



Cattle movements and livestock auction markets in Montana
by Allen R Clark

A THESIS Submitted to the Graduate Committee In partial fulfillment of the requirements for the degree of Master of Science In Agricultural Economics at Montana State College
Montana State University
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Abstract:

The purposes of this study were: 1. To determine the movements of Montana cattle.

2. To determine the merits and shortcomings of auction markets in Montana.

3. To determine what farmers and ranchers believe to be the major weaknesses of auctions as a method of marketing livestock.

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Auction markets have followed several practices which are generally considered to be objectionable, but under existing law cannot be prohibited. Examples of such practices are* false selling to establish a high price for market quotations| using sticks, clubs, canes, and whips in handling cattle# scale inaccessible to buyer or seller# not selling animals in the order received at the market. In the past Montana livestock auctions have not had sufficient supervision of scales or sanitary conditions.

Auction markets offer sufficient advantages to Montana livestock producers to justify their existence and continued operation.

Some of these advantages are: a readily available market# sale by scale weight rather than lump weight or per head# several buyers bidding on the animal: producer can refuse to sell if the price offered is not satisfactory.

There is some evidence of agreement between certain buyers and between buyers and auctions to limit prices paid for cattle.

Cattle grading has been done by the auction operator and according to his own standards, making price comparison between markets difficult or impossible.

CATTLE MOVEMENTS AND LIVESTOCK AUCTION MARKETS IN MONTANA

by

Allen R. Clark

A THESIS

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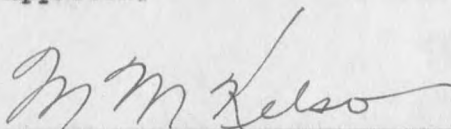
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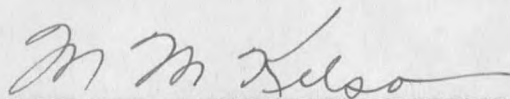
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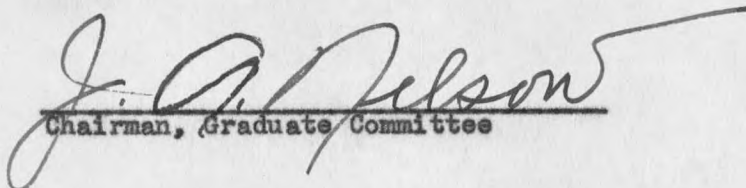
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ABSTRACT

The purposes of this study were:

1. To determine the movements of Montana cattle.
2. To determine the merits and shortcomings of auction markets in Montana.
3. To determine what farmers and ranchers believe to be the major weaknesses of auctions as a method of marketing livestock.

In 1946 Montana farmers and ranchers shipped 504,003 cattle to other states, according to brand inspection records. Brand inspection data were not kept in sufficient detail to differentiate between movement to market or to feed lot.

Auction markets were found to be increasing in numbers and in number of cattle sold. None of the Montana auctions were owned by cooperatives.

Auction markets have followed several practices which are generally considered to be objectionable, but under existing law cannot be prohibited. Examples of such practices are: false selling to establish a high price for market quotations; using sticks, clubs, canes, and whips in handling cattle; scale inaccessible to buyer or seller; not selling animals in the order received at the market. In the past Montana livestock auctions have not had sufficient supervision of scales or sanitary conditions.

Auction markets offer sufficient advantages to Montana livestock producers to justify their existence and continued operation. Some of these advantages are: a readily available market; sale by scale weight rather than lump weight or per head; several buyers bidding on the animal; producer can refuse to sell if the price offered is not satisfactory.

There is some evidence of agreement between certain buyers and between buyers and auctions to limit prices paid for cattle. Cattle grading has been done by the auction operator and according to his own standards, making price comparison between markets difficult or impossible.

PART I. INTRODUCTION

Background

Since the days of the earliest settlers, Montana has produced beef animals. The early settlers allowed their cattle to run on the public domain. Roundups and range maintenance were cooperative enterprises. Beef was sold only at roundup time. Herds had to be trailed long distances to railroad loading points and shipped to terminal markets. Cattle were allowed to run on the range all year and little or no dry feed was given to the cattle.

In contrast, the typical 1946 Montana farmer or rancher feeds hay nearly all winter. Many cattle are fattened on barley, beet pulp, and other concentrates. Beef animals are sold every month of the year.

Purpose

This study was undertaken with three purposes:

1. To determine the movements of Montana cattle.
2. To determine the merits and shortcomings of Montana auction markets.
3. To determine what farmers and ranchers believe to be the major weaknesses of auctions as a method of selling livestock.

Problem

This first section of this study is concerned with supplying answers to the following questions:

1. What are the movements of cattle between Montana range and feed lots in Montana and in other states?
2. What are the cattle movements between Montana range and Montana markets?
3. How can brand inspection records be used to determine cattle movements?

The second part of this study is concerned with supplying answers to the following questions:

1. What influence does auction ownership have on the operational practices of the auctions?
2. What are the merits and shortcomings of Montana livestock auctions?
3. What do Montana farmers and ranchers consider to be the major problems of auction markets as a method of marketing livestock?

Sources of Data

Information for this study came from four sources, namely:

1. Montana brand inspection records.
2. Bureau of Agricultural Economics records.
3. Information on livestock auction operational procedure gathered by interviews.
4. Questionnaires mailed to farmers.

Methods and Techniques

The brand inspection and recording data were analyzed to determine the movement of Montana cattle. All records of brand inspection numbers were checked against census figures as maintained by the Bureau of Agricultural Economics.

The writer attended sales at each Montana livestock auction and the auction operators were interviewed to obtain information on ownership, physical arrangement of plant, operational procedure, and practices. Questionnaires were mailed to 1,885 Montana farmers and ranchers. The questionnaires returned were tabulated and analyzed.

Part I of this study is an introduction to the thesis.

Part II is devoted to a study of the brand inspection records as maintained by the Montana Livestock Commission. Much emphasis is placed on the operation of the Montana Livestock Commission because few people understand the process by which brand inspection records are obtained.

Part III is a discussion of the auction markets operating in Montana. Details covered are; number of auctions; ownership of auctions; management of auctions; state control of auctions; financial arrangements; buildings and grounds; help employed; transportation facilities; method of accounting for cattle in the auction; speculator and dealer operations in the auction markets; grading and market information; and a comparison of costs of marketing in a terminal and in an auction market.

Part IV is a summary of Montana farmer and rancher opinions about auction markets. This information was collected by a mailed questionnaire.

Review of Literature

One of the prior publications in this field is, Montana Cattle Shipments, Sources, Destinations, and Character of Montana's Cattle

Shipments, by Phil S. Eckert and P. L. Slagsvold, Bulletin No. 385, Montana State College Experiment Station, May 1938. Bulletin 385 was based on information taken from Montana brand inspection records during the period 1925 to 1935.

The only work published to date on Montana livestock auctions is, A Summary of Producers' Reports on the Sale of Livestock by Auction in Montana, by Phil S. Eckert, Montana State College Agricultural Experiment Station Mimeographed Circular No. 7, April 1938. This publication covers only the southeastern corner of the State. Mimeographed Circular No. 7 is based upon questionnaires mailed to farmers and ranchers who were known to have used the auction market or to have had a financial interest in the auction market. Mimeographed Circular No. 7 is based on reports from 119 farmers.

Some of the bulletins written at other stations on the subject of livestock auctions are:

Livestock Auctions in Arkansas by Otis F. Osgood and John W. White, University of Arkansas, College of Agriculture, Agricultural Experiment Station Bulletin 439, June 1943. This bulletin deals with the locations, operations, and services of livestock auctions in Arkansas.

Livestock Movement at Kentucky Auction Markets by A. J. Brown and C. D. Phillips, Kentucky Agricultural Experiment Station Bulletin No. 432, June 1942. This bulletin discusses various classes of livestock sold in Kentucky livestock auctions and suggests methods of determining classes of livestock sold in auction markets.

Livestock Auction Sales in the United States by C. G. Randell and L. B. Mann, Farm Credit Administration, May 1939. This bulletin is a study of the auction markets in the United States. Many phases of auction markets are covered. All recommendations and findings are of a general nature. The problems of the various sections of the country are not discussed.

PART II. CATTLE MOVEMENTS AS SHOWN BY BRAND RECORDS

Why Cattle Are Branded

The first settlers who came to Montana were cattlemen. Montana had little timber in the area first settled, and there was no suitable method of detaining animals so they were allowed to run on the public domain. Each man put his mark or brand on the animal to identify it and to prevent theft. No attempt was made to prevent intermingling of cattle on the range. Strays were returned to their owner on the basis of the brand they bore.

The Montana Territorial Government adopted a range law which is contrary to common law. Under common law, a livestock owner must keep his stock within a fence or be liable for damage done. Under range law, a property owner must enclose his property with a legal fence or stand any damage that livestock belonging to others may do to the crops or property.¹

Many Montana farmers now brand their cattle only for the purpose of preventing thievery or because they own a brand and believe they are more a part of the romantic West by having the livestock branded.

¹ See, Robert S. Fletcher, Organization of the Range Cattle Business in Eastern Montana (Bulletin No. 265, Bozeman, Montana: Montana State College, Agricultural Experiment Station, June 1932). Also, M. Saunderson, Economic Changes in Montana's Range Livestock Production (Bulletin No. 311, Bozeman, Montana: Montana State College, Agricultural Experiment Station, February 1936).

Composition and Operation of the
Montana Livestock Commission

The Montana Livestock Commission is composed of six members, each holding office for a term of six years.² Two members are appointed by the governor each year. The Montana Livestock Commission hires an executive officer (sometimes called the secretary) to transact business for the Commission.

The Montana Livestock Commission is also the Livestock Sanitary Board, and as such, it appoints the state veterinarian and his assistants to enforce sanitary regulations.

The law of Montana prescribes that all cattle being moved across a county line be inspected to determine if any are removed from the county by persons other than their legal owner. The county sheriff or one of his deputies is appointed as stock inspector. In addition to the sheriff there are frequently some local persons appointed as brand inspectors. In selecting these country point inspectors, emphasis is placed upon getting someone located where a large number of cattle normally pass in going to market. Anyone who plans

²An act passed by the Montana Territorial Legislature on March 12, 1885, providing for the Montana Territorial Livestock Association, was amended by an act of March 7, 1887, and now appears on the law books as Sections 32 to 36 of the 5th Division of compiled statutes of 1887. The composition of the board was changed by Section 1, page 177, of the laws of 1897 and governing of the association was amended by Sections 2950 to 2957 of the political code of 1895 and was amended by Chapter 50, laws of 1903. Section 3253 of the Revised Codes of Montana consolidated the Board of Stock Commissioners and the Board of Sheep Commissioners into the Montana Livestock Commission.

to move cattle from that neighborhood calls, at least twenty-four hours in advance, to tell the brand inspector how many head of cattle there will be for inspection. The local inspector then decides whether to have the cattle brought to him or to go to the ranch to make the inspection. The local brand inspector or county sheriff may be called upon to read a brand in a case of disputed ownership. If there is "a reasonable doubt in the mind of the inspector", he may order the animal killed and skinned so that he can read the brand from the flesh side of the skin and thus determine if there has been an alteration of the original brand.

When a county or country point inspector checks an animal for movement across a county line, he makes out a form called a local inspection slip. On the local inspection slip he records the number and sex of the animals carrying each brand, the owner's name and address, the county from which the cattle are moved and the destination of the cattle being moved. The local inspection slip is made out in triplicate. One copy is retained by the local inspector for his records; the second copy is sent to the Executive Officer of the Montana Livestock Commission in Helena for the State files; and the third copy is given to the person moving the cattle as his authorization to move the animal into counties other than the one of origin.

