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AGRICULTURAL EXPERIMENT STATION

BULLETIN 156

## COÖPERATIVE LIVESTOCK SHIPPING ASSOCIATIONS IN MINNESOTA

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# COÖPERATIVE LIVESTOCK SHIPPING ASSOCIATIONS IN MINNESOTA

By E. DANA DURAND

The recent rapid and extensive development of coöperative livestock shipping associations in Minnesota renders it desirable that the University should publish annually a separate report dealing with the business of these associations. The general report on coöperative organizations covering the year 1913 (Bulletin 146, Statistics of Co-operation among Farmers in Minnesota) gave statistics for such associations for 1913, but the present bulletin includes somewhat more detailed data together with a list of associations and a sample form of constitution and by-laws for such an association.

## LIST OF ASSOCIATIONS

Inasmuch as complete information regarding coöperative associations is of great benefit to the farmers, and indeed to all citizens of the state, the public generally is urged to coöperate with the University to enable it to secure full reports. One of the objects in publishing the list of associations is to enable readers of the bulletin to report to the University the name and location of any association not listed, or to furnish information regarding associations concerning which details are lacking. Readers are urged to examine carefully the list of associations, which is found at the end of the bulletin (page 25) with this in view.

The list is divided into two parts: (1) Names of associations which are known definitely to have been in existence either in 1913 or 1914 by reason of the fact that they made direct reports regarding their business for one or both years. Those which reported in 1913 but failed to report in 1914 are indicated by an asterisk (\*). Possibly some of these have gone out of existence or have consolidated with other organizations, but it is probable that some have merely neglected to report. (2) Names of towns in which associations have been reported, by trade journals or in other ways, to be in existence. No

specific returns regarding their business have ever been made to the University by associations in these towns and in most cases letters addressed to them have not been answered. It is probable that in some cases the organizations never actually got under way, or have gone out of business. Some of them, however, are unquestionably in active operation and the University desires definite information regarding their existence, the names and addresses of their officers, and the nature and extent of their business.

Undoubtedly there are associations not named in either section of the list. Similar information regarding any such is earnestly desired.

### GENERAL CHARACTER OF THE MOVEMENT

The development of coöperative livestock shipping associations in Minnesota is of comparatively recent origin. Most of the associations reported to the University have been organized within five years. There has been less agitation and less systematic promotion in connection with their organization than with the organization of coöperative farmers' elevators and coöperative creameries. The success attained by these other organizations made it easy for farmers to combine in marketing livestock.

The object of these associations is to enable farmers to market their products at the lowest possible cost and secure as much buying competition as possible for the livestock they sell. The business relates primarily to animals shipped to more or less distant points, especially to the stockyards at South St. Paul. Without an association, only a few farmers are able to ship directly to such a market, since the shipments can be made economically only in car lots. Consequently the farmer who has a few cattle or hogs to ship must dispose of them to some local buyer or perhaps to an agent of the large packers who visits the locality. Local buyers of cattle usually do business on a comparatively small scale, and must charge a considerable margin to cover expenses. Moreover, in a good many cases the absence of competition enables the local buyer to get stock for less than it is worth and to take undue profit. The farmer who wants to sell animals at a given time may find only one buyer bidding at that time.

Under such conditions nothing could be more natural and simple than for farmers to coöperate in shipping their stock to central markets. Long before systematic organizations, embracing large numbers of farmers, were formed, it was not an uncommon practice for several farmers to join in making up a carload shipment. However, the full measure of success in such coöperative shipments can not be secured by spasmodic and occasional transactions. The formation, therefore,

of permanent associations of considerable size was a distinct step in advance.

The business of a coöperative livestock shipping association is very simple. Virtually no capital is required, as no plant is necessary and as the association does not itself buy livestock but merely acts as an agent for assembling and shipping animals. The operating expenses are low and no elaborate system of accounts or elaborate organization for the conduct of business is necessary.

The amounts paid to managers of associations, as presented later in this bulletin, are materially lower than the customary margin obtained by local buyers, that is, the margin between the price paid to the farmer and the price received at the central market. It is commonly stated, tho no statistics are available, that the country buyer expects to make approximately \$75 per car to cover his local expenses and profit. Compensation to managers of coöperative associations varies considerably, but seems to average scarcely more than \$15 per car.

In this bulletin no attempt has been made to present statistics of operating expenses of coöperative associations or statistics of the difference between their gross and net receipts. This is because the associations have different methods of accounting, and also because the difference in the distances to which shipments are made greatly affects the expenses. In some cases, apparently, the gross receipts reported by the associations are really the receipts at the home town, and the expenses reported are only local expenses; while in other cases the gross receipts reported are those at the packing center, and the expenses include freight charges, fees of commission men, and other costs at the stockyards. Broadly speaking, however, the savings of coöperative shipping associations are approximately measured by the difference between the compensation paid to their managers, and the net margins obtained by other buyers. The coöperative association pays the same freight rates and the same commissions at the stockyards, and, in general, incurs the same expenses away from the home town as the country buyer.

The possible saving to farmers of a coöperative livestock shipping association is not, however, limited to reduction in local expenses. Such associations may be so conducted as to enable farmers to dispose of their livestock at more favorable times and at more favorable points than if acting individually. The manager of such an association should become an expert in judging the tendency of prices, and the relative advantages of the different markets. Such expert knowledge is out of the question for the great majority of farmers. By advising members of the association when and where to sell, the manager should be able

materially to increase the average price received. To what extent the coöperative associations have been able thus far to realize such advantages there is no way of determining statistically. The work of such associations is yet in its infancy, and there is reason to believe that still greater results may be expected as the members and the managers become more experienced.

### NUMBER OF ASSOCIATIONS

As nearly as can be ascertained the number of coöperative livestock shipping associations in Minnesota has increased materially within the last three years and their volume of business has also increased. In January, 1913, the University had reported to it, more or less definitely, the existence of 115 associations. At the present time the number thus reported, including those in both parts of the list of associations printed herewith, is 143. Eighty-two associations furnished specific details of their business for 1914. Twenty-one others made specific reports in 1913, but failed to report in 1914. (See list, page 25.)

In considering the statistics as to the volume of business, it should be noted that altho by no means all existing associations have furnished such data, it is probable that the largest and most successful associations have reported, and that those for which reports have not been received, are, on the average, less important.

