

*The Establishment
of the Pennsylvania
Millers' State Association, 1878-1879*

By Dr. David R. Brubaker

*H*ard times were nearly universal for Pennsylvania agriculture from 1873 until about 1896. The American economy was in a state of depression, and agriculture was particularly hard hit. In Pennsylvania, agriculture was also burdened by increasing competition from Western farmers, as well as by increased freight rates.¹ Concurrently, the prices for farm products were falling precipitously:

Farm Products Wholesale Price Index²
(100 = average from 1910-1914)

Year	Average
1866	140
1870	112
1876	89
1880	80

For flour millers, the economic situation was particularly precarious because local wheat farmers were rapidly being replaced by dairy, poultry, and livestock farmers, a direct result of Western competition. In 1860, the major grain producing states were largely Eastern (Wisconsin was the farthest West); by 1900 the leading grain producing states were all in the West.³ The trends were both clear and ominous for the millers of Pennsylvania: the depressed economy and the westward movement of agriculture spelled hardship in the East.

The 1870's saw the emergence of a wide variety of agricultural associations seeking to promote the interests of farmers and the business interests of particular segments of the agribusiness industry (millers, processors, suppliers). In Pennsylvania, the state Grange was founded in 1873, and its annual "Great Granger Picnic Exhibition" extravaganza originated from the initiatives of local railroad interests.⁴

1877 saw the establishment of what was to become the Farmers' Alliance, for the purpose of "more speedily educating ourselves" in preparation for the day "when all the balance of labor's products become concentrated into the hands of a few, there to constitute a power than would enslave prosperity."⁵ Particular wrath was reserved for the railroads which were seen as destructive monopolies which gouged the farmer. Farmers also rebelled against prices which were "fixed" by suppliers, whether combines, trusts, or informal agreements.⁶ The grievances of the farmer against the middleman were both the natural result of competition and the tendency of suppliers to engage in collective pricing.⁷

*I*n 1877, the Pennsylvania Railroad joined with other railroads to set rates, divide traffic, and pool receipts in order to eliminate competition. At first this led to a period of relative rate stability, but the scheme was short lived because it was impossible to enforce.⁸ Nevertheless, this action angered Pennsylvania flour millers and served as a catalyst for the formation of a state millers' association—the first in the United States.

On December 12, 1877 a "Call for an Association of Pennsylvania Millers" was issued by the N.C. Frick Company of Millersburg. The object of the association was to be the protection and advancement of the milling interests of the state:

... against the encroachments now being made on all our best markets by the Western flour (sic) which is carried here by the railroad companies at such a gross discrimination as precludes the possibility of competition. These rates were secured through organization of Western millers and

unless steps are immediately taken to combat this . . . it will only be a question of time when we will be obliged to abandon our mills and stand idly by and see Western flour supply our markets.⁹

Frick's indictment of the railroads was not without foundation. Navy Secretary Gideon Welles stated in 1869 that "the railroads control Pennsylvania," and by 1871 this was largely true.¹⁰ Historian C. Vann Woodward indicated that the Pennsylvania Railroad was perhaps the most powerful corporation in the world in 1877, and in 1876 it had moved thirty-one million tons of freight and reported net earnings of twenty-two million dollars—in a depression year! He said that it "stood astride the heart of the iron, coal, steel and petroleum districts of the country," and was expanding in "all directions."¹¹ Seeking increased Western trade it acquired a number of smaller railroads such as the Cumberland Valley (1859), Philadelphia and Erie (1861), and Allegheny Valley (1868). In 1869, the Pennsylvania went as far west as Columbus; by 1873 it served Chicago and St. Louis.

By 1877, hatred of the Pennsylvania Railroad had reached its apex. Even urban businessmen were bitter enemies of the railroad because of its policy of rate discrimination which harmed Eastern interests, particularly millers and grain brokers.¹² The Pennsylvania Railroad was equally merciless toward its own employees; it did not provide sick leave, or even accept liability of industrial accidents. During 1877 it was also subjected to a bitter strike which it crushed brutally in October of that year.