Country and local point inspectors are paid on a per head inspection basis; they receive not more than twenty-five cents per head for inspecting one to twenty head, ten cents per head for twenty to thirty head, and three dollars per day for inspecting herds larger

than thirty head. Money collected from county and country point inspections is paid directly to the inspector for his work and he receives no pay from the Livestock Commission.

The State of Montana is divided into twelve field districts (see fig. 1), each of which is supervised by a stock inspector. The district inspector checks the work of local and county inspectors and stops trucks on the roads to see that they are complying with brand inspection laws. In the few cases of theft, "rustling", that occur in Montana, the district supervisors assist the county sheriff and other law enforcement officers in catching the criminals. The district stock inspectors are paid on a yearly basis from the Montana Livestock Commission funds. If a district stock inspector makes a local inspection, he sends the fees collected to the State Livestock Commission.

The third type of brand inspector is the public market inspector. He is, as the name would indicate, stationed permanently at a public livestock market. There were ten public market inspectors in Montana when this study was made. The in-state public market inspectors were located at Billings, Bozeman, Butte, Glasgow, Great Falls, Havre, Lewistown, Miles City, Missoula, and Sidney. There were seven out-of-state public market reporters located at Chicago, Illinois; Idaho Falls, Idaho; Omaha, Nebraska; South St. Paul, Minnesota; Sioux City, Iowa; Spokane, Washington; and West Fargo, North Dakota. Permission to move cattle shipped by rail is obtained by using a written

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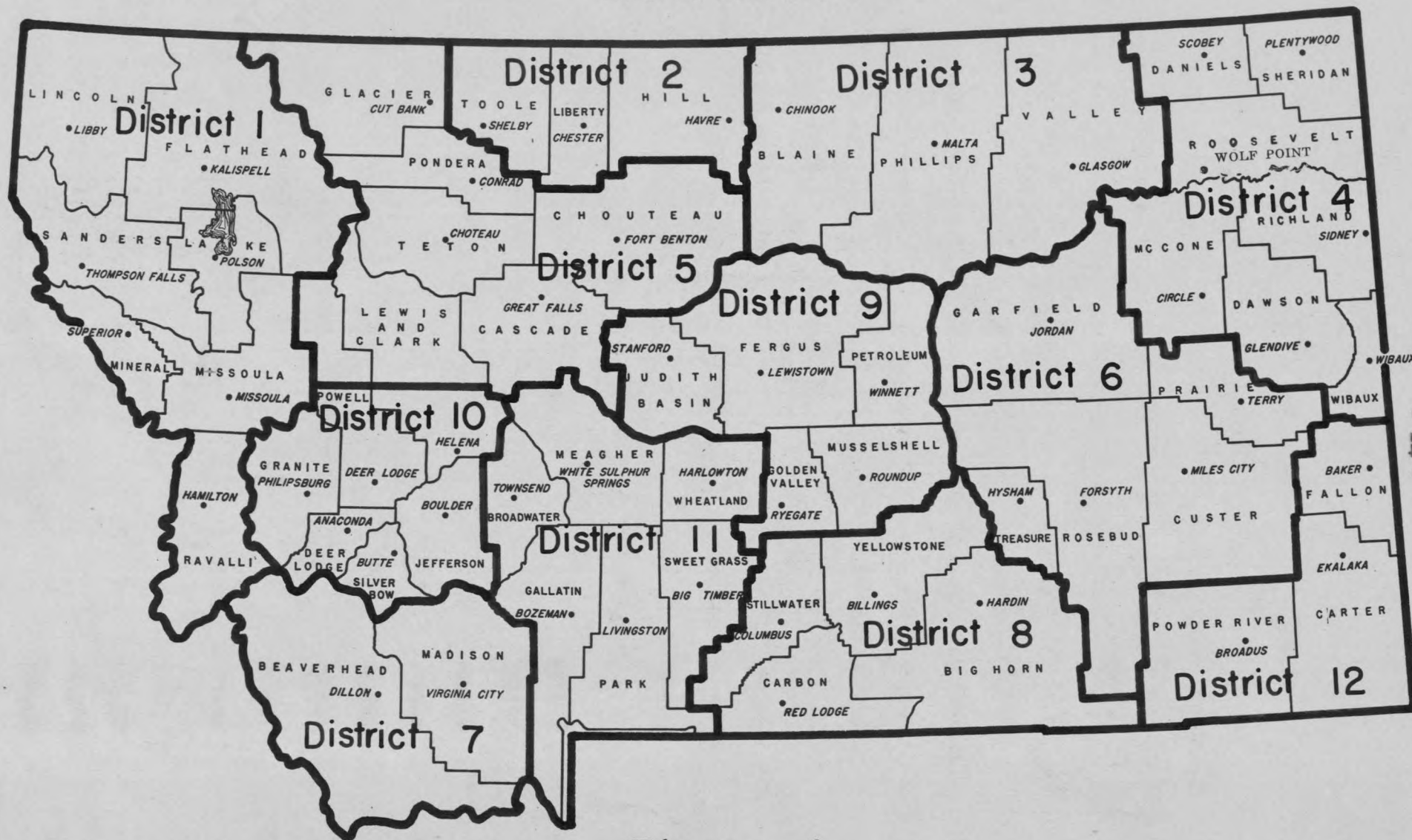


Figure 1

Brand Inspection Districts

statement that the cattle are going to one of the above markets and brands will be inspected there.³

Public market inspectors check cattle coming into the public market and record the brands on a form called a brand tally. The brand tally is made out in triplicate. One copy is retained by the inspector for his file, the second copy is mailed to the Executive Officer of the Montana Livestock Commission for his file, and the third copy is given to the public market as the basis for making payment to the person bringing in the animal or for withholding the check if there is any question of ownership. After cattle are inspected at the country point and arrive at a public market that has a brand inspector, the market inspector checks the cattle to be certain there has been no switching of animals. He then makes out a brand tally. To the second copy of the brand tally he attaches the farmer's or rancher's copy of the local inspection slip. When the brand tally and local inspection slip arrive in the office of the Montana Livestock Commission, the original copy of the local inspection slip is removed from the files and both the farmer's copy and the State Office copy are destroyed. This removes the country point inspection from all records except the files of the country point inspector.

³Data gathered by personal interview with Montana Livestock Commissioner, Ralph Miracle, and Chief Inspector, Bill Sutter.

The other form used by the market inspector is a market clearance. The market clearance is also made out in triplicate. One copy is retained by the market inspector for his files, the second copy is mailed to the Executive Officer of the Montana Livestock Commission for his files and one copy is given to the purchaser of the livestock as evidence of ownership and authority to rebrand.

The personnel of the Montana State Livestock Commission office is composed of the Chief Inspector, the Executive Officer and several clerks. The Chief Inspector is in charge of the law enforcement section of the brand inspection and is assisted by an Assistant Chief Inspector. The clerical and administrative portion of the Montana Livestock Commission is headed by an Executive Officer. It is the duty and responsibility of the Executive Officer to see that only one person has a specific brand registered, to collect all sale funds from animals in which there is question of ownership, "estrays", until such time as ownership is established.

The public market inspectors, district inspectors, Chief Inspector, Assistant Chief Inspector, Executive Officer, and clerical help are all paid from the Montana State Livestock Commission Fund. All office equipment and supplies are purchased from the Montana State Livestock Commission Fund.

The Montana State Livestock Commission Fund is the fees collected by the market inspectors and moneys from estrays not claimed within five years of first date advertised. Only animals to which no person can prove ownership after sale are listed in the monthly and annual

listing of estrays. These estrays lists are published in the Montana Stockgrower, which is the official organ of the Montana Stockgrowers' Association, and in other papers of wide circulation in agricultural communities in Montana.

The system of financing by fee collection and funds from unclaimed "estrays" dates back to the origin of the Montana State Livestock Commission. When the Territorial Legislature provided for a Territorial Livestock Association, they had no power to collect taxes for the support of the work. When Montana became a state, the legislators, being reluctant to impose taxes, allowed the Livestock Commission to be financed as the Territorial Livestock Association had been.

An estimate of amount of money to be available at any month of the year has to be based on the number of cattle inspected during that month in previous years, plus the funds from sale of "estrays" that will be available during that month. Montana monthly beef marketings vary greatly from year to year. Some "estrays" will have ownership established during the last month or two of the five-year period of advertisement.

It is an accepted principle of business management that adequate and definite financing is essential for any office to do satisfactory work. Montana law should be changed to insure adequate and definite finances for the Montana Livestock Commission and the Montana Livestock Sanitary Board.

Movement as Reported by Brand Inspection

Data in table I show the states to which Montana cattle were shipped in 1946 and the number of cattle shipped to each state.

Only three states - California, Illinois, and Iowa - received cattle from more than 75 percent of the counties in Montana. Ten states received cattle from more than half of the Montana counties. Fourteen states received cattle from less than 25 percent of the Montana counties, and ten states received cattle from three or fewer counties. Three states received cattle from only one county in Montana. New Mexico received 246 steers and 440 calves from Big Horn County; Arkansas received five cows, one bull, and three calves from Musselshell County; Connecticut received all of its twenty-five unclassified cattle from Silver Bow County.

Twenty-one states received all classes - steers, cows, bulls, calves, and unclassified cattle - from Montana. One state, Connecticut, received only unclassified cattle. Canada received only bulls and calves from Montana. The number of unclassified cattle was larger than expected. Forty-five percent of the out-of-state shipments were not classified. When the writer discussed unclassified cattle with Mr. Miracle the explanation was given that many markets had not been financially able to employ sufficient inspectors to handle the large volume of business so did not classify cattle. Of the 278,967 classified cattle, 48 percent were steers, 37 percent were calves, 14 percent were cows, and 1 percent were bulls.

TABLE I. NUMBER AND CLASS OF CATTLE SHIPPED FROM
MONTANA TO OTHER STATES, 1946

Group A^a

State	Steers	Cows	Bulls	Calves	Cattle	Total
California	36,395	12,622	564	9,899	43,440	102,920
Iowa	16,254	2,842	370	23,979	27,604	71,049
Illinois	19,521	2,485	302	18,378	19,082	59,768
Washington	7,281	2,666	297	3,001	37,430	50,675
Minnesota	5,234	1,367	64	7,570	34,276	48,511
Idaho	7,334	3,406	395	3,896	10,339	25,370
Wyoming	5,790	3,660	387	9,153	6,378	25,368
South Dakota	4,093	3,049	186	5,004	11,189	23,521
North Dakota	2,915	2,876	403	4,982	7,928	19,104
Nebraska	5,633	676	6	2,479	8,141	16,935
Utah	6,320	1,397	130	2,365	6,723	16,935
Wisconsin	2,245	365	0	3,336	3,387	9,333
Oregon	4,375	635	290	1,829	2,032	9,161
Ohio	1,112	263	0	1,997	1,382	4,754
Michigan	95	57	0	997	2,027	3,176

^a States in Group A received 96 percent of the cattle shipped from Montana, 1946.

Source: Montana Livestock Commission Brand Inspection Records.

