

THE WHOLESALE FRUIT AND VEGETABLE MARKETS OF NEW YORK CITY

A Special Report

BY THE BUREAU OF AGRICULTURAL ECONOMICS AND
THE AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE



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THE WHOLESALE FRUIT AND VEGETABLE MARKETS OF NEW YORK CITY

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In connection with the study on which this report is based the United States Department of Agriculture had the assistance and suggestions of representatives of the New York State Department of Agriculture and Markets, the State Agricultural Colleges of New York and New Jersey, the Port of New York Authority, the New York City Departments of Markets and Docks, the City Planning Commission, and the Interstate Commerce Commission. Several conferences were held in which the representatives of these agencies gave their views on the existing situation in the New York market, made available the information they already possessed, and rendered any assistance they could, to the end that this study might lead to definite results that would bring some satisfactory and worth-while improvements in the methods of distribution. The Department of Agriculture, however, takes full responsibility for this report and the conclusions it contains.

The Department wishes to express its appreciation to the trade organizations in the New York market, to representatives of the railroads and trucking companies, farm leaders, the auction companies, wholesalers, jobbers, and retailers, and to the chain stores for making available certain data and for giving valuable information and suggestions. All of these individuals and agencies have given excellent cooperation as have the trade press and many other interests that are concerned with the fruit and vegetable industry.

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Foreword

This report points out some ways to reduce the cost of distributing fresh fruits and vegetables in New York City. The present bill for getting fresh fruits and vegetables from the city limits to the retail stores in New York or to trucks of out-of-town buyers is about \$42,000,000 a year. This report submits ways of reducing that annual bill by about \$8,500,000.

Some of these savings would accrue to the consumers of Greater New York, some to the wholesale and retail trade, some to the transportation agencies, and some to the growers who supply that market from farms in more than 40 States.

The Department of Agriculture has made this study, as it has made similar studies in other important consuming centers, because it is necessarily concerned with the economical distribution of farm products. Efficient distribution is important to consumers who should be able to get these protective foods in the best possible condition, to dealers who are engaged in moving the products from producers to consumers, and to the growers. High distribution costs in any large city, and especially New York, press back upon the producing areas clear across the continent.

The man in the street often asks why he must pay a dollar for fruits and vegetables which brought only about 30 cents on the farm, and the farmer asks with equally good reason why he receives only 30 cents out of the consumer's dollar paid for these products. They are puzzled by the fact that the share of the consumer's dollar that goes to meet distribution charges has increased while the share that goes to the producer has declined.

One answer may be that we have not attacked distribution as intelligently as we have attacked production. For generations the Department of Agriculture and many other agencies, public and private, have been dissecting the production process and discovering where detailed improvements could be made, little by little. And for generations improvements have been made, item by item, until the total result is impressive.

It will not do much good merely to bemoan high distribution costs and then wait for panaceas. We shall have to attack distribution as scientifically and as persistently as we have attacked farm production for 75 years. We must dissect the distributive process, commodity by commodity, step by step, to find out what detailed improvements can be made. That is what this report attempts to do for the wholesale handling of fruits and vegetables in the Nation's largest consuming center. It is believed that its

conclusions and recommendations point the way toward a sane and reasonable attack on distribution costs in that part of the marketing channel with which this report deals.

A report like this, however, can only suggest necessary changes. It cannot accomplish them. That is the hardest job of all. The economic interests of scores of agencies are involved. The interests of growers, railroad companies, truckers, labor organizations, wholesalers, jobbers, retailers, property owners, and consumers do not automatically coincide. For this reason real effort will be required to reconcile these interests to the end that a sound market-improvement program can be put into effect.

Nevertheless, it remains true that in a few cities the attack on costs of distribution has been made, and is succeeding. The first essential, in New York as elsewhere, is that the economic groups most involved agree upon a practicable plan and program, and enlist for the duration.

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FIGURE 1.—WASHINGTON STREET FRUIT AND VEGETABLE MARKET, NEW YORK CITY.

In 12 blocks along this narrow canyon, and on the piers along the river to the right, is handled three-fourths of the fruit and vegetable supply of New York City. Since most of the business is transacted at night, this daylight picture does not show the congestion caused by thousands of trucks crowding into the area. Fruits and vegetables are handled mostly at street level, so the upper floors of these buildings are little used.

