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AN EARLY HISTORY OF THE NORTHERN WISCONSIN
CO-OPERATIVE TOBACCO POOL

by

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ABSTRACT

An Early History of the Northern Wisconsin Co-Operative Tobacco Pool is a seminar paper written as partial fulfillment of the requirement for a masters degree at Wisconsin State University at La Crosse.

Farmers in Wisconsin have produced tobacco for over a century. In 1922, to market the tobacco, growers organized the Northern Wisconsin Co-Operative Tobacco Pool. From the beginning the Pool tried to persuade growers of its effectiveness, while the tobacco buyers pointed out the weaknesses of the organization. Litigation between the Pool and the tobacco buyers followed. During the fourteen year history of the Pool the organization fought several contract renewal battles. In 1936 the Directors of the Pool decided to release members from their contracts. As a result of this action the Northern Wisconsin Co-Operative Tobacco Pool ceased to exist as a statewide organization.

There has been very little research on this topic. Much of the information has come from local newspapers, tobacco industry publications, and interviews with people involved in the tobacco industry.

EARLY HISTORY OF THE NORTHERN WISCONSIN
CO-OPERATIVE TOBACCO POOL

A Seminar Paper

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the Faculty of the Department of History
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of the Requirements for the Degree
Master of Science

by

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CHAPTER I

INTRODUCTION

Farmers in Wisconsin have produced tobacco for more than a century. Presently, growers in this state raise more cigar leaf tobacco than any other area in the United States. In 1962 the total value of tobacco products in Wisconsin reached ninety-nine million dollars. This paper is a brief early history of the co-operative movement in the Wisconsin tobacco industry. Included in the paper are chapters covering the history of the Wisconsin tobacco industry, development of local tobacco pools, formation of the state tobacco pool, organization of the co-operative association, legal difficulties, and a summary of the successes and failures of the organization.

The paper is limited to a fourteen year period from 1922-1936. During these years the Northern Wisconsin Co-Operative Tobacco Pool operated as a statewide organization. The author will show what led to the founding of the association and what eventually led to its dissolution. The objective of this paper is to present an unbiased summary of the pros and cons of the Tobacco Pool.

It is the hope of the author that the reader will find the paper interesting and will gain knowledge from its reading. There has been very little research on this topic

prior to this paper. Much of the information has come from local newspapers, tobacco industry publications, and interviews with people involved in the tobacco industry. This paper is not meant to be a comprehensive examination of the entire tobacco industry but rather a concentrated study of the fourteen year history of the statewide co-operative association.

CHAPTER II

WISCONSIN TOBACCO INDUSTRY

Although tobacco is grown the world over, ninety per cent of the world output is produced north of the equator. In 1920 the United States produced 1,509, 212,000 pounds of tobacco or about twenty-five per cent of the world total. In that same year Wisconsin's output was 58,656,000 pounds of tobacco; of that Vernon County produced 11,626,000 pounds. Twenty-one counties in Wisconsin actually raise tobacco.

The four counties of Vernon, Dane, Crawford, and Rock account for eighty-six per cent of the state's tobacco production. The heaviest concentration of tobacco acreage is in the central portion of Vernon County around Westby and Viroqua. It is in this area that tobacco is second only to dairying as a source of income.¹

All of the varieties and strains of the tobacco plant now grown commercially were developed from two distinct species, Nicotiana Rustica and Nicotiana Tobacum. In the United States today practically the entire commercial production is of the Nicotiana Tobacum variety. In Wisconsin there are two fundamental varieties: Wisconsin seedleaf or

¹V. E. Bufton, Wisconsin Tobacco Production and Marketing, Wisconsin State Department of Agriculture, Bulletin 305 (Madison: State Printing Office, 1951), pp. 5-6.

broadleaf and Wisconsin Havana seed. The Havana seed is the original Wisconsin variety, but it was introduced as a so-called Spanish variety. It came to be known as Comstock Spanish after the name of a pioneer grower.²

The growers in the state are predominantly of Scandinavian ancestry. Very little tobacco was grown in Scandinavian countries, but many of the immigrants that came to this state engaged in dairy farming and then took up tobacco raising as a second cash crop because the soil was well suited for this purpose.³

Ralph Pomeroy is given credit for having introduced tobacco in Wisconsin. Pomeroy was born in the rich tobacco producing area of Connecticut in 1814. While in Connecticut he became acquainted with tobacco raising. Twenty-four years later he moved west to Ohio where he started growing his own crop of tobacco. In 1853 he settled in Syene Prairie, Wisconsin, and harvested two acres of tobacco for which he received four and one-half cents a pound. Mr. Pomeroy gave seed to his neighbors who began to grow the plant. Tobacco was raised in Vernon County in the 1880's but did not become commercially important in that county until 1900.⁴

The Civil War had a stimulating effect upon the tobacco industry in Wisconsin. Production was curtailed in the

²Ibid.

³Ibid.

⁴Tobacco Pool Bulletin, December 27, 1923

Confederate States which had been supplying a large portion of the nation's tobacco. The great demand for tobacco in the east made it profitable to raise the crop.⁵

Tobacco raising has been going on in Wisconsin for over one hundred years. During this period methods of raising the plant have changed very little. The crop requires a great deal of hand labor; it is handled at least six times from planting to harvesting. Planting begins with the steaming of the seed beds in late April. The seed is sprouted by placing it in a damp cloth which is then put in a warm place for twenty-four hours. The sprouted seed is sown in the bed and covered. Under average conditions the plants are ready for transplanting from the beds to the field between the tenth and the twentieth of June. Plants that were formally transplanted by hand are now replanted by machine. The fields have to be cultivated from two to four times in a season. In mid-August, approximately two weeks before harvesting begins, an operation known as topping takes place. Topping, a hand operation, is the breaking off the top of the stalk so the leaves of the plant spread out. Harvesting usually begins the first two weeks in September depending on the weather. At this time the tobacco is light green in color. The process of harvesting is

⁵Buften, op. cit., p. 21.

accomplished by cutting each plant and after it has wilted spearing it on a tobacco lath. It is then taken to the sheds for curing. In late November or early December the grower awaits rainy or foggy weather when the tobacco absorbs moisture and does not crumble. Next, comes the stripping operation where the tobacco is peeled from the stalk, sorted, and baled. It is then ready to be delivered to the warehouse where it is graded and sold.⁶

The six month journey from planting to marketing is filled with many hazards. While in the field disease and severe weather are equally responsible for tobacco losses. Seeds may not germinate. After being transplanted, the plants may be washed away. Cut worms and other diseases may take the crop. Hail and high winds may damage the leaves. Once the tobacco is in the shed, the grower contends with a variety of additional hazards such as stem rot and shed burn. After making it through all these difficulties, the last and probably the biggest obstacle is that of the tobacco market.⁷

⁶Buften, op. cit., p, 23; also summary of June 1966 interview with Mr. George Nettum, Director of the Northern Wisconsin Co-Operative Tobacco Pool.

