

**THE ECONOMIC DEVELOPMENT OF THE  
OREGON MEAT PACKING INDUSTRY**

by

**EDMUND FALLAN**

**A THESIS**

submitted to

**OREGON STATE COLLEGE**

in partial fulfillment of  
the requirements for the  
degree of

**MASTER OF SCIENCE**

**December 1946**

**APPROVED:**

Redacted for Privacy

---

**Professor of Agricultural Economics**

**In Charge of Major**

Redacted for Privacy

---

**Head of Department of Animal Husbandry**

Redacted for Privacy

---

**Chairman of School Graduate Committee**

Redacted for Privacy

---

**Associate Dean, Graduate Division**

#### ACKNOWLEDGMENTS

The writer is indebted to Dr. D. B. DeLoach, professor of Agricultural Economics, for the time and effort expended in the preparation of this study. His suggestions and criticisms were of invaluable aid in the preparation of this study. Special thanks are due to Professor E. L. Potter, Chief of the Division of Agricultural Economics, Professor R. G. Johnson, Head of the Department of Animal Husbandry, and Professor A. W. Oliver of the Department of Animal Husbandry, for their help and contributions in the construction of this report.

## TABLE OF CONTENTS

<b>SUMMARY AND CONCLUSIONS .....</b>	<b>1</b>
<b>INTRODUCTION .....</b>	<b>1</b>
<b>ORIGIN AND DEVELOPMENT OF THE OREGON MEAT PACKING INDUSTRY .....</b>	<b>2</b>
<b>Early Livestock Production .....</b>	<b>2</b>
<b>First Cattle in Oregon .....</b>	<b>2</b>
<b>First Sheep in Oregon .....</b>	<b>3</b>
<b>Mining Era Influence on Livestock Production ...</b>	<b>4</b>
<b>Center of Production Shifts to Eastern Oregon ..</b>	<b>4</b>
<b>Eastward Drives .....</b>	<b>6</b>
<b>New Influences on Livestock Production .....</b>	<b>8</b>
<b>Development of the Oregon Meat Packing Industry .....</b>	<b>10</b>
<b>Meat Packing Started at Fort Vancouver .....</b>	<b>10</b>
<b>Beef Canning Started to Relieve Market Surplus ..</b>	<b>10</b>
<b>Concentration of Packing Industry Begins .....</b>	<b>12</b>
<b>Efforts to Break the Packers Monopoly .....</b>	<b>13</b>
<b>North Portland Development .....</b>	<b>14</b>
<b>Struggle for Control of the Market .....</b>	<b>14</b>
<b>Other Companies in the Industry .....</b>	<b>16</b>
<b>Location of the Industry .....</b>	<b>18</b>
<b>Decentralization in Evidence .....</b>	<b>20</b>
<b>LIVESTOCK--THE RAW MATERIAL .....</b>	<b>21</b>
<b>Present Marketing Pattern .....</b>	<b>21</b>
<b>Seasonal Marketings of Livestock .....</b>	<b>23</b>
<b>Out-of-State Movement .....</b>	<b>29</b>
<b>MARKETS AND MARKETING AGENCIES .....</b>	<b>31</b>
<b>Country Dealers .....</b>	<b>33</b>
<b>Livestock Shipping Associations .....</b>	<b>34</b>
<b>Livestock Auctions .....</b>	<b>35</b>
<b>Public Markets--Stockyards .....</b>	<b>37</b>
<b>Stockyards Company .....</b>	<b>37</b>
<b>Commission Firms .....</b>	<b>38</b>

Packer Buyers .....	38
Other Buyers .....	39
Market News Service .....	39
Regulation .....	41
Future of the North Portland Market .....	41
<b>PACKING PLANTS AND OTHER SLAUGHTERERS .....</b>	<b>43</b>
Position of Meat Packing Among Other Oregon Industries .....	44
Federal and State Inspected Plants .....	44
Local Butchers .....	47
Farm Slaughter .....	47
<b>REGULATION OF THE PACKING INDUSTRY .....</b>	<b>50</b>
Regulation to Protect Public Health .....	50
Economic Regulation .....	55
<b>MARKETING OF MEAT AND MEAT PRODUCTS IN OREGON .....</b>	<b>57</b>
Wholesale Distribution .....	57
Packing Plants .....	57
Branch Houses .....	58
Local Butchers .....	59
Farm Slaughter .....	59
Retail Distribution .....	60
Independent Markets .....	60
Chain Stores .....	61
Meat Merchandising .....	61
Cold Storage Locker Plants .....	62
Integration .....	63
<b>BIBLIOGRAPHY .....</b>	<b>64</b>

## SUMMARY AND CONCLUSIONS

1. Livestock production in Oregon received its initial impetus in the period 1824 to 1837 under Dr. McLaughlin, factor for Hudson's Bay Company at Fort Vancouver. Large numbers of California livestock were trailed to Oregon in 1837 and 1843. Livestock from the midwest started coming across the plains in 1840. The initial concentration of livestock was in the Willamette Valley. Rapid settlement of the valley forced Oregon livestock producers to the ranges east of the Cascade Mountains.
2. The principal markets for Oregon livestock from 1850 to 1870 were the mining camps of the western United States and Canada. The cessation of this mining activity resulted in a livestock depression.
3. Supplies far outstripped local demand so Oregon cattle and sheep commenced moving eastward. Increased competition for land combined with lower livestock prices forced stockmen to materially reduce their operations. Since 1890, Oregon stockmen have prospered and suffered with the rise and fall of livestock prices and the changes in the weather cycle.
4. Meat packing was begun at Fort Vancouver in 1836 with the salting down of 70 beaves. During the livestock depression, partially successful efforts were made to utilize the salmon canneries on the Columbia River for canning beef.
5. The concentration of the packing industry began in 1880 when several butchers in the Portland area combined operations to form the Union Meat Company. Swift and Company purchased the

Union Meat Company in 1907 and erected a modern packing plant in North Portland in 1909. The Portland Union Stock Yards, adjacent to the Swift plant, opened for operation in 1909 also. Swift and Company has remained dominant in the field since 1907. Armour and Company purchased a plant in North Portland in 1941. In addition to the national packers operating in Oregon, there are locally owned plants of importance.

6. The supply situation of established Oregon packing concerns is being changed during the present transition period for livestock markets and marketing agencies. A trend toward decentralized markets is indicated by the expansion of the auction markets, the growth of inland packing plants, and the decline of livestock shipping associations. An immediate effect was an increase in direct packer buying. Should the trend continue, Oregon packers may have to revise their livestock procurement systems to avoid the diversion of available livestock to competitors.

7. Changes in the methods of transporting livestock and meat have influenced the trend toward decentralization. When livestock was transported chiefly by rail, the North Portland market and nearby packing plants were at an advantage. Modern trucks and roads have improved the competitive position of the inland markets and packing plants.

8. Markets and packing concerns within the production areas have competitive advantages upon which more emphasis is

likely to be placed. This refers particularly to the short time required to get livestock to market and the relative ease with which animals can be moved to slaughter plants. Not only is this more convenient to producers, but crippled animal, death and shrinkage losses are kept to a minimum. Improvements in truck refrigeration have facilitated the fast, long-distance movement of dressed meat to consuming centers from range area packing plants. Another factor which may further effect decentralization is the vulnerability of large packing plants to labor organizations. The working forces of small, scattered plants cannot be organized into the potent bargaining force possible in a large plant.

9. Decentralized plants are of necessity small, but the size of plant most economical to operate apparently has not been determined. (3, p. 511) A limiting factor on small plants will be the efficiency with which they can utilize byproducts and distribute meat and meat products.

10. Regulation of the meat packing industry has been of two types, economic and sanitary. The economic legislation has been designed to prevent monopoly and unfair trade practices. Sanitary regulation has been promoted to protect the public health. The extent to which sanitary regulations are necessary is a controversial issue. There are those who feel that stringent meat inspection is necessary for protection of the public. On the other hand, there are those who hold that meat inspection has only an aesthetic value to the consumer.

11. Wholesale meat distribution methods have changed little since the Packer's Consent Decree in 1920. The distribution system is possibly more extensive. Packers have widened their individual trade areas since the development of refrigerated trucks which has meant a greater volume of business at the expense of the small butcher. Some economic saving may have resulted from this development since the larger plants are generally more efficient in the utilization of byproducts than are the small butchers who handle such small numbers of livestock that the resulting amount of by-product is too small to warrant salvage.

12. Meat retailing has undergone a distinct change from the butcher shop to the combination-type stores. Retailers, particularly the chains, have gone all out to glamorize meat as a food.

13. Frozen packaged meats are a potential market factor. Depending upon the degree of public acceptance, this type of meat distribution may considerably alter present methods. Frozen packaged meat in all probability will be sold in the same manner as are other frozen perishables.

# THE ECONOMIC DEVELOPMENT OF THE OREGON MEAT PACKING INDUSTRY

## INTRODUCTION

This is a report on the meat packing industry in Oregon with particular reference to its economic development and the production of its raw material--livestock. Special attention is given such economic considerations as location, organization, regulation, demand and supply forces, and marketing methods and problems. Since a high percentage of Oregon farmers are engaged in producing livestock for market and practically all of our people consume meat and meat products, the problems that arise in the movement of livestock from the farm, the conversion of live animals into human food and the distribution of meat and meat products to the consumer are of vital importance to many Oregon people. It is the purpose of this paper to examine critically the existing structure; to describe the marketing agencies and their functions; and to determine marketing trends insofar as available data indicate such tendencies.

## ORIGIN AND DEVELOPMENT OF THE OREGON MEAT PACKING INDUSTRY

### Early Livestock Production

First Cattle in Oregon. Swine and black Spanish cattle were taken to the Northwest Coast by Senor Quadra of the Spanish Government and landed at Nootka Sound in 1792. (4, p. 163) The first cattle in Oregon proper were landed from the ship Isaac Todd at Fort George (at the mouth of the Columbia River) in 1814. (9, p. 11) These five head of cattle in all probability constituted the beginning of a cattle industry in Oregon.

Hudson's Bay Company had seventeen head of cows, all ages, when Dr. McLaughlin became factor in 1824. The doctor immediately extended his benevolent despotism to include the handling of the company cattle. No slaughter for beef was permitted until 1836. The settlers were loaned cattle by Hudson's Bay Company without charge for milk and draft purposes. Animals that died were not charged against the settler in possession. (9, p. 13)

This monopolistic policy gave a real impetus to cattle numbers. There were 200 head of cattle at Fort Vancouver in the winter of 1828-29. (28, p. 397) It is not likely that these 200 head were all descendants of the original 17 in 1824. There must have been other importations, but records fail to reveal that information.

The American settlers were becoming increasingly resentful at Hudson's Bay Company monopoly of cattle. Ewing Young organized a

large party in 1837 to go to California for a cattle drive north to Oregon. They arrived in the Willamette Valley with 630 of the 800 head of cattle they bought in California. This action broke the cattle monopoly in Oregon. Dr. McLaughlin accepted the semi-wild California cattle in exchange for the domesticated Hudson's Bay Company cattle—cow for cow—which the settlers had been using. (9, p. 24)

First Sheep in Oregon. The first attempt to bring sheep to Oregon in large numbers was made in 1829 by a Captain Dominic, an American trader whom Dr. McLaughlin requested to bring in sheep from California. The Captain complied with orders and brought a fine lot of sheep on his next voyage. But he must have been a better sailor than a shepherd, for the sheep were all wethers. (1, p. 443)

There was a second great drive of livestock from California in 1842-43. Captain Joseph Gale and party brought 1,250 cattle and 600 horses and mules to Oregon. In the wake of Gale's drive was Jacob Lease with 3,000 sheep. Lease lost 200 head crossing the Klamath River, but the increase on the way more than made up the losses. It was necessary to use four to eight pack horses daily to carry the new lambs. (5, pp. 35-38)

Livestock commenced coming across the plains after 1840, the first sheep being trailed in by Joshua Shaw and son in 1844. (5, p. 53) Joseph Watt brought 330 head of sheep, some of Saxon and some of Merino breeding, in 1848. (6, p. 222) Cattle began arriving in large numbers after 1840. (9, p. 42)

Land for extensive livestock operations was fast becoming a thing of the past in the Willamette Valley by 1850. Operators commenced to take an interest in eastern Oregon and a slight movement from the Willamette commenced.

