

THE OPERATIONS OF THE PACKING COMBINE

CONDITIONS THAT HAVE MADE ITS REMARKABLE GROWTH POSSIBLE.

PART OF THE REFRIGERATOR CAR LINES.

Humble Beginnings of the Men Who Built This Largest of American Industries—Their Interesting Personalities.

BY CAMERON LANDON.

This is a page from the Arabian Nights tales, with Aladdin outdone; the story of the rise of the Armour, the Swifts, and the Cudahys—the Armour from the farm barn yard near Stockbridge, N. Y., the Swifts from the killing pen of a butcher shop in Barnstable, Mass., the Cudahys from the great bog at Callan, in county Kilkenny, in Ireland, to the height of an ability to organize an industrial combine with capitalization of \$200,000,000.

Less than half a century has seen the comparative poverty of the beef trust magnates transformed to an opulence beyond the dream of king or courtier of a century ago.

In 1905 the packing industry in Chicago, which the giant intellects of Gus-

tries of the American people lies in the ability of the beef trust to fix the prices of the products of the ranchman and the farmer, throughout every state and territory of the United States, the price of hogs, cattle and sheep, and consequently the price of wheat, corn and oats. This blow is aimed at every home and every merchant of the hamlets, towns and cities, for the old days of competition have been relegated to the past by the big packing interests. The empire of the great Chicago combine defies the law and has the public at its mercy. At every turn of the wheel it grows stronger and greater, more insidious and more far-reaching. The beef trust owns steam and electric railroads, it owns factories, stockyards, mills,

ping horses would yield him a better living than he could expect from farming in New England. He bought cattle at Barnstable, gradually branching out to Brighton and Watertown, and later to Albany. In 1869 he discovered there was more money in western cattle; then he moved to Brighton, thence to Clinton, in Massachusetts. His dealings had been small, and his field had been limited, when he moved to Chicago in 1875. Neither he nor anyone else guessed his latent genius for large affairs, for organizing and constructing, which in a very few years in Chicago had become conspicuous by growth of business until his reputation was national.

Philip D. Armour, who started life as a hitler and barefooted country boy in New York state, went to Milwaukee when he took Horace Greeley's advice to young men to go west. A brother, Herman O. Armour, had a grain commission business there, and to this in 1868 the industry of hog packing was added. Joseph F. Armour, the younger brother of Philip, was in charge, and it was owing to his failing health that Philip D. moved to Chicago in 1875. He had become familiar with every detail of pork packing, and had himself done all phases of it.

Back in the fifties there was a potter at Callan, Ireland, by name Patrick Cudahy, whose four boys ran barefoot most the time, and who begged for fresh meat as a luxury. This family of Patrick Cudahy came to America in the steerage, with their carpet bags and slender purses, in 1849, and settled at Milwaukee. Michael Cudahy was old enough to do chores around the slaughter houses where his father found employment, and by attending school, in spare hours he acquired a simple education, which he always improved upon later, when he had opportunity. When he was 19 he went to work in a packing house, and at 25 he went into business for himself as a retail butcher. But Plankinton & Armour offered him charge of their packing plant, which was worth perhaps \$25,000—considerable in those days, a mere bagatelle in these days of big trusts. His success as manager brought out an offer from P. D. Armour in 1878 for Cudahy to become a partner in Armour & Co. He did so, and for 20 years had the practical management of the stockyards end of the business. He was rich, both in money and in good will of Mr. Armour, and in reputation, when he established the Cudahy Packing company, which was taken into the merger at a valuation of \$15,000,000.

Trust Magnates Live Simple Life. All through their lives both Gustavus Swift and P. D. Armour retained the simple habits of their youth, of early rising, and of going to bed early. With all their wealth they cared little for society and were rarely seen. Both men, but particularly Armour, were very approachable by any of their men, ready in sympathy and prompt to assist in times of trouble.

The business of the Swifts descended to Edward C. Swift and L. F. Swift, but J. Ogden Armour, the only surviving son of P. D. Armour, is the nominal and practical head of the packing interests. Like his father, he is simple in his taste and without aristocracy or snobbishness, as genial and unfeared with an unending as with a head of a department.

What the profits of the beef trust are cannot be estimated, although Commissioner of Commerce Garfield, in his report to congress, after investigation of the beef trust, gave them at 50 cents a head for every creature killed. This did not take into consideration the rebates paid to the railroad, which rebates are still matters for proof. Even J. Ogden Armour declared he did not know how much they were, and his statement is not questioned.