⁷Ibid.

CHAPTER III

DEVELOPMENT OF THE TOBACCO POOL

There are four ways of marketing tobacco: (1) the auction or loose leaf market, (2) farm sales or country buying, (3) hogshead market, and (4) co-operative marketing. The co-operative movement, which is discussed in this chapter, was an attempt to cure the resentment among Wisconsin tobacco farmers who felt they were treated unfairly with regard to the prices they received from the buyers. It is believed that dissatisfaction came from the absence of any objective measure by which the quality of crops could be compared. Marketing problems which plagued the tobacco grower included diminishing consumption, lack of market news, absence of a central market, and no standardized grading system.⁸

The marketing problems led to much talk about forming a co-operative tobacco pool. Co-operative marketing was first attempted in 1888, when the Wisconsin Tobacco Growers Association was organized. This association did not survive mainly because many farmers refused to join and those that did could not agree on a common program.⁹

In the early 1920's hundreds of thousands of dollars

⁸Buften, op. cit., p. 36.

⁹Ibid., p. 39.

worth of tobacco was lost because of severe weather. This along with the low price paid by the buyers seems to have regenerated the co-operative spirit. The co-operative tobacco movement in Viroqua, Wisconsin, started with an announcement in the Vernon County Censor that stated there would be a meeting of tobacco growers at the Court House on Saturday, January 14, 1922, at two o'clock. The tobacco farmers met in order to form a Vernon County Growers Association. The Censor urged all growers to attend this meeting.¹⁰ A substantial majority appeared and those present voted to form an association with a one dollar membership fee. On February 15, 1922, the Association elected B. O. Dahl, Albert Egensee, H. L. Reed, Ingvold Larson, Robert Small, J. A. Doerr, and Sam Neprud directors of the local group. At this point sixty farmers had signed memberships for the association. To raise money for the construction of a warehouse, the members decided to sell shares of stock.¹¹

The Vernon County Growers Association started work immediately to help its members who were still holding tobacco. In order to store members' tobacco the Association obtained an option to rent the Larson Tobacco Warehouse in Viroqua for nine months. The Association also employed

¹⁰Vernon County Censor, January 11, 1922

¹¹Ibid., February 22, 1922.

Jack Watson, an experienced tobacco man, and placed him in charge of packing operations. Local banks extended credit to the amount of eight cents a pound on warehouse receipts. The banks retained three and one-half cents a pound to cover the expense of packing. After processing the banks refunded the balance to the grower. The Association started this plan to help the farmer pack his tobacco at cost. After packing the farmer had the privilege of withdrawing his tobacco at any time. If the grower wanted the Association to sell his crop, he submitted a sample from every case and the Association, in turn, suggested a price that might be offered to the owner. Hired packers baled each crop separately, and gave the owner a list showing the number of cases, the grade and the weight of each case. The plan did not in any way bind the Tobacco Growers Association because the Association acted only as the organizer and was not financially liable.¹²

March 4, 1922, a group of four hundred growers attended a meeting of the Growers Association. At this time farmers pledged three hundred thousand pounds of tobacco to the local

¹²Ibid., March 1, 1922.

pool. Prospects for the Vernon County Pool looked bright. The movement gained support from many people in the county.¹³ Other local tobacco co-operatives formed, but in 1922 a movement began to organize all of these local units into one statewide organization of tobacco growers.

¹³Ibid., March 8, 1922.

CHAPTER IV

THE FORMATION OF THE NORTHERN WISCONSIN CO-OPERATIVE TOBACCO POOL

On March 30, 1922, thirty-five men representing growers, bankers, and businessmen expressed universal agreement for forming a statewide tobacco pool. They decided that the state should be divided into four districts for organizational purposes. District Two consisted of Vernon, La Crosse, Monroe, and Richland counties. The delegation appointed Selmer Neprud of Viroqua chairman of the second district. The representatives determined that as soon as they could contract seventy-five per cent of the state acreage for a five year period, the pool would go into affect. Obtaining warehouse space and educating the growers to accept the co-operative idea became the major problems facing the organization.¹⁴

On April 21, 1922, a meeting of the Vernon County Growers Association convened to discuss the statewide movement. Mr. Neprud came explicitly to answer the questions of the growers. As expected the growers wanted to hear the exact purpose of the association and the governing rules.

Mr. Neprud explained that the object of the state pool was to market in an intelligent manner by forming a sales

¹⁴Ibid., April 5, 1922.

organization informed on market trends that the growers did not have time to obtain. In addition he suggested that a state pool would accomplish the selling of tobacco on a quality basis, stabilize prices by feeding the market according to demand and procure efficiency in selling which the individual grower could not secure by himself. In further explanation of the general nature of the organization, Mr. Neprud told the group that the Northern Wisconsin Co-Operative Tobacco Pool, as the association would be known, would permit any person growing tobacco to join the group. Membership in the Pool meant that for a five year period a grower was obligated to deliver all the tobacco that he produced to the organization. Failure to comply with this contract would allow the association to go before a court and get an injunction against the grower forbidding him to sell any tobacco to an outsider. The grower would then have to deliver his tobacco to the Pool. For violating the agreement one would have to pay the Pool five cents a pound for all tobacco sold before the court order was issued.

