

"Mr. Heney: Mr. May's testimony is that the big packers would take turns at selling meat in his territory below cost. One would sell below cost for a week, and then the next week another one would sell below cost, and so on.

"Senator Norris: What has been the result there?"

"Mr. Heney: Of course, it takes his customers away from him.

"Senator Norris: Is he still in business?"

"Mr. Heney: I think he is—that is, he was at the time I took his testimony, but I have not heard of what has become of him since. . . . They take turns at that, and in that way they gradually put out of business the small ones. And then another way they are doing, the wholesaler is being eliminated. In practically every hotel that is built now in any one of the large cities some one of the big packers takes stock. For instance, Armour has 250,000 dollars stock in the Baltimore Hotel. Each one of the big packers has in these large cities what they call a supply company. They have them right here in Washington, by the way, and these supply companies are not organized in the name of the big packing companies.

"Senator Kenyon: Which hotel do they own stock in in Washington?"

"Mr. Heney: They have stock in the Washington, and I have forgotten whether the others were put up before they started this plan or not.

"Senator Norris: Do they want to control the hotels, too?"

"Mr. Heney: They do not want to control the hotels: they just want to control the sale of all the food-supplies to the hotels."

I do not know whether the Committee would wish to have any more of the numerous instances recorded and ascertained in the investigation that took place before President Wilson's Federal Trade Commission. It was stated here last week before this Committee that the scum of the population was brought before the Trade Commission to prove all sorts of charges against the packers. I have no knowledge of my own, beyond what I take from the evidence taken by the Trade Commission; but when it comes to be considered that to Mr. Heney and those who were charged with the conduct of this investigation were given the powers of entering the strong-rooms of the packers and putting witnesses upon oath, it is surely an unwarranted assertion to make to say that the evidence taken by that Commission was given by the scum of the population. I have read to you the declaration of Mr. Armour, made before the Committee, that there was no combination between the packers; but the evidence contained in these two volumes is overwhelming that that was not a correct statement, and that the packers were in combination all the time. Now, sir, I want to quote a statement as to the extent of the monopoly controlled by the packers. This is from the report of the Federal Trade Commission, page 33, and is as follows:—

"Extent of 'Big Five' Ownership and Control.—The Meat Industry.

"The most satisfactory single index of the proportion of the meat industry controlled by the 'Big Five' is the fact that they kill, in round figures, 70 per cent. of the live-stock slaughtered by all packers and butchers engaged in the inter-State commerce. In 1916 the 'Big Five's' percentage of the inter-State slaughter, including subsidiary and affiliated companies, was as follows: Cattle, 82.2; calves, 76.6; hogs, 61.2; sheep and lambs, 86.4. Illustrative of how completely effective competition has been eliminated from the meat industry is the fact that there is only one independent packer—Kingan and Co.—who slaughters as much as 1 per cent. of the inter-State total of hogs.

"The big packers, in presenting their case to the public, have given great emphasis to certain figures purporting to prove that the 'Big Five' handle 'not to exceed one-third of the total meat-production of the United States.' These results can be obtained only by juggling figures: for example, by omitting from the 'Big Five's' total the animals slaughtered by their affiliated companies. Their statement is further deceptive, because under 'total meat-production of the United States' are included all the animals killed on the farm for home consumption. On this theory monopoly could not be considered to exist in the meat industry, even if every pound of meat consumed in towns and cities were handled by a single company, so long as farmers continued to kill their own hogs and cows.

"Control of the meat industry carries with it not only control of all kinds of fresh and preserved meats, but in addition a very great competitive advantage in more than a hundred products and by-products arising in connection with their preparation and manufacture, ranging in importance from hides and oleomargarine to sandpaper and curled hair. In all these lines the 'Big Five's' percentage of control, as compared with other slaughterers, is greater even than the percentage of animals killed, because of the fact that many of the small packers are not equipped or have been unable to utilize their by-products."

I have in my hands references to substitutes for meat—that is, the hundred-and-one supplies that the packers control, such as rice, wheat, and so on. Perhaps I had better not touch upon that point.

Mr. Lysnar: There is the question of rice, which it might be wise to consider?—There is a reference to that on page 36 of the same volume, which I will read for the information of the Committee:—

"Armour's drive into the rice-market in a single year is perhaps the most striking instance of the potentialities in this direction. Early in 1917 Armour and Co. first undertook the handling of rice, and in that one year sold more than 16,000,000 lb. of rice, thus becoming at a single move, on the statement of the vice-president of the company, 'the greatest rice-merchant of the world.' During this period the wholesale price of rice increased 65 per cent."

Mr. Chairman, New Zealand within a very recent period has been deeply interested in hides. Here is a quotation about hides:—

"In addition to the far-reaching ownership and control in the various branches of the food industry outlined above, the 'Big Five' also occupy an important position with reference to the clothing of our civil and military population through potential control of the hide and leather markets of the United States and of a considerable proportion of the total wool-production."