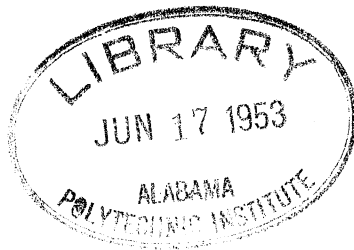
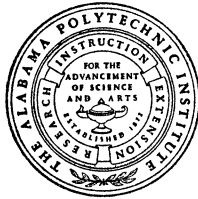


LIVESTOCK MARKETING AGENCIES *in* ALABAMA



AGRICULTURAL EXPERIMENT STATION
of the **ALABAMA POLYTECHNIC INSTITUTE**

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Auburn, Alabama

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LIVESTOCK MARKETING AGENCIES *in* ALABAMA

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THE PRODUCTION of livestock for sale on Alabama farms has shown a remarkable increase within recent years. The extent of this increase is reported in Alabama Agricultural Experiment Station Bulletin 281, "How Alabama Farmers Buy and Sell Livestock." Because of the recent increased emphasis on commercial livestock production in the State, there is a need for greater attention to marketing practices followed by and marketing outlets used by Alabama farmers.

This is the second in a series of reports presenting results of a State-wide study concerning livestock marketing practices, facilities, and problems of Alabama farmers. Alabama Station Bulletin 281 is concerned principally with selling and buying practices of farmers. This bulletin is concerned primarily with marketing agencies used by farmers.¹ In addition to supplying much needed information on buying and selling practices and marketing agencies, these reports will also furnish background information for additional livestock marketing research that is expected to follow. Such research will include studies of price-grade differentials paid for livestock, as well as means of reducing costs and increasing efficiency in marketing livestock.

The principal types of outlets used by Alabama farmers in selling or buying livestock and their relative importance are reported in Alabama Station Bulletin 281. In addition to "other

¹The studies on which these reports are based are a part of a regional plan of livestock marketing research in which a number of Southern States, and the Bureau of Agricultural Economics, United States Department of Agriculture, are cooperating. Each state is conducting its own research program; however, there is joint planning and coordination of research through a Regional Technical Committee representing each of the participating states and agencies. Participating states include Alabama, Arkansas, Louisiana, Mississippi, Georgia, South Carolina, North Carolina, Tennessee, Texas, Virginia, and West Virginia.

farmers" these outlets include: auction sales barns, local dealers, country buyers, the terminal public market, packing plants, and local slaughterers.

This report is designed to furnish more complete information about these agencies, particularly auctions. The local auction is the major marketing agency relied on by Alabama farmers both in selling and buying livestock.² In addition to furnishing more complete information about these agencies, including their functions and operating practices, an attempt is made to examine the major problems which have resulted or which may result from the existing situation and from existing marketing practices.

Data on which this report is based were secured during 1951 and apply, for the most part, to the year 1950. Approximately three-fourths of the auctions, one-seventh of the local dealers and country buyers, and all of the packers and local slaughterers offering Alabama farmers a direct market were contacted for information. Data were obtained on the State's one terminal public market from monthly and annual reports issued by the market. In general, no distinction was made between dealers and country buyers nor between large packing plants and local slaughterers having plant facilities.

NUMBER *and* LOCATION of LIVESTOCK MARKETING AGENCIES

Auctions

The auction method of selling is characterized by having open, public selling as well as open, competitive bidding in contrast to private sales in which individual buyers and sellers dicker to negotiate a transaction. In December 1951, 75 auctions operated livestock sales in Alabama.³ More than 93 per cent of these auctions operated weekly; of the remainder, three operated twice weekly, and two twice monthly. Nine auctions were operated as cooperatives. The locations of auctions and other livestock marketing agencies are shown in Figure 1.

² Bulletin 281 indicates that, in 1950, 76 per cent of the cattle and calves, and 57 per cent of the hogs sold by Alabama farmers were sold through auctions. During the same period, 69 per cent of the cattle and calves purchased, and 58 per cent of the hogs purchased were obtained through auctions.

³ At the end of 1951, a net gain over 1950 of two auctions and two local dealers with yard facilities was reported.

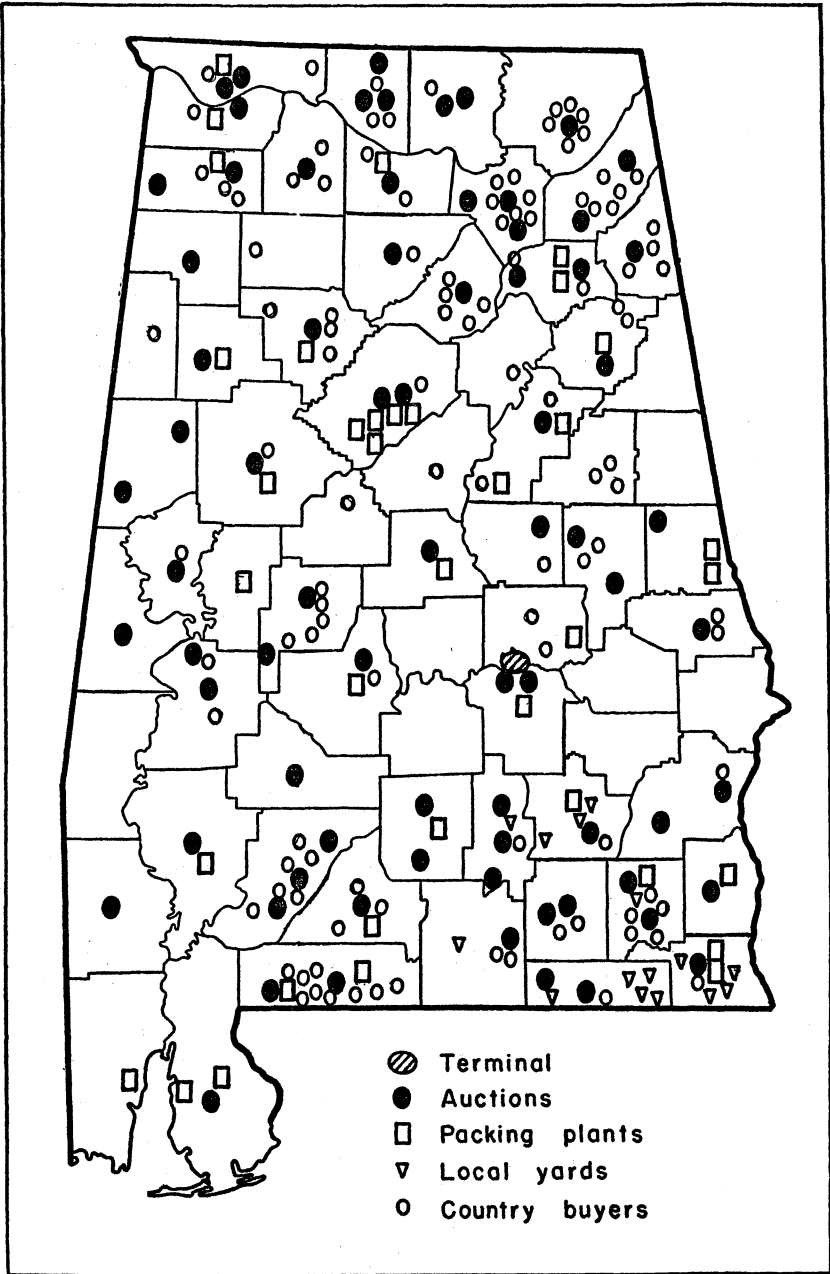


FIGURE 1. Location of livestock marketing agencies and buyers in Alabama providing farmers a direct market, 1951.

Local Dealers *and* Country Buyers

Local dealers are distinguished from other country buyers in that they have established places of business, including yards. In 1951 there were 15 such dealers, all located in southeastern Alabama. These yards provided daily markets for livestock. Marketings of hogs in Alabama were greatest in this area.

In addition to these local dealers, it was estimated that in 1950 there were more than 100 independent country buyers or traders in Alabama. These buyers purchased in the country, at auctions or from other dealers, and sold to farmers, at auctions, to packers, and at the public terminal market. Farmers who sold livestock in very small amounts relied heavily on these types of buyers. Country buyers were located rather generally over the State, Figure 1.

Packers *and* Local Slaughterers

There were approximately 49 packing plants and other slaughter houses in Alabama in 1951, 36 of which provided a direct market to farmers. In addition, there was probably a number of local butchers who occasionally bought livestock from farmers. The locations of plants providing a direct market to farmers are shown in Figure 1.

Terminal Public Market

One of the two terminal public markets in the Southeast is located at Montgomery, Alabama; the other is at Nashville, Tennessee. Terminal public markets have been defined as trading centers where facilities are provided for receiving, caring for, and handling livestock; where several selling agencies operate; and where the privileges of buying and selling are available to all who wish to use them.⁴ The stockyards company neither buys nor sells livestock but furnishes and maintains physical facilities and assumes responsibility for yarding and feeding livestock. Actual selling and buying on order are usually entrusted to commission men or order buyers who act as agents for the seller or buyer, respectively.

⁴ Corn Belt Livestock Marketing Research Committee. "Marketing Livestock in the Corn Belt Region." Bulletin 365. South Dakota Agricultural Experiment Station. Brookings, South Dakota.

VOLUME, KIND, and SEASONALITY of LIVESTOCK HANDLED

Distribution of Auctions According to Volume of Annual Sales

Approximately half of the auctions in Alabama had annual sales under \$500,000 in 1950, Figure 2. Six of these had sales under \$100,000. There were 20 auctions with annual sales of over \$1,000,000, 4 of which had sales in excess of \$3,000,000. The total volume of business done by all auctions exceeded \$75,000,000.