Present Leaders of the Beef Trust. Whatever may be said in denunciation of the system of the beef trust, no charges are made of lack of integrity, or truthfulness, or of immorality against J. Ogden Armour. The operations of the

warehouses, elevators, and the state-ment was recently made that it also owned politicians, legislators and congressmen.

Birth of Chicago Stockyards. Chicago didn't have a cattle market until John T. Alexander, of Jacksonville, Ill., the biggest shipper of cattle in the country at that time, in 1866 was offered special inducements in railroad rates if he would bring his cattle and hogs to Chicago. Thus it was discrimination in freight rates which started the industry, as it is unequal rates which built up the beef trust. Alexander accepted the offer, moved to Chicago and his increase of cattle shipments stimulated rivalry between the Pennsylvania railroad and Jay Gould's road, the Erie, which, in 1868, resulted in a cut-throat war on livestock, which gave a great uplift to the livestock interests in Chicago. From that time on the packing house business grew in Chicago, and when Gustavus Swift in January, 1875, arrived there to engage in livestock business, a new page in the history of the industry was begun.

Colossal Achievements. Swift, Ross & Co. established its main slaughter house in Chicago, and established branch houses in New York, Pennsylvania, Connecticut, New Hampshire. The annual business of Swift & Co., when the combine is said to have organized, was \$200,000,000, and the value of its capital stock was accepted at \$75,000,000. It has branch houses all over the east and west, and in Europe. It has packing houses in St. Paul, Kansas City, St. Joseph, St. Louis and other cities. The death of Gustavus Swift and Philip D. Armour did not take place until both men had seen the rapids of their achievements in mammoth packing plants and ledger figures of millions. The control of the business is virtually now in the hands of J. Ogden Armour, who began work for his father at \$10 a week as clerk, and who now is the dominant factor in meats, grains, fruits and dairy products in the United States.

A Chapter of Beginnings. Only America can furnish examples of such personal achievements as the life stories of Swift, Armour and the Cudahy brothers disclosed. Sandwich, Mass., is a small town, and Gustavus Swift's parental home near there was a stony and unprofitable farm. When he was born June 24, 1839, there seemed no prospect for the child but to live the prosaic life of a farmer, such as his father and his father's father had been. He grubbed among the stumps and the stones, and fought with nature for a meager crop until he was 23 years old. Then he moved to Barnstable, full of confidence that the ability he had shown in buying and selling cattle, and swap-

Less is known of the head of the Swift & Co. corporation than of the Armour, because Louis F. Swift's home has always been in Boston. He is more reticent and exclusive than J. Ogden Armour. Living within a few miles of the birthplace of Gustavus F. Swift, he lives in a mansion which costs a fortune, while the farmhouse in which his father was born, which still stands, is small and devoid of all modern comforts. He rides in automobiles; his father, as a boy, drove a butcher wagon. His income and resources are like those of an emperor of the east; his father grubbed a meager living from his farm.

J. Ogden Armour has a home on Michigan avenue which cost \$125,000. His wife is a beautiful woman, and a society leader, who takes much interest in outdoor sports and driving, who in an unassuming and modest way is liberal in her charities. At Oconomowoc, Wis., they have a summer home which is said to be one of the most complete in the country in equipment and comfort.

Value of the Plants in Combine. The following are the figures at which the various packing plants were valued in the consolidation which is called the beef trust:

SWIFT & CO.	
Capital	\$ 25,000,000
Annual business	200,000,000
Stock value in merger	75,000,000
ARMOUR & CO.	
Capital	\$ 20,000,000
Annual business	200,000,000
Stock value in merger	50,000,000
NELSON MORRIS & CO.	
Capital	\$ 5,000,000
Annual business	25,000,000
Stock value in merger	15,000,000
CUDAHY & CO.	
Capital	\$ 5,000,000
Annual business	15,000,000
Stock value in merger	15,000,000
Stocks and securities representing purchase from Hammond & Co. and Omaha Packing company by Armour & Co.	7,000,000
Value in merger	21,000,000
Stocks and securities representing purchase from Fowler & Son Packing Co., the Anglo-American Provision company, by Swift & Co.	5,000,000
Value in merger	15,000,000
Total capitalization of beef trust	201,000,000

Remarkable Display of Genius.

The story of how the present gigantic power of the beef trust was born and nurtured has its beginning in the character and personal achievements of Gustavus Swift. However much P. D. Armour contributed of sagacity and energetic constructiveness, the present condition of supremacy of the beef trust and of subservience of the railroads, the fruit growers, the farmers and the stock raisers of the United States would never have come about but for the rawboned, money-loving Yankee, Swift the elder. An idea that was his and to which he clung with the tenacity of an inventor, and upon which he staked his all, brought it to pass.