TABLE I. (Continued)

Group B^b

State	Steers	Cows	Bulls	Calves	Cattle	Total
Nevada	1,518	205	141	206	921	2,991
Indiana	712	79	6	1,477	712	2,986
Colorado	941	250	61	688	574	2,514
Pennsylvania	1,392	71	33	405	581	2,482
Arizona	1,969	0	0	50	0	2,019
Missouri	588	107	0	128	283	1,106
New Jersey	740	58	1	14	0	813
Texas	695	0	50	26	0	771
New Mexico	246	0	0	440	0	686
Delaware	127	0	0	0	260	387
New York	72	64	0	23	107	266
Maryland	100	0	0	0	55	155
Kansas	0	24	1	5	114	144
Massachusetts	0	0	0	0	46	46
Connecticut	0	0	0	0	25	25
Canada	0	2	20	1	0	23
Arkansas	<u>0</u>	<u>5</u>	<u>1</u>	<u>3</u>	<u>0</u>	<u>9</u>
TOTAL	133,697	39,231	3,708	102,331	225,036	504,003

^b States in Group B received 4 percent of the cattle shipped from Montana, 1946.

Source: Montana Livestock Commission Brand Inspection Records.

Data in table II indicate there were five counties which had more brand inspections in 1946 than there were cattle on farms and ranches in those counties on January 1, 1945. An explanation of this condition is that many cattle were inspected several times. This would be an example of multiple inspection. Cattle born in Hill County moved to Blaine County as yearling feeders. After about ninety days in the feed lot, the same cattle returned to the auction market at Havre, Hill County. When the cattle first moved from Hill to Blaine County, a brand inspection slip was made and the second copy was filed with the Montana Livestock Commission Office at Helena as an original inspection. As the cattle moved back into Hill County from Blaine County, they were inspected again, and again reported as an original inspection. Most cattle are rebranded when going into feed lots and a healed brand is considered sufficient evidence of ownership. This ruling makes it impossible to trace a group of cattle through several moves.

Since brand inspections indicate cattle moving into or out of the county, it is evident that some factor or factors cause many cattle to move into and back out of these five counties. One of the largest sugar mills in the State is located in Blaine County. Sugar beet pulp has been a major feed in the cattle fattening industry in the State, so it is assumed that the mill had a major influence on the cattle movements in Blaine County. Contributing factors to large numbers of cattle moving into Cascade County were an auction market and some meat packing plants located in Great Falls. Factors causing

TABLE II. NUMBER OF BRAND INSPECTIONS IN EACH
MONTANA COUNTY IN 1946 AND TOTAL CATTLE
ON MONTANA FARMS - JANUARY 1, 1945

County	Brand Inspection Record	Number of Cattle on Farms January 1, 1945	County	Brand Inspection Record	Number of Cattle on Farms January 1, 1945
Beaverhead	41,015	101,900	Mineral	253	1,400
Big Horn	46,322	83,100	Missoula	43,444	17,000
Blaine	5,159	50,700	Musselshell	5,882	23,900
Broadwater	8,714	25,700	Park	6,363	34,100
Carbon	8,425	39,900	Petroleum	4,503	17,400
Carter	9,481	29,700	Phillips	7,266	51,200
Cascade	89,604	60,300	Pondera	1,167	16,700
Chouteau	11,298	51,200	Powder River	14,002	61,900
Custer	69,511	58,500	Powell	7,539	32,400
Daniels	642	16,000	Prairie	7,134	18,100
Dawson	8,064	29,900	Ravalli	4,323	37,500
Deer Lodge	754	5,600	Richland	43,160	39,106
Fallon	4,907	23,900	Roosevelt	4,965	29,300
Fergus	47,106	81,500	Rosebud	19,255	73,500
Flathead	2,102	19,200	Sanders	1,666	19,900
Gallatin	47,539	63,100	Sheridan	1,272	25,900
Garfield	5,664	31,900	Silver Bow	59,809	8,700
Glacier	6,959	19,900	Stillwater	9,024	40,700
Golden Valley	5,065	18,100	Sweet Grass	8,238	33,500
Granite	5,622	21,500	Teton	13,217	32,800
Hill	18,244	27,600	Toole	2,522	15,600
Jefferson	4,577	17,700	Treasure	4,455	19,500
Judith Basin	8,473	40,300	Valley	14,297	47,600
Lake	3,023	41,500	Wheatland	9,922	23,600
Lewis and Clark	11,045	33,300	Wibaux	5,495	14,800
Liberty	1,295	11,000	Yellowstone	15,015	62,100
Lincoln	219	7,000			
Madison	10,391	55,200	TOTAL	815,905	1,924,006
McCone	6,238	28,100			
Meagher	14,259	33,500			

Source: Montana Agricultural Statistics (Helena, Montana: United States Department of Agriculture, Bureau of Agricultural Economics, 1946) 66-67.

large numbers of cattle to move into Custer County were an auction market at Miles City and some cattle fattening in Custer County; while factors causing large numbers of cattle to move into Missoula County were an auction market and sugar mill at Missoula. The auction market and sugar mill at Sidney were contributing factors for such large movements of cattle into Richland County. Silver Bow County is small in size but draws cattle from several surrounding counties due largely to its auction market and packing industry.

Most of the cattle moving out of the State were inspected at the point of origin and were credited to the state given as destination. There were cases in which cattle did not go to the place where they were originally scheduled to go. One lot of cattle bearing an unusual brand was first inspected at Miles City with destination being given as California. The writer noticed the same brand in another file and when checked back, the two groups were identical. The cattle had been purchased and started for California, but unloaded for feed and water at Butte, Montana, and "tried the market" while unloaded. They were sold and shipped to Illinois. Both market clearance slips were entered as original sales; yet one gave Custer County as point of origin and California as destination, and the second gave Silver Bow County as origin and Illinois as destination. There is no method of checking the frequency with which such changes were made. However, the total movement from Montana checks within 2 percent of the number recorded by the Bureau of Agricultural Economics on movement out of Montana.

A very small percentage of the out-of-state shipments were inspected at the destinations. These were the cattle shipped to terminal markets at Chicago, Illinois; Idaho Falls, Idaho; Omaha, Nebraska; South St. Paul, Minnesota; Sioux City, Iowa; Spokane, Washington; and West Fargo, North Dakota where market inspectors were maintained.

The records of brand inspection as maintained in 1946 provided an accurate check of ownership. This was the purpose for which these records were maintained. The records of brand inspection did not furnish information of movements and cross movements of cattle within the State. There was no attempt made to separate movement to feed lot or pasture from movements to market. Many cattle were counted two or more times with a different county of origin in each count.

Possible Uses for Brand Inspection Records

Information on in-state movements of Montana cattle would be useful to many people. The State Veterinarian would be better able to predict outbreaks of contagious disease and issue warnings of impending outbreaks of disease if he knew the movements of Montana cattle. In 1946 there was a small out-break of anthrax in southeastern Montana. The State Veterinarian quarantined the area and issued warnings to all public markets in Montana to be especially watchful for suspicious cattle. If the State Veterinarian had known where cattle normally went from this area, he could have stationed members of his staff at strategic points and by that method could have been more certain no diseased animals were marketed.

Duties of the Montana State Statistician require him to estimate the number of cattle on farms and ranches from reports of local slaughter, railroad car loadings, and terminal market receipts in years not having an agricultural census. If livestock movement reports were available to the State Statistician, they would serve as valuable checks on other sources of information and as checks on his estimates.

Accurate reports on cattle movements might be useful to the State Board of Railroad Commissioners in hearings concerning the discontinuance of rail service within the State. If information had been available on rail and truck movements of cattle in Montana, the hearing on rail freight rates, held in January 1947, might have had a different result.

Montana livestock associations are interested in livestock movements so they may make the most efficient use of their advertising.

The Montana Agricultural Experiment Station is interested in cattle movements so it may study the markets and marketing agencies that are most used by Montana livestock producers.

Conclusions and Summary

As now maintained, the Montana Livestock Commission brand inspection records are not suitable for statistical studies. At the present time, the brand inspection records show definite proof of ownership which is their purpose. The operation of the Montana Livestock Commission is not understood by a majority of Montana farmers and ranchers. Many of the stock inspectors have difficulty in filling out forms and require close supervision to insure ownership

records being accurate. The Montana Livestock Commission is not adequately or definitely financed.

Recommendations

1. A change should be made in Montana Law to provide definite and adequate financing for the Montana Livestock Commission and Sanitary Board.
2. Brand inspectors should record the county from which cattle are moved and not use the post office address when filling in the county of origin on brand inspection records.
3. The following are recommendations for changes in the brand inspection forms to assist in making the brand records suitable for statistical purposes:
 - (a) Include a section for indicating the reason for moving the livestock.
 - (b) Include a section for indicating whether animals are to be rebranded and what brand will be used.
4. All brand inspection slips indicating movement to pasture or feed lot should be filed separately.
5. When cattle are moved from pasture or feed lot, the original county should be credited with only one move.
6. The State Office of The Montana Livestock Commission should fasten inspection slips indicating a resale to the inspection slip showing the original sale.

PART III. LIVESTOCK AUCTION MARKETS IN MONTANA¹

Number and Location of Montana Livestock Auctions

The location and geographic distribution of the livestock auctions in Montana can be seen in figure 2. There are no points in Montana more than two hundred miles from a livestock auction.

One authority on livestock marketing gave the period of most rapid growth, in numbers of livestock auctions, as 1932-1936.² Reasons given for the rapid increase in numbers of livestock auctions during this period are:

1. Low prices for livestock caused by depression.
2. Disastrous drouths in 1933, 1934, and 1936.
3. Desire on the part of many producers to sell their cattle near home.
4. Dissatisfaction with relatively high marketing costs.
5. Competition for farmers' business by local merchants and Chambers of Commerce.
6. General tendency toward decentralized markets following improvement of roads and increased use of motor trucks.³

¹The data for this section were gathered during January 1947. All discussion is based on conditions as they existed at that time.

²Austin A. Dowell and Knute Bjorka, Livestock Marketing (New York: McGraw Hill Book Company, 1941) 197.

³Based on information by C. G. Randell and L. B. Mann, Livestock Auction Sales in the United States (Bulletin No. 35; Farm Credit Administration, May 1939).

MONTANA



Figure 2

AUCTION MARKETS, DECEMBER 31, 1946

Montana livestock auctions are a comparatively recent development. Except for a brief period about 1900 when cattle were sold at auction in Miles City, the first auction market in Montana selling livestock other than horses was established at Billings in 1934. The auction at Great Falls started in 1936 and in the same year the Miles City auction commenced the sale of cattle. The auction at Bozeman was established in 1938; at Missoula in 1939; at Havre, Lewistown, and Sidney in 1943; at Butte in 1945; and at Glasgow in 1946.

Ownership and Management of Montana Auctions

The period of supervision by the present operator or manager at each market was as follows: The Missoula operator had been there four years; Butte, Glasgow, and Havre were operated by the person originally opening the market; the operators at Sidney, Lewistown, Great Falls, and Bozeman had been there less than one year.⁴

The buildings and grounds were owned by the sale corporation in Butte, Great Falls, Sidney, and Miles City. Each of these sales was operated as a partnership of two or more partners.

The grounds and yards at Missoula were owned by the Northern Pacific Railroad. In Havre the grounds and yards were owned by the Great Northern Railroad. The grounds and yards at Bozeman and Billings were owned by private individuals and leased by the auction operator; while the physical plant at Glasgow was owned by an association made up of the members of the Glasgow Chamber of Commerce and other

⁴Data gathered by interview.

interested persons. The Glasgow Chamber of Commerce members composed sixty-three percent of the persons and business firms owning stock, and owned seventy-six percent of the stock. Capital stock owned by each shareholder varied from twenty-five to one thousand dollars. The last annual meeting voted to sell the grounds and other property to any individual or group that would pay a price sufficient to allow all stockholders to realize their investment or make a profit.⁵

The auction market at Lewistown was operating on property belonging to the Fergus County Fair Association, but the operator was not satisfied with the physical plant arrangement. The sale company agreed "not to use the grounds for a two weeks' period each year, said period to come during the months of August, September, or October; the exact date to be annually decided upon by the Board of Directors of the Fair Association."⁶ All Montana auction markets are operated as private enterprises.

