

AMERICA, EUROPE, AUSTRALIA, HAWAII, ORIENT, BIG TRADE FIELDS

Panama Canal to Be Big Factor in Northwest Trade

Direct Advantages of Waterway in Intercoastal and Foreign Commerce Stimulated.

By E. W. Wright, Manager Merchants' Exchange.

THE Panama Canal as a new highway for the world's trade, offered facilities for shipping less than six months ago, and even now has hardly begun running smoothly on its bearings. Even with the delays that must necessarily attend the launching of such a gigantic enterprise, and the further handicap of a trade-strengthening world war, the canal has already demonstrated its great value to the commerce of the Pacific Coast, especially the North Pacific States. The great Columbia Basin with an area of more than 200,000 square miles and in which Portland is the financial and commercial headquarters of an immense producer of "long-haul" freight, and wherever the ocean carrier has an opportunity for "long-haul" business, we find the charge per-ton-per-mile at the lowest limits.

The bulk of the traffic which we produce in this vast region always has been, and for some years, possibly decades, will continue to be, in grain and grain products. Practically all of the surplus of these two great staples finds a market several thousand miles distant, and the markets which supply the demand are all brought much nearer by the Panama Canal, with every assurance that freight rates will be reduced in keeping with the decreased distance which the products must be carried.

The present war is so absolutely without precedent that it is impossible to estimate accurately the effect it is having on freights through the Panama Canal. We know that the war, and the millions of tons of shipping from the world's commerce has enabled the ships remaining in service to exact from one-third to one-half more for grain freights to Europe than they could secure last season before the canal was finished and their route to Europe shortened. It may be regarded as a certainty that if the canal was still unfinished, and our grain exports again forced to take the long route around the Horn or through the Straits of Magellan, subject to heavy war risks and possible declines in the market while the long journey was being made, rates would be still higher and tonnage still more difficult to obtain.

Freight Rates Reduced.
Pending the declaration of peace, with the attendant releasing of much needed tonnage now informed or doing transport duty, the rates will be determined in dollars and cents at the advantage that the canal will confer on us in the foreign trade. In the trade between the two coasts of the United States, the rates are being reduced, direct, tangible and satisfactory. Wool, salmon, fruit, hops, grain, flour and other great staples that have been a real headache to shippers, and which have been moving through the canal since early in August, at rates so far below the old rates that there has been a real saving of immediate cash to shippers, producers and consumers. One of our greatest staples, lumber, has not participated in this saving to the same extent as the other commodities, but the rates are far enough below those possible on the railroads to attract some business in new territory.

