

COW AND CREAM EARN BIG MONEY

Development of Creamery Industry in Nebraska in Recent Years - is Remarkable.

OMAHA GREATEST BUTTER MART

Uniformly High and Even Quality is Reason for Leadership.

DEMAND OFTEN EXCEEDS SUPPLY

Glimpse at Early History of the Industry by Pioneers.

STATISTICS OF THE INDUSTRY

Nebraska High Position as a Dairy State and Synopsis of Recent Decisions.

Statistics of dairy industry in Nebraska: Number of milk cows in the state January 1, 1909, government figures, 897,000.

Value of same, at an average price of \$21, \$18,707,000.

Number of creameries in Nebraska, centralized, 13; co-operative, 30.

Output of creamery butter 1908, estimated, 60,000,000 pounds.

Value of same, \$12,000,000.

Percentage of same manufactured in centralized creameries, 90.

Number of farms in Nebraska contributing more or less to production of creamery butter, 100,000.

Value of skim milk for feeding, \$3,750,000.

Statistics of creamery industry in Omaha: Number of creameries, 7.

Investment in same, \$1,000,000.

Butter manufactured in 1908, about 18,000,000 pounds.

Value of same, \$4,500,000.

Number of farmers contributing cream, 30,000.

Average price of butter fat in Nebraska, 1908, 23.17 cents a pound.

Increase of Omaha creamery business since 1900, \$12 per cent.

In 1900 the creamery butter produced in Nebraska aggregated 11,000,000 pounds, with a value of \$2,000,000.

In 1908 the production of creamery butter in the state amounted to 45,000,000 pounds, with a value of \$10,000,000.

J. H. Rushton makes the estimated total value of the milk and cream sold from the farms of Nebraska in 1908 between \$15,000,000 and \$20,000,000.

This represents cash revenue of greater or less volume to a very large proportion of the farmers of this state, and to a great many more in the states immediately adjacent.

There are seven centralized creameries in Omaha, and during the year 1908 they manufactured 18,000,000 pounds of butter, with a market value of \$4,500,000.

Figured down to a going basis, the investment represented by the seven Omaha butter factories easily tops \$1,000,000.

The average price paid for butter fat in Nebraska during 1907 was 23.9 cents a pound, being 4.8 cents less than the New York price.

During 1908 the average price paid in Nebraska was 23.17 cents a pound, being but 3.8 cents less than the average New York price.

If growth denotes health, the creamery industry in this state, and the underlying business of dairying, has been enjoying health of high degree since 1900.

Its growth in the period ending with last year has amounted to 218 per cent. If the same ratio is continued for the next ten years the creamery output of the state will amount to 100,000,000 pounds annually, with an approximate value of \$20,000,000.

Butter Fat is Ready Money. Butter fat, the basis of the creamery industry as an integral factor of the commercial world, is cash.

were received at the Burlington and the Webster street depots. It must not be overlooked, either, that thousands of tons of ice cream are made from the fluid richness of the Nebraska cow. No account is taken of this food for the gods in computing money totals herein. The ice cream industry involves a big story in itself.

Condensed Milk Industry. At Waterloo, Neb., the Waterloo Creamery company has a factory which turns out 600 gallons of condensed milk per day when running at capacity. This condensed milk adjunct of the Waterloo Creamery company is steadily growing in output and reputation, and promises to be within a very few years one of the big noises in that branch of the business, which is yet a new thing in this section.

This company did a business of \$300,000 last year. While it is one of the comparatively small companies, it deals with 1,500 farmers and has 250 people dependent on the payroll. These figures will give an idea of the very great importance of the seven establishments located in Omaha.

Division of production of the seven Omaha creameries may be roughly made as follows: Fairmount and Farmers' Co-Operative companies, 5,000,000 pounds each, more or less; David Cole Creamery company, and Kirschbraun & Sons, 2,500,000 pounds each, more or less; Omaha Cold Storage company, 2,000,000 pounds or better; Waterloo Creamery company, 2,000,000 pounds; Alamo Sanitary Dairy company, 900,000 pounds.

