

CHAPTER IX

WHY THERE IS NOT MORE FOOD

As a result of the conditions described, agriculture is suffering. The farmer is being driven to the wall. He has to overcome so many obstacles, his business is so controlled by others, and he is subject to so many failures that he grows discouraged. There is no industry in the country that is as helpless as that of agriculture and no industry so much in need of protection. It is not the exhaustion of the soil, the competition of the better land of the West, the lack of scientific agriculture, or the greater and more secure gains from industry that is driving the farmer from the land; it is the failure of the distributing agencies, the exactions of the middlemen, railroads, and bankers that are making agriculture unattractive. Under the provisions of the Lever bill recently enacted by Congress, millions of dollars have been appropriated for stimulating meat production through the prevention of cattle diseases and the conservation of meat and dairy products. Millions more have been appropriated for the distribution of seeds, for the elimination of waste, and for education. Yet a little study would have satisfied Congress that the farmer does not

want outdoor relief. What he wants is a policeman. The farmers know what is the matter with agriculture. They say that the conditions under which food is marketed in this country are so bad that there is little incentive for production.

The farmer does not want free seeds; he wants a chance to market his produce. Otherwise he says there is no use in producing. He works hard enough, but the State by inaction permits his produce to rot in the ground or to be sold at a low figure or loss when it reaches the market. This is happening all over the country. The farmer knows it. Scores of official investigations have made it plain, and farmers' organizations have appealed for years for protection—protection from what is in effect pure robbery. And the robbery has been so systematic and so long-continued that in many sections of the country the farmer is giving up in despair.

A generation ago even the smallest farmer raised diversified crops. He raised wheat, corn, vegetables, and fruit, as well as cattle, hogs, sheep, and poultry. From all these activities he was able to make a comfortable living. If one crop failed there were others to fall back upon. And the farmer was reasonably contented with his lot, as he is in those countries where he is protected in his calling. The prices of food were low. There was little or no complaint about the cost of living.

Marketing was simple. The farmer sold to the

near-by store. In most towns there was an open public market to which the farmer came once or twice a week, as is still the case in many Southern cities. He brought his cows, hogs, and sheep to the local slaughter-house, where he sold to the local butcher. The farmer, like every other business man, dealt directly with the buyer, who was competing with other buyers. Demand and supply established prices just as they do where competition is free. And the prices so established approximated the reasonable costs of production plus a competitive profit.

As cities grew in population and the market was widened, the business of distribution became an important industry. It was specialized. The distributors found it to their profit to work in harmony so that they could fix the prices paid for foodstuffs. Then they developed distant sources of supply, partly because of the increased demand, partly as a means of controlling local prices. With the development of the cattle-ranges of the West the raising of beef and hogs became a great industry. Packing centres were developed in Chicago, Omaha, Kansas City, Fort Worth, and elsewhere to which the drovers shipped their cattle. For a time the packing-houses competed with one another, but they were soon drawn together by an identity of interest in keeping down the price of beef on the hoof, on the one hand, and increasing the price of meat on

the other. Ultimately the packing-houses became in effect a combine of four or five great firms. The shipments of meat to Europe and the Eastern cities required refrigerator-cars, and the railroads permitted the packers to take over this business, the railroads hauling the cars as they do coal-cars and cars owned by the fast-freight lines and express companies. Soon the refrigerator-car lines, owned by the packers, acquired control of the transportation of meat. Then they entered other fields. The cars are used for the transportation of fruit, vegetables, and perishable produce from California and Florida. The packing-houses became interested in other kinds of food, and to-day they are in substantial control of the distribution of the perishable food supply of the country through their control of the transportation and the cold-storage terminal warehouses which they own all over the country.

The railroads are not only directly connected with the packing-houses through interlocking directorates and common ownership; it is to their advantage to encourage long-haul business. It is to their interest to bring food from as great a distance as possible. And they co-operate with the packers to discriminate against the supply of cattle by local farmers. They make it difficult for Eastern farmers to secure transportation. They shut them out of the local market. This discouraged local cattle-raising. Far more effective was the control of the

local meat-dealers and the local slaughter-houses by the packers. This control was brought about in a variety of ways. The packers erected cold-storage plants in the cities. Local butchers had to come to them for meat and especially for canned meat and by-products. And the packers refused to sell to them unless they accepted their terms. If the local butchers insisted on buying local meat, the packing-houses opened independent butcher shops and sold meat at so low a figure that the independent butchers were driven out of business. Or they bought out the local slaughter-houses and closed them down so that the farmer had no place to kill his cattle. A quarter of a century ago almost every town contained a slaughter-house. To-day they do not exist or do a very small business. In every other country of the world, with the exception of the United States, cattle are killed at local abattoirs. And everywhere, with the possible exception of the United States and Great Britain, cattle must be slaughtered in public abattoirs. Private plants are not permitted. As a result, in Germany there are one thousand public abattoirs, every city of any size having a meat-killing establishment, which is one of the show-places of the city.