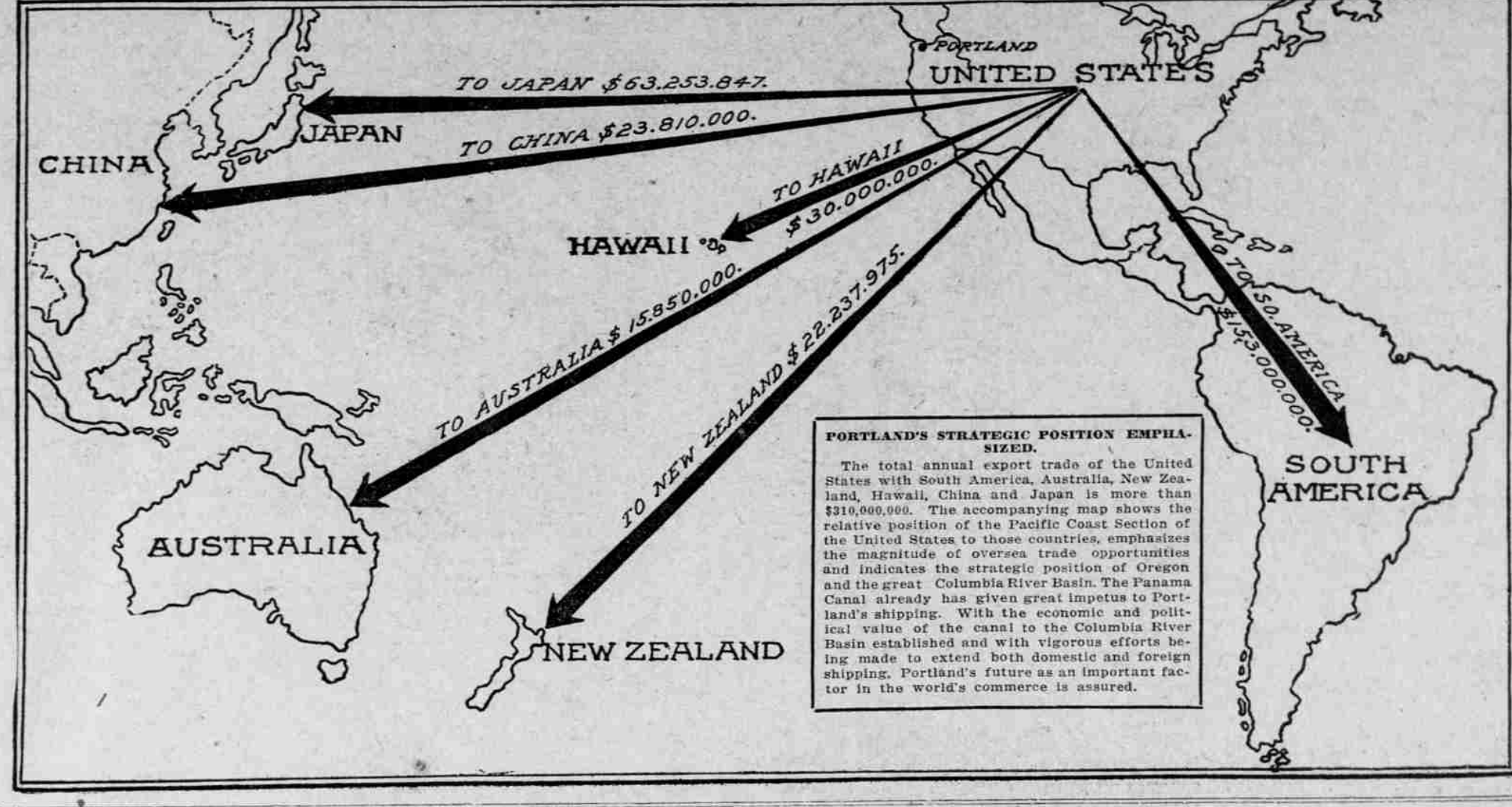
The business eye already has been noticeable throughout the country for the past year has affected the demand for lumber to such an extent that it is not only in the hands of the lumbermen, but may be made in the marketing of this great staple in the East and Middle West. Along the Atlantic seaboard, the rates are being reduced, and it may be possible to place large quantities of Oregon and Washington lumber at remunerative prices as soon as normal business conditions are restored. The business that is needed, however, and which we are already receiving, is expected to bring in range of our lumbermen, is that lying between the Missouri River and the Atlantic seaboard. To get into that field on an extensive scale it will be necessary that the steamships make a low enough rate through the canal to admit of the railroads hauling the lumber far inland from the Atlantic coast ports at which it is discharged.

Cheap Ships Needed.
While it may be regarded as an assured fact that a return of prosperity in the eastern states will be followed by a greatly increased demand for the Pacific Coast lumber, the manufacturers on the American side of the line are at present under a slight disadvantage as compared with the Canadian side. The latter with cheap ships, cheap crews and cheaply manufactured lumber, can land their product on the Atlantic seaboard at lower rates than can the American shipper. This is a condition that can be met by adopting the same policies that have proved so successful in making the Canadian lumber the greatest in the world. These policies have been adopted and followed with remarkable success by Germany, Norway, Sweden and other countries of lesser importance, and the United States today is the only country of any importance on the face of the earth, that, in the face of the most strenuous foreign competition with cheap ships such as are used by our competitors.

