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## An Evaluation of the Box Elder County Wool Pool and Its Effect on Prices of Wool Received by Farm Flock Sheep Producers

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AN EVALUATION OF THE BOX ELDER COUNTY WOOL POOL  
AND ITS EFFECT ON PRICES OF WOOL RECEIVED  
BY FARM FLOCK SHEEP PRODUCERS

by  
Ray Finch

Report No. 1 submitted in partial fulfillment  
of the requirements for the degree

of  
MASTER OF SCIENCE  
in  
Agricultural Economics  
Plan B

UTAH STATE UNIVERSITY  
Logan, Utah

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## INTRODUCTION

Utah ranks seventh in production of wool in the United States. The states in their order are Texas, Wyoming, California, Colorado, Montana, South Dakota and Utah. Utah produced 11,445,000 pounds of wool in 1963, valued at \$5,265,000.

Box Elder is the fifth ranking county in wool production in the state of Utah. The leading counties are Sanpete, Utah, Uintah, Iron and Box Elder. According to census data, Box Elder produced 547,600 pounds of wool in 1959. According to Agricultural and Conservation Service records, in 1959 89,000 pounds of farm flock wool was sold in Box Elder County. This is approximately one-sixth of the wool produced in the county. The Box Elder wool pool, organized in 1959, has sold an average of 47,000 pounds of wool per year during the past seven years. This accounts for about one-half of the farm flock sales. The balance has been sold by non-pool producers.

### Objectives of Study

To compare prices received for wool by Box Elder County Wool Pool members and non-pool producers.

To determine the probable effect of the Box Elder County Wool Pool on prices received by producers who were not members of the pool.

To compare wool pool members and non-members relative to size of operation and other factors for the period 1959 to 1965.

Source of Data and Procedure

Price data was taken from the Agricultural Conservation and Stabilization Service records at Tremonton, Utah from the sales receipts turned in by the producers. The state average prices were taken from Agricultural Prices, United States Department of Agriculture Report.

Non-pool prices were corrected to the month the pool was sold by using the state average price as an index of seasonality.

Quality of wool of pool and non-pool producers was assumed to be similar for purposes of this comparison.

Tags, crutchings and dead wool sales were omitted from both groups.

Producers who marketed through Idaho pools, and sales to woolen mills where woolen products were taken as payment were omitted from the comparison.

## POOLING OF WOOL

### History of Pooling of Wool

Pooling of wool for marketing purposes had an early history in the state of Utah, beginning in 1884 in Salt Lake Valley with the organization of the Utah Wool Growers Associations. Possibly one of the most widely-known pools in the United States, the Jericho Wool Pool, operated in Utah from 1912 until 1929. This pool became so large that very few buyers could handle their entire clip. Individual clips of range operators are large enough as a rule to interest buyers and it is very questionable if there is a realistic need for range operators to pool their wool to secure the greatest returns.

### Farm Flock Pools

Clips of farm flock producers are usually so small that wool buyers are not interested except at reduced prices. During the past ten years wool pools have operated in Box Elder, Cache, Utah, Emery, Piute, Summit, Uintah and Rich Counties of Utah. Approximately five percent of the total volume of wool in the state during recent years has been marketed through pools.<sup>1</sup> Eighty percent of the members in these pools marketed less than one thousand pounds

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<sup>1</sup> Don A. Huber, "The Use of Objective Physical Measurement and Specific Selling Methods as a Basis of Marketing Wool Through Pool" (unpublished Master's thesis, Utah State University).

of wool. This would indicate that the pools in Utah are principally made up of small farm flock producers.

#### Market Situation in Box Elder County

Range men in Box Elder County have marketed their wool independently and quite successfully as they have had wool clips large enough to interest buyers. Prior to the organization of the Box Elder pool the farm flock growers were combining their wool with a neighboring range clip whenever possible. The buyers objected to this practice because it increased the variation in wool quality which was already a problem even in the clip of a single range operator. Range herds are generally fine-wooled sheep while farm flocks are mostly medium-wooled sheep. The range men did not like to add these small lots to their clip for fear the buyer might discount the entire lot. Farm flock operators, not able to combine with range operators, sold to local dealers. Prior to organization of the pool an attempt was made to interest independent buyers in purchasing farm flock clips but without much success.