State Control of Auctions

Members of the Montana Legislature have realized auction markets operating without sanitary regulation were a potential source of contagious disease and infection. The members have also realized

⁵ Data taken from the 1946 Annual Business Report, Glasgow Chamber of Commerce.

⁶ Taken from the contract between the Fergus County Fair Association and the Lewistown auction sale.

that irresponsible persons were likely to start auction sales and by their failure cause large losses to Montana livestock producers.

Laws were passed in 1933 and revised in 1935 empowering the Montana Livestock Commission to grant or deny application for licenses to operate livestock auctions and to prohibit sale of livestock at organized auctions unless licensed by the Montana Livestock Commission. Appeal to the courts of the State was provided in cases of dissatisfaction with the decision.

The laws of 1933 and 1935 provide for hearings to be held in the locality in which a request for licensing an auction market is received. Hearings on the establishment of an auction market must be advertised in all local papers for a period of not less than two weeks in advance of the hearing. The Montana Livestock Commission, ten days in advance of the hearing, notifies the operator of any other livestock auction that might be affected by the new market, the secretaries of the Montana Stockgrowers Association and the Montana Woolgrowers Association, and any railroads operating into or through the town or city in which the proposed market would be located. At the hearing, witnesses are called for and against the auction. Admission of evidence is much the same as in courts. After hearing all evidence, the Livestock Commission makes its decision.⁷

⁷Chapter 193, Section 3, 29th Montana Legislative Assembly.

In 1946, a license was refused a group at Polson. An appeal was made to the courts, and new evidence was submitted to each court hearing the case. The Montana Supreme Court finally approved the application.

The 1947 Legislature amended the existing law to require a careful transcription of all evidence presented at any hearing with such evidence to be used as the only evidence in a court appeal. The courts may decide only upon the fairness and the legality of the hearing and decision of the Montana Livestock Commission as based on evidence submitted to the court.

Recently the policy of the Livestock Commission has been to discourage the establishment of any new livestock auctions.⁸ It is the belief of the Montana Livestock Commission that anyone wishing to sell cattle in an auction market is now within reasonable trucking distance of such a market and that increasing the number of auction markets will reduce buyer numbers and thereby decrease competition among buyers. If more auction markets are approved, each will not handle sufficient livestock to attract packer buyers and other out-of-state buyers. The Montana Sanitary Board has had difficulty in hiring sufficient qualified help to enforce sanitary and quarantine

⁸Information gathered by interview with members of the Montana Livestock Commission.

regulations in the auction markets now operating. If more markets are approved, more supervision by the Sanitary Board will be needed.

Financial Arrangements of Montana
Livestock Auctions

Among the factors most closely checked before the local hearing is held is the financial standing of the person or persons making an application for a permit to operate an auction market. The Montana Livestock Commission has not approved an application unless the applicant was of good financial standing and had considerable equity in property.

The Federal Packers and Stockyard Act of 1921 requires all markets coming under it to establish trust accounts to be used in their buying and selling operations. The provisions of the Act apply to packers' operations and to buying and selling activities on posted stockyards. Stockyards coming under the jurisdiction of the Act are those conducted or operated for a compensation or profit as a public market and with pens and other enclosures totaling more than 20,000 square feet in area. The auction markets at Billings, Bozeman, Great Falls, and Missoula come under the provisions of the Packers and Stockyards Act. By posting is meant notifying the public that no person shall carry on the business of a market agency or dealer at the stockyard unless he is properly registered under the Act.

"The Packers and Stockyard Act gives the Secretary of Agriculture the duty of seeing that charges are just, reasonable, and nondiscriminatory. Accordingly, all posted stockyards and the agencies operating on them are required to file with the United States Department

of Agriculture and to make available to the public, schedules stating the charges for the several stock-yard services. Once these charges are filed, it is unlawful to depart from the schedule without giving ten days' notice to the Secretary of Agriculture by filing a new schedule.

"A second feature of the Act's administration which has been very important and has given shippers a great deal of protection is the requirement that market agencies and dealers carry a bond to guarantee fulfillment of financial obligations. The amount of the bond depends on the volume of business handled by each agency."⁹

The Montana Livestock Commission has adopted the trust fund system of handling payments and has required the trust fund to be maintained in a bank carrying Federal Deposit Corporation insurance.

Montana law requires a ten thousand dollar bond be provided by the livestock auction operator to insure his compliance with the rules governing auction operations and sanitary regulations. The bond is also for protection of any person who may suffer loss or damage due to violation of any rules or laws governing operational procedure.

Buildings and Grounds

With one exception, the buildings and grounds of Montana auction markets were, in the opinion of the writer, adequate and satisfactory. The pen fences were made of sawed lumber two inches

⁹Geoffrey S. Shepherd, Marketing Farm Products (Ames, Iowa: Iowa State College Press, 1946) 427-428.

thick in all markets except Havre and Glasgow. Part of the Havre and Glasgow yards was made of poles. Four yards used lumber six inches wide; four yards used lumber eight inches wide; and one yard used lumber ten inches wide. The portions of the pens made of poles had the ends sawed square and were solidly nailed to the posts so they did not cause appreciably more bruising than flat lumber would cause. All posts were of adequate size and set deeply enough to eliminate likelihood of breaking. The one auction with inadequate physical plant was at Lewistown. The pens were made of various materials, and were small and poorly arranged. Many pens were not built to withstand the shocks caused by cattle moving and milling around. The operator of the auction at Lewistown planned to build a new yard.

Only two auctions, Bozeman and Missoula, had all pens paved. In each of these yards some of the pavement had cracked and was in great need of repair. The yard at Miles City was extremely muddy. The yard was located on a poorly-drained piece of ground that sloped toward the middle of the yard.

Feed bunks and watering troughs were not supplied in all pens at any of the auction markets. When asked the reason, all operators gave the explanation that materials had not been available for construction of adequate and satisfactory bunks and troughs. The Bozeman auction planned to install concrete bunks for chopped hay and concrete watering troughs. The plans shown the writer would produce highly desirable feeding and watering facilities. Feed bunks and water troughs

were not disinfected after each sale, so provided a constant source of possible infection. Many farmers and ranchers reported having purchased animals with pinkeye or scours from auction markets. No farmer or rancher interviewed condemned the Montana Livestock Sanitary Board for allowing these diseased animals to be sold. Farmers and ranchers interviewed agreed that it was almost impossible for them to tell an early stage pinkeye from wind and dust irritation or early stages of scours from excited animals or animals coming off "soft" grass.

The feature for which all Montana livestock auctions should be criticized was the scale arrangement. There was not one auction in which the scale beam could be seen from as many as half the seats in the pavillion.

With the present arrangement of scales, it is impossible for those who wish to buy several lots of cattle to see what is in the ring and to watch the weighing of the animals they have just purchased. It is relatively easy to push the scale weight beyond where it will balance and stamp the weight ticket quickly enough to have the arrow on the weight slip show the scale in balance at the heavier weight. To protect himself, the purchaser must be able to see if the weight is honest.

When the auction operator takes cattle from several sections of the yard at the same time, it is impossible for the spectator to tell whether the succeeding lots of animals coming into the sale ring are animals he wishes to purchase until they are in the sale ring.

If a buyer leaves his seat to watch a lot of animals weighed, he will lose the opportunity to buy the next two or three lots of cattle going through the ring.

To get to the scale at Glasgow, a spectator had to go outside the building, through three gates, and into the office. Each gate is a part of an alley way in which cattle were moved to or from the sales ring, so it was almost impossible to see animals sell and also see them weighed. At the other sales, it is less difficult to see animals sold and weighed.

Montana livestock producers should appreciate the work done by the Billings public stockyards in advertising the fact that one can see the livestock weighed in their yard and that certain sale yards did not permit inspection of weights. Their immediate target was the Billings auction, but the effect was felt over the entire State.

In all Montana livestock auctions the person who weighs the cattle is paid by the auction company. Only one weighmaster had taken any examinations or had had any instruction on weighing. She was a bonded weighmaster for a sugar mill when it operated, and worked in the auction at Sidney the rest of the year. She was not bonded while working at the auction.

Montana did not have any regulations requiring auction yards to be paved or drained until January 1947. Some of the auction yards were poorly drained and very muddy. When a lot of muddy animals come

into the sales ring, the buyers do not pay as much per pound for them as they do for clean animals of similar quality and weight. In addition to bringing less per pound, farmers, dealers, and auction operators agreed that the animals shrank more when put in muddy pens. The increased shrinkage was due to the fact that they became nervous and milled around more in the pens, thus they burned up body tissue and lost weight. Muddy pens were particularly objectionable in the fall and winter when the weather was cold, and the mud might cause pneumonia. There were several cases reported in 1946 of cattle becoming mired in the muddy yards and being trampled to death.¹⁰

The mud and filth in some of the auctions caused the Montana Livestock Sanitary Board to issue Regulation 36, to become effective April 10, 1947. Section 4, paragraph 1 through 6 states:

"All public sale yards shall be kept in a clean and sanitary manner so as not to become a public nuisance and shall be kept in a clean and orderly manner to reasonably prevent the breeding of flies and other insects. They shall be adequately drained and concrete floored or gravelled where necessary to prevent mud holes or unsanitary conditions.

"Properly constructed loading and unloading chutes and holding pens shall be provided for the humane, sanitary, and efficient handling of livestock.

"All alleys and all loading and unloading pens shall be adequately drained and covered with concrete or other acceptable impervious material not later than October 1, 1947.

¹⁰ Information gathered by an interview with Dr. W. J. Butler, Executive Officer, Montana Livestock Sanitary Board.

"All holding pens shall be adequately drained and covered either with concrete or other acceptable impervious material or gravelled in such a manner as to avoid mud holes. If gravel is inadequate to prevent mud holes, then the holding pens shall be covered with concrete or other acceptable impervious material.

"Holding pens and any areas of the yard that become muddy or that are considered deleterious to animal health shall be ordered closed by the veterinary inspector and the livestock sale yard company shall not use such pens or areas until the defect has been removed and the pens released and approved by the veterinary inspector for holding livestock.

"Sale yard owners or licensees will be required to concrete, cause to be concreted, or covered with an acceptable impervious material, at least one-third of the total area of the yard, not later than May 1, 1948, and one-half of the remaining area each succeeding year until the yards are completely concreted or covered with an acceptable impervious material."

This ruling should materially improve the sanitary condition of the auction sale yards.

Help Employed by Montana Livestock Auctions

Montana law does not provide any regulating or licensing of auctioneers. Any person can be hired by an auction market to cry the sales. The experience of auctioneers employed ranged from seven months to twenty years.

There is a wide variation in number of men employed full time by the various auctions. The number of persons employed by each of the Montana livestock auctions is indicated in table III. There are various jobs to be done around an auction sale. On sale day there are cattle coming in that have to be yarded into the correct pens.

