Oregon Historical Society Auditorium

SHERMAN COUNTY OBSERVER

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Export Demand is For White Wheat

Farmers of Sherman County Would Realise Better Prices by Growing White Wheat for Export Trade

The following article, printed in the Commercial Review of Portland last week, is part of a speech given by H. A. Martin at a recent meeting of the Pacific Northwest Grain Dealers association at Lewiston. Mr. Martin is manager of the grain department of the exporting firm of Kerr, Gifford & Co., Portland. The speech contains information that all wheat growers should know and because of that fact is published by the Sherman County Observer for the benefit of its readers.

White wheats of Pacific northwest have always been in demand throughout the world. Very seldom has this section had a surplus of white wheat. The growing tendency of the farmers in this territory to grow red wheats for which there is no demand is not only discouraging to the exporters, but to their foreign customers. Wheat prices have been forced far out of line and importers of Europe have been forced to turn to other sections of the world to secure their requirements that compare as favorably as possible with the white wheat of this section.

Japan Turns to White Wheat

The significant statement that Japan was turning more and more to white wheats when that country formerly took red, means that in time red wheat from an export standpoint will be practically extinct. Where, then, will the farmer sell his heavy-yielding red wheats? Too many varieties, too much of a tendency to turn toward heavy-yielding varieties, will eventually destroy prices in this section.

The grain dealers are in a position to advise their farmer customers. There can be no surplus of export white wheats with Japan turning to these varieties. The Oriental market is unlimited. While conditions, temporarily, may work against this market, eventually the Oriental market will be the best for Pacific northwest wheat and flour. In order to cultivate this market properly, the farmers shoud be advised to raise the white wheats which are in demand by the exporters of the Pacific northwest.

I am debtor to many for facts contained in this discussion. Items of history, and other facts that have been obtained from trade journals, agricultural college bulletins, the Portland Merchants' Exchange, federal grain supervision, United States department of agriculture, and the bureau of crop estimates.

What I have to say does not in any way reflect the opinion of the company with which I am associated, as the subject was not discussed, nor does it have any selfish motive, but it is the result of experience in grain exporting, careful study and extensive investigation.

First Wheat Exported from Oregon

It has been a long time since April 24, 1869, when Joseph Watt, the Yamhill county farmer, floated a small parcel of wheat on a flat boat down the Yamhill and Willamette rivers to Portland, where it was loaded on a crude sailing craft, floated out of the Columbia river, and sailed around Cape Horn to London.

It also has been some time since 1893, when there slid from the ways at Leith, Scotland, a four-mast bark, the finest of her day and class, which was christened Royal Fourth, and which, on her maiden trip, sailed for the Pacific coast of the United States for a cargo of wheat. When this cargo of 5000 tons—which was the largest single shipment that had been made from this territory up to that time—sailed for Europe it marked not only a new era in wheat exporting from this part of the country, but also the beginning of the career of one of the well-known wheat exporters of the Pacific coast.

Panama Canal Opens Wheat Markets

Since the completion of the Panama Canal, the Pacific northwest has attained the position of one of the leading wheat exporting districts of the United States. There is certainly a wide contrast from the 36,943-bushel shipment made by Joseph Watt on the bark Helen Anger, to our modern steamers and motorships such as the Isis which carries407,549 bushels, the Orca, which carried 444,070 bushels, the Friesland, which carried 504,617 bushels, the Tjibesar, with her cargo of 432,868 bushels, the Maunlani, which carried 440,000 bushels. Thus we have the history of grain exporting from the Pacific coast from the standpoint of the carriers.

World Market Compared

The wheat market of the world has been compared to a large reservoir into which large streams flow and from which an equal volume flows through many smaller streams. The outflow through these many smaller streams is comparatively constant throughout the crop year, as consumption goes on with fairly uniform regularity. The inflow varies with the size of the crops harvested in the different parts of the wheat producing world. From June to October the United States supplies about 55 per cent, Canada 20 per cent, and the remaining 25 per cent comes from the southern hemisphere. From October to March the stream from the United States drops to 35 per cent, Canada increases her contribution to 37 per cent, the remaining 28 per cent coming from Australia and the Argentine. During March, April, May and June 45 per cent comes from countries in the southern hemisphere, 20 per cent from Canada and about 35 per cent from the United States.

