

the Government had commenced to investigate the packers, and subsequent to the enactment of the Sherman anti-trust law, which itself had grown out of the investigation of the packers, as shown by a report of a Committee of Congress, the three largest ones—Armour, Swift, and Morris—conceived the idea of merging all of the big packing plants and practically all of the packing plants in the United States into one concern; and they got the promise of Jacob Schiff, of Kuhn, Loeb, and Co., of a backing of £12,000,000 in the way of a loan or floating their bonds.”

That was to make the whole of the packing interests into one; and I would ask the Committee to consider where the competition in the United States would have been had the scheme of the “Big Five” been against it. Where would the producers on the one hand and the consumers on the other have been if the packers had been able to carry through their scheme? I do not want to occupy the time of the Committee unduly, but I would like to state here that in this volume evidence is given which shows that another attempt was made in the same direction—to have the whole packing industry of the United States merged into one huge concern to extinguish competition and complete monopoly. Then, on page 64 Mr. Heney goes on to show that the big packers proceeded to put the co-operative concerns out of business. He says,—

“Let me illustrate now how this is done, if I may. Here is Hormel, at Austin, Minn.—that is one of the largest independent concerns left in the United States in the pork-packing business outside of New England. There is Morrell at Ottumwa, Iowa; and Jacob Dold at Buffalo, who has a plant at Wichita; and Hormel at Austin, Minn. Hormel has one of the most modern plants in the United States—about a million-dollar plant—a beautiful plant. He conducts his business in a modern way. He started as a butcher-boy, driving a wagon, and has grown up with the business. He is located in the centre of one of the finest hog-producing regions in the United States. He adopted the policy of paying to the farmer who will deliver at his door, either in wagons or by train, the Chicago price of that morning—of the morning of the day of delivery. That would save the farmer the freight to Chicago and the commissions he would have to pay; and Hormel grew from practically nothing to this million-dollar plant. His employees are allowed to own stock in the corporation. If the employee quits he must surrender the stock; but he gets book value for it, so that if it has increased any in value he gets that increased value. Hormel is producing his hams and bacon as efficiently as any big packing company in the world. He is competing in Chicago with fancy hams and bacon very successfully with the so-called big packers. Before Tom Wilson became president of Sulzberger, Sons, and Co. later Wilson and Co. (Inc.)—Sulzberger, Sons, and Co. went twenty-five miles away from Austin to Albert Lea, where there is a line of railroad, where there was a plant that had gone out of business, and bought it and rehabilitated it—just a small plant—and started buying hogs around Hormel. Cudahy also got a concentration station established 100 miles up the railway the other side of Hormel—the other side coming from Chicago; and a concentration station means that hogs shipped in from the other side toward Chicago may be unloaded at this station, sorted, graded, and reshipped on the original through freight. We found in the files of Wilson and Co. correspondence and instructions that their men were instructed to go and buy all around Hormel and as close to him as possible, and even to buy at a loss, and ship straight to Chicago over the railroad on the other side of Hormel, the object being to force Hormel to go farther away from home to buy his hogs, and to incur the freight cost on his hogs which the big packer incurs in Chicago. I called Mr. Hormel to St. Paul as a witness, subpoenaed him, and I asked him how far he had to go from Austin now—he used to get all of his hogs in the immediate vicinity—and he said he had to go a thousand miles for a considerable portion of them, away out the other side of St. Paul for many of them, by reason of the fact that this buying was taking place around him. After surrounding him and doing this, then they approached him on the proposition of buying him out, and I found the correspondence to that effect.

“Another illustration of the menace of the banking control in the packing business—and again I make no charges—I only want to show the situation. Old Jacob Dold’s companies ‘roll’ about 1,000,000 dollars of notes—you know what I mean by ‘rolling’ his notes—they keep renewing their notes or paying them as they fall due by putting new notes in some other banks. They borrow from Peter to pay Paul. This is a common business practice. The notes are usually bought and sold by note-brokers.

“Senator Kenyon: Before you get away from the packing situation in Chicago, are there other banks known as Armour banks?

“Mr. Heney: The Continental Bank was founded by Philip Armour, and J. Ogden Armour is the dominating factor in it. The Fort Dearborn National is known as the Swift bank. The Hibernian Bank is a subsidiary of the Continental Commercial, and, as you gentlemen all know, it is the practice nowadays for each large bank to have a number of associated banks that are controlled by it, or that are allies at any rate; and from my study of the banking conditions in Chicago I should say that the National Bank, Continental Commercial, and the Fort Dearborn Banks, with their subsidiaries, come pretty nearly dominating the financial situation in Chicago.

“Senator Wadsworth: Mr. Heney was going to say something about Jacob Dold and Co. I must go in just a minute to attend another meeting, but I happen to know something about that company.

“Mr. Heney: Jacob Dold and Co. is rolling these notes. The Chase National Bank got 20 per cent. of the stock of Wilson and Co. in this deal by which Wilson and Co. was organized. There is a committee of three bankers, representing Kuhn, Loeb, and Co., the Chase National, and the Guaranty Trust Company respectively, that have a veto power on Wilson’s purchases, and Wilson and Co. started out on a campaign of acquiring additional plants and facilities.

“Senator Norris: Mr. Heney, did your investigation show anything about a farmers’ co-operative packing establishment that existed, or does exist, at Madison, Wis.?

“Mr. Heney: Yes.

“Senator Norris: Do you know anything about that?

“Mr. Heney: I think that is the company Mr. May is at the head of, is it not?

“Senator Norris: I do not know.

“Mr. Heney: If it is, I have his testimony in regard to how they treated him.

“Senator Norris: What did they do to him?