It had become evident, by 1877, that there were considerable advantages for railroads having long trunk lines, and mergers and acquisitions accelerated in the 1880's. In 1876 and 1877 cases, the United States Supreme Court declared that the individual states could legislate maximum rail rates, a position reversed in 1886, giving control to the Interstate Commerce Commission.¹³ Nevertheless, the railroads' hunger for expansion and collateral willingness to offer discounts to Western interests, and to speculate in agricultural land, understandably infuriated milling interests in Pennsylvania.

A preliminary meeting of the Pennsylvania Millers' State Association (PMSA) took place on January 8, 1878 at Millersburg, with fifteen millers in attendance. Officers were elected, but there was no discussion whatsoever about the railroad situation.¹⁴ The minutes of that meeting reflect only that "an informal exchange of views on various subjects pertaining to the milling interests was indulged in."¹⁵ Detailed accounts of administrative matters were recorded, and at subsequent meetings a detailed description of each discussion was pre-

served. Subsequently, we can not be absolutely sure of the content of that evening's discussion.

A special meeting of the association was held on April 9, 1878 in Harrisburg; we learn from the minutes only that "the utmost good feeling prevailed."¹⁶

The association held semi-annual meetings in July, 1878; January, 1879; and July, 1879 at which there was virtually no discussion of the railroad problem, and newspaper accounts of these meetings reflect this. The only substantive comment about railroad rates during the first two years of the association's existence was the lamentation at the July 8, 1879 meeting that "little has been done" by the Transportation Committee, and that "great fluctuations" had taken place in the rates.¹⁷ For a variety of reasons, the railroads were unable to sustain exploitatively high freight rates, and almost as soon as it was born, PMSA turned its attention to matters supposedly more important.

Why then did the association prosper and grow? Perhaps the association's 1879 president, the Honorable Charles A. Miner, best described the purpose of the PMSA in his address of July 8, 1878. He indicated at that meeting that even if there were no financial benefit to be derived from association membership, the social intercourse offered to members was reason by itself for a formal association. He promptly added that "we do know that great pecuniary advantage may be gained" from membership in the association, and that the PMSA will work to ensure that wheat and flour consumed in Pennsylvania will be produced in Pennsylvania.¹⁸ Specifically, he stressed the need for the organization to:

1. consult together as to which are the most economical and useful devices now being put daily upon the market . . . some are worse than worthless.
2. cheapening the rates of insurance and ending the exploitation of the stock insurance companies.
3. determining the best varieties of wheat for grinding.
4. convincing the farmers to bring their crop to the grain dealer or miller in the cleanest and best possible condition.
5. overflowing graneries . . . cheap bread.¹⁹

Mr. Miner discussed the conservatism of the state's millers, and the technological changes being thrust upon the industry—both of which showed the need for an association. His remarks were to serve as a blueprint for the PMSA's early activities.

Thus, the organization flourished for a number of reasons. It served the fraternal needs of millers in the state, and sought to provide information and services for members of a trade which was rapidly changing, and sought to bring a degree of order to what was perceived to be a chaotic marketplace. Finally, there is some evidence that the association sought, through collective action, to enhance the financial status of members. Membership grew from fifteen members in January, 1878 to over one hundred by the end of 1879—out of nearly 3000 millers in the state.²⁰

Early in 1878, the association formed a number of committees to address the major problems faced by the millers of the state in general, and members in particular. A reading of the minutes of the 1878-9 meetings, newspaper accounts, and other documents shows that the major interests centered upon insurance, patents, machinery, and grain milling and inspection.

At least some members of the association felt, in 1878, that the insurance rates charged by commercial companies to insure flour mills were exorbitantly high, and that PMSA should find a way to develop a mutual insurance company in order to offer lower rates. According to Insurance Committee chairman William Duncan, by carefully selecting risks and "insuring only good mills and those known to be doing a paying business," it was felt that rates could be reduced by fifty per cent.²¹

*D*uring subsequent meetings there was considerable discussion about the need for an association-sponsored mutual insurance company, especially to protect members against fraudulent patent right claimants. The association voted at its fourth semi-annual meeting on July 8, 1879, to organize such a company and to raise the needed capital to begin operations—an estimated \$100,000.²² Finally, on September 15, 1886 the first notice of a new insurance company appeared. The Millers Insurance Company offered to underwrite risks of up to \$5,000 to eligible members.²³

The question of patents preoccupied the PMSA leadership during those first two years. A plethora of new equipment, some of it home-made, was beginning to revolutionize the industry. 1877 saw the introduction of the self-binder for wheat and the chilled iron plow,²⁴ and continuous processing flour equipment, better storage facilities, and mass production and distribution equipment created dramatic changes.²⁵ These changes reinforced concerns about patents and about Western competition having more modern facilities.

