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Eastern States Farmers' Exchange has over 200,000 members, and sells over \$80 million worth of feed, fertilizer, seeds, and pesticides a year

ABOUT A CENTURY AGO Josh Billings, the great country humorist, said that if you put a Yankee farmer in the Garden of Eden he would quickly see a way to alter it to advantage. Few would doubt that the New Englander has been keen in his farming practices. He has had to be.

In 1918, so-called Yankee ingenuity caused a group of northeastern industrialists, led by Horace A. Moses, to form an association known as Eastern States Farmers' Exchange. Today this direct membership organization has grown to the point where the value of its 1956 distribution of feed, fertilizers, agricultural chemicals, seeds, and other commodities should top \$84 million.

Moses, owner of the Strathmore Paper Co., believed that New England industry could not be successfully run without a stable agriculture in the area. Initially the association was confined to the states of Connecticut, Massachusetts, Rhode Island, New Hampshire, and Vermont. Within eight years it had grown to include its present territory—the six New England states, Delaware, and parts of Pennsylvania and Maryland.

During the first year, the group merely provided a brokerage service in purchasing, mostly feed, for members. By the end of the second year fertilizer distribution had begun. In 1923 a seed service was initiated, and in 1935 pesticide and other agricultural chemical distribution was added. Feeds still account for the lion's share of business, amounting to over 75% of total value; fertilizer sales are next, followed by seeds and agricultural chemicals.

Membership in Eastern States is by patronage—with each buyer remaining a member for the calendar year following his last purchase. Presently it has some 205,000 patrons, including 101,000 nonfarmers, primarily homeowners. The nonfarmer group accounts for only 5% of its total sales. Several of the farmers purchase in quite large quantities—one buying over \$250,000 worth of materials annually.

The members elect a board of di-

rectors (in proportion to state membership), and the board chooses the president, vice president, and a general manager who is responsible for carrying out the board's policies.

Distribution by Eastern States has followed an interesting evolution. Originally designed to offer centralized purchases to local country farm exchanges, the association soon supplemented this technique with part-time local representatives who generally were large farm operators in the community. By 1931 the emphasis had shifted almost entirely to local representatives. Then regional warehouses with Eastern States employees were established, originally as depots to supply the local representatives. Now called "service centers," these warehouses supply directly to the consumer about 41% of Eastern States' feedstuffs, 48% of the fertilizer materials, and 68% of the agricultural chemicals; the remaining quantities go through the 450 local representatives.

Currently there are 94 service centers, five more than last year, and 12 more than two years ago. Still functioning are more than a dozen local co-ops which act as Eastern States' local representatives—emulating

the service centers' pattern.

Of the \$80.4 million taken in by the exchange in 1955, \$3.3 million represented net savings to members. Some \$2.3 million was distributed in cash refunds, while \$1 million was allocated to patrons but retained for capital. The exchange extends no credit, insisting on cash payment. It does, however, urge members to borrow from local banks.

The association distributed more than 750,000 tons of feedstuffs in 1956, including poultry feeds, of considerable interest in the area, and dairy and livestock feeds. All are manufactured at two of the largest feed mills in the country—at Buffalo, N. Y., and Huron, Ohio. The latter cost some \$11 million, and utilizes automatic, continuous mixing.

\$8 Million Worth of Plant Food

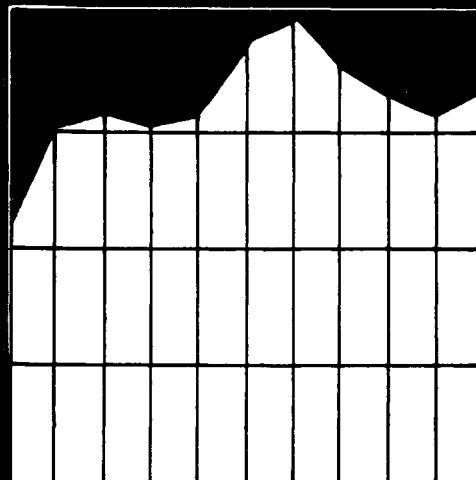
Fertilizer materials are second in total value in the Eastern States picture. Almost 140,000 tons, worth more than \$8 million, was handled last year. Most of this tonnage represents high analysis mixtures. Only one standard fertilizer grade at Eastern States contains less than 30 units of plant food per ton, while some go as high as 50. Average content is almost 34.

The exchange has four fertilizer plants—at North Cambridge, Mass., York, Pa., Wilmington, Del., and Kittanning, Pa.—with a storage capacity of about 75,000 tons of mixed goods. Some 90% of the fertilizers handled are mixtures.

High spot in the fertilizer program is current acceptance of winter shipments, with farmers taking fertilizer delivery from mid-November through mid-March. Last year winter shipment accounted for 43,000 tons. Off-

EASTERN STATES FARMERS' EXCHANGE

Of the \$80.4 million worth of sales in 1955, \$3.3 million represented net savings to members





The President . . .

Julian B. Thayer

Connecticut Farmer

cialists feel that the program will reach the same proportions this year, although farm money is tight in the area. The savings incentive (up to \$3.50 per ton) is strongest in such times.

For two decades Eastern States has been distributing agricultural chemicals, starting with five items and \$15,000 in sales in 1935. Today, 98 formulations are carried, excluding more than 70 special dust mixtures. Current sales total more than \$2 million annually.

The association operates two agricultural chemical plants—at York, Pa., and West Concord, Mass. A limited list of formulations is manufactured, but primarily the organization purchases goods formulated to its own specifications. By being first in its area with price lists (the 1957 list comes out within two weeks) the exchange sets the agricultural chemical price pattern in New England.

While the organization operates research farms in conjunction with its feed and seed programs, it does not do so in agricultural chemicals and fertilizers; the management feels that more, in this case, is accomplished by using the money for trips to state experiment stations, and to industrial and federal research laboratories.

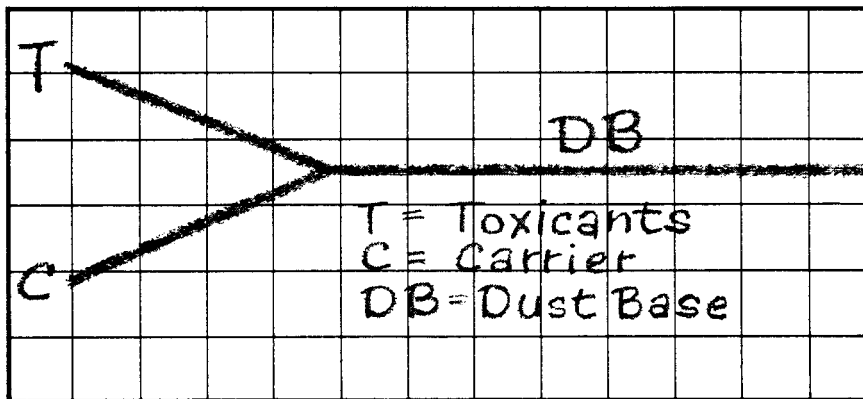
A leading poultryman and dairyman, Julian B. Thayer, Rockfall, Conn., has been president of Eastern States since 1952. Thayer has been prominent in Connecticut agricultural affairs for nearly 20 years. Operation of the exchange is under the direction of William D. Milsop, who has been with the cooperative since 1922, and general manager since early 1955.

Milsop is very optimistic about Eastern States' future growth. "Feed sales have picked up greatly this year. Farmers realize that New England agriculture, with its raising of tobacco and other money crops, is founded on applied fertility."



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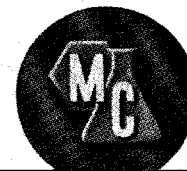
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