Mining Era Influence on Livestock Production. Gold was discovered in California in 1849 and this immediately brought prosperity to Oregon stockmen. Beef promptly went from 6 cents per pound to 25 cents in Oregon City. Butter rose from 25 cents to \$1.50. Wethers for the California market were selling at \$5.00 per head. (9, p. 45)

The early years of the mining era saw movements of cattle from the Willamette, the Umpqua, and the Rogue River Valleys to supply the California, Vancouver Island and Western British Columbia markets. The cattle for California went overland but those for the British Columbia markets were driven either to Astoria or Portland for boat shipment. (9, p. 66)

As the mining activity in British Columbia and California quieted down, new gold strikes in Idaho, western Montana and eastern Oregon (1863-66) provided new markets to keep the livestock business in Oregon on a profitable basis. (9, p. 92)

Center of Production Shifts to Eastern Oregon. While the ranchers had been busy supplying the mines with meat, they were also busy leaving the Willamette Valley for eastern Oregon. The exodus was on after 1860. There were cattle at the headwater of

the Owyhee River in 1860, northeastern Oregon in 1861, Grande Ronde Valley in 1864, the John Day Valley from its mouth to Canyon City in 1866, and in the Harney Valley by 1868. (9, p. 104)

Settlers from the Willamette filled Wasco County and the Ochoce during 1869-70. As cattle left the Umpqua Valley in 1870 sheep replaced them.

Some of the movement of livestock to eastern Oregon was over the mountains but a large portion went by boat up the Columbia. The trade was so lucrative that the Oregon Steam Navigation Company fitted out two boats especially to haul livestock to The Dalles from Portland. An Oregon Steam Navigation Company advertisement in the spring of 1875 gave the following tariff schedule: (9, p. 110)

Portland to The Dalles

Horses	\$ 3.00
Cows	1.50
Sheep and Calves	.37½
Yearlings	.75
2-year and 3-year olds	2.00
Hogs	.50

The Dalles to Portland

\$ 2.00 per hd

These rates were entirely too high for the stockmen of that day. They protested bitterly that the Oregon Steam Navigation Company as a transportation monopoly had a strangle-hold on the economic development of eastern Oregon.

The migration continued after 1870, but the ranges were becoming depleted, especially in Wasco County. Sheepmen and farmers were encroaching on the cattlemen's domain. By 1880 sheepmen were competing with cattlemen for range everywhere except in southeastern Oregon. (9, p. 112)

The mining activity had enormously stimulated the livestock business from 1850 to 1870. (See Table 1.) Overproduction brought a depression in 1872 which lasted until 1880.

Table 1. Livestock Population in Oregon. 1850-1880.

Year	Cattle (1,000 head)	Hogs (1,000 head)	Sheep (1,000 head)
1880	598	179	1,368
1870	120	119	318
1860	154	81	86
1850	42	30	15

Sources: United States Census 1940.

Eastward Drives. The available markets in Oregon did not absorb all the cattle from the Northwest ranges. Many operators sold out. Others spayed their cows and heifers to check the increase. The competition with sheepmen for range was increasing yearly. The pressure was sufficient to cause the movement of cattle herds to the ranges of Montana and Wyoming. There must have been pressure on the sheepmen also, as large numbers of sheep were driven eastward.

Oregon cattle started going to Wyoming in 1875 to stock the ranges there. After wintering and summering, some of these cattle were shipped to eastern markets via rail. The first Oregon cattle marketed in Chicago were received there in 1876. Twelve thousand head of cattle were purchased in the Columbia Basin, Yakima Valley, the Walla Walla country and northeastern Oregon by Long and Ryan,

livestock drovers, for a drive east in 1878. The next year Long and Ryan, with M. R. Davis of Cheyenne, drove 12,000 head of cattle to Cheyenne from the Steens Mountains. The climax of the Wyoming drives came in 1880 when 58,000 cattle were driven from Oregon. Long and Ryan's last drive included 20,000 sheep and 12,000 cattle. The Wyoming drives ceased in 1883, only to see the flow changed to Montana ranges. (9, pp. 165-177) While some cattle had been driven over the Mullan road to Montana previous to 1883, the completion of the Northern Pacific Railroad in that year really gave the Montana movement a stimulus. Inadequate statistics fail to reveal the exact size of the movement, but the best "guesstimates" are about 40,000 head for 1885. The movement continued through 1886, but overstocking, drought, and the hard winter of 1886-1887 in Montana quickly brought an end to the traffic.

(8, p. 81)

The movement of sheep continued. The report of the board of directors of the Northern Pacific Railroad in 1890 notes the movement of 101,400 sheep from Washington and Oregon to Montana and Dakota. (8, p. 83)

Not all the sheep were shipped by rail, though, as Oregon wethers were being trailed all the way to Nebraska as late as 1890. (9, p. 187)

After 1880, the cattle industry in eastern Oregon was in retreat. Sheepmen forced the cattlemen off the public domain

first. The 1880 census shows 1,368,162 sheep in Oregon, of which 724,987 were concentrated in the three counties of northeastern Oregon. (9, p. 298)

New Influences on Livestock Production. The completion of the Northern Pacific in 1883 put farming on an equal basis with stockgrowing. Without railroad transportation, bulky farm produce had only a limited local market. (9, p. 329)

By 1885, the range cattle industry had retreated to southeastern Oregon, where lack of railroad transportation had hindered the development of farming.

Livestock interests in Oregon enjoyed a measure of prosperity from 1890 to 1908. The demand for meat and the high prices during the war years resulted in an increase of cattle numbers. The price break following the war forced many livestock men to liquidate. (27, p. 254)

The livestock industry between World War I and II suffered and prospered with the trend of the times. The early thirties were difficult years for the livestock producer. Depression prices and unfavorable climatic conditions forced many Oregon ranchers to liquidate their holdings. By 1939, conditions had measurably improved, both from the grass and price level standpoint.

Again the war brought a demand for meat and with it high prices. Cattle numbers again rose until they reached 1,182,000 head in 1945, an all-time high. The sheep situation, in spite of the high price, was reversed. Operators began dispersing their flocks in 1938 and

the trend is yet unchecked. By 1945 there were only 1,037,000 sheep in Oregon compared with 2,210,000 in 1935. Lack of reliable herders, high costs, and the unwillingness of young Oregonians to run sheep have been in part responsible for the dispersal.

Price and grass have long controlled the destiny of the Oregon livestock industry. Price has always been something the rancher could do little about, but he has fought the battle of grass with bullets and words from his own range to the Halls of Congress.

The battle over grass led to the Forest Reserve system (forest lands) in 1905 and to the Taylor Grazing Act (public domain) in 1934. Bullets were still in order as late as 1929. An Associated Press dispatch from Lakeview, Oregon, dated August 13, 1929, read: "An impending range war growing out of a water hole controversy in the Wagontire Mountain district, near here, threatened momentarily to flame into gunfire today. Several homesteaders have allied themselves against stockmen...The Wagontire Mountain district is one of the few remaining frontiers where open range and open water holes prevail."

## Development of the Oregon Meat Packing Industry

Meat Packing Started at Fort Vancouver. The first recorded slaughter of cattle for beef in Oregon country was at Fort Vancouver in 1836 when 70 beeves were salted down. Herds continued to enlarge so that in the period of 1852 to 1854, Hudson's Bay Company sold or slaughtered 2,348 animals. (4, p. 174)

A. H. Johnson and Richard S. Perkins were the leading meat dealers in Portland in 1852. For many years Johnson was the most extensive dealer in meats in Portland. His operations included butchering, packing, handling, and selling all kinds of livestock. His annual business was estimated at \$200,000 to \$400,000 annually. (26, p. 563)

Beef Canning Started to Relieve Market Surplus. Cattle numbers had become so large after 1860 that local demand in Oregon could not begin to relieve the glut in the market (see Table 1, p. 6). Lower prices started agitation by ranchers for more outlets for their livestock. The salmon canneries on the lower Columbia were inoperative part of the year, so as an experiment, John West and Company of Westport commenced packing beef and mutton in their salmon cannery in 1874. Augustus C. Kinney had become the leading canner of beef by 1876. Others were Badoillet and Company, Cutting and Company, and J. G. Megler. Megler had put up 24,000 cases (48 pounds at 12 cents per pound) to November 30, 1876. In 1877 Kinney started putting up compressed canned beef for export. Most of the beef canned went to Great Britain. (7, pp. 243-251)

Chicago packers were successful in canning beef before the Columbia River packers commenced operations, and Chicago beef was in the British market before the Oregon product. A break in the British market in 1877 left no opening for Oregon beef and the beef canning industry on the lower Columbia died out. (7, p. 254)

Thomas Cross of Salem, who had successfully packed beef for shipment to the tropics, formed a partnership with John Michelback to pack beef at The Dalles in 1875. They submitted the following draft of an agreement to the ranchers of Oregon and Washington for their consideration: "We, the undersigned, do hereby agree to bind ourselves to deliver the number of cattle set opposite our names to Cross and Michelback at The Dalles, Oregon, during the month of October 1875. The consideration thereof to be 2½ cents per pound net weight, and to be paid by said Cross and Michelback when the said beef, properly packed, has been sold in the European market and the return of the pounds of such sale or sales forwarded or made; provided that if said beef shall spoil in transportation, or no sales be affected, then the said Cross and Michelback to be in no way bound." (7, p. 246)

The daily capacity of the proposed plant was to be 200 beesves during the packing season of three months. The plant therefore had a market for 15,000 head of cattle. (7, p. 246)

The project had the backing of the local press and civic bodies. But the stockmen were of a different mind. They felt that they

would assume the major share of the risk and then could only look forward to receiving a pittance after months of waiting. Without the support of the cattlemen the project failed to materialize and the livestock depression continued. (7, p. 248)

Concentration of Packing Industry Begins. By 1880 Portland's chief sources of meat were the American Dressed Meat Company (James B. and John F. O'Shea and Papworth McGregor) and slaughter houses run by John Keller, A. H. Johnson and Louis Zimmerman. The American Dressed Meat Company was located on a triangular lot bounded by Ash, Ankeny and Third Streets. Zimmerman eventually took over the Keller plant on Macadam Avenue where the B. P. John Furniture Company is now located. The Spaulding Brothers and Papworth McGregor organized the Portland Butchering Company in 1889. The industry began to assume its present form when Zimmerman, the American Dressed Meat Company, and the Portland Butchering Company merged to form the Union Meat Company, which was the predecessor of the present Swift and Company plant. (11, pp. 68-69)

A. H. Johnson later bought into the Union Meat Company (15, p. 4). A meat packing plant was erected at Troutdale and opened in 1890. The company also erected a wholesale house in Portland at what is now Northwest Fourth and Glisan. In addition a branch slaughter house (the plant of the Portland Butchering Company) was operated at Clarno. (12, p. 3)

The annual capacity of the two plants was 36,000 cattle, 12,000 calves, 140,000 sheep, and 30,000 hogs. (12, p. 3)

By the spring of 1893, the company was in addition to its meat packing operations operating a glue works, a fertilizer factory, and a wool pulling department. Its buying of livestock had extended to Idaho, Utah, and California. (13, p. 8)

The Morning Oregonian was high in its praise of the Union Meat Company during the first three years of its operation. Dressed meat prices had been lowered in Portland 2 to 4 cents per pound so that meat was selling in butcher shops at 6 to 7½ cents per pound. But by October 1893 the Morning Oregonian implied that the Union Meat Company was a monopoly when it told of the opening of the Pacific Packing Company. (14, p. 12) Despite the entry of smaller companies into the slaughter business, the Union Meat Company remained dominant in the field.

