
Chapter 3

Adolescence: From World War II to 1961

Throughout the 1930s totalitarian forces were on the march in Europe and Asia. By November 1941 Hitler's Wehrmacht had so easily conquered most of central and western Europe that it seemed invincible. Only Great Britain was able to hold out in the West, while in the East, German panzer divisions had driven so far into the heartland of the Soviet Union that the collapse of the Red Army appeared imminent.

In East Asia the Japanese had humiliated the Chinese Nationalist Army, controlled the most strategically important parts of China, and were moving quickly to establish military dominance over Southeast Asia. Although an uneasy United States officially maintained its neutrality, its foreign policy clearly favored those nations resisting the expansionist ambitions of Germany, Italy, and Japan. Then on December 7, 1941, Japanese airplanes bombed the American naval base at Pearl Harbor and the United States was drawn into World War II.

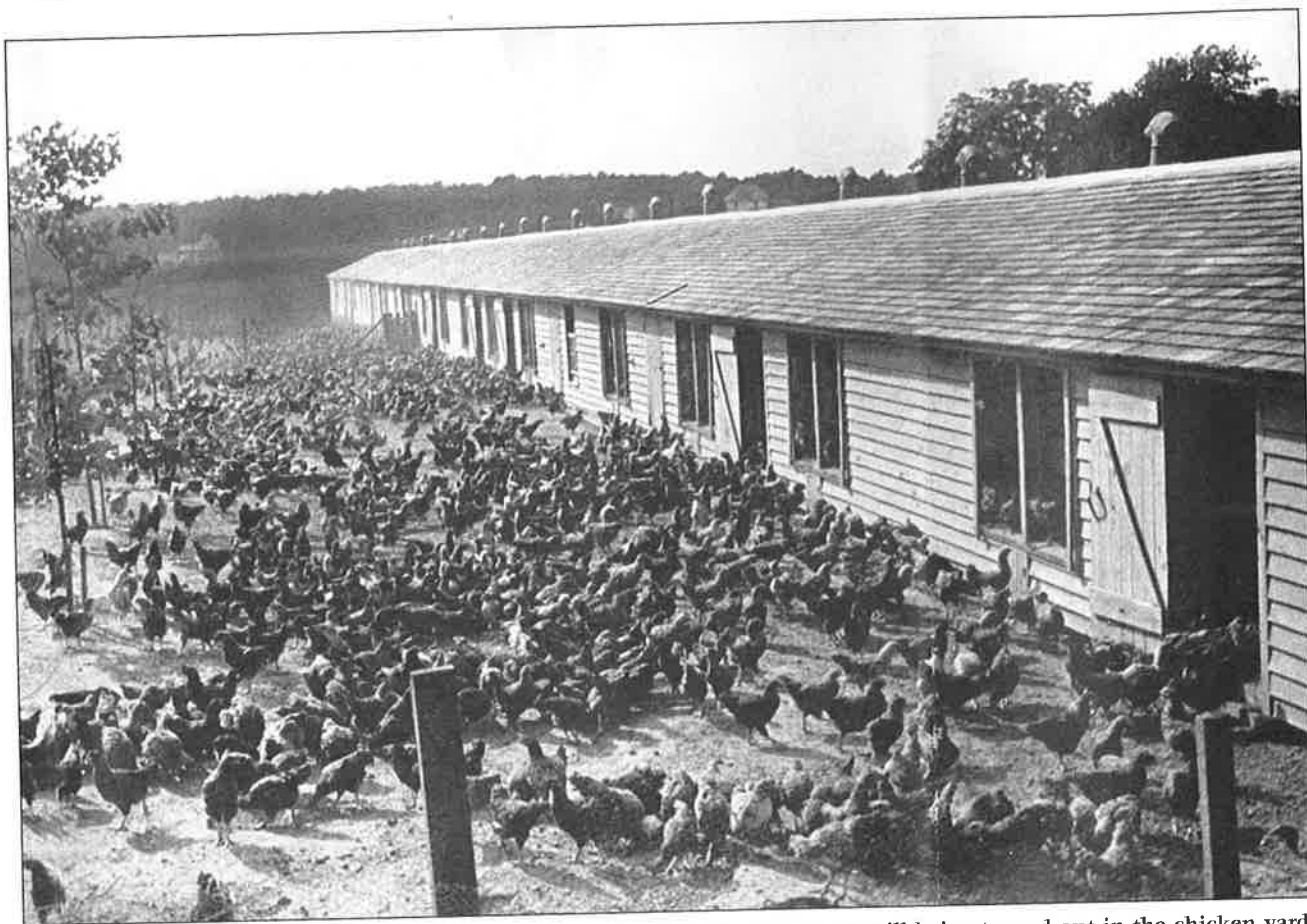
The war forever changed the Delmarva Peninsula. It took a very provincial society, in which probably a majority of its members had never traveled more than 150 miles from home in their entire lives, and introduced them to much of the rest of the world. It was with considerable wonder that these people, who had cared little about distant lands, now listened intently to their radios—if they had electricity or batteries—and read with great interest newspaper accounts about significant events taking place in such far-off and exotic places as Algeria and Morocco in North Africa or in some of the tiny islands in the South Pacific. Not only would many of the

Peninsula's young men find themselves in uniform in alien lands thousands of miles from home, Delmarva's economy would heat up in an unprecedented manner.

Historically wars in Europe have meant prosperity for American farmers. Large armies had to be fed, and their European governments, faced with declining harvests at home due to labor shortages and the ravages of war, traditionally turned to America to make up the shortfall in foodstuffs. World War I, for example, drove up agricultural prices, and that made the era relatively profitable for Delmarva farmers. Adding to a rising demand from overseas markets was the need for the U.S. government to feed the considerable number of American troops who were recruited and drafted during World War I. During World War II, all of the factors that normally contribute to food shortages were magnified because armies were now larger, labor shortages were greater, and the ravages of war more extensive.

The dramatic increase in demand for meat, the fact that chickens moved from birth to slaughterhouse so much faster than cattle or pigs, and easy access to a number of major seaports all created extraordinary opportunities for Peninsula hatchery men, growers, and processors. In 1940, growers were receiving seventeen cents per pound for live chickens, and by 1942 they got twenty-two cents per pound. News that there was very good money to be made in broilers produced new growers, some from as far away as New York City. Malvin Gelof, for example, grew up in New York, moved to Wilmington, and then purchased a farm west of Dover. In

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A typical view of broilers being raised during World War II. Note that birds are still being turned out in the chicken yard.

1942 he cleared \$30,000 from raising broilers, a lot of money in those days. By 1943 there may have been as many as six thousand growers on Delmarva, and even some attorneys and other white-collar types were trying their hand at raising chickens.

