"There is no question of their dominant position with reference to hides and leather. The 'Big Five' not only handle more than three-fourths of the hides and skins produced by inter-State slaughterers, but directly, through their subsidiaries or through leases and contracts, tan a large part of the leather produced in the United States. The big packers occupy an even more important and profitable position in the hide and leather industry than these statements indicate, because of the fact that their hides receive a higher grading than those of independent packers and butchers, whose hides are arbitrarily classed as 'country hides,' and that they control a large share of hide-imports."

The same position applies here. Of course the butchers' hides are not slaughtered or cured with the same care.

"Finally, the packers' storage facilities and strong financial position make it possible for them to manipulate the markets and dispose of their product without regard to supply and demand. It is admitted in correspondence of the big packers that during the past year, when leather was in enormous demand, certain of the 'Big Five' hoarded hides in immense quantities for the purpose of inflating the already unreasonable prices that (to quote their own correspondence) 'We are forced to pack them in our cellars and outside in the open, but have reached the point now where we have no place to go with any more.'"

No wonder the New Zealand market for hides was demoralized! The packers have control of a large number of banks. Mr. Heney goes on to say,—

"The cattle-loan bank is the institution through which loans are effected for the purchase of cattle for breeding and fattening. How jealously this monopoly of making loans at the yards is guarded appears from the example at East St. Louis, where the packers would not permit the establishment of a rival bank within half a mile."

*Mr. Lysnar:* Do not the records show that the "Big Five" have under their control over five hundred affiliated companies, besides these banks?—Yes. Now, sir, I wish to refer to a letter from Mr. Armour to the editor, published on page 71 of the report of the Congress Committee. Mr. Armour says,—

"For the Editor.—At the recent meeting between several farm journal editors and packers at Chicago, about which you have already been advised if you were not actually there, one of the editors said, 'Many farmers have asked me who owns the stockyards—the packers or the farmers? Do the packers own the stockyards and sell hay? Just how are they owned?' Here are the facts: Toward the close of the Civil War, when Chicago was becoming the great live-stock centre of the Middle West, it became necessary to provide some means for taking care of consignments of cattle sent to the Chicago markets. What was regarded as the most desirable provision was a sort of public watering and feeding place, where live-stock might rest and regain good form after the trying train journey. It was proposed to form a company to finance this public necessity, and, naturally, those most interested in the buying and selling of live-stock were looked to to supply the money. Commission men, dealers in live-stock, speculators, bankers, and packers, both great and small, all joined together, and in 1865 the United Stockyard and Transit Company was formed. It is this company which owns and controls the stockyards. The packers do not control the yards in any sense whatsoever though, and they are held to the same rules and receive the same treatment as any one else doing business in the yards."

As a matter of fact, as is shown by the evidence here, every agent—and the number of them can easily be ascertained—is bound down, when he sells any cattle in the yards, to hand over any dead or injured animal to the absolute control and disposal of the stockyard people. Also, as to hay for feeding the cattle, he must pay the rate fixed by the stockyard company. There are quite a number of dead animals taken over by the stockyard company at an arbitrary price fixed by the company. It is included in the agreement. As to the hay, the price of that, too, is fixed by the stockyard company. The records show that enormous profits are made out of boiling down or "rendering" (as they term it) the dead animals and selling the hay. It is at the expense of the producers that these profits are made. I have a reference to these stockyards companies which reads as follows:—

"The annual business of the stockyards companies of which the 'Big Five' have complete or partial control now comprises 83 per cent. of the entire stockyards business of the country. Here I have the stockyards, the proportion of receipts of live-stock at yards controlled by the 'Big Five,' including Chicago, and proportion of receipts at all yards in which the 'Big Five' have any interest, to the totals at all yards in the United States, for the year 1916 (calendar year).

"Senator Kendrick: Does that 83 per cent. mean that they buy and slaughter 83 per cent. of the live-stock that are bought for slaughter in the yards?

"Mr. Heney: No; this means that the thirty-three yards in which the 'Big Five' have these interests handle 83 per cent. of the entire stockyard business in the United States.

"Senator Norris: That they control?

"Mr. Heney: And the packers control these yards.

"Senator Norris: In those thirty-three places.

"Mr. Heney: They do not have a majority of stock in all thirty-three; but, as you can readily see, Senator, if five big packers, or two of them, or one of them, has 25 or 30 per cent. of the stock in one of these companies it is to the interest of the owners of the balance of the stock to operate very largely as the big packer wants them to operate, because as a business proposition the big packers have been able to hold them up and make them give them interests merely because of the potential power of the big packers."

Here is a statement, which came out in the evidence, of the profits of the "Big Five": In 1912 their profits amounted to £3,743,000; in 1913, £4,405,000; in 1914, £4,421,000; in 1915, £8,012,000; in 1916, £12,150,000; in 1917, £19,127,000.

*Mr. Jones:* What is the capital?—The evidence does not give that.

*Mr. Lysnar:* Their profits have gone up to £20,000,000 since 1917?—Yes, I believe so. Now, sir, I have come across an extraordinary state of affairs disclosed and proved by the Federal Trade