The railroads derived no revenue from cattle driven to market on the hoof and little revenue on cattle from the neighboring country. They desired

long-haul traffic. And this was to be obtained by co-operation with the great packing-houses. But, even aside from this co-operation, the refrigerator-car companies, the packing-houses, and the railroads are so interlocked in their ownership, as shown by the report of the Pujo investigating committee of Congress, that the railroads would have united with the packers irrespective of their interest in freight revenues.¹

It is by this conspiracy of the transportation, packing-house, and cold-storage industries that the raising of cattle all over the country has been discouraged or killed entirely. It is only partly true, if at all, that the production of cattle, hogs, and sheep has been killed by the cattle-ranges of the West. It has really been killed by the inability of the local farmer to find a market. And to-day, in spite of the attempts of the Interstate Commerce Commission to regulate railroads and refrigerator-cars, it is very difficult for the farmers of New York to secure transportation to the city, although the farmers of California and Texas ship train-loads of food which are delivered with the regularity of passenger-trains and frequently in less time than

¹ The methods employed by the railroads to discourage or stifle industry are indicated by the investigations of the Federal Trade Commission and the Interstate Commerce Commission in relation to the recent car shortage and the manipulation of the coal market. Wherever it is to the private interest of the railroads to discourage an industry they do so. This evil is inevitable under private ownership of the transportation agencies.

it takes to secure a delivery from a shipping-point fifty miles away.

Gradually, cattle, sheep, and hogs ceased to be raised by the ordinary farmer. They, too, secured their meat from the Western packers. Ultimately the local slaughter-houses were bought out by the packers or were put out of business by competition, and the local meat-dealers became in effect mere agents of the great packing-houses which controlled the meat supply.

This is one explanation of the reduction of live cattle and with it dairying. An examination of the statistics of cattle in the country shows the extent to which the raising of cattle of all kinds has diminished.

The statistics of domestic animals on farms, according to the census of 1900 and 1910, are as follows:

YEAR	DAIRY COWS	ALL CATTLE	SWINE	SHEEP	GOATS
1900	18,108,666	69,335,832	64,686,155	61,735,014	1,948,952
1910	21,795,770	63,682,648	59,473,636	52,838,748	3,029,795

The number of dairy cows increased by only 3,687,104 in ten years, while the number of swine and sheep decreased by about fourteen million head. The total loss in all cattle was five and three-quarter million head at a time when the population of the

country and the consuming power of all classes was increasing rapidly.

Similar methods are employed by the distributors to kill off local truck-gardening. Local produce interferes with the control of the market. The railroads again find it to their advantage to bring in food from a distance, while the middlemen find it much easier to control prices if they are free from competition by the neighboring farmers. And all sorts of discriminations are made against local production. The farmers find it difficult and expensive to get their food into the city. There are no terminals that are free from control. Ofttimes their consignments are rejected. Often they are left to rot at the terminals. It is to the interest of the middlemen to keep down the supply and prevent anything like an excess supply in the market. In time the city becomes dependent on vegetables brought from a distance just as it becomes dependent on meat brought from the packing centres. And after the middlemen and distributors have crushed local competition they treat the distant shippers as ruthlessly as they do the near-by farmer. They refuse his shipments. They leave consignments to spoil or offer the shipper a price that is so low that it scarcely pays for transportation. In the spring of 1917, when Congress was debating the food bills and the press of the country was ringing with condemnation of the food speculators, 800,000

pounds of spring vegetables were permitted to rot on the wharfs along the Hudson River. Yet the poor of New York were on the verge of food riots, with car-loads of perishable food but a few blocks away. Commissioner John J. Dillon, commenting on this situation, said: "Not only were the people of New York City the victims of such a market system, but farmers of the South who sent the vegetables here lost many thousands of dollars in freight charges and lost labor and money spent to produce the vegetables. The farmers who sent the vegetables are receiving curt wires from the commission men, saying in effect: 'Market oversupplied; no demand; your shipment rotted at wharfs for want of buyers; health authorities condemned entire shipment.'"