Eventually, when we are through fighting with either direct or indirect, or in the guise of free tolls, and the (alleged) "free" ship measure that gives American registry to foreign ships, but forbids them being operated in the coastwise trade where they are needed occasionally, we will secure a bona fide free ship bill unhampered with any more restrictions than those now thrown around the foreign ship-owners who are in the carrying trade as a business proposition and neither ask or expect government favors. When we are through with the abundance of tonnage there will be an immense business between the two coasts of the United States and the American flag will no longer be a rare sight on the light seas.

Railroads Are Affected.
That the Panama Canal has seriously affected the earnings of the transcontinental railroads is a fact too plain to escape notice, and despite the fact that the producers of the Pacific Northwest have profited by the loss that the railroads have suffered it is regrettable that our wonderful country has not yet reached a stage of development where local business would make the necessary readjustment of conditions less expensive for the railroads, which are sadly in need of revenue at the present time.

It has been demonstrated repeatedly that no locality, state or nation can prosper unless the railroads serving it are prosperous. It is accordingly very necessary that the roads that have made possible the wonderful development of our country, be given every assistance in developing the territory which they must continue to serve re-



New Zealand and Australia Trade Fields Enormous

Program Providing for Large Scale Connections and Work of Trade Embassies, Suggested.

By H. E. Pennell, Vice-President St. Johns Lumber Company.

RELATIVE to Oregon's opportunities for trade to Australia and New Zealand, in my opinion, are present opportunities equal any of our Pacific Coast states and, for some commodities, better than the Atlantic coast states, although passage through the Panama Canal will open up more direct over-sea communication to Australia and New Zealand than has heretofore been enjoyed from the Atlantic Coast. Our export trade from Oregon to the colonies thus far has been confined mainly to rough lumber, and while this is a market which our manufacturers have been glad to avail themselves of, it has carried with it many restrictions mitigating against the justifiable and fair profits to which they should be entitled.

Australia is well advanced in the science of self-protection, and restrictive duties are imposed on all imports which interfere with home industry. Their tariff is so arranged that certain dimensions of lumber are admitted at less than the normal rate, but the dimensions, this being done as much of the lumber received from us is manufactured. Worked and surfaced lumber is barred by heavy import duty and thus our lumber manufacturers are limited in these markets to a portion of their product only, and there is not, as might be supposed by the general public, an opportunity to market our full line in this trade. Australia and New Zealand both have timber of their own and their lumbermen are very much on the alert and watchful of legislation, so that import duties are kept as high on forest products from the United States as possible, and unless we keep their place among the important producing and purchasing nations of the world, in the past 12 years the trade of South America increased from \$72,000,000 to \$1,645,000,000. The increase of imports was 109 per cent, of exports 153 per cent and the total trade of 128 per cent. Argentina is a marvelous rich country; it alone has an annual trade of \$700,000,000. The trade of Brazil totals \$600,000,000 annually. The trade of South America now is nearly quadruple the entire trade of China.

Portland and the Columbia River basin have a golden opportunity to participate in South American trade. We should direct our attention to Brazil, Argentina, Peru and Chile, the four leading republics. The imports of these countries consist largely of machinery, electrical appliances, power tools, cloth and canned goods. Practically all electrical machinery has been supplied by Germany. In the Northwest we have such products as canned salmon, canned and dried fruit, canned beans, and other goods, which are in demand in South America.

There is no question that we can meet the competition of these countries in the field of manufacturing. Unless the business interests of Oregon begin to prepare now to expand this trade, we will witness the spread of other countries' products into the markets of the United States getting the lion's share of this tremendous business. We have an equal chance with them; let us grasp the opportunity.

Oriental Market Possibilities Big

Far East Becoming Modernized and Demand for Manufactured Products is Steadily Increasing.