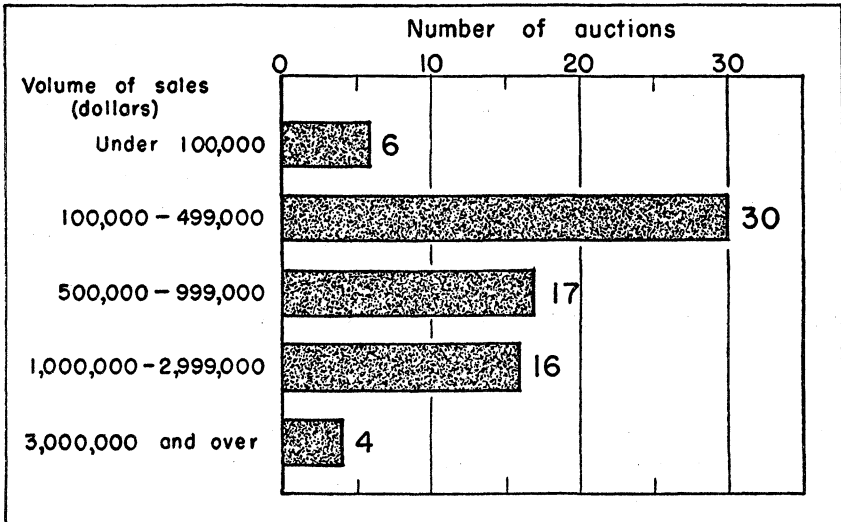


FIGURE 2. Distribution of 73 Alabama auctions by dollar volume of annual sales, 1950.

Distribution of Marketing Agencies According to Number of Livestock Handled

Auctions. The distribution of all auctions reporting, according to the number of livestock handled, is shown in Figure 3.⁵ About one out of seven auctions received in excess of 20,000 head of cattle in 1950, and one out of six received in excess of 20,000 head of hogs.

About two out of five auctions received less than 5,000 head

⁵ Two auctions did not handle both hogs and cattle; six did not report volume.

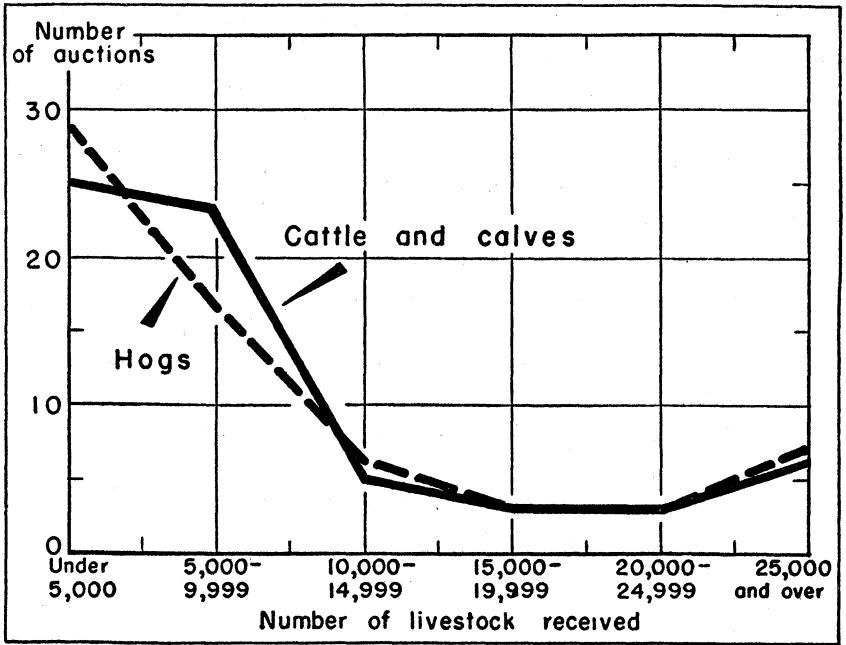


FIGURE 3. Distribution of 65 Alabama auctions by number of livestock handled, 1950.

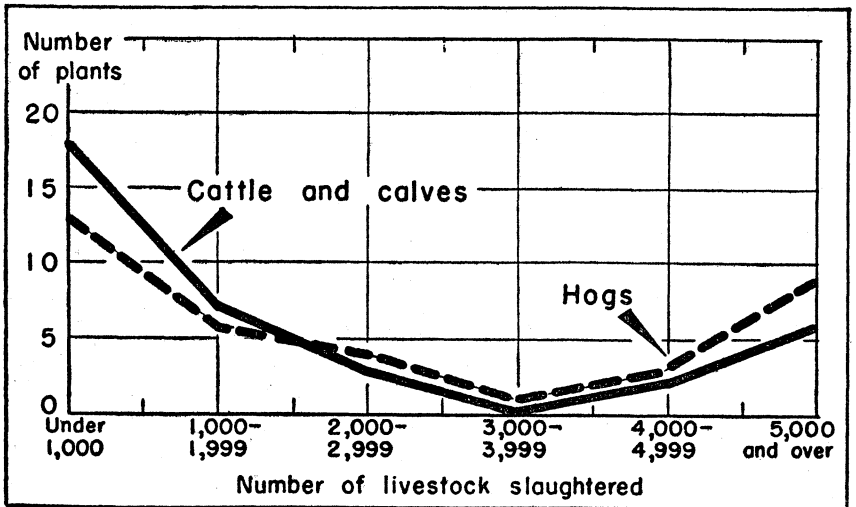


FIGURE 4. Distribution of 36 Alabama packing plants and local slaughterers, by number of livestock slaughtered, providing farmers a direct market, 1950.

(or less than 100 per week) of both cattle and hogs in 1950. About one out of five auctions received less than 2,500 head of cattle in 1950, and about one out of four received less than 2,500 hogs.

With the exception of one auction at Demopolis, with receipts in excess of 5,000 animals, numbers of sheep and lambs handled were not important.

Packing Plants and Local Slaughterers. Figure 4 shows the distribution of packing plants and slaughterers according to number of animals slaughtered. Only one out of six slaughtered in excess of 5,000 cattle and calves, and only one out of four slaughtered in excess of 5,000 hogs in 1950. More than a third killed less than 1,000 hogs in 1950, and half killed less than 1,000 cattle and calves. Sheep and lambs were slaughtered by 13 of the 36 plants, but those plants handling sheep averaged slaughtering only 59 head during 1950.

Other Marketing Agencies. There was considerable variation among local dealers and country buyers as to number of animals handled. A few country buyers did not handle hogs whereas all dealers having yards received both cattle and hogs. Of those dealers interviewed having yards, numbers of cattle handled varied from 200 to over 5,000 head, and hogs varied from 9,000 to 25,000 animals. Numbers of cattle received by country buyers interviewed ranged from 45 to 10,000 animals. Hogs bought by country buyers ranged from 30 to 5,000 in number.

Receipts of cattle at the terminal public market exceeded, by far, receipts at any other single marketing agency in the State. Only one auction had hog receipts greater than those of the terminal market.

Seasonality of Livestock Movements

The seasonal movement of cattle and hogs through the various marketing agencies is shown in Figure 5. In general, the movement of cattle was similar through all agencies with the largest amount being moved during the last half of the year. The amount of cattle purchased by packing plants and dealers, however, showed less seasonal variation during the year than by other agencies. About 44 per cent of the cattle sold through auctions and 52 per cent of the cattle sold at the terminal market were moved during the 4-month period of August through November.

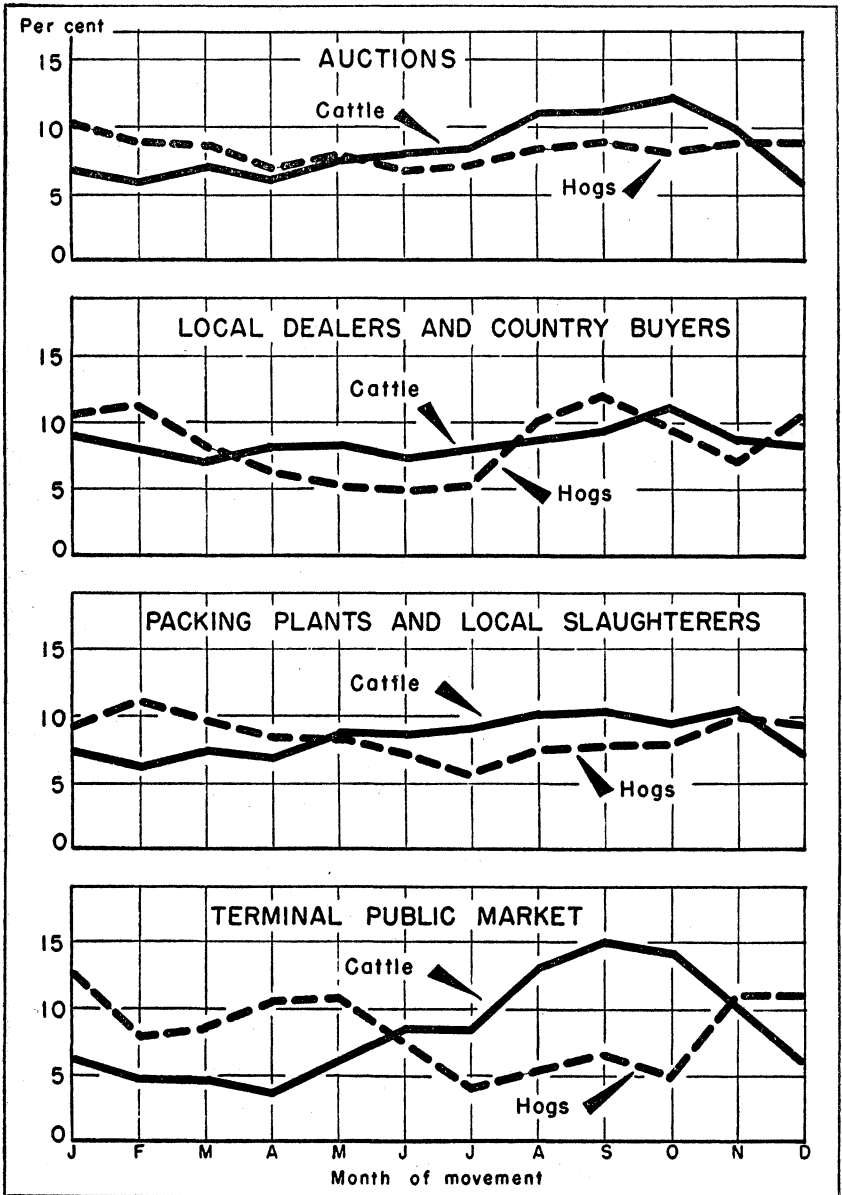


FIGURE 5. Seasonal distribution of livestock handled by types of marketing agencies in Alabama, 1950.