Crops Accurately Forecast

Owing to our quick and modern methods of collecting and disseminating information as to the crop conditions and prospects, the final production is so accurately forecast that the available and future supplies from all parts of the world are so well known to the wheat importers in consuming countries that wheat prices from day to day in the world's markets closely reflect the changing conditions. So long as the United States raises more wheat than it consumes, the final value will rest on world and not local conditions, therefore, pooling or so-called orderly marketing will have little, if any, effect on the ultimate wheat prices, for the reason that the existence of all stocks are well known and that they must eventually find their way to the place where there is a consumptive demand. Since wheat is a world commodity, in the final analysis the price will be governed by the ratio of the world's supply to the world's demand.

White Wheats in Demand

The larger portion of the wheat grown in the Pacific northwest is exported as wheat and since the export demand is for white wheat, it seems that the logical and sensible thing for our producers to do would be to grow this type of wheat, especially since our white wheat has no competition in the world's markets, as all the soft white and western white wheat, which reaches the export trade, is grown in the states of Oregon, Washington, Idaho and Utah. India produces a white wheat very similar to our wheat, but it is not often that any of this wheat reaches the export trade. It also is true that Australia produces and exports a white wheat, but this wheat is hard white, similar to our Bluestem or Baart, and is not so satisfacory for blending purposes as our soft white and western white. On the other hand, our red white is in direct competition with the red wheat produced in practically all of the exporting countries of the world, the soft red from the Atlantic coast, soft red and hard winter from the Gulf, Manitobas, hard red spring, from Canada, the red wheat from the Argentine Russia, Manchuria, Bulgaria, Roumania, Greece and North Africa.

The demand for our wheat from the British Isles is almost entirely for soft white and western white, in equal amounts. In other words, in buying a cargo they usually insist upon half of the cargo being western white and half soft white. The Irish and English millers will buy this white wheat only on sample, with the privilege of the London Corn trade association arbitration and practically every parcel or cargo of wheat shipped to this market goes to arbitration, for the reason that the buyer has nothing to lose and may gain by the arbitration.

Japan Changes to White Wheat

Japan formerly bought considerable red wheat from this territory, but recently the demand from Japan has been almost entirely for white wheat, western white is preferred. Just recently we had a representative of one of the largest milling companies of Japan on the coast collecting samples of the different types of soft white and western white wheat. As a result of his investigations, we would not be surprised to find the Japanese millers in the near future insisting upon buying their white wheat on variential types, rather than on federal grades. We are very much in favor of federal grades and always sell on federal grades, whenever it is at all possible for us to do so. All of the wheat that has been sold to Japan and China recently has been sold on federal grades, also most all of the wheat sold to the continent of Europe is sold on federal grades.

Red Wheat Market Restricted

About the only market that we have left for our red wheat is from China, southern Europe and Mediterranean ports, but China buys very little wheat from the Pacific northwest unless the price is very cheap and southern Europe buys only when their crops are short.

One of the greatest difficulties formity in certain grades of wheat, west has in assembling cargoes of wheat for export is the lack in uniformity in certain grade of wheat, such as western white, as there is a wide difference in the general appearance and the size of the kernels, the texture and the gluten content of the different types of wheat, which come under the grade classification of western white. If in assembling a