Technological change in the 1870's was such that even the most conservative farmer was purchasing agricultural machinery in steadily mounting volume. Indeed, "invention followed invention and improvement followed improvement."²⁶ Too, a "scientific" approach to agriculture was rapidly taking root. Books such as Justus von Liebig's *How Crops Feed* (1870) were widely read, and by 1877 the United States Department of Agriculture had 4,000 volunteer field correspondents providing monthly crop reports, and it issued studies about fertilizer use, crops, and so on by the hundreds.²⁷ In addition, it is important to note that by 1879 farm prices had begun to rise.

The PMSA Patent Committee, at the association's January, 1879 meeting in Lancaster, complained about the huge number of patents issued for milling equipment in the last two years, and the dramatic increase in litigation which resulted. Further, it urged a united front in which each PMSA member would "guard his fellow members from loss by giving such information to the officers of this association as may be of general importance," so that a "circular to each member" could convey needed information.²⁸ The association's secretary claimed simply that "patent claims which have been made upon all kinds of mill machinery are so conflicting and complicated that the just and fraudulent ones cannot be distinguished."²⁹

One association discussion focused upon the use of the "traveling brush" to clean purifier sieves. W. Latimer Small, chairman of the Committee on Patents, indicated that "millers should be cautioned about using the brush, unless the use of the patent can be guaranteed."³⁰ Further, he asserted that "new milling devices are daily patented, and what a miller can buy with safety is as important a question as what will pay him to buy."³¹(sic)

Aside from the question of patents was the question of how to use these new processes and devices, and which equipment would prove to be the best investment and would be the easiest to maintain and be simplest to operate. The Committee on Mill Machinery called for the construction of experimental mills to test new equipment, and suggested a need for a textbook about machinery use. The primary areas of needed information were said to be grain cleaning, grinding, and measuring.³² Simply put, the millers were overwhelmed by the volume and complexity of the new technology, and they needed help both to evaluate new equipment and training about its use. This theme pervaded each meeting of the association during 1878-9.

During these years, the PMSA's meetings were replete with wide-ranging discussions about a variety of topics, and it seems obvious that in an era of changing technology it served a very important

educational purpose. Meetings often spent considerable time figuring out how to discourage the use of "inferior" Fultz and Clawson wheat, how to grade and inspect wheat, optimal use of the turbine water wheel, maintenance of equipment, and so on.

But the goals and activities of this association were more than simply social or educational. The PMSA sought to influence the market place, and to enhance the financial position of members in ways which today might violate anti-trust laws, but were not illegal in the late 1870's. In fact, they were commonplace.

Secretary A. Z. Schoch, in lamenting in 1879 a slower rate of membership growth than anticipated, attributed this to the wide spread conception that "the sole purpose of the organization is for defense against patent right extortions."³³ Collective action was the major thrust of the association—be it in establishing standards for grading and inspection, or in "the best seed at the lowest prices by a united effort of we in the fraternity."³⁴

Recent successes in these areas were "an indication of the powerfullness of our organization."³⁵ Schoch stated that the overriding function of the association should be to generate a large demand for members' products at remunerative prices.

Schoch reflected upon the need for the Pennsylvania Millers' State Association to join the National Millers Association, threatening that the "National association has determined to look after the interests of her own members only, fixing a time after which those who remain outside . . . must take care of themselves." Today, this would be considered restraint of trade; in 1879 it was not only legal, but commonplace. To compete in the marketplace, trade groups often resorted to "fighting fire with fire."