The economy of the Peninsula was overstimulated by the interaction of wartime shortages and increased consumer spending. To keep consumer prices from climbing through the roof and to establish other necessary restraints on the economy, the federal government set up a series of boards and commissions. Among the most significant was the Office of Price Administration, or OPA. The OPA role was to provide for a more even distribution of scarce consumer commodities and to keep inflation in check. In 1942 the OPA rationed beef, which caused a number of Americans to turn to chicken as a beef substitute. As the demand for chicken increased, so too did its price. Exercising its responsi-

bility to fight inflation, the OPA established a ceiling price for broilers effective as of December 18, 1942. This step caused the dramatically climbing price of live broilers, purchased from growers, to average between twenty-four and thirty-one cents per pound for the rest of World War II.

Even under price controls Delmarva growers could make a solid profit if only the rising price of chicken feed could be halted. But, as Carol Hoffecker points out in her forthcoming biography of U.S. Senator John Williams of Millsboro, Delaware, the OPA capitulated to strong pressure from midwestern grain interests and provided a relatively high ceiling price for corn. This translated into continued inflation in the price of chicken feed. Delmarva growers were frustrated because they were caught in a squeeze between escalating production costs—chicken feed now represented at least 60 percent of the total—and a perceived low ceiling price for their product.



In the 1930s and early 1940s, chicken houses often deliberately were built near trees to provide shaded yards for broilers.

Indications are, however, that most growers continued to be optimistic about the future because they kept increasing the number of chickens they raised. From 1941 to 1943 the Peninsula's annual broiler production jumped from 77 million to 102 million, for a remarkable 32 percent increase. Even so, there still weren't enough chickens to go around, so impatient consumers were willing to pay considerably more than the OPA's ceiling price to satisfy their hunger for poultry. In short, the situation was rife for the development of a thriving black market in broilers.

"Black market" is simply a label for any sale above a government-imposed ceiling price or in defiance of a government-established rationing system. Be-

cause chicken, unlike red meat, was never rationed during World War II, the black market in broilers was usually restricted to buying and selling above mandated ceiling prices.

In the early spring of 1943, only a few months after the OPA's price limit had gone into effect, a number of small trucks converged on the Peninsula from as far west as Ohio. They were owned by opportunists who broke federal law by offering growers prices for their broilers far in excess of the legal ceiling. To cover their tracks and to give the transactions a veneer of legitimacy, these nefarious itinerants paid the legal price for broilers and then provided the grower with additional cash by simply leaving it on the kitchen table, by wagering a bet, or

by buying a tool or a pet from the grower at exorbitant prices. The buyer might bet six hundred dollars that the grower couldn't jump over a stick only one foot high and the purchase might be of a grower's rusty shovel for five hundred dollars. In one case the grower's mongrel dog was purchased for one thousand dollars, only to be released a few minutes later just a short distance from the grower's home. The broilers were then shipped north, processed, and marketed in a clandestine fashion.

Black-market dealings were most common among the thousands of small, independent growers because it was so difficult for federal authorities to check on their business transactions. Those who lived through the era and were connected in some fashion to the poultry industry tend to be reticent today when asked about specifics. They all deny a personal connection to the black market, but many volunteer that they knew some people who were involved. Lew Jenkins of Georgetown was a telephone repairman during World War II. While working in the Dagsboro, Frankford, and Selbyville areas, he was often accompanied by gun-toting residents when he entered their attics to check for faulty phone lines. The reason for the armed escort was soon clear: the attics contained bushel baskets full of money that was obviously made on the black market for chickens. The illegal traffic in broilers created considerable local tension and led to a significant amount of moral recrimination because wartime profiteering, through illicit chicken sales, flew in the face of traditional Methodist values and the Peninsula's strong sense of patriotism.

The black market also brought considerable chaos to the flow of mature broilers from growers to local processing plants by causing serious hemorrhaging in the supply system's main artery. The only way that local plants could compete for live chickens was to pay growers above the legal price and then, surreptitiously, ship the dressed chickens north to be sold on the black market in New York or Philadelphia. But because they were large businesses that required detailed records that could be easily accessed by federal inspectors, Delmarva's processing plants were more limited in the extent that they could avoid the ceiling price regulations.

In 1942 the federal government not only established price controls on chickens, but its War Food Administration placed a freeze on Delmarva broilers. This meant that America's armed forces were to have first crack at buying Peninsula chickens and, once their needs had been met, growers and processors could sell what they had left to civilian markets. The freeze was applied only to Delmarva because it was the nation's most intensive broiler-producing region. In 1942, for example, Delmarva grew 90 million meat-type chickens, compared to second-place northwestern Arkansas with just 11 million and third-place northeastern Georgia with only 10 million.

There were some other factors, however, that further explain why the freeze was applied only to Delmarva and not to other broiler-producing regions during World War II. It was clear to the federal government that a freeze in rural Arkansas or Georgia would be just about impossible to enforce. Because moonshining was so central to the economic and social culture of both states, their residents were exceptionally skilled at avoiding government revenue agents. If chickens were commandeered by the government, the same skills that frustrated revenue agents would be applied to smuggling chickens out of state via a variety of roads that were too numerous to be effectively monitored.

On the Peninsula, by contrast, producing illegal whiskey was less central to the economic and social culture, and evasive skills were less developed prior to World War II. Moreover, because Delmarva was almost surrounded by water and the only land routes out were north through a narrow neck, it would be much easier to monitor and intercept illegal truckloads of chickens headed for northeastern urban markets.

Into this charged milieu, in which the juxtaposition of the Peninsula's traditional moral values and illegal wartime profiteering created considerable tension, stepped the United States Army. During World War II the Procurement Division of the Army Quartermaster's Corps established an office in Dover, Delaware, to purchase ice-packed New York-dressed chicken from the Peninsula's newly constructed processing plants. By the late spring of

1943, the black market was taking such a toll that Peninsula processing plants couldn't supply the army with the number of chickens it needed at or below the legal OPA price. In short, the freeze wasn't working.

An angry federal government, fed up with what it considered to be the worst black market for chickens in the nation and convinced that fully one-fourth of the Peninsula's broilers were siphoned off by that same black market, decided to take decisive action. On July 21, 1943, the U.S. Army set up a checkpoint on the DuPont Highway near Dover. All northbound trucks bearing live broilers were stopped and the drivers were required to produce papers demonstrating that the chickens had been sold to them at the legal ceiling price or less. Those truckers who couldn't supply the supporting papers had their cargo requisitioned by the army at the OPA ceiling price. Although the army road block was temporary and subsequent federal government convictions for black marketing were modest in number, a strong message had been sent to those involved in illegal trafficking that the federal government was willing to take action to contain the Peninsula's growing black market in broilers.

To reestablish some stability and to protect profit margins, leaders in Delmarva's broiler industry lobbied hard for changes in the federal government's policies. In 1944 a compromise was finally worked out in which broiler industry leaders promised to honor price controls and to fill the army's need for chickens, and the OPA raised, slightly, the ceiling price for broilers. Although the black market would continue until price controls were abolished more than a year after the war ended, never again would the illegal sales of chicken reach the levels of 1943.

Although the black market crisis subsided, the federal government's policy and attitude towards the Delmarva broiler industry during World War II angered a large number of Peninsula residents. They were particularly upset at the government's claims that natives of the Peninsula were to blame



Homer Pepper, a pioneer in trucking and processing chickens, objected to the Peninsula being called the greatest center of the chicken black market in America.



