

Workings of the Livestock Exchange

North Portland Is Best Stock Market In Northwest

It has frequently been stated that one of the reasons why congresses and state legislatures so often get up propositions that threaten the best system of marketing live stock ever yet devised is because our law makers and country savers have a wrong understanding of the organization and purposes of a live stock exchange. As a result of recent proposed action against trade exchanges the secretary of the National Live Stock Exchange was asked by congressmen and senators to prepare a statement of organization and purposes of live stock exchanges. Secretary Heinemann, of the National, in collaboration with Mr. Everett Brown, president of the Chicago Live Stock Exchange, has prepared the following statement descriptive of the purposes and working of live stock exchanges which should correct the mistaken idea that a live stock exchange is an institution that deals in futures and juggles live stock prices in its sessions. The statement is given in full herewith and should be laid away for frequent reading:

Commission Men

The live stock commission men selling live stock at the open markets throughout the country act as the personal agent or representative of the live stock producers. They perhaps perform more actual labor in connection with the handling of live stock shipments than is the case with any other commodity marketed. As statistics show, the small sums paid them for commission represents the lowest commission on any commodity sold through brokers or commission men on which a brokerage fee or commission charge is fixed. The commission man must furnish his patrons with personal market advice letters and subscribe at his expense to market papers furnished gratis to such patrons. The incoming shipments must be traced to insure prompt delivery, and after arrival, the shipments are unloaded, sorted, yarded, fed and watered before being offered for sale, so that they will present the best possible appearance. After negotiating with the various competitive buyers, the stock is weighed up, amount of sale collected and remitted to the customer, and where the animals are to be reshipped, cars must be ordered for loading and the stock delivered to the loading pens from the sales division, and when cars are placed, the commission men perform the loading service.

Claims for loss, damage and overcharge are handled in behalf of the patron by the commission man and at his expense. The commission men of the country are by far the largest factors engaged in financing and increasing the production of live stock by advancing their own money to reliable feeders or by enforcement of loans to such feeders made by banks.

Exchanges

The live stock exchange is a voluntary association organized for the

purpose of furnishing to its members a convenient and suitable place to transact exchange business but not the business of the individual members of promoting uniformity in the customs and usages of live stock commission merchants, of inculcating principles of justice and equity in trade, of facilitating the speedy adjustment of business disputes, of acquiring and disseminating valuable commercial and economic information, and generally of securing to its members the benefits of cooperation in the furtherance of their legitimate pursuits.

In the exercise of its functions it does not engage in business nor is it organized for profit; it buys and sells no live stock and has no financial interest in the business transacted between its members. It has nothing to do with the prices paid or received for live stock bought and sold by its members, the prices being controlled or influenced by supply, demand and competition.

Among the work undertaken by the live stock exchanges may be mentioned the following:

1. Adoption and enforcement of rigid rules and severe penalties, thus forcing out unfair and unscrupulous dealers.
2. Adoption and enforcement of rules prohibiting cruelty to, or beating of animals marketed, thus avoiding losses by reason of bruised or crippled animals.
3. Adoption of trading rules governing marketing transactions, thus assuring a clear title to live stock sold, making the commission man personally responsible for sales made.
4. Adoption of rules which permit every owner to sell his own stock when desired, or go upon the market for the purpose of buying such stock as he needs, thus preventing any possible discrimination or monopoly.
5. Adoption and enforcement of rules preventing and forbidding favoritism to shippers, so that the small shipper is accorded the same privileges and enjoys the same benefits as the larger ones.
6. Adoption and enforcement of rules forbidding the sale of stock from one member to another of the same firm, for the purpose of depriving market patrons of the full selling price.
7. Maintenance of a Court of Appeals, to which any patron may apply without expense to himself or without requiring attorneys, the committee affording justice to all concerned after a full and complete hearing.
8. Adoption of rules establishing and supervising the dockage on hogs, which rules have effected a saving of millions of dollars for shippers by doing away with the former ruinous and unfair methods, and thus forbidding the buyer to dock as he deems best.
9. By providing a central office for handling general matters, duplication of expenses is avoided and economies are effected to the benefit of both patrons and commission concerns.
10. The local and national exchanges have instituted or intervened in every case before the Interstate Commerce Commission in recent years in assisting the live stock shippers to obtain fair and proper rate adjustments and have thus succeeded in saving thousands of dollars for such shippers without additional profit to themselves.
11. Appointment of special com-

