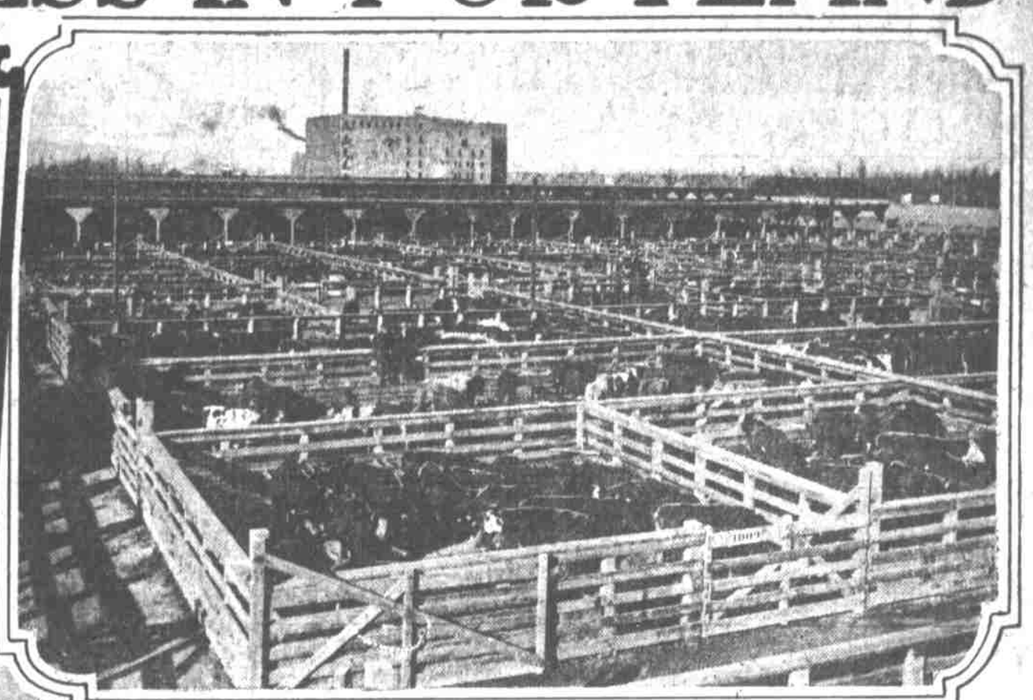
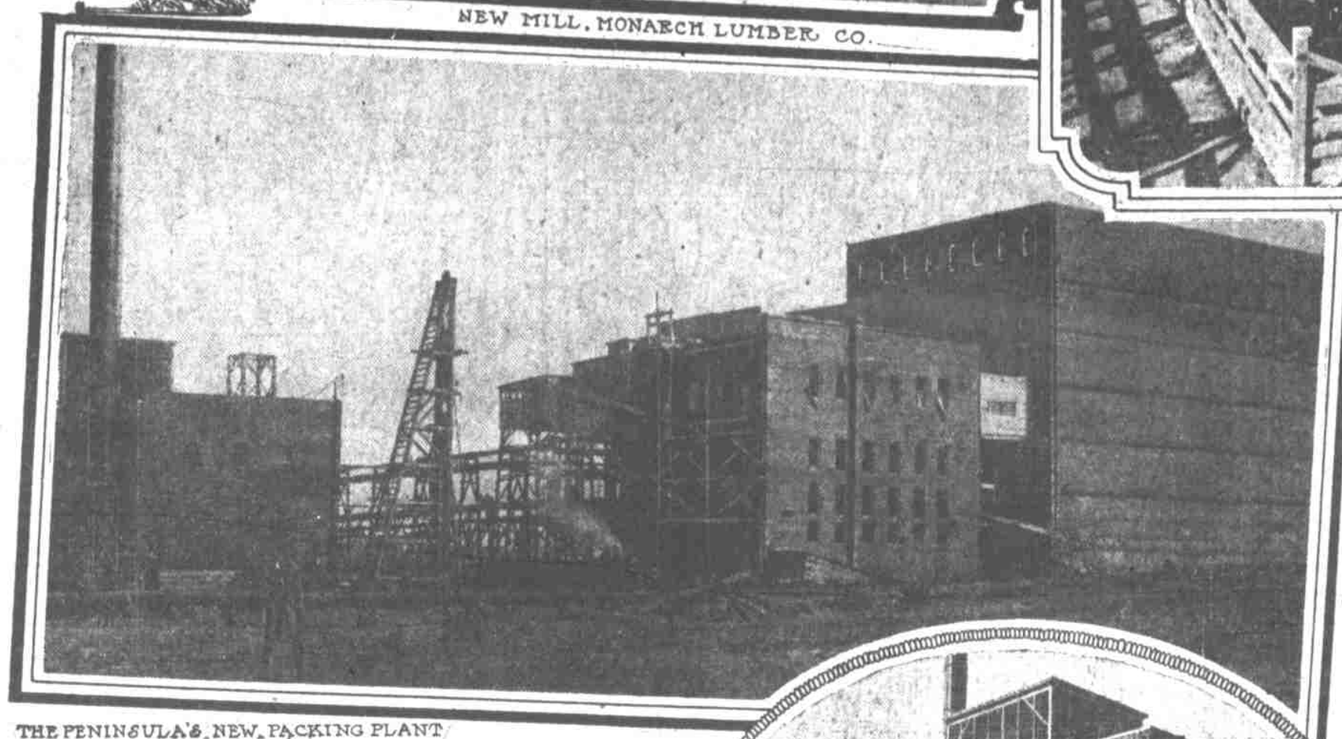
ROMANCE OF BIG BUSINESS IN PORTLAND