These figures are, of course, approximate. As to the field of distribution, one enthusiast says: "The world is our field." The Omaha product goes wherever high-class butter is in demand from the Atlantic to the Pacific, to New Orleans, to Alaska, and to the Mexican line.

In the space of a few years the business of butter-making has been changed from a cross-roads industry to an important commercial enterprise. Charles Harding, president of the Farmers Co-Operative Creamery company, thus epitomizes the progress of butter-making in Nebraska. He further asserts: "Nowhere in the United States has the scientific manufacture of butter been carried to the point that it has in Omaha."

Demand Often Exceeds Supply. The quality of Omaha butter is uniform, as to color, salt and texture, all the year round; and those who handle it and consume it agree that it is the most satisfactory grade of butter produced anywhere in this country. The demand is often greater than the supply. On a recent day Mr. Harding had on his desk orders for two carloads which he could not fill.

Going outside of Omaha, the dairy business in Nebraska has had probably the most rapid growth in the last ten years of any place in the United States. This is due largely to the energy and vigor with which the men engaged in the industry have pushed out for business in every direction.

As a result Omaha is today the greatest butter-making center in the world beyond any doubt. Mr. Harding is, by the way, the grand-daddy creamery man of the state. Twenty-eight years ago he was running one of the pioneer butter factories of Nebraska at Schuyler. There were only two others, one at Fremont, run by J. Dickson Avery, and one at Columbus, run by a man whose name is now forgotten.

Ten years ago, through the efforts of Harding, the present so-called centralized creamery industry had its inception in Omaha. He was the first man to advertise in farm papers of general circulation offering a price for butter fat from hand separated cream, based on the New York market.

Harding's advertisements had two immediate effects. Because of the price offered, much higher than the farmers had ever been able to secure under any other system in this part of the country, shipments of cream increased enormously, and a demand was created for hand separators whereby thousands were sold all over the state of Nebraska. The Omaha market was at once opened to all farmers in the state and the distance from which shipments came was limited only by the rate of transportation.

Regardless almost of the location of the producer, Omaha became a market where a remunerative price could be secured for butter fat. It has so remained to this day, and the business has grown by leaps and bounds. Other creameries in the state followed Harding's lead as quickly as they realized the good thing that had been opened to them and they began at once to push the sale of hand separators.

Butter Opposition Overcome. Large butter dealers offered bitter opposition to the system at the outset because heretofore the small creamery had consigned its output to some commission house and had been compelled to accept such price as the commission merchant saw fit to return. Now, however, the butter dealers found it necessary, if they wanted to handle any of the centralized creamery butter, to buy it outright at a price satisfactory to the creamery man.

Right here was where the cross roads method was cut out of commercial stability was established and the present stupendous development began. The old plan, followed at Fremont, Schuyler and Columbus, was to furnish the farmer with what were known as deep-sitting cans in which to place the milk.

These cans were provided with glass gauges to the side and were submerged in water. Cream was paid for by the inch or gauge, and was gathered by wagons sent to the farmer's door by the creameries. This plan looks good on paper, but during the ten or fifteen years it was in operation the farmer found he was not getting a remunerative price for his butter fat. The expense of conducting the business was very heavy, and the loss to the farmer came from the fact that he was unable to get more than about three-fourths of the butter fat out of his milk by the process.

Thus he was left mighty small pay for his work and trouble. Realization of these drawbacks made Harding's opportunity. Besides this, the quality of butter produced in these old-time creameries—so-called for want of a better name—was as uncertain as the weather. It, in fact, depended on the weather, as pasteurizers and starters were unknown. Hence there was no such thing as scientific butter-making.

Promoters Soaked Farmers. Promoters, sent out usually by creamery supply houses, were instrumental in starting a great many creameries. Organizing local stock companies, men were placed in charge of the plants who had no practical knowledge or experience. These factories were often, almost generally, located regardless of the cow population. They were failures, and it is safe to say that almost every town in Nebraska which existed at that time has had a creamery of this kind. They still have the memory thereof, heavily charged with regret.

