

ROBBING THE HAND THAT FEEDS

Rascality Practiced by the Commission Man Fully Exposed by Writer in June Everybody's—Grower at Mercy of Man Consigned to.

In an article in June Everybody's entitled "Robbing the Hand That Feeds," the rascality practiced by the commission man is fully exposed, and the extent to which the fruit grower and the producer is at the mercy of the man he consigns to, is shown. It is to protect themselves against such rascality that fruit growers have organized associations and exchanges and maintain their agencies in market cities. The article reads in part as follows:

The market places to which the grower sends his goods represent as consistently low an order of commercial morals as may be found in the entire country.

Prowlers in the Garden.

To the tender mercies of the unscrupulous "prowlers in the garden" who degrade these market places, every one of the hundreds of thousands of American growers must submit himself before he can reach us. These growers are in every portion of the country. Theirs are the apple orchards of Washington and New York; the peach orchards of Georgia and of Michigan; the onion fields of Texas and the cranberry marshes of Maine. To New York city alone they send butter to the market value of \$28,000,000 annually; eggs, ten thousand carloads of them, to the market value of \$25,000,000; potatoes, seventy-five carloads a day, or 3,657,539 barrels a year; apples, 2,112,717 barrels. And of apples, the Produce News, analyzing last year's crop as applied to New York, says that the great bulk of the common and cold storage grades went into the coolers at two dollars a barrel, but that Baldwins are "selling at \$4.50 and \$5, while Kings bring \$4 and \$5.50." And again, "Most of the greenings are moving at \$4 and \$6. A ear was sold Monday which brought \$7 (a barrel)."

Helpless Growers.

These figures merely hint at the total volume of the business in the country. Other centers, great and small, buy proportionately, and, seeing merely the figures, one might be inclined to cry "Great is the American husbandman!" But what is the fact? The grower, scattered all over the country, is for the most part without organization, and his markets are miles to thousands of miles from his fields. He cannot reach us or know us who consume his product. But the middle man, the commission merchant centers in the cities, at railway junctions, and at points where freight ships unload. He sends his agents and his alluring circulars into farming districts, promising the highest market prices for crops when they shall be harvested, and even paying something in advance to make certain of deliveries. And this would be good and useful business for all concerned if the commission man were straight. But only too often he is crooked.

Few Honest Dealers.

There are, of course, honest commission men in the produce business, many of them, but their standards are not the standard of "the market street," and their practices are not representative of the practices which have prevailed for many years to the extent of dominating the business.

The shipper, as distinct from the grower, is a hard man who buys from growers whose product is not of sufficient bulk to make independent shipping profitable. He is on the ground and can collect small lots and make them up into carloads for transportation to any commission center. And as he deals direct with the grower, there is small chance of dishonest practices. His interests, therefore, generally, lie with the grower as against the commission agent.

Co-Operation the Remedy.

A shipper today stands a better chance of getting an honest return on his goods due mainly to the fact that compulsion has driven the commission merchant from the old time undignified fraud to more refined and less obvious methods of "whipping the devil around the stump." The causes which have done most to bring about this compulsory improvement in the methods of commission merchants are: organization on the

part of growers and shippers, and the passage and enforcement of corrective legislation in the various states. These agencies are still in an almost infantile state of development; they have gone far enough to demonstrate the correctness of the principle of co-operation, but they are, as yet, no match for the seasoned cunning and the trained resourcefulness of the crooked commission merchant, who has taken a post-graduate course in the school of stacking the cards and loading the dice against the small shippers.

Prevailing Practices.

It is in the effort to arouse and inform the growers of this country—the men who work in the soil that the rest of us may be well nourished—so that they will rise up and use the powerful lever of co-operation for their own protection, that these articles are written. Should this be done, the husbandmen of America would be richer each year, by millions of dollars. In the present article it is necessary to arrive at an understanding of the prevailing practices of the produce market street, to learn how its repertoire of tricks and frauds has evolved from bold and undisguised robbing to a system of manipulations cunningly devised to keep the manipulator out of prison and at the same time to keep an unlawful share of the shipper's proceeds in the hands of "the house."

Tricks of the Trade.