Efforts to Break the Packers' Monopoly. During the early nineteen hundreds, attempts were made by the stockmen of the Pacific Northwest and the National Livestock Association to start an independent packing plant in Portland to combat the "beef trust." The Morning Oregonian again took the Union Meat Company to task for high retail meat prices in the spring of 1905. (16, p. 13) The editors went so far as to hint at a combine of local branch houses and independent packers. The editors' contention was borne out by the action of eastern Oregon cattlemen who combined to demand 5 cents a pound for their steers.

Portland packer buyers promptly bypassed eastern Oregon for Colorado. Their purchases there cost more than if they had paid the 5 cents to Oregon cattlemen, but they were successful in

breaking the market, as Oregon steers finally sold for 3-7/8 cents.  
(17, p. 14)

North Portland Development. On January 1, 1906, Swift and Company announced their intention of erecting a plant in North Portland. (18, p. 19) By January 31 they had completed purchase of 800 acres of peninsula property. (19, p. 16) Other purchases of peninsula acreage in 1906 included the Portland Union Stock Yards and Armour and Company. (20, p. 14) The stockyards company held its purchase only a short while and then gave it up to accept a gift of 50 acres from Swift and Company. (22, p. 12) Swift and Company had secured options on the holdings of the Union Meat Company in 1905 and negotiations were completed in 1907. G. G. Colt arrived from Chicago to take over the management of the new Swift property, which continued to do business as the Union Meat Company.

Stockmen were hopeful that the entry of a national packer into Portland would make a better market as a result of increased competition for available supplies of livestock. At that time, the arrival of more than a half-dozen cars of cattle in a day would depress market prices materially. (18, p. 19)

Struggle for Control of the Market. Swift's entry into Portland was not without political implications, charges and counter charges. The basis for the struggle appears to have been over the market that was developing in the Portland metropolitan area. The corporate limits of the City of Portland had grown to where some of the

slaughter plants originally erected outside the city limits were included. Louis Zimmerman's South Portland slaughter plant was closed by city authorities who branded it a public nuisance. Mr. Zimmerman, also a city councilman, promptly aired his feelings during a subsequent meeting of the council. He charged that Swift and Company, through the South Portland Development Company, had been instrumental in attempting to put him out of business by closing his plant. Perhaps Mr. Zimmerman was correct in his charges, as the city council voted him permission to reopen. (23, p. 16)

Schwartzschild and Sulsberger (now Wilson and Company) endeavored to enter the Portland market in 1908. The company chose not to locate on the peninsula because Swift and Company then controlled the stockyards company. The Zimmerman plant in South Portland had ceased operating, so Schwartzschild and Sulsberger attempted to obtain a permit to build a packing plant there. The city council refused permission and Schwartzschild and Sulsberger withdrew from the scene, but not without charging that rival packing companies had been influential in seeing that permission was denied. (24, p. 12)

The new Swift plant opened at North Portland in 1909. On September 16 of that same year the Portland Union Stock Yards Company started operation in the new yards alongside the Swift plant. The Morning Oregonian heralded the new yards as the

largest in the west. Twenty-two cars of cattle and ten cars of hogs and sheep were received that day. The Garstens Packing Company of Seattle purchased the first car of cattle. (25, p. 19) The yards had previously been situated on 27th and Vaughn, present site of the Portland baseball park. The operation there began in 1886, but the stockyards company was not incorporated until 1902. (11, p. 70) Swift and Company continued operation as the Union Meat Company until 1919 when C. C. Colt resigned as manager. Since then the plant has been operated under the Swift and Company name.

Other Companies in the Industry. Swift and Company is the only national packer that has been in continuous operation in Portland as a slaughterer. Armour and Company, Schwartzschild and Sulzberger (Wilson and Company), Gudahy Packing Company, Hormel and Company, and Rath Packing Company have all at one time or another operated branch houses in Portland.

Armour and Company entered the Portland market as a slaughterer in 1941 when it purchased the Schlessor Brothers plant, a business started by Curtis Schlessor in 1906 on a "shoestring." Schlessor rented a small slaughter house near the yards for twenty dollars a month. (The Pacific Meat Company was later started in the same building by Sam Nelson.) In 1910 he purchased two lots (site of the present Armour plant) and erected a small slaughter house which was operated as a beef killing plant until 1927. In 1928, after a trip to France, Belgium and Holland to survey the horse meat market,

Schlesser returned and commenced slaughtering horses exclusively for export. The business remained profitable until 1932, when the European market went to pieces and Argentine choice beef sold for 5 to 6 cents per pound in Europe. In the four years from 1928 to 1932 Schlesser Brothers slaughtered 375,000 horses obtained from the ranges of the Pacific Northwest. Originally they were paid \$2.50 per head to remove the horses, but by 1932 the ranchers were receiving a cent a pound at the shipping point. Airplanes were used extensively in rounding up horses during 1932. The Schlesser plant returned to beef and mutton slaughter after the break in the European market in 1932. A new addition was built on the original plant after the purchase by Armour and Company in 1941.

Among others who have long been active in the meat business in Portland is Frank L. Smith of "break the beef trust" fame. In his advertisements he claimed he was fighting the beef trust in Portland. He operated and supplied 24 retail meat markets in Portland during his "campaign." At present he owns and operates the Associated Meat Company.

Fred Gelinsky was associated with his father in a meat market at Southeast Sixth and Morrison, present site of the Weatherly Building, in 1889. He has been associated with his brother in many concerns, chief of which is the Kenton Packing Company, sold in 1943 to Jacob Gallus of the Portland Provision Company.

A Mr. Adams, a large Willamette Valley sheep operator, so English that he was known only as "Mr." Adams, was an early packer in Portland. His original plant was operated by his sons until recently, when it was acquired by Stearns and Welch.

Other Oregon packers of consequence outside the Portland area are the Valley Packing Company of Salem; Christensen Meat Company of Tillamook; Eastern Oregon Meat Company of Baker; Columbia Gorge Meat Company of The Dalles; Medford Meat Company of Medford; Klamath Packing Company of Klamath Falls; and Steen Brothers and D. E. Nebergall Meat Company of Albany. The Valley Packing Company was organized in 1919 when two pioneer meat packing families of Salem, the Crosses and the Steusloffs, merged operations.

#### Location of the Industry

The Oregon meat packing industry has centered in the North Portland area. This is attributable to Portland's position as the geographical center of population in the Northwest; favorable transportation from the producing areas in Oregon, Washington and Idaho; and the existence of adequate marketing facilities.

One-third of Oregon's 1,200,000 people reside within Portland and the immediate vicinity. The market area of the industry, however, comprises the State of Oregon and southwestern Washington, with only the federally-licensed plants in Oregon being eligible to market their products in Washington.

Portland assumed its position as a livestock marketing center early. Its geographical location with respect to the relative ease

in developing water and rail transportation facilities from the livestock ranges aided materially. Cattle and sheep were first brought from the ranges to Portland and other coastal markets down the Columbia in barges. With the availability of rail facilities in 1883, livestock shipments from the hinterlands of Washington, Oregon and Idaho assumed major proportions. As the livestock traffic increased, market and slaughter facilities were established and expanded. (See Table 2.) Buyers from San Francisco and the

Table 2. Comparative Trends: Market Area, Population Growth, and Meat Packing Industry Expansion. 1890-1940.

Year	Population		Meat Packing Industry			
	Oregon Including Portland	Portland	S.W. Washing- ton <sup>1/</sup>	No. of Estab- lishments	Value of Products (1,000 dollars)	Total Livestock Receipts at N. Portland (1,000 head)
1940	1,089,684	305,394	173,604	31	15,178	688
1930	953,786	301,815	143,804	26	18,745	451
1920	783,389	258,288	111,424	21	15,868	553
1910	672,675	207,214	99,687	14	5,880	351
1900	413,536	90,426	53,350	9	1,638	102
1890	317,704	46,385	41,950	5	1,571	-

<sup>1/</sup> Includes Clark, Cowlitz, Klickitat, Lewis, Pacific, Skamania and Wahkiakum Counties.

Sources: United States Census  
United States Census of Manufactures

north were attracted to Portland by the large offerings of livestock.

Even today, with the situation somewhat changed, Seattle and San Francisco buyers are still active in the Portland market, although the advent of livestock trucking and direct rail facilities to California from east of the Cascades is causing much of the California trade to bypass Portland.

Decentralization in Evidence. Meat packing plants have in the past generally located within or near their principal consuming market rather than at the sources of supply. This was true of the meat packing industry in Oregon. Evidence of decentralization is beginning to appear as is shown by the recent growth of inland packing plants in the Spokane, Kennewick, Walla Walla and Boise Valley areas.

The Idaho source of livestock has been largely diverted by federally inspected plants that slaughter and ship to the California market via truck. Also, there has been extensive trucking of Idaho cattle to Winnemucca, Nevada, for rail shipment to San Francisco.

Expansion of the industry in the past has been directly related to the growth of its consuming market, as shown by Table 2. Further growth will depend upon population shifts and changes in the competitive position of the industry, even though a decentralization might occur.

## LIVESTOCK—THE RAW MATERIAL

### Present Marketing Pattern

The supply area of the Oregon meat packing industry is defined in the states of Oregon, Washington, Idaho, California and Montana by the existing price relationship between Oregon markets and those elsewhere (see Table 3, p. 22). Assuming that Oregon prices minus freight charges rise above those prevailing in other areas, the normal flow of livestock from the area will be diverted to Oregon. While a mass diversion has yet to occur, a price disparity between Portland and midwest markets during the war period resulted in large marketings of midwestern livestock at Portland. The extension of the present supply area will depend upon the industry's ability to improve its competitive advantage.

Demand for meat and meat products in the industry's market area remains quite constant throughout the year. However, marketings of livestock in the Northwest are seasonal in nature due to breeding practices and the availability of feed. Calving, lambing and farrowing are all seasonal. The quantity and quality of forage on the spring and summer ranges determine the number of milk fat lambs and grass fat cattle during late summer and early fall. Feed prices in relation to hog prices will determine the number of hogs fed and marketed.

In addition competition from out-of-state packers materially affects the supplies of livestock available to Oregon packing

Table 3. Livestock Population. Oregon, Washington and Idaho. 1890-1945.

