

may not be carried out by private individual effort, and your committee is of the opinion that the City of Rochester should attempt to secure this before attempting municipal ownership.

"To produce the milk now consumed in the City of Rochester on municipally-owned farms would require the expenditure of about twenty million dollars for land alone. Your committee has been unable to find that the City of Rochester would be able to lower the cost of production by this method, and therefore reports that to enter upon such a course would not be expedient."

THE DAIRYMEN'S LEAGUE.

With these general conditions in mind, a representative of "The Farmer's Advocate" went to New York State to see what could be learned further regarding the situation. The situation there is even more acute than in Canada in one sense, although New York State dairymen are infinitely better equipped in the way of organization, to withstand a direct attack by the dealers, than are Canadian producers. The Dairymen's League, Inc., with headquarters in New York City, covers a territory extending over 87 counties in six states, and had, on October 1, 1920, a membership of 85,952 producers, organized in 1,116 branches and owning 914,680 cows. This organization practically controls the milk supply of Metropolitan New York (which is approximately 2,500,000 quarts daily), and is engaged in a long fight with both distributors and manufacturers. At the present time the League is passing through the most critical period of its history because of a situation that is almost exactly analogous to, but much more severe than the Canadian situation. It is not our intention to dilate upon the organization of the Dairymen's League at this time, because in later issues we will have a series of four or five valuable articles on this and other phases of New York State Farmers' organizations. It is sufficient to state here that the League was organized in 1907, and for the last four years has enforced a price based on, but not always equal to, cost of production. It is of greater importance to note that the League never backed-water until this month, when a reduction was made on account of decreased cost of feeds, due to a sharp drop after the original price had been set.

THE MILK SITUATION.

During the months of September the price paid by 71 per cent. of the total condensed and evaporated milk factories in the United States averaged \$3.31 per 100 pounds for 3.5 per cent. milk purchased from producers. The highest prices were paid by 103 of these factories located in the New England and Middle Atlantic States, which territory includes all of the area covered by the Dairymen's League. By October 1, the condensed and evaporated milk market had reached a very critical condition for many manufacturers. Export business during the war stimulated the condensing industry to a remarkable extent, and was responsible all over North America for the building of many new factories and the closing of many cheese and butter factories. Now, however, export business is more or less at a standstill, and some of the companies that were formerly exporting are now flooding the domestic market with goods at cut-rate prices. In addition, there are some foreign countries, including Holland, Norway, and Denmark, that have increased their production, and have even invaded Canada and the United States with dairy products. The money situation has been steadily tightening also, and this has undoubtedly forced liquidation of stocks at cut-rate prices, involving losses on the part of smaller companies. During August, 20,502,915 pounds of condensed milk and 5,100,048 pounds evaporated milk were exported from the United States, as compared with 65,811,556 pounds of condensed evaporated and powder milk exported in August, 1919. By September 1, 1920, stocks held by manufacturers (including stocks sold but not delivered) amounted to 266,253,882 pounds of case and bulk condensed and evaporated goods. This amount is 30,000,000 pounds greater than the stocks held on August 1, 1920, and 72.29 per cent. greater than the quantity held on September 1, 1919. Of this amount 164,571,905 pounds were evaporated case goods held by 39 firms, and 69,691,287 pounds were condensed case goods held by 16 firms. Of these two amounts 101,962,278 pounds of evaporated case goods and 58,285,295 pounds of condensed case goods were unsold, while the total amount of unsold case and bulk goods of both commodities had increased by 88.78 per cent. on Sept. 1, 1920, over the amount of unsold stock on Sept. 1, 1919.

When the above figures, compiled by the U. S. Bureau of Markets are considered, together with the fact that unsold stocks on Sept. 1, 1920, were 1,062.09 per cent. greater than for September 1, 1919, it can easily be seen that market conditions have certainly not been good. In September, also, there was a very sharp drop in the price of sugar, which constitutes about 42 per cent. of sweetened condensed milk, but which does not enter into the manufacture of evaporated or powdered milk. This drop was so severe that the wholesale price of sugar in New York, as late as Friday last, was as low as 11 cents per pound, while at the same time, millions of pounds of unsold condensed milk were being held that had been manufactured from sugar purchased at much higher levels. Although no sugar is used by evaporated or powdered milk companies, which in 1919 manufactured 25,700,000 cases out of a total of 39,100,000 cases, such of these firms as do an export trade mainly, began to accumulate stocks rapidly. The Nestle's Food Company, which has been described as the largest milk company in the world, and of which more later, claims to have 6,000,000 cases of goods on hand in all parts of the world, with \$75,000,000 involved, including cost of production, duties, transportation

and very bad exchange. They claim it costs \$7.50 per case to manufacture in New York State, and that they could not find a market at \$6.75. They claim to have goods on hand to last until April 1, 1921.