The marketings of hogs through the various agencies did not appear to be as seasonal as cattle, though marketings, in general, were heavier for all agencies during the late fall and winter months than for the rest of the year. During 1950, the terminal market had comparatively large receipts of hogs in April and May.

Only auctions reported receiving appreciable numbers of sheep and lambs in 1950, and these were concentrated heavily in the months of May and June.

Kinds of Livestock Handled by Marketing Agencies

Table 1 presents the distribution of livestock handled by the various marketing agencies according to kind and class of livestock.

TABLE 1. DISTRIBUTION OF LIVESTOCK HANDLED BY DIFFERENT MARKETING AGENCIES ACCORDING TO KINDS AND CLASSES, ALABAMA, 1950

Agency	Market classes		
	Slaughter	Stockers and feeders	Breeding
	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>
CATTLE AND CALVES			
Auctions	59	31	10
Dealers	61	39	0
Country buyers	47	38	15
Packing plants	100	0	0
Terminal	71	29	¹
HOGS			
Auctions	69	29	2
Dealers	87	13	0
Country buyers	93	7	0
Packing plants	100	0	0
Terminal	93	7	¹
SHEEP AND LAMBS			
Auctions	86	5	9
Dealers	0	0	0
Country buyers	0	100	0
Packing plants	100	0	0
Terminal	²	²	²

¹ Included in stockers and feeders.

² Not ascertained.

Auctions. In terms of numbers, the amounts of hogs and cattle handled by auctions in 1950 were of about equal importance. Slaughter animals were the most important class of livestock sold. Slaughter cattle and calves made up 59 per cent, stockers and feeders 31 per cent, and breeding cattle 10 per cent, of that sold through auctions. Slaughter hogs accounted for 69 per cent,

and feeder hogs 29 per cent, of all hogs sold through auctions. Slaughter animals made up the bulk of sheep and lambs sold.

Dealers and Country Buyers. There were almost twice as many hogs handled by dealers and country buyers as cattle. Slaughter animals were the most important class of cattle and calves handled; however, stocker and feeder cattle made up a larger proportion of the total than was true of auctions. About 4 out of 10 cattle and calves bought by dealers and country buyers were stockers or feeders. Fifteen per cent of the cattle and calves bought by country buyers were breeding animals. Feeder hogs were not handled by dealers and country buyers in important numbers. All sheep and lambs bought were feeders.

Packing Plants. Hog receipts at packing plants were almost three times as great as for cattle and calves in 1950. Only a small amount of these hogs were not slaughtered. Three out of the 36 plants studied sold a small number of animals that were not suitable for slaughter purposes.

Terminal Public Market. In 1950, there were almost three times as many cattle and calves as hogs sold through the terminal public market in Montgomery. Of cattle and calves sold, approximately 7 out of 10 were slaughter animals. Of hogs sold, more than 9 out of 10 were slaughter animals.

SOURCE and DISPOSITION of LIVESTOCK HANDLED

Auctions

Approximately four out of five of the cattle and calves that were sold through auctions in 1950 came from farmers, Figure 6. Dealers supplied the remainder. There was little variation among classes of cattle supplied from either source, although dealers furnished a slightly higher proportion of the breeding cattle, including dairy cows, than of all cattle. Nine out of 10 of the hogs received came from farmers, and an even greater proportion of feeder and breeding hogs came from farmers.

Of the livestock received at auctions, estimates indicate that about 80 per cent of the slaughter animals of all kinds were purchased by packers. Dealers purchased most of the remainder of the slaughter classes and probably, in turn, sold a large proportion of these to packers. It is estimated that two-thirds of the

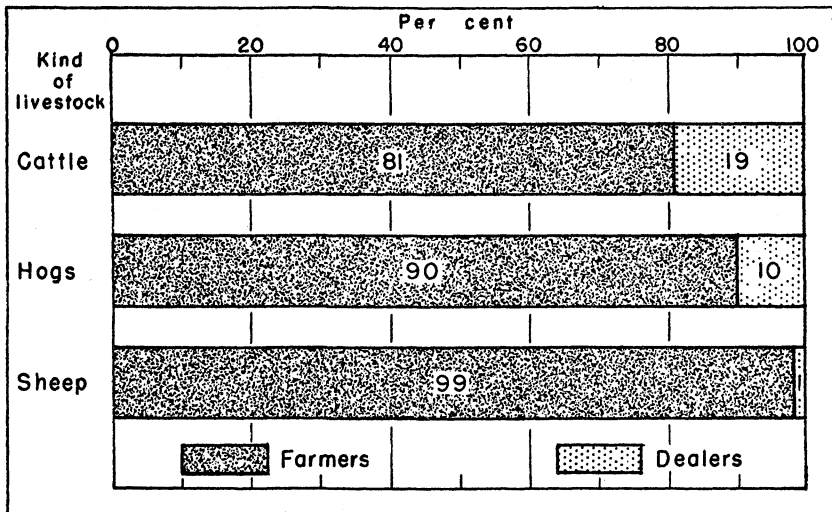


FIGURE 6. Distribution of livestock handled by Alabama auctions, by source, 1950.

feeder and breeding cattle sold at auctions were purchased by farmers and one-third by dealers. Probably, 90 per cent of the feeder hogs were bought by farmers.

While it is difficult to estimate the total amount of livestock, particularly cattle, that is handled principally for speculative gain, it is evident that a considerable amount is bought and sold at auctions by dealers and other traders purely for speculative purposes. On the basis of comparisons of animals sold at auctions studied in this survey and Census estimates of animals sold by farmers, it would appear that up to a third of the cattle are bought and resold one or more times after leaving the farm. The large number of auctions available to sellers of this type probably encourages much of the reselling.

Dealers and Country Buyers

Of the cattle and calves handled by dealers and country buyers, most were bought from auctions and farmers, and resold at auctions and the terminal market. Most of the hogs handled were bought from farmers and auctions, and sold to packers, Figure 7. Packers were relatively unimportant as an outlet for cattle and calves. Of the sheep and lambs handled, practically all were bought from farmers and sold to other farmers. With the

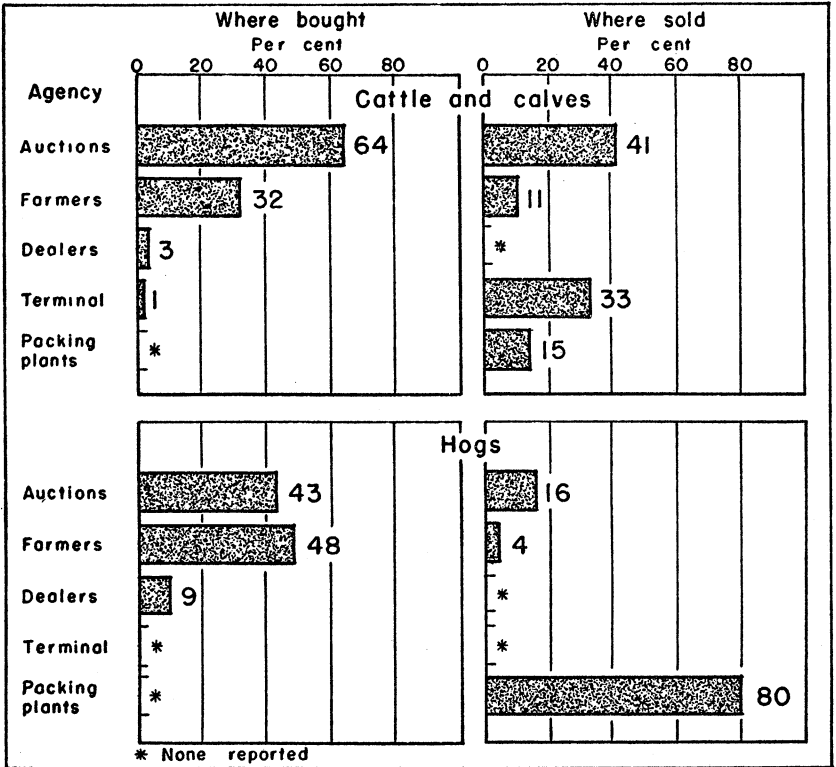


FIGURE 7. Where livestock handled by dealers and country buyers in Alabama were bought and sold, 1950.

exception of feeder hogs, there were no important variations from this general pattern among the various classes of livestock. Feeder hogs were generally sold by dealers at auctions and to farmers.