TABLE III. NUMBER OF CLERKS AND YARD WORKERS EMPLOYED BY MONTANA LIVESTOCK AUCTIONS, 1946

	Billings ^a	Bozeman	Butte	Glasgow	Great Falls	Havre	Lewistown	Miles City	Missoula	Sidney
Yard Workers Full Time		2	6	6-8	7	4	2-6	3-6	2	5
Yard Workers Sales Day	No Information	15-20	15-40	19-20	20-40	10-25	10-30	15-25	25	20
Clerks Full Time	No Information	1	2	1	2	2	1-4	1	2	2
Clerks Sales Day	No Information	4	4	4	6	4	3	5	3-4	3

^aThe operator of the Billings sale refused to give any information for this study.

Source: Personal interview with the auction operators.

There is feeding and watering to be done. When the sale starts, cattle have to be moved into the sale ring and re-penned after they are sold. Some buyers want their cattle fed and watered immediately after they go through the sale ring. Cattle were loaded out during the sale at all auctions except Butte and Glasgow.

On other days than sales day there is cleaning and repairing of yards to be done. Often there are some cattle left in the yard that have to be fed and watered. Feed has to be hauled to convenient points around the yard. Often the parking areas have to be leveled or drained. On sales day the men employed full time are used to supervise the sales day workers and to assist the brand inspector.

The full time clerical helpers answer sale correspondence and write letters for the public market brand inspector. Many of the auction operators bought cattle in the country or had other business interests so the full time clerk had to answer routine business questions in the operator's absence. On sales day the full time clerks usually supervised the part time workers and assisted when work began piling up at some point. The usual procedure was to have the sales slip with the price per pound, weight, consignor's and purchaser's names, and pen number on it, go through a series of clerks. The first clerk figured the total price for the lot; then the slip was given to a second clerk who checked the figures; next the slip went to a third clerk who computed the charges against the lot of cattle. The sales slip was taken by a fourth clerk who posted the sale, and then a

fifth clerk posted the purchase; finally the slip proceeds to the person who writes the check to pay the producer for the animal or animals.

Transportation Facilities at
Montana Livestock Auctions

Transportation facilities differ from market to market. One market was served by three railroads; five markets were served by two railroads; four were served by only one railroad. Table IV shows the number of railroads, railroad and truck loading chutes, together with the percent of cattle delivered by railroad and by truck. Percentages of cattle driven in was shown to complete the delivery picture.

Data in table IV indicate a need for reorganization of physical facilities more in line with receipts by various methods of delivery. When cattle are trucked in, they arrive as near sale time as possible, so congestion at loading chutes results. When shipped by rail, it is a general practice to have cattle in the yards ten or twelve hours before the sale.

Eight of the auction operators believed trucks brought animals in looking the best; one believed the railroad best; and one gave no information.

Method of Accounting for Cattle
in the Auction Markets

Montana law requires all public markets to place livestock in key locked pens until they have been inspected for brands and ownership

TABLE IV. TRANSPORTATION AND UNLOADING FACILITIES AVAILABLE AT MONTANA AUCTIONS AND PERCENT OF CATTLE RECEIVED BY DIFFERENT METHODS OF DELIVERY, 1946

Location of Auction	Number of Railroads Serving the Auction	Number of Railroad Loading Chutes	Percent of Cattle Received by Rail	Number of Truck Loading Chutes	Percent of Cattle Received by Truck	Percent of Cattle Driven to Auction
Billings	2	No Information				
Bozeman	2	2	20	2	60	20
Butte	3	10	50	3	50	0
Glasgow	1	6	10	6	85	5
Great Falls	1	9	29	2	70	1
Havre	1	1	10	1	60	30
Lewistown	1	2	15	2	80	5
Miles City	2	3	5	3	92	3
Missoula	2	4	19	4	80	1
Sidney	1	3	55	5	35	10

Source: Inspection by the writer.

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has been established. In the auction sales of Montana, the brand talley is used to identify the cattle and precedes the livestock to the sale ring. While the animals are being sold the sale clerk, usually the auction operator, writes the number in the lot and the brand description on the sales slip, then sends it to the scales. When the animals are weighed, the scale stamps the weight on the sales ticket, the ticket is then taken to the office for processing. After being weighed, the animals are taken to the buyers' pen and locked in until delivered to the buyer.¹¹

Speculators and Dealers in Auction Markets

The auction operators reported varying numbers of dealers and speculators at the sales. The number of speculators and dealers fluctuates depending upon the season of the year and cattle prices. Data on number of speculators and dealers were not available from the auction operators because:

1. No records were kept.
2. The auctions have been criticized, by farmers, ranchers, and others, for having a large number of speculators present at their sales and a small number of dealers.

The term speculator as used in this paper refers to those persons who attended sales hoping to buy cattle and resell them immediately at a profit. The writer discovered several instances where

¹¹Data gathered by interviewing auction operators.

arrangements were made with the auctioneer to sell to a speculator before the bidding reached full market value of the animals. An example of such action occurred at the Billings auction market when the writer was present. The auctioneer sold several lots of cattle to one of the regularly attending speculators at about three cents under market price while one man in the audience tried to bid on them. When another lot went through the ring, the man called out loudly enough to create an echo, but the auctioneer also sold that particular lot of cattle to the same speculator. On the next lot, only the man and the speculator were bidding. When the cattle reached their actual market value, the man stopped bidding, but the auctioneer appeared to be taking bids from the man and attempted to say he had purchased the cattle. Had the auctioneer been successful in this attempt, the man would have paid two or three cents per pound above market price for several thousand pounds of cattle. On three occasions, each at a different Montana auction, the writer saw the dealers and speculators look over the cattle in the sale yard just before time for the selling to begin. Then they went to a cafe and discussed what they were going to pay for the various lots of cattle. While sitting near the buyers, the writer overheard them discussing how many head of each class each buyer needed and agreeing that they would not pay above a certain price that day. A definite price was mentioned for each class of livestock. Careful observation failed to show any case in which the mentioned price was exceeded by any of the buyers in the group.

Some buyers followed the practice of buying mixed lots of cattle and regrouping them into uniform lots for resale. Grading, or sorting into uniform lots, is a function of marketing and the person performing this service is entitled to a fee for this service.

Dealers are defined as those persons buying cattle on order for others for fattening, grazing, or slaughter.

The person buying on order for others may do a double service: First, by increasing the effective demand at an auction; and second, by reducing the cost of the cattle to the person for whom he buys. The order buyer usually has several accounts; he divides buying expense among the several accounts instead of each of them having a man at the sale.

Grading and Market Information

Lewistown is the only auction market which did not report current market information over the radio. All other Montana livestock auction markets reported at least on the day of the sale. All auctions report market information through the local newspaper and the Western Livestock Reporter.

In both radio and newspaper reporting, cattle are graded by local standards which bear little resemblance to federal standards. Steers were reported as good grain fed steers, medium grain fed steers, common grain fed steers, good grass fed steers, medium grass fed steers, common grass fed steers, good stock steers, medium stock steers, and common stock steers. Other classes of cattle were similarly

graded. All grading was done by the auction operator. Farmers and ranchers indicated absolutely no uniformity in reporting from week to week. An example of the lack of uniformity of grading occurred while the writer was visiting the auction sales. A lot of freshly branded angus steers sold in an auction one day and were graded as medium grass fed steers. Two days later the same steers were seen in another auction where they were graded as good grass fed steers. Four days later, the same steers were seen at a third auction where they were graded as good grain fed steers.

In order to prevent a wide spread within a grade, cattle selling at a low figure were called the next lower grade.

In the auctions where the actual sale was put on the air, it was for a period of fifteen minutes or less. The yard workers held back the best lots of animals for the time on the air. This tended to create a feeling of a good market to those listening. In the one auction the writer attended which had a portion of the sale broadcast, the auctioneer announced that the broadcast would begin in one minute. He said, "Bid up, boys, we won't wait on you."

The federal market news service employs a man or men at each large market to grade livestock for the market news reports. All grading at terminal markets for news reporting is done by a disinterested party, the federal news reporter, and according to federal live animal grades. This practice gives some uniformity to the federal market news reports. All auction markets in Montana,

except Billings, lack this uniformity as grading is done by an interested person, the auction operator, and by standards that are not clearly defined.

The representatives of packing companies say federal live animal grades are not sufficiently objective to be used in buying so each company has developed its own grades and keeps them as a trade secret.

Until such time as the federal live animal grades are generally accepted and each sale is reported to the farmer or rancher by grade, weight, and price, it will be impossible to know what an animal would sell for in other markets, either terminal or local.

Costs of Marketing

Data in table V show the number of cattle sold through each Montana auction market in 1946.

While the writer does not have enough information to make any definite statements about shrinkage and fill as they affected Montana livestock producers, there are several general observations. Many Montana livestock producers believe there is generally a larger shrink in range cattle than farm cattle moved the same distance and in the same manner. The larger shrink is attributed to range cattle being afraid of people and often being of a more nervous nature. From observations, buyers do not tend to bid higher per pound because animals are seen in a shrunk condition, but do tend to bid several cents per pound less for animals that show evidence of excessive filling.

See Western Livestock Reporter
Jan 5, 1949 Page 54.
Billings Auction Co advertisement
1946 was \$6,336
according to Langman
Auction and Public yards
- 49 -
report

TABLE V. NUMBER OF CATTLE SOLD AT EACH
MONTANA LIVESTOCK AUCTION, 1946

Billings	168,480	Havre	17,292
Bozeman	29,478	Lewistown	27,530
Butte	50,659	Miles City	47,903
Glasgow ^a	10,526	Missoula	40,380
Great Falls	72,958	Sidney	34,553

^aOperated only 7 months.

Source: From Montana Livestock Commission brand inspection records.

Some farmers and dealers follow the deceptive practice of giving salt to cattle just before starting to market so the cattle will drink a large quantity of water and pick up the weight of the water. Others put cattle on feed they like particularly well: lush grass, silage, or grain, the day before the sale. Buyers usually recognize this ruse and frequently bid less per pound so the persons following this practice lose the feed and may get less per pound for the animal than they would have gotten had it not been filled. Because some animals are filled and consequently shrink very heavily, buyers hesitate to pay all that cattle are worth.

Bruising is estimated to have cost the American beef industry \$8,200,000 in 1935.¹² The meat industry has grown since 1935 and not many improvements have been made to reduce bruising. The terminal stockyards discontinued using sticks and clubs in 1936. Such instruments are still used in Montana livestock auctions.

Montana farmers and ranchers were responsible for some unnecessary bruising. They continued to use hay or straw in bedding railroad cars, even though it has been proven that less bruising results when floors are sanded.¹³

There was little uniformity of service rendered by various auction markets in Montana. All auctions with one exception included

¹² Austin A. Dowell and Knute Bjorka, Livestock Marketing (New York: McGraw Hill Book Company, 1941) 263.

¹³ Ibid., 281.

one day's feed in the commission charge. But when the sale was crowded so that more than one day was required to sell the cattle present, the farmer or rancher paid extra feed charges. At Glasgow the farmer or rancher paid a flat per day feed charge whether the animals were in the yards two hours or several days. Watering facilities were provided at all auctions, but most of the auctions required the farmer or rancher to do the watering. Montana Livestock Sanitary Board Regulation 36, paragraph 7, requires that automatic float control or other acceptable control shall be provided for all water troughs or tanks. Dr. Butler, Chief Veterinarian of Montana, when talking to the writer stated there was no other "acceptable control", so the watering of animals should be standardized after April 10, 1947, when Regulation 36 became effective.

Actual commission charges varied widely among auctions. Table VI shows these charges.

All except one of the Montana livestock auctions charged commissions on a per head basis. In those markets making a per head charge, the commission and other charges combined range from \$1.35 to \$2.20 per head for cattle and from \$.70 to \$1.75 for calves. In the opinion of the writer, it is impossible to justify this large a spread on the basis of services rendered at the various auctions.