Not unlike the railroads, the millers of Pennsylvania sought to unify and employ every legal means to protect their financial interests. They did involve themselves in standard-setting, collective purchasing, and, perhaps, collective pricing. Given the business climate in the United States at that time, it is understandable that they would seek to influence the market place to a maximum degree, out of self defense more than simple greed.

In 1879 there were approximately 3000 mills in Pennsylvania, with PMSA membership of about 110. Clearly, the association was something of a private club, serving those with the resources to participate. Given the expense and travel time involved in participating in association meetings and committees, it is probable that the more affluent

mills are those which participated. We have already seen that members sought to restrict entrance to association insurance programs to "profitable" mills, and, in subsequent years, association minutes more clearly reflect an effort to control and confine membership to certain mills. "Blackballing" really did occur. The degree to which this occurred, and the effects it may have had financially, remains a topic for further study.

In summary, the Pennsylvania Millers' State Association was not formed solely to fight the railroads, contrary to contemporary association lore. Rather, it was formed and prospered by offering members education and training, comradeship, and collective action in the face of a business environment which fostered unbridled competition and rapid technological change. To a large extent it succeeded.

In many respects, the evolution of the association reflects a fear of "bigness" and a fear and lack of understanding of change. Mills in Pennsylvania were generally small and served a local clientele. The industry lacked structure, and was highly fragmented. These millers were at the mercy of the gargantuan railroads for freight service, the insurance companies for liability insurance, and the major manufacturers for equipment. Increasingly, they were at the mercy of the federal government for agricultural information. Increasing urbanization and industrialization, coupled with the Westward expansion of agriculture posed serious threats to their livelihoods.

How could they, individually, fight the railroads or insurance companies? How could they compete against the West? How could they gain information, adequately insure themselves, and remain profitable in the age of the "robber baron"? And, finally, how could they make their way through a growing maze of new knowledge, equipment and procedures, especially in light of the chaotic patent situation?

The answer lay in joining the growing number of trade associations to protect the interests of members, and to help in navigating the maze. Concomitantly, it must be noted that "the fraternity" consisted, in 1879, of only 4% of the state's millers. Thus, the association served the needs of a select group (members) rather than the industry as a whole.

In 1835, an idealistic de Tocqueville observed that there is something special about the social order in the United States which leads to a proclivity to form associations. His remarks are insightful:

Americans of all ages, all conditions, and all dispositions constantly form associations. They have not only commercial and manufacturing com-

panies, in which all take part, but associations of a thousand other kinds, religious, moral, serious, futile, general, or restricted, enormous or diminutive. The Americans make associations to give entertainments, to found seminaries, to build inns, to construct churches, to diffuse books, to send missionaries to the antipodes; in this manner they found hospitals, prisons, and schools. If it is proposed to inculcate some truth or to foster some feeling by the encouragement of a great example, they form a society. Whenever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association.³⁶

This idealistic statement is also often to a large extent true. It is also true that the motivations for founding associations have not always been quite so pure. They have also been formed to discriminate (e.g., Klu Klux Klan), or to undermine (e.g., Nazi/Communist youth organizations) or to exploit. They have been formed at times out of greed or revenge, and their motives have not always been pure. The Pennsylvania Millers State Association, not unlike many, if not most, trade associations, was formed primarily to promote and protect the economic interests of a segment within an industry. In the course of its activities, however, it was to benefit all within that industry.

Today, the PMSA exists as PennAg Industries Association. Its history has been one of continual democratization, and it now has no bars to membership for businesses in the fields in which it represents, and it has gradually broadened its scope to include more and more segments of the agribusiness industry. Early in this century it became the Pennsylvania Millers' and Feed Dealers' Association, and more recently it adopted the name "PennAg Industries Association" to better reflect its realm of activity.

Ironically, two of the main concerns of PennAg are the treatment of the industry by the railroads, and insurance coverage for members.