Harold Morris, owner of Morris Hatchery at Bishopville, Maryland, which was called the "world's largest hatchery" in the early 1940s.

for the black market in chickens when, to Delmarvans, the real cuprits were crooked government agents and New York racketeers who were in cahoots with the itinerant truckers who poured into the Peninsula in 1943.

Indeed, Homer Pepper of H & H Poultry took the federal government to task for exaggerating the extent of the black market on Delmarva. Pepper maintained that the real reason that the U.S. Army wasn't receiving enough chickens wasn't that so many were being illegally channeled to other markets, but that the significant shortage in broilers was caused by a fire in February 1943 that destroyed the "world's largest hatchery," the Morris Hatchery in Bishopville, Worcester County, Maryland. More than 2 million eggs and chicks were lost in the conflagration, which created a serious supply crisis because approximately one-third of the Peninsula's growers depended on the Morris Hatchery for their chicks. But Pepper, eager to shift the blame elsewhere for the black market, probably exaggerated the impact of the fire. Within a few months other hatcheries were able to expand their own production, and soon the chick supply crisis was over.

Justified or not, Delmarvans in the poultry industry lost confidence in their federal government. As

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historian Carol Hoeffcker points out, they perceived its actions concerning the broiler industry during World War II to be both inept and unfair. Because of this crisis in confidence, Peninsula growers and processors developed a negative attitude towards federal intervention in the poultry industry that lasted more than five decades.

Perhaps the most serious shortage created by World War II was in the number of laborers available to work in the hatcheries, on the growers' farms, and in the processing plants. The military draft made young men a scarce commodity while preferential government wage regulations allowed canneries to pay better than processing plants. As a result, many black and white female employees left the Peninsula's processing plants for its canneries.

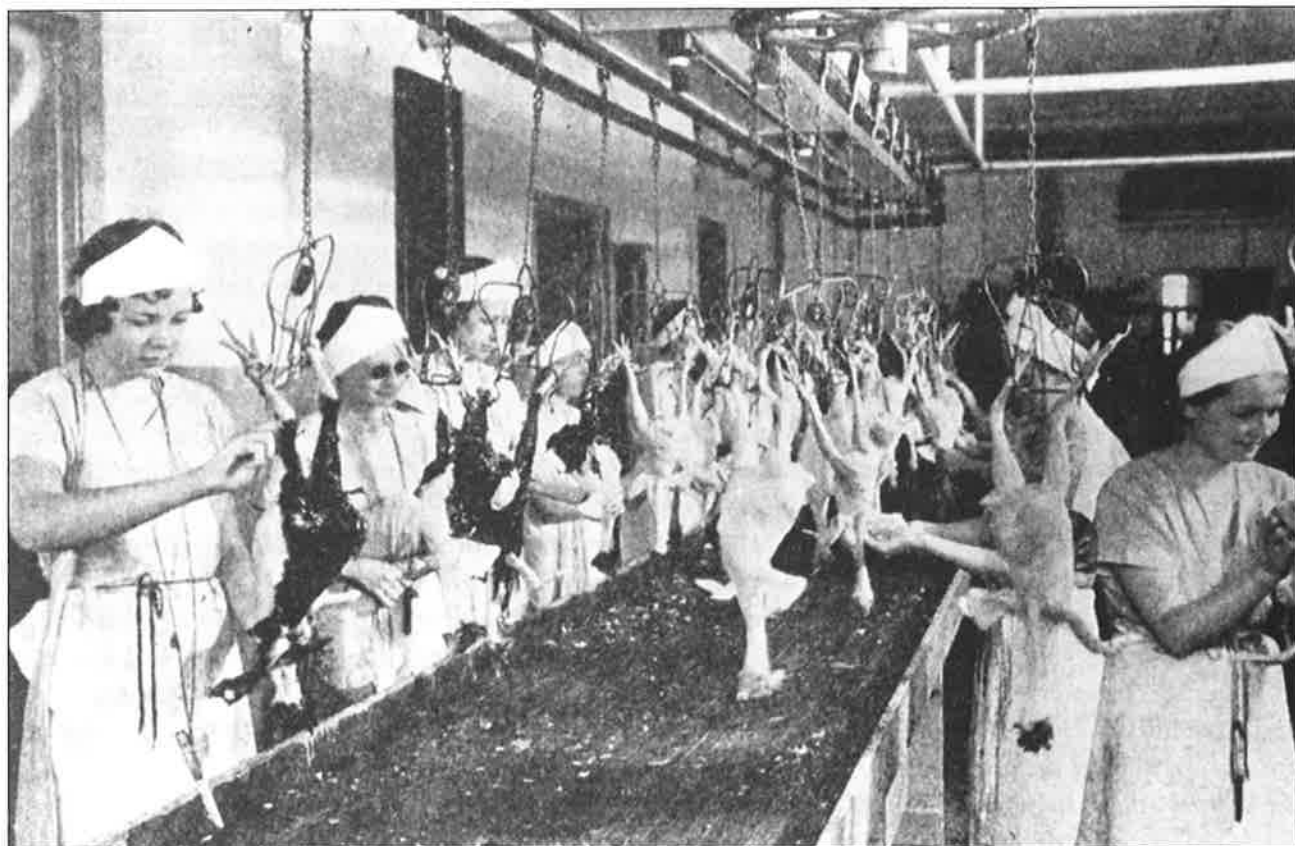
Faced with a labor crisis, six plants—H & H Poultry of Selbyville, Eagle Poultry of Frankford, Millsboro Poultry, Stockley Poultry of Stockley Station,

Sussex Poultry of Milford, and Stephany Poultry of Seaford—joined together to build a prisoner-of-war camp in 1944 for three hundred Germans just outside Georgetown, Delaware. From 1944 to 1946 more than 3,000 German war prisoners from a number of different camps worked for or in Delmarva's hatcheries, farms, processing plants, and feed mills. J. McKenny Willis, Jr., for example, picked up six to eight Germans each day for a year from a prisoner-of-war camp near the Easton Airport to labor at his feed mill. Most of those who used German war prisoners were very satisfied. At the Swift processing plant in Salisbury, where they made up 25 percent of the work force, A. Eugene Bailey remembers that "we couldn't have run the plant without them."

But as historian Kim Sebold points out, not everyone was happy with the situation. Some of those who had relatives and friends fighting in Europe resented the presence of Germans on the Peninsula.



An interior view of the Morris Hatchery. Hundreds of chick boxes, each holding 100 chicks, are ready to be loaded on trucks (or buses) and delivered to farms.



Peeling off wax in a procedure that removed pin feathers in a processing plant in the early 1940s.



Eagle Poultry
processing plant,
Frankford, Delaware,
during World War II.

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Moreover, organized labor objected to the prisoners because it viewed them as scabs taking work from Americans. (Evidently the shortage of available American workers didn't register very strongly with union leadership.) On December 20, 1945, under pressure from organized labor, the War Manpower Commission removed German prisoners-of-war from the processing plants in the Millsboro area.