In following this exhibition of the produce commission conjurer's bag of tricks, these facts should be borne in mind: That there always will remain a small proportion of dishonest

men in all branches of human endeavor. That a certain number of growers and shippers not only fail to live up to contracts when rival commission merchants offer them higher prices, but even resort to such tricks as putting a core of gravel and coarse sand in a barrel of potatoes. And that there are many honest men in the business who abhor the fraud by which they are surrounded, are hardly representative of its prevailing spirit.

Commission men themselves have done and are doing something toward cleaning up their own game. They have organized the National League of Commission Merchants of the United States, which declares its foundation to be "the personal integrity and the financial responsibility of its individual members."

New Devices to Swindle.

The reason why the simple and direct process of "knocking down"—of returning to the shipper a falsified statement as to the proceeds from the sale of his shipment—is not so general today as it was a few years ago, is that the larger and more constant shippers have risen in revolt against the practice of sending goods upon consignment. To a very considerable extent shippers of this class, suffering under the flagrant and well-nigh universal abuses of the consignment system, have demanded, and compelled at least the form of outright sales. But the crafty commission merchant has proved himself equal to the situation and has invented new devices to checkmate this move on the part of the growers.

In its simplest form, one of the favorite schemes is to refuse a shipment bought at a stated price on the ground that it is in some particular "off quality" or defective.

Quick Action Forced.

The more perishable the goods the more completely is the shipper at the

mercy of the commission man; he feels that he must act quickly or lose the major part of his returns. Therefore he is inclined to accept a greatly reduced price or order his goods turned over on consignment to some other house for what they will bring. It is a notable fact that a declining market is invariably accompanied by a great volume of damaged, spoiled, and off-quality produce, while the produce received on a sharply rising market is conspicuous for its standard quality and good condition! Rejections and refusals are the stock weapons, in other words, against losses upon goods received on a declining market. In the disposition of rejected shipments the cunning commission men are often able to play into each other's hands, one commission merchant turning his "rejects" over to a friendly house in which he has a direct interest or which makes a satisfactory division of the spoils.

Systematizing Fraud.

This game is subject to many ingenious and interesting variations; and certain cities of the south and west have become so proficient in its practice as to command the admiration of the seasoned adepts of South Water street. An important element in the game is the fact that in most states the laws permit the agent of a transportation company to make a forced sale of any rejected shipment—and that without recourse or remedy so far as the shipper is concerned.

Naturally, so serviceable and efficient a device for outwitting the shipper is not left to haphazard operation; it is really brought under subjection to the ruling spirit of the times and systematized. Take a city of 250,000 inhabitants as an example. Its leading produce buyers organize a corporation to buy "perishables" for them. Great care is taken to have the capitalization and the liability of this corporation held down to the lowest point consistent with

practical operation. Now suppose one of the constituent members notifies the management that he needs a carload of apples. The corporation places the order at a fixed price, and the goods come forward.

"In Poor Condition."

If the market for those goods is advancing, they will probably be received "in good order," paid for, and the transaction will be closed.

But if the market has meantime declined, the probabilities, under the commission practice, are that the shipper will be asked for an allowance on account of "poor condition." If this is not granted, the goods will be refused, and the agent of the transportation company that has delivered them will put them up at forced sale, thus giving the stockholder in the buying corporation his opportunity to get the goods at his own price. This practice has been reduced to a science, and the shipper who can "beat the game," as it is played by these groups of organized buyers, cannot afford to waste his talents short of Monte Carlo. With the principal buyers working together in organized collusion, the situation, as to supply and demand, is seldom, if ever, beyond their control.

Forcing Concessions.

Still another powerful weapon in the hands of perishable produce is that of allowing goods received by them to stand on the track while they dispose of stock already on hand and unloaded. This is effective either in forcing the shipper to make a concession on account of a spurious claim of damage or in creating an actual deterioration in the goods.

Occasionally the produce commission merchant who, in the vernacular of the market street, hands his country customer a "raw deal," strikes fire and uncovers a fighter; but this occurrence is so rare that he complacently takes his chance of trouble

(Continued on page 7.)

IF YOU are thinking of investing in the Rogue River valley—If you want an orchard or orchard lands—Go to the man who has lived 35 years in the valley, who has grown fruit for 20 years, who has bought fruit from practically every bearing orchard in the valley and who has shipped hundreds of cars of fruit to the markets of the world during the past few years. **REFERENCE—All the large orchardists in the valley since nearly all of them have located through me.**
JOHN D. OLWELL, Exhibit Bldg., Medford.

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