

# Profits of Flour Millers Are Enormous

## Northwestern Mills Made Entire Value and 22 Per Cent Besides in Last Five Years, Federal Trade Commission Shows

**W**AR years were prosperous ones for northwestern flour mills, the federal trade commission shows in a report on the milling industry, just made public. During the five years from July 1, 1913, to July 1, 1918, the average annual profit of 10 northwestern mills, taken by the commission as typical of the industry as a whole, was 24.4 per cent on their investment. This means that in the five years the mills had earned 122 per cent, making the entire costs of their investment and 22 per cent more!

The year from July 1, 1917, to July 1, 1918, was the bumper year for the northwestern flour mills, the commission's report shows. During this one year the northwestern mills studied made an average profit of 44.7 per cent, or nearly 50 per cent on their investment in 12 months!

This was the last year covered by the investigation. What profits the mills have been making since can only be guessed.

From July 1, 1913, to July 1, 1918, the price of flour increased 146 per cent, while the price of wheat was increasing 160 per cent, the commission shows. Anti-farmer papers all over the Northwest are quoting this finding, in an effort to show that the farmers are doing better than the millers. The fact is, of course, that the farmer's expenses of producing his crop of wheat increased much faster than the miller's expense of grinding it into flour, which increased in the same period only 68 per cent. But the anti-farmer papers for the most part overlook or omit what the commission says immediately after this. Here it is:

"The wholesale price of flour has continued to advance and by the end of 1919 its advance over the low level of the '90s was relatively greater than the average advance for all other commodities. Furthermore the retail price of flour advanced during 1919 at practically three times the average rate for other foods."

Northwestern flour mills made average profits of 24.4 per cent a year in the last five years, the federal trade commission reports. But during the last year of this period they made profits of 44.7 per cent. At the same time their business has become so concentrated that 10 mills can supply more than half of the flour used in the United States. No wonder the millers object to the state of North Dakota building a big modern flour mill to compete with them.

The commission's investigations did not cover any portion of 1920, during the time when flour was staying up while wheat was falling 10 cents a day.

At the present time, although flour prices are slightly down, the reduction does not begin to compare with the lowered prices for wheat. If the millers were making 44.7 per cent profits in 1917-1918 their profits since there has been no attempt at federal control are undoubtedly greater.

The commission finds that during the bumper year of 1917-1918, when the profits of flour mills were more than 200 per cent above normal, the cost of wheat was only 146 per cent above normal, the cost of packages 74 per cent, mill operating costs 68 per cent and selling expenses only 37 per cent.

The commission reports a tremendous "concentration" in the milling business, adding:

"This concentration in the wheat flour industry has already progressed so far that 10 of the larger milling concerns probably have sufficient capacity to produce over half of the wheat flour produced in the United States.

"Its rate of progress in recent years is indicated by the fact that in the 10 years from 1904 until 1914, according to census statistics, one out of every three mills having an annual output of 5,000 to 20,000 barrels went out of business, their number decreasing from 2,123 to 1,377. On the other hand, the number of mills making over 100,000 barrels increased from 166 to 218, their output in 1914 amounting to over 60 per cent of the total for the entire country."

The commission might have added that since 1914 the small mills have continued to be squeezed out and absorbed by the Washburns, Crosbys, Pillsburys and their allies and that the 10 big mills that can produce more than half of the flour in the United States, working together in the chamber of commerce, in the directorates of \$100,000,000 banks and in millers' associations, probably can put the remaining small mills out of business any time it suits their purpose.

The federal trade commission also reports that the accounting systems of the mills examined were in unsatisfactory condition, making it difficult to determine and separate the profits made in flour and mill feeds and other lines.

The 37 companies studied by the federal trade commission, 10 in the Northwest, 13 in the Southwest and 14 in the eastern group, made a profit of \$5,512,163 in the fiscal year 1913-1914 and a profit of \$22,440,858 in the fiscal year 1917-1918. The increase in profit was thus \$16,928,695. Of this the mills paid \$1,297,384, or less than 10 per cent, to the United States Grain corporation as excess profits.

But what it would be interesting to know is this:

If these 37 mills made profits of \$22,440,858 in the fiscal year 1917-1918, when they were under the control of the United States Grain corporation, how much have they made in the last two years when they have been under no control whatever except the greed of their owners for more profits?

### IT SURE DOES MAKE A DIFFERENCE!



Grain brokers for years have fought with all their power the building of a terminal elevator, to be owned and operated by the state of North Dakota for the benefit of the farmers.

But grain brokers welcome the building of two state-owned terminal elevators THEY can use, in New York.