TRANSFORMATION OF SIX AND MORE SQUARE MILES OF PENINSULA LOWLANDS INTO A THRIVING INDUSTRIAL COMMUNITY

NEW MILL, MONARCH LUMBER CO.



VIEW OF PORTLAND UNION STOCK YARDS



THE PENINSULA'S NEW PACKING PLANT

KENTON BANK

By Marshall N. Dana.

THE chronicling of a new city and the reclamation of a waste place is this. Live steam thrilling at the restraint of massive boilers will hiss tomorrow into freedom through throbbing engines with the opening of the Union Meat company's packing plant on the peninsula. On erstwhile mud flats are factories and on the high land homes are to be found, and flowers, and babies, and life.

To tell of the beginning of the new packing plant and Kenton town is to tell of energy consummated and ambitions realized. These are outstanding features which, with a score of enterprises, only less great, mark the beginning of a new era in Portland's industrial life.

All that has occurred on the peninsula in two years seems rather marvelous. It is a local instance of the romance of big business. That so many enterprises as are now finding their homes in that part of Portland, measured between Patton avenue and the city limits toward St. Johns, should spring synchronously into productive life is not coincidence, but the result of a carefully worked out plan. This, briefly, is the almost unbelievable transformation brought about:

Six and a half square miles of overflow land so desolate that it would not support a single family has been made the site for industries representing initial investments which aggregate not far from $10,000,000.

A city with room for 35,000 people has been under construction for seven months at the rate of a new house completed every three days.

A depth of 2000 feet has been reached in the mile long tunnel from side to side of the Peninsula, which is to be used by the Oregon Railroad & Navigation company.

Rapid construction is not a novelty in Portland, where tall buildings for a year have been reaching heavenward in such numbers that the face of the city has been changed and a metropolis is growing up where wooden buildings were.

But nothing in Portland has equaled this herculean task of building on the mud flats of the peninsula region, where the new industries already under construction will employ in time probably 30,000 men, who, with their families will add ultimately more than 125,000 people to the population of the city.

How the production from peninsula factories and enterprises is to reach hundreds of millions of dollars annually is of fascinating interest when learned in detail.

New Packing Plant Opens.

Tomorrow, when the immense, imposing packing plant is formally opened for the first time, cattle from thousands of northwest farms will take up their everlasting death walk to a new market. This means more production of well bred livestock for market in the northwest. It means more money in the pockets of northwest farmers. It demands coincident development of agricultural enterprise and will speak to the great Oregon interior the word of redoubled progress in the voice of authority and profit. The Union Meat company plant would, of course, be incomplete without the activities of the Union Stockyards company, but more of the stockyards later.