### VOLUME OF BUSINESS AND ITS GEOGRAPHICAL DISTRIBUTION

The distribution of the livestock associations and of their business throughout the state is shown by Figures 1, 2, and 3. Figure 1 shows the number of associations reporting for 1913 and 1914. The stars indicate the approximate location of shipping associations reporting for 1914. The large dots indicate associations reporting for 1913 but not for 1914. Those associations which have not furnished definite information, but whose existence has been directly or (more often) indirectly reported, are not shown.

Figure 2 shows the distribution of the business done by the associations reporting for 1914. Each dot represents gross receipts to the amount of \$5,000. These receipts are almost entirely from animals shipped to St. Paul and a few other markets. Probably only a small amount, if anything at all, comes from sales for local consumption. As some of the associations did not report, the amount of business done is greater than is shown, but it is not likely that the geographical distribution would appear materially different if the reports were complete.

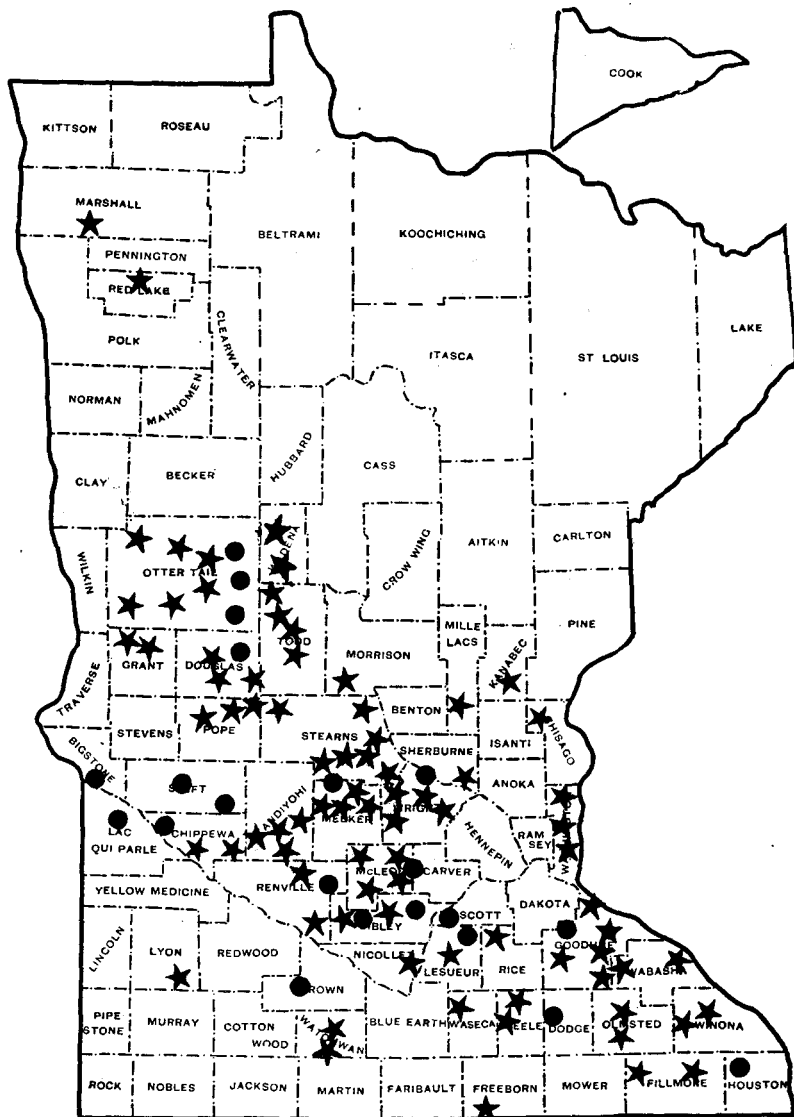


Fig. 1. Location of Livestock Shipping Associations Reporting for 1913 and 1914. Associations reporting for 1914 are indicated by stars; associations reporting for 1913, but not for 1914, by circles.

As a basis of comparison with the gross receipts of the associations shown in Figure 2, Figure 3 shows the distribution of the gross receipts from the sale of animals by all farmers during the year 1909, as shown in the Census of 1910. Here, too, each dot represents receipts to the amount of \$5,000. During the five years intervening between 1909 and 1914, the gross receipts from the sale of animals have,



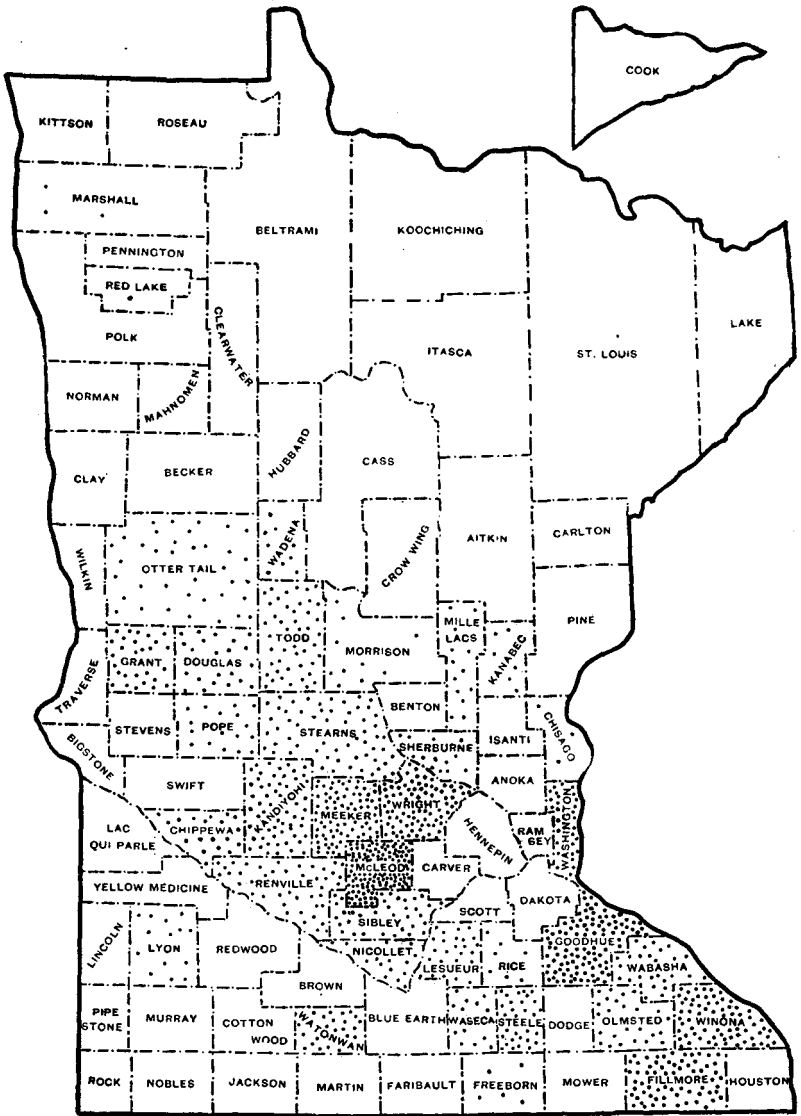


Fig. 2. Business Done by Shipping Associations Reporting for 1914  
Each dot represents \$5,000 of sales.