#### Box Elder County Wool Pool Organized

In 1958 the sheep planning committee of Box Elder County considered marketing of farm flock wool to be the major problem of the sheep industry. After many contacts and meetings called by the Utah State University Extension Service the Box Elder County Wool Pool was organized in January, 1959. The pool was organized with a president,



secretary-treasurer and three directors. Membership was limited to farm flock producers.

The purpose of the pool was to effectively market wool for members at shearing time and provide any other services closely related thereto. It was also the intent of the organization to provide educational services that might improve the quality, uniformity and quantity of wool by utilizing the services of the Utah State University Extension Service.

Each year the members authorized the board of directors to sell the entire clip in any manner they thought best. The board of directors performed their duties without remuneration for the first four years. Since then officers and directors have been paid a fee of two dollars per hour for special services performed but not to include time spent at meetings.

The organization was financed by charging one dollar per member per year for the first three years. In 1962, 3/4 cent per pound of wool sold was charged and since 1/4 cent per pound of wool has been charged, this pro-rates the costs according to volume sold through the pool.

Marketing agreements indicating number of fleeces to be sold are signed by members in order to guarantee that a certain volume of wool will be available for sale through the pool.

#### Number of Pool Members and Non-Pool Producers

Pool membership increased from 90 to 111 from 1959 to 1960 and more gradually to 117 in 1962. In 1963 membership dropped to about 100 and has remained at that level since. See Table 1.

The number of producers not affiliated with the pool was highest in 1959 at 80 and declined by 1960 by about the same number as pool members increased. See Table 2. From 1961 to 1965 the number of producers not selling through the pool declined by about one-third.

Non-pool producers sold less wool than pool growers in most years since 1959.

#### Comparison of Size of Clip

There does not appear to be any trend in size of clip per pool member or non-pool producer during the past seven years. Size of clip per pool member has ranged from a low in 1963 of 405 pounds to a high of 516 pounds in 1960 with an average clip of 447 pounds. See Table 1.

The non-pool production per member has varied from a low of 247 pounds in 1963 to 518 pounds in 1961 with an average of 366 pounds. See Table 2.

Thirty-four percent of the non-pool producers had sales less than 100 pounds compared with sixteen percent of the pool members in this size group. Nine percent of the pool members had sales in

Table 1. Number of pool members, pounds of wool sold and pounds per member, 1959-65.

Year	No. of members	Pounds of wool sold	Pounds per member
1959	90	37,505	417
1960	111	57,230	516
1961	114	55,872	490
1962	117	49,482	423
1963	102	41,293	405
1964	97	40,513	418
1965	100	45,906	459

Table 2. Number of non-pool producers, pounds of wool sold and pounds per producer.

Year	No. of producers	Pounds of wool sold	Pounds per producer
1959	80	23,364	292
1960	63	21,759	345
1961	67	34,710	518
1962	46	15,871	345
1963	31	7,651	247
1964	48	18,198	379
1965	40	17,400	435

excess of 1000 pounds compared with seven percent for non-pool producers. See Figure 1. The large percentage of sales below 100 pounds is a distinguishing feature of non-pool sales.

#### Month of Sale of Pool and Non-pool Producers

Eighty-four percent of the sales of non-pool producers were made in the three months of May, April, and June. See Figure 2. This indicates that sales are made at or near the shearing date.

From 1959-1965 the pool has made three sales in April, three in May, and one sale in February.

In the seven years, the pool wool has been sold to four different buyers. One buyer bought the clip three years, another buyer two different years, and the other two one each. The pool was sold on a sealed-bid basis the first four years. Since that date it has been sold by private treaty. The number of bids received has ranged from one to five per year. The number of bids and buyers for the pool indicates that demand for farm flock wool is enhanced by co-operative selling.

Pool members received an average of 3.9 cents per pound more than non-pool producers for the seven-year period compared. The price difference varied from 5.8 cents in 1963 to 1.2 cents in 1961. See Table 3.

With the volume of wool handled, organization of the pool increased wool income to members by about \$1800 per year.