Naturally more specific questions arose pertaining to the prices for tobacco. Some farmers exhibited concern regarding the aspect of grading. They wanted assurance that higher quality tobacco would receive higher prices. Mr. Neprud promised the growers that the association was not a profit making organization. The Pool desired to sell the

tobacco at the best prices obtainable and return to the grower the full amount after operating expenses. He maintained that quality would be recognized. The tobacco was to be graded carefully by experienced men selected by the association, and each grade was to be sold separately.¹⁵

Promoters of the association held numerous meetings all over the state to explain the workings of the statewide movement. In most areas local co-operatives voted to join the state association. In July of 1922 the Pool went over the top of the required number of memberships. In Viroqua support for the statewide Pool came from many different groups. The businessmen adopted the following resolution:

Whereas there is need in the city of Viroqua for additional warehouse room to handle and store the tobacco of the Northern Wisconsin Co-Operative Tobacco Pool and whereas, the businessmen of Viroqua are in hearty accord with the idea and efforts of the pool to better the condition of the tobacco grower; Be it resolved that the businessmen of Viroqua pledge their cooperation with the farmers of Vernon County to finance the erection of sufficient warehouse and storage room to properly handle the crop of Vernon County and adjacent territory.¹⁶

The Northern Wisconsin Co-Operative Tobacco Pool completed one of the largest real estate deals in Viroqua's history. The Pool purchased the Bekkedal Warehouse for thirty-five thousand dollars.¹⁷ The local newspaper reported

¹⁵Vernon County Censor, April 19, 1922.

¹⁶Ibid., August 23, 1922.

¹⁷Ibid, October 11, 1922.

that the co-operatives' affairs were moving along in a satisfactory manner, and it was the duty of all interested in the welfare of the community to get behind the movement.

When the organization was started, not everyone went along with the co-operative idea. One of the problems that faced the Pool management was trying to combat the buyers' arguments against the Pool. The Vernon County Censor printed the following statement: "False rumors are being spread about the Pool that fifty men have been hired by the state Pool at exorbitant salaries."¹⁸ The association assured the members that this and other rumors were not true. The Pool told the growers that any story they heard should be reported immediately to the Madison office. In late 1922 some members complained that non-pool members were receiving higher prices for their tobacco. The directors of the Pool explained that due to the competition of the Pool the price of all tobacco was going up. The association told the members that buyers were paying non-members not according to supply and demand but for the purpose of destroying the Pool. The Pool urged one hundred per cent membership so growers would not be shown any favors and the members could demand their price.¹⁹

¹⁸Ibid., October 25, 1922

¹⁹Ibid., December 6, 1922

The association reminded the members of the organization that when they had to sell their own tobacco they had to beg buyers to come to the farm and look at their crop and then had to accept what price they offered. The buyers now came to the Pool and accepted on faith the Pool's grading system.²⁰

The directors of the Pool stated in the beginning that the first year of operation every detail could not be made perfect. A little time was necessary to study conditions that affect the marketing of tobacco. Some members questioned the grading method used. The Pool explained to the members that two men graded the tobacco. The graders selected certain bundles at random with the hope of determining an average grade. If the farmer did not agree with the grade, he could request two more graders to assign a grade. If the grade was changed, the Pool would pay the expense. If the grade remained the same, the farmer paid the expense.²¹

On January 30, 1923, Viroqua Pool members held a meeting at the Temple Theatre. The purpose of the meeting was to discuss attempts by others to dissolve the newly formed co-operative organization. The Vernon County Censor told every member that he should make a study of the fight that

²⁰Ibid., January 17, 1923.

²¹Ibid., December 6, 1922.

was being waged against his association. Mr. Goldsmith, the newspaper editor, noted that co-operative creameries faced the same opposition yet grew into strong and successful organizations. The Censor informed the tobacco growers that they would face strong opposition for some time, but ultimately they would be in complete control of the tobacco situation. Thus advised, two thousand Vernon County Pool members voted to continue to support the Pool. There were no dissenting votes.²²

In the formative years the Pool faced many troublesome situations which will be discussed later. At its birth in 1922 the organization had the support of most factions of the community. During its fourteen years of existence the Pool gradually lost this support. In 1924, the Vernon County Censor editor stated that he had worked hard for the Pool and was not ashamed of it. Three years later the same editor denounced the Pool.²³

²²Ibid., January 31, 1923.

²³Ibid., July 23, 1924 and Ibid., March 23, 1927.

CHAPTER V

ORGANIZATION OF THE NORTHERN WISCONSIN CO-OPERATIVE TOBACCO POOL

On March 30, 1922, the statewide tobacco pool incorporated. H. C. Hemmingway, Carl Sakrison, E. J. Jennings, C. O. Berg, Selmer Neprud, and C. N. Palley signed the incorporation papers. The purpose of the Northern Wisconsin Co-Operative Tobacco Pool was to buy and sell tobacco, equipment and supplies used in production of tobacco, and to own and operate warehouses.²⁴

There were four districts established with four directors from each district. A majority vote of the members of each district at an annual meeting elected the directors. As the chief governing body, the Board of Directors had the following powers and duties:²⁵

1. To conduct, manage, and control the affairs and business of the Pool; and to make rules and regulations for the guidance of the officers and management of its affairs.
2. To cause to be issued the appropriate certificates of membership or take them away.
3. To appoint and remove all officers, agents, and employees of the Pool that were subject to contract.
4. To prescribe duties of the officers and employees.

²⁴Northern Wisconsin Co-Operative Tobacco Pool, Articles of Incorporation, p.5.

²⁵Ibid., p.9.

5. To set the compensation of all officers and employees.
6. To authorize agreements with factories, buyers or others for sale of the tobacco grown by members.
7. To select one or more banks to handle the Pool's money.

Only growers of tobacco could become members of the association. A grower, to become a member, had to pay a fee of one dollar when he signed the contract. Members had to pay a supplementary fee of four dollars at the time when the contract went into effect. The grower had to sign a contract of purchase and sale whereby he agreed to sell to the Pool all the tobacco grown by or for him from the time that a percentage of the growers in his county had signed similar contracts until a certain date fixed by the contract. The Board of Directors had the right to cancel membership and expel any member. The property rights were equal. However, the association distributed profits from the sale of tobacco in proportion to the respective amounts of tobacco sold to the association. There was to be a meeting of all members in each district every year in the first two weeks in October. The members at the district meeting selected six delegates to represent their district at the state meeting.²⁶

The officers of the association were a president, vice

²⁶Ibid., p. 6.

president, secretary, and treasurer. The president presided over all meetings, he was the general supervisor of the affairs of the Pool, and he had to sign all membership contracts. The vice president discharged the duties of the president in the event of absence or disability. The secretary kept all records and accounts of meetings. The treasurer received and disbursed all money of the association. The officers were compensated as follows: President, \$3,600; Vice President, no specific salary; Secretary and Treasurer received \$4,500 a year. The affairs of the local warehouse were in the hands of a warehouse manager who was responsible to the President and the Board of Directors.²⁷

²⁷Tobacco Pool Bulletin, September 23, 1926.