The labor shortage also caused processing plants to place a very high priority on adopting labor-saving automated machines. A pioneer in this move towards greater technology was Eagle Poultry of Frankford, which opened its new, more automated plant in 1943. Also new was the way broilers were prepared for market. Instead of the traditional New York-dressed chicken, which was only bled and had its feathers removed, Eagle Poultry introduced a bird that also had its entrails removed in a process called evisceration. Although most plants continued to prepare their chickens in the traditional New York-dressed fashion, evisceration was the wave of the future. And, according to former University of Maryland extension poultry specialist Jim Nicholson, Delmarva would "lead the way in chicken evisceration." (Of course the old practice of increasing the weight of chickens about to be slaughtered by feeding them gravel didn't work once the viscera was removed.)

Although the war years produced considerable chaos and confusion in the broiler industry, most hatchery men, growers, processors, and truckers prospered. Frank Perdue of Salisbury remembers the war years as "the golden 40s," and Jacob "Jack" Udell, who owned Eagle Poultry in Frankford, made so much money from 1942 to 1945 that he owed \$800,000 in back taxes to the federal government. Those who made a killing on the black market were usually careful about flaunting their ill-gotten wealth, but others didn't hesitate to spend legal and illegal profits on a wide variety of goods and services. This buying spree, which culminated in the years directly after the war, created the strongest consumer culture that the Peninsula had ever experienced.

The war years and the immediate postwar period not only witnessed remarkable changes in the broiler industry, it also brought increased attention to the decision makers who shaped and molded the industry. While the overwhelming majority of growers, hatchery men, and feed mill owners continued to have cultural and ancestral roots on the Peninsula, many of the pioneer processors and a few of the large growers were from a very different cultural and ancestral background.

Before World War II, a handful of outsiders was attracted to Delmarva's broiler industry, but very



An example of the many long, narrow, shed-like broiler houses constructed in the 1930s and 1940s. Note the chicken house apartment on the second floor and the feed storage room on the first floor in the middle of this two-story chicken house.

few remained beyond a year or two. As the demand for eating chickens accelerated during the war and the need for more processing plants became increasingly apparent, additional outsiders were drawn to the Peninsula. Some were midwesterners like John Hargreaves and A. Eugene Bailey, who were sent to Delmarva by Swift and Company to fill managerial positions.

Most of the outsiders, however, were urban ethnics who had been previously connected with the poultry business in New York or Philadelphia. They included Mike Guerrieri, an Italian-American from New York City who first joined Millsboro Poultry and eventually built Showell Poultry of northeastern Worcester County, Maryland, into an important chicken processor. Milton Rabinowitz, a Philadelphia Jew, moved to the Peninsula in 1946 to renovate and run his family's newly acquired dressing plant in Harbeson, several miles east of Georgetown, Delaware. By 1950 Paramount Poultry, as the Rabinowitz company was called, was dressing 250,000 broilers a week in the Harbeson plant and shipping 80 percent to New York City. Among the most significant outsiders to be involved with Delmarva's broiler industry in the 1940s were members of the Pack family.

Samuel and Golda Shupak were Russian Jews who immigrated to the United States in 1904. (At Ellis Island "Shupak" was shortened to "Pack.") The couple raised five sons—Michael, Harry, David, Mendel (Manny), and Louis—in Long Island City, Queens, just across the East River from Manhattan Island. Samuel Pack had a small poultry shop in Astoria, just north of Long Island City, where he sold kosher chickens to local housewives. All five sons learned the chicken business by working at Pack's Live Poultry while attending public school. While Harry and David remained in New York, establishing a poultry shop of their own in Brooklyn, Michael the eldest son tried his hand at raising chickens and then establishing a dressing plant in Cranbury, New Jersey. In 1936 Harry joined Mike and was responsible for supplying broilers for Mike's processing plant.

In the summer of 1938 Harry Pack moved to Dagsboro, Delaware, rented several farms, and be-

gan to raise broilers. He also contracted with other growers so that brother Mike's processing plant in Cranbury would annually receive three hundred thousand Delmarva chickens. In the summer of 1941, Mike, Harry, and brother David Pack joined together to build the world's largest broiler processing plant in Milford, Delaware, calling it the Sussex Poultry Company. (Although involved in the Milford plant, Mike continued to make his home in New Jersey.) By 1945, Sussex Poultry was dressing one hundred thousand chickens per day and employed approximately four hundred employees. The Pack brothers' modern Milford plant was highlighted in the 1943 U.S. Government film "Your Chicken Has Been to War." (During World War II, most of the chickens from the Milford plant went to the armed forces.) In 1947 and 1948 respectively, Manny and Louis Pack joined their older brothers in becoming part of the Sussex Poultry Company.

The Packs understood the importance of insuring a consistent and reliable supply of chickens for their Milford operation. In addition to increasing the number of farmers contracted to supply broilers for their processing plant, the Packs also became owners of Rodney Feed Company in Dagsboro, where local corn could be mixed with other ingredients to provide a dependable supply of chicken feed for their contracted growers as well as for their own flocks. But because their individual operations were only loosely tied together and because they didn't own a hatchery, the Pack brothers never did achieve true vertical integration. But the size of each of their three operations—feed mill, broiler grow-out, and processing—was a preview of future trends in broiler production. During the early 1950s the Milford plant became increasingly less profitable because of changes in the nature of the poultry industry. Despite merging with Eagle Poultry of Frankford, the now-antiquated Milford plant and the related contracted broiler grow-out operations were finally shut down in the 1960s. In addition to building a highly advanced dressing plant for its era, the Packs were among the first to realize that dealing in very large numbers of chickens was the key to future profits in the broiler business.



At first dead chickens were thrown into adjacent woods. By the 1940s, proper disposal of dead birds meant the placement of them in underground pits where natural decomposition took place.

Outsiders like the Pack brothers, Milton Rabinowitz, Mike Guerrieri, Jacob Udell, and Harry Landis, who subsequently took over Eagle Poultry of Frankford, brought with them prior experience in the urban poultry markets of the Northeast. They knew the buyers, processors, butchers, union leaders, and the retail store operators who serviced the poultry needs of New York and Philadelphia. The outsiders were also more willing than locals to take risks and to push hard for innovations in business practices, particularly in the processing and marketing of chickens. Milton Rabinowitz of Paramount Poultry, Harbeson, thought that outsiders were particularly drawn to processing on the Peninsula because few Delmarvans seemed interested. Local leaders in the poultry industry were reluctant to move into dressing chickens because Delmarvans recognized that processing was quite different from hatching, feeding, and raising broilers. Moreover, as Rabinowitz points out, the failure of a growers' cooperative in Snow Hill, Maryland, which had begun dressing chickens during the war but had to shut down shortly after the advent of peace, made many Delmarvans hesitant about investing in dressing plants.