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- mittees who constantly strive for improved train service to and from all markets, and this committee may be credited with having participated in every important improvement in train service to the open markets.
12. By subjecting all transactions to the scrutiny of appointed committees, questionable methods are reduced to a minimum and transgressors are brought to justice in a manner calculated to discourage repetition.
 13. By keeping in touch with proposed legislative matters, state and national, the exchange endeavors to encourage legislation of a remedial character for the purpose of advancing, promoting and protecting the live stock industry.
 14. By establishment of rules controlling soliciting, they have done away with the former practice of inexperienced solicitors misrepresenting market conditions, the rules requiring that solicitors shall spend sufficient time in the markets to familiarize themselves with actual conditions.
 15. The establishment and enforcement of uniform commission charges on the lowest possible basis prevents discrimination between large and small shippers, and eliminates temptation, present under the old practice, whereby little or no commission would be charged, but where returns were not always made in full.
 16. By investigating the character of members prior to their admittance to the exchange, the personal standing is of the highest, as only men of good, solid business integrity and unquestionable financial responsibility are admitted, and by the same token all crooked or dishonest applicants are denied admission.
 17. By the concerted action of the commission men, packers were prevented from buying animals subject to post-mortem examination, this same action preventing a destruction of the great cash market, and the substitution of a credit market in lieu thereof.
 18. Having forbidden or prevented unfair post-mortem rule, the commission men are now spending thousands of dollars in a national campaign for the eradication of diseases.
 19. The enforcement of the marketing rules placing the marketing of live stock upon a higher plane than that of any other commodity. Every sale is an actual sale and

every transaction is a sale for cash, the proceeds returning to the shipper on the date of the sale. At the larger markets cash sales of from one to two million dollars are made daily.

20. The gradual evolution of marketing conditions under the guidance and supervision of live stock exchanges has resulted in such marked and beneficial changes in conditions that the market patrons rarely deem it necessary to accompany their shipments to market except where other business is to be transacted after their arrival there.

Special attention should be given to the fact that the live stock commission merchants deal only in a cash commodity and that the live stock exchanges of the United States should not be classed with the exchanges that deal in futures, options and other speculative transactions. All sales of live stock in all of the markets in the United States are made strictly for cash, and over 95 per cent of these cash sales are paid for by the buyer in cash inside of five hours after the actual sale is made.

Promotion of the Live Stock Industry.

The live stock commission men in the ten or twelve largest live stock markets in the country do more to encourage increased production and the extensive feeding of live stock than any one interest in the United States. The commission man not only loans his own money, but endorses his name on millions of dollars of commercial paper for feeding cattle and hogs that could not be bought by the smaller farmer or renter in the country unless a commission man would stand back of the financial end of the transaction.

The financing of cattle feeding and the loans that are now known as "cattle paper" in all the great banks of the country not only stimulate the feeding of cattle, but make it possible. This method of financing is peculiar only to the live stock industry, as the grain men do not have to loan money to the smaller farmers and feeders to enable them to carry on business, where the live stock commission man often undertakes risks in loaning this money, and in many instances has sustained severe losses. It is self-evident at this time that when our President and the entire Government are encouraging increased production, that this branch of the business should receive every possible encouragement.

The Portland Live Stock Exchange is the only branch exchange west of St. Paul or Denver.

Commission Charges for Expert Services

Live stock commission merchants charge only a modest fee; in return they give to the seller a remarkably efficient service in disposing of his live stock offerings to the best of advantage. The average charge is less than one per cent of sales, out of which they must pay their advertising, labor, office expense, etc.

Commission charges at the Portland Union Stock Yards according to the rules of the Portland Live Stock Exchange, follow:

- Single Animals**
Cattle, 60 cents per head.
Calves, 30 cents per head.
Hogs, 20 cents per head.

Growth of Cattle Industry in Central Oregon

By T. H. Lafollette

The growing of cattle is the principal live stock industry of Central Oregon and no doubt will continue to be. The country was first stocked at the time it was settled in the sixties by cattle from the Willamette Valley.