CHAPTER VI

LEGAL DIFFICULTIES OF THE POOL

February of 1923 saw the Pool facing its first real test in its short existence. The Pool obtained a restraining order against M. H. Bekkedal and nine other firms enjoining them from buying tobacco from any member of the Pool. This order followed a controversy over the attempts of buyers to break the Pool by offering greater prices for the 1922 tobacco crop. The association charged the buyers with circulating stories to the effect that officials of the Pool were untrustworthy, inefficient, and unreliable.²⁸

Mr. Bekkedal and the other firms claimed that the tobacco pool was in restraint of trade and therefore illegal. The buyers contended that the contract with the growers was not valid because a legal contract could not be made covering a five year period.

The Vernon County Censor supported the Pool with editorials like this:

The organization and the co-operative movement are fundamentally sound and proper, and can and must be carried forward successfully. The Censor's advice to every Pool member is to stick by your Pool. If you are loyal to the organization, no court decision can destroy it. Only your disloyalty to your own organization can break it up.²⁹

²⁸Vernon County Censor, February 7, 1923.

²⁹Ibid., February 14, 1923.

The case finally went to the Wisconsin State Supreme Court. The decision handed down by the court said that the Pool operated chiefly for the purpose of protecting its members and providing better markets. The life and existence of the Pool depended on the performance of its members. In this decision the Supreme Court found that Bekkedal had conspired to interfere with the performance of contracts between the Pool and its members. Members of the Pool had been encouraged to breach contracts and to sell their tobacco to independent buyers. The Pool obtained a judgment restraining Bekkedal from interfering with the business of the association.³⁰

The Pool faced many court suits involving breach of contracts of its members. Mr. Emerson Ela, the attorney for the Pool, sent the following letter to contract breakers.

The Northern Wisconsin Co-Operative Tobacco Pool has referred to me the matter of your breach of contract because of your failure to deliver to the Pool your tobacco crop. Before commencing any suit and involving you in attorney's fees and heavy expenses of litigation, we have decided to give you an opportunity to settle this matter with the Pool.³¹

Mr. Ela suggested that farmers report to the Pool the amount they had sold outside of the Pool. The farmers were then

³⁰Tobacco Pool Bulletin, November 15, 1923.

³¹Ibid., September 10, 1923.

fined five cents for each pound. As an example, F. W. Morris and R. O. Stephan were fined \$250 for continued violation of their contracts.³²

The second five year contract expressly provided that the grower had to sell to the Pool all of the tobacco either planted or harvested by or for him. Tobacco raised on land of any member of the association had to be delivered to the Pool. The contract had to be made strong to prevent evasions. An example of contract evasion was the case of C. E. Sweeney, a buyer, charged with buying tobacco from Pool member Nils Johnson. The courts instructed Sweeney to deliver the 273 bales of Mr. Johnson's tobacco he had in his warehouse to the Pool. Mr. Sweeney had to pay \$383.39 to the Pool for the tobacco he had already shipped.³³

When the Pool first started in 1922, the original contract was to run for five years. During this five year period the Pool faced the problem of legal action to get some members to honor contracts. The Pool tried to reassure its members of the effectiveness of the organization. The buyers on the other hand pointed out the weakness of the organization. During the period from 1922-1927 a propaganda

³²Ibid., December 13, 1923.

³³Ibid., April 26, 1928.

feud waged between people supporting the Pool and those opposing it.³⁴

Buyer's manipulating of tobacco prices necessitated the formation of the Pool. Farmers single handed could not obtain a just price from the buyers, but through the numbers of the Pool there was strength.³⁵ The Pool started a campaign in 1923 in an attempt to gain one hundred per cent of the state tobacco acreage pledged to the association. The Tobacco Pool Bulletin warned farmers that in the first years of the Pool's existence buyers would circulate many rumors about the organization. According to the Censor opponents of the Pool spread rumors that the Pool paid its officers extremely high wages, that the Pool would be in existence just a few years and then leave the farmers out in the cold, and that prices would be higher outside the co-operative.³⁶

In 1924 a tobacco farmer from Viroqua wrote the following poem expressing his feelings about the Pool:

I am rather mild and kind, and I have no Nero's mind,
yet I am wishing now and then that I had a club again,
and a license for to slay in the good old beserk way,
For I meet so many bores every time I'm out of doors
And I meet so many joys famous for their bonehead plays
There's the fellow who is sure that our Pool it can't
endure since our officials won't obey all things he

³⁴See for example Tobacco Pool Bulletin, August 13, 1925; Ibid., May 22, 1924. Vernon County Censor, December 30, 1925.

³⁵Vernon County Censor, October 25, 1922

³⁶Ibid.

has to say. From his mouth the wisdom leaks for a fortnight or three weeks; and I'm fond of peace, hoping earthly strife may cease. I would like to see him boil in a caldron full of oil.³⁷

The Tobacco Pool Bulletin noted that the stability of the association had been established beyond a shadow of doubt. In the two years of operation it was successful even in the face of opposition.³⁸

As early as 1924 there were discontented members in the co-operative association. Mr. J. E. Norgaard wrote the Pool suggesting that there should be a change in the method of payment. He stated the growers could not meet their financial obligations because the Pool had not paid them for the last two crops. He suggested that growers be paid in full when they delivered their crop.³⁹ Other criticism leveled at the association was that the members did not have enough voice in the management of the organization, that too much was being spent for legal expenses, and that the Pool was misleading the growers by claiming the association was in excellent shape financially.⁴⁰

In August, 1925, the Pool started a campaign to get

³⁷Tobacco Pool Bulletin, January 10, 1924.

³⁸Ibid., December 25, 1924. Success in this instance refers to the gaining of new memberships.