Tension between non-natives and locals surfaced from time to time, and occasionally anti-Semitism raised its ugly head. In 1943 Charlie Spicer was in fourth grade at John M. Clayton School just north of Frankford, Delaware. His best friend was fourth-grader Barton Udell, son of Jacob Udell of Eagle Poultry in Frankford. One day, while the two boys were playing together at recess, Charlie's sixth-grade cousin approached and asked Barton, in an accusatory tone, "You are a Jew, aren't you?" Barton responded "So was Jesus" and walked away. To young Charlie Spicer the exchange was significant: "I already knew that I wasn't supposed to like colored people, but now I realized that Jews should be added to the list."

By most accounts, however, overt anti-Semitism didn't pose a major problem to the Jews who chose to work in the Peninsula's broiler industry. Perhaps anti-Semitism was held in check by the recognition that the Jewish entrepreneurs were major contributors to the region's economic vitality. Whether involved in marketing, processing, or to a lesser degree

in grow-out operations, these men played a crucial role in the maturation of the broiler industry from childhood to adolescence.

At the end of World War II, the Delmarva broiler industry found itself moving into uncharted waters. In 1945 approximately 25 to 35 percent of the nation's broilers were purchased by the armed forces. On the Peninsula, the percentage was considerably higher. In the spring of 1946, without warning, the United States Army suddenly discontinued its contracts to purchase broilers, a blow that fell much harder on Delmarva than on any other poultry producing section of America.

Not only did the Peninsula's growers and processors unexpectedly have a huge number of excess broilers on hand, they also had few markets to turn to that would absorb the surplus. During World War II, Delmarva increased its production of broilers by more than 40 percent. But because the army got such a large percentage of its chickens, the Peninsula was forced to neglect its traditional markets in the urban northeast. Further south, broiler production increased at an even faster pace than on the Peninsula, and it didn't take long before Georgia and North Carolina chickens were replacing Delmarva broilers in New York, Philadelphia, Baltimore, and Washington markets. The challenge of the future for the Peninsula broiler industry was to win back those markets.

With the surrender of Japan on September 2, 1945, the Truman administration became increasingly uneasy about the direction of the immediate peacetime economy. The specter of a runaway inflation fueled by the spending of wartime savings haunted the White House. As a cautionary move, OPA price controls on chicken as well as on other food items were continued. On July 1, 1946, price controls on chicken were withdrawn, only to be reintroduced from September 1 to October 15.

Squeezed on one side by a price ceiling for their broilers, growers were dismayed to discover that chicken feed was both hard to get and very expensive immediately after the war. Sussex County extension agent Bill Henderson warned growers that while there was grain available in midwestern states, they wouldn't see it shipped to Delmarva be-

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cause the midwestern farmer "can make more money by feeding it to his hogs."

Having lost its primary wartime buyer and many of its prewar markets, facing continued price ceilings for its broilers, and pinched by a scarcity of chicken feed, the Peninsula's broiler industry braced for hard times. Delmarva's growers and processors were warned by a University of Delaware marketing expert to "prepare for stiff competition from other broiler regions and other foodstuffs." Although the price paid growers might briefly spike upwards, as it did in late 1946 to as high as fifty cents per live pound after price controls were lifted, both income from and production of broilers on the Peninsula slipped significantly in 1946 and 1947. For a number of observers, the long predicted "blow up" of the industry on Delmarva was at hand. To William A. Haffert, Jr., editor of *New Jersey Farm and Garden Magazine*, the postwar adjustment for Delmarva's broiler industry was "bone crushing."

But by March 1947 a new voice was heard that recognized the seriousness of the broiler industry's immediate plight but also envisioned future growth if certain corrective steps were taken. J. Frank Gordy, University of Delaware extension poultry specialist, compared the postwar struggle of the

Peninsula's poultry industry to the Allied forces's hard fought victory over the Germans at the Battle of the Bulge in the winter of 1944-45. Just like the allies in the Battle of the Bulge, the Delmarva broiler industry took some initial losses. In the long run, however, those setbacks would prove beneficial because they would lead to changes in production, processing, and marketing that would prepare Delmarva to compete nationally. All of this would usher in a new era of economic prosperity for the broiler industry and for the Peninsula.

For Gordy, victory was assured if only the various sectors of the Delmarva broiler industry would adopt "better business methods by following recommended management practices" and eliminate "the more inefficient producer." To Gordy and to others who refused to panic, the most significant lesson taught by the industry's experience in World War II, and in the immediate postwar period, was that bigger was better because it was more efficient.

The evolution of hatcheries conformed to the idea that bigger was better. By 1941 approximately 96 percent of chicks from the Peninsula's hatcheries were broilers, 3 percent were breeders, and only 1 percent layers. In the next two decades, hatcheries decreased in numbers but increased in size. In 1929

**J. Frank Gordy
examining Johnson
Grass in an orchard
in the 1940s.**



there had been 75 hatcheries in Delaware alone, but in 1943 only 48; and by 1957 the number was down to 22. Average hatchery capacity, however, had climbed from 145,000 eggs in 1943 to 464,000 in 1957. Because this pattern was also true for Maryland's Eastern Shore and Accomack County, Virginia, the total number of Delmarva hatcheries declined from 171 in 1943 to 76 in 1957. But because individual hatcheries were considerably larger than ever before, annual production increased during the same years from 15 million to 21 million chicks. Growers continued the practice, begun in the late 1930s, of purchasing the vast majority of chicks from local hatcheries—in 1945 it was 86 percent and in 1949 it was 82 percent—but until the early 1960s, most Peninsula hatcheries continued to buy their eggs from New England. By the late 1950s, however, New England hatching eggs were proving to be increasingly expensive. As a result, Frank Perdue, with a large hatchery just east of Salisbury, became part of a new trend when he decided, in 1958, to look to North Carolina rather than to Maine and New Hampshire for hatching eggs. By 1961 the generally held perception that cooler climates produced superior hatching eggs began to give way to an appreciation of the high-quality chicks produced by eggs from North Carolina.

After World War II a number of Delmarva hatcheries established a business relationship with feed companies that can best be described by the old motto: "You scratch my back and I'll scratch yours." By 1961 individual feed companies were selling feed to hatcheries and buying chicks in return. But why were hatcheries buying so much chicken feed, and why were feed companies buying so many chicks? The answer is one more example of human ingenuity rising to meet the challenge of changing economic conditions.

As hatcheries increased in size, it became increasingly important that they protect themselves from sudden and unexpected declines in orders for broiler chicks. During and after World War II, some hatcheries did so by establishing contractual relations with growers that provided growers with credit for chick purchases. This credit relationship tied broiler farmers to individual hatcheries and thus made their future chick orders more predictable. When, despite



Transferring eggs in the hatchery from boxes brought from breeder farms was a labor-intensive procedure. Mrs. Myrtle Tull did this job for many years at O.A. Newton and Son Company of Bridgeville, Delaware.

contracts with growers, more chicks were hatched than the market could absorb, hatcheries raised the surplus "biddies" until they could sell them as mature broilers. Thus it was to feed their own flocks of broilers that hatcheries purchased significant amounts of chicken feed from feed dealers.