of course, increased. On the other hand, sales of animals of all kinds (other than poultry), including horses, as well as sales for all purposes, are included in the Census report, and are therefore shown in Figure 3, while practically only receipts from sales of cattle, calves, hogs, and sheep for shipment are shown in Figure 2. Nevertheless, a comparison of the two maps will suggest in a general way the proportion of live-



in the entire state. The total of \$5,750,534 represents the gross receipts of all associations reporting for 1914. To this we may add, as a conservative estimate, the sum of \$1,000,000 as the business in 1914 of the 21 associations which reported for 1913 but not for 1914. To approximate the total amount of the receipts of all the associations in the state, we would have to add perhaps another million for associations not reporting in either year. It is plain that the shipping associations do a considerable part of the business in the state. The total receipts of all farmers from the sale of animals of all kinds in 1909, as reported by the Census of 1910, was \$34,120,000.

It is seen from the table and maps, that the associations are by no means evenly distributed throughout the state. The absence of associations in the northern and northeastern parts of the state is readily accounted for. The production of livestock in those sections is small. But the scarcity of associations in the southern tier of counties and in the southwestern part of the state is not so easily explained, for Figure 3 indicates that at least as many animals are sold by farmers in that part of the state as in any other part. Apparently the movement for the formation of coöperative livestock shipping associations has not gone forward uniformly in different sections.

STATISTICS FOR COUNTIES REPORTING THREE OR MORE LIVESTOCK SHIPPING ASSOCIATIONS IN 1914

| County             | Number of Associations | Gross Receipts | Total Sales of Livestock, 1909* |
|--------------------|------------------------|----------------|---------------------------------|
| †Douglas           | 3                      | \$107,381      | \$280,247                       |
| †Goodhue           | 4                      | 529,765        | 661,709                         |
| Kandiyohi          | 4                      | 288,573        | 507,141                         |
| †McLeod            | 4                      | 646,101        | 371,070                         |
| †Meeker            | 4                      | 385,651        | 584,658                         |
| †Ottertail         | 6                      | 184,211        | 669,976                         |
| Pope               | 3                      | 84,286         | 268,226                         |
| Stearns            | 7                      | 301,041        | 703,994                         |
| Todd               | 4                      | 231,854        | 389,130                         |
| Washington         | 3                      | 145,799        | 371,004                         |
| †Wright            | 4                      | 401,580        | 664,415                         |
| Total, 11 counties | 46                     | \$3,306,242    | \$5,471,570                     |
| Total for state    | .....                  | \$5,750,534    | \$34,121,517                    |

\*From U. S. Census Report, 1910.

†One or more associations reported in 1913 which may have done business in 1914 but did not report.

One county, McLeod, appears to have done more business in 1914 through its shipping associations than all the farmers realized from the sales of animals for all purposes during 1909, as shown by the Census.

The apparent paradox may perhaps be explained partly by the increase in the livestock business during the five years intervening, and partly by the fact that the associations in this county are so located that considerable numbers of animals from adjoining counties could be shipped through the associations of McLeod County. In a good many other counties in the central and south central parts of the state, the livestock shipping associations apparently handle a large proportion of the total shipments from the county.

MEMBERSHIP

Membership in the associations varies considerably, the largest reported being 1,500 and the smallest 22. In the largest number of associations the membership ranges between 50 and 300, as appears from the following:

| Members                       | Associations Reporting<br>Membership for 1914 |
|-------------------------------|---|
| Less than 50.....             | 7   |
| 50 to 99.....                 | 10  |
| 100 to 149.....               | 14  |
| 150 to 199.....               | 13  |
| 200 to 299.....               | 16  |
| 300 to 399.....               | 4   |
| 400 to 499.....               | 1   |
| 500 and over.....             | 4   |
| Not reporting membership..... | 13  |
| Total .....                   | 82  |

NUMBER OF CARS SHIPPED

The number of cars of livestock shipped also varies largely. The largest number of cars shipped by any association was 204, the smallest 6. In the largest number of associations the shipments are between 20 and 60 cars. The associations are classified as follows with respect to the number of cars shipped:

| Cars              | Associations Reporting<br>Shipment in 1914 |
|-------------------|--|
| Less than 20..... | 13   |
| 20 to 39.....     | 22   |
| 40 to 59.....     | 17   |
| 60 to 79.....     | 8  |
| 80 to 99.....     | 7  |
| 100 to 149.....   | 11   |
| 150 to 199.....   | 2  |
| 200 or more.....  | 2  |
| Total .....       | 82   |

## CONDUCT OF BUSINESS

## GROSS RECEIPTS

The largest amount of gross receipts reported by a single association in 1914 was \$291,409, and the smallest \$3,553. The receipts of the largest number of associations are grouped within the limits of \$25,000 and \$100,000, as appears from the following classified list:

|                          | Associations Reporting<br>Gross Receipts for 1914 |
|--------------------------|---|
| Less than \$ 25,000..... | 13  |
| \$25,000 to 50,000.....  | 23  |
| 50,000 to 100,000.....   | 27  |
| 100,000 to 150,000.....  | 9   |
| 150,000 to 200,000.....  | 7   |
| 200,000 and over.....    | 3   |
| Total .....              | 82  |