³⁹Tobacco Pool Bulletin, February 12, 1925.

⁴⁰Ibid., August 13, 1925.

members to renew their contracts with the tobacco co-operative. The following editorial launched the campaign:

Pool or no Pool, profits or no profits, progress or defeat; these the Wisconsin tobacco grower must choose between once and for all. The Pool has accomplished the impossible, and is absolutely necessary if growers are to have anything to say about prices. The Pool is a success and has raised the price of tobacco.⁴¹

In the renewal effort the association even appealed to the ladies. The grower's wife was told that she was an active partner in the business of farming. The Pool reminded the women that the co-operative was their affair as well as their husbands. The Tobacco Pool Bulletin encouraged the ladies to help influence their husbands' decision about renewing his contract.⁴²

The Pool used many testimonials in the renewal effort. Mr. Stacy Wolcott, a grower from Lynxville, wrote that he had grown tobacco for eighteen years and that he was disgusted with the old method of selling. He stated that the Pool was perfectly satisfactory in every way despite the complaints of disgruntled members.⁴³ A grower from Minnesota asked if he could join the Wisconsin Tobacco Pool because he felt it

⁴¹Ibid., August 13, 1925.

⁴²Ibid., September 24, 1925.

⁴³Ibid., May 14, 1925.

was the only way he could survive.⁴⁴ The slogan during the renewal fight was, "Don't let the other guy keep the Pool going, renew today."⁴⁵

In 1925 the opposition of the Pool started a campaign to dissolve the co-operative organization. The following advertisement appeared in the Vernon County Censor:

A public meeting of Pool members is hereby called to be held at the Court House at Viroqua on November 14, 1925. The purpose of the meeting is to take the necessary steps to call a special election and dissolve the Pool.⁴⁶

The group working to dissolve the association gave the following reasons for dissolving: The salaries and other expenses were out of proportion to the volume of business. The farmer had to depend on his crop for payment of his taxes and the association could not make a sufficient advance payment for this purpose. The grading system was not satisfactory to the grower or the buyer. The farmer could not resort to his tobacco as security for a loan without violating his contract.⁴⁷

The group working for dissolution of the association

⁴⁴Ibid., March 12, 1925.

⁴⁵Ibid., August 27, 1925.

⁴⁶Vernon County Censor, November 11, 1925.

⁴⁷Ibid., November 18, 1925.

engaged the services of E. K. Loverud, an attorney from Stoughton. Mr. Loverud challenged the right of the organization to publish the names of members who signed the petition to call for the dissolution meeting. He stated that when the directors of the Pool used this tactic it amounted to a threat. The Pool gave members a chance to remove their names from the petition and then names would not be published. Mr. Loverud asked if it was fair to give the farmer a chance to remove his name from the dissolution petition and unfair to give him a chance to withdraw from the Pool. Attorney Loverud said he would welcome the publication of names of the individuals who signed the petition because the papers would not have enough pages to publish all the names.⁴⁸

Mr. Jens Thorstad wrote a letter to the Pool stating in effect that because the organization failed to adopt changes in its business methods the dissolution movement had gained momentum. Mr. Thorstad claimed the needs of the members had been pointed out; and if the association did not take actions to meet these needs, members would be encouraged to violate their contracts.⁴⁹

⁴⁸Ibid., December 16, 1925.

⁴⁹Ibid., December 30, 1925.

At this time Selmer Neprud hinted at something which happened ten years later. He suggested that there should be just an organization for the Northern District. He pointed out that Southern District tobacco was not as good as Northern District tobacco and that this was one of the reasons for the low price of tobacco.⁵⁰

February 24, 1927, with just one month to go for the renewal drive, the Pool had less than two-thirds of the 20,000,000 pounds of tobacco pledged if it was to continue operating. The editor of the Vernon County Censor commented that all he knew of Pool matters was what he had heard; but if only a small part of what he had heard was true, he would judge that the organization had not been as successful as he had hoped it would be. The editor went on to say that if he were a tobacco grower, he would not sign a renewal contract. The Censor told farmers that they had had five years of the Pool and should be able to make up their own minds. The newspaper reminded growers to serve notice if they did not intend to renew contracts. If they did not serve notice the old contract automatically renewed itself.⁵¹

In another editorial the Censor stated it wanted to be fair to both the growers and the Pool; but when the discontent

⁵⁰Ibid., January 13, 1926.

⁵¹Ibid., March 23, 1927.

was so widespread among the growers, it would seem there was something radically wrong with the management of the Pool.⁵² In the beginning the Censor supported the Pool. The switch in attitude seems to have come when Emerson Ela, the attorney for the Pool, threatened Mr. Goldsmith, the editor of the Censor. Mr. Ela told him to stop printing propaganda against the Pool or face legal action.⁵³

Mr. George Nygaard wrote the Censor saying that there were some dissatisfied members just as there are some in every organization. He complained that the newspaper did not tell of the satisfied members.⁵⁴ Mr. Davidson, the president of the Pool, wrote to all members telling them that if the Pool dissolved at this point, it would cost members \$4,000,000. He went on to say that there were some problems that faced the organization, but he was sure these problems could be overcome.⁵⁵

To combat the dissolution movement the Tobacco Pool Bulletin commented on a meeting held in Viroqua. Several hundred growers showed up at the dissolution meeting yet no one was willing to act as secretary and no one volunteered

⁵²Ibid., December 15, 1926.

⁵³Ibid., March 23, 1927.

⁵⁴Ibid., April 6, 1927.

⁵⁵Tobacco Pool Bulletin, November 12, 1925.

to circulate dissolution petitions.⁵⁶ On April 20, 1927, the Pool was able to announce that it would continue for another five years. The Tobacco Pool Bulletin printed that the struggle over continuance resulted in a victory for the tobacco-growing farmers.⁵⁷

During the second five year contract there seemed to be much more harmony among the members. The Pool drew up a very specific contract and there did not appear to be the problem of contract violators. In 1928 the following statement appeared in the Tobacco Pool Bulletin in comment on operations:

During the past year we have heard very little criticism of the Pool by members. They now realize that when they attack the Pool they are attacking themselves. The Pool has now had a chance to show what it can accomplish when it does not have to spend half its time fighting off attacks.⁵⁸

In 1930 R. L. Dixon, a warehouse manager, wrote that there were two classes of people knocking the Pool. There was the honest knocker who truthfully doubted the Pool's intentions and its ability to make good. This type of person, Dixon said, could be shown what the Pool had

⁵⁶Ibid., November 26, 1925.