To speak of the everlasting death walk of cattle from northwest farms is correct. Sheep, hogs, beeves, patient, driven herds, after the incidents of railroad transportation, must indeed walk to their death up a long chute to the fourth floor of the new packing plant building.

There is something about the methods of the modern meat packing industry that never fails of interest. The aversion incident to slaughter and blood and apparent cruelty is removed. It is as though the animals were not things of life and breath, but more like raw material to be transformed by highly perfected machinery in to the finished product for the use of man.

The $1,500,000 packing plant will use each day 500 cattle, 1000 sheep and 1000 hogs. They climb to the fourth floor through a long chute built up outside the main building. Here the slaughtering is done. It might as well be named the separating room. Each of the 600 employes has a separate task. One kills, another removes the hides. Others perform the various tasks connected with cutting up the carcasses. Then the hides drop down a long chute to the basement of the seven-story building. The livers, hearts, etc., go through chutes to the third floor. The fats are removed to vats, where the edible and non-edible portions are kept strictly separated. The meat goes to the immense cooling rooms. Hog carcasses are kept in one room, beeves in another and sheep separate from both.

System Prevails.

But understand, please, that slaughtering and preparing animals for food is not the only mission of the packing plant. Lard is to be made and packed for shipment all over the world. Hams are cured and meats are prepared in special forms. The various floors are to be used in about the following way:

First floor—Sales department, filling of lard cans.

Second floor—Lard treating department, packing and shipping.

Third floor—Department for utilization of tongues, fats, hearts, etc., coolers and beef cutting department.

Fourth floor—Slaughtering department.

Fifth floor—Brine department. Ice packing.

Sixth floor—Storage department, box factory, cooperage shop.

It will be noticed that all the arrangements have been reduced to a system as rigid as it is simple. The most complicated businesses are successfully conducted on the most simple systems always. The main thing is system, and that is what obtains most emphatically in the new packing plant.

Ground was first broken for the new institution in August, 1908. The work of clearing the land had been commenced in June of 1907. Construction has been pushed with unusual rapidity against unusual difficulties. As completed, the new plant is the most modern, the largest institution for the preparing of meats for market under one roof in the west.

Every part of the work is done under government inspection. No meat unfit for human food passes the sharp eyes of the government agents.

All comments on the new plant have so far related to the main building. The office building, costing $15,000, is well under way toward completion. A five-story building for the use of employes is also well under way. Here they will find dressing rooms, baths and all other conveniences. The laundry for the cleansing of all garments used in the packing plant work is adjacent, for everything connected with the plant must be clean.

The Man On the Ground.

It is well known that the Union Meat company and the Union Meat company's new packing plant are both under Swift of Chicago ownership. But Swift of Chicago would be a small factor in the meat producing and selling industry of the west were it not for the energy and business wisdom of the "man on the ground." He is C. O. Colt, president of the Union Meat company.

The person who visits Mr. Colt during office hours is impressed with his absolute application to his work. Apparently he keeps a hundred matters in his mind at once. He is one man who can successfully give instructions to half a hundred assistants and carry on a conversation at the same time without breaking the thread of thought. His realization of the business opportunity afforded by the rapidly developing western country is vivid, his grasp of the situation great, his practical executive ability unusual. A man of this kind is essential to the business he controls, for the business draws from all the western country between Canada and Mexico and distributes over the world.

The location of the new packing plant and other Peninsula industries is worthy of enlarged description. The plant is built upon the shores of Columbia slough, which in reality is a lake 1600 feet wide, where the shipping of the world might anchor. The channel is deep and safe and the connection between the slough and the Columbia river is broad. Natural advantages could not be excelled and that the location has not been utilized before seems due to a lack of foresight on the part of Portland's earlier builders.

Portland Union Stockyards.

The great depot of supplies for the use of the new packing plant is, of course, the Portland Union Stockyards company, whose yards have been placed just to the east.

But do not let this first reference leave the impression that the stockyards will supply only the packing plant. The opening of the packing plant will have only the effect of swelling a business that is already enormous.

The stockyards opened for business in September, 1909. Since that time more than 2200 cars of livestock have been received and sold, and the money transactions have passed the $4,000,000 mark. At the present rate the first year's business will amount to more than $10,000,000.

