, of any cotton produced by them. The Secretary of Agriculture is further authorized to pay the transportation charges and to furnish tags and containers for the samples of cotton submitted for classification under this section, and all samples of cotton so classified shall become the property of the Government, and the proceeds of any sales thereof after classification shall be covered into the Treasury of the United States as miscellaneous receipts.

Market news service.

SEC. 3b. The Secretary of Agriculture is also authorized and directed to collect, authenticate, publish, and distribute, by telegraph, radio, mail, or otherwise, timely information on the market supply, demand, location, condition, and market prices for cotton, and to cause to be prepared regularly and distributed for posting at gins, in post offices, or in other public or conspicuous places in cotton-growing communities, information on prices for the various grades and staple lengths of cotton.

Rules and regulations.

SEC. 3c. The Secretary of Agriculture is further authorized to make such rules and regulations as he may deem necessary to effectuate the purposes of this Act.

Approved, April 13, 1937.

APPENDIX C

TABLE I

RANK OF COUNTIES BY BALES OF COTTON PRODUCED, TENNESSEE, 1947

Rank	County	Production (in Bales)	Rank	County	Production (in Bales)
1	Shelby	45,600	27	Benton	2,230
2	Tipton	41,800	28	Polk	1,340
3	Haywood	37,400	29	Bradley	1,200
4	Fayette	36,900	30	Coffee	1,100
5	Lauderdale	36,300	31	McMinn	1,000
6	Gibson	36,000	32	Bedford	730
7	Dyer	33,800	33	Marion	620
8	Madison	28,800	34	Hamilton	580
9	Crockett	27,000	35	Meigs	400
10	Hardeman	20,400	36	Warren	370
11	Lake	20,200	37	Monroe	310
12	Henderson	19,600	38	Marshall	260
13	McNairy	18,600	39	Grundy	170
14	Lawrence	17,600	40	Maury	160
15	Carroll	16,500	41	Perry	150
16	Chester	11,100	42	Lewis	100
17	Lincoln	10,000	43	Williamson	90
18	Obion	8,200	44	Moore	60
19	Hardin	7,700	45	White	60
20	Giles	7,450	46	Cannon	10
21	Weakley	7,450	47	Davidson	10
22	Franklin	5,780	48	DeKalb	10
23	Henry	4,350	49	Wilson	10
24	Rutherford	4,110	50	Knox	10
25	Decatur	3,710	51	Rhea	5
26	Wayne	2,660	52	Blount	5
State Total					520,000

Source: Agricultural Trends in Tennessee (Nashville, Tennessee: Tennessee Department of Agriculture, December 1948), pp. 16-17.

TABLE II

RANK OF COUNTIES BY ACREAGE OF COTTON GROWN, TENNESSEE, 1947

Rank	County	Acreage	Rank	County	Acreage
1	Shelby	62,000	27	Benton	3,350
2	Fayette	57,500	28	Bradley	2,450
3	Tipton	55,500	29	McMinn	2,400
4	Haywood	52,500	30	Polk	2,350
5	Gibson	45,500	31	Coffee	1,600
6	Dyer	41,200	32	Bedford	1,200
7	Lauderdale	40,200	33	Hamilton	1,050
8	Madison	38,900	34	Marion	950
9	Crockett	34,200	35	Meigs	950
10	Hardeman	28,200	36	Monroe	760
11	Lake	26,100	37	Warren	600
12	McNairy	25,900	38	Marshall	450
13	Henderson	25,100	39	Mauzy	250
14	Lawrence	23,900	40	Grundy	250
15	Carroll	20,600	41	Perry	250
16	Lincoln	14,600	42	Lewis	200
17	Chester	14,100	43	Williamson	170
18	Obion	12,600	44	Moore	100
19	Hardin	12,300	45	White	100
20	Giles	11,600	46	Knox	20
21	Weakley	10,600	47	Cannon	20
22	Franklin	7,800	48	Davidson	20
23	Decatur	6,650	49	De Kalb	20
24	Rutherford	6,350	50	Wilson	20
25	Henry	6,300	51	Rhea	10
26	Wayne	4,250	52	Blount	10
State Total				704,000	

Source: Agricultural Trends in Tennessee (Nashville, Tennessee: Tennessee Department of Agriculture, December 1948), pp. 16-17.

TABLE III

RANK OF COUNTIES BY NUMBER OF GINS, TENNESSEE, 1947

Rank	County	No. of Gins	Rank	County	No. of Gins
1	Shelby	31	19	Giles	6
2	Gibson	24	20	Weakley	6
3	Dyer	22	21	Hardin	6
4	Fayette	22	22	Henry	5
5	Lauderdale	21	23	Rutherford	4
6	Madison	21	24	Decatur	3
7	Tipton	21	25	Franklin	3
8	Haywood	20	26	Wayne	3
9	Henderson	18	27	Bedford	2
10	McNairy	18	28	Benton	2
11	Carroll	17	29	Bradley	2
12	Hardeman	17	30	Coffee	2
13	Crockett	13	31	Polk	2
14	Lake	13	32	McMinn	1
15	Lawrence	13	33	Hamilton	1
16	Chester	10	34	Warren	1
17	Lincoln	9	35	Monroe	1
18	Obion	9	36	Marshall	1
State Total					370

Source: Tennessee Cotton Ginners Directory (Jackson, Tennessee: Tennessee Cotton Ginners Association, April 1948), pp. 1-22.