Packing Plants and Local Slaughterers

Alabama packing plants that provide farmers a direct market relied principally on agencies other than farmers for most of their livestock. In 1950, almost four out of five of the cattle and calves and about half of the hogs were bought at auctions and terminal markets, Figure 8. About one-fifth of the cattle and calves and one-fourth of the hogs were obtained from farmers. Dealers supplied only a small proportion of the cattle but supplied about one-fourth of the hogs bought by these packers. All of the livestock obtained from dealers and practically all of those from

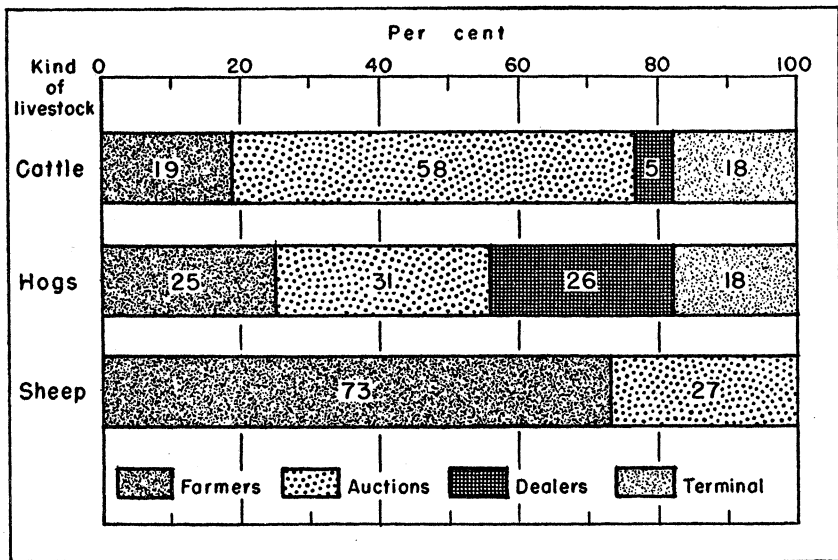


FIGURE 8. Distribution of livestock handled by Alabama packing plants, by source, providing farmers a direct market, 1950.

farmers were received direct at the plant. Of the sheep and lambs received by packers, most came from farmers.

Terminal Public Market

On the basis of previous estimates, dealers probably supplied no more than 5 per cent of the hogs or 15 per cent of the cattle received at the terminal market with farmers supplying the remaining proportion. Almost all the hogs received and probably two-thirds or more of the cattle and calves received were sold for slaughter purposes.

METHOD of TRANSPORTATION and DISTANCES from which AGENCIES RECEIVED LIVESTOCK

Method of Transportation

The motor truck was, by far, the most important method of receiving and shipping livestock in Alabama. In 1950, there were no rail receipts of hogs or sheep reported by auctions and only 0.3 per cent of the cattle were received by rail. Less than 1 per cent of the hogs received and about 4 per cent of the cattle and calves received by auctions were shipped out by rail. Most of the sheep and lambs received by auctions were shipped

out by rail. Motor trucks were used altogether by dealers and country buyers.

Of the livestock received by packers, 13 per cent of the cattle and calves but only 4 per cent of the hogs were moved by rail. Of all animals received, rail receipts of cattle and calves at the terminal market amounted to 14 per cent, and 38 per cent for hogs. Shipments by rail from the terminal market amounted to 22 per cent of all cattle and calves and 46 per cent of all hogs.

Distances Moved

The distance over which livestock moved to the various marketing agencies is shown in Figure 9. In general, the major portion of livestock received at auctions came from a radius of 25 miles or less and that from dealers a radius of 50 miles or less.

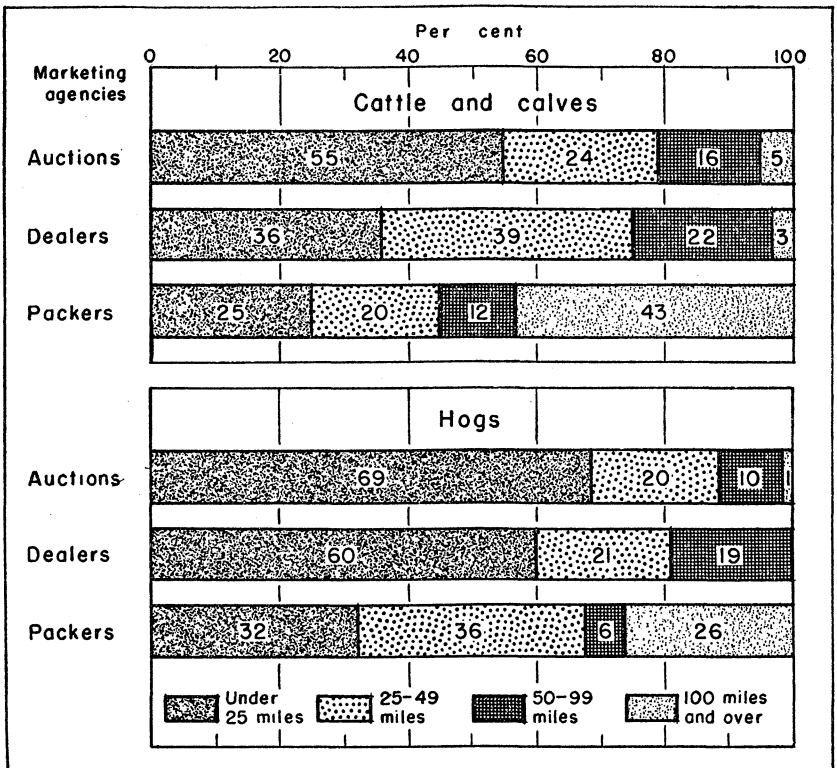


FIGURE 9. Distribution of livestock handled by various marketing agencies in Alabama, by distances moved, 1950.

Most of the hogs received by packers came from within 50 miles, but cattle and calves were received from greater distances.

Approximately 2 out of 10 of the cattle and calves, and 3 out of 10 of the hogs sold through auctions came from distances exceeding 50 miles. A slightly higher proportion of the livestock received by dealers came from greater distances as compared to auctions. Of livestock picked up at farms by dealers, however, a large proportion came from distances up to 25 miles. More than 4 out of 10 of the cattle and calves and almost 3 out of 10 of the hogs bought by packers came from distances exceeding 100 miles.

OPERATING PRACTICES *and* FACILITIES of MARKETING AGENCIES

Auctions

The development of livestock auctions in Alabama has been comparatively recent. Almost three out of four of the auctions studied in 1950 have been organized since 1940. Only 5 per cent of these auctions were in operation prior to 1930. Undoubtedly, highly favorable prices for livestock as well as increased production have contributed greatly to this rapid development.

Facilities. Approximately 4 out of 10 auctions studied in 1950 had yard areas in excess of 25,000 square feet. Almost 2 out of 10 auctions had areas 10,000 square feet or less. The Federal Packers and Stockyards Act requires that yards having more than 20,000 square feet of area, exclusive of runs, alleys, and passageways, be "posted." Certain Federal regulations are required of posted yards that are not required of other yards. There are certain advantages that posted yards possess, but there are also obligations. Only three of the auctions studied, however, were posted in accordance with the Federal statute.

For most auctions, physical facilities appeared to be adequate for handling livestock. About half the auctions were equipped with automatically balanced scales and all but two maintained an inspection service for scales by official agencies. Frequency of inspecting these scales varied considerably, however, and in fully a third of the instances, appeared to be of questionable adequacy.

Conveniences for patrons and visitors were satisfactory, for the most part. Most auctions had seating capacities that would accommodate 300 or more patrons and visitors. Special seating facilities were provided at practically all auctions for regular buyers.

Other Commodities Handled. About one-third of the auctions handled horses and mules but these sales amounted to less than 1 per cent of the total gross sales. Slightly less than one-third handled miscellaneous commodities but their value as a percentage of total sales was negligible. Miscellaneous products handled included household goods, farm tools and equipment, seeds, poultry, guns, produce, dogs, bicycles, and junk.

Selling Other Than *by* Auction Method. More than half of the auctions offered a market for livestock on days other than the auction day. In addition, more than 7 out of 10 auctions allowed the sale of livestock on auction day before the auction began. In such cases, selling was based on private dicker. Regular auction charges, however, were assessed. Notwithstanding these added means of sale, selling at many auctions continued well into the night, often with only the most durable of buyers remaining to offer competitive bids.

Terms of Sale. Only 2 auctions out of 54 studied required that all livestock delivered be sold at auction. These were auctions in which hogs received prior to the sale were graded and sorted into pen lots, and auctioned off in pen lots to the highest bidder. In all other cases, the seller was allowed to "no sale" his livestock if the terms of the bid were not satisfactory to him. Six out of 10 auctions assessed the regular charge when the "no sale" privilege was used; 4 out of 10 made no charge. All auctions studied offered no warranty with the livestock except the title. In 7 out of 10 auctions, the livestock consigned were sold either individually or in individual lots according to the consignor's choice.

Method of Sale. For the most part, livestock sold at Alabama auctions in 1950 was on a weight basis, Table 2. Only 5 per cent of the hogs and 13 per cent of the cattle were sold by the head. Slaughter animals of all kinds were sold by weight. Dairy and breeding cattle were principally sold on a head basis.

TABLE 2. DISTRIBUTION OF LIVESTOCK SOLD AT ALABAMA AUCTIONS ACCORDING TO METHOD OF SALE, 1950

Kind and class	Animals sold	
	By weight	By head
	<i>Per cent</i>	<i>Per cent</i>
ALL CATTLE	87	13
Slaughter	100	0
Stockers and feeders	89	11
Dairy cows	5	95
Breeding	50	50
ALL HOGS	95	5
Slaughter	100	0
Feeders	84	16
Breeding	67	33

Fifteen per cent of the auctions, all but one of which were in southeastern Alabama, reported the sale of slaughter hogs in graded pen lots. Hogs sold in this manner were weighed and graded when received and sorted into pens for auctioning in pen lots to the highest bidder. Ordinarily, only the higher slaughter grades were auctioned in pen lots since larger lots of lower grades were not usually obtained.⁶ Pigs and rough hogs of all types were sold in the ring. All auctions sold cattle of all classes in the ring but at times in groups of like class or quality.

Hogs and cattle were weighed when received by 43 and 30 per cent of the auctions, respectively. Otherwise out-weights were used. Undoubtedly, in-weights were preferred by farmers, however, buyers were aware of weighing practices and probably considered them in making their bids.

Numbers of Buyers and Sellers. A frequency distribution of auctions according to the average number of buyers is shown below:

<i>Average number of buyers</i>	<i>Number of auctions reporting</i>
5 or less	2
6-15	27
16-30	18
31-50	5
51-100	2
Over 100	0

⁶ Hog grades generally used by southeastern Alabama auctions were: No. 1, 180-240 pounds; No. 2, 160-180 pounds; No. 3, 140-160 pounds; No. 4, 120-140 pounds; No. 5, 90-120 pounds; pigs, below 90 pounds; No. 1 Heavy, 240-300 pounds; No. 2 Heavy, above 300 pounds; No. 1 Roughs, below 200 pounds; No. 2 Roughs, 200-250 pounds; Heavy roughs, 250-350 pounds; Stags and piggy sows.