Feed companies began buying chicks from hatcheries after World War II as part of an increasingly comprehensive feed company involvement in the broiler industry. Although corn and soybeans, the key ingredients in chicken feed, could be stored for the long run, storage facilities were expensive to build and no feed dealer could afford a large-bulk inventory that wasn't moving. Moreover, it was clear to dealers that increased profits from feed sales would be generated if farmers could be convinced to grow more chickens.

But growers, during the late 1940s and most of the 1950s, were becoming less enthusiastic about raising chickens because the traditional volatility of the

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broiler market was compounded by declining prices. From 1945 to 1960, for example, the average price for live broilers dropped from thirty to seventeen cents per pound. Reflecting these hard times, the number of growers on Delmarva also declined from approximately six thousand during World War II to about five thousand by the mid-1950s. Unless dramatic changes were introduced, there was a good chance that the number of growers would continue to decline. But if the farmer's risk factor could be significantly reduced and his cost efficiency increased, he would probably remain in the industry, would probably grow more broilers, and, most important, would buy more chicken feed.

Most of the older locally owned feed companies had begun as mills that ground local grain into flour. When commercially prepared bread and other baked goods became more available in grocery stores during the 1930s and 1940s, the market for locally produced flour declined dramatically. As a result, Cohn and Bock of Princess Anne didn't rebuild its flour mill when it was destroyed by fire in 1941, and Berlin Milling stopped grinding local wheat into flour by the late 1940s. In the face of

shrinking markets for their flour, Delmarva milling companies increasingly turned to mixing and selling their own chicken feed. As early as 1934, for example, both Cohn and Bock and Berlin Milling were producing their own brands of feed because middlings—a wheat milling by-product used in animal feeds—were available. However, other local milling companies were much later in mixing their own feed in the face of stiff competition from regional and national brands.

From 1941 to 1961, however, locally owned companies captured an increasing share of the Delmarva chicken feed market. They were aided by the fact that most national brands had to absorb the shipping costs of their feed from the Midwest where it was manufactured. By contrast, local mills could turn to local farmers for corn and soybeans. The increasing success of Peninsula companies was reflected in the decline in the presence of different regional and national feed dealerships on the Peninsula from 40 in 1945 to only 6 in 1960. A 1955 study of lower Delaware (Kent and Sussex) verifies this trend when it noted that "most of the broiler feed in the area is manufactured locally."



Feed mill built by Workmans near Georgetown, in mid-1960s, for their own broilers and for those raised by contracted growers. To the right of the feedmill is Elwood Workman's first home.



Acme processing plant, in Berlin, Maryland, one of the early poultry processing plants.

In the early years of the Delmarva broiler industry, one of the reasons that growers were generally successful in acquiring loans and credit for feed and other supplies from financial institutions was that the amount of money requested was very limited because the broiler operations were so small. Subsequent expansion in the size of individual growing operations, however, meant that a grower's loan and credit requests involved much larger sums of money. With banks and other lending agencies increasingly reluctant to meet the needs of many broiler farmers, self-interest caused the feed companies to become the prime credit institutions for Peninsula growers.

By the end of World War II, a few feed companies were using easy credit as the necessary carrot to

attach numbers of growers to themselves so that a large, more dependable market for their chicken feed would be guaranteed. During the late 1940s and early 1950s, regional and national giants such as Pillsbury, Quaker Oats, Ralston Purina, and Southern States Cooperative, as well as additional numbers of smaller, locally owned feed companies, attached to themselves a large number of growers through an evolving contract system.

The first contracts between feed dealers and growers were based on profit sharing. Credit was provided to the grower for the purchase of feed—by 1961 this represented 60 to 70 percent of the cost of raising a broiler—with the understanding that on the sale of his flock, the grower would reimburse the feed company for the cost of feed, for a charge for

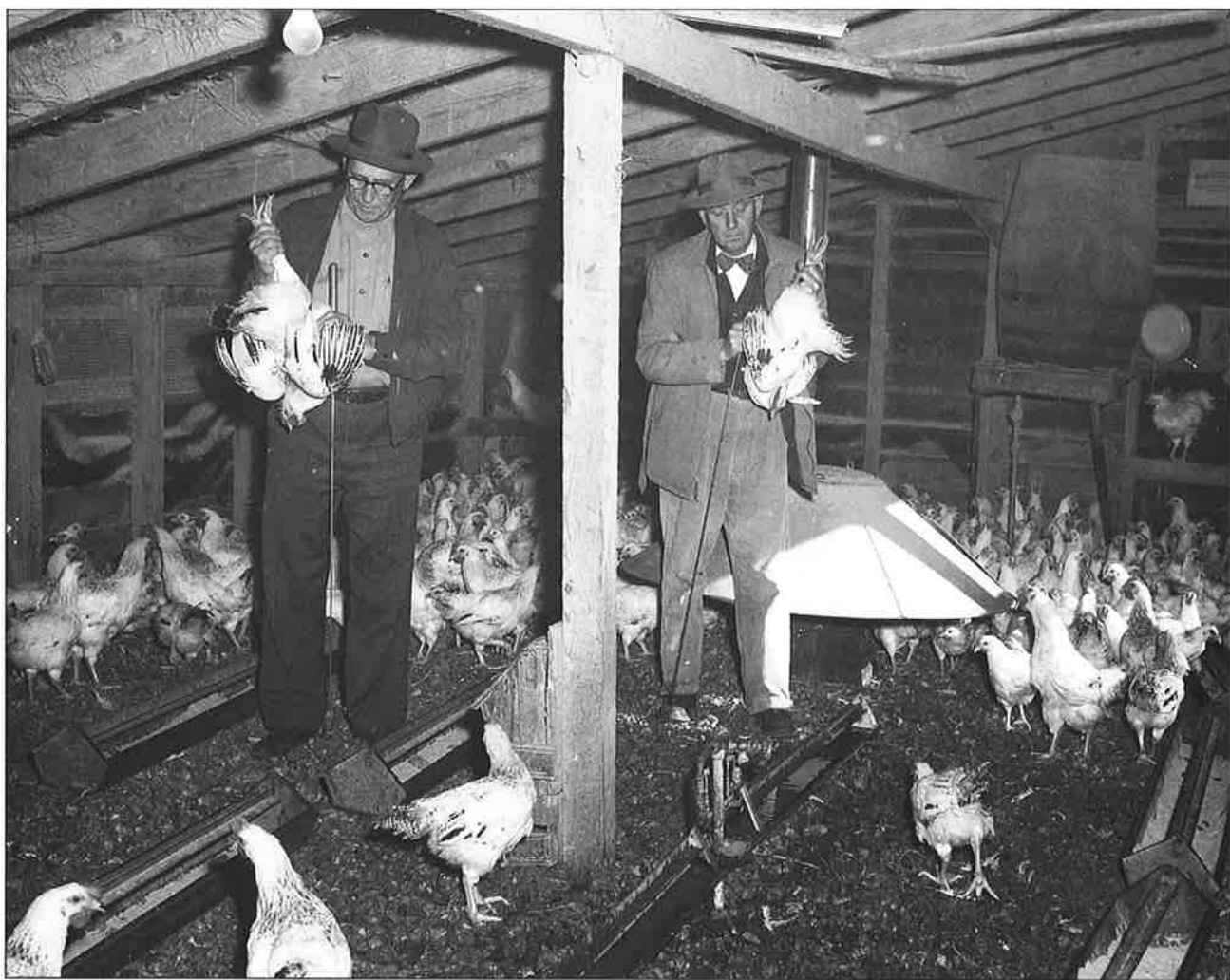
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using credit, and for one-third to one-fourth of the profit after the grower paid off all of his expenses. But growers were warned, in the widely read publication *Successful Broiler Growing* (1946), that credit from feed companies was "an expensive form of credit." (Hatcheries also offered credit to growers, but they played a far less significant role in this than feed companies.)

