

THE BEEF TRUST

BY W. W. CAMPBELL.

The Beef Trust.

It seems almost egotistical to undertake to treat a subject so great as "The Beef Trust". The Courts have wrestled with it, legislators have wrangled over it, volumes have been written about it, the people have clamored, and the battle is still on.

Seager says:- "Monopoly means unusually in economics such control over the supply of an economic good as enables the monopolist to regulate its price. The regulation is of course never absolute. It must always have regard to the conditions of production and the extent and elasticity of the consumers' demand. Within certain limits, however, if there is a real monopoly, control is effective and may give rise to monopoly profits."

The question of monopolies is as old as time. The history of the world relates a constant struggle between capitalist and laborer.

A "trust" is a species of monopoly, and industrial combination or "capitalistic monopoly" which is large enough to be the controlling factor in its particular line of production.

Seager gives as a definition of a "Trust":- "An industrial combination, not a legal or natural monopoly, which seeks to throw off the restraints of competition by absorbing, over-awing or crushing its would be competitors."

We have many examples of great trusts in the United States,-The Sugar Refining Company, The United States Feather Company, The Standard Oil Trust and many others. Most every great industry

is receiving the undivided attention of some combination that is striving to get control of it, but probably a greater number of people are injured by the power of the Beef Trust than that of any other monopoly. This is because it controls the price of our food supply.

It seems hardly possible that with our boasted government of the people, by the people, and for the people, we are so dominated by the brains and money of one of these kings of finance, that we allow him to dictate what we shall pay for every pound of meat we buy, for our fresh vegetables and fruits. Yet this seems to be the condition at present.

We quote from J. Ogden Armour as follows:- "The interests of the private car line and the packing industries are so intimately connected that the future of either must necessarily involve, to a considerable extent, the future of the others.

If the hostile legislation now aimed at either or both of these industries becomes law, there is no question that the men who are pushing it will have the satisfaction of having dealt a hard and perhaps fatal blow to the packers and to two great industries which have done more, I believe, than any other two industries to give to the whole people the cardinal comforts of good living, wholesome fresh meats and fresh fruits and vegetables. But their satisfaction will not end with crippling these agencies of administration to the common needs of humanity. They will also awake to the fact that theirs will be the credit of dealing a staggering blow to scores of other

industries which are sensitively and inseparably inter-related with the animal, fruit and vegetables industries."

Mr. Armour has stated for us just the facts we wish to emphasize. That he has it in his power to control the price the producer can get for his products as well as the price the consumer shall pay for what he buys. Mr. Armour can without difficulty, no doubt, show us how hostile legislation would cripple his business, but he has not, nor can he show us why the public would not be benefited, if the control of the refrigerator cars, the only practical means of transporting fresh food products, should pass from his hands.

The purpose of the trust is to annihilate competition and to get control of a commodity so that they can fix the price at which the producer must sell and the price at which the consumer must buy. Some of our best authorities have held that any contracts made for the purpose of preventing competition are unlawful, therefore monopolies are contrary to the spirit and letter of the law. That because of the cupidity of human nature the public welfare is endangered if an individual or corporation is allowed to control the production or sale of any commodity. Such a condition is not desirable and ought not to exist in a republic. The price of the commodity is almost always raised and the article is not so good.

One of the most effective weapons wielded by the consumer against the trusts is his power to substitute other articles for those which the trust advances in price.

J.Ogden Armour realizes that the prejudice against the packers is almost universal, because they deal in a foodproduct for which nothing else can be substituted. He also advances the opinion that the purchaseswhich give pleasure to the people are not the necessities, but the luxuries of life. Evidently he has been raisedin the lap of luxury and does not understand how much pleasure it gives a hungry man to buy food for himself and family.

The point we wish to bring out , however, is, that in fighting this particular trust the weapon of substitution is taken entirely out ofour hands. We can not substitute something else for our food supply. The Trust takes advantage of this . They know that for the commodities they handle there must always be a market.