Over half the auctions reporting indicated an average of 15 or less buyers in attendance at sales. Only about one out of eight auctions reported an average attendance of more than 30 buyers. In estimating buyers, auction operators were asked to indicate a range of buyers in attendance from which the average was computed. Only "regular" buyers, plus some farmers who were considered regular, were included. It would appear that in order for auctions to be most successful, a larger attendance of buyers than was reported by auctions in 1950 is desirable.

The number of sellers at auctions is not conclusive because of the different amounts of livestock consigned by each. The distribution of auctions according to the average number of sellers, however, follows:

<i>Average number of sellers</i>	<i>Number of auctions reporting</i>
Less than 50	9
50-74	8
75-99	11
100-124	12
125-149	2
150 and over	12

Almost half the auctions had an average number of sellers in excess of 100. Two out of 10 auctions had 150 sellers or more.

Buying Practices. Buying of livestock by the auction operator in the country or at the sales barn for resale at the auction was practiced at more than 7 out of 10 auctions. Purchases of this kind amounted to an average of almost 3 per cent of all cattle sold and 7 per cent of all hogs sold at auctions studied. On a few of the auctions, cattle purchases of this kind accounted for almost one-fifth of the total cattle sold and, in one instance, over one-third of the hogs sold. In general, however, auctions received most of their livestock direct from farmers and other consignors.

About 7 out of 10 auction operators purchased livestock for their own account at the auction. This practice was defended by most operators in order to "guarantee" farmers a satisfactory bid for livestock. The distribution of auctions according to the amount of livestock bought for the auction operators' own account is shown in Table 3.

The practice of livestock being purchased for the operators' own account was more widespread for cattle than for hogs. Three

TABLE 3. DISTRIBUTION OF ALABAMA AUCTIONS ACCORDING TO THE AMOUNT OF LIVESTOCK BOUGHT FOR THE AUCTION OPERATORS' OWN ACCOUNTS, 1950

Amount of livestock bought	Number of auctions reporting	
	Cattle	Hogs
<i>Per cent</i>	<i>Number</i>	<i>Number</i>
None	16	30
Less than 5.0	22	13
5.0 to 9.9	9	7
10.0 to 24.9	6	2
25 and over	1	2

out of 10 of the auction operators bought for their own account at least 5 per cent or more of the cattle going through the auction. The comparable ratio for hogs was 2 out of 10 auction operators. In one instance, more than two-thirds of the cattle were bought by the auction operator and in another, 90 per cent of the hogs were so bought.

In 7 out of 10 auctions studied, the operator acted as an order buyer, that is, bought for other accounts in addition to the operator's own account. In general, these amounts for cattle were slightly greater than those bought for the operators' own account and in the case of hogs almost four times as great.

In 7 out of 10 auctions, the auctioneer was allowed to purchase livestock for the auctioneer's and for other accounts. In 2 out of 10 auctions studied, the auctioneer had a financial interest either as owner or part-owner.

Order of Sale. A definite order of selling was used on half the auctions studied. At the majority of these, hogs were sold before cattle and slaughter animals of both kinds were generally sold before other classes. The remaining auctions sold the livestock in the order they were received, except in a few cases, either all hogs or all cattle were sold first. On all auctions, workstock were generally sold at the beginning of the sale.

Auction Charges. The methods by which auctions assessed charges are shown in Table 4.

Charges for selling cattle through auctions generally were made either on a straight commission basis or were graduated according to the value of the animal. Hogs were usually sold on a straight commission basis or charged by the head. When the commission method was used a set percentage of the selling value was charged. For 80 per cent of the auctions reporting

TABLE 4. METHODS BY WHICH ALABAMA AUCTIONS ASSESSED CHARGES IN 1950

Method	Number of auctions reporting	
	Cattle	Hogs
	Number	Number
Straight commission	20	19
By the head	1	20
Graduated on weight	9	5
Graduated on value	23	8
Did not handle	1	1
Did not charge	0	1

commission selling, the commissions for both cattle and hogs were 3 per cent. On the basis of 1950 prices, charges that were graduated according to the animals' value usually were lower than a 3 per cent commission charge. For example, cattle and calves valued at \$100 each were charged at an average rate of about \$1.80 per animal. The charge for a \$100 animal ranged from \$0.75 to \$4.00 for the 23 auctions using this method for cattle. Charges for milk cows were greater, however. Fewer auctions used value as a basis for selling hogs but the average charge for a \$40 hog in 1950 was about \$0.85. Charges ranged from \$0.50 to \$1.60 per hog for the eight auctions reporting.

Charges of auctions selling hogs by the head ranged from \$0.20 to \$0.75, averaging about \$0.65 for the 20 auctions reporting. This method appeared to be the most reasonable of those used for hogs. Only one auction made a per head charge in selling cattle.

On the basis of charges graduated according to weight, hogs weighing 180-240 pounds were assessed an average of about \$1.00 per hog. Cattle were charged at an average rate of about \$1.50 for a 400-pound animal.

The Coastal Plains used the commission method predominantly for both cattle and hogs. Other areas, however, sold hogs largely on a per head basis and sold cattle, for the most part, on a graduated charge basis.

About 6 out of 10 auctions made a yardage and insurance charge in addition to a selling charge. These charges varied but the most common charges, for both cattle and hogs, were 0.5 per cent of the selling value on a commission basis or 10 cents on a head basis. About one-fourth of the auctions provided feed if desired and charged retail feed prices for the service. Only one auction made a set charge for veterinary services; for all other

auctions, individual sellers or buyers were charged actual costs for such services.

Public Regulation and Sanitary Measures. Action by the 1951 Alabama legislature resulted in the passage of Act Number 173 which, in effect, replaced previous statutes pertaining to the regulation of livestock yards.⁷ The new law requires livestock markets to: (1) obtain a permit or license to operate, (2) maintain a suitable bond, (3) maintain certain physical standards of construction and weighing facilities, (4) prevent the spread of disease, (5) keep adequate records of movement, and (6) carry adequate insurance coverage. The new law also authorizes the Commissioner of Agriculture to promulgate rules and regulations for carrying out the provisions of the Act. These rules and regulations apply not only to auctions but also to dealers having livestock yards as defined in the Act.

Provisions of the Federal Packers and Stockyards Act were used at only three Alabama auctions in 1950. Under provisions of this Act, the practices, rates, and charges of the stockyards operator and agencies operating at the market are subject to Federal supervision. In addition, agencies and dealers, including the stockyards operator, are required to maintain bonds to secure the performance of their obligations.

During 1950, at all auctions surveyed, a veterinarian was maintained to provide necessary services. At only one auction, however, was the veterinarian directly employed by the auction. All auctions studied reported vaccinating hogs for cholera. About three-fourths of the auctions vaccinated stocker and breeder cattle, principally for brucellosis. On the other hand, when asked if a brucellosis test certificate was required, only 1 out of 10 auctions reported affirmatively. According to the State Veterinarian, 34,969 cattle were tested for brucellosis on Alabama farms in 1951. Of this number, 3.1 per cent reacted. In addition, 27,384 cattle were tested at stockyards of which 5 per cent reacted and 4.4 per cent were classed as suspects.

Four out of 10 auctions surveyed provided dipping facilities and about 8 out of 10 auctions disinfected pens. It appears that in order for auctions to comply with the 1951 regulations per-

⁷ Also see Appendix.

taining to disease control and sanitary measures (See Appendix) certain adjustments will be necessary.

Dealers and Country Buyers

Only one out of five of the country buyers and local dealers studied in 1950 devoted all their time to dealing in livestock. More than half of those surveyed combined farming with their livestock operations. Other business activities engaged in by livestock dealers were general trucking, sawmilling, ginning and warehousing, and general merchandising.

Facilities. Of 21 dealers and country buyers interviewed, only 3 operated stockyards and thus were subject to State laws regulating the operation of livestock markets. About one out of five maintained small lots on premises where they resided to serve as holding pens. The remaining dealers had pastures generally used in connection with their farming operations for holding and feeding purposes. Only those dealers operating stockyards had weighing facilities.

Custom Hauling. Custom trucking of livestock was an important sideline activity for almost half the dealers studied. Excluding the animals trucked by one large operator, an average of 60 cattle and calves and 85 hogs were hauled by dealers in 1950. Charges were usually made on a head basis and ranged from \$0.50 to \$5.00 for cattle and \$0.15 to \$3.00 for hogs.

Buying and Selling Practices. Due to the recent development of auctions in Alabama, the amount of livestock examined and bought at the farm by dealers and country buyers has noticeably declined. In 1950, approximately one-fourth of the cattle but only 15 per cent of the hogs bought by these buyers were picked up at the farm. In addition, fewer animals were bought on a head basis than was formerly true because of the shift away from the farm source. In 1950, about one-fourth of the cattle but only 8 per cent of the hogs were bought by the head by dealers and country buyers. Variations within classes were not important. When weights were used buyers accepted the responsibility for weighing. Only a small amount of livestock was bought ungraded and paid for at a flat price per lot. Dealers were asked what proportion of the time they were able to buy livestock below their expected selling price. Four out of five answered 75 per cent or more of the time.

Docking of animals because of undesirable characteristics was not generally practiced. Only three of the dealers and country buyers made a uniform dockage, usually for piggy sows, and this ranged from 20 to 40 pounds per animal.

For most dealers buying and selling of cattle was more speculative than hogs. For example, most of the cattle were bought without knowing in advance to whom and for how much the livestock would be sold. On the other hand, almost 94 per cent of the hogs were bought with a definite margin assured from a packer or from having obtained bids before purchasing the livestock.

