

Cattle and Sheep Men in Despair Over Losses

Owe More to Banks on Stock Than Market Price for Animals

EIGHTY per cent of the live stock raisers of the West, the men who produce the meat for the nation, are potentially "broke." That is, if they were compelled to liquidate at present values of cattle they would be penniless, because their stocks and ranches, if sold or foreclosed on mortgage, will not repay the money they have borrowed on them. And the sheep raisers and wool growers of the West are in the same boat.

T. W. Tomlinson, of Denver, secretary of the National Live Stock Association, is authority for the statement about the cattle men. But one can find evidence of the truth about the cow men and the sheep men on every hand throughout the West. Many of them can't buy gasoline for their cars, while still others can't pay their garage bills.

Deflation and high freight rates are the immediate causes of the woes of the cow men. But previous to this they had to contend with a three-years' drought, which caused them heavy losses. Then came reconstruction, with the order of the Federal Reserve Board to deflate. The props fell out of the cattle market. Cattle men are naturally large borrowers of money, and they had borrowed on the high values of their stock. When cattle prices tumbled they were left high and dry, and that is where they are today.

It is useless for the banks to call their loans, because the cattle men can't pay; and if the banks should foreclose, what are they going to do with the cattle? They can't be marketed on an extensive scale at this time.

A little story of a big Texas ranchman is a good illustration of the present position of the cow man and the banker. This rancher owed his banker \$280,000. When he obtained the money his ranch and cattle were worth perhaps double that sum. Eventually the banker notified the cow man that he would have to reduce the loan by one-half.

"Can't do it," said the cow man.

"We must have the \$140,000," said the banker.

"All right," retorted the cow man. "Take my whole outfit and if you can get \$140,000 for it, you're welcome to it."

The banker didn't take the outfit. That is just the situation all over the West.

The cattle and sheep men are not in the position of many business men who can close their shops during a depression. They are in the position of a man hanging to a cliff by a rope. To let go would be far more disastrous than to hang on. Even if the stock men desire to get out they are no buyers. Therefore, they are compelled to stick to the game and hope for the best.

Cattle and sheep associations of the various states of the West have been holding their annual conventions, and all have been doleful affairs. The cow men and sheep men discuss their woes, relate their experiences, listen to speeches and suggestions designed to help solve their problems, adopt resolutions and adjourn. Meanwhile, the executives of the organizations are doing what they can in an effort to bring the industry out of its chaotic condition.

Included in the annual convention of the New Mexico Cattle & Horse Growers' Association in Albuquerque the last three days of March. These sessions were not unlike those held in other states, or unlike the national association convention in El Paso a couple of months ago. Some officers of the national association and a few members of other state organizations attended the New Mexico meeting, and told what their bodies hoped to accomplish. The "big five" packers were represented at the national meeting, and were unmercifully scored. They were accused of all sorts of things detrimental to the interests of the cattle



Western cattle like these were worth from \$60 to \$70 a head up to the time deflation began, now their market value is only about half that. The producer borrowed money on them at their higher value, and now he is potentially "broke."

raisers. The packers were not represented at the New Mexico meeting.

The president of the New Mexico association opened the convention by declaring that one of the purposes of the gathering was to try to discover why the cow man can't get more than five or ten cents a pound for his cow on the hoof and must pay 50 cents a pound for a raw steak off the same cow or \$1 for one pound, broiled, in a restaurant.

Some of the plans advocated by the cow men looking toward relief for their industry are:

Co-operative marketing, which would tend to stabilize the market, curb the commission man or eliminate him entirely, and have one fixed price for an entire day.

Reduced railroad rates on stock.

A protective tariff, which would keep out foreign frozen meats.

A change in the credit system.

Under the present plan of marketing, a producer may ship 3,000 head of cattle to Kansas City. A buyer there will say his firm wants only 1,000 head at the market price, say 10 cents a pound. The shipper will ask the buyer if he can't take another 1,000 head. The buyer says he will wire his firm. Soon he appears and says his firm wanted only 1,000 head, but it will take another 1,000 head at nine cents a pound. That leaves the shipper still with 1,000 head. The buyer agrees to wire again and ask his firm if it doesn't want the other 1,000 head. A little later the buyer goes to the shipper and tells him his firm will take the last 1,000 head at 8 cents a pound. There is nothing for the shipper to do but accept the reduced price, as he

can't afford to hold and feed the stock at the stockyards. But when the market opens at 10 cents a pound, the cow man feels that he has a right to expect that this price will prevail all day. That is what he means when he says he wants one price for the entire day.

One crumb of comfort was handed the New Mexico cow men, and by the same token, it will be glad news to the stock men of the entire West. A traffic man of one of the big trans-continental railroads took the floor and announced that the 35 per cent increase in the cost of stock transportation, authorized in March, had been suspended until July 15. Even with this concession, the stock men say the rates are ruinous.

T. M. Rowe, attorney for the Texas & Southwestern Live Stock Association, composed of 5,500 members, attended the New Mexico convention, and paid his respects to the railroads. He recently returned from Washington, where he was in conference with the Interstate Commerce Board, relative to rates on live stock.

Mr. Rowe said that reduced railroad rates would go far toward remedying the present situation, not only in the live stock industry, but in other lines as well. He declared that the railroads may be justified in their present rates because of the high wages they are paying.