At the present time Portland and Oregon dealers are buying most of the stock received at the Union Stockyards. Several hundred carloads, however, have gone to Seattle, Spokane and Aberdeen.

The investment in the Union Stockyards represents a quarter of a million dollars of money actually spent. More commodious and complete provision for the care of stock awaiting sale cannot be found anywhere.

The Stockyards company, of course, buys and sells no stock. This is all done by commission agents. Eleven livestock commission firms make their headquarters in the Exchange building and eight regular buyers are on the grounds every day. In addition about 20 buyers look to Portland for part or all of their supplies.

Under the aggressive, business-like management of D. O. Lively, the business of the stockyards has grown with such rapidity that it has been found necessary to increase the capacity very materially. Mr. Lively is first of all a booster. In the second place he is one of the most courteous good fellows who ever came to Portland. He has a talent for public speaking, and he can talk on livestock, shipments, sales, production and otherwise with fascination.

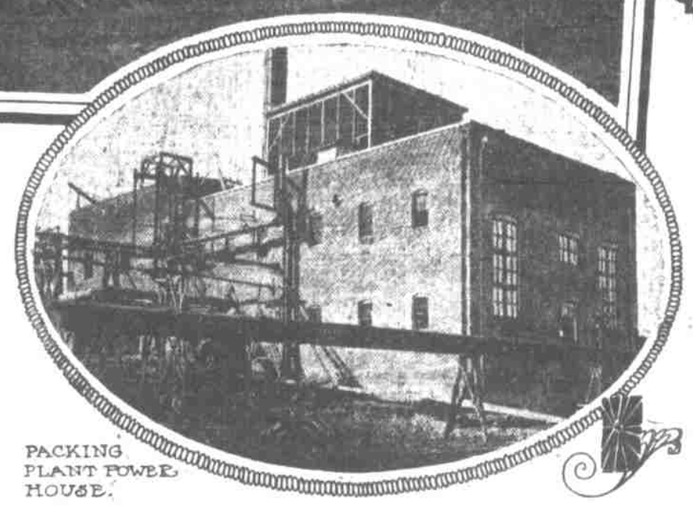
Stockyard Methods.

As a matter of fact, the stockyards are meaning big business for Oregon. Stock shipments receive perfect care. Before being sold they are provided with an abundance of food and water and rest. The value of such a center could scarcely be underestimated. Mr. Lively is authority for the statement that not only is Portland the greatest livestock center on the coast, but that prices paid here will average 15 per cent higher than in the east. This, in the words of Mr. Lively, is the method of sale, using a carload shipment of hogs as example:

"If the hogs arrive at night unaccompanied by the owner or shipper, the commission man is communicated with, and under his instructions, the hogs are fed with grain. A bountiful supply of water is always available, and the hogs are allowed to rest, drink and eat, in clean, sheltered pens. When the market opens, if the hogs are fed, watered and rested, the commission man invites the buyers one at a time to look at what he has to offer. Each buyer makes a bid, and the commission man accepts the highest offer. He then issues an order to the stockyard company to weigh the hogs up for the account of the buyer.

"The buyer accepts the hogs off the stockyards company's scales, and if he wants them shipped he issues a forwarding order to the stockyards company. Upon receipt of this order the stockyards company orders the car and loads, bills and pays the freight to destination, collecting from the commission man for inbound freight, yardage and feed charges, and from the buyer for the outbound freight and any feed that the hogs may have had after they passed out of the hands of the commission man. In nearly every instance all of the livestock received in the night or early morning is sold and weighed up before 4 o'clock in the afternoon, when the market closes.

Before going further with a detailing of things doing on the peninsula a little generalization is in order.



PACKING PLANT POWER HOUSE.

Not many years ago George F. Heusner and Judge Charles H. Carey purchased the large tract on the peninsula, which consists of about 4000 acres of overflow land and 1400 acres of high land. Judge Carey was giving much of his time to the legal interests of that empire builder, James J. Hill. So it was given to Mr. Heusner to attend to development of the desolate tract.

Mr. Heusner decided that holding land for property values to increase would in this instance be poor business judgment. It was Mr. Heusner who interested the Swift interests in the peninsula location for their holdings. It was Mr. Heusner who conceived the idea of building Kenton town on the highlands, stipulating, as he sold a half interest to the Swifts, that no homes should be built on the mud flats. This was a bit of wise foresight that will mean much to men who will be employed by peninsula industries.