THE opportunity for commercial exploitation in the Orient has been in evidence for years, but is more apparent now than ever before. On account of the European war, which has shattered the carefully built trade structures of the European nations, there is a steady building up of the fact that the European countries will always be heavy purchasers of tea, silk, spices and other Oriental staples. There will always be a big trade between the countries of the Old World and those of the Far East, but the latter is steadily becoming modernized. There is an increasing demand for innumerable manufactured products for which this country will be seeking an outlet for the surplus.

Some of that big trade which Europe enjoys, came to her naturally along the lines of least resistance, but the growth of a steadily increasing demand, consistent rustling on the part of an army of trade specialists, who for years have been going up and down the Orient, studying the wants of the people and painstakingly meeting their requirements with goods manufactured, packed and shipped, no longer is a matter of course. It is a fact that, but always exactly as the Orientals wanted them.

Pioneering Work Paves Way.

The ability of this country to work up a trade in the Orient has been strikingly demonstrated with two of our great staples, flour and lumber. It is but little more than 20 years ago that the Portland Flouring Mills of this city began working in the Oriental field for a flour market in which to dispose of the surplus from the mills of the Pacific Northwest. It was since the Pacific Export Lumber Company sent the first big steamship cargo of lumber to the Far East, but in the past 15 years that field has taken from Oregon and Washington more than 35,000,000 barrels of flour and more than 1,000,000,000 feet of lumber. These pioneers in Portland's lumber and flour trade with the Orient worked that field with high-class men, who not only had the ability to sell where there was a demand, but who also created the demand by their skill in demonstrating the value of their staples.

Specialization is Needed.

These cases are cited to show the results that can be obtained by consistent effort in specialized lines, and it is specializing that is necessary in the Orient. The man who is sent over to sell meat and other packing-house products will be fairly unsuccessful all round if he takes a side line of boots and shoes or clothing, and likewise the one who goes over to widen the market for Oregon fruit should not be hampered by trying to divide the expense of the trip with a hardware store that may be trying to get into the field.

In 1912 the exports of China alone amounted to \$550,000,000, of which this country sold \$24,000,000 worth, most of that being flour, lumber and cotton, while Europe's share was approximately \$200,000,000. The vast total which Europe shows included a large number of manufactured products, engines, electrical machinery and other staples for which this country is famous. Our opportunity for Oriental trade, except in a few lines, has been neglected, but Europe's present trouble may awake us to the possibilities that await us across the Pacific.

Preparations Are Being Made by Portland to Participate in World's Trade on Large Scale

Tremendous Resources of District and Extensive Channel Improvement First Important Factors to Inspire Heavy Co-operation of All Interests—Writer Declares Available Tonnage Needs Consistent Support.

By W. D. B. Dodson, Trade Commissioner Portland Chamber of Commerce.

THE Columbia River has before it now the greatest prospect for water-borne commerce ever enjoyed in history of this region, but we are not rising to the opportunity with the energy shown by our competitors. Panama Canal has brought the improved order. Thirty to 31 feet of water on the Columbia River bar and 30 feet in the channel between Portland and the sea make the physical conditions for reaching the sea the best we have ever known. Absolute certainty that these channels will improve rapidly in the future, that the difficulty coming and going under the new conditions that wise engineering and faithful work by the Port of Portland and Federal Government have carried out, make our physical conditions the best we have ever known. At average high tide we now have on the Columbia bar 27 to 28 feet of water and if we continue our improvement there with dispatch, we will have on a large scale, 47 feet of water at the average high tide stage is easily within our reach. By continuing our present dredge work in the Columbia channel and the channel and harbor of the Willamette we may soon have 35 feet of water in the rivers to the sea, with a width and curvature insuring quick handling of the largest craft that may be sent to the North Pacific.

The Federal Government has expended at the mouth of the Columbia something like \$1,000,000 to make proper entrance to the great river, the second in size and commercial importance on the continent. The Port of Portland has put into the channel, harbor and port work about \$6,000,000 and the Commission of Public Docks is expending \$2,500,000 on the same work. We have one herculean work, done it with a grit that must command the admiration of the world, and the long-coveted channel is just being realized.

Carriers Need Business.