Year	Cattle			Hogs			Sheep		
	Oregon	Washington	Idaho	Oregon	Washington	Idaho	Oregon	Washington	Idaho
	(1,000 head)			(1,000 head)			(1,000 head)		
1945 <sup>1/</sup>	1,182	998	961	194	243	325	1,037	395	1,353
1940	799	698	663	180	176	246	1,423	487	1,372
1930	703	534	542	120	103	147	2,202	673	2,077
1920	851	573	715	267	265	240	2,002	624	2,356
1910	649	345	404	139	127	119	1,958	295	2,110
1900	532	290	277	281	181	114	1,961	558	1,965
1890	521	255	219	208	90	32	1,780	266	356

<sup>1/</sup> Preliminary

Sources: Agricultural Statistics 1945  
United States Census 1940

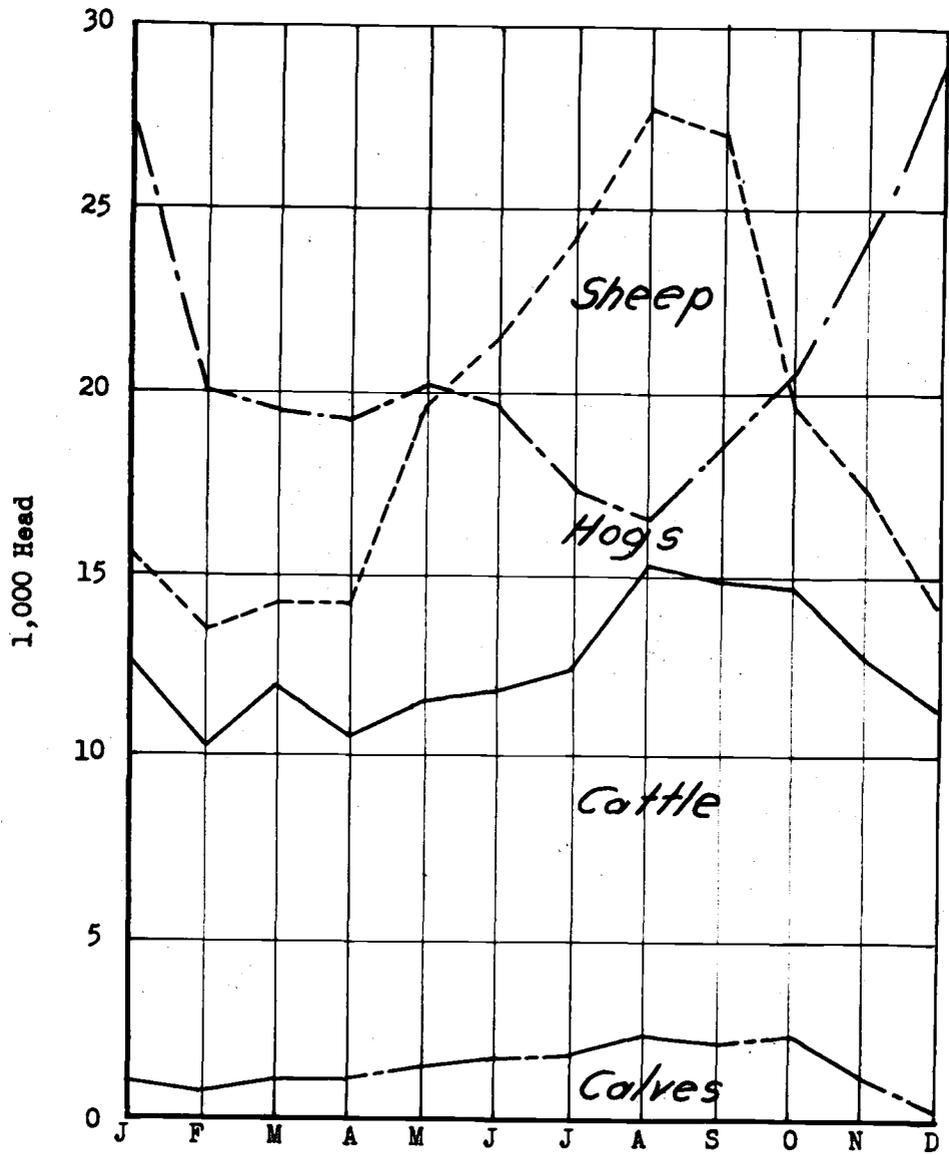
concerns. The situation is such that Oregon packers are forced to buy livestock at markets outside the local supply area in order to fill their market requirements.

#### Seasonal Marketings of Livestock

The seasonal nature of local production is illustrated by the average monthly livestock receipts at the Portland Union Stock Yards. (See Chart I, p. 24) The industry is dependent upon the producers and feeders of eastern Oregon, southwestern Washington and southern Idaho for the bulk of its fat lamb requirements from July to March. The lambs from this area marketed from July through September are milk fat and those from October to March have been fed out. California lambs begin to appear in Portland in April and May. By the end of May, lambs from the Willamette Valley and the Oregon coast are being marketed. This latter movement reaches its peak in July and terminates in August. (See Chart II, p. 25)

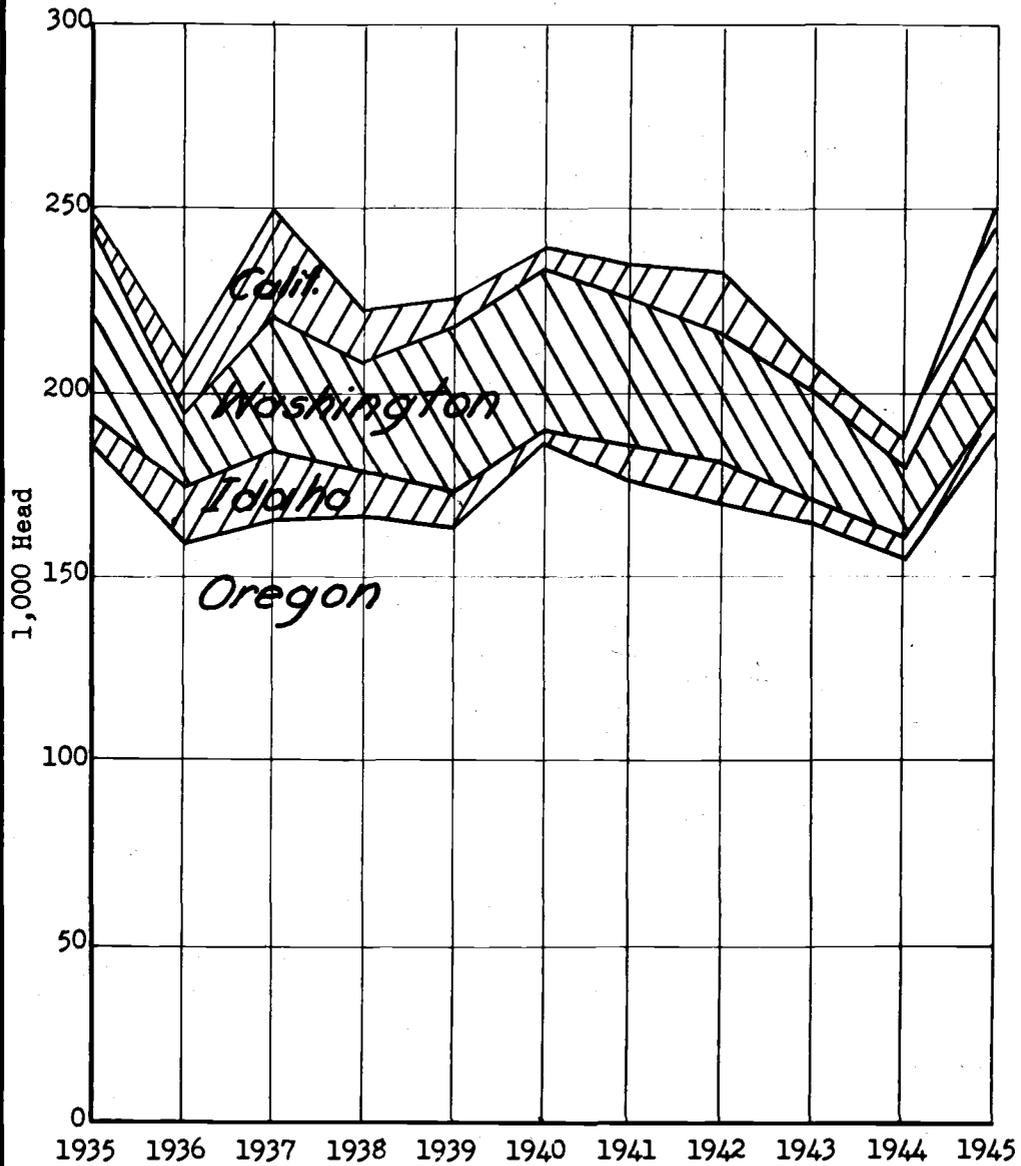
Cattle marketings at Portland also show a seasonal trend from the separate producing areas. July brings heavy runs of western and central Oregon cattle. Late summer and early fall see the marketing of the grass fat cattle from the Blue Mountains. Cattle come from Idaho and Montana in October, November, and December. The fed cattle from eastern Oregon and Idaho arrive from January through April. California and Columbia Basin cattle begin to appear in the market in May. (See Chart III, p. 26)

Chart I. Average Monthly Livestock Receipts  
Portland Union Stock Yards Company  
1936-1945



Source: Portland Union Stock Yards Annual Reports 1936-1945.

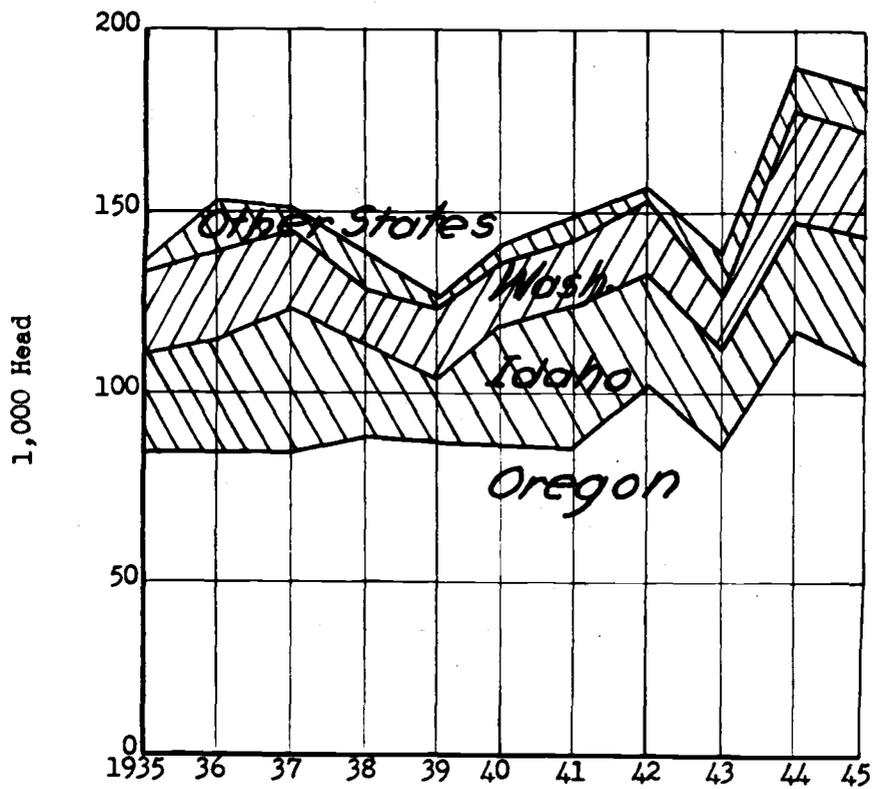
Chart II. State<sup>1/</sup> of Origin of Sheep and Lambs Received at  
Portland Union Stock Yards. 1935-1945.



<sup>1/</sup> States other than those shown contribute negligible amounts.