The nightmare that haunted most feed companies was that the uncertain broiler market and poor flock management would render growers unable to pay off their feed company debts. While there wasn't much that the feed companies and their dealers could do to alter the selling price of live chickens, feed companies could offer assistance to growers

through advice on flock management. At first, feed companies informally sent out servicemen to advise and consult with growers on the most efficient manner to raise broilers. But a dramatic change in contract relationships during the 1950s, which aimed at significantly reducing risks for growers and yet increasing profits for the feed companies, made the serviceman a very significant fixture in the lives of Delmarva's growers.

Although the specifics of the new contracts might vary in some details, the general principal was quite simple: the feed company would take on the risks formerly shouldered by the grower by supplying chicks, purchased from local hatcheries, as well as feed, fuel, litter, antibiotics, and a serviceman whose



Evert Cannon, spotter for Eastern Shore Poultry Growers Exchange on left, and Neland Street, spotter for Caroline Poultry, checking condition of birds in a grower's chicken house prior to auction of flock.

advice the grower was expected to heed. For his part, the farmer-grower provided the chicken houses, utilities, and labor. Because the feed company rather than the grower now owned the birds, it was the feed company that sold the birds to the processor. If there was a profit margin between the costs to the supplier (feed company) and the selling price of the flock, it was divided between the supplier and the grower. In addition, the farmer-grower usually received a guaranteed payment—in 1955 it was about forty dollars for every thousand broilers raised to maturity. There was also an extra incentive for the grower based on a feed conversion ratio. In short, the lower the amount of feed used in producing each pound of chicken, the greater the financial reward for the grower.

In most cases, these new contracts, like those that preceded them, were oral agreements rather than signed documents. The veneration of a man's word and handshake in sealing business agreements, a practice of trust that could be traced back to the Peninsula's agrarian roots, continued to be practiced in the broiler industry through the 1950s. In another way, however, broiler growers found themselves increasingly alienated from their past. By 1961, so many growers had signed the new contracts that there were only a few independent and semi-independent broiler farmers left on the Peninsula. The idealized yeoman farmer, who made his own decisions concerning the crops, livestock, and poultry that he raised had been replaced by the contract grower who was willing to sacrifice most of his independence for greater financial security. A study of the Delmarva broiler industry in 1960 pointed out that the condition of the grower was now so close to "hired man that some contracts explicitly state that the grower is not an employee," so that the feed company would not be "obligated to make social security payments on his behalf."

The advantage of the new contract relationship, however, where the feed company bore most of the risk, over the old one, where the grower was the risk taker, was obvious to Maryland farmer Linwood Shockley: "If you were on your own and you strike three or four low priced flocks in a row, you would lose everything." Ken Layfield of southeastern

Sussex, also agreed to the new contract relationship "because it was safer." It was no wonder that J. McKenny Willis, who owned a feed mill in Easton, remembers that "farmers were happy to sign [the new] grow-out contracts."

Perhaps the best previous example of the new contract relationship between feed company and grower was found in the eighteenth-century cottage industry of rural England, where merchants supplied raw materials to individual families who in turn produced cloth on their own spinning wheels and hand looms. The finished product was picked up and paid for by the merchant on a piecework basis. As with the feed company in its contract with growers, it was the merchant-entrepreneur who shouldered the financial risk. And like the cottage craftsmen of eighteenth-century England, Peninsula growers continued to take great pride in their finished product. Indeed, as one observer pointed out in 1960, Delmarvans "liked growing chickens, and this seemed to be a tradition of the region."

Because they now owned such large numbers of broilers, feed companies' profit margins depended on the price that the processors or their agents were willing to pay for live chickens. But if processors could continue such infuriating past practices as avoiding a bidding contest for chickens or waiting for as long as four or five weeks after their bids were accepted before finally paying for and picking up the live broilers, feed companies would be facing hard times. The answer, devised by the feed companies and other suppliers of live chickens, represents yet another pioneering innovation by the Peninsula's broiler industry that, subsequently, would be emulated in most other chicken-growing areas of the United States.

In 1951 a number of discontented feed company representatives and other suppliers of broilers met at a restaurant in Selbyville, Delaware, to discuss common problems that they all faced in selling their live birds. That meeting provided the momentum for the creation of the Eastern Shore Poultry Growers Exchange, which provided the Peninsula, from 1952-1969, with a broiler auction located in the Veterans of Foreign Wars' building in Selbyville Delaware. Here the forces of supply and demand had

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From 1952 to 1969, hundreds of millions of chickens were sold at the Eastern Shore Poultry Growers Exchange at Selbyville, Delaware. Local radio stations carried the auctions live on a daily basis. Auctioneer Carroll Long, left, worked with Jim Winchester, the Exchange's first manager.

Buyers of broilers at the Eastern Shore Poultry Growers Exchange in Selbyville. Buyers were representatives of processing plants or were brokers and haulers of poultry. The three Pepper brothers of H & H (Howard, Horace, and Homer) are in foreground.



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free rein; as many as twenty-nine processors and chicken brokers would bid against each other for the flocks owned by feed companies, hatcheries, and independent growers.

The Selbyville Exchange office opened at 8:00 a.m. on weekdays and was staffed by five women under the direction of Ken Layfield, who was the Exchange's manager from 1954 to 1969. Sellers (primarily feed companies) would call in the number of chickens in a flock, age, breed, and directions to the farm. The information was then typed up, duplicated, and made available to the buyers (processing companies and chicken brokers). Spotters were then sent out by the buyers to inspect individual flocks and to write up an evaluation report. The Exchange

also sent out spotters to file their own reports on the chickens for sale. Their reports would be used, if needed, to settle disputes between buyers and sellers.

Generally neither type of spotter arrived at the grower's farm until after 11:00 a.m. of the day that the seller's offer was received. The next day, back in Selbyville, the inspected flocks were auctioned off under the gavel of Harry Dukes, Jr., or his successor, Carroll Long. Auctions were held every day, Monday through Thursday beginning at 11:00 a.m. Because a large number of buyers were present, competitive bidding helped keep the price for chickens at a reasonable level. Also pleasing to the sellers (primarily feed companies) was the fact that the Exchange



Growers at the Eastern Shore Poultry Growers Exchange watch buyers, on the right, bid for chickens. The exchange required buyers to pay for chickens within five days of making the winning bid.

demanding that buyers pay for the broilers within five days of making the winning bid.