APPENDIX

Location for the New Wholesale Live Poultry Terminal

In considering the possibilities for a location of a central fruit and vegetable market in New York, it is interesting to note the adoption in February 1940 by the Board of Estimate of the city of New York of a site for a wholesale live poultry terminal at the western end of Long Island on Newtown Creek. The recommendation of the City Planning Commission²⁰ regarding that site reads in part as follows:

. . . The purpose of this proposed project is to provide a union terminal for the wholesaling of live poultry where all of the live-poultry activities of the City would be concentrated. At present such activities are conducted partly at the West Sixtieth Street Yards of the New York Central Railroad, in Manhattan, at the City's West Washington Market, in Manhattan, and at other places throughout the City where independent dealers receive direct shipments, mostly by truck.

These activities, as described by the Commissioner of Markets, are at present disorganized, undirected, and uncontrolled and the business is the prey of many factions which seek a questionable livelihood through profiteering and chiseling. . . .

. . . The Commissioner of Markets, in a communication, dated September 19, 1939, requested the City Planning Commission to hold a hearing on the selection of a site for the proposed market and submitted two areas which had been given particular study by the Department of Markets, one located in the yards of the New York Central Railroad at

about West Sixtieth street, in Manhattan, and the other on the north side of Newtown Creek, west of Dutch Kills Creek, consisting of the southerly part of the yards of the Long Island Railroad, in Long Island City, Queens.

It would be necessary, under existing conditions, for all poultry arriving by rail from the South and West to be floated to the Long Island Railroad float-bridge near the proposed market site. In the case of the railroads with terminals in New Jersey, there is not a physical connection by bridge or tunnel. It is possible for New York Central freight to reach the Long Island site by an all-rail movement via the Port Morris Branch through the Bronx and the Hell Gate Bridge. The barrier in this case is not physical. Freight is not now handled in this way because joint rates between the Long Island and the New York Central do not apply via Hell Gate Bridge, except by a stipulation of the Interstate Commerce Commission that the route can be established under emergency conditions.

Since most of the live poultry now arriving by rail comes to West Sixtieth Street direct without floating, and most of it would have to be floated to the Long Island site if a terminal were established there, this was held to be a serious objection to the latter location. Extremely bad weather, especially in winter, interferes with harbor operations, causing delays in floating freight. There are differences of opinion as to how serious this might be. From the facts brought out it seems clear that there are times when weather conditions delay car floatings and would be harmful to live poultry. In this connection, a suggestion by Mr. Hedden of the Bureau of Commerce, Port of New York Authority, seemed most pertinent. Declaring that the disabilities of the car-float route to the Long Island City site are largely confined to the extreme winter months, he suggested that these might be overcome if the alter-

²⁰ CITY PLANNING COMMISSION. ADOPTION OF AN AREA ON THE NORTH SIDE OF NEWTOWN CREEK, WEST OF DUTCH KILLS CREEK, WITHIN THE FREIGHT YARD OF THE LONG ISLAND RAILROAD COMPANY, BOROUGH OF QUEENS, AS THE SITE WHERE THE PROPOSED WHOLESALE LIVE POULTRY TERMINAL IS RECOMMENDED TO BE LOCATED, AS A PART OF THE MASTER PLAN.

native Hell Gate Bridge route be made available during this season. He advised that any lease arrangement made by the market authorities with either railroad embody a stipulation that the terminal railroad handle connecting line freight to the poultry terminal from float bridges "or other points of interchange at a stipulated switching rate sufficiently low as not to shut out other carriers."

In considering this aspect of the proposed live-poultry market the Commission has been made acutely aware of the disadvantages to consumers arising from the present competitive railroad conditions in handling the necessities of live as well as all kinds of goods in New York City. Because of its monopoly of certain rail facilities in Manhattan, the New York Central Railroad now and for many years has enjoyed a virtual monopoly of that part of the live poultry freight arriving by rail. This has undoubtedly contributed to the diversion of a large part of this business away from the railroads to motortrucks.

To establish a union terminal in Long Island City would not, to the same degree, create a rail monopoly for the Pennsylvania Railroad, since such a terminal would be open to all railroads on the same terms. Yet it would seem that every effort should be made by the market authorities to attempt to equalize conditions as nearly as possible. Certainly some such provision as that suggested by the representative of the Port Authority should be made to assure rail deliveries by the New York Central via Hell Gate Bridge, in case the Long Island City site be selected by the City. This seems necessary to meet emergency conditions in the harbor during extreme winter weather, but a similar arrangement might be made to serve at all times if it actually reduces the time and costs of handling that part of the live poultry coming into the City over the New York Central Lines. Surely the railroads have a common interest in reducing costs to consumers and in preventing the further diversion of business to trucks. The authorities are apparently in agreement that poultry arriving from long distances is in better condition if transported by rail, yet it has been shown that 65 percent of the poultry sold in New York is now brought here by truck.