Mixed Varieties Cause Discounts

shipment of western white for Japan you should happen to get a large portion of 128 or 63 hybrid, the buyer would complain about the wheat being too hard and not suitable for his requirements. On the other hand, in assembling a shipment of western white wheat for England or Ireland, which had been sold on type and subject to arbitration, if you should happen to get a large portion of 128 or 63 hybrid in this shipment, the buyer would ask for an arbitration and, in many cases, we have known where the arbitration has been decided against the shipper and as much as a cent and a half a bushel allowance has been made because of the fact that the arbitration board decided that the kernels of the wheat were too small. If you should happen to get in your shipment a large portion of Jenkins club or other plump wheat, the arbitration board would likely decide that this shipment was too plump and chalky and an award would be made to the buyer on this account. From this you can get some idea of the difficulties of the exporter in assembling his cargoes, when he has so many types and classes of wheat to contend with, to say nothing of the large percentage of smut and dockage. All export wheat sold for Europe or for the British Isles is on the basis of outturn weights and it happens practically always that these weights are short of the shipping weights.

Old Type Wheats No Longer Grown

The old export types of the Pacific coast, white walla and red walla had become well and favorably known in all the importing countries of the world and our export trade has been built up on these types of wheat. Recently there has been a tendency on the part of the producers to change the types of wheat grown in this territory. Since the advent of the hybrids and the new red wheats, which have been developed in the northwest the past few years, we have had a very large increase in the percentage of smut in our wheat and in order to get rid of the smut, many of the producers have turned to growing red wheats, which they have been led to believe were not so susceptible to smut. This we believe is very questionable, but we do know that these red wheats are unsatisfactory for the export trade.

Our old type red walla, which was the fife and red Russian, grown so extensively in the northwest for many years, has disappeared almost entirely from our markets, also the familiar varieties of Jenkins club, red chaff club, little club and Salt Lake club have not been grown so extensively the past few years. Since the export dmand is for these types of wheat it is our opinion that our producers are making a very serious mistake to change from these types of wheat, and, in our judgment, the dealers and mangers of farmers' associations should take advantage of every opportunity to point out these facts to their friends. Records recently compiled at the terminal markets show that there are 53 different varieties and types of wheat that arrive at the terminal markets in quantities of carloads; three varieties of hard winter, 12 varieties of soft red winter, five varieties of hard red spring, 19 varieties of common white, 12 varieties of western white, and two varieties of durham. This is what the exporters from the Pacific northwest have to contend with, while the exporters from Canada and the Argentine have only one type of wheat. Do you wonder that our customers insist on buying on type, rather than on grade.

Oregon Markets Eleven Varieties

When the federal grades became effective, in 1917, Professor G. R. Hyslop of the Oregon Agricultural college, immediately realized the necessity of reducing the number of varieties of wheat grown in the state of Oregon to certain standards and types. At that time an extensive survey was made, which showed that there were 63 different commercial varieties grown in the state of Oregon. After seven years of education and demonstration throughout the state, and careful attention given to the selection of seed wheat, the varieties of wheat grown in the state of Oregon have been reduced from 63 to 11 and the wheat has become thoroughly standardized; particular types of wheat suited to the locality, soil, and weather conditions have been selected for the different parts of the state and as a result the yield has been greatly increased, the percentage of smut has been very materially reduced, and the percentage of mixture, which at the beginning of that period was one of the most troublesome factors, has almost entirely disappeared. What Professor Hyslop, his assistants, and the experiment stations have done in the state of Oregon could be done in the other states of the norhwest to the very great advantage of both the producers and the trade.

Our friends from Montana are constantly boasting that "It's the wheat," but the wheat for the Pacific northwest is soft white and western white because of the fact that, on the most part, our soil and climatic conditons are not suited for the production of hard red spring wheat high in protein, but we have a wheat which is unlike any other wheat in the world and for which there is a world demand, while the wheat so highly praised by our friends from Montana can be bought in most any country.

New Wheat Record Set

A. G. Walker, a Canadian farmer living near Edmonton, has established a new world's record for wheat production. On a plot of three and a half acres he threshed out 312 bushels of wheat, or an average of 94 bushels to the acre, according to a bulletin of the department of agriculture.