The history of the growth of this gigantic monopoly is an interesting study.

Before 1874the cities were supplied with fresh meats, vegetables and fruits from the surrounding country districts. It was at that time impossible for fresh food products to be shipped very far. About this time some enterprising packers shipped frozen meats. Of course that always had to be discontinued at the first approach of warm weather.

An ingenious man, Mr.Tiffany, invented the refrigerator car, and succeeded in interesting Mr.Swift in the invention. Mr.Swift, who was able to see a dollar a long ways off, as he has demonstrated many times since, saw there was money in the project, and was successful in introducing it. The business of the packing house has steadily

increased since the invention of the refrigerator car, and their history is inseparable.

In the year ending March 1st, 1874, there were 21,712 cattle slaughtered in Chicago, in the year ending March 1st, 1890, there were 2,206,185 cattle slaughtered there. There were at this time many firms, but gradually, four of the greatest of the competitors; P.D. Armour (the father of J. Ogden Armour), Gustavus F. Swift, George H. Hammond, and Nelson Morris took control of the market. These men formed the Beef Trust, according to our definition "an industrial combination, which seeks to throw off the restraints of competition by absorbing, overawing or crushing its would-be competitors."

Some of the more powerful competitors objected to being absorbed and were not inclined to be overawed, so the "Trust" in many cases proceeded to crush them. This was done by means of the refrigerator car.

Carlton B. Hutchins of Detroit invented an improved refrigerator car. These had a woolen insulator lining. About 1886 he built five of these cars. They were a success. Then a company was organized and fifty were built. They were used in transporting fruit and vegetables. These cars changed hands several times and were finally bought by the California Fruit Transportation Company. They were very successful for a few years and the Company was making large profits. Then they came into competition with the Earl Company and were worsted. The result was that about five hundred of their cars were transferred to Swift. Afterwards the Earl Company transferred its business to the

150

Armour Company and the Porter Brothers failed. Of about fifty four thousand refrigerator cars now in the United States , about forty two thousand are owned and controlled by the Beef Trust and most of the others are only used by its permission.

The refrigerator cars were at first used without charging the railroads mileage, but after the Beef Trust succeeded in cornering the Refrigerator Cars, they saw a way to compel the railroads to divide with them the profits arising from the transportation of their food products. It can easily be seen that any corporation in our country that can control the transportation of a commodity can easily defeat their competitors. The Trust charges the railroad mileage for using their refrigerator cars whether they are full or empty, and also has compelled them to enter into an exclusive contract whereby they agree not to use any refrigerator cars except those owned by the Trust without the permission of the Trust. It has also succeeded in forcing down freight rates and compelling the railroads to give their cars the preference at all times.

Taking railroad men for authority , the average daily run of a trust car is about one hundred and three miles while the average daily run of an ordinary freight car is only about one fourth as much. The railroads are compelled to keep the cars in repair , and if the railroad protests, the Trust only needs to threaten to transfer its business to other lines. The railroads know the Trust has power enough to ruin their traffic , and so are compelled to submit to every demand.

The Ice Graft is a cunningly devised scheme to acquire wealth at the expense of the producers and dealers who use the refrigerator cars. The trust charges the shippers (if they are competitors in business) an unreasonable rate for ice, and frequently sends in a bill for more ice than could possibly have been consumed. The railroads act as agent and collect the ice bill with the freight bill. The amount they can charge for icing is not limited for there is no effective competition. If the shipper refuses to pay because he considers the price exorbitant, his shipments are not received unless prepaid.

The Beef Trust is now in the hands of J.Ogden Armour.
The title of the case we are to judge reads thus:-
The Producer, the Employee, the Railroads, the Consumer, the Government,

Plaintiffs

vs.