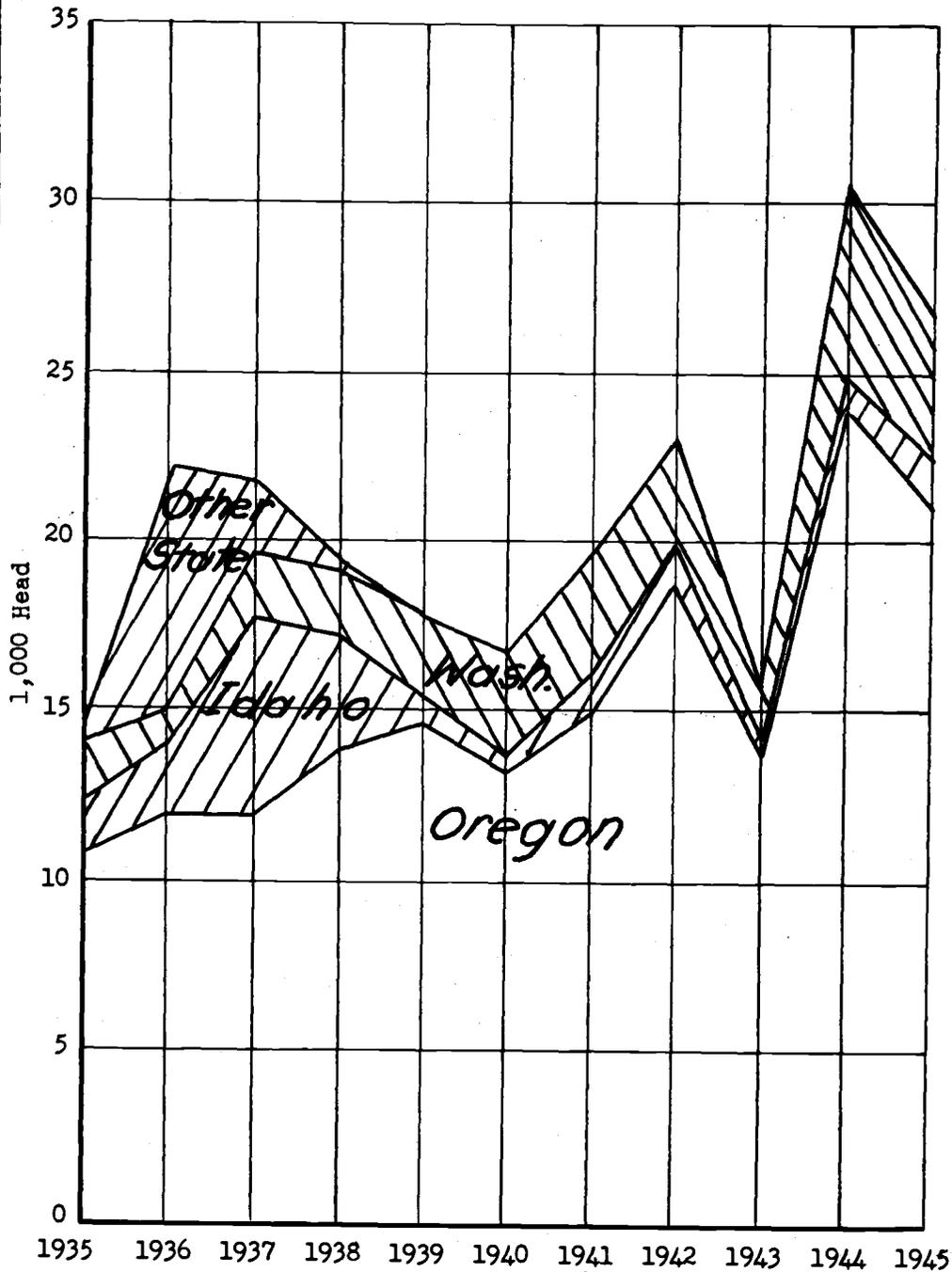
Source: Portland Union Stock Yards.

Chart III. State of Origin of Cattle Received at Portland Union Stock Yards. 1935-1945.



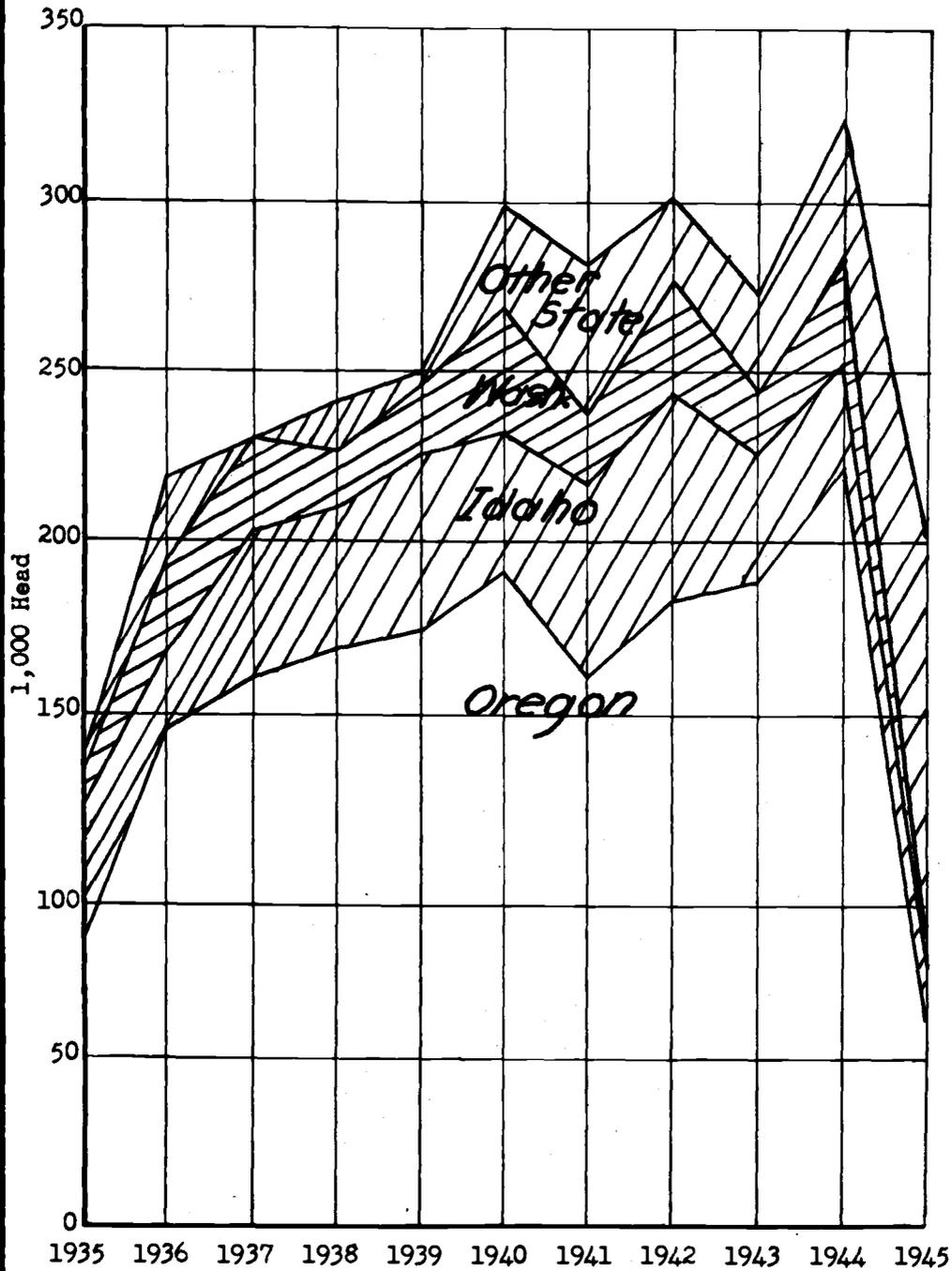
Source: Portland Union Stock Yards.

Chart IV. State<sup>1/</sup> of Origin of Calves Received at Portland Union Stock Yards. 1935-1945.



<sup>1/</sup> Calves from other states are negligible after 1939.  
 Source: Portland Union Stock Yards

Chart V. State of Origin of Hogs Received at Portland Union Stock Yards. 1935-1945.



Source: Portland Union Stock Yards.

The Portland Union Stock Yards, lying in the center of the dairy sections of Oregon and Washington, receives large numbers of dairy cattle which have been culled or are not required for replacement. The quality of these cattle for beef purposes is low, but they sell readily in response to a demand for lower-priced meats and utilization in the sausage trade. In satisfying a portion of the demand for meat and meat products, the culled dairy cattle are a form of market competition to beef producers.

Oregon normally produces slightly more than one-half of its pork requirements. Interstate trading is carried on to obtain supplies for immediate slaughter (see Chart V, p. 28). Hog marketings reach a peak during the late fall and early winter months when the spring pig crop is marketed. The slight rise during May is attributable to fall farrowings. (See Chart I, p. 24.) Summer marketings are low due to the hog cycle and to the difficulty in shipping hogs during hot weather.

#### Out-of-State Movement

Heavy out-of-state shipments coincide with large intra-state marketings. California markets take the heavy end of the out-of-state shipments in cattle, sheep, and hogs. (See Table 4, p. 30.) Statements of order buyers operating in eastern Oregon indicate a very substantial movement of both fat and feeder lambs to Colorado and Nebraska for immediate slaughter and for feeding.

Table 4. Out-of-State Shipments<sup>1/</sup> of Oregon Livestock. 1945.

	California	Washington	Eastern Destinations
Cattle	108,759	4,663	23,400
Hogs	5,322	6,228	1,029
Sheep	207,901	20,057	231,920

<sup>1/</sup> Incomplete data

Source: Bureau of Agricultural Economics

## MARKETS AND MARKETING AGENCIES

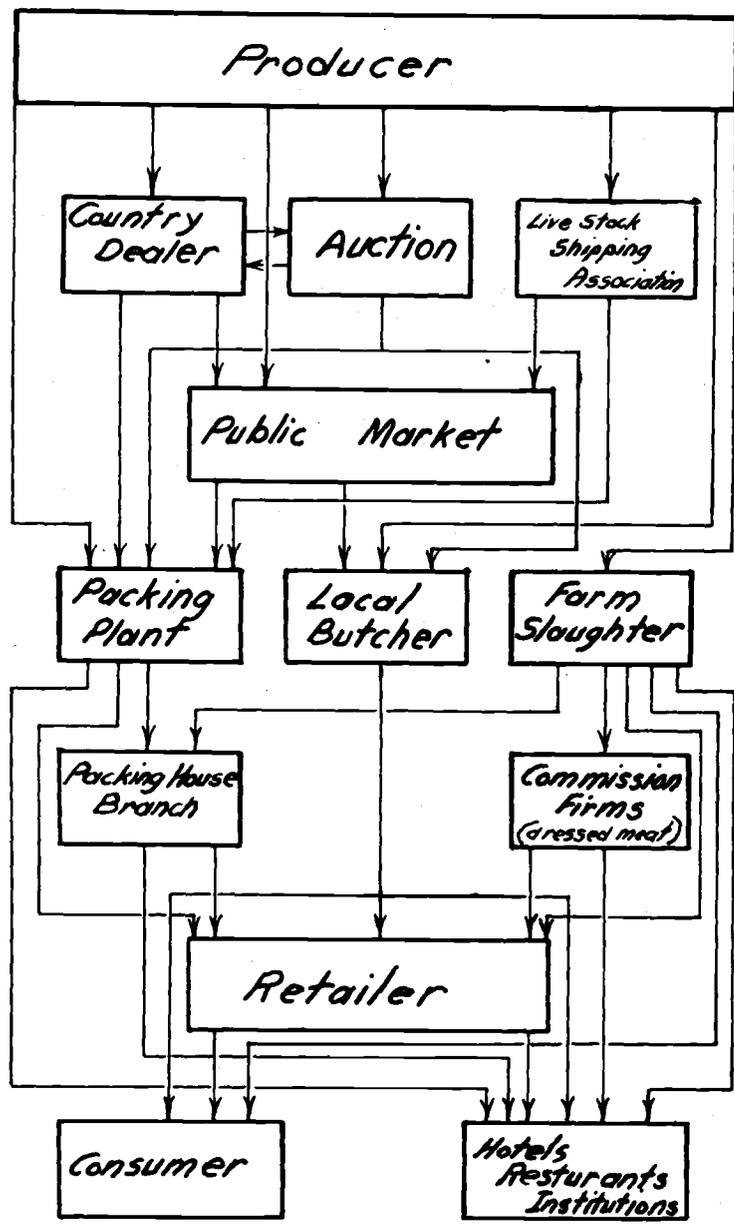
Oregon livestock move from producers to consumers through many channels and in the process are handled by many types of marketing agencies. The agencies involved, the channels employed, and the methods used in livestock marketing are determined by the functions performed in relation to ever-changing livestock production methods, and the types of animals that the markets desire. The market structure which has evolved is illustrated by Chart VI on the following page.