At that time the farmers were plowing up many of their pastures in the Willamette Valley to grow more wheat and the surplus stock was driven across the mountains. This first stock was mostly of fair grade of cattle, many of them carrying Short Horn blood.

Some registered bulls were turned

onto the range which was well adapted to this industry.

For many years but little hay was provided and the losses were comparatively light. There were but few fences and the low lands along the streams were excellent grazing grounds during the severe weather in winter.

The abundant rye grass, greasewood and other natural feed along the streams and the sweet sage and knee-deep bunch grass on the benches usually were sufficient to bring stock through in good condition.

At least once in those early days all the steers on the Crooked River range were sold for beef in February. They were driven to The Dalles early in March and shipped to Portland and Seattle. Usually buyers would collect their herds early in the fall and drive down into the Sacramento Valley to supply the San Francisco market.

From 1872 to 1880 the prevailing prices were \$20 per head for four-year-old steers and \$15 for three-year-olds; two-year-olds they did not want.

If a steer was not good beef they would not take him. During those times a good cow with calf by her side sold at \$10 per head. That was the usual price. From 1880 to the present time prices have been fluctuating but steadily advancing.

As the range failed and the bottom lands were fenced it became necessary to provide more feed for winter until now but few cattle are left to find their living on the range all winter.

Losses are greatly reduced and the business is on a more substantial basis. Fenced pastures for early spring and fall are common and allotments of grazing privileges on forest reserves with reasonable government regulation assures summer range sufficient.

Along with improved methods of grazing and wintering has come improvement in breeding.

New blood of several of the best beef breeds is constantly being introduced. Many high priced bulls are brought in every year. Some excellent pure bred females also are frequently added to the pure bred herds. This is making a marked effect on the stock of the country.

The acreage devoted to forage crops, especially alfalfa, is rapidly increasing. There is also a large and steady increase in grain crops. This has led to the feeding of cattle for market until now some of our cattlemen are second to none in that occupation. The Central Oregon steer, and especially the Prineville steer, is noted all over the west and very often tops the market.

The future for the cattle business is full of promise. Prices are sure to be very good for many years. The shortage of cattle stock in all parts of the world insures this.

Lower rates of interest, improved facilities for obtaining needed capital, better marketing conditions and steadily increasing transportation facilities, all contribute to this end.

- Sheep, 20 cents per head.
- Single-Deck Carloads.**
(Unmixed)
Cattle, minimum \$12, maximum \$15.
Calves, minimum \$12, maximum \$15.
Hogs, minimum \$10, maximum \$10.
Sheep, minimum \$10, maximum \$10.
- Double-Deck Carloads.**
(Unmixed)
Calves, minimum \$18, maximum \$21.
Hogs, minimum \$15, maximum \$15.
Sheep, minimum \$15, maximum \$15.
- Mixed Stock in Carloads.**
Cattle, per head 60 cents; maximum \$15.
Calves, per head 30 cents; maximum, single deck \$15, double deck \$21.
Hogs, per head 20 cents; maximum (single deck) \$10.
Hogs, per head 20 cents; maximum (double deck) \$15.
Sheep, per head 20 cents; maximum (single deck) \$10.
Sheep, per head 20 cents; maximum (double deck) \$15.
- Less Than Carloads.**
(Unmixed)
Cattle, less than 12 head, \$1 per head.
Calves, less than 24 head, 50 cents per head.
Hogs, less than 25 head, 40 cents per head.
Sheep, less than 50 head, 20 cents per head.
- Cars With More Than One Owner.**
The single animal rates govern. No more than the maximum charge is charged anyone owner. The total maximum charge for each car of cattle, hogs or sheep shall not be more than \$15 in any case.
- Commission for Purchasing Live Stock**
- SINGLE ANIMALS**
Cattle, 50 cents per head.
Sheep, 20 cents per head.
- CARLOADS.**
Cattle, minimum \$10, maximum \$12.
Sheep, single decks, minimum \$8, maximum \$10.
Sheep, double decks, minimum \$12, maximum \$15.
Hogs as per agreement.
- ENLIST** the services of The Journal Job department if you are in need of anything in the printing line.

A Group of White Faces in the Yards

