

The parent companies have availed themselves of the control so acquired by them in the stockyards aforesaid to elect the officers and directors of said stockyards and to dominate and control the policies thereof. They have granted exclusive privileges—such as the right to purchase dead animals, the right to furnish supplies and facilities, and the location of cattle-banks and cattle loan companies—to concerns and corporations in which they, or some of them, or individuals who are stockholders in said parent companies, hold the controlling stock, all of which has been done with the intent and purpose and has had the effect of discouraging and suppressing the establishment of independent packing establishments and dwarfing the growth of such independent packing companies which might then be in existence, to enable said parent companies, their subsidiaries, or the individuals who own and control the parent companies and their subsidiaries, to obtain vast profits from the management of the stockyard and the granting of the privileges appurtenant thereto, which profits are realized not only upon the live-stock purchased by the packers, but upon that purchased by their competitors, and have thus enabled them to enjoy and realize such profits without the same appearing or being disclosed in the profits of the parent companies; and otherwise to further the attempt of said parent companies to monopolize the meat industry of the country and artificially control the ultimate price which the consumer pays for meat and meat products.

To cure these evils, the decree about to be rendered perpetually enjoins all of the defendants and each of them, either as corporations or as individuals, from owning any capital stock or other interest, either directly or indirectly, in any public stockyard market, stockyard terminal railway, or market paper or journal; and further provides that within ninety days such of the defendants as have interest in public stockyard markets, stockyard terminal railways, or market papers or journals shall file in the Court where the decree is entered, for the Court's approval, a plan for divesting themselves of such interest. It is to be hoped that these stockyard companies will be acquired under the Court's order by either the producers of live-stock or by the public at large, who can impartially administer them. Under an impartial administration most of the evils complained of in the live-stock business can be cured.

The decree further provides for an injunction forbidding all unfair practices or combinations in reference to the control of meat or its prices, and under this clause any of the defendants violating this injunction can be summarily punished by the Court. Therefore, such evils in the meat business as are not corrected by the public ownership of the stockyards, stockyard railroads, and stockyard newspapers can be readily corrected under the supervision of the Court.

FOURTH ALLEGED EVIL—COLD-STORAGE WAREHOUSES.

The cold-storage warehouses were in the beginning adopted as an instrument for enabling the parent companies to extend the volume of their slaughter of live-stock and sale of dressed meat. In the first instance they were used for chilling meat in connection with the packing business. Then they were constructed in connection with branch houses so that they might be used for storing and holding the finished meats until they were sold. Later, they were either built or leased in the large eastern seaboard cities for long-time storage and for storing for export. As will be more fully set forth hereafter in discussing the control of substitute foods, these storage warehouses were later employed to store non-meat food products. Later, control was acquired over public storage warehouses, where surplus space was leased or let to others. Later, control of these public storage warehouses was employed to aid in control of the prices of meat and substitute foods.

Under this decree, the defendants, and all of them, are perpetually enjoined and restrained from owning, directly or indirectly, any capital stock or other interest whatsoever in any public cold-storage warehouse in the United States, except such as the different companies need for the storing of their own meat products, and they are required to dispose of their present holdings in such warehouses under the direction of the Court.

FIFTH ALLEGED EVIL—SUBSTITUTES FOR MEAT.

The investigation demonstrated that even with a practical monopoly of the supplies of meat in the country the price could not be controlled by the defendants without the control of substitute foods; that if meat prices advanced out of proportion to those of other substitute foods, the consuming public manifested a tendency to turn to such substitutes. To prevent this it is charged that the defendants sought to control the nation's supply of fish, vegetables, fresh or canned fruits, cereals, milk, poultry, eggs, cheese, and other substitute foods ordinarily handled by wholesale grocers or produce-dealers. To accomplish this purpose the defendants availed themselves of the advantages at hand in the auto-trucks, route-cars, branch houses, and storage warehouses owned or controlled by them.

These facilities, intended primarily for the sale of meats, were employed, with comparatively no increase of overhead, in the distribution of the substitute foods and unrelated commodities. The defendants were thereby enabled to reach remote spots. These attempts to monopolize have resulted in complete control in many of the substitute-food lines. They have made substantial headway in others. The control was extensively and rapidly increasing. New fields were gradually being invaded. Yearly great numbers of competitors abandoned the contest and quit business or sold out to the parent corporations or their subsidiaries. Unless prevented by this decree, the defendants would have, within the compass of a few years, controlled the quantity and price of practically every article of food found on the American table.

In the fifteen years from 1904 to 1919, Swift and Co., Armour and Co., Wilson and Co. (Inc.), and the Cudahy Packing Co., according to their financial reports, grew from a net worth of approximately \$92,000,000 to a net worth of approximately \$479,000,000, but in this same period they paid in cash dividends \$105,000,000. Only \$89,000,000 of their increased worth was represented in capital. Though always asserting a very low rate of profits on sales, the five parent companies have grown so rapidly that their combined net profit or 1919 has equalled nearly the amount of their total sales in 1904. The sales themselves in fifteen years have increased until, for the fiscal year 1918, they reached the vast sum of \$3,200,000,000. This was realized from meats, substitute foods, and unrelated lines, as hereinabove set forth. In stating these figures, account has been taken only of profits and sales to the parent companies and subsidiaries included by them upon their books. No account has been taken of the many corporations which are owned or controlled by the same family or financial interests as own or control the parent companies.

In addition to these profits, there have been other vast profits, difficult of ascertainment, realized by the individuals by virtue of either their personal control of other packing-houses and slaughtering companies or their interests in stockyards, terminal railroads, rendering companies, cattle loan institutions and banks, and other corporations, all of which corporations have their inception and depend for their prosperity upon advantages or privileges growing out of the interlocking control of the stockyards and stockyard appurtenances.

The parent companies, or the individual defendants and their families, maintain and control 574 corporations or concerns, including 131 trade names. They have a significant minority stock interest in 95 others, and an interest of unknown extent in an additional 93. Thus the total number of concerns in which they have control or interest is some 762. Practically all of these companies, however, come under the jurisdiction of the Court through the naming of the above-mentioned defendants.

In the years that have passed the parent companies have acquired or organized many other concerns, and have maintained them so long as they were useful for their purposes. When no longer useful these concerns so acquired or organized have been dissolved, and their businesses have been merged into that of the parent companies or into that of other subsidiaries. Such dissolved corporations and concerns are omitted in the above compilation, except in such instance as the name has been continued as a trade name. The total of 762 above stated therefore falls far short of representing the number of concerns that corporate and individual defendants have acquired or have organized in furtherance of their general scheme and plan of action already explained. It would be an enormous undertaking to determine the degree of control exercised by the defendants in all of these various interests. Enough has been ascertained to indicate that the growth has been rapid, and that if permitted to continue unchecked in a matter of a few years the control would be complete.

In 1916 the business of Armour and Co. in canned fish, vegetables, and sundries, canned and dried fruits, fruit preserves, and grape-juice amounted to \$6,396,036.73. In 1918, two years later, the same company's volume of business in these same items was \$39,820,000—over sixfold increase. While part of this increase of business may be attributed to the increase of population, and the consequent increase of consumption, the greater part thereof was acquired at the expense of competitors.

Of the corporations which have been acquired by the parent companies in recent years, the large number are concerns manufacturing or selling these substitute foods or unrelated commodities. This fact, together with the increased activities of the parent organizations themselves in these lines, indicated a well-defined purpose on their part to secure control of the market for meat-substitute foods.

In addition to the companies in which control has been acquired by outright purchase, the parent companies have in a large number of instances contracted for the exclusive output of many other companies engaged in the production