J.Ogden Armour, or "The Beef Trust"
Defendants

The Plaintiffs respectfully petition the public to hear their complaints and afford them relief. The producer avers that his business is no longer profitable on account of the absence of competitive buyers and the exorbitant shipping rates, the employees complain of the unsanitary conditions of Packingtown, the menace to their health and the health of the public, the Counsel makes affidavit that the Railroads are so dominated by the Trust that they dare not act in their own behalf and asks that a Guardian ad litem be appointed to act for them, the consumer alleges that he is subjected to wholesale robbery and asks for protection, and the Government demands that the Trust be compelled to obey the laws.

The Defendant waives issuance of summons and voluntarily enters his appearance in the court of the public. He denies each and every allegation. He ignores the complaint of the producer, denies the truth of the statement made by the Employee, replies to guardian ad litem of the railroad that the railroads were only joking, hints that the consumer must expect a steady increase in the price they must pay for their meat as on account of the contraction of the range and the increasing value of corn lands the cost of production is becoming greater each year. (This rouses the indignation of the producer who while he admits that the contraction of the range and the increased value of corn lands make the cost of production greater, knows his cattle are bringing a lower price in the market than formerly.) In replying to the complaint of the plaintiff, the Government, the defendant infers that if Uncle Sam does anything to limit his power he will see that all the other plaintiffs suffer with the defendant because of that injunction.

The defendant argues that it is best for the public good that the balance of power should remain in his hands. That because of his superior capabilities, his facilities for work, and his scientific knowledge, more work is accomplished, and much is utilized that might otherwise be wasted. Some of the by products are soap, glue, albumen, leather, horn combs, hair-pins, buttons, knife handles, fertilizers, pepsin, etc. He argues that he has done much to administer to the common goods of humanity, by supplying the people with fresh meats, vegetables and fruits.

The suit is still pending and it will be interesting to note what the decree of the court will be.

It is true that much is utilized that was formerly wasted, and that the world is benefited thereby. That work done on a large scale under one management enables the manager to save much time by the introduction of machinery and division of labor. Modern invention and applied science are doing much for us in this age. Undoubtedly this central power, this perfect system, in the place of each individual working for himself without a definite plan and without a scientific knowledge of the work to be accomplished, does have many advantages. More work is accomplished, it may be better done. But it is very doubtful whether it is wise or safe to place so much power in the hands of a single person or corporation. We can not believe that even if by so doing the greatest good to the greatest number could be accomplished, that it by any means follows that the greatest good to the greatest number would be accomplished. We are of the opinion that our capitalists will have to learn more heavenly ways before such a proposition would be practical.

There has been newspaper comment on the report Mr. Garfield, Chief of the Bureau of Corporations ^a made when he was ordered to make an investigation of the Beef Trust. The Saturday Evening Post humorously comments on it as follows:- "It should go without saying that Mr. Garfield is a perfectly upright, well-meaning and rather innocent young man. He was directed by Congress to inquire whether there was a Beef Trust. So he went out to Chicago and asked the packers- evi-

154

dently arguing that if there was a beef trust they would be the first persons to know it. They assured him there was not; and he so reported - whereupon a whole population rose and called him names."

Railroads are by the terms of their charters allowed to establish both passenger and freight rates. United States Legislature has provided that the rates shall be reasonable and non-discriminative.

During the early history of the railroads they were looked upon as agencies of such great benefit to the public that they had the general support of the people. It was supposed that the competition between different railway lines would be sufficient to restrain them from unjust discrimination and from charging exorbitant rates. Since 1900 several of the more powerful railroads have consolidated and competition in regard to rates on the more important railway lines has given way to agreements between the different great companies. For some time an effort was made to restrain the railroads by means of state legislation but that was impossible and for several years past the national government has been trying to in some way compel the railroads to deal justly with all.

The Inter State Commerce Act of 1887 prohibited discriminations between persons, places and commodities and provided that railroad officials granting discriminating rates were made liable to fine and imprisonment, the rates for interstate traffic were to be just and reasonable. This Act also created an Interstate Commerce Commission to consist of five members, to be responsible for the

enforcement of the law and to investigate any cases of violation of the law. They can subpoena witnesses and call upon assistant attorneys general to bring suit in the name of the United States against the accused railroad's officials.