Now that we are getting the physical facilities at a cost of millions, we have not enough steamships and tugboats to carry our freight properly loaded. We are not providing a due proportion of water-borne traffic. We have not yet completed the largest work we have on hand. There can be no doubt that the traffic is here. Steamship lines that do come complain that our percentage of freight for cargo is not on the same scale as maintained by competitive ports. Other lines and service that we need and must have are not provided because we have not adequately employed those furnished, or have not worked out our problem of support in the manner possible.

On a certain point of view, the steamships coming from the Atlantic seaboard to the Pacific through the Panama Canal following completion of that great work, will be a boon to us. Approximately 18,000 tons to San Pedro, 18,000 tons to San Francisco, 5000 tons to Portland, and 12,000 tons to Puget Sound. This disparity in our showing is an enigma. Our merchants handle as much business for the Northwest as Puget Sound, in fact, more so. The Northwest territory is the largest of any seaport here. But we have not been moving it by water, while our rivals do in a greater measure than we. As a result of this offering to the water lines our rivals have a better steamship service than we, get better rates, handle more commodities, have a better and cheaper market for their produce and manufactures, and are growing faster in the fundamentals of community prosperity and well-being. They have more sawmills, more flour mills, more miscellaneous factories, more farmers and horticulturists settling in their immediate vicinity. All of this because we do not recognize the absolutely essential part that water plays in community development, and because we do not want to build up and support the water lines.

Business men who use the water have a lower base price at which they can do business. We take our average traffic for distribution throughout the Northwest from means of transportation charging a higher rate than is obtained by our rivals who use the water more, with its lower rates, we have to work on a smaller margin or must sell at a slightly higher figure. So far as our traffic with the Atlantic seaboard goes, we must support the water or continue to occupy a secondary position. If we give much traffic to the water our service will improve and we will be able to ship out more. All of our merchants must take up this problem with zeal, handle it in the same manner that the big men of other communities do. If we want to build up population in Oregon, we must sell

the products produced by our people in order that they may live and pay interest on their investment. The greatest opening for such market we have ever had has come through the Panama Canal, and steamships alone may utilize this highway.

European Trade Essential.

Our traffic with Europe since opening of the new waterway is not what it should be. Under the new conditions we have not all the steamship lines reaching to the North Pacific from Europe. Our European contacts are infrequent. It has been proven that we cannot sell lumber there in appreciable quantity yet this year to meet the urgent requirements created by unsettled producing and shipping conditions of the old world. Our lumber industry languishes for a market. Many mills struggle frantically for any kind of order, despite the fact that we have more of the raw material than any other section of the world, have the mills to manufacture it, and the means of shipping it. We are shipping goods from the old world to Portland on craft that give exclusive service to our rival ports. This is a community crime, an absence of patriotism that must be remedied. We can make material progress as a shipping port. Portland must learn to support those lines and those institutions that serve her, as all other progressive, enlightened communities do.

Foreign Trade Fields Big.

The Orient is in bad way for the present because of the unsettled conditions produced through the European war. Traffic there will not be much for some time. We will not buy much flour when wheat here sells for \$1 a bushel. They cannot buy much lumber because their building and construction operations have been checked through closing their money market. Their exports have also been checked somewhat, thus further cutting off our market. We have poor connection with the Orient for any traffic, and in these days when everything is unsettled, the situation is all the more serious. All that we can do now is to face the situation firmly, and stand ready to back any enterprise that promises to serve the needs of our community from the Orient. This we may do at any time, and when we do get service that we can rely upon, the whole community should be advised that traffic is given the enterprise so completely as to warrant investment.

South America Presents Important Field.

South America presents an important field for our trade. Europe was accustomed to ship there may be manufactured here to advantage. But through establishment of regular steam-

ship service to the West Coast of South America we have a remarkable opportunity to get in there with a limited number of products, which we may manufacture despite European or Atlantic seaboard competition. We are urging that these be shipped, that the steamship service given us be strengthened. To do this we must get a few men into the territory and force our products upon the market, as competitors are doing. Portland is being asked to do this and must comply.