The expenditure on Kenton townsite has already approximated $700,000. A stone bank building, the Bank of Kenton, stands on a corner. Adjacent are a half dozen large, well constructed business blocks, 100 feet square, and three stories high, rising out of an apparent wilderness. Near by are 65 cosy homes completed and many more are under construction. A more systematic town building scheme could be found nowhere else. Kenton is connected with the city by a line owned and operated by the Portland Railway, Light & Power Co., which was but recently completed. Kenton is connected with the packing plant, stockyards and mills by an electric line, owned and operated by the packing plant and the townsite companies.

Other Building Phenomena.

Very soon the power for the line between Kenton and the packing plant is to be furnished by the Monarch Lumber company from a plant to cost $100,000. It was for this purpose that the biggest belt in the world was sent out to the plant the other day. The Monarch Lumber company has just completed a plant at an expense of $700,000 which will saw more than 500,000 feet of lumber a day on double shift. The smaller of the Monarch Lumber company's two mills saw 60,000 feet of cedar on a 10 hour shift, while the larger mill will saw 360,000 feet of lumber on a 10 hour shift. The Monarch Lumber company will use its waste wood to furnish electric power and light for all other Peninsula industries and will have some to spare at that. When fully equipped 600 men will be employed. All the lumber will be towed in through the slough.

The Davis Safe & Lock company is building one of the biggest manufactories in the city, the length being more than 400 feet and the width 80 feet, at a cost of $700,000, and arrangements have been made for the employment of 200 men.

The National Wood Pipe company has its plant nearly completed, and will employ 400 men, the cost of construction being about $700,000.

The Pacific Tank company has secured a location, will spend $400,000 in building and will employ 100 men.

The Pacific Steel Pipe company will employ 100 men and is spending $200,000 on its new plant.

The Pacific Glazed Sewer Pipe company is spending $30,000 on its plant, and will employ 100 men.

The O. R. & N. has two and a half acres reserved for a depot site in the Kenton region, and will probably put up a $100,000 structure or better.

The Powers Furniture company has announced its intention of establishing a store and distributing depot at Kenton.

J. M. Bealls & Co., or as it is better know the Security Vault & Metal Works, has announced its intention of locating on the Peninsula, will employ 100 men and build a plant worth $75,000.

Others negotiating with Mr. Heusner for a location are a sectional bookcase factory, a veneer works, a shoe factory, an automobile factory and so on.

Further up on the more developed portion of the Peninsula a new high school has been completed and opened at a cost of $250,000. Dr. Killingsworth is building a modern hospital. A new fire station is to be constructed by the city, and a new branch postoffice established by the government. Dozens of business buildings and scores of expensive residences are making their appearance. Several hundred thousand dollars will be spent during the next five years in paving and widening the streets.

When a visitor gets off a St. Johns car at Columbia Park and walks a half mile north he finds entrance to the mile long O. R. & N. tunnel which is to pass under the Peninsula from one side to the other, and give the O. R. & N. an exit of easy grade from Portland up the Columbia.

The boring of this tunnel under the direction of Engineer Gerdetz from Hungary is proceeding with unprecedented speed. Gerdetz has a method all his own. Instead of removing the face of the tunnel all at one heading he takes it out in sections or headings, of which there are eight. In this way the most permanent work is done; the swiftest advance made and the lives of the men most completely protected. Gerdetz is fighting against a fine volcanic grit that sifts through the smallest crack, but he is fighting toward victory. His is an engineering feat that challenges admiration. The final cost of the tunnel is to be a little less than $1,000,000.

One morning a Peninsula resident who had lived without neighbors a long time arose and looked from his window upon a solitary tent and a cow tied to a stake near by. Now he may look from his roof top upon a thriving city of substantial homes and busy factories. When he looks again in five years what he will see is beyond accurate statement at this time.

Such is the story of the development of the Peninsula, the building of Kenton town, the reclamation of more than six square miles of waste land for factory purposes and the construction of those factories. It means bigger business for Portland.