## COMPENSATION OF MANAGER

The compensation of the managers of livestock shipping associations varies widely both in amount and method of payment. Most of the associations pay the manager a specific amount per 100 pounds home weight, six cents being the most common. A distinction is often made between shipments of hogs and of cattle, one cent more per 100 pounds being paid for hogs. Others pay a monthly or yearly salary; still others a specified amount per car handled. It is probable that the character of the service rendered by the manager is not the same in all cases, and that this explains in part the wide divergence between the rates paid. The various methods and amounts for 1914 are shown in the following list:

| Cents per cwt.               | Associations |
|------------------------------|--------------|
| 4.....                       | 1            |
| 5.....                       | 2            |
| 6.....                       | 33           |
| 7.....                       | 6            |
| 8.....                       | 9            |
| 10.....                      | 2            |
| 15.....                      | 1            |
| 6 to 8.....                  | 1            |
| 5-6-7.....                   | 1            |
| Percentage of gross receipts |              |
| 1½.....                      | 1            |
| Amount per car               |              |
| \$ 3.....                    | 1            |
| 5.....                       | 3            |
| 10.....                      | 1            |
| 12.....                      | 1            |

|                              |    |
|------------------------------|----|
| Amount per car               |    |
| 16.....                      | 1  |
| 18.....                      | 2  |
| 45.....                      | 1  |
| Salary per month             |    |
| \$ 60.....                   | 1  |
| 75.....                      | 1  |
| 100.....                     | 1  |
| 115.....                     | 1  |
| No report on this point..... | 11 |
| Total .....                  | 82 |

## RESERVE FUND

Most of the associations keep a reserve fund which is intended chiefly for use in reimbursing members who may suffer loss through death or injury of animals in transit. This fund is derived in various ways. The largest number of associations transfer to reserve a specified amount per 100 pounds home weight, the most common amount being 2 cents. Frequently a larger part is carried to the reserve for shipments of hogs than for cattle; for example, 1 cent for cattle and 2 cents for hogs. Others set aside a specified percentage of the gross receipts. Here, too, a distinction is sometimes made between hogs and cattle. Still others carry the balance to the reserve after deducting the actual expense from a specified percentage of the gross receipts or home weight of shipments. Others, finally, carry to the reserve fund a definite sum per car. The following list indicates the methods and amounts for 1914:

| Cents per cwt.               | Associations, 1914 |
|------------------------------|--------------------|
| $\frac{1}{2}$ .....          | 2                  |
| 1.....                       | 5                  |
| 2.....                       | 16                 |
| 3.....                       | 4                  |
| 4.....                       | 2                  |
| 5.....                       | 1                  |
| 1 to 2.....                  | 4                  |
| 2 to 3.....                  | 10                 |
| 3 to 4.....                  | 1                  |
| 11 to 12.....                | 1                  |
| Percentage of gross receipts |                    |
| $\frac{1}{5}$ .....          | 1                  |
| $\frac{1}{2}$ .....          | 3                  |
| 1.....                       | 1                  |
| 2.....                       | 2                  |
| 1 to $1\frac{1}{2}$ .....    | 1                  |
| 1 plus balance.....          | 1                  |
| Balance.....                 | 4                  |

|                              |           |
|------------------------------|-----------|
| Amount per car               |           |
| \$5.....                     | 1         |
| \$2 to \$5.....              | 2         |
| No reserve.....              | 2         |
| No report on this point..... | 18        |
| Total .....                  | <u>82</u> |

#### MISCELLANEOUS

Most of the associations ship their stock to South St. Paul. Eight associations ship to other markets in the state and to Chicago.

Some of the associations do not find it necessary to accompany shipments to market, forty-nine reported always having some person accompany shipments, and a few which formerly pursued this practice have given it up. In some cases provision for accompaniment is made in the by-laws.

In several instances the shipping of livestock is a part of a larger and more comprehensive business. It is occasionally taken up by creameries and coöperative stores, the officers of these organizations functioning in the shipping without any extra organization. To ascertain the facts in such cases is not always possible.

#### METHOD OF ORGANIZATION

It is easy to form a farmers' coöperative livestock shipping association under the Minnesota Coöperative Law. A copy of this law appears at the end of this bulletin. Organization under this law means a form of incorporation and the issue of shares of stock. Associations are usually organized without incorporation. There is usually little need of stock, as virtually no capital is required. A few leaders naturally take the initiative in arousing interest in this subject in the community. An informal meeting is called to decide definitely whether to form an association. A temporary chairman and secretary should be elected. Should it be formally decided to organize, at least two committees should be appointed: a membership committee to solicit members, and an organization committee to draw up articles of incorporation and by-laws. As virtually no capital is required, there is no need for the formation of a stock company. A moderate membership fee should be charged to provide the small sum necessary for organization expenses; a fee of \$1 should be ample in most cases and a good many associations charge less.

The committee appointed to solicit membership should consist of active and influential farmers chosen from different parts of the district which the organization is to serve. The organization will naturally extend over all the territory from which farmers ordinarily make

shipments through a given town. In some cases, territory dependent upon two or more shipping points may advantageously be included. Each member of the committee should be provided with a blank reading somewhat as follows:

We, the undersigned, hereby agree to become members of the \_\_\_\_\_ Coöperative Livestock Shipping Association, and we agree to pay the membership fee of \_\_\_\_\_ dollars at the time such corporation is organized, and only in case it is formally organized.

It is hardly worth while to organize an association without a considerable number of members. The fact, however, that several fairly successful associations report less than 100 members, indicates that it is worth while to make a start with even a considerably smaller number than 100. The number will probably increase as the business continues.

When enough members have been pledged, another meeting should be called to perfect formal organization. If it is decided to incorporate, the articles of incorporation should be adopted and, if possible, the by-laws also. A board of directors and officers should be elected to hold office until the first annual meeting. All that is necessary to complete the organization is to have the articles signed by the first board of directors in the presence of a notary public, and to file them with the register of deeds of the county in which the principal place of business is located, for which a small filing fee is charged. To incorporate under the Minnesota Coöperative Law it is not necessary to file articles of incorporation with the secretary of state, nor to pay the \$50 incorporation fee required of those who organize under the general incorporation laws.

Blank forms for articles of incorporation for coöperative shipping associations will be furnished by this division on application.

If, as is customary, the association does not incorporate, it should adopt a constitution, which takes the place of articles of incorporation. A suggested form of such a constitution is given below. Whether incorporated or organized without incorporation, by-laws should be adopted containing the less important regulations as to the conduct of business. A suggested form for such by-laws is also given. These are applicable to both incorporated and unincorporated organizations.

As there are very few operating expenses, and as little time intervenes between the shipment of stock by the members and the receipt of payment therefor, there is no reason for such an association to seek a profit to be subsequently divided among the members or the shippers. The net receipts can be at once divided among the shippers. Problems regarding dividends on capital stock or on patronage, which arise



in connection with some of the other classes of coöperative associations, need not arise here. The best results for the development of the association are obtained by offering its facilities free to all farmers, whether members or not, tho, of course, the farmer who makes any considerable use of the facilities of the association owes it to his fellows to become a member.