That the railroads can recover any considerable part of this business in the near future is doubted. At any rate it is necessary, in establishing a live poultry terminal, to provide for trucks which bring in 65 percent of the poultry, and for the many more trucks required in the distribution of the poultry after it arrives at the wholesale market. To accommodate this large amount of trucking, as well as the handling of poultry from freight cars, considerable space is required. In this respect the larger area in Long Island presents obvious advantages. The new facilities to be constructed

should be so arranged as to expedite all the market handling. Since most of the poultry arriving by truck now comes from New Jersey and the south there is some advantage to them in the West Sixtieth Street location, but this is more than discounted, in the view of the Commission, by the fact that most of the slaughterhouses and the actual consumers of live poultry are in Brooklyn and Queens. Those in the Bronx are about equidistant from either site, as are those in Richmond; and since most of the slaughterhouses and retailers in Manhattan are on the east side of that Borough many of them can be reached from Long Island City as readily as from West Sixtieth Street. All of this trucking will be expedited by use of the Queens Midtown Tunnel, to be completed in 1940.

Freight should be carried as near to the centre of the area of distribution as possible before breaking bulk. The Queens site is near the centre of the entire area served and, as has been shown, of the 300 poultry slaughterhouses in the city, 190 are in Brooklyn and Queens, and 50 in The Bronx and Richmond. The Long Island site is also near the population center of the city. . . .

At present 85 percent of the live poultry arriving by truck comes from the south and west and most of it now goes to the West Washington market. For most of this incoming truck traffic the Long Island site is approximately 4 miles farther than the West Sixtieth Street site. For trucks from New England and Long Island the haul is shorter and quicker. For the more numerous wholesaler trucks engaged in distributing the poultry the more centrally located Long Island site shows a marked advantage. It is about 7 miles from the South Bronx to the West Sixtieth Street site, and about an equal distance to the Queens location. The latter is about 4 miles closer to Brooklyn. The actual centre of all the slaughterhouses in the city lies 1.7 miles south and slightly east of the Long Island site and 4.7 miles southeasterly from the West Sixtieth Street site, a difference of 3 miles in favor of the former. The saving due to the shorter haul by wholesaler trucks should be considerable. Any higher costs on incoming poultry, by rail or trucks, would be absorbed by the railroads or by the consigner or shipper. Freight rates for rail deliveries are the same in all parts of the district.

. . . A report, dated June 1, 1939, from the Acting Director of the Bureau of Food and Drugs to the Commissioner of Health, contains the following statements:

. . . The proposal made relative to the railroad property in Long Island City known as the "Sunnyside Yards" seems to be more suitable for the kind of operations as I have proposed since the trend of apartment-house construction in that area is very

remote. In general, the whole area surrounding the "Sunnyside Yards" is exclusively "industrial," and because of the large amount of vacant space in that area, there is ample opportunity for expanding in anticipation of the next 50 years' progress in the poultry industry. . . .

. . . There are larger interests that transcend those of any group. The primary interest is that of the general public, and the consumers of the products to be handled at this proposed terminal. These consumers are entitled to the benefits that will come from a more efficient, economical, and well-regulated market. Producers and shippers have a right to share in any such benefits, as have all railroads and other transportation services.

After considering all the facts and arguments presented to it, the City Planning Commission, pursuant to section 197a of the New York City Charter, hereby approves and adopts, as a site for a

proposed wholesale live-poultry terminal, the area bounded by Dutch Kills Creek, Newtown Creek and the yards of the Long Island Railroad Co., in Queens Borough. This site hereby constitutes a part of the Master Plan. Should this site be designated by the Board of Estimate as the site for a wholesale live-poultry terminal, it is suggested that the Department of Markets or the agency entering into contracts for setting up such a market on this site, incorporate in any lease arrangement with the railroads concerned a stipulation that the terminal railroad shall handle connecting-line freight to the live poultry terminal from floatbridges or other points of interchange at a specified switching rate sufficiently low as not to exclude other carriers; also, that adequate provisions be made for ready access for trucks and other automobiles, other than the single entrance indicated on the tentative plans submitted to the Commission.