In recent years Eastern apples could not be marketed, but car-loads of Oregon apples found a prompt and regular market in the East. Apples which the farmers of New York are ready and eager to sell for \$2.50 a barrel rotted on the ground fifty or a hundred miles from the city, while car-loads of Western apples are sold at prices prohibitive to the poor. Peaches, pears, and other fruits find the city markets closed against them, while Florida, Maryland, and distant producers secure cars and buyers in abundance. A few years ago nearly every city was supplied, in part at least, from its immediate neighborhood. To-day the bulk of the perishable vegetables come from a distance. Even eggs and poultry can

be marketed more readily from Chicago than from a point within a few miles of the New York City Hall.

The following are some selected farm crops taken from the census returns of 1899 and 1909, respectively, showing the extent to which food production has fallen off:¹

CROP	1899	1909	INCREASE OR DECREASE
Corn (bushels) . . .	2,666,324,370	2,552,189,630	- 114,134,740
Wheat (bushels) ..	658,534,252	683,379,259	24,845,007
Rye (bushels) . . .	25,568,625	29,520,457	3,951,832
Barley (bushels) ..	119,634,877	173,344,212	53,709,335
Cotton (bales) . . .	9,534,707	10,649,268	1,114,561
Total small fruits (quarts)	463,218,612	426,565,863	- 36,652,749
Strawberries (quarts)	257,427,000	255,702,000	- 1,725,000
Apples (bushels).	175,397,600	146,122,318	- 29,275,282
Total orchard fruits (bushels)	212,365,600	214,683,695	2,318,095

The amount of food produced per capita of our population has fallen off from year to year or at best remained stationary even in the face of the export demand due to the war, as indicated by the figures on page 96.

There has been, it is true, a noticeable increase in farm production along some lines. Among these are California fruits, cereals used in the manufacture of whiskey and beer, sugar-beets, figs, rice, and olives. The noteworthy increases are in articles in which the producers have organized for marketing,

¹*Statistical Abstract of the United States, 1914, p. 142.*

such as the co-operative selling agencies of California, or in trust-controlled products which have organized transportation, or in those articles in which the food

YEAR	PRODUCTION PER CAPITA		
	<i>Meats</i> —beef, veal, mutton, and pork (pounds)	<i>Milk</i> (gallons)	<i>Eggs</i> (dozens)
1899	248.2	95.6	17.0
1909	213.9	81.0	17.3
1915	219.6	75.5	17.8

YEAR	PRODUCTION PER CAPITA		
	<i>Cereals</i> —Corn, wheat, and rice (bushels)	<i>Potatoes</i> (bushels)	<i>Sugar</i> (pounds)
1899	43.9	3.6	6.4
1909	35.3	4.2	18.3
1915	40.2	3.5	19.9

trusts, operating refrigerator-cars, protected their own supply. In those instances where the farmer was unable to co-operate, or where he was at the mercy of the railroads and distributing agencies, the output of the farm has either decreased or remained stationary.¹

¹ The California fruit-growers market 67 per cent. of the citrus crop of that State directly to Eastern markets through a co-operative agency. There are no middlemen or speculators. They marketed \$50,000,000 of fruit in 1916. The growth of the industry shows the effect of freeing production from control by the distributors.

YEAR	ORANGES (boxes)	LEMONS (boxes)	FIGS (pounds)	OLIVES (pounds)
1899	6,167,000	876,876	12,994,000	5,053,000
1909	19,487,000	2,770,000	35,060,000	16,405,000

The farmer has always been ready and willing to produce. And he has continued to produce even under an embargo almost as tight as that against a belligerent country. But gradually one line of livelihood after another has been taken from him by the railroads, terminals, refrigerator-car companies, packers, cold-storage plants, or a combination of middlemen acting in concert with these agencies.

This is why farming in the Eastern States has ceased to be profitable. This is why farmers have abandoned their farms. They have been driven from them by the distributing agencies who really control their industry. And when these agencies had destroyed local competition and built up production in the South and West, when the local abattoir was closed and the local market-house had fallen into disuse, when the farmer ceased to produce for the local market in material quantities, then these same agencies turned on the big producers, the cattlemen of Texas and the wheat-growers of Dakota, the truckmen of the South, and repeated the same process. They combined against the cattleman and paid him less than the cattle cost. They rigged the price of wheat in the grain-pit; they glutted the local markets with fruits, vegetables, and perishables from a distance, and compelled the shippers to accept ruinous prices. Often they destroyed the shipments to keep up prices.

