

The GREEN GOLD OF YUCATAN

It's America's Yellow Gold That Gilds It—Story of Sisal is Story of Binder Twine—Inquiry at Washington Means Many Millions to U. S. Farmers.

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EVEN now, after a tragic time of political turmoil that has brought to the rest of Mexico the unhappy republic remains prosperous—far-off Yucatan down under the sweating tropics, on its low-lying, sun-drenched peninsula upthrust from Isthmian America between the Gulf and the Caribbean's turquoise blue. For one thing, Yucatan is remote from the seats of government that are the scenes of revolt and rapine; for the other thing, it has henequen—and henequen is gold, the "green gold" of Yucatan.

Henequen's other name is sisal, which is easier to say. You can't very well mispronounce that name; it sounds as it looks. In Yucatan sisal grows in an abundance and of an excellence not yet approached in any other land. It is the world's chief source of sisal supply. Seven-eighths of Yucatan's export trade is in sisal; three-fourths of its population of 3,000,000 and-odd people take their living from it.

Nor is it a pinched and narrow living, as far as figures go—act, at least, for the sisal planters. Our own relatively populous California, for example, takes pride and revele and some of its prosperity out of the \$20,000,000 a year that its mines produce in pale yellow gold. The sisal of little Yucatan, with only enough people to make a fair-sized American city, returned better than that four years ago and has done much better since. According to the Mexican year book, the sisal exports of Yucatan in 1912 amounted to \$21,430,061. The United States eagerly absorbs virtually all the sisal that Yucatan can send up from sleepy Progreso—the world's greatest sisal port, and Yucatan's only real port of commerce—in the chunky freighters that carry this rich and unique trade.

It is the yellow gold of the American farmer, the cash from his golden wheat and other grains, that gilds the "green gold of Yucatan." For sisal fiber is essential to the American spinners, who must turn out something like 150,000 tons of binder twine a year to be fed into the harvesting machines that gather the grain crop of America—the machines that have made wheat bread the food of the world and the cheapest thing we buy; that have made America a land of plenty, the granary of the world; and that keep all peoples everywhere from going hungry. Without binder twine, harvesting machines could not be used; and 85 per cent of America's binder twine is made from the sisal of tropical Yucatan.

Millions of dollars have been spent in search for a substitute fiber for sisal. Wire-grass, flax, paper and many different fibers have been expensively tried and found wanting. Manila hemp—the abaca

of the Philippines—is the only other fiber that will adequately serve instead of sisal; and Manila, as they call it in the trade, is too costly. It is a better fiber than sisal for rope and cordage, but typhoon damage, the scarcity of ocean tonnage, Japan's growing demand, and the war-time shortage of wire rope, have combined to send Manila up and keep it up. Also, rich little Yucatan is our next-door neighbor—with Progreso only six hundred miles from rail-end at San Francisco. So sisal stays master of the twine market and Yucatan queens it over sisal.

Smoothly baled, neatly baled and corded, each ball ticked with the maker's guarantee of 500 feet to the pound, the sisal of Yucatan comes to the grainfields of America. You—assuming that you are a farmer—order what twine you think you'll need and get it; the neatly corded bales are tossed out to you. There is nothing in the mechanical evenness of its winding, in its freedom from knot and imperfection or in its warm brown tone to suggest "green gold" or to hint at the colorful tale that unwinds between the Yucatan sisal field and the American farmer. A ball of American binder twine is as staple as a pound of sugar—and as prosaic.

Now and then you may have read in your newspaper that there is some kind of an inquiry afoot at Washington as to Yucatan sisal—some talk of a monopoly; of rising prices of the fiber; of the oppressed and poverty-stricken planters of Yucatan; of witnesses with Spanish-sounding names telling of their struggles to make a living. You may have tried to match up these brief, vague and apparently pointless reports with intimations in your farm journals that "binder twine is going up," but it all seems far off and unimportant.

But if you could have dropped in on some of the sessions of a Senate Subcommittee at Washington during the last few weeks you would have heard things to open your eyes and awaken your interest—your self-interest. The room is that of the Senate Committee on Agriculture and Forestry. There sits a Subcommittee of Senators—Ransdell of Louisiana, as chairman, Gronna from the great wheat state of North Dakota and Wadsworth of Imperial, New York. They are inquiring into the matter of the importation of sisal and its sale in the United States. By the slow, patient process of examination and cross-examination the three Senators are getting down to the answer of the sharp and pertinent query from America's agriculturist: WHY IS BINDER TWINE HIGHER? HOW MUCH HIGHER IS IT GOING?

The senate subcommittee's inquiry began February 17, 1916, and went on intermittently for about ten days of actual testimony taking. March 27 was the date set for the resumption of the hearing. Up to this writing almost

all the witnesses have been those called by the Yucatan government sisal monopoly. It is fair enough to term it that, for the fact of an absolute monopoly is freely admitted by those who control it and profit by it. They lean back on the plea that they are safe from prosecution, or interference under the Sherman anti-trust law because the sisal combination, though financed with American money,



A typical sisal field in Yucatan—Cutting the ripened leaves.