Walker grew the wheat on summerfallow land. He sowed Prelude, a heavy yielding variety developed at the Dominion experimental farm at Ottawa. Records of sowing and harvesting were kept by the department of agriculture.

Synopsis of the Annual Statement of
THE PENN MUTUAL LIFE INSURANCE COMPANY
of Philadelphia, in the State of Pennsylvania, on the thirty-first day of December, 1926, made to the Insurance Commissioner of the State of Oregon, pursuant to law:

Capital	
Amount of capital stock paid up	Mutual Co.
Income	
Total premium income for the year	$ 56,592,241.94
Interest, dividends and rents received during the year	16,776,564.30
Income from other sources received during the year	4,601,440.42
Total income	$ 78,670,646.66
Disbursements	
Paid for losses, endowments, annuities and surrender values	25,181,209.29
Dividends paid to policyholders during the year under installment policies	12,575,224.64
Commissions and salaries paid during the year	7,371,859.46
Taxes, licenses and fees paid during the year	1,387,516.96
Amount of all other expenditures	4,632,892.78
Total expenditures	$ 51,046,013.13
Assets	
Value of real estate owned (market value)	$ 2,759,444.42
Value of stocks and bonds owned (market value)	95,135,871.00
Loans on mortgages and collateral, etc.	168,274,305.05
Premium notes and policy loans	56,413,374.59
Cash in banks and on hand	2,456,114.65
Net uncollected and deferred premiums	8,160,864.90
Interest and rents due and accrued	5,948,096.26
Other assets (net)	208,000.04
Total admitted assets	$339,245,266.82
Liabilities	
Net reserves	$280,478,689.74
Gross claims for losses unpaid	1,631,911.45
Dividends to policyholders due or declared	27,486,405.13
Reserve for mortality and assets fluctuation	27,169,501.67
All other liabilities	2,278,360.50
Total liabilities, exclusive of capital stock, Mutual Co.	$339,245,266.82
Business in Oregon for the Year	
Gross premiums received during the year	$ 402,776.17
Premiums and dividends returned during the year	61,071.56
Losses paid during the year	73,357.00

THE PENN MUTUAL LIFE INSURANCE COMPANY.
William A. Law, President.
Sydney A. Smith, Secretary.
Statutory resident attorney for service: Seth B. Thompson, 1208 Northwestern Bank Bldg., Portland, Ore.

Synopsis of the Annual Statement of the
JEFFERSON STANDARD LIFE INSURANCE CO.
of Greensboro, in the State of North Carolina, on the thirty-first day of December, 1926, made to the Insurance Commissioner of the State of Oregon, pursuant to law:

Capital	
Amount of capital stock paid up	1,000,000.00
Income	
Total premium income for the year	$ 9,067,164.95
Interest, dividends and rents received during the year	2,031,273.85
Income from other sources received during the year	197,573.58
Total income	$ 11,296,011.38
Disbursements	
Paid for losses, endowments, annuities and surrender values	$ 2,218,818.74
Dividends paid to policyholders during the year	748,435.81
Dividends paid on capital stock during the year	318,333.31
Commissions and salaries paid during the year	1,740,826.78
Taxes, licenses and fees paid during the year	366,134.03
Amount of all other expenditures	879,175.63
Total expenditures	7,271,724.01
Assets	
Value of real estate owned (market value)	$ 2,621,450.37
Value of stocks and bonds owned (market or amortized value)	1,997,702.26
Loans on mortgages and collateral, etc.	19,599,029.64
Premium notes and policy loans	7,944,905.86
Cash in banks and on hand	612,117.02
Net uncollected and deferred premiums	1,322,536.55
Interest and rents due and accrued	468,367.95
Other assets (net)	65,698.93
Total admitted assets	$ 35,843,807.60
Liabilities	
Net reserves	$ 29,251,891.39
Gross claims for losses unpaid	201,371.93
All other liabilities	3,789,544.28
Total liabilities, exclusive of capital stock of $1,000,000 and surplus $2,500,000	$ 35,843,807.60
Business in Oregon for the Year	
Gross premiums received during the year	349.47

JEFFERSON STANDARD LIFE INSURANCE CO.
Julian Price, President.
P. E. Cain, Secretary.
Statutory resident attorney for service: Insurance Commissioner, Salem.