Our possibilities in foreign trade now are of the most promising order. There are but a few great products sought in the North Pacific by the steamship line, and these Portland may control. These products are lumber, wheat, flour, oats, barley, fruit and salmon. In lumber we can produce double the output of any other port, without seriously pausing our resources. When we use the Columbia River as we must, we can absolutely dominate the wheat, flour, oat and barley trade of the Northwest. Also, use of the Columbia for a preferential rate against Puget Sound for the same length of haul, and even for longer hauls, will give us control of the salmon trade. Salmon is not in our favor, like other products, but we can by intelligent, persistent effort get a large share of the trade. The use of the Columbia for a preferential rate against Puget Sound for the same length of haul, and even for longer hauls, will give us control of the salmon trade. Salmon is not in our favor, like other products, but we can by intelligent, persistent effort get a large share of the trade. The use of the Columbia for a preferential rate against Puget Sound for the same length of haul, and even for longer hauls, will give us control of the salmon trade.

Resources Are Unlimited.

Our territory is one of incomparable resources. Nature gave them more here for the aid of man than in any other like area, not excepting California. We can produce more, with more certainty, than any other area of the world, and we have water power almost at tide-water, in quantity surpassing that possessed by any other like area of the world, and we have an industrial base that must yield millions soon. Yet despite all this we have not increased in population as have our rivals to the east. Our territory is one of incomparable resources. Nature gave them more here for the aid of man than in any other like area, not excepting California. We can produce more, with more certainty, than any other area of the world, and we have water power almost at tide-water, in quantity surpassing that possessed by any other like area of the world, and we have an industrial base that must yield millions soon. Yet despite all this we have not increased in population as have our rivals to the east.

South America State's Opportunity

Extensive Market for Northwest Products, Including Canned Salmon, Canned Fruits, Cereals, Apples and Lumber, is Seen.

By Henry Albers, President Albers Bros. Milling Company.

HERE is no doubt that South America offers tremendous trade opportunities, but like every thing else worth while, it will require years of well-directed efforts before the United States can secure the bulk of the business. That this trade deserves the serious attention of our merchants and manufacturers is indicated by the volume of imports, which amounts annually to about \$50,000,000. Up to the present time our share of this business has been very small in comparison with that of other nations, but the European war makes it possible for us to secure the greater part of the trade if we awaken to the opportunity and follow the lines adopted by Germany, England and other countries.

On a recent visit to Brazil, Argentina and Uruguay, and elsewhere, we found that the business men of those countries are able to speak five languages fluently and to do so is a valuable asset. This great field of commerce emphasizes the need of an American merchant from New York, that the Government has completed the Panama Canal at such great expense, it seems that it should take definite action in the matter of shipping subsidies and strive to build up our maritime trade. Our shipping interests must have aid from the Government in order that they may compete with foreign bottoms.

Our Government should lead in aiding the establishment of branch banks in Brazil, Argentina and elsewhere. The National City Bank of New York was the first American financial institution to invade South America and is now operating a branch bank at Buenos Aires. This is a splendid move. Other banking concerns in this country should not defer in establishing branches at the important trading centers of South America, for the sooner we have direct banking relations, the better it will be for the expedition of our business. This will eliminate the necessity of making our financial deals through London, as has been done in the past. It will be a powerful factor in cementing our trade relations, and it has not been many years since

PORTLAND POSTAL RECEIPTS BY MONTHS IN 1912 AND 1914. Table with columns for Month, 1914, and 1912. Includes data for Jan, Feb, Mar, Apr, May, June, July, August, September, October, November, December.

business men. In 1913 San Francisco sold them \$20,000,000 and Puget Sound about \$2,000,000 worth of merchandise, while Portland's total business amounted only to \$16,000. The only reason that we have not secured our share of this enormous business has been because of the apathy of our merchants, their failure to encourage shipping men by the offering of business.