Notes:

1. Philip S. Klein and Ari Hoogenboom, *A History of Pennsylvania* (University Park: Pennsylvania State University Press, 1980), 337.
2. Richard B. Morris (ed.), *Encyclopedia of American History* (New York: Harper and Row, 1965), 508.
3. Allen Nevins and Henry Steele Commager, *A Short History of the United States* (New York: Alfred A. Knopf, 1984), 357-8.
4. Warren J. Gates, "Modernization as a Function of an Agricultural Fair: The Great Grangers' Picnic Exhibition at Williams Grove, Pennsylvania, 1873-1916," *Agricultural History* 58 (July, 1984), 263.
5. Lawrence Goodwyn, *The Populist Moment* (Oxford: Oxford University Press, 1978), 25-6.
6. David A. Lindstrom, *American Farmers and Rural Organizations* (Champaign, Illinois: Garrard Press, 1948), 99.
7. *Ibid.*, 78.
8. Klein and Hoogenboom, 300.

9. N. C. Frick, "Call for an Association of Pennsylvania Millers," handbill, December 27, 1977, association files of PennAg Industries Association, Ephrata, Pennsylvania.

10. Klein and Hoogenboom, 296.

11. *Ibid.*

12. Philip S. Foner, *The Great Labor Uprising of 1877* (New York: Monad Press, 1977), 55.

13. E. G. Campbell, *The Reorganization of the American Railroad System* (New York: AMS Press, 1968), 19-20.

14. *Milling World*, January 15, 1878.

15. Pennsylvania Millers' State Association (hereafter referred to as PMSA), Minutes of the Meeting of January 8, 1878, Millersberg, Pennsylvania.

16. PMSA, Minutes of the Meeting of April 9, 1978, Harrisburg. While contemporary trade associations generally sanitize the official records of their meetings fearing possible antitrust litigation, it is doubtful that the issue of railroad rates was actually discussed, at any length, at this meeting. A review of the minutes of the association during 1878-9 shows an openness in reporting the actual discussion about even the most controversial issues. Too, associations at that time did not have to fear rigorous anti-trust laws and the wrath of the Federal Trade Commission. There probably was some concern about making public information which might help competitors.

17. PMSA, Minutes of the Meeting of July 8, 1879, Altoona.

18. *Millers Journal*, clipping, n.d.

19. *Ibid.*

20. PMSA, secretary's report, July 9, 1878, Reading. Of the 61 members on the roster at the end of 1878, eleven were located in Lancaster County: Reuban Garber, Salunga; J.Z. Eby & Stehman, Manheim; C. F. Wenger, West Earl; Eash Heinftrim (?); Isaac Ranck, Lancaster; Jon Salinger (?); S. M. Miller, Refton; Benjamin Wissler, Lincoln; Geo. Levan & Sons, Lancaster; John W. Eshelman, Lancaster; P. Stauffer, Stevens.

21. PMSA, Minutes of the Meeting of July 9, 1878, Reading.

22. *Millers Journal*, clipping, n.d.

23. "A New Insurance Company," *Millers Review*, September 15, 1886, 240. This company was to become so successful that it separated from the association and became an independent business. Subsequently, the association formed successor mutual companies.

24. Klein and Hoogenboom, 338.

25. Alfred D. Chandler, *The Visible Hand* (Cambridge: Harvard University Press, 1977), 289, 299.

26. John Garraty, *The New Commonwealth, 1877-1890* (New York: Harper Torchbooks, 1968), 36.

27. *Ibid.*, 58.

28. *Milling World*, January 15, 1879.

29. PMSA, secretary's report, July 8, 1879, Altoona.

30. PMSA, Minutes of the Meeting of July 8, 1879, Altoona.

31. *Ibid.*

32. *Millers Review*, July 15, 1879.

33. *Millers Review*, January 15, 1879.

34. *Ibid.*

35. PMSA, secretary's report, July 8, 1879, Altoona.

36. Alexis de Tocqueville, *Democracy in America*, v. II (New Rochelle, New York: Arlington House, 1965), 114.

Appendix

Lancaster County members of PennAg Industries Association as of 1984 are presented here to show the growth of this industry. This association is the only major state farm organization to have its headquarters in Lancaster County.