A "poor planter" of Yucatan directing the transportation of sisal leaves to the decorticating mill.



was formed in Yucatan and not in the United States. Little direct testimony has been heard from the side of the Americans who must pay all the monopoly's profits. On the last day of the investigation's first phase, however, one witness for the farmers was heard—Warden Frank S. Talcott of the North Dakota State prison. In the course of his testimony he said:

"And I want to impress upon you, in this testimony, that although I am representing our little institution and the twine plant, that the big question is the amount of twine consumed by the farmers of that state and what it will mean to them. You can figure what it will mean. If it is two cents more this year, it means a half million dollars out of the pockets of the farmers of North Dakota alone, if any organization, without attempting to say who, or what, or under what control, has a monopoly upon sisal fiber, should say, 'We will want

you to pay a cent more next year,' every time that they raise the price of sisal fiber it costs the farmer a cent, and it costs the farmers of the State of North Dakota a quarter of a million dollars. There is no question about that."

There is plenty of evidence to be had in support of that clear statement of the sisal situation.

From its small beginning, about thirty-five years ago, the sisal industry of Yucatan operated through an open market until last year. Its price was fixed by the law of supply and demand. Merida, the capital of Yucatan, was the world's sisal market. Some of the big producers built warehouses and docks and spur tracks and, in addition to handling other exports and imports, became naturally merchandisers of their own and their neighbors' sisal. The industry flourished. The plantations widened. From 499,634 bales in 1900 the exports grew to 864,882 bales in 1914. The planters grew rich. In Paris and other pleasure places of Europe some of them came to be known as the "henequen kings."

Quite logically, there were attempts to control the market artificially. Associations of various sorts were formed to regulate the industry. But these attempts were never more than indifferently successful. In 1912 one of the last legislatures that sat in Yucatan created the Comision Reguladora del Mercado de Henequen, which is, in English, commission for the regulation of the sisal market—or "Regulating Committee," as it is generally called in the United States.

But not until the summer of 1915 did the Regulating Committee come to consequence and power. The governmental turmoil of Mexico had at last spread to far-off, prosperous Yucatan. Rapid scene shifting of politics and reshuffling of the cards had put in absolute power Gen. Salvador Alvarado,

military commander and governor of Yucatan by virtue of the appointment of First Chief Venustiano Carranza. Under Governor Alvarado the regulating committee obtained a 100 per cent control. The open market for sisal was closed—hard and fast. New York offices were opened by the Committee. No planter could sell, and no consumer could buy, except through the Regulating Committee.

But it took an American, a railroad man of Yucatan, to see the way to an even more profitable monopoly—to a tighter grip on the "green gold of Yucatan." This man came back home hunting capital. He found his opening in New Orleans, where two bankers saw his wealthy dream as he saw it—only with him left out. He led them to Dr. Victor A. Rendon, a Yucatecan long resident in the United States, and to Governor Alvarado, and then the railroad man faded away into the background with a minor job under the Pan-American Commission Corporation.

By November 1915, the sisal monopoly was complete—the production and the market controlled, to the last bale, pound and shred, by the Regulating Committee, backed and headed by Military Commander and Governor Alvarado, whose will is the only law of Yucatan. That is the Yucatan end of the monopoly.

On the American end is a financing company, composed of a few bankers and their associates. It is the Pan-American Commission Corporation, the handwork of the New Orleans bankers to whom the American railroad man took his dream. It has \$1,000,000 cash capital, with \$1,000,000 common stock paid for by the transfer of a contract which the New Orleans bankers had secured from the Regulating Committee. In return for its guaranty to find such loans as may be needed to move the sisal crop, with fiber warehoused in the United States as

security and with interest at current market rates, the Corporation takes a bonus commission that will yield it from \$400,000 to \$1,000,000 a year—10 to 100 per cent a year on its cash capital.

Of course the monopoly has put up the price of sisal. From an average of 2½ cents per pound it has already gone to 7½ cents. An agent of the Regulating Committee has been quoted as stating that it would be 9 cents a pound by July 1st, 1916. The manager of the Regulating Committee in the United States is on record as saying that he and his associates could make the price 10 cents a pound if they saw fit.

And binder twine prices have climbed with the price of sisal. That is inevitable. There are at least eighteen competing twine manufacturers, including eight State prisons. None of them takes or can take more than a reasonable manufacturing profit out of binder twine. The consumer—the American farmer—must pay the increase. Already it amounts to from \$2,000,000 to \$4,000,000 this year; what it may be next year no man can tell. That is why there was an outcry from the country; that is why the three Senators are patiently unwinding the story of sisal, digging after the facts of the Yucatan monopoly that takes all its income out of the United States and all increase of its profits out of the breeches pocket of Mr. American Farmer.

It is a serious enough matter, the story of sisal, but it has its funny side—there's a joke in it.

The joke lies in the monopoly's justification of high and higher prices. That justification is the relief of the "poverty-stricken" sisal planter of Yucatan from the low prices of the open market system. Part of the joke lies in the fact that under these "oppressive conditions" the sisal industry doubled in volume and output in fourteen years. The other part is that there are about 200 sisal planters in Yucatan—200 poor gentlemen dividing a crop worth \$20,000,000 a year! Two hundred men to share with a coterie of American bankers and their associates the added profit of from \$3,000,000 to \$5,000,000 a year, taxed out of the American farmer by this benevolent Mexican monopoly!