Coöperative associations formed for other purposes, such as for operating grain elevators or creameries, may incidentally carry on a business of shipping livestock without separate organization of a shipping association. There are likely to be advantages, however, in the formation of such a separate association, even tho the officers may be the same as those of the other concern.

It is desirable to grant the manager reasonable compensation for his services in order that he may devote sufficient time to the work. He must keep accurate, altho simple, accounts, attend to correspondence promptly, and above all, should familiarize himself with the general conditions of the livestock business, and be in a position to get the best possible prices for shippers. A man of ability, energy, and experience, should be chosen, and should be adequately compensated. In the case of small associations it may be impossible to pay the manager enough to require the whole of his time, but the larger associations will doubtless profit by doing so.

## CONSTITUTION

Suggested for the Organization of Unincorporated Farmers' Coöperative Livestock Shipping Associations in Minnesota

### ARTICLE I. NAME

The name of this organization shall be.....

### ARTICLE II. PLACE

The place of operation shall be in.....  
and vicinity, and all regular and special meetings shall be held in  
.....as prescribed in the by-laws.

### ARTICLE III. TIME

The time over which this organization shall extend shall be indefinite.

### ARTICLE IV. PURPOSE

The purpose of this organization shall be to obtain reasonable prices, and to secure the best possible results in the marketing of livestock.

### ARTICLE V. MEMBERSHIP

Any person making use of the shipping facilities of this association shall be entitled to membership by paying a membership fee of.....

## ARTICLE VI. MANAGEMENT

This organization shall be managed by a board of directors composed of.....members of the association, who shall be elected at the annual meeting. In case of vacancy, caused by resignation or otherwise, in the membership of the board, the same shall be filled by the remaining members of the board, and the member so elected shall hold office for the unexpired term or until new members are elected and qualified.

## ARTICLE VII. OFFICERS

Immediately after the annual meeting, the board of directors shall elect from their own members a president, a vice-president, and a secretary-treasurer. These officers shall hold the same office in the association as in the board. All officers shall hold office for one year or until their successors have been elected and qualified.

The board of directors shall also appoint a manager who shall not be one of their members. They shall decide on the system of accounting to be used and shall provide for suitable auditing of the manager's accounts.

## ARTICLE VIII. AMENDMENTS

Amendments to this constitution may be made at any regular meeting, by a two-thirds vote, when thirty days' notice of the proposed amendment has been given by announcement to the members.

## ARTICLE IX. QUORUM

A majority of members of the board shall constitute a quorum and may do any business that may properly come before said board.

## ARTICLE X. BY-LAWS

By-laws and rules covering the operation of this association may be made from time to time in the manner prescribed for the amendments to this constitution.

## BY-LAWS

Suggested for Livestock Shipping Associations whether Incorporated  
or Otherwise

## ARTICLE I. SHIPMENT OF STOCK

The shipment of stock in this association shall be made regardless of membership, and the delivery of stock to the manager and the acceptance thereof by him binds the shipper to the rules and by-laws of this association. All who desire to ship stock with the association shall report to the manager the kind of stock, the number of each kind, and the approximate weight of each when it is ready to be marketed. When a sufficient amount of livestock has been reported to be ready

for shipment to make a full carload, the manager shall order a car for making the shipment and shall notify each party having stock listed and state at what time the stock is to be delivered for loading. It is also agreed by all members that when stock has been listed with the manager for shipment, it shall be delivered at such time and place as the manager shall designate, unless the shipper has been released from such delivery by the manager. Failure to comply with this requirement will subject such shipper to payment of damages to the association equal to the freight charges to the central market on the estimated weight of the stock listed.

#### ARTICLE II. DUTIES OF MANAGER

The manager shall be at the yard on the day the shipment is to be made, unless he shall have secured a competent substitute, and shall receive all the stock, and weigh, mark, and load the same in the car. He shall have charge of and direct the sale of all shipments and receive all money therefor, and pay the same to the shippers, less his commission and all other expenses incurred in making the shipment, or when so directed send the money by mail to the shippers. He shall furnish a statement to every shipper, showing the net weight, price received, and expenses of shipment. He shall keep on file all statements received from the commission firm selling the livestock for the association. In a book kept for that purpose, he shall keep a record showing the number of cars shipped, and the amount of stock in such cars, during the year. He shall also keep an account of all disbursements and receipts for the association. At the annual meeting, he shall furnish a detailed statement of all business done during the year.

#### ARTICLE III. COMPENSATION OF MANAGER

The manager shall receive as compensation for his services the amount of.....cents per hundred pounds and no other compensation from the association, except that he shall have the right to charge for any outlay for materials needed in making partitions to separate the stock in the car and for bedding, said amount to be charged to the expense of the shipment for which it was incurred.

#### ARTICLE IV. BOND OF MANAGER

The manager shall furnish a satisfactory bond, which shall be approved by the board of directors. Said bond shall be for the faithful discharge of his duties.

#### ARTICLE V. PROTECTION FUND

There shall be deducted on every hundred pounds of weight of hogs and sheep, three cents, and for every hundred pounds of weight of cattle, two cents, and the same shall be placed in the sinking fund to be used for the paying of losses that may occur to any stock from

the time it comes in the hands of the manager until final disposition of same is made.

#### ARTICLE VI. LOSSES—HOW PAID

Any shipper whose stock has been damaged or injured while in the hands of the manager, shall receive the full amount for same as though the stock had not been injured, but shall be subject to the same ratio of expense on the shipment. The payment of the damage shall be based on a statement made by the commission firm having charge of the shipment, which statement shall show the amount received for the injured animal, the amount, in their opinion, it would have brought had it not been injured. This statement shall be the final basis for the settlement. No damage shall be paid for an animal which was not in a healthy condition when received at the local yards by the manager.

#### ARTICLE VII. UNHEALTHY STOCK

All stock which must be sold subject to inspection, except such as has been injured while in a healthy condition and in charge of the manager, or any diseased animal, shall be received at the owner's risk, and he shall receive such payment therefor as is received by the commission firm, less all expenses figured pro rata on the shipment.

#### ARTICLE VIII. MEETINGS

The regular annual meeting of the association shall be held on the ..... day of ..... at ..... o'clock in the ..... noon. Special meetings may be called by the board of directors at any time by giving ten days' written notice to all members. On the written request of 25 per cent of the members to the board of directors, a special meeting shall be called and all the members given ten days' written notice.