Markets and marketing agencies in Oregon may be classified into two general groups: (1) Those functioning as middlemen, where livestock is bought or handled for others and where packers, feeders and other buyers make purchases; and (2) processors and other users. The first group includes country dealers, livestock shipping associations, auctions and terminal public markets. The second group is composed of packers, packing house branches, local butchers, commission houses (handlers of country dressed meat) and buyers of feeders, stockers, and breeding cattle.

### Country Dealers

Country dealers, sometimes referred to as speculators or country buyers, are independent operators who perform an assembly function. They operate in many different ways and a substantial

Chart VI. Market Channels for Livestock, Meat and Meat Products in Oregon.



part of their transactions is in connection with other types of marketing agencies. They buy from farmers, auctions, other dealers, and public markets. They sell to farmers, or direct to packers, or at auctions, or terminal markets. Much of the livestock handled by country dealers is bought as single animals, or in small lots from farmers and auctions. These purchases are combined into truck or carload lots for resale wherever the dealer may anticipate a profit. Livestock trucking has aided the country dealer in extending his operations and much of the livestock he handles is transported by truck.

Country dealers have probably been criticized more than any other market agency in regard to unfair dealings with farmers. While some of this criticism is justified, the fact remains that with his livestock still on the farm, the farmer is in a much better bargaining position than if he had already shipped his livestock to an auction or public market to be sold to the highest bidder. Livestock shipping associations are in part an outgrowth of the resentment against country dealers. As a market agency the livestock shipping association has not developed greatly, nor has it eliminated the country dealer.

The country dealer is an important part of the direct-to-packer marketing of livestock. He may buy on order or on a commission basis for a meat packing concern. Country dealers also do extensive consigning and buying at livestock auctions.

### Livestock Shipping Associations

Oregon livestock shipping associations are organizations of livestock producers that assemble, lead and ship livestock cooperatively to take advantage of carlot freight rates. Livestock is shipped at scheduled intervals. The association handles all of the details of shipping and disbursing of receipts. The selling function at Portland is delegated to a commission firm.

The associations in Wallowa, Baker and Union Counties have been an important factor in the marketing of livestock for their respective areas. The Wallowa association in 1943 was considered to be the largest in the United States on the basis of volume. In Oregon, the net value of shipments by the Wallowa organization has been approximately twice the combined total of the Baker and Union County associations. During the war period, the shipments, particularly hogs, by the three associations were heavy. (See Table 5, p. 35.) In 1945, however, a distinct drop in volume occurred and 1946 data for the Wallowa association indicate 45 percent less hogs, 64 percent fewer cattle and 26 percent less sheep shipped than in 1945. This loss of volume has made the associations inactive and is a result of direct competition from the auctions and packer buyers.

Table 5. Shipments and Net Value of Marketings for Selected<sup>1/</sup>  
Oregon Livestock Shipping Associations. 1941-1945.

Year	Cattle	Hogs	Sheep	Net Value (1,000 dollars)
1945	7,364	22,647	7,359	1,484
1944	7,777	45,662	8,683	1,957
1943	6,352	41,117	11,325	1,815
1942	6,811	46,099	13,288	1,788
1941	4,474	41,523	12,310	1,124

<sup>1/</sup> Wallowa Livestock Marketing Association, Inc., Baker County Livestock Marketing Association, Blue Mountain Livestock Association.

#### Livestock Auctions

The auction functions as a local assembling agency for producers within an area. Specialized livestock auctions are relatively new to Oregon. At present there are auctions at Baker, Enterprise, Hermiston, Joseph, Ontario and LaGrande. The latter two are sufficiently large to come under licensing provisions of the Packers and Stockyards Administration. When under such supervision, the yards are termed "posted."

Small producers generally find a ready cash outlet for their livestock at auctions. As a result, there are wide variations in type and quality of livestock offered. The bulk of the cattle offered are of dairy breeding. The beef cattle sold are generally feeders. Hog and sheep offerings consist of small farm lots. Very little fat livestock is sold through the auctions. Dairy animals are sold on a per head basis while beef cattle, hogs, and sheep for

slaughter are sold by the pound. Feeders and calves are sold on a per head basis. Animals are moved very rapidly through the ring and, in the case of individual animals, they are sold at the rate of one or more per minute.

The auctions operating at Caldwell, Nampa, and Idaho Falls in Idaho handle substantial numbers of Oregon livestock. Table 6, below, illustrates the rapid growth of the auctions in eastern Oregon and Idaho. The existing livestock shipping associations have suffered as a result of the inroads made by the auctions in assuming the livestock shipping associations' marketing function and, with it, the supply of salable livestock.

Table 6. Sales of Livestock at Selected Oregon and Idaho Auction Markets.<sup>1/</sup> 1940-1944.

Year	Cattle		Hogs		Sheep	
	Oregon <sup>2/</sup>	Idaho	Oregon	Idaho	Oregon	Idaho
1944	49,309	184,948	25,741	101,083	8,213	57,147
1943	39,171	170,699	41,996	121,589	9,577	117,301
1942	21,674	172,842	15,961	114,490	6,900	111,823
1941	18,953	134,518	28,320	104,848	3,860	52,843
1940	13,349	95,348	19,805	115,152	4,141	8,524

<sup>1/</sup> Oregon: Ontario and LaGrande  
Idaho: Caldwell, Nampa, Idaho Falls

<sup>2/</sup> Includes calves

Source: Packers and Stockyards Administration

### Public Markets--Stockyards

The Portland Union Stock Yards is the largest livestock market in Oregon and the Pacific Northwest. Incorporated and licensed under state and federal statutes, it does business in the assembly and dispersion of livestock. Essential agencies to the operation of the North Portland market are the stockyards company, commission firms, packer and other buyers, the market news service and regulatory agencies, private and public.

The Stockyards Company. The Portland Union Stock Yards Company, Inc., owns and operates the terminal and yard facilities at North Portland. Terminal facilities are provided for rail, truck or boat shipments. Table 7 illustrates the evolution of transportation methods in livestock marketing at Portland. The yards are open

Table 7. Total Receipts of Livestock by Method of Transportation. Portland Union Stock Yards. 1910-1945.

Year	Rail	Boat	Truck
1945	405,837	760	226,049
1940	397,692	5,517	285,013
1935	333,949	3,793	201,433
1930	386,195	3,711	161,084
1925	548,804	5,763	66,572
1920	488,279	7,815	57,282
1915	534,393	11,050	34,809
1910	327,770	2,319	20,423

Sources: Annual Reports, Portland Union Stock Yards

to all who wish to deal in livestock at the market. For use of the yards, a specified fee is charged against all livestock marketed.

Commission Firms. Almost all of the salable livestock shipped to Portland are consigned to a livestock commission company which functions as the seller's agent. The commission company assumes full charge of the livestock from arrival until weighed to the account of the buyer. Shipments lacking in uniformity are sorted into groups which will present a greater degree of uniformity to the prospective buyer. While sales are at private treaty, it is a unique custom at Portland to announce to onlookers the buyer and price paid for each lot of livestock weighed. The price paid is determined by the relationship of the current receipts to current demand.

Commission firms maintain a sales force and related facilities in relation to the amount of business they perform. Their activities extend outside the market in the solicitation of consignments from shippers. Clients are supplied with regular market information. Commission firms also help their customers collect claims against common carriers for losses suffered in transit.

Packer Buyers. The most important group of buyers at Portland are those which represent the packing houses. It is their function to supply their respective plants with sufficient supplies of livestock at the lowest possible price. In instances where the asking price of the commission men becomes too high for the packer buyers,

they go outside the market to buy livestock. During the period of price ceilings, supplies were often far short of demand at Portland. As a means of determining who would have the first chance to buy, lots were drawn among the buyers present.

Almost all of the Oregon packing concerns buy regularly at Portland. Washington and California packers are also well represented.

Other Buyers. Other buyers who compete for the available supplies are local butchers, order buyers, yard dealers, and occasional feeder buyers. Local butchers are interested ordinarily only in small lots of slaughter animals. Order buyers function as brokers, buying for distant packers and other, and charging a commission for their services. Yard dealers, often known as scalpers, or speculators, buy odd lots of livestock from commission firms. These lots are assembled and sorted into uniform groups as to type, use, or condition. Commission firms often are consigned "odds and ends" of livestock that are difficult to sell. Yard dealers serve a useful purpose in clearing the market of these mixed lots of livestock. Because of its geographical location with respect to surplus feed areas, Portland is not an important feeder market. Consequently there are few feeder buyers at North Portland.

Market News Service. The market news service maintained by the Production and Marketing Administration of the Department of Agriculture makes available pertinent market information to both

buyers and sellers. Such a service is necessary if prices are to be established in accordance with actual supply and demand conditions.

Market quotations are not arrived at by statistical means. The market news reporter checks with buyers, commission men and producers to "feel" the market. He observes the grades of livestock being sold and checks that information against the scale tickets for prices paid. The information obtained is used as a basis for reporting the top prices and the range of prices paid for livestock of similar type and grade.

Lack of sufficient personnel has resulted in certain weaknesses of the market news service. No indication is given of the number of head sold at a stated price. In addition, producers and others outside the market lack the means for determining the volume of each grade flowing through the market. Pacific Northwest producers are further handicapped by the lack of market news facilities at the interior auction markets. Were this information available, sellers would be in a better position to ship to the market where they might realize the highest net return.

Opening quotations and subsequent changes in Chicago, Omaha, Kansas City and other markets are posted at intervals during the day at North Portland. This gives buyers and sellers on the market an indication of overall market competition for the available supplies of livestock. The extent, if any, to which this has influenced Portland prices has not been determined.

Regulation. The regulation of activities at the Portland Union Stock Yards is for sanitation and economic purposes. Private regulation is the function of the Portland Livestock Exchange, whose membership is made up of the various agencies operating in the yards. Some agencies, including two commission firms, are not members, however. Rules and regulations promulgated by the exchange include trading practices, commission rates which are subject to approval by the Secretary of Agriculture, hours of trading, and solicitation of consignments.

Public supervision of the stockyards and the agencies operating therein is under a market supervisor of the Packers and Stockyards Administration. This supervision includes the sanitation of the yards, inspection of diseased animals, and service rendered the patrons of the market. All scales are tested regularly by both federal and state scale inspectors, and are operated by bonded weighmasters.

Future of the North Portland Market. The growth of the inland auctions and packing centers has caused speculation as to the future of North Portland as a livestock marketing center. It is the opinion of individuals connected with the various North Portland agencies that the expansion of the auction markets resulted from efforts made to circumvent wartime controls and with the lapse of controls, the auction will pass from existence. On the other hand, there are those of the opinion that the auction is a more efficient

livestock marketing method which will continue to grow. If this is true there is no reason why the North Portland market could not convert from the agency method of selling to the auction type.

Another important consideration is the attitude of producers in regard to a long-established market. Unfavorable market experiences in the past have had a cumulative effect in the minds of producers. This situation has increased the tendency of producers to market as close to home as possible in order to retain more of their bargaining power.

**PACKING PLANTS AND OTHER SLAUGHTERERS**

Packing plants and other slaughterers are converters of animals into meat and meat products and may be classified into four separate groups: (1) plants under federal inspection, (2) large state- or municipally-inspected plants, (3) small slaughterers or local butchers, also under state inspection, and (4) farmers who slaughter for non-farm use. The relative amount of slaughter by each group is shown in Table 8.

Table 8. Livestock Slaughter: Percentage Distribution by Type of Slaughterers in Oregon. 1945.