Two auction markets defined any beef animal weighing more than 400 pounds as a mature animal; if under 400 pounds, as a calf. Two other auctions used 450 pounds as a maximum weight for a calf, and five used 500 pounds as the maximum weight for a calf. Since

TABLE VI. CHARGES PER HEAD MADE BY MONTANA AUCTIONS FOR SELLING CATTLE AND CALVES, 1946

Auction Market	Commission Charge		Yardage		Insurance	Hay per Bale	Maximum Weight For Calves	Total Selling Charge on Cattle	Total Selling Charge on Calves
	Cattle	Calves	Cattle	Calves					
Billings	\$1.80	\$1.00	None	None	\$.05	\$.90	500	\$1.85	\$1.05
Bozeman	1.00	.50	\$.35	\$.20	None	.65	500	1.35	.70
Butte	1.75	1.15	None	None	None	1.75	450	1.75	1.15
Glasgow	3 percent of selling price		None	None	.05	.35 per ^a day	None	6.40 ^b	2.80 ^c
Great Falls	1.85	1.00	.35	.35	None	Cost	450	2.20	1.35
Havre	2.00	1.75	None	None	None	2.00	500	2.00	1.75
Lewistown	2.00	1.50	None	None	.05	1.00	500	2.05	1.55
Miles City	1.00	.50	.35	.35	.05	.30 per day	400	1.40	.90
Missoula	1.60	.90	None	None	None	1.50	400	1.60	.90
Sidney	1.00	.50	.30	.30	.05	.35 per day	500	1.35	.85

^aThis auction charged for feed in addition to other charges

^bBased on an 800 pound steer selling at \$0.25 per pound.

^cBased on a 400 pound calf selling at \$0.20 per pound.

Source: Interview with auction operators.

Montana producers selling calves often sell at around 500 pounds, the exact maximum weight may have made a substantial difference in the amount of their sale charges.

With the present system of market news reporting, it would be most difficult for the farmers to estimate what the selling charges at an auction using percent of sale charge would be for animals they might wish to sell. All charges are published in the schedules of selling charges, except brand inspection, which is a fee prescribed by State law.

Charges for Selling Cattle in a Terminal Market

When cattle have arrived at a terminal market, the firm to which the animals are consigned takes complete charge. The cattle are unloaded, penned, fed, watered, and sold. A definite specified fee per head covers the handling. Feed is charged according to published schedules and animals are handled with the idea of keeping shrinkage to a minimum. Table VII shows the selling charges at selected terminal markets, as taken from charge schedules in force December 31, 1946.

Tables VIII to XV give the charges for freight, feed, feeding, and watering en route. These tables were based upon freight rates and feed charges in effect December 31, 1946.

When deciding whether to send cattle to a terminal market or to sell locally, there were many factors to consider. For Montana farmers and ranchers, one of the most important factors is the number

TABLE VII. CHARGES PER HEAD FOR SELLING CATTLE AND CALVES IN SELECTED TERMINAL MARKETS, 1946

Market	Commission Charges	Yardage Charges per Head		Prairie Hay per 100 Pounds	Alfalfa Hay per 100 Pounds	Corn per Bushel	Bedding per 100 Pounds	Total Selling Charges per Head
		Cattle	Calves					
Chicago	\$.70	\$.65	\$.40	\$1.90	\$2.55	\$2.45	\$1.55	\$1.92
Denver	.65	.45	.30	2.05	2.05	2.15	1.05	1.72
Fargo, N. Dak.	.70	.45	.30	1.10	1.25	1.10	.75	1.48
Los Angeles	.85	.50	.36	2.15	2.25		1.75	2.21
Salt Lake City	.58	.35	.25	2.10	2.10	2.66	1.10	1.56
San Francisco	.95	.65	.35	2.10	2.70		1.55	2.44
Sioux City	.80	.50	.35	1.90	1.95	1.70	.85	1.87
So. St. Paul	.70	.45	.30	1.10	1.65	1.50	1.10	1.48

Source: Schedules of charges from the stockyards companies.

TABLE VIII. APPROXIMATE SHIPPING CHARGES FOR AN EIGHT HUNDRED POUND YEARLING STEER IN CARLOAD LOTS FROM BILLINGS, MONTANA, TO SELECTED TERMINAL MARKETS, 1946

Market	Freight Dollars	Feed Stops Number	Service Charge for Unloading and Reloading Cents	Service Charge for Watering and Feeding Cents	Cost of Hay Enroute Dollars	Shipping Cost per Head Dollars
Chicago	6.88	2	4.6	4.6	1.08	8.05
Omaha	5.44	2	4.6	4.6	1.08	6.61
Portland	6.56	1	2.3	2.3	.54	7.15
Seattle	6.72	1	2.3	2.3	.54	7.31
Sioux City	5.36	2	4.6	4.6	1.08	6.53
So. St. Paul	5.44	1	2.3	2.3	.54	6.03
Spokane	4.96	0	0.0	0.0	.00	4.96

Source: Rates and feed stops supplied by Great Northern and Northern Pacific Railroads.

TABLE IX. APPROXIMATE SHIPPING CHARGES FOR AN EIGHT HUNDRED POUND YEARLING STEER IN CARLOAD LOTS FROM BOZEMAN, MONTANA, TO SELECTED TERMINAL MARKETS, 1946

Market	Freight Dollars	Feed Stops Number	Service Charge for Unloading and Reloading Cents	Service Charge for Watering and Feeding Cents	Cost of Hay Enroute ^a Dollars	Shipping Cost per Head Dollars
Chicago	7.52	2	4.6	4.6	1.08	8.69
Omaha	6.48	3	6.9	6.9	1.62	8.24
Portland	6.48	1	2.3	2.3	.54	7.06
Seattle	6.08	1	2.3	2.3	.54	6.67
Sioux City	6.08	2	4.6	4.6	1.08	7.25
So. St. Paul	6.16	2	4.6	4.6	1.08	7.33
Spokane	4.32	0	0.0	0.0	.00	4.32

^aBased on an average hay consumption of forty pounds.

Source: Rates and feed stops supplied by Great Northern and Northern Pacific Railroads.

TABLE X. APPROXIMATE SHIPPING CHARGES FOR AN EIGHT HUNDRED POUND YEARLING STEER IN CARLOAD LOTS FROM BUTTE, MONTANA, TO SELECTED TERMINAL MARKETS, 1946

Market	Freight Dollars	Feed Stops Number	Service Charge for Unloading and Reloading Cents	Service Charge for Watering and Feeding Cents	Cost of Hay Enroute ^a Dollars	Shipping Cost per Head Dollars
Chicago	8.00	3	6.9	6.9	1.62	9.76
Omaha	6.88	3	6.9	6.9	1.62	8.64
Portland	5.66	1	2.3	2.3	.54	6.25
Seattle	5.60	1	2.3	2.3	.54	6.19
Sioux City	6.48	3	6.9	6.9	1.62	8.24
So. St. Paul	6.56	2	4.6	4.6	1.08	7.73
Spokane	3.76	0	0.0	0.0	.00	3.76

^aBased on an average hay consumption of forty pounds.

Source: Rates and feed stops supplied by Great Northern and Northern Pacific Railroads.

TABLE XI. APPROXIMATE SHIPPING CHARGES FOR AN EIGHT HUNDRED POUND YEARLING STEER IN CARLOAD LOTS FROM GREAT FALLS, MONTANA, TO SELECTED TERMINAL MARKETS, 1946

Market	Freight Dollars	Feed Stops Number	Service Charge for Unloading and Reloading Cents	Service Charge for Watering and Feeding Cents	Cost of Hay Enroute ^a Dollars	Shipping Cost per Head Dollars
Chicago	7.92	2	4.6	4.6	1.08	9.09
Denver	6.00	2	4.6	4.6	1.08	7.17
Los Angeles	8.32	3	6.9	6.9	1.62	10.08
Ogden	4.80	1	2.3	2.3	.54	5.39
Omaha	6.72	3	6.9	6.9	1.62	8.48
Portland	5.60	1	2.3	2.3	.54	6.19
Salt Lake City	4.96	1	2.3	2.3	.54	5.55
San Francisco	7.92	3	6.9	6.9	1.62	9.68
Seattle	5.60	1	2.3	2.3	.54	6.19
Sioux City	6.32	2	4.6	4.6	1.08	7.49
So. St. Paul	6.48	2	4.6	4.6	1.08	7.65
Spokane	4.24	0	0.0	0.0	.00	4.24

^aBased on an average hay consumption of forty pounds.

Source: Rates and feed stops supplied by Great Northern and Northern Pacific Railroads.

TABLE XII. APPROXIMATE SHIPPING CHARGES FOR AN EIGHT HUNDRED POUND YEARLING STEER IN CARLOAD LOTS FROM HAVRE, MONTANA, TO SELECTED TERMINAL MARKETS, 1946

Market	Freight Dollars	Feed Stops Number	Service Charge for Unloading and Reloading Cents	Service Charge for Watering and Feeding Cents	Cost of Hay Enroute ^a Dollars	Shipping Cost per Head Dollars
Denver	6.52	2	4.6	4.6	1.08	7.69
Los Angeles	8.72	3	6.9	6.9	1.62	10.48
Ogden	5.36	2	4.6	4.6	1.08	6.53
Portland	6.08	1	2.3	2.3	.54	6.67
Salt Lake City	5.52	2	4.6	4.6	1.08	6.69
San Francisco	8.32	3	6.9	6.9	1.62	10.08
Sioux City	5.92	1	2.3	2.3	.54	6.51
So. St. Paul	5.68	1	2.3	2.3	.54	6.27
Spokane	4.64	0	0.0	0.0	.00	4.64

^aBased on an average hay consumption of forty pounds.

Sources: Rates and feed stops supplied by Great Northern and Northern Pacific Railroads.

TABLE XIII. APPROXIMATE SHIPPING CHARGES FOR AN EIGHT HUNDRED POUND YEARLING STEER IN CARLOAD LOTS FROM MILES CITY, MONTANA, TO SELECTED TERMINAL MARKETS, 1946

Market	Freight Dollars	Feed Stops Number	Service Charge for Unloading and Reloading Cents	Service Charge for Watering and Feeding Cents	Cost of Hay Enroute ^a Dollars	Shipping Cost per Head Dollars
Chicago	6.24	1	2.3	2.3	.54	6.83
Omaha	5.12	2	4.6	4.6	1.08	6.29
Portland	7.28	2	4.6	4.6	1.08	8.45
Seattle	7.36	2	4.6	4.6	1.08	8.53
Sioux City	4.72	1	2.3	2.3	.54	5.31
So. St. Paul	4.88	1	2.3	2.3	.54	5.47
Spokane	5.60	1	2.3	2.3	.54	6.19

^a Based on an average hay consumption of forty pounds.

Source: Rates and feed stops supplied by Great Northern and Northern Pacific Railroads.

TABLE XIV. APPROXIMATE SHIPPING CHARGES FOR AN EIGHT HUNDRED POUND YEARLING STEER IN CARLOAD LOTS FROM MISSOULA, MONTANA, TO SELECTED TERMINAL MARKETS, 1946

Market	Freight Dollars	Feed Stops Number	Service Charge for Unloading and Reloading Cents	Service Charge for Watering and Feeding Cents	Cost of Hay Enroute ^a Dollars	Shipping Cost per Head Dollars
Chicago	8.40	3	6.9	6.9	1.62	10.16
Omaha	7.28	3	6.9	6.9	1.62	9.04
Portland	5.12	1	2.3	2.3	.54	5.71
Seattle	5.28	1	2.3	2.3	.54	5.87
Sioux City	6.88	3	6.9	6.9	1.62	8.64
So. St. Paul	6.96	2	4.6	4.6	1.08	8.13
Spokane	3.20	0	0.0	0.0	.00	3.20

^aBased on the average consumption of forty pounds of hay per animal.