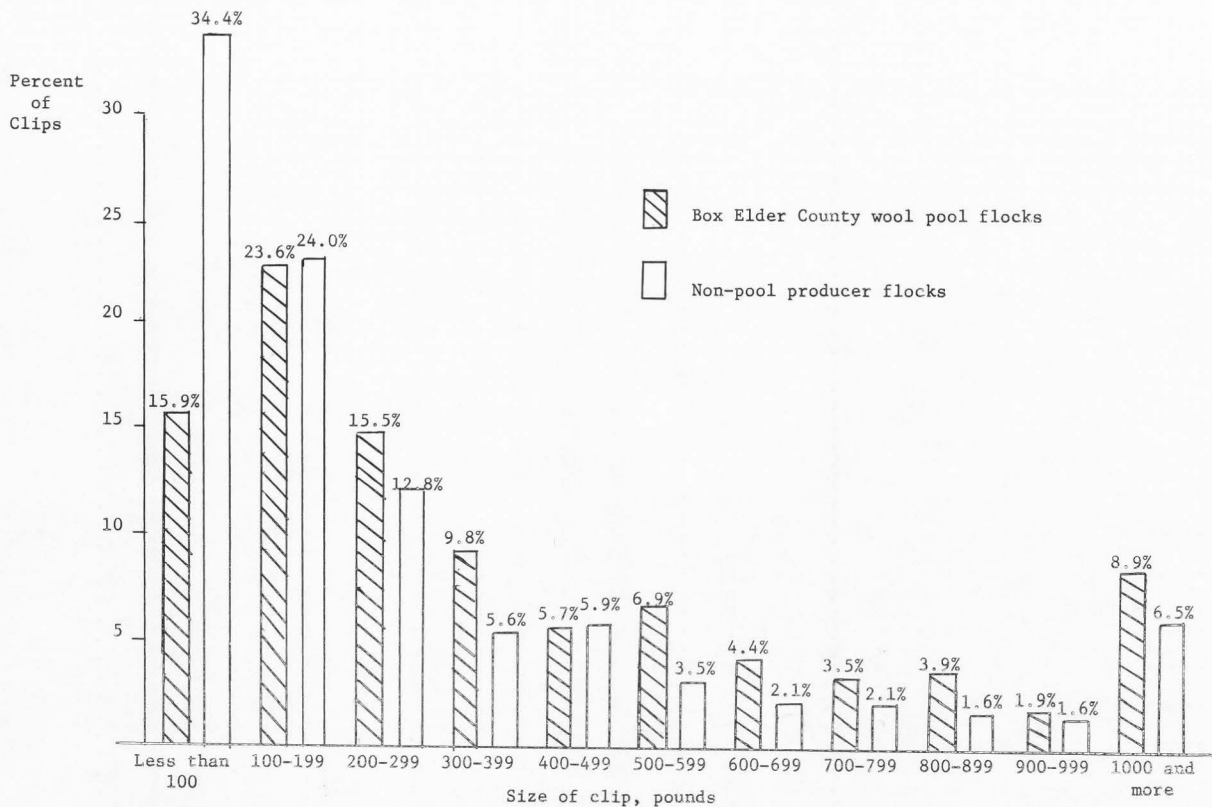


Figure 1. Comparison of wool clips size distribution of Box Elder County wool pool members and non-pool producers average, 1959-1965.