We have said that Gustavus Swift left the cattle buying business in Brighton and other Massachusetts towns when he discovered how superior western cattle were over those of the east, and how much more money there was for him in dealing in westerns.

Although he later gave evidence of the innate genius for organization and money making, he had not up to his removal to Chicago been successful except in a very small way. Utmost frugality and incessant attention to business had given him a slender bank account. He was able to merely hang on the skirts of the Chicago cattle market and had to be content with insignificant, occasionally he picked up a carload of cattle at a bargain and shipped them east. He grew more and more successful in this. He found there would be a saving to him in having a butchering place in Chicago, and in a few years he had established one. It was a small concern, which cut

the hoof. He realized that the beef business would surely grow and that the economy of the new method would mean a great deal of money. He formed a determination which later discomfited opponents showing nothing could break to succeed in shipping dressed beef.

About that time an inventor by the name of Tiffany had invented and patented a refrigerator car which promised to be successful. He tried to get backing, and Morris refused it. Gustavus Swift, practically unknown, asked the railroads to furnish some of those cars and he would furnish the dressed beef for the east. The railroads refused. To

sent to Boston. When the idea was originated of charging for icing the charge was fixed at \$20 for the trip. Later it was advanced to \$30, and now the icing of a car costs \$45, about the same as the freight. There are instances where the charge for icing and for mileage is greater than the tariff freight. But the railroads are bound to collect the trust's charges, fight to get them, go into courts at the railroads' expense to get them, if need be. The railroads are absolutely mastered by the beef trust, partly for the reason that there are large railroad interests in the hands of the beef trust magnates and they make the other

KEEN-EDGED SABERS

UNITED STATES ARMY TO PROBE IT BY CONFLICT IN FAR EAST.

Cavalry's Weapon to Be Remodeled, and Sharp Rod Bayonet to Be Replaced by Those with a Knife Edge.

Military experts of the United States army have been watching with keen interest the conflict in the far east and have been quick to note the directions in which improvements can be made in the equipments of our soldiers, and in fighting methods. It has become evident that the hand-to-hand conflicts in the trenches and in the open will decide the battle of the future, and for this reason Secretary of War Taft has just issued an order that blunt sabers of the cavalry should be sharpened to a keen edge. Another change which is likely to be made soon is the adoption of the knife bayonet. This is the old-fashioned attachment of the Krag-Jorgensen rifle, but is more effective than the short rod bayonet of the new army rifle recently adopted, and for this reason a great prejudice has developed against the latter.

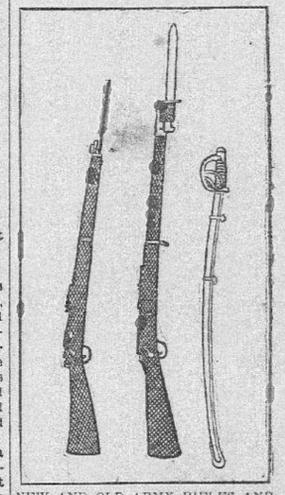
The army saber has been regarded as an obsolete weapon for the past 20 years or more. Now it is coming to the front again. So useless has it been considered that up to a month ago our government had not bought any since the civil war; Secretary Taft has just entered into a contract for the purchase of a large number of sabers from the Ames Sword company, of Chicopee Falls, Mass. An order for several thousand has also been placed with the Springfield arsenal.

The command to sharpen the edges of the instruments applies to officers as well as to enlisted men. The cavalrymen will now be drilled with more care in the flourishing of their blades so that



AS IT HAS BEEN

NELSON MORRIS



NEW AND OLD ARMY RIFLES AND ARMY SABER.

build and own such cars would take several thousand dollars, and Swift could not well spare it from his business, which was growing so fast that it kept him cramped for capital. His associates in the packing business told him he would "go broke" if he put any money into the Tiffany cars, but he risked failure and consequent ruin, and plunged in, having three cars built. The railroads were to haul these cars, and Swift had no thought of asking pay for the mileage traveled by his cars. He was satisfied to have the advantage over competitors of owning and shipping in refrigerated cars.