"But I think they are putting the cart before the horse," he said. "What they ought to do is to reduce their rates first and then reduce wages. If they follow that plan, the public would be with them. But they are going about it the other way. They boost rates first and want to tackle wages later. The result is that nobody is shipping goods who really doesn't have to, and earnings of the railroads will continue to drop as long as the lines follow that plan."

It has been claimed that the cow men during the war period made tremendous profits and lived accordingly. Some of them deny this. They assert they didn't make so much, because the wages of cowboys were doubled and that the price of everything needed on the ranch mounted proportionately.

On the other hand, a banker got right up at the meeting of New Mexican cattle men and told them they were traveling at too fast a pace when the money was rolling in.

"You bought high-priced speed wagons and you speculated in oil," he said, "and now you must go back to the old trail. The bankers will stand by you, but you must not borrow any more money than you absolutely need. In the end you are bound to come out all right, because a cow man never stays down."

Governor Merritt C. Mechem, of New Mexico, also addressed the convention, and he blamed the railroads for some of the present troubles of the cow men, but he said all in the industry were opposed to government ownership, as had been suggested. He said the stock men had a sample of government control of railroads during the war.

He mentioned the packers, but didn't criticize them. "Whether there ever was a Philip D. Armour or a Gustavus Swift, we would have had big packers," he declared. "They simply had to come, along with the development of this country."

"Cattle and sheep-raising is a gamble, as I think every man in the business will admit," continued the governor, "which reminds me that I am being blamed for the recent passage of the drastic anti-gambling law in this state. To those people who don't like the law,

I simply tell them that the stock-raising game is always open."

H. O. Bursum, who was named United States Senator from New Mexico to succeed Albert B. Fall, appointed Secretary of the Interior in President Harding's Cabinet, also is a stock man, and he was a speaker at the meeting.

He told the cow men the business is one of uncertainty.

"Today you may be riding in a limousine, tomorrow in a jitney and the next day you'll be looking for a job."

That about sums up the condition of many of the men in the industry.

During the convention in Albuquerque they told of a big cattle raiser who loaned money to ranchers. One could not pay when his note fell due and the former



Every sheep in New Mexico, and there are several millions, is mortgaged for \$8, while the present market price is only \$6 a head.

took over the outfit, moving 2,300 head of cattle to his own ranch.

The second man who had borrowed from the big rancher saw the way things were going and went to him and said:

"I can't pay you what I owe, so go over and take my whole outfit; I'm going to get out of the country."

"I don't want your stock, I haven't any place to put it," said the prosperous one.

"Do what you like with it; I'm turning it over to you, to cover what I owe you," retorted the unfortunate one.

So the big rancher was compelled to take over all the stock on the smaller ranch, but he had no place for the cattle to graze. He leased grazing land in Wyoming, shipped the stock, and there it is today. He figures that he has \$90 invested in each cow he had to ship to Wyoming. The present market price is around \$30 or \$35 per cow, which indicates the predicament he is in.

Mr. Tomlinson spoke before the New Mexico convention, saying that he had just come from Washington, where he had an audience with President Harding. He told the cow men that the President knows the condition the live stock industry is in at the present time and is keenly alive to the problems the producers are facing. He declared this explains why the Cabinet is so busy these days in considering plans for rehabilitating the industry. Mr. Tomlinson also told the cow men that there was no reasonable hope that an embargo will be placed on any commodity. The cow men had hoped some such action would be taken. Mr. Tomlinson told the cattle producers that the Federal Reserve Board was woefully wrong in its deflation plan.

The sheep raisers of New Mexico held their convention just prior to the cattle men. All had about the same stories to tell of how hard the wool and sheep market has been hit.

One man told of shipping a lot which was valued at \$2,800 at the present market prices. After he had paid the freight on them to Chicago and other incidental expenses he had 32 cents left.

Another story was told of a sheep man trying to give a whole train load away without success. When the man to whom the sheep had been offered looked up the freight rate to Kansas City and his chances of disposing of the animals, he declined the gift. The sheep were an expense to the would-be giver, and he wanted to get rid of them.

The sheep men asserted that they didn't make big money during the war. They declared that the rag-pickers and junkmen of the East were the ones who profited, because they gathered rags from which shoddy clothing was made, while wool was allowed to remain in warehouses. The sheep men asserted, too, that even today it is almost impossible to buy an all-wool suit, even though the dealer says it is all wool.

For this reason the sheep men are greatly in favor of the French-Capper truth-in-fabric bill now pending in Congress. This bill provides that every garment made and offered for sale shall bear a stamp telling of just what the garment is made. If this bill becomes a law the buying public will know whether they are buying shoddy or wool.

This will help the sheep men, because wool that is now a drug on the market will have to go into clothing. The sheep men say the public wants wool, but cannot be sure of getting it under present conditions.

At both conventions the members were urged to sit tight, stick together and fight through organizations, for what they deemed a fair price for their product. The speakers said that while things were hazy now, the time is coming when there will be rifts in the clouds and the cow and sheep men will smile again.

But the cow men didn't get the answer to the problem of beef at less than 10 cents a pound on the hoof and 50 cents a pound raw, or \$1 broiled.