Dealers and country buyers bought and sold livestock on an average of three auctions in 1950, ranging from one to six auctions. Their practice was to attend a specified number of sales, since these sales were usually held on alternate days in a given area. Only 3 out of 10 dealers sold on the terminal market.

Sanitation Problems. Dealers and country buyers were asked a number of questions concerning sanitation problems. About half of them reported disease symptoms among livestock examined ranging from 2 to 40 per cent for cattle, including milk cows, and 1 to 5 per cent for hogs. Almost two out of five dealers said that they purchased such animals and all but one reported selling them through the usual market outlets. Diseased livestock was indicated as the most serious problem with which dealers had to contend.

Packing Plants and Local Slaughterers

Alabama farmers made greater use of packing plants as a market for hogs than for cattle in 1950.⁸ In support of this, as was shown earlier in this report, packers offering farmers a direct market for livestock slaughtered three times as many hogs as cattle and calves in 1950.

Buying Practices. For a few small packing plants, as much as 10 per cent of the cattle and 3 per cent of the hogs were bought on a head basis. In general, however, the amount of livestock bought by the head by packers was negligible in 1950. Less than 3 per cent of the slaughter hogs were bought in graded pen lots. Only a very small amount of the livestock supplied direct by farmers was bought in the country; rather, livestock was received

⁸ Alabama Station Bulletin 281, indicated that in 1950, 7 per cent of the hogs sold but only 1 per cent of the cattle sold were marketed direct to packers.

at the plant, priced, and paid for usually on the basis of plant weights. Cattle bought from dealers was handled substantially in the same manner; however, the majority of the hogs bought from dealers and country buyers were paid for on other than a plant-weight basis, usually auction weights, but were moved to the plant by dealers. Approximately 4 per cent of all cattle and 5 per cent of all hogs were bought on the basis of description without examination in 1950.

About one-third of the plants, principally small plants, required that farmers and dealers notify the plant prior to delivery. Only one of the packers studied had a regular buying station away from the plant, however, one-fourth of the plants employed salaried buyers and one-sixth had buyers on commission.

All but three of the plants provided daily markets for livestock.

Weight and Grade Preference. Cattle grading commercial or below were preferred by more than half the packing plants. On the other hand, almost two-thirds of the plants wanted calves grading better than commercial. Weight preferences among cattle appeared to be related to grade, that is, heavier weights were desired in lower grades, which were used principally in sausage and processed meats. Top hogs, from 180 to 220 pounds, were desired by most of the packers.

Pricing Practices. Only one-seventh of the packing plants studied prepared a daily schedule of prices to be paid for livestock. Most all, however, indicated they used other markets as a base for quoting prices, usually Nashville or Montgomery, both terminal public markets. The only important condition, excluding grade, for which a difference in price was made was due to the amount of fill. Almost all plants used a discounting system for animals because of variation in the amount of fill.

A uniform dockage charge was made by more than one-fourth of the plants for piggy sows and by one-sixth of the plants for stags. These dockages ranged from 10 to 50 pounds on a weight basis and from \$1 to \$4 on a value basis.

Livestock Losses. Almost all packing plants received bruised and crippled animals but on a "subject to inspection" basis if the condition were known. Livestock losses due to diseases and parasites and to bruising and crippling presented a serious problem to most plants. However, conclusive evidence of its quantitative im-

portance was difficult to obtain. Of 36 Alabama plants studied in 1950, 5 reported losses on beef livers ranging from 2 to 20 per cent of the total received. Losses on pork livers were much more serious and were reported by 19 plants, of which two-thirds had losses exceeding 25 per cent. More than 20 packers reported livestock losses due to bruising and crippling. These losses were relatively small but, for a few plants, amounted to 1 per cent or more of the carcass value of all animals. About a third of the packers reported death losses which, for the most part, were less than 0.5 per cent of the value of all animals.

Terminal Public Market

The Montgomery Union Stockyards operates similarly to other terminal public markets in the United States. Rules and regulations governing the use of the market, in compliance with the Packers and Stockyards Act, are published and must be adhered to by all agencies operating on the yards. These agencies, in turn, must comply with provisions of the Packers and Stockyards Act.

Operation of the Stockyards. The stockyards maintain a 24-hour service, receiving livestock at any time of the day or night. The yards are available to all who wish to consign livestock to or buy livestock at the market, furnishing facilities to shippers, buyers, and the various market agencies. The stockyards company does not buy or sell livestock since this is done almost entirely by commission agencies, packer buyers, order buyers, and traders.

The stockyards reserve the right to supply all grain, hay, and bedding that is required at the market. The yards furnish the scales, and scales operators. All livestock are insured against loss from fire while in the yards. It is necessary for the stockyards company to clean and disinfect the pens, remove dead and crippled animals, police the yards, and to keep accurate records of receipts and shipments. These records include the number of the car in which the livestock is shipped, if shipped by rail, hour of arrival, name of the shipper, name of the commission firm to which it is consigned, number of head of different kinds, number dead or crippled on arrival, location of the chute and pen in which the shipment is unloaded, and pen or pens to which the livestock are driven in the yards. Complete records are also kept of all outgoing shipments.

In addition to these services, the yards furnish office accommo-

dations for commission firms, order buyers, and other agencies connected with the market.

Commission Dealers. A typical livestock commission company is a firm or agency, operating at a public market, whose principal functions are to sell livestock consigned to it by farmers, shipping associations, and dealers, and to buy stocker, feeder, and breeding livestock on order for farmers. For these services, the commission company makes a definite charge per head or per car handled.⁹

The commission company takes full charge of the livestock from the time the consignment is placed in its hands by the stockyards company until it is weighed to the account of the buyer. The livestock are first driven to the pen assigned by the yards company to the commission company. Sorting on the basis of class, weight, or grade is done only as required by the buyer rather than according to specific grade standards. Livestock are not usually fed since most animals represent truck receipts that arrive during market hours.

After the livestock have been assigned to the pens, buyers travel through the various sections to inspect the animals. A commission salesman is always near the stock offered for sale. When the buyer finds a consignment that appears to meet his requirements, if, after inspection, the animals are found to be satisfactory to the buyer, an attempt is made to agree on a price. If an agreement is reached, the sale is completed and the livestock driven to the scales as soon as possible. If the sale is not made, the salesman remains at his post until another buyer appears. Bids and offers are not publicly announced as at auctions.

After being weighed, livestock are turned over to the buyer or placed in the custody of the stockyards company until called for by the buyer. The commission company then makes out an account of sales, which includes the name of the buyer, number of head, weight, price, gross returns, commission, feed, yardage, insurance and other charges, if any, together with the net proceeds of the sale. The transaction is completed when the commission company forwards to the shipper a copy of the account of sales, accompanied by a check covering net returns. Remittance is made to the shipper on the day the livestock are sold. The stock-

⁹ Dowell, A. A., and Bjorka, Knute. *Livestock Marketing*. p. 108. McGraw-Hill Company. 1941.

yards company bills the commission firm for feed, yardage, insurance, and any special charges daily for each sale made.

In addition to selling according to the above procedure, the commission firm may buy livestock on its own order.

Order Buyers. The main function of order buyers is to buy livestock for distant packers, feeders, or other dealers. They are instructed what to buy and the range in price to pay. Therefore, to meet the requirements of their clients, they must obtain animals of a fairly definite quality and weight. Hence, they are usually prepared to pay a slight premium for them. If bought according to specifications of the order, the buyer is paid a commission or fee for his services. In addition to buying for clients, order buyers sometimes speculate on the market, that is, buy livestock without any previous instructions, expecting to resell them at a profit.

SUMMARY

The increased importance of livestock in Alabama emphasizes the need for greater attention to livestock marketing problems. This report on marketing agencies used by farmers is the second in a series, the first of which emphasized buying and selling practices of farmers. The principal types of outlets used by Alabama farmers in buying and selling livestock were, in addition to other farmers: auction sales barns, local dealers, country buyers, the terminal market, packing plants, and local slaughterers.

In 1951, there were in Alabama 75 auctions, 15 other dealers having yard facilities, more than 100 independent country buyers, 36 packing plants other than local butchers, and 1 terminal public market providing farmers with an outlet or source for livestock. Location of these agencies was rather general with some concentration in southeastern Alabama.

Approximately half of the auctions in Alabama had annual sales under \$500,000 in 1950. About 40 per cent of the auctions received less than 100 head of cattle and 100 head of hogs per week. Only one auction reported important numbers of sheep and lambs. Somewhat more than a third of the packing plants killed less than 1,000 hogs in 1950, and half of the plants killed less than 1,000 cattle and calves. Sheep and lambs were not slaughtered in important amounts. Amounts of livestock handled by dealers and country buyers ranged from small to relatively large amounts. Re-

ceipts of livestock at the terminal market exceeded receipts at any other single marketing agency.

In general, the seasonal movement of livestock through the various agencies was similar with the largest movement during the last half of the year. Marketings of hogs, however, did not appear to be as seasonal as cattle.

Receipts of hogs by dealers and packing plants were much greater than cattle receipts. Auctions received about the same number of both cattle and hogs but the terminal market had greater receipts, by far, of cattle than hogs. Slaughter animals were the most important class handled by all agencies for both cattle and hogs, although the amount of stocker and feeder animals handled by dealers was proportionately greater than for other agencies.

Most of the livestock handled by auctions came from farmers and, in turn, was sold to packers, farmers, and dealers. Most of the livestock handled by dealers came from auctions and farmers and were resold at auctions and to packers. Packing plants obtained most of their livestock from auctions and the terminal market. Farmers furnished, by far, most of the livestock received at the terminal market, which, for the most part, was sold to packers.

Rail receipts or shipments were not important in 1950 for any agency, although packers and the terminal market made greater use of the rail method of shipment than did other agencies. In general, the major portion of livestock received at auctions and by dealers came from a radius of 50 miles or less. Most of the hogs received by packers came from within 50 miles but cattle were received from greater distances.

The development of livestock auctions has been comparatively recent, principally since 1940. For most auctions, general over-all facilities in 1950 appeared to be adequate for handling livestock and for the care of patrons and visitors.