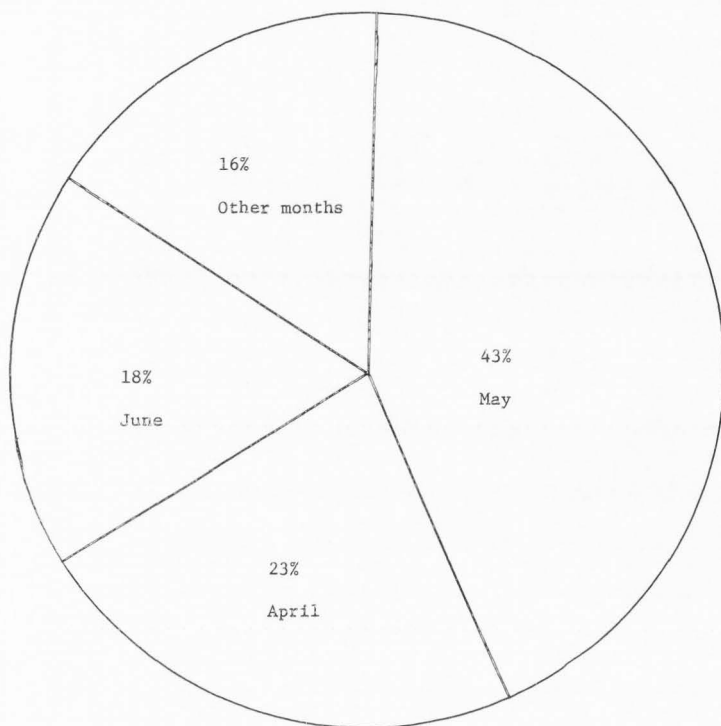


Figure 2. Distribution of wool sales of non-pool products in Box Elder County by month of sale, 1959-1965.

Table 3. Comparison of average price received by pool members and non-pool producers, 1959-1965.

Year	Non-pool producer Cents per pound	Pool members Cents per pound	Difference pool price over non-pool Cents per pound
1959	41.1	45.0	3.9
1960	40.9	44.3	3.4
1961	41.3	42.5	1.2
1962	45.6	48.9	3.3
1963	44.2	50.0	5.8
1964	47.9	52.6	4.7
1965	45.1	49.8	4.7
Average 1959-65	43.7	47.6	3.9

Comparison of Pool Prices and non-pool Prices  
with State Average Prices

Pool prices for each of the seven years were consistently above the average wool price in the state for the same month. See Figure 3. In only two of the seven years, 1961 and 1965, the non-pool producers received an average price higher than the average for the state.

Although pool sales on an average were consistently above non-pool sales, each year a number of non-pool producers sold above the average pool price. An average of 93 percent of non-pool producers sold their wool at lower prices than the pool average for the seven-year period. This percentage varied from 97 percent in 1959 and 1963 to 85 percent in 1961. See Figure 4.

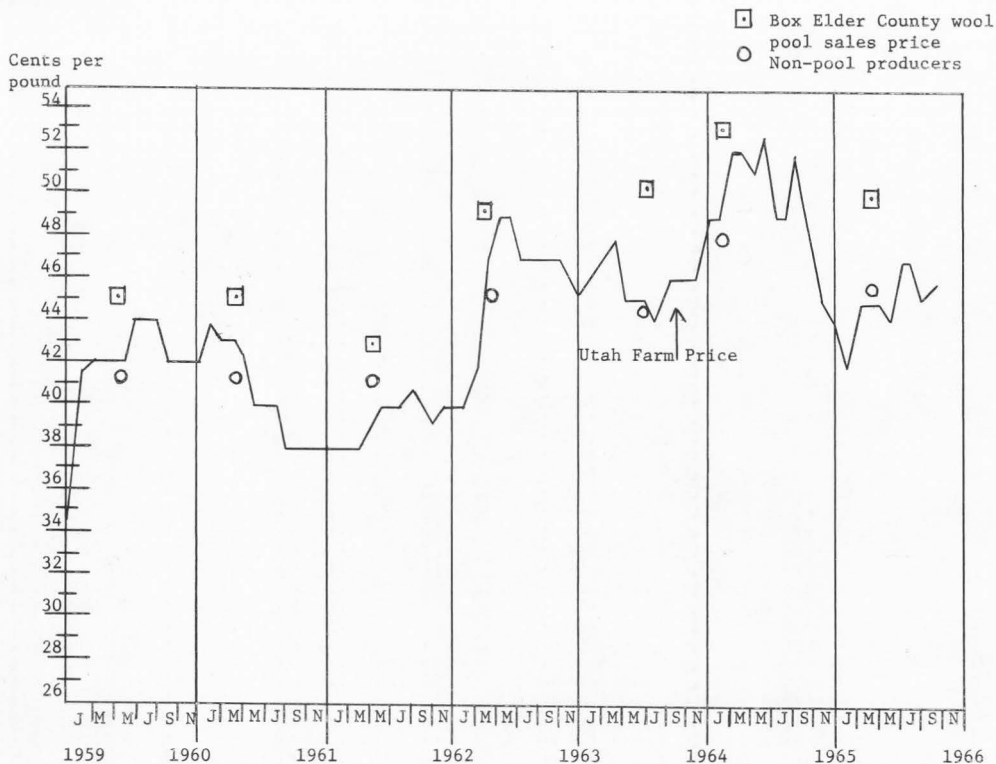


Figure 3. Prices received for wool by Box Elder County wool pool members and non-pool producers compared with average prices received by Utah farmers, 1959-1965.