## THE MINNESOTA LAWS GOVERNING COÖPERATIVE ASSOCIATIONS

(Chapter 58, General Statutes, 1913)

### GENERAL CO-OPERATIVE ASSOCIATIONS

6479. Formation—Purposes—A co-operative association may be formed for the purpose of engaging in any lawful mercantile, manufacturing, or agricultural business. Its certificates of incorporation shall be filed for record with the register of deeds of the county of its principal place of business, and thereupon it shall become a corporation. A majority of the incorporators shall be residents of the county of its principal place of business, and its duration without renewal shall not exceed twenty years.

6482. Officers—Management—Every such association shall have a president, a treasurer, and not less than three directors, who shall together constitute a board of managers and conduct its business. Such officers shall be chosen annually by the stockholders, and hold their

offices until others have been chosen and qualified. The association shall make its own by-laws, not inconsistent with law, and may therein provide for any other officers deemed necessary, and the mode of their selection. It may amend its certificate of incorporation at any general stockholders' meeting, or at any special meeting called for that purpose, upon ten days' notice to the stockholders.

6483. Capital—Limit of interest—Shares—The amount of capital stock shall be fixed by the certificate of incorporation, which amount and the number of shares may be increased or diminished at a stockholders' meeting specially called for that purpose; but the whole amount of stock shall never exceed one hundred thousand dollars, and, in case of a creamery association, shall not exceed twenty-five thousand dollars. Within thirty days after the adoption of an amendment increasing or diminishing its capital, it shall cause the vote so adopting it to be recorded in the office of the register of deeds where its original certificate is on record. No share shall be issued for less than its par value, and no member shall own shares of greater par value than one thousand dollars, or be entitled to more than one vote. It may commence business whenever twenty per cent of the stock has been subscribed for and paid in, but no certificate of shares shall be issued to any person until the full amount thereof has been paid in cash, and no person shall become a shareholder therein except by consent of the managers.

6484. Liability of officers—Dissolution—If such board of managers, or the directors or officers having control of such association, for five consecutive years after its organization shall fail to declare a dividend upon its capital or shares, five or more stockholders, by petition setting forth such facts, may apply to the district court of the county of its principal place of business, for its dissolution. If, upon hearing, the allegations of the petition are found to be true, the court may adjudge a dissolution of the association.

6485. Distribution of profits—The profits on the earnings of such association shall be distributed to those entitled thereto by its by-laws, and in the proportions and at the times therein prescribed, which shall be as often as once in twelve months.

6486. Annual report to dairy and food commissioner—Every creamery association, on or before December 30 in each year, shall make report to the state dairy and food commissioner, or such officer as may at any time, by law, be given the supervision of dairy products. Such report shall contain the name of the corporation, its principal place of business, the location of its creamery, and the number of pounds of butter or other dairy product manufactured by it during the preceding year.

#### COÖPERATIVE ASSOCIATIONS FOR THE MARKETING OF PRODUCTS OF OTHER COÖPERATIVE ASSOCIATIONS

6487. Associations for sale of certain products—That any co-operative associations may be formed for the purpose of selling and otherwise disposing of any product of any manufacturing or agricultural co-operative association organized under the laws of this state. Its certificates of incorporation shall be filed for record with the secretary of state, and thereupon it shall become a corporation. A majority

of the incorporators thereof shall be residents of this state and its duration, without renewal, shall not exceed twenty years.

6488. Same—Officers—By-laws—Amendment of articles—Capital stock—Dissolution—Annual report—Every such association shall have a president, a treasurer and not less than three directors, who shall together constitute a board of managers and conduct its business. Such officers shall be chosen annually by the stockholders, and shall hold their offices until others shall be chosen and qualified. The association shall make its own by-laws, not inconsistent with the law, and may herein provide for any other officers deemed necessary, and the mode of their selection. It may amend its articles of incorporation at any general stockholders' meeting, or at any special meeting called for that purpose, upon ten days notice to the stockholders. The amount of capital stock shall be fixed by the articles of incorporation, which amount and the number of shares may be increased or diminished at a stockholders' meeting, specially called for that purpose, but the whole amount of stock shall never exceed one hundred thousand dollars. Within thirty days after the adoption of the amendment increasing or diminishing its capital stock, it shall cause the vote so adopting it to be recorded in the office of the secretary of state. No share shall be issued for less than one thousand dollars, or be entitled to more than one vote. It may commence business whenever 20 per cent of the authorized stock has been subscribed for and paid in, but no certificate of shares shall be issued to any person until the full amount of such subscription therein has been paid in cash, and no person shall become a shareholder therein except by the consent of the managers. If such board of managers, or the directors or officers having control of such association, for five consecutive years after its organization shall fail to declare a dividend upon its capital or shares, five or more stockholders, by petition, setting forth such fact, may apply to the district court of the county, wherein is situated its principal place of business in this state, for its dissolution. If, upon hearing, the allegations of the petition are found to be true, the court may adjudge a dissolution of the association. The profits on the earnings of such association shall be distributed to those entitled thereto by its by-laws and in proportions and at the times therein prescribed, which shall be as often as once in twelve months. Every corporation organized under the terms of this act shall, on or before December 30th, in each year, make a report to the state dairy and food commissioner; such report shall contain the name of the corporation, its principal place of business in this state, and generally a statement as to its business, showing total amount of business transacted, its profits and losses.

6489. Same—Stock in other corporations—Any corporation heretofore or hereafter organized under the provisions of section 3073, Revised Laws of 1905 (6479), or chapters 276 or 313, General Laws 1905, is hereby authorized, in addition to those other powers to it granted, upon an affirmative vote of a majority of its directors or other governing body, had at any regular meeting or any special meeting called for that purpose, to subscribe to the capital stock of any corporation organized under the provisions of this act, pay for the same, and thereafter, in like manner, vote the same and exercise all the usual powers of a stockholder in a corporation, subject to the limitations herein set forth.

## RURAL TELEPHONE COMPANIES

6480. Formation—Rural telephone business—Powers—Seven or more persons of lawful age, inhabitants of this state, may, by written articles of agreement, associate themselves together for the purpose of trade or for carrying on an (any) lawful mercantile, manufacturing, agricultural or rural telephone business within this state; and when such articles of association shall have been executed and recorded in the office of the clerk of the city or town in which the business is to be carried on, such persons shall be and become a corporation, and enjoy all the powers and privileges, and can buy and hold stock in other corporations organized for the same general purpose, and be subject to all duties, restrictions and liabilities set forth in all general laws in relation to similar corporations, except so far as the same may be limited or enlarged by this act.