Source: Rates and feed stops supplied by Great Northern and Northern Pacific Railroads.

TABLE XV. APPROXIMATE SHIPPING CHARGES FOR AN EIGHT HUNDRED POUND YEARLING STEER IN CARLOAD LOTS FROM SIDNEY, MONTANA, TO SELECTED TERMINAL MARKETS, 1946

Market	Freight Dollars	Feed Stops Number	Service Charge for Unloading and Reloading Cents	Service Charge for Watering and Feeding Cents	Cost of Hay Enroute ^a Dollars	Shipping Cost per Head Dollars
Chicago	6.16	2	4.6	4.6	1.08	7.33
Omaha	5.36	2	4.6	4.6	1.08	6.53
Portland	7.92	2	4.6	4.6	1.08	9.09
Seattle	7.92	2	4.6	4.6	1.08	9.09
Sioux City	4.96	1	2.3	2.3	.54	5.55
So. St. Paul	4.64	1	2.3	2.3	.54	5.23
Spokane	6.16	1	2.3	2.3	.54	6.75

^aBased on an average hay consumption of forty pounds.

Source: Rates and feed stops supplied by Great Northern and Northern Pacific Railroads.

he has to sell. Freight rates are so arranged that they are prohibitive for less than a carload lot. At certain times of the year -- spring and early summer -- mixed lots sell well; at other times -- fall and winter -- uniform lots return a premium. The question often arises, should a producer sell a small uniform lot, say a truck load, locally; or should he sell a carload of mixed cattle at a terminal market. When deciding which course to follow, the producer should remember the unreliability of the market news as reported by auctions. To know how much cattle of a definite grade are bringing, the producer must visit the auction and watch animals sell. The farmer or rancher cannot be certain that the animals will bring the same amount several hours or days later when his animals will sell. The long rail haul to terminal markets increases the selling charges by increased transportation and increased shrinkage. Most ranchers questioned agree that the longer cattle are in transit, the greater the shrinkage. Terminal market news is based on United States Department of Agriculture standards and is more reliable.

Data in table XVI show the charges involved in moving an 800-pound steer in carload lots from selected points in Montana to selected terminal markets and in selling at that market. Table XVI is an estimate by the writer and does not make any allowance for shrinkage in transit nor does it include any special fees, such as veterinary inspection, that some terminal markets charge. Table XVI would not be correct for any class of cattle except 800-pound yearling steers. All cattle vary in habits of eating, particularly while

TABLE XVI. TOTAL SELLING CHARGES FOR AN EIGHT HUNDRED POUND YEARLING STEER
AT SELECTED TERMINAL MARKETS, 1946

	Chicago	Denver	Los Angeles	Omaha	Salt Lake City	San Francisco	Sioux City	So. St. Paul
Billings	9.97			8.48			8.40	7.15
Bozeman	10.61			10.10			9.12	8.81
Butte	11.86			10.50			10.11	9.21
Great Falls	11.01	9.43	12.29	10.34	7.11	12.12	9.36	9.13
Havre		9.41	12.96		8.25	12.52	8.38	7.75
Miles City	8.75			8.15			7.18	6.95
Missoula	12.08			10.90			10.51	9.61
Sidney	9.25			9.39			7.42	6.71

Source: Rates and feed stops supplied by Great Northern and Northern Pacific Railroads.

in transit. Eight hundred pound yearling steers were chosen as an illustration because Montana farmers and ranchers ship many such animals and because estimates were obtained from the Animal Industry Department, Montana State College, on feed consumption in transit by this class of cattle.

Summary

Since 1930, livestock auction markets have increased in number in Montana; data shown in table XX, page 75, indicates that the number of livestock handled in each auction has likewise increased.¹⁴

Montana law made provision for licensing auction markets in 1933. Revision was made of this law in 1935. The laws of 1933 and 1935 also empower the Montana Livestock Sanitary Board to require auction markets to comply with certain sanitary regulations.

The Montana Livestock Sanitary Board has been handicapped by a lack of operating funds and consequently a lack of trained personnel for making sanitary inspections and enforcing sanitary regulations at the auction markets.

The scales at Montana livestock auctions are, with the exception of the Bozeman market, located so that the people seated in the sale pavilion cannot see animals weighed. At the Bozeman auction

¹⁴ Information taken from the annual report of brand inspections published by the Montana Livestock Commission.

not more than one-third of the people seated in the pavilion can see the scale.

All weighmasters at Montana auctions are employed by the auction market and subject to dismissal by the auction manager.

There is some evidence of collusion between buyers and auction managers at certain Montana livestock auctions.

The Montana livestock auction provides a local market where more than one buyer can bid on the animals offered for sale. This is important to the man having less than a carload of livestock for sale.

Recommendations

1. The Montana Livestock Sanitary Board should strictly enforce their regulation requiring adequate drainage of auction yards.
2. A weighmaster should be employed, for each auction market, by the State, preferably under State civil service.
3. All weighmasters at auction markets should be subject to dismissal only by the state and only for inefficiency or neglect of duty.
4. All weighmasters should be responsible for the maintenance and cleanliness of their scales.
5. The state scale inspectors should make frequent unannounced accuracy checks of all auction scales.
6. The Montana legislature should enact a law requiring the scale beam to be visible from the sale pavilion.
7. The Montana Livestock Commission should require all auctions to provide sufficient

unloading facilities to permit trucks to unload without waiting in line.

8. The Montana Livestock Sanitary Board should require all auction markets to empty and disinfect all feed bunks and water troughs after each sale.
9. The Montana Livestock Sanitary Board should require all yards and pens used during each sale to be cleaned after the sale.
10. A complete study of the operating costs of auctions should be made.
11. A complete study of comparative costs, including shrinkage losses, between terminal and Montana auction markets should be made.
12. A complete study of comparative net prices received, for various classes of livestock sold by Montana farmers and ranchers, between Montana auction markets and terminal markets should be made.

PART IV. FARMER OPINIONS CONCERNING LIVESTOCK AUCTIONS

Method of Selecting Sample

Farmers and ranchers who were to receive questionnaires were selected by drawing from a list of addresses maintained by the office of the State Statistician in Helena, Montana. This list was one of farmers and ranchers who have answered questionnaires in the past. No attempt was made to select livestock producers because all sizes and types of farms and ranches were desired for this study. Questionnaires were mailed to 1,885 Montana farmers and ranchers. This was roughly five percent of all Montana farmers and ranchers who numbered 37,747 according to the 1945 Agricultural Census. A copy of the questionnaire is included in the Appendix.

Of the 1,885 questionnaires mailed, 429 were returned, of which 393 were complete enough to be usable. The actual returns constitute 1.16 percent of all farmers and ranchers in Montana.

The questionnaires were returned from farmers and ranchers who had personal knowledge of the ten licensed livestock auctions in Montana. These were located at Missoula, Bozeman, Billings, Miles City, Sidney, Glasgow, Havre, Great Falls, Livingston, and Butte. There was a small auction at Hamilton which sold used household goods and farm equipment. It was reported that this auction has sold some livestock in the past. Since Hamilton was not licensed by the Montana

Livestock Commission it was not included in this analysis of livestock auctions.

Size of Farms in Sample

Data in table XVII show number of respondents using the auction as a principal method of sale, using local buyers as their principal method of sale, and using out-of-state commission firms as principal methods of sale as classified by size of farm operated.

Data in table XVIII show a grouping of respondents by numbers of cattle sold in 1946, those using the auction as a principal method of sale, those using local buyers as principal method of sale, and those using out-of-state commission companies as principal method of sale. Only 4 percent of those using the auction as their principal method of sale were operators selling more than 150 head. The question on method of marketing further strengthens the writer's belief that the small operator, from the standpoint of cattle numbers, was the person most interested in the livestock auction.

Distance to an Auction Market

Of the farmers and ranchers returning this questionnaire, 112 reported a distance to an auction market of between 1 and 37 miles; 142 between 38 and 74 miles; 22 between 75 and 111 miles; and 5 greater than 112. This would indicate that all are within trucking distance, 200 miles or less, of an auction market.

TABLE XVII. CLASSIFICATION, BY SIZE OF FARM, OF FARMER QUESTIONNAIRES INCLUDING THOSE USING AUCTION MARKETS, LOCAL BUYERS, AND OUT OF STATE COMMISSION COMPANIES AS THEIR PRINCIPAL METHOD OF MARKETING

Montana 1946

Acres Operated	All Questionnaires	Auction Used as Principal Method of Sale	Local Buyers Used as Principal Method of Sale	Out of State Commission Companies Used as Principal Method of Sale	No Report of Principal Method of Sale
Less than 639	105	56	20	15	14
640 - 1,279	75	31	14	12	18
1,280 - 2,559	81	43	20	4	14
2,560 - 6,399	82	38	11	11	22
6,400 and more	39	21	10	5	3
No report of acres operated	11	4	4	1	2
Total	393	193	79	48	73

Source: Three hundred ninety-three questionnaires returned by Montana farmers and ranchers.

TABLE XVIII. CLASSIFICATION, BY NUMBER OF CATTLE SOLD, OF FARMER QUESTIONNAIRES INCLUDING THOSE USING AUCTION MARKETS, LOCAL BUYERS, AND OUT OF STATE COMMISSION COMPANIES AS THEIR PRINCIPAL METHOD OF MARKETING

Montana 1946

Number of Cattle	All Question- naires		Auction Used as Principal Method of Sale		Local Buyers Used as Principal Method of Sale		Out of State Commission Companies Used as Principal Method of Sale		No Report of Principal Method of Sale	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 - 49	234	59	113	58	57	63	18	50	46	63
50 - 99	77	20	41	22	14	16	8	22	14	19
100 - 149	22	6	12	6	2	2	4	11	4	5
150 and more	18	4	10	4	5	6	1	3	2	3
No answer or no cattle	42	11	18	10	12	13	5	14	7	10
Total	393	100	194	100	90	100	36	100	73	100

Source: Three hundred ninety-three questionnaires returned by Montana farmers and ranchers.

Returns Received from Auction Markets

Two hundred ninety of the 393 farmers and ranchers reporting expressed the belief there would be an increase in number of auction markets during the next five years. Of the 290 reports, 155 had used the auction market as the principal method of selling livestock in 1946. Sixty-two farmers and ranchers did not believe there would be an increase in number of livestock auctions, and 40 did not express an opinion.

Two hundred sixteen of the farmers and ranchers believed additional livestock auctions would increase returns to Montana farmers and ranchers. Of the 216 expressing the belief that returns would be increased, 119 reported using the auction as their main method of selling livestock in 1946. One hundred twenty-six believed more auctions would not increase returns, and 46 did not express an opinion. In percentages, 55 percent believed more auctions will increase returns; 33 percent believed increasing numbers of auctions would not increase returns; and 12 percent did not express an opinion.

Two hundred seventy-five of the 393 farmers and ranchers, or 70 percent, believed, "on the average," auction markets would bring higher net returns to Montana farmers and ranchers than any other method of marketing livestock. Only 153 of the 275 reported using the auction market as their primary method of sale. Seventy-four of the 393 farmers and ranchers reporting did not believe the auction market would "on the average" bring higher net returns than any other method of marketing livestock. Forty-four did not express an opinion

or qualified their answer in such a way as to make classification impossible.