Cents  
per  
lb.

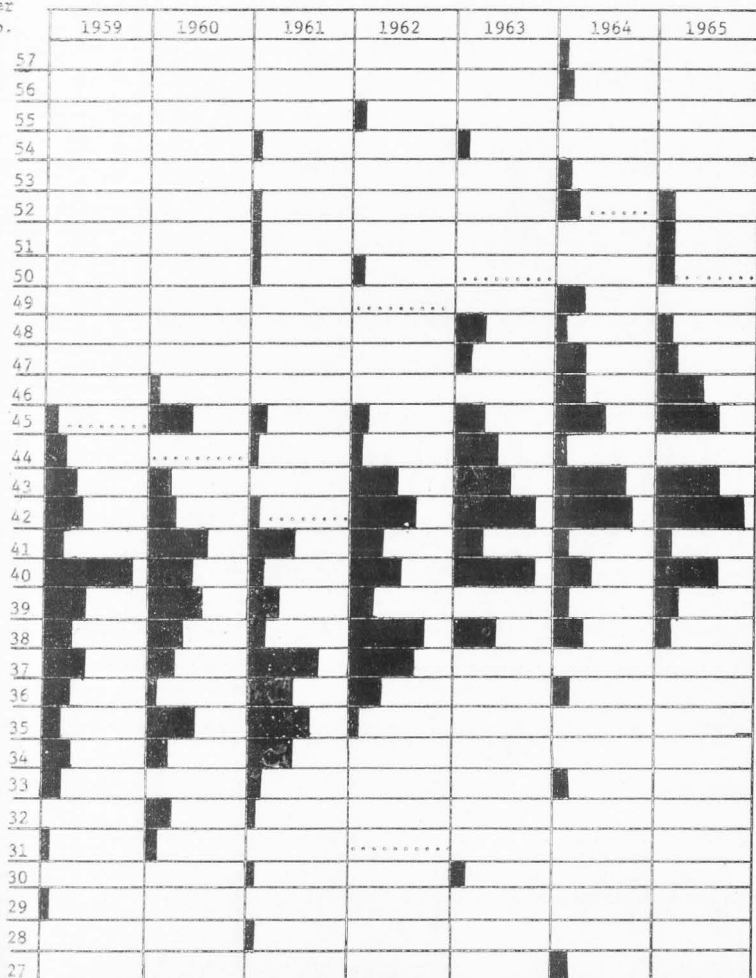


Figure 4. Distribution of prices received for wool by non-pool producers in Box Elder County, 1959-1965. (Length of bar indicates the percentage of clips sold at each price and dotted line the pool prices.)

## SUMMARY AND CONCLUSIONS

### Summary

Since the Box Elder pool was organized in 1959, it has grown in relative importance both in membership and pounds of wool sold and by 1965 accounted for more than 70 percent of farm flock producers and wool sales.

There does not appear to be any trend in the size of clip per pool member or non-pool producer during the seven-year period but pool members tend to have larger clips than non-pool producers.

Eighty-five percent of pool and non-pool sales in the seven-year period were made in April, May or June.

Pool members received an average of 3.9 cents per pound more than non-pool producers for the seven-year period and varied from 1.2 to 5.8 cents.

Pool prices for each of the seven years were consistently above the average wool price in the state for the same month, while prices received by non-pool producers were generally below the state average price level.

### Conclusions and Recommendations

By pooling many small farm clips of wool into one lot and selling cooperatively the price to pool members has been increased. The small

operator has also been relieved of his marketing problem which many members feel is even more important than the price benefits.

It was anticipated that data on price of farm flock wool could be secured prior to 1959, the date the Box Elder County Wool Pool was organized. However, the records had been destroyed, and no data were available. This made it impossible to ascertain the effect of pool operations on prices received by non-pool producers.

Clips of non-pool producers were generally smaller than clips of pool members. The larger percentage of non-pool clips under 100 pounds was particularly apparent.

Additional benefits for future operation of the Box Elder County Wool Pool appears to be in the area of quality improvement.