

Valuable to Stockmen

Information Regarding the Service Rendered Shippers by
Live Stock Exchanges Will Beget Appreciation



A. F. STRYKER, Secretary and Traffic Manager,
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Privilege of Giving Information

To have the privilege of disseminating information that helps to promote and develop the live stock industry affords us great pleasure. Having this opportunity puts upon us the duty of making use of it.

From time to time, glowing accounts are published, and properly, too, of the facilities at the large markets for handling live stock and transacting business; but the good work that has been quietly done for some years past by the live stock raisers and shippers, has not been given the publicity that it deserves.

Recently the editor requested Mr. A. F. Stryker, secretary-traffic manager of the South Omaha Live Stock Exchange, to write an article for publication stating the practical operations of live stock exchanges. Pursuant to that request, Mr. Stryker sent us the following letter:

Secretary Stryker's Letter

Omaha, Nebr., May 27, 1916.

Mr. John W. Thomas,
Alliance, Nebr.

Dear Sir:

Referring to our several conversations relative to an article which I am to write concerning the live stock exchanges at the several public markets, I hand you herewith a paper read at the last meeting of the National Live Stock Exchange by Mr. A. C. Davenport, manager of the Journal-Stockman published at South Omaha, which in my judgment more fully, thoroughly and capably presents the benefits of live stock exchanges to the public than could any paper I might write.

I am going to ask you to substitute Mr. Davenport's paper for the one which I was to write. This paper has been very favorably commented on throughout the United States. It has the approval of the National Live Stock Exchange, was well received by

them and ought, coming as it does from one outside the exchanges, carry considerable weight.

If you don't agree with me on this matter and still want me to write an article, I shall of course be glad to do so.

Yours truly,

A. F. STRYKER,

Secretary-Traffic Manager.

Replete With Information

The address of Mr. Davenport, to which Mr. Stryker refers and which follows, is replete with information. While we do not share the disparaging remarks which Mr. Stryker's modesty prompts him to make regarding his own ability as a writer, we heartily endorse his commendation of Mr. Davenport's address.

Persons who want information on the subject of live stock exchanges in general should not fail to read it. Mr. Stryker has kindly consented to furnish us an article descriptive of some of the work of the South Omaha Live Stock Exchange, which will be of special interest to Nebraska Stockmen.

Mr. Davenport's Address

Address delivered before the annual meeting of the National Live Stock Exchange at Cincinnati, May 20, 1916, by A. C. Davenport, general manager Journal-Stockman.

The value of the Live Stock Exchange is fully appreciated by its members and by all old-time shippers who remember the disadvantages under which they labored before there was such an institution to protect their interests.

But a new generation of shippers has grown into the business since the exchange was organized, that is not so familiar with old-time conditions. It is to the new generation of shippers that my remarks are addressed.

For thirty years my newspaper work has kept me in touch with the markets where live stock and other

farm products are bought and sold. My experience as a live stock reporter began just before the Live Stock Exchange was organized at South Omaha so that I had a good opportunity of witnessing the chaotic and unsatisfactory conditions then prevailing. At the same time, and for many years after, I was a daily visitor to markets handling other commodities than live stock, where there was no exchange, or at least none with sufficient power to discipline unscrupulous traders and prevent unfair or dishonest operators from continuing in business.

I believe that my experience and the fact that I am not a member of any exchange and hence unprejudiced, places me in a position to render a fair and impartial judgment and I can say without reservation "The more I see of markets the more highly I value the live stock exchange," but I will not ask the new generation of shippers to take my word for it. I will present the proofs.

Why Exchange Started

To give an adequate idea of the value of the Live Stock Exchange it will be necessary to recount in brief its early history. It came into existence not through the whim or fancy of stock yards people. It was not called into being by scheming or plotting buyers or sellers of live stock at the big market centers. It was created in answer to a loud and distinct call from the country for relief.

Every old timer will remember that in the early days the buyers had the whole say as to the shrinkage of hogs. A commission man would sell a car and then would come a great wrangle at the scales as to how the hogs should be docked.