Synopsis of the Annual Statement of
THE TRAVELERS INSURANCE COMPANY
of Hartford in the State of Connecticut, on the thirty-first day of December, 1926, made to the Insurance Commissioner of the State of Oregon, pursuant to law:

Capital	
Amount of capital stock paid up	$ 15,000,000.00
Income	
Total premium income for the year	$ 142,985,683.88
Interest, dividends and rents received during the year	19,036,626.11
Income from other sources received during the year	2,545,271.68
Total income	$ 164,567,581.67
Disbursements	
Paid for losses, endowments, annuities and surrender values	62,772,790.24
Dividends paid to policyholders during the year	387,679.90
Dividends paid on capital stock during the year	3,180,000.00
Commissions and salaries paid during the year	34,470,150.77
Taxes, licenses and fees paid during the year	3,644,926.03
Amount of all other expenditures	14,610,609.27
Total expenditures	$ 119,066,156.21
Assets	
Value of real estate owned (market value)	$ 10,700,967.21
Market value of stocks and bonds amortized; owned	225,116,942.50
Loans on mortgages, collateral, etc.	110,630,471.12
Policy loans	42,874,023.43
Cash in banks and on hand	12,717,639.57
Net uncollected and deferred premiums	24,618,581.34
Interest and rents due and accrued	5,841,979.62
Other assets (net)	5,298.00
Total admitted assets	$ 432,005,902.79
Liabilities	
Net reserves	$ 367,950,050.12
Gross claims for losses unpaid	8,326,621.80
All other liabilities	19,678,670.45
Total liabilities, exclusive of capital stock of $15,000,000.00 and surplus of $21,050,560.42	$ 395,955,342.37
Business in Oregon for the Year	
Gross premiums received during the year	637,981.87
Premiums and dividends returned during the year	10,383.78
Losses paid during the year	292,774.53

THE TRAVELERS INSURANCE COMPANY
Louis F. Butler, President.
Benedict D. Flynn, Secretary.
Statutory resident attorney for service: Phil Grossmayer, Portland, Oregon.

Synopsis of the Annual Statement of the
INTERNATIONAL INDEMNITY COMPANY
of Los Angeles, in the State of California, on the thirty-first day of December, 1926, made to the Insurance Commissioner of the State of Oregon, pursuant to law:

Capital	
Amount of capital stock paid up	$ 500,000.00
Income	
Net premiums received during the year	$ 2,684,189.71
Interest, dividends and rents received during the year	99,907.36
Income from other sources received during the year	18,655.36
Total income	$ 2,802,752.43
Disbursements	
Net losses paid during the year including adjustment expenses	$ 1,051,994.51
Commissions and salaries paid during the year	936,608.45
Taxes, licenses and fees paid during the year	59,520.51
Amount of all other expenditures	427,169.09
Total expenditures	$ 2,455,292.61
Assets	
Value of real estate owned (market value)	259,150.00
Value of stocks and bonds owned (market value)	1,506,072.05
Loans on mortgages and collateral, etc.	261,547.97
Cash in banks and on hand	125,463.50
Premiums in course of collection written since September 30, 1926	615,184.85
Interest and rents due and accrued	28,655.10
Due from reinsurance companies	40,291.20
Total admitted assets	$ 2,886,364.17
Liabilities	
Gross claims for losses unpaid	794,110.79
Amount of unearned premiums on all outstanding risks	1,195,614.05
Due for commission and brokerage	155,459.40
All other liabilities	181,269.69
Total liabilities, exclusive of capital stock of $500,000.00	$ 2,326,453.93
Business in Oregon for the Year	
Net premiums received during the year	105,787.43
Losses paid during the year	41,188.16
Losses incurred during the year	39,713.16

INTERNATIONAL INDEMNITY COMPANY.
N. Blackstock, President.
Emil Johnson, Secretary.
Statutory resident attorney for service: Insurance Commissioner of Oregon.