⁵⁷Ibid., April 28, 1927.

⁵⁸Ibid., June 28, 1928.

accomplished and his doubts would be removed. The other type was the professional knocker who always tried to tear down something for his own benefit.⁵⁹

During the depression, like most other businesses, the Pool was hurt financially. The association had a difficult time selling the tobacco crops for these years. The Pool borrowed large sums of money to pay advances to its members. A problem which created some discussion was the problem of over-production. The farmers were told that most of the difficulties of the tobacco grower were due to the economic collapse all along the line. The association blamed part of its troubles on over-production in the face of an approaching decrease in consumption of cigar and chewing tobacco. The Pool suggested growers cut production and strive for higher quality. Although the Pool had its troubles during the depression, by 1936 the association was able to announce that it had sold all the surplus tobacco and was debt free.⁶⁰

In April of 1936 the Board of Directors decided that growers could sell their 1936 crop on their own provided they did the following:⁶¹

⁵⁹Ibid., January 23, 1930.

⁶⁰Ibid., March 26, 1936.

⁶¹Ibid., April 23, 1936

1. They had to notify the association in writing before the first of July.
2. They had to pay the Pool before or at the time of delivery one-half cent per pound.
3. They had to have the written consent of the Pool.

At this point it seems as if the Pool was testing to see how many growers really wanted the association to continue. There were certain problems facing the co-operative. Many crops failed during the depression years. Buyers were able to get enough tobacco outside the Pool. Many members were no longer engaged in farming.

Two thousand forty growers cancelled their contracts with the Pool following the announcement by the Board of Directors. Seven hundred fourteen were from the Northern sector and the remainder were from the Southern District. Prior to the cancellations there were 7,800 contracts in force. At its meeting on July 10, 1936, the Board of Directors by unanimous vote cancelled all contracts in the Southern District. The Pool noted there were two courses of action for the Northern District members. They could purchase several warehouses owned by the present Pool or they could liquidate all assets and start all over again.⁶²

After an audit of the books the auditors determined

⁶²Ibid., July 23, 1936

that \$670,000 was available for payment to members. The Directors passed a resolution that \$25,000 would be left as undistributed assets of the Pool. This amount was the value of the Viroqua warehouse. The governing body of the Pool decided that the Northern District would continue but reorganize.⁶³ The Northern Wisconsin Co-Operative Tobacco Pool which started in 1922 and lasted fourteen years ceased to exist as a statewide organization on June 1, 1937.

⁶³Ibid., October 29, 1936.

CHAPTER VII

SUCSESSES AND FAILURES OF THE POOL

For some reason the co-operative marketing of tobacco seemed to be under attack from its beginning. The Pool had its ups and downs during its fourteen years of existence. Starting in 1922 with no organization in its first year the Pool transacted over four million dollars cash business. When the Pool looked as if it were about to stabilize, the members seemed to lose interest because business was booming and they felt they did not need the association. In the late 1920's there was a trend to support the Pool because of low tobacco prices.

The Capital Times of Madison endorsed the Northern Wisconsin Co-Operative Tobacco Pool with the following editorial:

The Pool, everyone will admit, has increased tobacco prices and made money for its membership. The Capital Times believes every tobacco grower should join the organization immediately.⁶⁴

The Wisconsin Farm Bureau recommended the Pool by stating they believed the success of the organization was due to the use of sound business methods and able leadership.⁶⁵

⁶⁴Madison Capital Times, July 28, 1928.

⁶⁵Tobacco Pool Bulletin, June 20, 1929.

The Pool received many testimonials from its members in regard to its success. Peter Hilden wrote:

I feel that I would be guilty of neglect if I did not let you know how deeply I appreciate what you have done for me in handling my tobacco. I wish every farmer could see the benefits the Pool has given us.⁶⁶

A Mr. Owens wrote:

I went into the Pool in 1923 and sure got a square deal. I will say to all that are not in the Pool, that a little pup opens his eyes in nine days, but I for one have been nine years getting mine open. I have joined the Pool and can see pretty good.⁶⁷

Mr. Stacy Wolcott expressed his satisfaction by saying:

I am a grower with eighteen years experience and I am absolutely disgusted with the old methods of selling. I figure the Pool system of marketing has been perfectly satisfactory.⁶⁸

If one uses new memberships as criterion, it seems that the Pool was most successful from 1927 to 1931. In this period the organization gained the following number of new memberships:⁶⁹

1927.	250
1928.	450

⁶⁶Ibid., January 9, 1930.

⁶⁷Ibid., March 12, 1925.

⁶⁸Ibid., May 14, 1925.

⁶⁹Ibid., November 27, 1930 and Ibid., January 28, 1932

1929. 830
 1930.1080
 1931.1120

During the depression the Pool sent out a letter to its members explaining the effects of the depression. The Pool Management stated that the difficulties of the tobacco grower were due to the economic collapse of the nation. The association suggested the growers cut production in the face of a decrease in cigar and chewing tobacco consumption. Some growers put forth recommendations for cutting production. One suggestion was that tobacco growers work on a base and surplus plan. Each member had a certain amount of tobacco he could produce. Whatever he produced beyond this base would have to be sold for the surplus price. The growers finally agreed to an acreage allotment. The Federal Government was to pay twenty dollars an acre for tobacco land not in acreage. A shift from chewing tobacco to cigarettes on the part of the consumer hurt the Wisconsin tobacco grower during the depression.⁷⁰

In 1933 the Pool secured a loan of \$1,594,000 from the Reconstruction Finance Corporation. With the help of

⁷⁰Vernon County Censor, February 15, 1933.

various loans the Pool was able to meet its obligations. In 1936 the association announced that it had withstood the depression and was now out of debt.⁷¹

In 1936 members' contracts were up for renewal. President George Nygaard urged members to renew contracts because of the excellent record during the fourteen years which the association was in existence. One gets the impression that some dramatic change was about to come in the structure of the Pool. Even though the Pool urged members to renew contracts, the policy of the management changed. The Board of Directors now informed the growers that they could sell their own crop if they met certain stipulations.⁷²

The Northern Wisconsin Co-Operative Tobacco Pool met with limited success. According to its objectives it did provide a statewide marketing place for the handling and selling of tobacco. In its existence as a statewide association it did not realize its objective of getting higher prices for its members. The biggest problem of the Tobacco Pool was the huge surplus of Southern District tobacco. The reorganization of the Pool in 1936 eliminated the surplus problem.⁷³

⁷¹Tobacco Pool Bulletin, March 26, 1936.

