# WARNS FARMERS AGAINST DEAL

**Proposed Contract Between U.S. Grain Growers and Equity Exchange Condemned by Farm Bureau.**

**Bureau Representatives Believe Present Plan Would Tend to Increase Commission Charges.**

Proposed arrangements of concentrating the marketing of the grain of Minnesota, South Dakota, Montana and Wisconsin in the hands of the Equity exchange as the exclusive sales agency of the U. S. Grain Growers, inc., endangers the success of the whole co-operative marketing movement in the northwest, the Minnesota Farm Bureau federation says in an official statement sent to the county farm bureau today.

The statement sent out to every county bureau in the state, and also to 50,000 individual farmers, as a warning that in the opinion of the farm bureau federation, which helped to launch and to finance the investigations of the committee of seventeen, a proposed contract designed to put the marketing plans of this committee into operation in Minnesota "does not merit the support of the farmers nor warrant their investment at the present time."

The decision to issue the warning was reached at a meeting of farm bureau federation directors from the county farm bureau in St. Paul. The statement received here declares that a contract, drawn up between the U. S. Grain Growers, inc., and the Equity Co-operative exchange, but not yet signed, complicates the process of grain marketing instead of offering "the slightest improvement over present methods."

"The Minnesota Farm Bureau federation is absolutely back of the U. S. Grain Growers, inc., and the plan of the committee of seventeen," the statement says. "The plan is sound. The farm bureau will not rest until it is put into successful operation. The federation has been ready for four months to organize the U. S. Grain Growers in Minnesota, in co-operation with other farm organizations, as soon as practical arrangements could be made for marketing the farmers' grain under control of the U. S. Grain Growers, inc. It is ready to do so now as soon as modifications can be made in the proposed contract, so that the individual farmer's interests will be properly protected. The objections of the federation to the proposed contract do not apply in any way to the U. S. Grain Growers or the plan of the committee of seventeen. We are asking changes in the contract in the interests of the grain producers.

"The plan of the committee of seventeen calls for an organization equipped to handle enough of the grain of the United States through a single co-operative system, to exert a stabilizing effect on the market, to put grain on the market in an orderly manner, and to prevent gluts and violent price fluctuations. This purpose can be accomplished only through one centralized, controlling sales agency. But the proposed contract would make the equity, a local organization, the exclusive selling and warehousing agency for all grain marketed co-operatively in the whole spring wheat district. We can come to no other conclusion than that the U. S. Grain Growers, inc., contemplates signing similar contracts with the several other co-operative selling organizations represented on the board of directors of the national corporation.

"This will give the farmers of America four or more selling agencies, and cannot do otherwise than place the farmer back in the same position he was before the co-operative marketing at the primary terminals was attempted. It will prevent the U. S. Grain Growers from doing the farmer any real good. It will pile one commission charge on top of another, instead of shortening the road from producer to consumer and cheapening the process distribution.

"In effect, the proposed contract means that the U. S. Grain Growers, inc., would ask every grain producer to give it $10, and it would then devote its efforts to drumming up business for the Equity exchange and other local organizations, instead of marketing the farmers' grain on a national scale through one agency."

The farm bureau federation listed other objections to establishment of the Equity exchange as sole selling agency of the co-operative grain marketing system in the northwest, as follows:

"The proposed contract permits the Equity exchange to carry on its own business at the same time it acts as agent for the U. S. Grain Growers. We do not believe that any marketing agency can carry on its own business and at the same time give a competing agency efficient service and satisfactory results, when their interests may at times be conflicting.

"The proposed contract further purports to give the U. S. Grain Growers, inc., an option to purchase the properties of the Equity exchange at an appraised valuation, after August 1, 1923. This purported option is in reality no option at all. It would be null and void, unless a majority of the stockholders of the Equity exchange voted to sell. It is further provided in the proposed contract that if the stockholders of the equity voted to sell, the U. S. Grain Growers not only must pay the actual value of the properties, but in addition must pay an allowance for development costs of every nature actually expended and whether paid out of capital, earnings or surplus.

"The U. S. Grain Growers, under the proposed contract, agrees to establish no other sales agency in the entire northwest, unless farmers object to having their grain sold under control of the equity rather than the U. S. Grain Growers. If any grower or elevator objects to the equity as exclusive marketing agency, the U. S. Grain Growers is obligated to notify the equity within 20 days, and then to allow the equity a 'reasonable time' in which 'to induce such shippers or elevators to withdraw their objections.' The U. S. Grain Growers further contracts, 'to the full extent of its ability,' to make 'every effort to direct the shipment and marketing of all grain produced in the second zone,' through the Equity exchange. The second zone includes Minnesota, Montana, South Dakota and Wisconsin.

"The Equity exchange, under the proposed contract, may at any time close its facilities to the U. S. Grain Growers, in spite of the fact that the U. S. Grain Growers is forbidden, by the contract, to establish any other sales agency in this district. The equity is guaranteed the right to reserve for its own business all space it deems necessary, and in the event that the remaining space is inadequate to care for grain shipped to the U. S. Grain Growers by the farmers of the northwest, the equity is under no obligation to supply sufficient space."

The proposed contract, the farm bureau directors declared, would establish, at the expense of the grain producer, an organization to provide more business for the equity, rather than to improve marketing conditions or build up the U. S. Grain Growers, inc.

### Cow-Testing Associations.

Fifteen years ago a small group of farmers in Michigan entered upon what many of them probably considered a very doubtful experiment. It was the organization of an association for testing their cows, in respect to how much feed they ate and how much milk they gave; an association such as the farmers of Denmark had originated about ten years before and which various other European countries had copied.