Commodities other than livestock were handled by one-third of the auctions but the amount of these sales was negligible. More than half of the auctions offered a market for livestock on days other than the auction day and, in general, there were no uniform handling, buying, and selling methods practiced by auctions. The "no sale" privilege was generally allowed but the patron was not always charged for its use. Selling was generally on a weight basis and the patron was usually allowed to indicate how he preferred his livestock to be sold. Slaughter hogs were fre-

quently sold in graded pen lots in southeastern Alabama, but most livestock was sold in the ring. Over half the auctions reported an average of 15 or less buyers in attendance at sales.

The buying of livestock by the auction operator in the country or at the sales barn for resale at the auction was ordinarily practiced. Generally, operators were permitted to buy livestock for their own account and for accounts of others at the auction. The same privilege was usually accorded the auctioneer when the operator and auctioneer were not the same person.

A definite order of selling was used on half the auctions studied. Charges for selling cattle were made either on a straight commission basis or were graduated according to the animals' value for most auctions. Hogs were usually sold on a straight commission basis or charged by the head. Most of the auctions made a yardage and insurance charge in addition to a selling charge.

Only three Alabama auctions were under Federal supervision in 1950. New State laws pertaining to the regulation of stockyards were enacted in 1951 and will require greater compliance than was evident in 1950. It appeared then that more rigid sanitation measures should have been practiced by auctions.

Dealers and country buyers generally combined other business activities with their livestock operations. Very few of them, however, had facilities other than some kind of lot or pens for holding livestock. Practically all did custom hauling of livestock. About one-fourth of the cattle, but considerably less of the hogs, were bought by dealers at the farm and by the head. Buying of hogs by dealers was much less speculative than for cattle since most of the hogs were bought with a definite margin assured. This was not true for cattle. Diseased livestock was indicated as the most serious problem with which dealers had to contend.

Hog slaughter by Alabama packing plants was considerably greater than that for cattle in 1950. Livestock bought directly from farmers and dealers were, for the most part, received at the plant, though hogs bought from dealers were commonly paid for on the basis of dealer weights. Description buying was not important. All except the few largest packers operated without salaried and/or commission buyers and only one packer maintained a separate buying station.

Top grades of hogs were preferred by most packers but commercial or lower grades of cattle, along with heavier weights, were preferred by more than half the packers. Uniform pricing methods were not used by packers but terminal public markets were gen-

erally used as bases for quoting prices. The only important dockage charge made was for piggy sows by about one-fourth of the packers. Livestock losses due to diseases and to bruising and crippling appeared to be serious but evidence from packers studied was not conclusive.

One of the two terminal markets in the Southeast is located at Montgomery. These types of markets maintain complete facilities for receiving, caring for, and handling livestock. The stockyards company neither buys nor sells livestock but furnishes and maintains these facilities and assumes responsibility for yarding and feeding livestock. Actual selling and buying on order are usually entrusted to commission men or order buyers, of whom there are several of each, and who act as agents for the seller or buyer.

PROBLEMS *and* CONCLUSIONS

A rising, and comparatively high, price level since 1940 along with increased livestock production has been greatly responsible for the large number of auctions that have been organized in Alabama since that time. For a substantial number of the auctions now operating to continue in business, it appears that business conditions similar to those since 1940 will be necessary. This seems to be true because of the fairly large proportion of auctions that are handling comparatively small numbers of animals. Auctions of this type are able to operate when prices are high since charges are generally graduated according to the animal's value.

There is considerable evidence that there were too many auctions in operation during 1951. Table 5 shows the relationship of auctions selling various amounts of livestock to a number of factors, using cattle sales as the dependent variable.

TABLE 5. RELATIONSHIP BETWEEN AUCTIONS SELLING VARIOUS AMOUNTS OF CATTLE TO DISTANCE LIVESTOCK WAS HAULED AND OTHER FACTORS, ALABAMA, 1950

Number of cattle sold		Auctions rep'tg. ¹	Hogs sold	Distance livestock was hauled					
				Less than 25 miles		25 to 50 miles		50 miles and over	
Range	Average	No.	No.	Cattle	Hogs	Cattle	Hogs	Cattle	Hogs
No.	No.	No.	No.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
10,000 and above	27,977	15	11,700	45	52	26	27	29	21
5,000 to 9,999	7,323	20	18,130	74	72	20	19	6	9
Below 5,000	2,569	18	4,640	81	89	18	11	1	0
TOTAL	11,554	53	11,729	55	69	24	20	21	11

¹ One auction handling cattle did not handle hogs.

About one-third of the auctions received an average of only 49 cattle and 89 hogs per week in 1950. It is obvious that sufficient buying competition cannot be attracted to auctions having sales no larger than these.

Largest receipts of hogs were reported by auctions receiving from 5,000 to 10,000 head of cattle, which indicates that this particular group of auctions was dependent on hogs as much as or more than cattle for successful operation.

Auctions handling larger numbers of cattle received a much larger proportion of both cattle and hogs from greater distances than did the lower one-third of the auctions. For example, those auctions handling 10,000 or more cattle, received less than one-half of the cattle and about one-half of the hogs from within 25 miles of the auction, while those receiving less than 5,000 cattle received 81 and 89 per cent of the cattle and hogs, respectively, from within 25 miles. These latter auctions had practically no receipts beyond 50 miles while the larger ones previously referred to, received 29 and 21 per cent of the cattle and hogs, respectively, from distances exceeding 50 miles. This would seem to support the earlier statement that there were too many auctions since a large proportion of farmers evidently felt that they gained by supporting the more distant, larger auctions. In many instances, of course, the type and quality of livestock to be sold will not warrant movement to a more distant market.

Other relationships indicate further the advantages of auctions having greater volume. Table 6 shows that as volume increased the number of buyers also increased.

The auctions having largest volumes of livestock had an average of 27 buyers while the lower one-third had 16 buyers. The class

TABLE 6. RELATIONSHIP BETWEEN AUCTIONS SELLING VARIOUS AMOUNTS OF CATTLE TO NUMBER OF BUYERS ATTENDING, CLASS OF CATTLE SOLD, AND OTHER FACTORS, ALABAMA, 1950

Number of cattle sold		Class of cattle received		Buyers attending	Auctions with livestock bought by		Auctions selling misc. commodities
Range	Av.	Slaughter	Dairy and breeding		Auction operator	Auctioneer	
No.	No.	Pct.	Pct.	No.	Pct.	Pct.	Pct.
10,000 and above	27,977	60	9	27	80	60	47
5,000 to 9,999	7,323	56	13	22	70	75	65
Below 5,000	2,569	51	16	16	72	78	89
TOTAL	11,554	59	10	21	74	72	68

of cattle received indicates the type of buyers probably attracted. Receipts of slaughter cattle at the largest auctions were 60 per cent, and dairy and breeding animals were only 9 per cent of the total. At the smaller auctions, slaughter animals were 51 per cent, and dairy and breeding animals were 16 per cent of total receipts. It would appear, then, that a larger proportion of the buyers on larger auctions were interested in slaughter animals. These buyers are not necessarily more competitive than other types of buyers but they generally buy in larger volumes than do buyers who are interested in stocker, feeder, or breeding animals.

There was no apparent relationship between the size of the auction and the buying of livestock by the auction operator. Larger auctions had a greater number of operators buying cattle on their own account than did smaller auctions. This tends to support the operators' contentions that it is necessary to "guarantee" a market. The practice of the operator purchasing livestock at the sales barn on auction days before beginning the sale is less desirable, however. This practice was allowed on most auctions and enables the operator to obtain what advantages he can in reselling the animals through the auction at possibly higher prices. Rightfully, the higher price should be paid to the original seller.

Proportionately fewer of the larger auctions permitted the auctioneer to buy livestock as compared with the smaller auctions, Table 6. This practice is probably one of the least desirable since it may affect the auctioneer's ability to secure the highest possible bid if his position is not entirely neutral. The fact that the practice was more widely condoned on smaller auctions makes their existence less tenable. Ordinarily the auctioneer should have no financial interest in the auction since his interests as auctioneer and as owner may sometime be in opposition. As auctioneer, he is obligated to secure the highest possible bid. As owner of the auction, he must frequently assume ownership of livestock by virtue of bidding the highest price. In such instances the best interests of the farmer consigning livestock may not be served.

The lack of uniform methods of assessing charges seemed to be the principal problem with regard to costs of selling through auctions. When compared with auctions in other southeastern states, however, charges appeared to be at least as favorable. In Alabama, selling charges for both cattle and hogs were higher on a commission basis, or when a set percentage of the selling value was made, than for other methods. If high livestock values

continue, some auctions using this method may find it necessary to lower commissions in order to compete with auctions having lower charges.

Rules and regulations by which auctions operated in 1950 were amended and made much more stringent by Act 173 enacted by the Alabama Legislature in 1951. In the light of this change, it is difficult to appraise sanitary measures and regulatory practices of auctions. To conform with the new law, a number of auctions must make changes in their manner of operation from that of 1950. To make the new law effective, more enforcement personnel than in 1950 will have to be employed by the State. More frequent scales inspection was greatly needed in 1950. In addition, there were not sufficient personnel to insure that all stockyards were following the necessary sanitary precautions. Inasmuch as sanitary requirements have been strengthened, this need is now more urgent.

All stockyards as defined in the Act must now maintain bonds for protection of buyers and sellers. In 1950, only five auctions of those studied were bonded. In 1950, also, the number of auctions qualifying for supervision under the Federal Packers and Stockyards Act was much greater than those receiving such supervision. Officials of the Packers and Stockyards Act have not particularly urged compliance from eligible auctions because of insufficient personnel and funds. Neither have many auctions desired Federal supervision since rates and practices are subject to Federal regulation. In addition, other requirements, including bonds, are necessary. However, under the new State law most of these requirements must now be met.