Synopsis of the Annual Statement of the
EUREKA-SECURITY FIRE & MARINE INSURANCE COMPANY
of Cincinnati, in the State of Ohio, on the thirty-first day of December, 1926, made to the Insurance Commissioner of the State of Oregon, pursuant to law:

Capital	
Amount of capital stock paid up	500,000.00
Income	
Net premiums received during the year	$ 980,585.63
Interest, dividends and rents received during the year	200,380.08
Income from other sources received during the year	70,525.77
Total income	$ 1,251,491.48
Disbursements	
Net losses paid during the year including adjustment expenses	406,094.09
Dividends paid on capital stock during the year	75,000.00
Commissions and salaries paid during the year	405,613.61
Taxes, licenses and fees paid during the year	44,621.32
Amount of all other expenditures	92,974.31
Total expenditures	$ 1,023,903.23
Assets	
Value of real estate owned (market value)	118,508.63
Value of stocks and bonds owned (market value)	2,091,236.50
Loans on mortgages and collateral, etc.	18,000.00
Cash in banks and on hand	84,218.92
Premiums in course of collection written since September 30, 1926	270,914.13
Interest and rents due and accrued	11,528.74
Total admitted assets	$ 2,564,406.92
Liabilities	
Gross claims for losses unpaid	$ 83,466.09
Amount of unearned premiums on all outstanding risks	1,056,054.09
Due for commission and brokerage	104,972.78
All other liabilities	46,839.80
Total liabilities, exclusive of capital stock of $500,000.00	$ 1,291,332.76
Business in Oregon for the Year	
Net premiums received during the year	$ 1,640.31
Losses paid during the year	1,393.01
Losses incurred during the year	1,236.30

THE EUREKA-SECURITY FIRE & MARINE INSURANCE COMPANY.
F. A. Rothier, President.
B. G. Dawes, Jr., Secretary.
Statutory resident attorney for service.

Synopsis of Annual Statement of the
WESTERN MUTUAL LIFE ASSOCIATION
of Los Angeles, in the State of California, on the thirty-first day of December, 1926, made to the Insurance Commissioner of the State of Oregon, pursuant to law:

Capital	
Amount of capital stock paid up	None
Income	
Total premium income for the year	$ 554,669.18
Interest, dividends and rents received during the year	77,014.15
Income from other sources received during the year	1,650.00
Total income	$ 633,333.33
Disbursements	
Paid for losses, endowments, annuities and surrender values	$ 294,500.00
Dividends paid to policyholders during the year	27,095.18
Commissions and salaries paid during the year	48,500.50
Taxes, licenses and fees paid during the year	4,802.51
Amount of all other expenditures	25,076.86
Total expenditures	$ 399,975.05
Assets	
Value of real estate owned (market value)	$ 435,000.00
Value of stocks and bonds owned (market or amortized value)	849,484.00
Loans on mortgages and collateral, etc.	719,530.00
Cash in banks and on hand	27,311.65
Other assets (net) Policy Loans	11,724.65
Total admitted assets	$ 2,043,000.30
Liabilities	
Gross claims for losses unpaid	$ 40,000.00
Liability for reserve at 3½% Amer. Ex.	1,022,343.00
Reserve for Paid-up & Extended Ins. and Lapsed Policies	5,000.00
Surplus Reserved for Contingencies	975,657.30
Total liabilities, exclusive of capital stock of $	$ 2,043,000.30
Business in Oregon for the Year	
Gross premiums received during the year	$ 7,316.00
Losses paid during the year	$ 8,000.00

WESTERN MUTUAL LIFE ASSOCIATION
J. A. Kingsley, President.
G. F. Stevenson, Secretary.
Statutory resident attorney for service: Robert Young.