The experiment, as studied by the United States department of agriculture, proved a success, however, and now the number of such associations has grown from 1 to 452. It is notable that some states which took up the idea at an early date have stuck to the movement and organized more and more associations, while others continue with only a few. Most states increase the number of their cow-testing associations as time goes on and the department of agriculture is fostering the work.

The lack of testers during the war caused a setback to the movement, but recovery from this has taken place, and the number of associations in the country is now much larger than it was before the war.

### State Farm School Opens October 3.

The school of agriculture at the University farm will open Monday, October 3, with class work beginning the following day. Boys and girls, 17 years of age or over, who have completed the work of the grades, are eligible to admission to the school, the courses of study of which embrace a wide range of subjects, all being related to farm life. The primary object of the school is to give practical education to young men and women. Classes are held in the workshop, laboratory, barns and fields, as well as in the class room. Methods of instruction tend to educate students toward the farm instead of away from it. The courses require three winters of six months each for completion. The school will close on March 25.

### Grain Firm Cited Under Fraud Act.

Findings of the secretary of agriculture just issued show several violations of section 5 of the United States grain standards act by the Scroggins Grain Co. of Minneapolis. Investigation showed a practice on the part of this firm to quote prices on wheat according to the federal grades with the statement added "no dockage."

When the wheat was inspected by licensed inspectors it was found to contain from 1 to 5 per cent of dockage in the different cars. Notwithstanding this the Scroggins Grain Co. disregarded the notation of dockage on the certificates in representing the grade of wheat to their consignees and invoiced the same at the price agreed upon in the contracts.

### Railway Rates as Law.

The voluntary application of western railways to the interstate commerce commission for permission to reduce the hay and grain rate from the twin cities to the Atlantic seaboard is likely to create surprise in quarters where the circumstances are not fully understood. It might be asked why the railways cannot sell their transportation at a lower figure without the permission of the I. C. C. If it were a matter of raising rates the necessity of the commission's consent would be quite obvious. Henry Ford, without consulting the commission, reduced rates on freight on the little Michigan railroad he controls and the commission promptly suspended the lower rate until it could make an investigation of the situation.

Understanding is quite easy when the explanation is given. Railway rates are laws and no man can make a law, even though it be a law to govern a railway which is his private property. Rates are the subject of strict government regulation and conceivably they might be too low. It would be wrong, for instance, to authorize a low rate for grain on one line of transportation when another line could not afford so low a rate. One grain growing section would be given advantage over another. Ford might make a rate on his own railway that would give him an advantage over other motorcar manufacturers.

Railway rates affect a public interest which is in the care of the interstate commerce commission. Higher and lower rates are approved or disallowed as that interest is served. Lower grain and hay rates to the seaboard and reduced carrying charges on the Ford line will be sanctioned by the commission when it determines such a course to be in the public interest.—St. Paul Dispatch.

### A Wonderful Art.

Photography is indeed an art when it succeeds in making a woman look like she thinks she looks.

**Charter No. 7708. Reserve District No. 9.**

Report of the Condition of the **FIRST NATIONAL BANK of Princeton, at Princeton, in the state of Minnesota, at the close of business** Sept. 6, 1921.

RESOURCES.

| | | | |
|---|---|---|---|
| Loans and discounts, including rediscounts, (except those shown in b and c) | $122,520.18 | | |
| Total loans | $122,520.18 | | |
| | | $122,520.18 | |
| Deposited to secure circulation (U. S. bonds par value) | | 30,000.00 | |
| | | | 30,000.00 |
| Other bonds, stocks, securities, etc | | | 38,502.64 |
| Banking house, $13,000.... | | | 13,000.00 |
| Lawful reserve with Federal reserve bank | | | 7,200.00 |
| Cash in vault and amount due from national banks | | | 15,575.40 |
| Total of items 9, 10, 11, 12 and 13 | | 15,575.40 | |
| Redemption fund with U. S. Treasurer and due from U. S. Treasurer.... | | | 1,500.00 |
| Total | | | $228,298.22 |

LIABILITIES.

| | | | |
|---|---|---|---|
| Capital stock paid in | | | $30,000.00 |
| Surplus fund | | | 6,000.00 |
| Undivided profits | $5,580.99 | | |
| Reserved for interest and taxes accrued | 3,000.00 | | |
| | | 8,580.99 | |
| Less current expenses, interest, and taxes paid | | 2,693.52 | 5,887.47 |
| Circulating notes outstanding | | | 30,000.00 |
| Cashier's checks on own bank outstanding | | | 4,197.09 |
| Total of items 21, 22, 23, 24 and 25 | | 4,197.09 | |
| Individual deposits subject to check | | | 58,024.08 |
| Certificates of deposit due in less than 30 days (other than for money borrowed | | | 7,520.27 |
| Total of demand deposits, (other than bank deposits) subject to reserve, items 26, 27, 28, 29, 30, and 31 | | 65,544.35 | |
| Certificates of deposit, (other than for money borrowed | | | 82,408.92 |
| Other time deposits | | | 4,260.39 |
| Total | | | $228,298.22 |

State of Minnesota, County of Mille Lacs—ss.
I, JOHN F. PETTERSON, Cashier of the above named bank, do solemnly swear that the above statement is true to the best of my knowledge and belief.

JOHN F. PETTERSON, Cashier.

Subscribed and sworn to before me this 10th day of September, 1921.

(Seal) ENA L. MATTSON,
Notary Public, Mille Lacs Co., Minn.
My commission expires April 21st, 1927.

Correct—Attest:
T. H. CALEY
S. S. PETTERSON
S. STROETER
Directors.