⁷²Ibid., April 23, 1936.

⁷³Summarized from August 1966 interview with Mr. George Nygaard, former President of the Northern Wisconsin Co-Operative Tobacco Pool.

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APPENDIX

**NORTHERN WISCONSIN CO-OPERATIVE TOBACCO POOL
MADISON, WISCONSIN**

Statement of Expenses Through October 31, 1923

ADMINISTRATION

Salaries and per diem of officers	\$12,296.48
Salaries and wages of employees	68,444.85
Traveling expenses	6,840.31
Telephone & telegraph	1,314.27
Stationery and office supplies	7,925.84*
Postage	3,027.23
Express, freight and drayage	23.97
Light	111.48
General office (miscellaneous)	82.85
Rents	2,808.97
Advertising and publicity	5,622.78
Legal expenses	15,955.63**
Insurance	2,081.73
Per Diem and expenses of Directors	6,533.56
Per diem and expenses of delegates	3,713.96
Awards and allowances	988.72
Losses on Mortgages	145.76
Taxes on 1922 crop (contra reserve)	10,804.55
Contingencies (contra reserve)	5,000.00
Depreciation	6,715.10
Interest and interest due	3,329.84
General expenses	666.77
Sub total	\$162,754.65
Less credits--administration	-34,196.04

TOTAL ADMINISTRATION

\$128,558.61

LEAF DEPARTMENTS

Salaries	\$18,681.71
General labor	24,827.17
Traveling expenses	8,360.25
Office expenses	3,176.61
Express, freight and drayage	1,267.06
Rent	13,562.20
Fuel	1,718.93
Repairs to buildings	67.92
Repairs to equipment	57.12
General Expenses	3,082.17
Labor- Assorting of samples	5,426.14
Labor- Weighing in sheds	1,084.38
Expenses- Weighing in sheds	553.25
Labor and expenses--Sampling	14,349.38
Depreciation	361.97
Sub total	\$96,576.26
LESS CREDITS LEAF DEPARTMENTS	-5,871.61

TOTAL LEAF DEPARTMENTS

90,704.65

TOTAL EXPENSES

\$219,263.26

LESS SUNDRY INCOME AND REFUNDS

*****9,132.01**

NET EXPENSES TO BE PRO-RATED OVER

\$210,131.25

30,625,742 lbs.
EXPENSES TO BE PAID BY SORTING TOBACCO (14,211,447 x \$.0015)

21,317.17

BALANCE TO BE PRO-RATED OVER ALL GRADES

\$188,814.08

RATE PER POUND--STEMMING AND FILLERS, \$.006166

RATE PER POUND--SORTING \$.007666

* Includes cost of printing contracts, receiving forms, accounting records and of all stationery and office supplies.

** Includes retainer to Aaron Sapiro, witness fees, court fees, printing charges and attorneys' fees for Bekkedal case, fees for various legal services other than Bekkedal case, attorneys' fees for attorneys of Bankers' committee.

*** Includes receipts from interest, garnishee fees, sale of scrap, penalties of contract breakers, and other sundry sources.

NORTHERN WISCONSIN CO-OPERATIVE TOBACCO POOL

BALANCE SHEET

July 30, 1927

Assets

FIXED ASSETS

Real Estate, Less Reserves	\$28,297.84	
Office Furniture at Cost, Less Reserve for Depreciation	1,988.30	
Office Equipment at Cost, Less Reserve for Depreciation	1,356.95	
Warehouse Equipment at Cost, Less Reserve for Depreciation	1,168.67	\$33,111.76

CURRENT ASSETS

Cash in Banks	\$163,165.76	
Certificates of Deposit	19,500.00	
Special Deposit	100,000.00	
Leaf Departments' Cash Funds	7,278.33	
Petty Cash Accounts	60.00	
Deposit with Postmaster	12.00	
Government Stamps	32.20	
Interest Due on Special Deposit	1,117.80	
Securities Owned	200,000.00	
Interest Due on Securities Owned	349.31	
Accounts Receivable (Current)	7,792.66	
Inventory - Tobacco	1,598.95	
1923 Southern Pack	\$120.00	
1924 Northern Pack	541.96	
1924 Southern Pack	130.90	
1926 Northern Bundle	806.09	
Empty Cases and Shooks	2,732.95	503,639.96

PREPAID EXPENSES

Unexpired Insurance	\$633.51	633.51
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TOTAL ASSETS

\$597,385.23

Liabilities

CAPITAL LIABILITIES

Membership Dues	\$20,442.39	
Certificate of Indebtedness	198,776.09	
Liability on Land Contract	7,000.00	\$226,218.48

CURRENT LIABILITIES

Accounts Payable	\$204.76	
Withheld from Breakers Pending Settlements	54,750.96	54,955.72

ACCRUED LIABILITIES

Accrued Rents	\$511.80	
Accrued Interest on Cert. of Indebt.	17,518.63	
Accrued Interest on Land Contract	367.47	18,397.90

RESERVES

Reserve for Contingencies, etc.	\$165,134.35	
Reserve for 1926 Certificates of Indebt.	57,292.53	
Reserve for 1926 Additional Expenses	15,362.18	237,789.06

LIABILITY TO GROWERS

1926 Pools	\$24.07	24.07
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TOTAL LIABILITIES

ASSETS AND LIABILITIES

Print this chart to show the assets and liabilities of your Tobacco Pool. The Tobacco Pool does not owe anyone anything for borrowed money. It has total assets of over seven hundred and seventy-three thousand dollars.