The amount of livestock handled by dealers and country buyers has declined considerably within recent years probably due to increased auction sales. In addition, auctions are now a principal source of livestock for dealers. Actually, the buying of hogs by dealers in 1950 was done with a definite margin usually assured upon resale to packers, who received most of the hogs. The buying of cattle, on the other hand, was considerably more speculative but purchases were only about half those of hogs. With a continued high price level, it is expected that the amount of livestock, particularly cattle, bought by country buyers from farmers will continue to decline. The buying of stocker and feeder cattle from farmers by country buyers was proportionately greater than for other agencies and was an important service

to farmers who had only one or two animals to sell. On the other hand, it appeared that country buyers should have exercised more care in their purchase of inferior and diseased animals.

Except in some local areas, packing plants including local slaughterers, did not appear to be an important market for Alabama farmers in 1950. In general, their buying practices were not uniform enough to be dependable to the average farmer. Most of the plants slaughtered comparatively small amounts of livestock and emphasized hogs rather than cattle. Livestock losses due to diseases and parasites were severe in some plants and offer a challenge to livestock workers in sanitation measures.

APPENDIX

REGULATIONS OF THE ALABAMA STATE BOARD OF AGRICULTURE AND INDUSTRIES

DIVISION of STOCKYARDS and BRANDS¹

Pursuant to the provisions of Act No. 173 of the Legislature of Alabama of 1951, approved June 29, 1951, the following Rules and Regulations governing the operation of livestock markets in Alabama have been promulgated by the Commissioner of Agriculture and Industries and approved by the State Board of Agriculture and Industries.

DISEASE CONTROL and SANITARY REGULATIONS

1. All livestock markets are considered as being contaminated with infectious and contagious diseases of livestock and are hereby designated as quarantined areas and all livestock moved from livestock markets shall comply with rules and regulations approved by the State Board of Agriculture and Industries governing the operation of livestock markets.

2. In order for a livestock market to be approved for receiving cattle and hogs originating outside of the State of Alabama, not accompanied by official health certificates, a full-time federally employed veterinarian, or a full-time competent livestock inspector, approved by the State Veterinarian and employed by the State Department of Agriculture and Industries shall be maintained.

3. The premises of a livestock market, including yards, pens, alleys, chutes, and loading docks shall be kept clean and in a sanitary condition at all times.

4. The owner, manager, or party in charge of the livestock market shall keep complete records of all movement of animals into, within, and out of said yards and such records shall be open for examination by the Commissioner, or his authorized representative, at any time.

5. Bills of Sale issued to buyers of livestock at livestock markets shall be cleared through the Livestock Inspector, and the necessary permits and

¹ Courtesy of W. S. Perry, Chief, Division of Stockyards and Brands, State Department of Agriculture, Montgomery, Alabama.

health certificates obtained, before the livestock are released from the stockyards.

6. **SWINE.**—All swine moved from any livestock market, except those moved directly to an approved slaughtering establishment for immediate slaughter, shall be accompanied by a health certificate issued by an approved, qualified veterinarian, showing that such swine are apparently healthy and that they have received a proper dose of anti-hog cholera serum not more than twenty-one (21) days prior to the date of sale. All swine, except those for immediate slaughter shall be dipped in, or sprayed with, a 2 per cent creosol solution, or other approved disinfectant and must be held in clean, concrete-floored pens, until loaded.

7. **CATTLE.**—All breeding cattle four (4) to eight (8) months of age, which are received at any public livestock market, except those for immediate slaughter and those moving directly to another approved stockyard for re-sale, must be vaccinated by an approved, qualified veterinarian, with *Brucella Abortus Vaccine*. Every such animal vaccinated shall be identified by tattooing in the right ear the letter "V", preceded by the number of the quarter of the year, and followed by the last figure of the year; e.g. "1-V-8" would mean that the animal was officially vaccinated during the first quarter of 1948.

8. The plate test, or rapid method, for making agglutination tests for Bangs' Disease may be used for testing at stockyards only by approved, qualified veterinarians in Alabama who hold a certificate from the State Veterinarian to make such tests. When such tests are made, samples of blood shall be forwarded to the Bangs' Laboratory, Auburn, Alabama, for checking. All cattle tested at a public livestock market that react to the Bangs' test shall be branded with the letter "B" not less than two (2) inches high on the left jaw, and such animals shall be sold for immediate slaughter, only. No indemnity will be paid for cattle which react to the test when tested at stockyards.

9. All cattle removed from any livestock market for immediate slaughter, or moved to another approved stockyard for re-sale shall be accompanied by an official permit issued by the State Veterinarian, or his authorized representative, and such cattle shall be taken directly to the approved slaughtering establishment, or to the approved livestock market, as indicated on the official permit, and such cattle shall not be diverted for any other purpose.

10. Cattle originating from clean herds in Modified T. B. Free Accredited areas may be moved to points within Alabama without the application of the T. B. test. The State Veterinarian, however, or his authorized representative, may require the T. B. test on any animal passing through yards when, in his opinion, it is deemed advisable. All cattle that react to the tuberculin test shall be branded with the letter "T" not less than two (2) inches high on the left jaw and tagged in the left ear with a T. B. reactor tag. Such animals may be sold for immediate slaughter, only.

11. Any lots of cattle on which visible ticks of any species are present must be dipped, or sprayed in standard arsenical dip, or other chemical dips or sprays approved by the State Veterinarian, or his authorized representative, before being released from the yards for any purpose.

12. No animals known to be infected with a contagious or infectious

disease shall be received in or admitted to any livestock market except upon special permit issued by the State Veterinarian, or his authorized representative. All animals affected with, or exposed to, any contagious or infectious disease, or any animal that reacts to a test indicating the presence of such disease, shall be quarantined separate and apart from healthy animals and shall not be sold, traded, or otherwise disposed of except upon special permit from the State Veterinarian, or his authorized representative. Such animals may be disposed of for immediate slaughter, only. The owner of the animals shall be responsible for the costs of maintaining the quarantine, the necessary treatment, feed and care of the animals which are under quarantine.

13. At all public stockyards where Federal inspection is maintained, the regulations of the United States Bureau of Animal Industry governing such yards shall be in effect and supplementary to the above regulations.

14. All cattle or other livestock assembled in sales' yards will be carefully inspected by the State Veterinarian, or his authorized Livestock Inspectors for evidence of any infectious or contagious diseases. Any animal showing suspicious symptoms of infectious or contagious diseases shall be isolated and held in quarantine until examined by an approved, qualified veterinarian. Such animal will be disposed of in accordance with the State regulations.

15. DISPOSAL OF CARCASSES.—Carcasses or parts of carcasses of animals that die from disease shall be burned or buried, and when buried, covered with not less than four (4) feet of dirt or rendered or cooked in a pressure rendering tank where the temperature may be held not lower than 220 degrees Fahrenheit for not less than four (4) hours.

16. CATTLE FOR EXHIBITION OR BREEDER'S SALE ORIGINATING IN ALABAMA.—(1.) Brucellosis: (a) Steers — no restrictions. (b) Calves under six (6) months old — no restrictions. (c) Officially vaccinated females that are properly tattooed — no restrictions. (d) All other cattle must be accompanied by an official health certificate, issued by an approved licensed veterinarian, showing them to be negative to the agglutination test for Brucellosis within thirty (30) days of the date of sale or show, or that the cattle are from a Brucellosis Free Accredited Herd. (2.) Tuberculosis: (a) Cattle from clean herds in Tuberculosis Free Accredited counties may be exhibited without testing. (b) All other cattle must have passed a clean tuberculosis test within thirty days of the date of show or sale.

BONDING REQUIREMENTS

1. (Act 173 Section 4.) Any person operating a livestock market in this State shall make and execute a bond in favor of the State of Alabama which bond shall be made by a surety company qualified to do business in the State of Alabama, and such bond shall be filed in the office of the Commissioner. The minimum amount of such bond shall be \$5,000.00 or such greater sum not to exceed \$50,000.00. The exact amount of said bond shall be determined by dividing the gross amount of business done by such livestock market during the preceding twelve (12) months, or such part thereof, as the livestock market was engaged in business, by the number of days on

- which sales were made, and such bond shall be not less than the nearest multiple of one thousand dollars.
2. The bond required of livestock markets shall not be cancelled or terminated until the Commissioner of Agriculture and Industries has been notified, at least, fifteen (15) days before such cancellation.
 3. Livestock markets are required to notify the Commissioner of Agriculture and Industries of all suits at law or other claims filed against the principal and surety of the bond furnished by the livestock market within fifteen (15) days after a claim is filed against the principal and surety, or within fifteen (15) days after notice of any pending suit is received by the livestock market operator.
 4. Livestock markets licensed under the provisions of the Federal Packers' and Stockyards' Act of 1921, as amended, may file a copy of the bond made under the provisions of such Act, and such bond will be accepted in lieu of the bond required under Section 4 of Act No. 173, provided the amount of such bond equals or is greater than the amount required under the provisions of Act. No. 173.

INSURANCE REQUIREMENTS

1. Livestock markets shall carry fire and windstorm insurance on the livestock accepted for sale while such livestock are kept at the livestock market, and such insurance must be carried with an insurance company qualified to do business in the State of Alabama.
2. Livestock markets shall furnish the Department of Agriculture and Industries with a copy of the insurance policy required under Regulation No. 1.
3. Livestock markets shall, within ten (10) days, notify the Department of Agriculture and Industries of any change, modifications or cancellation of the insurance policy required under the provisions of Regulation No. 1.

I hereby certify that the foregoing Rules and Regulations have been promulgated by me, as Commissioner of Agriculture and Industries, and duly approved by the State Board of Agriculture and Industries to become effective on October 31, 1951. Such Rules and Regulations having been promulgated and approved in accordance with the provisions of Act No. 173, of the Legislature of Alabama of 1951, approved June 29, 1951.

FRANK M. STEWART, COMMISSIONER
DEPARTMENT of AGRICULTURE and
INDUSTRIES

DATE: *October 1, 1951*