Affiliated Poultry Service, Inc., Elizabethtown
Farmers Fertilizer Works, Inc., Elizabethtown
Galen S. Spickler, Inc., Elizabethtown
White Oak Mills, Inc., Elizabethtown
Zeiset Farms, Inc., Elizabethtown
Fertrell Co., Bainbridge
Agri Analysis, Inc., Bird-in-Hand
C. O. Nolt & Son, Inc., Bird-in-Hand
David B. Hurst, Bowmanville
Bowman & Grassel, Conestoga
Gehman Feed Mill, Inc., Denver
Hazelton Dutchland, Inc., Denver
KO-KA-LE-KO Pullet Ranch, Denver
Stanford Seed Co., Denver
Earl R. Martin, Inc., East Earl
Hurst Bros. Mill, East Earl
Chemgro Fertilizer Co., Inc., East Petersburg
Agri-Inc., Ephrata
C. P. Wenger & Sons, Ephrata
Farmersville Equipment, Inc., Ephrata
Agri-Equipment, Inc., Ephrata
Henry B. Hoover, Ephrata
Leroy M. Sensenig, Inc., Ephrata
Raymond M. Weiler, Ephrata
Roy W. Zimmerman & Sons, Inc., Ephrata
Weiler Bros., Inc., Ephrata
Xtra Factors, Inc., Ephrata
Zimmerman's Bulk Feed Service, Ephrata
C. M. Reeds Sons, Gap
Walker Company, Gap
Zook & Ranck, Inc., Gap
High Bros., Gordonville
John J. Hooper, Inc., Gordonville
G & E Trucking, Kinzers
Zook's Flour Mill, Leola
Eastern Mobile Mills, Lititz
Farmers Ag Credit Corp., Lititz
Feedmobiles, Inc., Lititz
Hollinger's Farm & Home Center, Lititz
Hypro Industries, Inc., Lititz
Nelson Weaver & Son, Inc., Lititz
Snaveley's Mill, Inc., Lititz
G. & G. Feed & Supply Co., Inc., Manheim
James L. Balmer Whsl. Feeds Dist., Manheim
Landis Supply Co., Manheim
McCracken's Feed Mill, Inc., Manheim
Mervin B. Shelly, Manheim

Cargill, Inc. Marietta
R. K. Vogt Grain Co., Marietta
C. S. Keener Trucking, Mount Joy
Esbenshade Mills, Mount Joy
Greider Farms, Inc., Mount Joy
Spangler's Flour Mills, Inc., Mount Joy
The Reist Seed Co., Mount Joy
Wolgemuth Brothers, Inc., Mount Joy
New Holland Supply Co., New Holland
Martin's Ag Service, New Holland
Amos Eby Company, Paradise
B. K. Mobile Milling Co., Inc., Paradise
Hess Mills, Paradise
PFAB, LTD, Paradise
Powl's Feed Service, Peach Bottom
Cra-Vac Industries, Quarryville
Lancaster Bone Fertilizer Co., Inc., Quarryville
Ross H. Rohrer & Sons, Inc., Quarryville
Wenger's Feed Mill, Inc., Rheems
H. Jacob Hooper, Ronks
Dutchman Feed Mills, Inc., Stevens
Stevens Feed Mill, Stevens
Triple G Farms, Inc., Stevens
A. W. Stauffer & Sons, Inc., Terre Hill
Portable Mills, Inc., Terre Hill
Funk Bros., Inc., Washington Boro
West Willow Farmers Assoc., Inc., West Willow
Nolt's Mill, Inc., Witmer
Brubaker Agronomics Consult. Service, Lancaster
Eastern Minerals & Chemicals Co., Lancaster
Forry's Ag Service, Lancaster
Nelson L. Rohrer, Lancaster
Organic Plant Food Co., Lancaster
Smith Kline Animal Health Prod., Lancaster
Thomas H. Gosnell, Lancaster
Bowman-Martin Dev. Breeding Farm, Lancaster
Keystone Bag & Burlap Co., Lancaster
Mar-Gro Corp., Lancaster
Martin's Hatchery Poultry Farms, Lancaster
McGeary Grain, Inc., Lancaster
R/K Agri Service, Inc., Lancaster
Siegel-Ansel Bag & Burlap Co., Inc., Lancaster
T.P.T.P., Inc., Lancaster
Pennfield Corp, Lancaster
Poorbaugh Grain Co. Inc., Lancaster
Travis C. Johnson Grain Co., Inc., Lancaster

About The Contributor

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