It was surprising how many dockable hogs those old-time buyers could find in a car load, and the bulldozing tactics that they could summon to their aid in maintaining their demands were wonderfully effective. Under such a system there could be no justice, no fairness. The country got the worst of it all the time, and commission men were powerless, acting as individuals, to protect their patrons.

The situation at last became absolutely unbearable and the demand for relief so strong that back in the '80s Chicago commission men began taking steps looking toward a remedy for the evil. Meetings were held and the packers called in to see if some friendly arrangement could not be made whereby the docking of hogs should be done by some disinterested party, employed jointly by commission men and packers, instead of being left to the buyers alone. It took a lot of hard work and a long fight extending over several years, but the commission men in the end carried the day.

The desired agreement was finally made and in order to carry it out and keep it alive a permanent organization was formed. For the want of a better name the organization was called the Live Stock Exchange. There you have it, the whole story in a few words.

The same system was adopted at other market points which organized live stock exchanges to carry on the work. At first packers were members of the exchange, but later on most of them dropped out so that the exchange as it exists today is practically a commission man's organization.

Other Abuses Remedied

Although organized for the sole purpose of supervising the dockage of hogs it was only natural that other abuses should be taken up from time to time, and remedies found for them. Thus it happened that the exchange under the control of commission men, acting for the best interests of their patrons, became the great exponent of better market conditions.

Commission men banded together and working shoulder to shoulder through the exchange have been able to secure results that never could have been attained by the same commission men working as individuals. But what are the results, and what is their value to the producer of live stock?

To begin with the value of the live stock exchange must be measured in millions of dollars saved to the country in the one item of hog dockage alone. A disinterested expert at the scales docks each car as it is weighed. If either buyer or seller is dissatisfied he can call upon a chief inspector and if still dissatisfied he can call upon an arbitration committee.

Think what such a system means to the producer as compared to the old system where the buyer took all the dock he wanted. Think of the millions of cars of hogs sold at the big market centers during the thirty years elapsing since the exchange came into existence. Then think of what the saving of a few pounds of dockage per car on all this vast number of hogs means to the country.

Again the Live Stock Exchange is of very great value to the producer of live stock because it fixes commissions. If any producer doubts this let him read up on the past history of live stock markets. Let him study market conditions as they exist in other lines than live stock where commissions are not under regulation.

Unfair Methods of Old Days

Shippers who were in business before the exchange was organized will remember the unfair and unbusiness-like system of commissions that was in existence in the old days. One man with a big pull could get his stock for little or nothing. Another shipper with less pull could perhaps get half commissions, while the small shipper paid full commissions.

Again cut-throat competition many times caused the reduction of commissions below the actual cost of the service. With incomes reduced through unbusiness-like methods, and with no regulation or supervision whatever, there was a strong incentive to indulge in transactions of a decidedly questionable character to make the income balance the expense account.

Unfair and uncommercial conduct can be banished from the business world only by placing business on a business-like basis through suitable regulation. The live stock exchange has done this for the live stock commission business.

Could anything be of greater value to the producer and shipper of live stock than the absolute assurance, backed by a powerful organization, that his live stock will be sold openly and fairly to the highest bidder, with no over charges to one or under charges to another? But right here is where the exchange had its first and only controversy with the country.

With the fixing of commissions many shippers, especially those who previously had the benefit of cut commissions forgetting what it had done for them in reducing dockage on hogs, came back with the charge that the live stock exchange was a trust, and many of them gained the impression that its whole aim and object was the fixing of commissions for the benefit of its members. Unfortunately various advances in commissions necessitated by increased service still further magnify this idea especially in the minds of the new generation of live stock shippers.

However, the question as to whether commissions are too high does not rightfully belong in a discussion as to the value of the exchange. The size of the commission charges will always be open for controversy the same as the question of wages between employer and employe, but the real value of the exchange is shown in the fact that it fixes commissions at a definite point, placing all shippers on the same basis, at the same time putting a stop to irregularities and questionable business methods.

Guard Against Dishonest Men

Again the Live Stock Exchange is of great value because it has raised the standard of the character of the men engaged in the live stock commission business. It has done this by throwing every safeguard possible around the admission of members so that men of the get-rich-quick variety, or men with a shady past, or

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