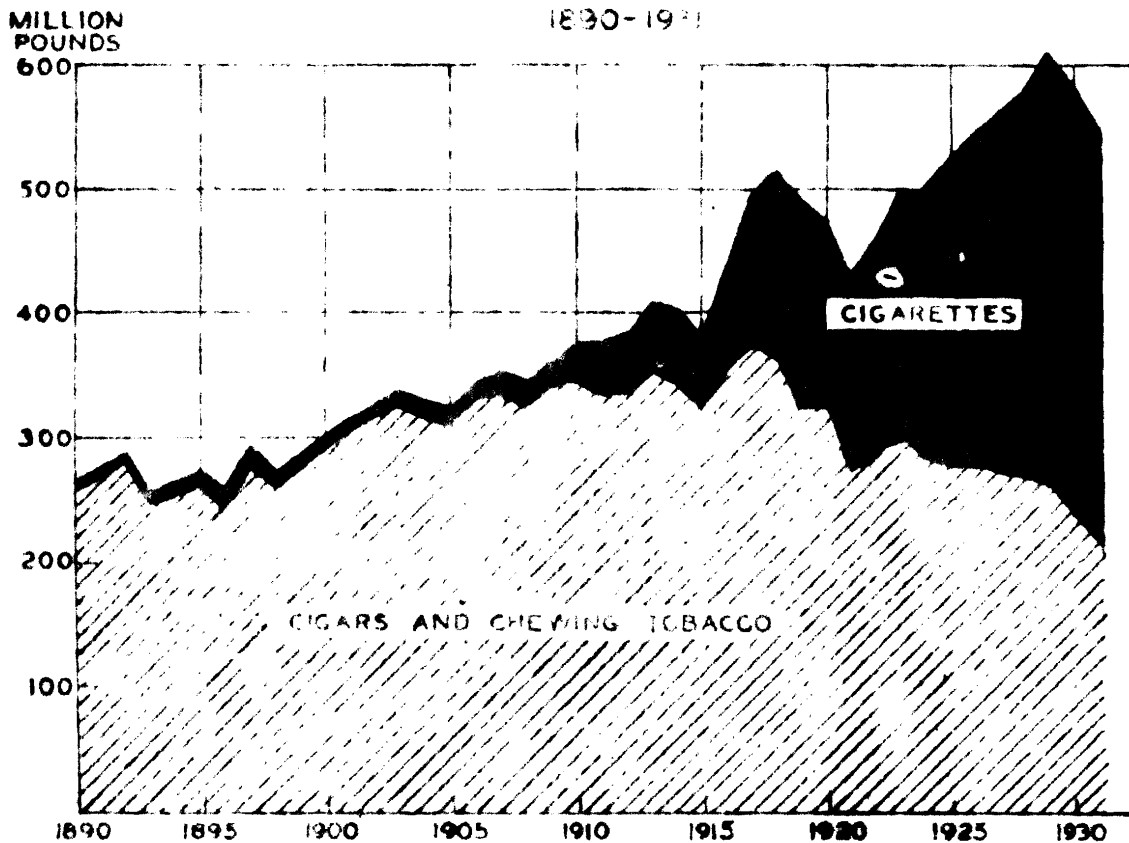
The total estimated balances payable to growers on the crops of 1929 to 1935 inclusive and the reserves which are shown in these statements disclose that there is approximately seven hundred and six thousand dollars of value of assets over and above all liabilities shown in the statement.

BALANCE SHEET Forecast as of March 28, 1936

ASSET SIDE	LIABILITY SIDE
Current Assets	Current Liabilities
Cash in Banks \$ 15,869.69	Withheld from Growers (pending Settlements) for Breach of Contracts, etc. \$ 11,649.94
Deposit with Postmaster 12.00	Accrued Liabilities
Government Stamps 10.00	Accrued Rents \$ 858.79
Accounts Receivable (doubtful) 774.50	Accrued Insurance 844.58
Accounts Receivable (good) 377,191.43	Accrued Interest on Certificates of Indebtedness 10,698.93
1930 Pack Inventory \$ 11,100.00	Total Accrued Liabilities \$ 12,402.30
1930 Bundle Inventory 3,486.74	Reserves
1931 Bundle Inventory 266,365.70	Reserve for Taxes 24,878.47
1932 Bundle Inventory 14,427.99	Reserve for Breaker Settlements 4,750.54
1933 Bundle Inventory 18,318.31	Reserve for Outstanding Checks 1,039.02
1934 Bundle Inventory 419.90	Reserve for Membership Dues 22,526.46
Total Inventory—Unsold Tobacco 354,118.64	Reserve for Contingencies (Book Figure) 189,576.72
Empty Cases and Shooks 577.75	Reserve for Contingencies (Additional) 207,902.39
Total Current Assets \$728,652.01	Total Reserves \$450,674.10
Other Assets	Growers' Equities
Accounts Receivable "Growers" \$ 228.26	1929 Packed Tobacco 51,901.53
Fixed Assets (Less Depreciation) 25,392.74	1929 Packed Tobacco 10,338.33
Prepaid Expenses	1930 Bundle Tobacco 1,070.38
Prepaid Insurance 100.25	1931 Bundle Tobacco 708,616.01
Prepaid Rent 220.00	1932 Bundle Tobacco 106,876.02
Total Prepaid Expenses \$ 320.25	1933 Bundle Tobacco 44,582.09
	1934 Bundle Tobacco 1,933.13
	1935 Bundle Tobacco 3,411.66
	Total Growers' Equity \$286,528.73
	Working Capital
	Certificate of Indebtedness outstanding 12,047.17
TOTAL ASSETS \$773,972.21	TOTAL LIABILITIES \$773,972.24



POUNDS OF LEAF TOBACCO USED IN THE MANUFACTURE
OF CIGARS AND CHEWING TOBACCO AND CIGARETTES
1890-1931



THE CONSUMPTION OF CIGARETTES WAS 14 TIMES GREATER IN 1931 THAN IN 1910, WHILE THE CONSUMPTION OF CIGARS AND CHEWING TOBACCO WAS CONSIDERABLY LESS IN 1932 THAN IN 1910. THE DECREASE IN THE CONSUMPTION OF CIGARS AND CHEWING TOBACCO IS LARGELY DUE TO A SHIFT OF CONSUMERS TO CIGARETTES.



A GOOD OLD FASHIONED HUNTER AND STICK TO IT