Later came the power separator and the "whole milk" plan, by which the sweet milk was brought to some central point to be separated and the skim milk returned to the farms. Dairying being a side issue, this plan was foredoomed to failure, as it had been in other localities. Expense of bringing the large volume of milk to a central point was enormous and the plan was a time-killer of top-notch caliber. By the time the skim milk was returned to the farm it was fit only to feed to the pigs.

as calves could not possibly be raised on the stuff. Failing to raise calves, dairying as a farm resource was dead. It should be said, however, that the whole milk plan still works well enough in thickly settled dairying sections in Illinois, Wisconsin and Minnesota, but only in such territory. Even there it is gradually giving way to the hand separator system. The latter has economy for its great merit, saving the farmer the hauling of the milk, which was a continual task in summer time, as getting the milk to the station while sweet was the one great point. Mixing of the skim milk is found to be a source of spreading bovine tuberculosis, as has lately been proven by investigators of agricultural colleges, who have issued warnings against the plan.

Not all of the cream produced in Nebraska goes to the creameries of the state, Denver, Kansas City, Topeka and Sioux City taking a great amount of the products in their immediate neighborhoods. On the other hand, Nebraska creameries draw from parts of Kansas and Iowa quite heavily. The number of dairymen and farmers looking to Omaha for cream checks every week is 30,000, as closely as can be estimated.

Resume of a Noted Case. So great has become the business of cream gathering and shipping that trains devoted to it almost exclusively are run on some sections of the roads, notably on the "high line" of the Burlington. It was this development beyond the dreams of early years that brought about the recent strenuously fought suit by which the centralized creameries sought to secure a reduction in the rates for hauling cream. The plaintiffs of record were Beatrice Creamery company et al., Fairmont Creamery company et al. and Blue Valley Creamery company et al. The railroad companies directly represented by counsel were the Illinois Central, Chicago & Eastern Illinois, Chicago & Alton, Chicago Great Western, Chicago, Burlington & Quincy, the North-western and the Rock Island. The Pacific Express company was also represented, and the Wisconsin Dairy Manufacturers and Producers' association et al. intervenors, having backing, largely, of the local or country creameries.

After exhaustive hearings, the case was submitted to the Interstate Commerce commission on December 1 last. On January 6 of this year the commission handed down a decision, accompanied by a lengthy opinion in which the whole history of the business is traversed.

The commission held that, upon the facts disclosed in the record, the existing rates were excessive and defendants were ordered to establish new rates, which the centralized creamery men say are too high. The commission established a rate of 29 cents for ten-gallon cans for all distances up to and including twenty-five miles. "Beyond twenty-five miles," says the commission, "we think the rate should increase 1 cent for each five miles, up to and including fifty miles. For the next fifty miles it should increase 1 cent for every ten miles, and 1 cent for every fifteen miles thereafter."

Rates Made by Commission. The commission thinks the effort should be made to transport all cream in the larger can. It therefore established "rates for five-gallon cans which are approximately seven-tenths of the rate charged for the ten-gallon can, and for the eight-gallon can rates which are approximately nine-tenths of the rates established for ten-gallon cans."

In the course of the discussion and opinion the commission gives the centralizers a clean bill as conducting a legitimate industry in a legitimate manner. Holding that "the trouble comes in the borderland between where the local creamery and the centralizers, one or the other, clearly hold the advantage, of which there is much," the opinion continues:

"The general situation must be kept clearly in mind. The local creamery can only exist profitably when it can manufacture 100,000 pounds and upward of butter annually. * * * Today farmers will not haul milk more than six or seven miles to the local creamery. Cream can be transported by wagon profitably somewhat longer distances, but it may be generally stated that the local creamery can only operate profitably where sufficient milk is produced within a radius of half a dozen miles to manufacture 100,000 pounds of butter per annum. Now, there are vast areas in the territory covered by this complaint, producing at the present time milk from which thousands of pounds of butter are annually made, in which the local creamery, under the above test, could not exist.