THE NEW KING OF WHEAT--Continued From First Page This Section

To further complicate matters, Russia has practically no elevator system, and the railways are traditionally slow. What elevators there are do not fill the same place as those in this country, as they serve merely for storage, no attempt being made to purify or classify the grain. This, of course, entails dirty grain and a proportionately lower price.

The one ray of western light which has pierced the outer darkness of the Russian methods is the introduction of the credit system. Some years ago the state railways, and later the state banks, were empowered to extend 80 per cent loans to crop raisers. More recently 80 per cent has been granted. This has provided working capital, and has consequently increased shipments. But naturally, it has made the percentage of profits no greater.

Still more recently there has been a change from actual purchase by brokers to the commission system. Yet this, necessarily, has eliminated the middlemen only so far as the large landowners are concerned.

"In the ordinary run of business," says Dr. Rubinow, "many middlemen stand between Russian wheat producers and foreign consumers—the small local broker, who buys from the peasant; the large local dealer, the foreign exporting firm and the foreign house. This, however, is the minimum number. In most localities, additional middlemen appear between the local primary buyer and the large local dealer; this is especially the case in localities not well provided with shipping facilities.

"Where transportation is by water, the shipper of a barge of grain may become an intermediary between the primary buyer and the large internal grain house. Thus the large grain firms along the Volga, who sell and ship to the exporter, mainly to St. Petersburg, buy grain from small local dealers, who are not primary buyers. Russian grain may, therefore, go through the hands of at least four middlemen before reaching the foreign market, and two or three more may intervene before it actually reaches the consumer."

In spite of all impediments, though, the Russian grain trade has been steadily growing. By virtue of her geographical position, Russia seems destined to furnish food to the German manufacturers, and in this one instance, large shipments are made by land. England, France and Italy are large customers, about 80 per cent of the total exports going to those four countries.

A feature of this trade that is almost amusing is that Russian shipments have been increasing chiefly to those countries which have been erecting tariff walls, while, to free trade England, the consignments have been falling off.

Most significant along this line is the steady increase in the proportion of Russia's wheat exported, and the equally steady decrease in the case of the United States.

For instance, taking the three year period, 1900-1902, Russia's net average crop, exclusive of seed wheat, was 395,246,000 bushels, of which 91,900,000 bushels were exported, or 23.3 per cent. For the same period the net crop of the United States was 577,621,000 bushels, of which 217,890,000 bushels, or 37.72 per cent were exported.

In the next three year period, 1902-1905, there was a complete reversal. Russia's average net crop was 540,177,000 bushels, and her exports went up to 161,322,000 bushels, or 31.60 per cent higher than any period since 1896. On the other hand, the average crop of the United States was 557,037,000 bushels, and the exports only 87,483,000 bushels, or 15.7 per cent.

Pretty soon, at this rate, Russia will be occupying the former position of the United States in the world's grain markets. No less an authority than James J. Hill, the railway builder and patron of agriculture, estimates that in the next 20 years the population of America will increase by 35,000,000, and that in the next 40 years the increase will mount up to the tremendous total of 110,000,000.

Whether or not these predictions come true, the increase in population is almost certain to be great enough to eat America out of the exporting markets. What the wonders of scientific farming may reveal is another matter, but even if science does her best, it will be lucky for this country if she herself does not have to become a food importer.

Necessarily the productions of continental Europe are limited by the large population which subsist in limited territories. England of course must import; so already must France, Germany, Italy and many other nations.

To Russia then must the world turn when America's stream of life giving grain has ceased, so far as mortal man can foresee this bumper crop is but the forerunner of an era of great plenty and prosperity for the czar and his people. Long enough it has been in coming to make it more than doubly welcome.

Natural it is to reason that where the capacity exists, demand will create supply. That's the situation in Russia. From the Baltic ports through the thousands of miles of Siberia to the Pacific there stretches a territory where, so far as regards its real capacity, the surface has scarcely been scratched.

No better wheat land is to be found on earth than in Siberia and northern Manchuria. As yet the crops in this vast territory have been scarcely more than enough for local consumption. High freight rates make marketing unprofitable over thousands of square miles of productive land.

Let Europe get hungry, though, and these freight rates will no longer stand in the way. Also there is continually the prospect of better railway facilities and the opening of new routes to markets.