6481. A co-operative association may be formed for the purpose of engaging in any lawful mercantile, manufacturing, agricultural or rural telephone business. Its certificate of incorporation shall be filed for record with the register of deeds of the county of its principal place of business, and thereupon it shall become a corporation. A majority of the incorporators that reside in this state shall be residents of the county of its principal place of business, and its duration without renewal shall not exceed twenty years.

6490. Rural telephone companies—Place of business—Stockholders' meetings, where held—All rural telephone companies or associations, organized or incorporated under any of the laws of this state shall have its principal place of business in the township, city or village designated in its articles of incorporation as such; provided that any officer of such company may transact the business pertaining to his particular office in any township, city or village into which such township, city or village, the lines of such company extend, or in any city or village within any such township; and provided further that any such rural telephone company whose lines extend into more than one township may hold its stockholders' meeting in any township, city or village through or into which its lines extend or in any city, or village, within any such township as its stockholders, or members may from time to time designate at a previous annual meeting or a special meeting called for that purpose, but until a different place is so designated the township, city or village named as its principal place of business shall be the place for holding all stockholders' meetings thereof and when a place is so designated it shall be and remain the place for holding all stockholders' meetings until again changed by a vote of the stockholders as aforesaid and it shall be the duty of the officer calling any such meeting to procure a place of meeting in the township, city or village so designated; and state the location of same in his notice of the meeting.

## DUTIES OF STATE UNIVERSITY

## Session Laws of 1913—Chapter 386

An Act relating to the duties of the board of regents of the state university and providing for the collection of statistics and information as to co-operative associations among farmers and disseminating information in reference thereto.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Department for collection of statistics relative to co-operative associations.—That in addition to the duties now imposed by law upon the board of regents of the state university, none of which shall be effected or abridged by anything herein contained, it is hereby made the duty of said board of regents of the state university to create in the department of agriculture under the supervision of said board a department to collect statistics and information in reference to co-operative associations among farmers and the management and methods of conducting such associations. Such information shall cover all matters relating to co-operative associations among farmers and relate to all subject matter proper or usual for co-operative action among farmers.

Sec. 2. Dissemination of information among farmers.—It shall be the duty of said board through and by means of the employees of said board hereinafter provided for to disseminate such information among farmers desiring to form and operate such co-operative associations upon application therefor by any such co-operative association or any number of farmers desiring to form such a co-operative association. Such information shall not only cover the methods of organizing such co-operative association, but also information as to the law governing and regulating such co-operative association and such information as to the conduct and management of the business thereof as shall be necessary or essential for the proper management and conduct of such business. And it is hereby made the duty of all co-operative associations to report annually to said department on blanks provided for that purpose.

Sec. 3. Department head, an assistant and stenographer authorized.—That for the purpose of carrying into effect the provisions of this act the said board of regents are hereby authorized and empowered to employ a suitable and competent person as the head of said department and an assistant therefor and also a stenographer and provide suitable and proper offices for such persons at such place as the board of regents shall determine, who shall receive such reasonable salary as the board of regents shall determine.

Sec. 4. This act shall take effect and be in force from and after its passage.

Approved April 19, 1913.

## LIVESTOCK SHIPPING ASSOCIATIONS IN MINNESOTA

### A. ASSOCIATIONS WHICH REPORTED THEIR BUSINESS IN DETAIL FOR 1914 OR 1913

#### Bigstone County—

\*Odessa, Farmers' Merc. Co.

#### Brown County—

\*Springfield, Livestock Shipping Association

#### Chippewa County—

Clara City Farmers Elev. Company, M. F. Condon, Mgr.

\*Milan, Live-Stock Shipping Association

Wegdahl, Farmers Shipping Association

\*Did not report for 1914.



## Chisago County—

Rush Lake, Rush Lake Shipping Association

## Dodge County—

\*Claremont, Claremont Farmers Co-operative Co.

## Douglas County—

Alexandria, Alexandria Shipping Association, J. O. Watters, Mgr.

\*Carlos, Farmers Society of Equity

Garfield, G. Live-Stock Shipping Association, A. Foslien, Mgr.

Osakis, Farmers Live-Stock Shipping Association, J. Dunn, Mgr.

## Fillmore County—

Preston, Live-Stock Shipping Association

Spring Valley, Farmers Co-operative Shipping Association

## Freeborn County—

Emmons, Farmers Shipping Association

Myrtle (P. O. Glenville), Live-Stock Shipping Association

## Goodhue County—

Burnside (P. O. Red Wing), Burnside Co-operative Association

\*Cannon Falls, Farmers Shipping &amp; Produce Association

Goodhue, Live-Stock Shipping Association

Pine Island, P. I. Live-Stock Buyers' Association

Vasa, V. Co-operative Live-Stock Shipping Association, F. M. Anderson,  
Mgr.

## Grant County—

Elbow Lake, E. L. Farmers Shipping Association, G. C. Paulson, Mgr.

Wendell, Farmers Shipping Association, H. T. Haavig, Mgr.

## Houston County—

\*Houston, Farmers Shipping Association

## Kanabec County—

Ogilvie, Farmers Creamery Company

## Kandiyohi County—

Atwater, Atwater Shipping Association

Kandiyohi, F. Farmers Shipping Association, J. T. Isaacson, Mgr.

\*New London, Farmers Shipping Association (1915)

Raymond, Raymond Live-Stock Shipping Association, P. Scheltons, Mgr.

Svea, Svea Co-operative Stock Company, P. A. Johnson, Mgr.

## Lac qui Parle County—

\*Madison, Farmers Co-operative Shipping Association

## Le Sueur County—

Le Sueur, R. R. 2, Farmers Equity Shipping Association

\*New Prague, New Prague Equity Association

## Lyon County—

Garvin, G. Farmers' Co-operative Shipping Association, F. H. Coper, Mgr.

## McLeod County—

Brownton, Brownton Farmers Association

Glencoe, Glencoe Farmers Elev., Live-Stock, &amp; Produce Co.

Hutchinson, H. Co-operative Shipping Association, E. J. Klawitter, Mgr.

Lester Prairie, Farmers Co-operative Live-Stock Shipping Association

\*Plato, Farmers Stock Shipping Association

## Marshall County—

Warren, W. Farmers Co-operative Shipping Association, Elmer Johnson,  
Mgr.

\*Did not report for 1914.

**Meeker County—**

Dassel, The Farmers' Corporation

\*Eden Valley, Farmers Live-Stock Shipping Association

Grove City, Farmers Shipping Association, Victor Henderson, Mgr.