For the reason the cow population is not sufficiently dense to produce the necessary quantity of milk within the prescribed area. In all this territory the centralizer affords to the farmer the only means of disposing of his cream.

Centralizer System Necessary. "To strike down the centralizer would be to strike down the dairy interests in these sections. This territory includes almost all the states of Nebraska and Kansas, much of Missouri, considerable of Iowa, and some of Minnesota and South Dakota. * * * The centralizer affords to hundreds of thousands of farmers the only satisfactory means of disposing of their milk. A blow at the centralizer is a blow at every farmer who produces butter fat in thousands of square miles of the territory covered by this proceeding. It seems plain that the duty of this commission is to establish just and fair transportation charges insofar as that can be done, and allow these charges to operate under those charges. We should not establish a scale of rates with a view and for the purpose of fostering or discouraging either form of this industry."

Since the controversy arose, the Railway commission of Nebraska and Wisconsin have established rates for the carriage of cream. The Nebraska rate ranges from 15 cents for twenty miles to 85 cents for 60 miles. The Wisconsin rate ranges from 10 cents for twenty miles to 50 cents for 30 miles.

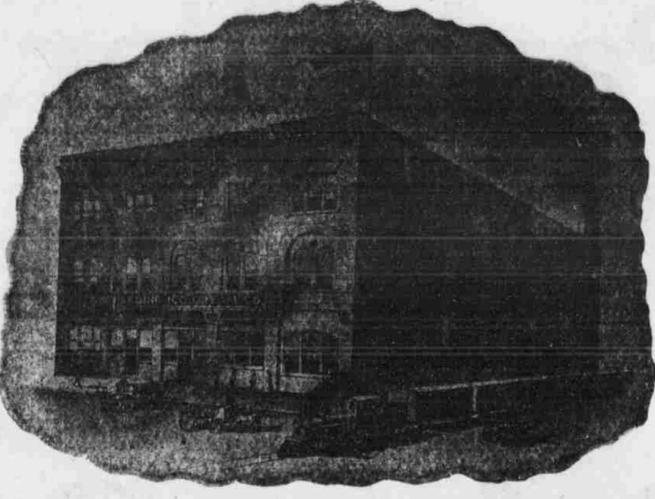
One great factor in the remarkable success of the centralizer plan is the reduction in the cost of putting a high-class butter on the market. When the local creamery can draw material enough to make 100,000 pounds per annum, fixed as the profitable minimum by the Interstate Commerce commission, the cost of manufacturing will be about 4 cents a pound. Some large local or co-operative users have succeeded in reducing this cost to 2 cents, possibly a shade lower. The great centralized plants turn out their product at a cost of about 1 cent a pound, so that the cost of transportation is offset by the reduced cost of manufacture. They are able, too, to command the services of the highest priced butter makers, working with the very latest machinery; and here it should be remarked that certain fixed charges go on all the time that local creameries are going through the dull seasons, whereas the large plants in Omaha make it a point to keep running at full capacity every day they possibly can. Their output is so great, the units so many, they can easily afford to manufacture and sell at a margin of profit not possible to the local plant with a limited field to draw from.

It requires 100 pounds of cream to make thirty pounds of butter. The centralizer gets all the cream and no milk, as against the proposition the whole milk creamery is

Farmers Co-Operative Creamery Company

Dairy Headquarters for more than 10,000 cream producers in Nebraska, Iowa, Kansas, Missouri and South Dakota.

Are YOU With Us?



THE increasing demand for our butter in all the markets of the country forces us to seek constantly new supplies of cream. We predict good prices for butter fat again this summer. Everything points that way. No danger of overproduction. On the contrary, there is much more danger of a shortage of butter. We are prepared to give you the very best possible deal. Ship us your next can of cream, and we will guarantee to give you satisfaction.

Farmers Co-operative Creamery Company, Omaha

up against, to pay transportation on seventy pounds of waste, and return the can besides.