There were 77, or 20 percent, more farmers who believed that the auction "on the average" would increase returns to Montana farmers and ranchers than believed more auctions were needed. Such a percentage indicated the thinking of these farmers was that there should be considerable caution exercised when granting permits for new auctions.

Intentions to Use Auction Markets

Data in table XIX show the number of farmers and ranchers reporting the auction market with which they were most familiar; combined with their expressed intention to market a larger, smaller, or the same percent of cattle in 1947; as compared with the number of cattle sold through the auction in 1946. On the basis of these questionnaires the farmers were satisfied with the prices received and treatment given at Bozeman, Butte, Great Falls, Havre, Glasgow, and Sidney; but not entirely satisfied with Missoula, Miles City, Lewistown, and Billings. The decision is close in the case of Bozeman, since equal percentages plan to use it more and use it less. Billings has 22 percent planning to use the market less, compared with 20 percent who plan to use it more.

The increase or decrease in cattle numbers sold through auctions in 1945 and 1946 is shown by data in table XX. Of the markets that farmers reported intending to use less, Lewistown was the

TABLE XIX. CLASSIFICATION OF 393 FARMER QUESTIONNAIRES SHOWING FARMERS' PLANS TO USE AUCTIONS FOR A LARGER OR SMALLER PERCENT OF THEIR CATTLE IN 1947 AS COMPARED TO 1946

Location of Auction	Number Reporting	Larger		Smaller		The Same		No Information	
		Number	Percent ^a	Number	Percent ^a	Number	Percent ^a	Number	Percent ^a
Billings	83	17	20	18	22	28	34	20	24
Bozeman	18	3	17	3	17	10	55	2	11
Butte	16	3	18	2	12	9	57	2	12
Glasgow	15	3	20	2	13	4	27	6	40
Great Falls	56	10	18	7	12	24	43	15	27
Havre	20	5	25	4	20	7	35	4	20
Lewistown	22	7	32	11	50	4	18	0	00
Miles City	51	19	37	8	16	16	31	8	16
Missoula	44	6	14	12	27	21	48	5	11
Other	26	3	11	2	8	9	35	12	46
Sidney	42	15	36	5	12	12	28	10	24
Total	393	91	23	74	19	144	37	84	21

^aPercent of farmers reporting each market as their principal method of sale

Source: Questionnaires returned by Montana farmers and ranchers.

TABLE XX. CHANGE IN VOLUME OF SALES IN MONTANA
LIVESTOCK AUCTIONS 1944-45 - 1945-46

Location of Auction	Increase 1945 over 1944	Decrease 1945 over 1944	Increase 1946 over 1945	Decrease 1946 over 1945
Billings		2,815	12,259	
Bozeman		288	8,555	
Butte	1,592		27,332	
Glasgow ^a				
Great Falls	9,300		10,447	
Havre	8,077		1,074	
Lewistown	3,092		6,400	
Miles City	1,198		75	
Missoula		462	6,762	
Sidney	4,492			159

^aBegan operation in 1946.

Source: Montana Livestock Commission brand inspection records.

only one that has shown a steady increase during the past two years.¹ The Lewistown market was opened in 1939 and has changed owners at least five times in the seven years it has been operating.²

The Miles City market was losing popularity from two causes: The more important being the muddy condition of the yard; the second reason was bad selling practices which were the result of lack of auction owner and of auction operator interest in the sale. The Miles City market showed an increase in sales of only 75 in 1946 compared with 1,198 increase in 1945. Other sales made increases in 1946 similar to their 1945 increase. The shift of intention to use the Lewistown market is explained by poor location and poor plant. Railroad connections were not good from Lewistown to any terminal market or feeding area and the physical layout of the sales yard was the poorest in the State. The problem at Missoula was one of public relations between operator and ranchers.

Buying and Selling Practices Used by
Montana Auction Operators

Of the 393 questionnaires returned, 234 farmers and ranchers knew "from personal observation" that the operator or one of his representatives bought cattle in the auction ring; 63 did not know;

¹ Data from the 1944 and 1945 annual reports of the Montana Livestock Commission.

² Data from personal interview with the operator of the Lewistown auction.

and 96 made no report. Of the 234 farmers and ranchers reporting the operator or his representative buying in his own sale ring, all markets in the State were mentioned, so evidence shows that at times the operator of each market bought in his sales ring. Of the questionnaires returned, 180 (46 percent) thought it a good practice for the auction operator to buy in the ring, 152 (39 percent) thought it a bad practice, and 61 (15 percent) were undecided.

Only 51 farmers and ranchers reported knowing the auctioneer to buy in the ring, and 40 of these were most familiar with auctions in which the operator also acted as auctioneer. Fifty-three (13 percent) believed the practice of having the auctioneer buying in the ring was good, 281 (72 percent) believed this practice to be bad, and 59 (15 percent) were undecided.

Of the farmers and ranchers reporting, 152 said the auction operator of the sale they knew best bought cattle in the country or at other markets and re-sold them through his own sale ring. All auctions were included in about proportional numbers. Sixty-three reported the operator did not follow this practice. Again all markets were included in the report. One hundred seventy-eight farmers did not know or did not report. The practice of the operator buying in other places and selling through his own ring was believed to be a desirable practice by 82, 236 believed it an undesirable practice from the standpoint of the farmer or rancher, and 75 did not express an opinion.

Advantages and Disadvantages
of Livestock Auctions

Each farmer or rancher reporting was asked to report what he considered to be the two greatest advantages and the two greatest disadvantages of livestock auctions. Since these advantages and disadvantages were expressed in the farmer's or rancher's own terms, considerable trouble was encountered in deciding upon the exact meaning intended by some of the answers.

Classification of answers on the two greatest advantages and the two greatest disadvantages of livestock auctions from the standpoint of Montana farmers and ranchers is shown in tables XXI and XXII. In tables XXI and XXII all answers which did not receive five or more votes, either as first or second choice, were grouped under "other." Advantages so grouped were: buying as well as selling; pricing based on quality; high grade advertising; helping the community; and livestock being handled by expert stockmen. Disadvantages grouped as "other" were: not understanding the auctioneer; too much speculating; livestock being of poor quality; false selling; not selling in order received at the market; bad weighing; and not being able to see well enough in the ring.

Competition among bidders was ranked as the greatest advantage of the auction market by 29 percent of those reporting advantages. Having a market always available and more buyers bidding, including out-of-state buyers, was reported by 40 farmers as the greatest advantage.

TABLE XXI. CLASSIFICATION OF AUCTION MARKET ADVANTAGES RANKED
FIRST AND SECOND BY 393 MONTANA FARMER QUESTIONNAIRES

Advantage	Ranked First	Ranked Second
1. Sell to highest bidder, or competition among bidders.	110	21
2. Always a market available.	40	30
3. More buyers available and out-of-state buyers.	40	15
4. Less shrinkage.	35	17
5. Higher price.	32	11
6. Saves time.	22	9
7. Lower or less transportation charges.	18	14
8. Can see cattle sold.	7	13
9. Don't have to sell unless satisfied with price.	5	7
10. Immediate pay for sale.	4	5
11. Cuts out middlemen.	1	8
12. Good replacement market.	1	6
13. No answer.	70	221
14. Other.	8	16

Source: Questionnaires returned by Montana farmers and ranchers.

TABLE XXII. CLASSIFICATION OF AUCTION MARKET DISADVANTAGES RANKED
FIRST AND SECOND BY 393 MONTANA FARMER QUESTIONNAIRES.

Disadvantage	Ranked First	Ranked Second
1. No disadvantages.	49	--
2. Not enough competition.	46	17
3. Discrimination.	17	9
4. Too fast selling in ring.	16	6
5. Over-crowded sale plants.	14	15
6. Hauling and handling difficulties.	13	17
7. No knowledge of what the market will be.	13	7
8. Poor sanitation.	8	3
9. High cost of selling at auction.	6	2
10. Have to take highest bid.	5	1
11. Distance to sale.	3	6
12. Too small volume.	3	2
13. Too much handling in yards.	3	2
14. Can't inspect stock.	3	2
15. Not graded.	0	5
16. Brand returns to your area.	0	5
17. No answer.	183	278
18. Other.	11	16

Source: Questionnaires returned by Montana farmers and ranchers.

The question of disadvantages of the auction market was not quite consistent with the expression of the belief that more auction markets would increase returns to Montana farmers and ranchers, because the highest ranking disadvantage reported was not enough competition within the markets. This apparent discrepancy might be explained by some farmers referring to days when competition was lacking and others referring to days or periods in which competition was very good.

The disadvantage listed as first by 16 farmers and ranchers, and as second by 6 was too fast selling in the ring.

Summary

Many Montana farmers and ranchers have given too much weight to convenience of marketing and to low shrinkage when selling at auction markets. Answers on the questionnaires returned by Montana farmers and ranchers indicate they are aware of some of the advantages and limitations of auction markets as a method of selling livestock. The returned questionnaires indicate a misunderstanding of competition within the livestock marketing field.

Recommendation

A program of market information should be stressed by the Montana State College Extension Service to educate Montana farmers and ranchers as to the advantages and disadvantages of the various types of livestock markets operating in Montana.

APPENDIX

Livestock Auction Market Questionnaire

To be Returned to The

DEPARTMENT OF AGRICULTURAL ECONOMICS
MONTANA STATE COLLEGE
Bozoman, Montana

1. What is the size of the farm or ranch you operated in 1946 (including all farm and grazing land owned, leased, and rented)?
_____ acres.
2. How many cattle (all classes) did you sell in 1946? _____ cattle.
3. What methods were used in selling these cattle? (Number methods used. No. 1 should be the method by which the largest number was sold; No. 2 the second in importance, etc.)

Auction Market	:	:	Out-of-State Packer	:
Local Buyer	:	:	Out-of-State Commission Co.	:
Local Packer	:	:	Other (explain):	:
Out-of-State Buyer	:	:		:

4. How many miles from your ranch headquarters is it to the nearest auction market? _____ miles.
5. (a) Do you believe auction markets will increase in number in Montana during the next ten years? _____

(b) Do you think additional auction markets in Montana would increase the net returns to farmers and ranchers from the sale of livestock? _____
6. On the average, do you think auction markets will generally bring higher net returns than any other method of marketing livestock?

7. What auction market in Montana do you know best? _____
8. (a) Do you know from observation whether or not the operator (or one of his employees) buys in the sale ring of the auction market that you know best? _____

- (b) From the standpoint of the farmer or ranchers, do you think it is a good practice for the operator of the auction market to buy in the sale ring? _____
9. At the auction market you know best, does the auctioneer buy in the sale ring? _____
10. From the standpoint of the farmer or rancher, do you think it is a good practice for the auctioneer to buy in the sale ring?

11. In the auction market you know best, does the auction operator buy cattle in the country or in another market and resell them in the sale ring? _____
12. From the standpoint of the farmer or rancher, do you think it is a good practice for the operator of the auction market to buy cattle in the country or another market and resell in the sale ring? _____
13. From the standpoint of the producer, what are the two greatest advantages of auction markets?
(1) _____
(2) _____
14. From the standpoint of the producer, what are the two greatest disadvantages of auction markets as a method of selling livestock?
(1) _____
(2) _____
15. In 1947 I plan to sell a (larger, smaller, or the same) percentage of my cattle through auction markets -- compared with 1946. (Mark out the words in the parentheses that do not apply.)
16. Please use the reverse side of this sheet for any other remarks you wish to express about auction markets or livestock marketing.

NAME _____ ADDRESS _____

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