Type of Slaughterer	Approximate Number of Plants	Cattle	Calves	Hogs	Sheep
Federally-inspected plants	6	41.3	8.9	32.9	76.2
State- or municipally- inspected plants <sup>1/</sup>	12	24.4	16.9	18.7	8.2
Local butchers <sup>2/</sup>	365	26.9	47.6	29.5	8.2
Farm slaughter	—	<u>7.4</u>	<u>26.6</u>	<u>18.9</u>	<u>7.4</u>
		100.0	100.0	100.0	100.0

<sup>1/</sup> More than 2 million pounds annual volume

<sup>2/</sup> Less than 2 million pounds annual volume

Source: War Food Administration and Bureau of Agricultural Economics

### Position of Meat Packing Among Other Oregon Industries

Available statistics indicate the relative position of the Oregon meat packing industry on the Oregon industrial scale. Meat packing ranks eighth in average number of wage earners, ninth in the value added to products by manufacture, and sixth in value of products. (See Table 9, p. 45.)

In the over-all industrial picture for Oregon, meat packing contributes less than two percent to the value added by manufacture of all commodities. (11, p. 73) The Oregon meat packing industry represents one-half of one percent of the value added by manufacture for the packing industry of the entire nation. Washington represents slightly over one percent and California almost five percent of the total. (11, p. 71)

### Federal and State Inspected Plants.

Meat packing concerns operating under and complying with the provisions of the Meat Inspection Act are termed federally-inspected plants and as such are permitted to do business in interstate commerce. Reference has been made previously to the fact that of the six federally-inspected plants in Oregon, three are in Portland and one each in Salem, Tillamook and Baker. Swift and Company and Armour and Company, the only national packers slaughtering in Oregon, each owns and operates federally-inspected Portland plants. The other plants under federal inspection are owned and operated by local

Table 9. A Comparison of the Oregon Meat Packing Industry with Other Oregon Industries by Average Number of Wage Earners, Value Added by Manufacture and Value of Products. 1939.

Industry	Average Number of Wage Earners	Rank	Value Added by Manufacture (\$1,000)	Rank	Value of Products (\$1,000)	Rank
Lumber	34,748	1	78,041	1	132,026	1
Fruit and vegetable canning	4,105	2	8,132	3	22,602	2
Paper and Pulp	2,680	3	9,376	2	22,040	3
Furniture and finished lumber products	1,918	4	4,064	5	6,829	8
Bread and bakery goods	1,429	5	5,008	4	9,501	7
Woolen goods	1,287	6	2,860	8	6,408	9
Dairy products	732	7	3,626	6	16,955	5
Meat packing	644	8	2,265	9	15,178	6
Flour and grain milling	557	9	3,169	7	17,344	4

Source: United States Census of Manufactures 1939

capital. Other national packers not having slaughter facilities in Oregon operate packing house branches in Portland as wholesale outlets for meat and meat products packed elsewhere. Swift and Company, in addition to wholesale facilities for interstate trade at the North Portland plant, operates a branch house in Portland under state inspection. This branch is an important market outlet for farm-slaughtered meats.

In general, the state- or municipally-inspected plants do not have the volume or the facilities of those under federal inspection. (See Table 8, p. 43.) During the war period, some of the state- and municipally-inspected plants were granted temporary federal licenses. They have all since returned to state inspection rather than make necessary facility changes to meet federal requirements for a permanent license. Ownership and management is vested in independent operators.

The Oregon packers whose plants are located within a 100-mile radius south and west of Portland obtain their principal supplies of livestock at North Portland. Plants lying in the eastern and extreme southern sections of the state obtain their supplies locally. The plants outside the Portland metropolitan area do extensive local buying from farmers and have, when local supplies of slaughter hogs were scarce, shipped in hogs from the midwest. The plants in the Portland area also follow the practice of going outside the North Portland market for part of their livestock requirements. This

direct buying may be from producers, country dealers, auctions, or livestock shipping associations. A measure of direct buying by packing plants in the Portland area is illustrated by Table 10, page 48.

Local Butchers. These small slaughterers are local independent operators who slaughter only as much as they are able to retail through their own shops or sell wholesale to local retail meat markets. While a certain amount of economic wastage occurs through the lack of facilities to efficiently utilize the byproducts of livestock slaughter, the local butcher has been able to compete with the large packing concerns.

The local butchers within the Portland area compete with packers for supplies of slaughter livestock on the North Portland market. This competition, however, is usually limited to small lots of livestock. Outside the Portland area, local butchers buy directly from farmers, and in some instances, auctions and country dealers.

Farm Slaughter. Farm-slaughtered meats are generally for on-the-farm consumption. However, substantial amounts of country-killed veal and pork, with lesser quantities of beef and lamb, move into trade channels in Oregon. The marketing of country-dressed meats is of particular importance in the Portland area. The chief market outlets in Portland are the aforementioned branch house of Swift and Company, and the commission firms located along Front Street or general vicinity. The term "Front Street" is synonymous with the Portland wholesale trade in country-killed meats. These firms sell

Table 10. Direct and Total Receipts. Portland Union Stock Yards. 1939-1945.

Year	Cattle		Calves		Hogs		Sheep	
	Direct Percent	Total	Direct Percent	Total	Direct Percent	Total	Direct Percent	Total
1945	22.4	173,661	18.2	26,883	78.5	186,665	54.6	250,067
1944	18.2	181,555	8.9	30,432	24.4	315,197	38.8	186,635
1943	20.6	136,403	15.1	16,546	29.7	264,761	41.0	206,487
1942	14.3	158,542	17.5	22,973	36.8	270,247	44.8	231,580
1941	10.3	149,938	21.2	19,533	41.0	273,973	40.8	230,623
1940	8.7	140,596	21.2	16,822	35.2	294,371	41.3	236,140
1939	18.6	137,816	26.2	18,232	33.6	248,837	41.2	225,492

Source: Production and Marketing Administration

consigned carcasses to retailers and charge the farmer a commission. During slack periods, in order to maintain volume, many of these firms will buy directly from farmers and sell for their own account.

## REGULATION OF THE PACKING INDUSTRY

Regulation of meat packing has certain public health and economic aspects. The United States Government and the State of Oregon exercise a degree of supervision over the slaughter of livestock, the handling of meat and meat products, and the trade practices of the packers.

### Regulation to Protect Public Health

Federal meat inspection was devised as a means of overcoming a sanitary embargo imposed on American pork by European countries. The first Meat Inspection Act was passed in 1891 and provided for the ante mortem inspection of cattle, sheep, and swine, the carcasses of which were to be sold in interstate or foreign trade. The act also authorized post mortem inspection at the discretion of the Secretary of Agriculture.

Interest in meat inspection to protect public health did not become a domestic issue until 1905. Public opinion was aroused then by the press and the appearance of several books on the unsanitary conditions existing in packing houses, particularly meat canning establishments. This was a part of the movement which resulted in the Pure Food and Drug act. There was also an awakening of medical and scientific circles to the need of sanitation in food marketing channels. Meat inspection was extended by the Act of 1906 to meat

and meat products in all stages of preparation, canning, and rendering. (2, pp. 328-329)

Federal meat inspection is extended to any plant desiring to do interstate business providing the facilities and arrangement of the plant meet federal requirements. The cost of inspection is borne by the government. Oregon concerns operating under federal inspection are Armour and Company, Stearns and Welch, Swift and Company, all at Portland; Christensen Meat Company at Tillamook; Valley Packing Company at Salem; and Eastern Oregon Meat Company at Baker.

Federal meat inspection is thorough. Inspectors are continuously on the job during all slaughter and processing operations. The work of inspection is arranged and handled in such a way as to provide a minimum of interference with normal plant operation. Meats and meat products found wholesome are stamped "inspected and passed." Meats and meat products that do not pass inspection are marked "inspected and condemned." Condemned products are sterilized and used for fertilizers. The fact that a plant is under federal inspection should give the public reasonable assurance that the meat and meat products produced there are wholesome and have been produced under sanitary conditions.

All Oregon slaughterers not operating under federal meat inspection come under either state or city meat inspection. State meat inspection is a part of the stock and poultry theft prevention

law, the purpose of which is "to protect the livestock industry within the State of Oregon and to prevent theft of livestock or meat food animal carcasses or poultry." The law and the rules and regulations promulgated under it provide for the licensing of all commercial meat handlers, farmers excepted; sanitation of establishments handling meat; inspection and stamping of carcasses; and the destruction of unwholesome meat and meat products. (10, pp. 5-25)

The only city meat inspection in Oregon is in Portland where all non-federally-inspected meat packing plants inside the city limits and within one-half mile thereof are under city inspection. Country-killed carcasses, not previously inspected, coming into the city are also subject to inspection.

State and city inspection in Oregon is not as thorough as federal inspection. Basically the federal and state meat inspection provisions are the same, as shown by Table 11, page 53. While federal regulations are more detailed and exacting, the state and city regulations are reasonably adequate for the protection of public health. The intent and purpose of the existing state and city regulations is materially weakened by the present lack of enforcement. This situation appears to be due to a shortage of qualified personnel and a lack of sufficient funds to perform the job properly. In addition, there are those of the opinion that the lack of enforcement by the state is a result of political maneuvering by pressure groups.

Table 11. A Comparison of United States and Oregon Meat Inspection Regulations as to Provisions.

<u>Provision</u>	<u>Federal</u>	<u>State</u>
Licensing of plants	Yes	Yes
Facilities for inspection	Yes	No
Sanitation	Yes	Yes
Ante mortem inspection	Yes	Yes <sup>1/</sup>
Post mortem inspection	Yes	Yes <sup>1/</sup>
Disposal of diseased carcasses	Yes	Yes
Tanking and denaturing	Yes	Yes
Marking, branding and identifying products	Yes	Yes
Market inspection	Yes	Yes
Cooperation with local authorities	Yes	Yes
Penalties for violation	Yes	Yes
Exemption of farmers	Yes	Yes

<sup>1/</sup> At plants having complete inspection

Opinions are many and varied among those in the meat packing industry as to the validity of meat inspection. One extreme is that meat inspection to protect public health is a fraud, the only value being an aesthetic one to the consumer. This opinion is based on the contention that epidemics have never been traced to meat. The other extreme is that all slaughtering should be under federal inspection for the protection of consumers and to avoid possible legal action against packers for unwholesome meat inadvertently passed by the inspectors.

Differences of opinion as to the most desirable type of inspection also exist. Packers operating under federal inspection are agreed that costs are somewhat higher, particularly with regard to

the greater number of carcass condemnations. They feel, though, that this cost is incidental to the added returns of doing interstate business. Packers not operating under federal inspection regard as prohibitive the cost of changing their plants to meet federal requirements. They are also of the opinion that federal regulations are unduly strict and hamper efficient operation. Federal meat inspection officials deny that the cost of required changes in state plants would be excessive. It is their contention that if plants were built originally to meet federal requirements, they would be more efficient. They also feel that consumers are not deriving the full benefits of federal meat inspection because of the lackadaisical enforcement of inspection covering intra-state slaughterers.

City inspection officials regard existing rules and regulations as satisfactory, with one exception, if the means were provided for adequate enforcement. The exception referred to above is the inspection of country-killed carcasses. The only inspection possible here is a post mortem on a cold carcass with the head, heart, liver, and lungs previously removed. From the meat inspection standpoint, examination of the warm carcass and the head, heart, liver and lungs is all important in order to determine the health of the animal. Efforts in the past to rectify this situation have brought heated protests from farm organizations.

The opinion of consumers has yet to be voiced. Indications are that consumers know little about the meat they eat. Some attempt at consumer education concerning meat has been made by Swift and Company. Packing plants under federal inspection are generally open to the public, but so far most of these plants have neglected to capitalize fully on the virtues of federal inspection by really inviting the public to view their plants. They have neglected also to utilize fully a program of educational tours for school children who are generally more impressed by what they see than are their elders. The Meat Inspection Branch of the Bureau of Animal Industry has done little to further the cause of meat inspection, perhaps because of a fear of reprisals by pressure groups through Congress.