Regarding the situation in Siberia, Dr. Rubinow has written:

"The wheat acreage of Siberia has increased from 2,900,000 acres in 1896 to 3,758,000 acres in 1905, or 29 per cent; and in Central Asia, from 1,329,000 acres in 1896 to 1,782,000 acres in 1905, or 34 per cent. For these two divisions together the increase of wheat acreage within this decade was from 4,234,000 acres to 5,540,000 acres, or 31 per cent. With an increase in acreage as slight as that, and a production subject to great variations, Siberia has evidently not yet shown any great tendency to overflood the wheat market. The completion of the Siberian railway was expected to have a stimulating effect upon both wheat production and trade, but the recent events in the far east (the war with Japan), which have greatly taxed the carrying capacity of the Siberian railway, have as yet prevented any such effect of the railway upon agriculture and commerce."

These observations are very easily understandable when it is considered that it costs 32 cents a bushel to ship from Petropavlovsk to St. Petersburg. Also, they serve to show that the working out of the real problem of Siberia is still in the future, but that it is nevertheless one of the world's great problems; and that so magnificent a granary will not go to waste for lack of opportunity.

More than a decade ago the Russian statesmen woke up to the realization of the fact that they were sending their political prisoners to one of the finest countries on earth; cold in winter it is true, but still healthy, and in spring, summer and fall as pleasant and profitable a place of abode as could well be imagined.

After that Sakhalin island (it can be spelled almost any way the fancy dictates), off the Siberian coast, became the abode of the exiles, while the work of colonizing the beautiful land with the bad name began immediately. It is still going on, and it is one of the many things which would tax the resources of a stronger government than Russia possesses.

At home, though, there is already a network of railways for getting the grain from southern Russia to the seaports, the work of providing better transportation facilities and encouraging more modern and productive methods, is almost as great as that which Siberia with its infinite possibilities, presents. Imagine, for instance, that in all European Russia there are only 16,150 miles of macadam or gravel road.

Of roads of all kinds, however poor, there are only 800,000 miles, or less than ¼ of a mile of country road for every square mile of surface. In America, where there is infinitely less long hauling to be done, the well settled states show a much greater proportion. For instance, Iowa has 1.84 miles of road for every square mile, and Nebraska has mile for mile.

One of the greatest obstacles to Russian commerce is the condition of the roads. Most of them are bad at all times, and impassable a good part of the time.

The local zemstvos, whose financial means are limited, have charge of the country highways. When repairs are needed, which is a large part of the time, the peasants must make them, so that the work is always half hearted and generally unsatisfactory.

Even in the province of Moscow, it is nothing unusual for a whole village to be cut off from the outside world by a rainy spring or autumn. This condition is one that forces the farmers to do their wheat hauling in the very early autumn, while the roads are still dry. In consequence, farm supplies are stacked up at all railway stations and traffic is congested for months at a time.

Russian railways have grown wonderfully, but the "feeders" have not kept pace with them. Often a rainy spell, which renders the roads impassable, cuts off all freight traffic temporarily.

The cost of hauling is also tremendously increased, because the roads, in most places, will not permit of more than one-horse teams.

On the water Russia is almost as badly off as America. From the southern ports only 7 per cent of the tonnage is under the Russian flag, and from the Baltic ports only 9 per cent.

Altogether the great work of reconstruction and regeneration is such that decades will be required for it. An ignorant peasantry cannot be changed in a day from aboriginal tillers of the soil to highly skilled agricultural workmen. Even though European Russia, in a comparatively few years, has built about 35,000 miles of railway, there is still only one mile of track for every 65 square miles of land, while America has one mile of track for every 14 square miles. What with bad roads, ignorance, incompetence, misgovernment and a thousand other impediments, the situation is such as to make the strongest mind quail.

Yet the tide seems to have turned. That extra 100,000,000 bushels of wheat may mean such a flow of good fortune as, in the last few decades, has increased America's wealth $70,000,000,000 worth of agricultural products. Black as has been Russia's past, her future takes a golden tinge from her gilded wheat fields.

For the first time in history, Central Park, New York, has been well illuminated throughout, 40 candle power tungsten lamps being placed along the edges of the driveways and walks.