Buyers (processors) also liked the Exchange because it provided them with a less chaotic and more dependable supply of chickens without the added costs and risks of setting up their own stable of growers. If the markets in New York and in other urban centers were up, the Exchange provided the processors with plenty of chickens. But if the markets were down, the processors could simply stop buying and temporarily shut down their plants leaving the sellers holding the bag with the live broilers that the market didn't want. In short, the Exchange allowed the processors to continue to place most of the risk factor, created by volatile chicken prices, on the shoulders of the feed companies and other sellers of live broilers.

The auction in Selbyville also provided buyers with a better quality chicken because sellers learned quickly that buyers could be very discriminating and that producing a prime bird paid off with higher auction prices. It was no wonder that processor Milton Rabinowitz of Paramount Poultry in Harbeson was an early supporter of the Exchange and that a number of buyers as well as suppliers served on the Selbyville Exchange's board of directors.

Although some chickens were sold directly to buyers outside the Exchange, the vast majority of the Peninsula's broilers—between 65 and 75 percent in 1959—were sold at the Selbyville auction. So significant was the auction that satellite offices were set up in Denton and Pocomoke City, Maryland, and in Dover, Delaware, so that suppliers, by phone, could accept or reject bids made on the Selbyville floor. In addition, each auction was broadcast live on three Delmarva radio stations. By the time the Selbyville Exchange closed its doors in 1969, more than 800 million dollars worth of broilers were sold. The first president of the Exchange's board, Louis Shockley of Snow Hill, Maryland, called the Selbyville Exchange "one of the best-working tools ever developed in the history of our great poultry industry." The Exchange came to an end when the most important sellers of live chickens decided to build their own processing plants, and thus ended the need for the Selbyville auction.

The end of the Selbyville auction marked the beginning of a new era that would feature the rise of vertically integrated poultry companies in which the entire production process, beginning with the hatching eggs and, in some cases, even with the breeding flocks, and then moving all the way forward to the delivery of prepared chickens to wholesale and retail markets, was placed under one management. Partial vertical integration had begun in the 1940s with some feed companies and hatcheries gradually expanding the number of growers on contract. In addition, some feed companies acquired hatcheries and some hatcheries began to mix their own feed to complement their other broiler operations.

By 1959, twenty-six Delmarva companies were moving towards vertical integration. In six cases, partial integration combined a feed mill, hatchery, and broiler growing operations. Six other companies added breeder flocks to their hatchery, feed mill, and broiler-growing operations. In the latter six examples, only a processing plant was lacking for full vertical integration.

The move towards vertical integration was driven by the imperatives of the market place. Delmarva chicken was facing "extremely keen competition" from other broiler-producing sections of the United States. The competition grew out of the havoc wracked by the boll weevil in southern cotton-producing states and two consecutive crop failures in the apple orchards of northwest Arkansas in the late 1920s. In short, because large areas of the American South were experiencing an agricultural slump that was quite similar to Delmarva's hard times in the 1920s and the early 1930s, it isn't surprising that sections of Arkansas, Texas, Alabama, Georgia, and North Carolina chose the Delmarva path to economic salvation. As a result, normally conservative farmers and sharecroppers from those states revolutionized their lives by turning to broiler production.

The figures speak for themselves. Although broiler production on the Delmarva Peninsula increased in the 1950s, it was far behind the rate of increase experienced by other sections of the nation. In 1947, for example, the Peninsula accounted for some 32 percent of America's broilers but, by 1956, the figure was down to 12 percent. By contrast, the Georgia-

North Carolina-Alabama area moved up from 17 to 30 percent, and the Arkansas-Mississippi-Texas region increased its share of national broiler production from 10 to 19 percent over the same period.

The reason for the Peninsula's slower growth rate was quite obvious: production costs on Delmarva were higher than in other areas of the South. But according to broiler entrepreneur Ed Covell of Easton, vertical integration could bring production costs down by "wiping out a number of profit centers and allowing for better control over the quality of the bird." In 1957 Willard McAllister, extension marketing specialist for the University of Delaware, published a call for further vertical integration as a necessary response to the competitive challenges from other regions of the United States. The model that he may have had in mind was Townsends, Inc., located a few miles east of Millsboro, which had just become the first Delmarva firm to achieve full vertical integration.

John G. Townsend was a former Delaware Governor (1917-21) and U.S. senator (1929-1941). Although born and raised in northern Worcester County, Maryland, he moved to Selbyville in 1894. By the 1930s, Senator Townsend was one of the Peninsula's most successful agribusiness figures, with extensive holdings that included crop land, orchards, timber tracts, a cannery, and a bank. One characteristic of his business style was to discover capable young men with good business ideas and then back them financially. In short, Senator Townsend supplied the equity and his younger partners provided the sweat.

In 1936, Senator Townsend's youngest son, Preston, was managing his family's orchards a few miles east of Millsboro, when he and the Senator were approached by a local farmer, Wilford Revel, who requested financial backing to build some chicken houses. The Townsends agreed to do this in return for part of the profits from broiler sales. Revel was very successful and the Townsends were surprised by the substantial returns on their investment.

Preston Townsend had gained some knowledge of commercial poultry production while a student at the University of Delaware. He also knew that late freezes and the possibility of a blight made fruit-

growing a very risky business. Wary about the insecurities of orchard agriculture and impressed by the financial success of Wilford Revel, Preston talked his father into entering the broiler business. For the next two years Preston Townsend busied himself setting up contracts with local growers. In 1938 the business named Townsends became incorporated, built its first hatchery in 1939, and acquired several poultry breeding farms in Maine and New Hampshire two years later. By 1940 Townsends, Inc., was growing chickens on its own lands and, in 1945, built its own feed mill. Much of the grain for the feed mill would be grown on Townsends' former orchard lands. In 1951, Townsends erected the first mill on the Peninsula to process soybeans so that they could be mixed into chicken feed. This was important because locally grown soybeans could now replace the more expensive processed soybeans that had been shipped in from the Midwest.

The lack of a chicken processing plant, however, stood in the way of full vertical integration. Back in 1938 Senator Townsend had briefly operated a chicken processing plant in Selbyville but abandoned the effort when it proved unprofitable. Despite this earlier failure, Townsends closed the circle, in 1956, by



Preston Townsend

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beginning construction of its own chicken processing plant east of Millsboro. By 1959, approximately 13 million processed broilers were annually shipped to market from this facility. Although Townsends wasn't the first American poultry company to com-

plete the process of vertical integration—Jesse Jewell's operation in Georgia, in 1954, was the pioneer—it was the first on Delmarva to catch the broiler industry's wave of the future.



In the early 1950s, prior to the use of fans for ventilation, growers used a variety of ways to provide “natural ventilation.” Here large panels are being removed to allow greater air movement.