Hand Separator Great Factor. The hand separator, in the opinion of experts, bears the same relation to the growth of dairying that steam has borne to transportation. It revived, reinvigorated and regenerated the whole business. It made possible the delivery of his butter by the farmer at the least expense.

It enabled him to get the fullest value out of his skim milk. It opened to him the choice of the best markets, instead of being confined to one. The establishment of large butter factories as a result of the general use of hand separators resulted in economical manufacturing and the employment of the highest skill therein, production of goods of high and uniform quality, and the reaching out for and conquest of markets not open to small factories.

All of these things combined have injured largely and steadily to the benefit of the producer and the manufacturer alike. The policy pursued has been broad-minded, necessarily, and has stood the test of time. Every farmer in the western country, Nebraska in particular, has been given a real and a stable market for his cream, not a market in one particular place or to one person or company, but a choice, to be freely made and without restraint, of any one of the many wanting his cream. He could and can, in short, sell to whom he desires under conditions the most advantageous. Net cash returns, quick and certain, used his only guide in disposing of his butter fat.

As a factor in conserving the fertility of the soil on which she lives the cow is greatest of all. Today she is quite generally granted this pre-eminent merit, and in the future this fact of potent import must command the studious attention of the people. The Nebraska rate ranges from 15 cents for twenty miles to 85 cents for 60 miles. The Wisconsin rate ranges from 10 cents for twenty miles to 50 cents for 30 miles.

Omaha Motto, High Quality. The theory of the Omaha creameries is: The more we improve the quality, the greater will be the demand. This has been a winning slogan and as a result the city, and the state, too, has secured in this industry a source of growth that is not yet fully appreciated. As long as people eat butter, if handled along present progressive lines, the butter-making industry will become and remain permanently one among the really great elements of Omaha's development.

As Mr. Rushton says: "This industry reaches out and touches every home in the broad land—east, west, north and south. Cream is shipped to Omaha from all of Nebraska, a large part of Kansas, Missouri, Iowa, Dakota, Minnesota, and portions of Colorado and Wyoming."

Because of this peculiar drawing power, there is no city that occupies a more advantageous position, or derives greater benefit, in having all these thousands of people connected with us by these lines of active daily commercial life. Every other industry in the city that is the home of these great money-spreaders and reputation-carriers is benefited, directly or indirectly, because of this connection. Every home outside of Omaha thus tied to us by direct, lively interest, continuing throughout the year, is also benefited by such a connection with daily opportunity.

In the census of 1908 Nebraska was credited with 512,944 dairy cows on farms and

QUALITY PURITY

"Just the Best"

4,000 Dairymen in Nebraska, Iowa, Kansas, Missouri and South Dakota are Satisfied Producers of the Cream. We invite you to join with us.



It requires the product of 60,000 Cows to Fill Our annual requirements for Idlewild Butter

David Cole Creamery Co.

Tenth and Howard Streets, Omaha, Nebraska

ranges, and 25,312 dairy cows in barns and enclosures, making a total of 538,256 dairy cows in the state at that time, nine years ago. This is 4,000 in excess of the number returned to the state bureau of statistics by the county assessors of the state in the spring of 1908, which returns were supposed to include all the dairy cows in the state. The discrepancy of over 30 per cent between the census enumerators in 1900 and the assessors in 1908 is too great to be explained on any other theory than

that the assessors have slighted their work. Even the government figures for 1908, which credited Nebraska with 879,960 dairy cows, are held by good judges to be below rather than above the actual dairy cow population. One great fact substantiating the claim for a much greater dairy cow population than is listed is the immense increase in the creamery production of butter. Unquestionably, there has been a decrease of butter-making on the farm, but not to the extent indicated by the figures

on creamery butter increase. That there are more dairy cows than any one has included in returns is a well based conclusion. As to the amount of butter produced per cow per year in Nebraska, the record shows of best option makes it 200 pounds or better. Unfortunately, the number of cow owners who keep accurate records is very small, despite the efforts