Litchfield, Farmers Shipping Association, H. L. Halverson, Mgr.

Watkins, Equity Co-operative Shippers Association

**Mille Lacs County—**

Milaca, M. Live-Stock &amp; Produce Company

**Morrison County—**

Elmdale, Elmdale Stock Shipping Association

**Nicollet County—**

Traverse, T. Live-Stock Shipping Association

**Olmsted County—**

Rochester, R. Farmers Co-operative Shipping Association, M. F. Little, Mgr.

Stewartville, S. Farmers Shipping Association

**Ottertail County—**

Battle Lake, B. L. Shipping Association, E. K. Evanson, Mgr.

Clitherall, Live-Stock Shipping Association (1915)

\*Deer Creek, D. C. Shipping Association

Dent, Farmers Society of Equity

Fergus Falls, F. F. Live-Stock Shipping Association

Henning, H. Farmers Shipping Association

\*New York Mills, N. Y. M. Shipping Association

\*Parkers Prairie, Farmers Society of Equity

Pelican Rapids, Pelican Valley Shipping Association

Richville, Farmers Society of Equity

**Pope County—**

Glenwood, Glenwood Shipping Association

Starbuck, S. Farmers Co-operative Shipping Association

Villard, Villard Shipping Association, C. J. LeCount, Mgr.

**Red Lake County—**

Plummer, Farmers Shipping Association

**Renville County—**

\*Buffalo Lake, B. L. Live-Stock Shipping Association

Fairfax, Farmers Grain &amp; Stock Company

Hector, Farmers Grain Exchange

Renville, Live-Stock Shipping Association

**Rice County—**

Lonsdale (P. O. Webster), Farmers Shipping Association

**Scott County—**

\*Belle Plaine, Livestock Shipping Association

**Sherburne County—**

Elk River, E. R. Farmers Co-operative Shipping Association

**Sibley County—**

\*Arlington, Arlington Equity Shipping Association

Gaylord, Gaylord Shipping Association, A. A. Plaman, Mgr.

Gibbon, G. Farmers Live-Stock Shipping Association

\*Winthrop, Winthrop Farmers Co-operative Shipping Association

**Stearns County—**

Holdingford, H. Farmers Co-operative Shipping Association, Wm. Schneider, Mgr.

\*Did not report for 1914.

Kimball, Kimball Farmers Shipping Association, D. D. Hull, Mgr.  
 Paynesville, Equity Co-operative Shipping Association  
 St. Cloud, St. Cloud Farmers Co-operative Shipping Association, H. O.  
 Orton, Mgr.  
 Sauk Center, S. C. Farmers Shipping Association, H. P. Hoger, Mgr.  
 Richmond, Better Farming Farmers' Club, Theo. Bruemmer, Mgr.  
 Roscoe, Roscoe-St. Martin Farmers' Club

Steele County—

Medford, Farmers Co-operative Association  
 Meriden, Meriden Farmers Co-operative Co., Fred Fette, Mgr.  
 \*Pratt, Pratt-Havana Farmers Company.

Swift County—

\*Benson, Live-Stock Shipping Association  
 \*Kerkhoven, Farmers Exchange Shipping Department

Todd County—

Browerville, Browerville Shipping Association, M. L. Sarff, Mgr.  
 Clarissa, Farmers Co-operative Produce Association  
 Eagle Bend, Farmers Co-operative Produce Company  
 Long Prairie, L. P. Live-Stock Shipping Association, R. M. Johnson, Mgr.

Wabasha County—

Mazeppa, Mazeppa Shipping Association, Chas. Marx, Mgr.  
 Wabasha, Farmers Shipping Association, J. V. Free, Mgr. (Branch at  
 Kellogg)

Wadena County—

Aldrich, American Society of Equity  
 Sebeka, Co-operative Live-Stock Shipping Association

Waseca County—

Janesville, Janesville Farmers Live-Stock Company

Washington County—

Forest Lake, F. L. Farmers Shipping Association  
 Scandia, Live-Stock Shipping Dept. of Farmers Co-op. Club, Henry A  
 Johnson, Mgr.  
 Withrow, W. Farmers Shipping Association, Neal Plaestad, Mgr.

Watsonwan County—

Echols, Long Lake Shipping Association, J. B. Erickson, Mgr.  
 St. James, Shipping Association, A. M. Murphy, Mgr.

Winona County—

Lewiston, Inter-County Farmers Shipping Association, G. T. Randall, Mgr.  
 St. Charles, Inter-County Farmers Shipping Association

Wright County—

Annandale, Annandale Equity Stock Shipping Association, J. H. Bahli,  
 Mgr.  
 Buffalo, Buffalo Marketing Association  
 Cokato, Co-operative Live-Stock Shipping Association  
 \*Monticello, Live-Stock Shipping Association  
 Rockford, Rockford Mutual Live-Stock Shipping Association

\*Did not report for 1914.

B. PLACES AT WHICH ASSOCIATIONS HAVE BEEN REPORTED  
AS EXISTING BUT WHICH HAVE NOT FURNISHED DATA  
AS TO THEIR BUSINESS

|                    |                  |
|--------------------|------------------|
| Benton County—     | Meeker County—   |
| Foley              | Darwin           |
| Brown County       | Mower County—    |
| New Ulm            | Grand Meadow     |
| Blue Earth County— | Racine           |
| Good Thunder       | Nicollet County— |
| Judson             | Lafayette        |
| Carver County—     | Olmstead County— |
| Hamburg            | Dover            |
| Chippewa County—   | Simpson          |
| Maynard            | Ottertail—       |
| Montevideo         | Bluffton         |
| Watson             | Perham           |
| Cottonwood County— | Underwood        |
| Westbrook          | Pope County—     |
| Faribault County—  | Lowry            |
| Winnebago          | Renville County— |
| Fillmore County—   | Bird Island      |
| Rushford           | Roseau County—   |
| Freeborn County—   | Badger           |
| Albert Lea         | Todd County—     |
| Goodhue County—    | Bertha           |
| Red Wing           | Round Prairie    |
| Grant County—      | Wabasha County—  |
| Barrett            | Dumfries         |
| Erdahl             | Wadena County—   |
| Herman             | Wadena           |
| Hubbard County—    | Waseca County—   |
| Park Rapids        | Waseca           |
| McLeod County—     | Wilkin County—   |
| Biscay             | Breckenridge     |
| Stewart            | Rothsay          |