This Commission has labored under difficulties . They may have no doubt the law is being disobeyed but must in some way secure the evidence before they can condemn the criminal. The Commission's power is limited to condemning rates, they may declare a certain rate is unreasonable and therefore unlawful but can not prescribe the rate that shall be considered lawful . Their decisions have not usually been sustained by the Supreme Court.

The Ohio statute defines a trust as a combination of capital or skill designed to restrict trade, to reduce the production, or increase or reduce the price of a commodity, to prevent competition. The common law gives the government control over the trusts. It has for many years been conceded that any contract restraining trade can not be enforced. So far every attempt to exclude the trusts has failed . If a state discriminates against some corporation, one of their agents can take possession of the business as a private individual , and carry on the business exactly as before, dividing profits as agreed upon by the members of the corporation . The states are still passing laws for the purpose of repressing the trusts. Twenty-seven of the states had anti-trust laws as early as July , 1902.

156

There is no way of preventing the Beef Trust from gaining and maintaining ascendancy over us as long as it controls the transportation of commodities which are in universal demand. On the surface of things it would appear that the nationalization of our railways is close at hand. There is much to be said on both sides of this question and we have no intention of discussing it at this time, although it is impossible to entirely separate the Railroad problem from the Trust problem.

Another problem which is as vitally important as that of rebates, discriminations and other evils of monopoly, is the question of pure food. The cleanliness, palatability and safety of meat products affect more people than do the illegal methods of transportation. The United States inspectors do not inspect meat for home use. If this is done at all it is usually done by city inspectors, which, in many cases, is said to be nothing but a farce. This is especially true when the trust has control of city politics. Upton Sinclair makes some terrible exposures in regard to the conditions of Packingtown in his article "The Condemned Meat Industry" published in Everybody's Magazine. Some allowances must always be made when listening to reports given by enemies, but the embalmed-beef scandal during the Spanish American War was enough to convince the nation that the Government ought to be doing something to protect the people.

Upton Sinclair in referring to the charges he had made against the packers said that if one hundredth part of what he had charged was true, it ought to be enough to send the guilty man to

the gallows, and one hundredth part of what he had charged, if false, ought to be enough to send him to prison.

These abuses are the result of too much power in the hands of one man. The invention of the refrigerator car worked a new era in the history of commerce. That invention is destined to do much towards giving to the people "the cardinal comforts of good living; wholesome fresh meat, fresh fruits, and vegetables" and as usual, the conflict is now raging to decide who shall reap the benefits of this great invention.

If by combining capital with labor a new fund of wealth is produced, the capitalist will claim it on the ground that it could not have been produced without his investment, the laborer will claim it in the form of higher wages on the ground that it could not have been produced without his labor. The consumer claims this increase of wealth in the form of lower prices. He reasons that without the protecting power of the people this increase would have been impossible.

In the United States almost every branch of industry has produced new funds of wealth, and the capitalist, producer, workman and consumer are all striving for a share of the profits.

In these days of Farmers' Alliances, Trusts, Labor Unions, and strikes, of constant warfare between capital and labor, there is great need of intelligence and justice on the part of all classes of people. The moral side of this question should be constantly

before us. Our desire should be to do justice to all and work no hardship to any class. The question is, will the American people have moral fiber enough to stand the strain?

Fortunately, we have at the head of our nation a man who is not afraid of the Beef Trust, the railroads, or any other corporation. He is an example of what an ideal American citizen ought to be, fearless and honest. He does not consider the wealth or political power of these finance kings, but speaks for the people to the nation.

We had raised up for us a Washington when the tyranny of the English became unbearable, a Lincoln to strike off the shackles of the slave; and in these days of oppression on the part of the wealthy, of tumult and riot on the part of the workingman, we should rejoice that we have at the helm a Theodore Roosevelt.