HOW NEW YORK PRODUCERS WERE AFFECTED.

This situation, in which practically all manufacturers told the same story, faced the executive of the New York Dairymen's League when on September 8 they began negotiations with the dealers for a fall and winter contract. It should be made clear here, perhaps, that since 1916 the Dairymen's League has acted as selling agent for its members, and receives a commission of one per cent. per 100 pounds for so doing. It also holds a contract with each member, and secures a contract from each dealer to whom milk is sold. It deals, to a large extent, with a dealers' organization composed of manufacturers and distributors, and known as the New York Milk Dealers' Conference Board. Members of this Board who are manufacturers, informed the League representatives that after October 1, they would buy no milk at any price. They offered to manufacture butter for the dairymen under conditions that were similar to those offered patrons of the Canadian Milk Products Company in Ontario; and it is worthy of note that patrons of the latter company were notified within six days of this meeting in New York City, that after September 18 the whole-milk market would be cut off. The League Directors met at Utica later in the same week and decided to carry out an extensive pooling scheme in order to provide for the future stabilization of the milk market. Another conference was held with the dealers, at which the latter were requested to (1) permit the League to operate such plants and to manufacture the milk into any products that may be most profitable; or (2) to manufacture the milk into condensed milk, sell it in the market, and after deducting their costs, to pay the farmers the net proceeds; or (3) to agree on some equitable plan by which they would manufacture the milk of League members into butter and cheese. All three suggestions were refused. Obviously they are determined to decrease production of their products in order to get out from under a failure to gamble correctly on the export market and sugar prices. They want to keep their plants going for the manufacture of butter in order that they may hold their patrons until they are again in the market to buy; and in order to keep their expert employees busy, as well as to avoid heavy overhead expenditures, which would constitute direct losses were the plants to entirely shut down. It is another instance of the time-honored game of "passing the buck." The companies hope to decrease production until they get the consumer to pay a price that will let them out comparatively unhurt from under their very heavy stocks. On the other hand, they expect the farmer to not only stand the loss of his market in the meantime but to furnish milk to keep their plants running so that overhead expenses may be met. The condensing industry in the United States centres in the State of New York, Washington and Wisconsin, and the situation is very general throughout the country. Chicago and Philadelphia districts are also affected, and manufacturers in the latter district offered to buy milk on a butter and cheese basis.

SOMETHING ABOUT THE BIG COMPANIES.

Thousands of farmers cannot be given summary treatment in this manner by any group of men, however small and powerful. Regarding the strength and power of these companies the following which appeared about a year ago in The Dairymen's League News, has, so far as we know, not been subject to correction:

"It is said that the Nestle's Company had its beginning some few years ago in Switzerland under the name of the Anglo-Swiss Company under the leadership of a man by the name of Page. As the company developed on the continent, English capital became interested, until it is said that the control is now in English hands. Reports are to the effect that it is backed by the Bank of England, and that even the King himself owns some of the stock. A separate company was started in America called the Nestle's Food Company, whose chief business was the manufacture and sale of the Nestle's food for babies. Since the European war started, which resulted in the consequent demand for condensed milk, this company began to acquire plants in America. They found an output at good prices for all of the condensed milk that they could manufacture, and because of their English connections, they were able to control the entire export trade in the condensed milk in this country.

"Some years ago, it is understood that the Borden's Condensed Milk Company purchased the plants and business of the Anglo-Swiss Company in this country, and an agreement was entered into by which the Anglo-Swiss Company would withdraw from business here and would do only export business, and that the Borden's Condensed Milk Company would restrict its foreign operations to certain territory. It is also understood that the Nestle's Food Company have contracts with the Borden's Condensed Milk Company which amount to control. This company still controls the export trade. In 1918, when all other manufacturers of condensed milk were obliged to put their entire product in warehouses because the export trade was shut off, the Nestle's Food Company continued to export their product as usual because of their powerful connections; and there is no doubt but that they have made millions out of the war trade.

"In Dairymen's League territory, the company has within a short time obtained control of all the plants of the John Wildi Evaporated Milk Company, all of the Hire's Condensed Milk Company's plants, all of the plants of the International Milk Products Company, and has control also of the entire output of the Peters'

Milk Chocolate and of Cailier's Milk Chocolate, besides many smaller companies. They have numerous plants throughout the central west, and are building a series of plants on the Pacific coast. Almost daily there are rumors in the air of the Nestle's Company getting control of some other big milk company's plants."