#### Economic Regulation

Economic regulation of packers has been directed primarily against the large concerns with nationwide distribution. In 1918 the Federal Trade Commission completed a survey of the activities of the "Big 5" packing companies--Armour and Company, Swift and Company, Morris and Company, Wilson and Company, and the Cudahy Packing Company. The Commission concluded in its indictment that the Big 5 had monopolistic control over the American meat industry as well as cheese, eggs and vegetable-oil products. It was also found that these packers controlled more than one-half of the export meat production of Argentina, Brazil, and Uruguay with large investments also in other surplus meat producing countries. Their

ownership also extended to stockyards and the essential facilities for the distribution of perishable foods.

In view of such damning evidence, the packers entered into an agreement with the Attorney General rather than stand trial. This agreement is known as the "Packers Consent Decree." It provided that the packers divest themselves of holdings in stockyards, retail meat business and all unrelated lines. They were forced to abandon the use of their distributive systems for any other than their own meat and dairy products. The packers were permitted to continue their cottonseed oil and oleo operations. Under the decree jurisdiction was perpetually retained by the court for taking such other actions as adding at the foot of the decree such other relief as might become necessary for proper enforcement, or for the purpose of entertaining at any time any application that either the Department of Justice or the packers make with respect to the decree. (3, pp. 400-401)

The Packers and Stockyards Act, passed in 1921, was designed primarily to regulate interstate and foreign trade in livestock, livestock products, dairy products and poultry products. The act is divided into two parts, one dealing with packers and the other with stockyards and related market agencies. The act is under the jurisdiction of the Secretary of Agriculture. The part relating to packers deals with unfair trade practices in the purchase of livestock for slaughter, and to the sales and distribution of meat and meat products in interstate commerce.

## MARKETING OF MEAT AND MEAT PRODUCTS IN OREGON

The movement of meat and meat products from the various Oregon slaughterers to consumers is through well-established market channels. Fresh meat is a highly perishable commodity and must usually be marketed quickly and carefully to avoid deterioration. Canned, cured, or otherwise processed meat products are not as subject to deterioration as fresh meat and may be handled differently. With the Oregon packing industry and the bulk of its market concentrated in the same area, transportation and distribution can be accomplished with relative ease.

### Wholesale Distribution

Wholesale distribution is the sale of meat and meat products in relatively large volumes by packers, local butchers, farmers and other processors to retailers who in turn sell to consumers in small quantities. (See Chart VI, page 32.) Hotels, restaurants and institutions having a large volume of business also buy at wholesale. The wholesale trade in meats is in carcasses and wholesale cuts.

Packing Plants. Packing plants in Oregon sell directly to retailers. When distributing locally, the retailers may make their selection of carcasses from the cooler; they may telephone their orders; or, in some cases, give their orders to a salesman. Distribution outside the local area is accomplished by truck routes.

A distributing truck follows a regular route and schedule. Orders are generally taken by salesmen who precede the truck two to three days.

Branch Houses. Branch houses in Oregon (with the Swift and Company branch as an exception) function as wholesale outlets for packers that have plants elsewhere. Among these in Portland are Cudahy Packing Company, Hormel and Company, Morrell and Company, Rath Packing Company and the Del Monte Meat Company. Supplies are received from out of the state. Distribution is much the same as that of the packing plants. In addition to meat, branch houses also distribute dairy and poultry products. These products require much the same facilities for distribution as does meat. Packers long ago discovered that their facilities and organizations could be profitably used in the distribution of dairy and poultry products by increasing the volume of business with only a slight increase in overhead expense.

Two of the branch houses in Portland warrant special mention. The Swift and Company branch house distributes country-killed meats, particularly veal, dairy products and poultry products, while the North Portland plant distributes federally-inspected meats. The Del Monte Meat Company operation is interesting in view of the decentralization trend discussed elsewhere. This company operates an inland packing plant in Idaho and ships meat via refrigerated truck for distribution through its Portland branch house.

Local Butchers. Local butchers in Oregon function as wholesalers and retailers or both. While the individual kill by local butchers is small, the large number of them operating makes the volume of this group high. (See Table 8, page 43.)

Farm Slaughter. Farmers who slaughter for non-farm use dispose of carcasses in many different ways. (See Chart VI, page 32.) The big end of the farm-slaughtered meats in Oregon moves into consumption in the Portland area. The bulk of this meat is sold to retailers by commission firms for the farmer. Some farmers also sell direct to retail meat markets in Portland. Most of this trade is in veal. An indication of the marketings of country-killed meats in Portland is shown by Table 12. For comparison, data are also given for the non-

---

Table 12. Number of Country-Killed and Locally-Slaughtered Meat Animal Carcasses Inspected by City of Portland. 1945.

	Beef	Veal	Pork	Mutton
Country-Killed	3,071	25,228	6,041	6,984
Local Slaughter	31,285	13,444	71,348	19,769

---

federally-inspected plants operating in the area. No information is available for the packing house branches handling country-killed meats.

### Retail Distribution

The retail distribution of meats has changed considerably in the past twenty years. Meat was formerly retailed in the so-called "butcher" shops which dealt chiefly in meat and meat products. Each butcher shop performed its own slaughtering and supplemented its supplies by purchases from the large packers. The advent of the chain store changed the existing system of retailing meat. As the chains added meat departments, the independent grocers did likewise, and many butcher shops either combined with existing grocery stores or added groceries.

Some indication of the shift to combination (grocery and meat) type stores is shown by Table 13. These retail outlets may be broadly classified into two groups: (1) those independently operated, and (2) those which are chain stores.

---

Table 13. Number and Type of Retail Food Stores in Oregon.  
1929-1939.

Year	Groceries	Combination (Groceries and Meats)	Meat Markets and Fish Markets
1939	1,652	1,427	504
1935	1,659	1,000	470
1929	1,877	434	559

---

Source: United States Census of Retail Distribution 1939

---

Independent Markets. These markets are independently owned and operated and vary in size and volume from the corner grocery to the

super market or the food section of a Portland department store. The retailing of meats is generally just a part of the over-all operation. In some independent markets, the meat department is leased to an operator independent of the store management. Of the 1,427 combination retail markets operating in 1939 as shown in Table 13, 84 percent were independents.

Chain Stores. Chain stores are a group of scattered stores under centralized operation and single ownership. Chains combine the advantages of large-scale buying with centralized management. The bulk of the chain stores in Oregon are operated by one national chain. There are several local chains also in the field. The chain stores are predominantly of the combination type. Sixteen percent of the combination stores shown in Table 13 were chain stores, which made 41 percent of the 1939 sales.

Meat Merchandising. The shift from the butcher shop to present-day retailers has brought marked changes in meat merchandising. A successful butcher was a shrewd trader and an artist at cutting meat. He spent a lot of his time buying livestock and dickering with packer salesmen. He knew little of salesmanship and less of meat merchandising. Meats were generally kept in the cooler and the only attempts at display were occasional carcasses hung on the wall.

Competition has changed that. The modern meat retailer displays meat with as much eye appeal as possible in refrigerated display cases. Modern consumers desire smaller cuts of meat. Bacon, ham and sausage are often sold by the slice now where it would have

been unusual two decades ago to purchase anything less than a whole cut.

The cutting, packaging, and freezing of meats for the retail trade at the packing plant have been experimented with. Past attempts at this type of merchandizing have met with opposition by organized labor.

### Cold Storage Locker Plants

The growth and use of cold storage locker plants for the storage of various perishable foods and meats by consumers is a recent development in meat distribution. There are approximately 325 plants operating in Oregon. Almost all of these are operated in conjunction with other types of business including retail meat markets, super markets, cheese factories, creameries, artificial ice plants and general stores. It is estimated by those in the field that over one-half the plants sell meat in carcass or wholesale cuts to their customers. Almost all the plants provide service for cutting, wrapping, and quick freezing meat for which varying charges are made.

Cold storage lockers have had a particular appeal to farmers and rural consumers because use of a locker plant makes available an even supply of fresh meat throughout the year, and possibly supplies a better grade of meat at a lower cost than if purchased at retail shops. Urban consumer interest is primarily one of cost.

(3, p. 477)

## Integration

Some integration in the marketing of meat and meat products has occurred in Oregon. During the war period, one chain store system found its normal supplies of meat diverted by the black market. In order to remain in compliance with existing price regulations, it purchased an out-of-state packing plant and conducted livestock feeding operations in order to partially supply the plant. The plant is still operated by the firm and is supplying part of the system's meat and meat products.

The other example of integration is a state-inspected plant in the Willamette Valley which owns, operates, and supplies a number of retail meat markets.

## BIBLIOGRAPHY

1. Bancroft, Hubert Howe. History of the northwest coast, 1800-1846. San Francisco, A. L. Bancroft and company, 1846. 786p.
2. Clemen, Rudolf Alexander. The American livestock and meat industry. New York, The Ronald press company, 1923. 872p.
3. Dowell, Austin Allyn and Bjerka, Knute. Livestock marketing. New York London, McGraw-Hill book company, 1941. 534p.
4. Kingston, G. S. Introduction of cattle in to the pacific northwest. The Washington historical quarterly, 14:163-185, July, 1923.
5. Lomax, Alfred Lewis. Pioneer woolen mills in Oregon; history of wool and the woolen textile industry in Oregon, 1811-1875. Portland, Binfords and Mort, 1941. 312p.
6. Minto, John. Sheep husbandry in Oregon. Oregon historical quarterly, 3:219-247, September, 1902.
7. Oliphant, J. Orin. A beef-canning enterprise in Oregon. Oregon historical quarterly, 34:241-254, September, 1933.
8. —————. The cattle trade from the far northwest to Montana. Reprint from Agricultural history, 6:69-83, April, 1932.
9. —————. The range-cattle industry in the Oregon country to 1890. Unpublished doctoral thesis deposited in the Widener library, Harvard university, 1930. 329p.
10. Oregon state department of agriculture. Oregon stock and poultry theft prevention law. Meat inspection laws and regulations. Brand and stock inspection laws. Explanatory synopsis for information of meat dealers and producers. Salem, State printing department, 1937. 44p.
11. Oregon state planning board staff with the assistance of Professor O. K. Burrell and staff of the bureau of business research, school of business administration, University of Oregon. Location and growth of Oregon's basic manufacturing industries. Portland, Works progress administration, 1938. 94p.
12. The Oregonian. (formerly the Morning Oregonian). Portland, The Oregonian publishing company, January 2, 1893.
13. —————. April 2, 1893.

14. \_\_\_\_\_ October 22, 1893.
15. \_\_\_\_\_ April 22, 1894.
16. \_\_\_\_\_ March 26, 1905.
17. \_\_\_\_\_ March 31, 1905.
18. \_\_\_\_\_ January 1, 1906.
19. \_\_\_\_\_ January 31, 1906.
20. \_\_\_\_\_ March 20, 1906.
21. \_\_\_\_\_ March 28, 1906.
22. \_\_\_\_\_ May 20, 1906.
23. \_\_\_\_\_ September 28, 1907.
24. \_\_\_\_\_ March 25, 1908.
25. \_\_\_\_\_ September 16, 1909.
26. Scott, Harvey Whitefield. History of Portland, Oregon with illustrations and biographical sketches of prominent citizens and pioneers. Syracuse, New York, D. Mason and company, 1890. 651p.
27. Strong, Dexter K. Beef cattle industry in Oregon, 1890-1938. Oregon historical quarterly, 41:251-287, September, 1940.
28. Sublette, William E., Jackson, David E., and Smith, Jedediah S. Letter to the Honorable John H. Eaton, Secretary of War. Reprinted in the Oregon historical quarterly, 4:395-398, December, 1903.