Growth of Private Car Line Evil. When the trial of the cars had become more than an experiment Swift realized it was a success, and as fast as he could he had more of them built. Morris, too, and others at the Chicago yards had refrigerated cars constructed for them. Dressed beef could be shipped to eastern points at such a great saving over shipping live cattle that there was a saving to consumers, which stimulated the demand for dressed beef, and a big profit for the packers. The refrigerator cars had come to stay, and Gustavus Swift managed to maintain the lead he had secured by his nerve and faith in the experiment.

The various packers during the seventies found that success or failure depended on whether they had refrigerated cars. They were content to keep within the legitimate advantages and profits of the meat trade, but the smaller packers were soon put to death by the big ones who had the refrigerator lines to club them with.

The fact that the refrigerator cars were first used by the Chicago packing houses is one of the great reasons for the great growth of the Chicago livestock and packing business which centralizes the beef trust of the present at Chicago. This explains the growth of the refrigerator lines until there are in operation 54,000 cars for which every railroad pays mileage, and which the Armour-Swift-Cudahys own or control, from which they derive an enormous annual revenue.

It is the ownership of these refrigerator cars which has put the price of fruits and vegetables for the tables of the American people up 10 to 25 per cent. in cost.

Railroads Held Up. It is the ownership of the meat business of the country which enables the beef trust, the favored few, to dictate to the railroads and make them pay for the use of the cars and act as agents for the car line owners in holding up the shippers of freight for the mileage of three-quarters of a cent a mile east of Chicago, except in Canada, where it is one cent, and one cent a mile west of Chicago. The railroads dare not protest, for when they do the beef trust says in a menacing voice that it will give the protesting railroad no more of its freight. The tonnage shipped by the beef trust is enormous, and no railroad dares contemplate getting out of the good graces of such a shipper. One can easily see that with 54,000 cars traveling the iron highways of the country daily the mileage would be a great big income on the investment. The actual figures, as shown by interstate commerce reports, are that these cars earn at least 25 per cent.

The Fruit Trust. It is the ownership of these refrigerator cars which has given the beef trust right to claim the title of fruit trust also; the fruit business is wholly at its mercy. When the fruit shipper of California or Tennessee has a carload of oranges or strawberries to ship, he calls for a car, and by the terms of the beef trust the railroad cannot do else than send for a trust car, which rolls down from Chicago, earning mileage at every click of the wheels, and into this car the fruit is loaded. At the destination the consignee pays the freight and also the bill of the beef trust for the mileage, and also another bill for "icing" the car. When the refrigerator cars were first used there was no "icing" charge made; for instance for the Michigan peaches

stockholders of the railroads suffer that they may get the rake off.

At the Throats of the Railroads. The packers have been at the throats of the railroads since the early eighties, when the Chicago, Milwaukee & St. Paul railroad built to Kansas City and Omaha, and to secure the meat business offered to pay a mileage charge for the use of the packers' refrigerator cars. This was an offer which the other Missouri river railroads had soon to follow, and thus was the mileage "graft" saddled upon the railroads of the country.

There was a time when the California Fruit Transportation company was supreme in the California fruit trade. But the Armour interest got a contract with one of the two great fruit shipping houses by promising that "house \$10 a car rebate on every car of fruit, then the Swifts bought the rival concern, which by reason of the decline of its business as result of the Armour inroad had gone to smash, and then by a quiet mutual agreement the Swifts and Armours had things their own way.

The contracts with the railroads require of the roads that they use no other refrigerator cars than those of the beef trust, called by 20 different names; they require that the cars shall be returned as speedily as possible, and in fact the railroads give the preference to the beef trust cars over their own few refrigerator cars. The minimum loading weight is as low as possible, so that the shipments shall require as many refrigerator cars as possible, with consequent increase in the mileage.

SUMMARY OF FACTS ABOUT BEEF TRUST.