Regarding the Borden Companies, we are not in a position to give much information about the Borden Condensed Milk Company, which has several plants in Western Ontario. All these plants are, however, directed from New York, and to such an extent even that visitors are not allowed to go through the plant unless by permission from New York. During 1918 this company had much to say about bad markets, but notwithstanding any setbacks it may have received during this year, it is reported to have earned \$15 per share on all its common stock, amounting to \$21,368,100, after providing for depreciation, taxes and the payment of preferred dividends. The Borden Farm Products Co., which is a distributing business, was reported in December, 1919, to be conducting a business of which the following are facts extracted from remarks of the Vice-President of the company, and presumably referring only to the business conducted in the United States:

"The Borden's Farm Products Company employs 8,000 men with an annual pay roll of over \$13,000,000. They purchase the milk from 12,000 farms. The last 12 months they bought over 1,000,000,000 pounds, paying \$32,000,000. They operate 202 country receiving stations, 11 city pasteurization plants and 70 distributing plants. Their investment represents \$10,000,000. In 1918 they paid \$2,500,000 for freight. They have 3,500 horses, value \$800,000. Horses' feed for one year costs \$765,000. They operate 101 trucks, 75 tractors, 4,000 wagons; investment in vehicles \$825,000. Their wagon shop has a capacity of from 30 to 40 new wagons monthly. They have 106 bank accounts throughout four states. Their trucks travel 64,000 miles a month or one trip around the world every twelve days. They pay \$50,000 annually in ferry tickets for their trucks. Forty-six and one-half per cent. of milk sold in bulk to stores at 12½ cents."

The Carnation Milk Products Company has two plants in Ontario, and, among others, seven plants in Washington, at which they handle 40 per cent. of all the milk produced in the State. One of these plants manufactures a product known as "Hebe," which is a combination of skim-milk and coconut oil, and is sold as a milk supplement, but is recommended for nearly everything that milk can do. Several states have legislation restricting the manufacture and sale of "Hebe," and Washington dairymen claim that the Carnation Company is able to crowd the producer of sweet cream out of the market. This company is known to Canadians as the purchaser of the world's highest-priced Holstein bull, and because of its action in forcing Sunday delivery of milk in Western Ontario.

NEW YORK MILK DEALERS' CONFERENCE BOARD.

It is companies of this kind that constitute the New York Milk Dealers' Conference Board. The writer called at the office of the Board when in New York, and in the absence of anyone who was authorized to give information, asked if there was any literature that would set forth the views of the dealers as to the milk situation in general. We were told that there was literature, but that it was only for members of the Board. This was, we surmised, not quite up to standard for truth, because we happened to have seen copies of a pamphlet, that was then in the office of the Board, devoted to the most severe criticism of the pooling scheme adopted by the Dairymen's League Co-operative Association. This pamphlet was unsigned and presumably was intended as a philanthropic effort to educate the poor farmer to the vices and follies of the League officers, whom he had himself helped to choose and elect. There is no doubt of the fact that this Board is very powerful—quite powerful enough, as the experience of the past month has shown, to seriously affect by its decisions the yearly income of the average dairyman in Ontario. Indirectly this New York body of big milk dealers was able to exert an influence upon the business of every producer in Canada who sent his milk to a city market in Ontario or Quebec, or to a condensery, ice-cream plant, or milk-powder factory.

WHAT ARE YOU GOING TO DO?

What are milk producers going to do about it? The only correct answer is to organize along lines of co-operative country plants such as "The Farmer's Advocate" has long recommended. The Dairymen's League of New York has gone even a step further, and they are already experiencing very promising results in organization, which we will discuss in later issues. A matter which Canadian dairymen should carefully consider is the fact that milk sells for much less on the average in Canada than in the United States. The big manufacturing companies realize this far better than do the producers themselves, and they are rapidly extending their Canadian plants, while at the same time, in many instances, they are leaving territory formerly covered in the United States. There is no reason that we can see why Borden's or any other company did not shut down in Canada except that they were either more particular about retaining Canadian territory or they could manufacture here more cheaply, which amounts to the same thing. Whatever these companies are, they are certainly efficient as thousands of producers in Canada and the United States are realizing right now; and farmers must secure a corresponding efficiency through organization if they are to be relieved of future distress and unstable markets. There is only one solution to every problem, and all industries have their problems. This is the problem and the solution for the Canadian dairymen.