Controlling the cold-storage plants, they are able to buy and store when the farmer is necessitous, and then, having secured control of the market, they boost the price. There is no single trust-controlled industry in the country that is subject to as many different kinds of monopoly as is food, and in none of them has there been so much to discourage production.

The same conditions prevail as to cereal products. Scattered all over the country are grain-elevators and terminals. These, too, are privately owned, frequently by the directors and stockholders of the railroads. Into these elevators the grain of the farmer goes while waiting shipment. Here the grain is graded and its price fixed by rules established by the warehouses and millers. The farmers of the West are compelled to market their grain through these elevators just as the cattleman must market his cattle through the packing-houses. The methods employed by the grain exchanges, packers, and warehousemen are described in other chapters.

Closely linked with all these agencies are the banks of Chicago, Minneapolis, Kansas City, and the other food-terminal cities. The banks have branches or connections over the West which make loans to the farmers and the cattlemen. Through the interlocking interests of the middlemen and the banks, the producers are compelled to sell when the

distributers decree. They first fix the price as low as possible and then exert financial pressure upon the farmers to sell at the season when prices are low. Then after the food supply has been cornered prices are again fixed by the manipulators for the nation and the world. As stated in previous chapters the farmers and cattlemen in the West were forced, by these methods, to sell their produce year after year at less than cost.

The control of the food supply of America is more complete than any one really knows. And no monopoly has been as ruthless in its treatment of the producers, on the one hand, and the consumers on the other, as the food syndicates which operate in all of the larger cities and which control almost every article of food. This system is so inter-related that it is impossible to trace the conspiracies or the cost of the manipulations to the consumer. In addition to these agencies there are monopoly-owned steamship-lines that transport nearly all of the fruits from Florida and Central and South America, from the Carolinas and the eastern shore of Maryland, while the haulage of fruit, of meat, of fresh vegetables, of poultry, butter, and eggs, and of perishable products by land is done by the refrigerator-car companies, owning thousands of cars, which are hauled by the railroads at an agreed rate. The fast-freight lines give their owners an advantage over other competitors, for they can deny cars,

if they will, and by a variety of devices prevent the produce of the competitor from ever reaching the market. It was the privately owned refrigerator-cars that enabled the packers of the West to perfect their monopoly and drive competition out of this field. The packing-houses are few in number but their earnings are colossal. The earnings of Armour & Company in 1916 were \$20,100,000 as against \$7,509,000 in 1914. The earnings of Swift & Company in 1916 amounted to \$20,465,000 as compared with \$9,450,000 two years earlier. The earnings of Morris & Company, Wilson & Company, and other packers were equally high, while the earnings of the United Fruit Company shot up from \$2,264,000 in 1914 to \$11,943,000 in 1916.

It is a not uncommon experience for farmers to send a car-load of fruit, of vegetables, or of other produce to market and be advised that there is no sale for it, and the shipper will have to lose the freight as well. After one or more experiences of this kind the producer goes out of business. He abandons that particular line of production. He permits his fruit and vegetables to rot on the ground. When the dairyman casts up his accounts and finds that the price he receives for his milk does not pay for the feed of his cattle, he goes out of the dairy business. After the local truck-gardener has seen his food spoil at the station because of the inability or unwillingness of the railroads to market it, he

throws up his hands. And when the cost of transportation to market is as much as the farmer receives for his labor, he comes to the conclusion that there is something wrong with the government that permits such a thing, and he turns away in despair, for he sees no prospect of relief.

I have not the slightest doubt but that the production of food of all kinds would be increased enormously all over the country if the railroads were in public hands. I believe that the Eastern markets could be supplied from their own doors if they were free from the discrimination and embargo which now prevails. One of the greatest of all obstacles to the revival of farming is the uncertainty of a market and the fear that the transporting and distributing agencies would bring the efforts of the farmer to naught. Other countries have discovered that these agencies cannot with safety be left in private hands, and in other countries cities are surrounded by gardeners and truckmen who supply the local market.¹ They raise cattle, sheep, hogs, and poultry, and sell directly to the retail merchants or through the markets of the near-by cities. These countries have eliminated the private distributor and have opened up the highways, the warehouses, and the cold-storage plants and made

¹ In Baltimore, where splendid markets are maintained by the city, the cost of living is very low, while all about the city the business of truck-gardening has been developed to satisfy the local demand.

them agencies of service rather than of profit. Such a programme is necessary in the United States if we would bring agriculture back to life again and reclaim the abandoned farms of the country to labor.