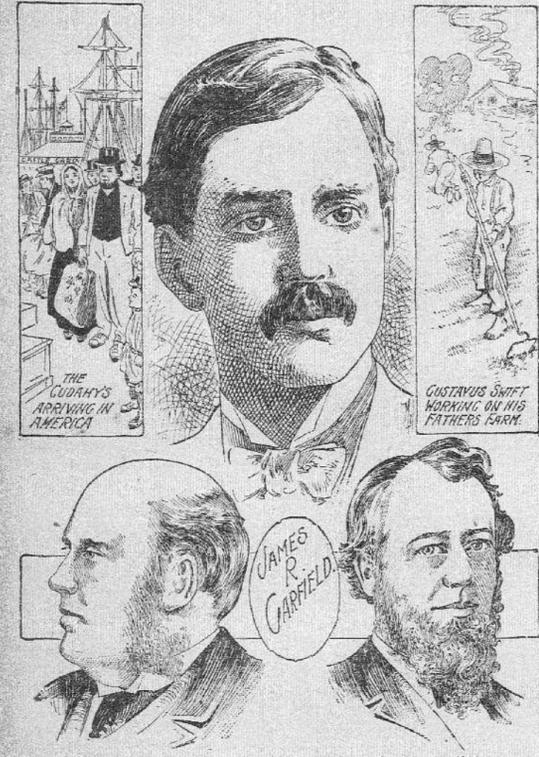
Statements taken from report of Commissioner of Commerce James R. Garfield:
Profits from dressing beefs, 39 cents each.
Profits additional from by-products, 50 cents per head.
Number of cattle killed during 1903, 5,521,697 head.
Percentage of total number of cattle slaughtered in United States, 45 per cent.
Average price paid per hundredweight, \$4.45.
Average live weight in 1903 was 1,115 pounds.
Average profit from operation of private refrigerator car lines, 25 cents per head.
Profit from refrigerator cars, 14 to 17 per cent. on investment.
Profit on slaughter of cattle, 13.1 to 13.5 per cent. on investment.
Number of refrigerator cars operated, 54,000.
Profit from charges for "icing" these cars, not considered in report.

Industries controlled or practically controlled by the "beef trust": Fresh meat, salt meats, smoked meats, canned meats, Colorado fruit, poultry, hides, bristles, horn products, bone products, refrigerator cars, Michigan fruit, tropical fruits, eggs and butter.

Efforts toward breaking the monopoly.

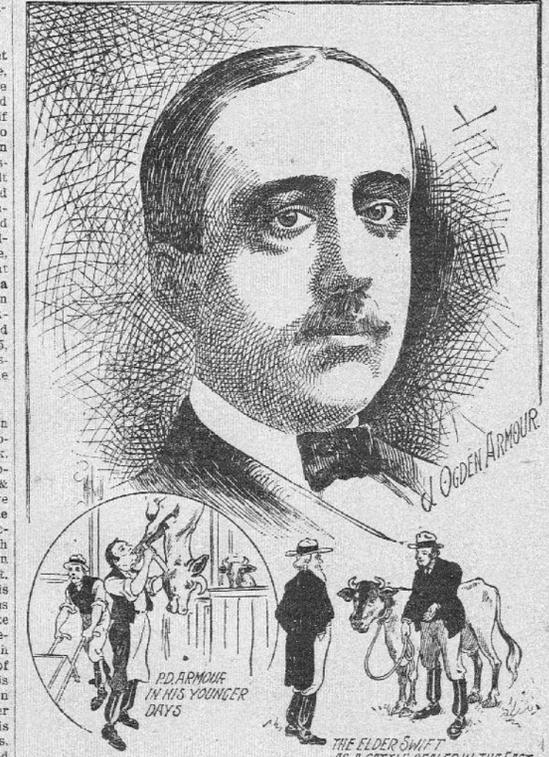
Injunction granted in Chicago by Judge Grosscup, sustained by United States supreme court, opinion unanimous.
Eleven indictments under the German anti-trust law and in various states under state laws.
In Missouri fruit packers found guilty as a trust and fined \$5,000.
Federal government investigated "beef trust" and no prosecution is yet begun for violating injunction or Sherman law.

Most Opportune. Man Overboard—Help! Help! Stranger—Who don't yez swim? "I don't know how." "Sure an' ye've got a fine chance to learn."—Cassell's.



PHILIP D. ARMOUR

GUSTAVUS F. SWIFT



J. OGDEN ARMOUR

PH. D. ARMOUR IN HIS YOUNGER DAYS

THE ELDER SWIFT AS A CATTLE DEALER IN THE EAST

but little figure in the transactions of the yards, which had rapidly grown to considerable proportions.

The First Refrigerator Cars.

Nelson Morris, who was rated as one of the "cattle kings" in the Chicago yards even then, had been experimenting with the shipment of meats in box cars packed with ice. These experiments had been very crude and not entirely satisfactory to Morris, but Swift had watched them with keen interest. He seemed to have a prophetic vision of the present day. He could see that if meats could be shipped east dressed there would be a great saving over the method of the day, shipping live cattle, "beef on

Public at Its Mercy. The most serious blow to the indus-

Insulting. Lawyer (cross-examining witness)—Where was your maid at the time, madam? Lady—She was in my boudoir arranging my hair. Lawyer—And were you there also? Lady (indignant)—Sir!—Cassell's.