

Cotton Seed Crushers Develop Fair Trade Rules

Condemn Secret Deals and Urge Publication of Prices

TWO HUNDRED representatives of the cottonseed crushing industry met at the Peabody Hotel, Memphis, on July 24 to discuss and establish a code of business ethics. After an all day session the thirteen rules printed below were formulated. The conference was called by the Federal Trade Commission in response to an expressed desire to rid the industry of certain undesirable trade practices. The code developed is now in the hands of the Commission for final approval, but many oil millers are already completing deals in accordance with the principles set forth. Edgar A. McCulloch of Arkansas, member of the Federal Trade Commission, presided over the meeting and guided it in such a way that few changes in the rules are expected.

The resolutions adopted are as follows:

"The Cottonseed Oil Mill Industry believes that the oil mills, as the agency which buys the cottonseed and manufactures it into products of great value to mankind, fill a necessary and proper function in relation to a basic agricultural product, and are entitled to a fair return for such services. They owe a duty alike to the farmer who produces the seed and to the consuming public which buys the products thereof. That duty includes the obligation to pay a fair price for the raw material, to deal

fairly with labor, to manufacture efficiently, to eliminate waste, to sell the products at a fair price, to develop new uses, to approve and encourage sound and fair trade practices and to condemn and prevent bad and unfair practices. In order to perform that duty, it is advisable to encourage proper and ethical principles in the industry, to the end that competition may be open and constructive, and not secret and destructive. With these purposes in mind the mills therefore declare that it is good practice in the operation of crushing cottonseed to abide by the following principles:

1. *Whereas*, there has been discrimination in the prices paid for cottonseed and in the prices charged for the products thereof, and

"Whereas, the Congress of the United States in passing the Clayton Act and many states by enacting statutes have condemned price discrimination, and

"Whereas, in order that the market value of cottonseed and its products may be known at all times by all who are interested, to the end that discrimination in prices may be prevented,

"Resolved, that it is hereby declared unfair competition either directly or indirectly to discriminate in the price paid to different sellers of cottonseed or the price charged for the products thereof when the effect of such discrim-

ination may be to substantially lessen competition or tend to create a monopoly: *'Provided, That nothing herein contained shall prevent discrimination in the price paid to different producers of such commodities on account of differences in the grade, quality, or quantity of the commodity purchased, or that makes only due allowance for difference in the cost of purchasing or transportation, or discrimination in price in the same or different communities made in good faith to meet competition.'*

"Resolved Further, That each mill shall by all available means publish immediately to the selling public the price paid for cottonseed and to the buying public the prices received for the products thereof, and the reporting of any false or fictitious prices, or the failure to report the exact price paid for cottonseed or price received for the products thereof is hereby declared an unfair method of competition.

2. "The price paid for cottonseed or charged for the products thereof is a matter of individual judgment to be determined by each unit concerned. No unit is or should be under obligation to change or maintain its prices to meet the wishes or views of any other unit or group of units.

3. "All contracts for the purchase of cottonseed should be for a specified tonnage at a specified price, and for the sale of products for a specified quantity at a specified price, entered into in good faith between buyer and seller and subject to no cancellation save for legal cause. The violation of the provisions of this Rule is hereby declared to be an unfair method of competition.

4. "Any contract post-dated or pre-dated, or entered into without

authorization and definite commitment at the time it is made by both parties thereto, is an unfair method of competition.

5. "It is unfair competition and against public policy to buy and settle for cottonseed except on a basis of quality, cleanliness and moisture content. Sound, clean, dry seed are worth more than damaged or trashy seed or seed containing an excess of moisture.

6. "The payment or allowance to sellers of seed or buyers of the products thereof of commissions, bonuses, rebates or subsidies of any kind, confidential prices or the use of any device which does not include in the price paid or bid the entire consideration, is hereby declared an unfair method of competition in the form of commercial bribery. This section also applies to contracts for the exchange of manufactured products for cottonseed and no evasions or subterfuges can be practiced or included under such guise.

7. "It is unfair competition to store or receive cottonseed on call for the account of others, or to contract for or buy cottonseed for future shipment where such shipment is beyond fifteen (15) days from date of purchase.

8. "It is unfair competition to buy cottonseed in carload quantities except on weights and quality at mill destination.

9. "Brokerage, if any, should be paid by the seller.

10. "It is hereby declared to be an unfair method of competition to sell products which are not plainly and accurately described or branded and in full compliance with legal and trade definitions and requirements.

11. "*Whereas, excessive commissions have been paid to seed agents for the purchase of seed,*

which has resulted in such commissions being paid directly or indirectly to sellers of seed, the effect being the publication of fictitious prices for seed and the inability of the public to know at all times the actual market for cottonseed, therefore, be it

"Resolved, That where the practice of buying seed through commission agents is in existence, the payment of any amount in excess of \$3.00 per ton on wagon seed and gin seed, such payment to include storage, handling, loading, loss in weight and all other charges of every kind, and the payment of any commission in excess of fifty cents per ton for buying carload seed is against public policy and hereby declared to be an unfair method of competition.

"Resolved Further, That the payment of such commission to other than bona fide seed buyers who render a service, and/or in such manner that any part of it goes to the seller directly or indirectly

through the medium of partners, influential friends, kinspeople or under any other guise whatsoever is hereby declared to be against public policy and an unfair method of competition.

"Resolved Further, That the names of such 50c buyers be made available to the public.

12. *"Resolved,* That in order to conform to the principles of these rules a Uniform Purchase Contract and Account Sales form should be used in all transactions.

13. "The strict observance in good faith of all these Resolutions being to the best interest alike of the buyers and of the sellers of cottonseed and of the products of the mills, be it therefore

"Resolved, That the clandestine violation of any of said Resolutions, those accepted by the Federal Trade Commission merely as expressions of the industry, as well as those approved by said Commission, shall be deemed to be unfair methods of competition."

Smalley Foundation Check-Meal Samples

H. C. Moore, chairman of the Smalley Foundation Committee of the American Oil Chemists' Society, states that the weekly checkmeal samples of the Foundation for the year 1928-29 will be ready for distribution early next month. The plan of procedure, which has been used for the past several years, consists of thirty samples, one of which should be reported on each week beginning with September 24.

Participation in this collaborative analytical work is open to all members of the American Oil Chemists' Society. State and Federal chemists also are at liberty to participate, whether members or not, without being charged for the samples. Although the Smalley Foundation does

not aim to provide a contest, but rather to improve the analytical standard, nevertheless, prize awards for the highest averages are given in order to create interest.

The check-meal samples will be prepared, as last year, by Thomas C. Law, of Law & Company, Atlanta, Ga. Further information can be secured from the chairman of the committee at 111 W. Jackson Blvd., Chicago, Ill., and society members can enroll with J. C. P. Helm, 705 Tchoupitoulas St., New Orleans, by paying fifteen dollars for the thirty samples.

Enlarge Seidner's Factory

Seidner's mayonnaise dressing plant at Westerly, R. I., is being enlarged to care for the manufacture not only of mayonnaise but also of horseradish and mustard.