

# Stock Yards Here In 40 Years Grow To Second in U.S.

## Remarkable Expansion Based on System of Fair Dealing and Honesty—Powerful Factor in City's Growth.

By BRUCE McCULLOCH, Editor Journal-Stockman.

It would be difficult to form any adequate estimate of what the local live stock market has meant to Omaha and Nebraska. Imagine, if possible, the city and state without this big industry located where it is and one can have a fair conception of what the position of next to the largest live stock market in the country has done for the financial and commercial interests of the metropolis as well as of the farming and stock raising industry of Nebraska and the west.

In less than 40 years the live stock market of this city has grown from practically nothing to a position second only to Chicago among the live stock centers of the country and this result has been achieved by a favoring combination of circumstances and conditions. In the year 1884, the time was ripe for the establishment of a great live stock market and packing center in Omaha and there were the men and the capital ready to start the enterprise and push it to success.

**Product of Conditions.**

The modern live stock market is a product of conditions that arose or existed shortly after the close of the civil war, the centralizing of population due to industrial development, the discovery and application of refrigeration on a large scale and the extension and development of railroad transportation throughout the country.

Unquestionably, however, it was refrigeration that made the modern live stock market possible. Artificially cooled abattoirs and storage houses brought about the development of meat packing on a large scale and when George H. Hammond discovered that such a highly perishable product as fresh meat could be transported for unlimited distance in refrigerator cars it became a moral certainty that big packing centers would be established at points convenient for the gathering of live stock and the distribution of meats.

**Promise of Growth.**

This then was the situation along in the '70's when Omaha was just beginning to give promise of growth to metropolitan proportions and the big country to the west was producing a steadily increasing supply of all kinds of live stock. The times were propitious, but conditions were not yet ripe and at least three ambitious attempts at starting live stock markets in the city failed prior to 1880.

It was not until 1883 that a real beginning was made. At that time a company was formed in which Alexander Swan, William A. Pax-

ton, John A. McShane, Thomas Swobe, John A. Creighton and Peter E. Iler, were the moving spirits. A tract of land south of the city on what was then known as the old Drexel farm was purchased, stock yards erected, and in the summer of 1884 the Omaha live stock market became a reality.

### Feeding Center Planned.

None of the promoters of the stock yards ever dreamed of Omaha ever becoming a leading packing center. Their program was to make this a feeding station where cattle, sheep and hogs could be fed and rested on their journey to eastern markets and where eastern packers could come and purchase supplies for shipment to their various and widely scattered plants. It was only a few months, however, until it developed that a stock yards plant without a packing house was uneconomic, if not impossible.

Inducements were then offered G. H. Hammond & Co., and in 1885 that packer opened up a large house adjoining the yards. In the same year Fowler Brothers, and the Anglo-American Provision company erected plants and began operations. Sir Thomas Lipton followed a year or two later, this plant being later taken over by the Cudahy Packing company. In 1887 Swift & Co. became a fixture here and in 1890 Armour & Co. put up their big plant on Q street.

With the coming of these large, modern packing concerns the business began to grow by leaps and bounds. The presence of a splendid every-day-in-the-year market at Omaha stimulated the production of live stock in the west and north-west, so that at times it looked as if supplies of cattle, hogs and sheep would exceed the facilities for handling them here. This fear, however, was groundless, and the following table of receipts for the past 37 years clearly indicates that the growth of the market was practically coextensive with the development in live stock production:

Year	Cattle	Hogs	Sheep
1884	85,000	3,888	5,932
1885	110,812	4,470	7,422
1886	148,515	4,470	10,490
1887	233,377	1,056,524	79,422
1888	308,923	3,265,647	172,139
1889	475,084	1,254,691	152,017
1890	613,337	1,702,723	153,873
1891	601,002	1,521,357	159,863
1892	785,059	1,612,384	183,588
1893	882,466	1,406,481	252,271
1894	931,512	1,935,077	243,945
1895	886,102	1,186,726	294,870
1896	856,672	1,216,379	358,006
1897	910,949	1,610,981	627,150
1898	812,244	2,101,387	1,088,139
1899	827,543	2,146,442	1,086,819
1900	828,204	2,200,926	1,276,775
1901	818,093	2,414,052	1,314,841
1902	1,010,815	2,747,428	1,745,539
1903	1,071,177	2,231,067	1,863,763
1904	844,242	2,298,637	1,745,539
1905	1,026,392	2,293,956	1,970,502
1906	1,079,373	2,293,551	2,185,140
1907	1,128,716	2,525,632	2,238,727
1908	1,036,625	2,424,851	2,105,949
1909	1,124,618	2,135,493	2,187,014
1910	1,215,531	1,884,314	2,884,870
1911	1,174,312	2,266,684	2,977,570
1912	1,037,195	2,846,244	2,950,500
1913	962,102	2,842,709	3,222,153
1914	938,817	2,258,629	3,113,889
1915	1,215,242	2,643,977	3,268,278
1916	1,484,504	3,116,820	3,170,908
1917	1,719,822	2,796,596	3,016,631
1918	1,993,262	2,429,482	3,385,586
1919	1,975,256	3,179,116	3,789,188
1920	1,602,799	2,708,482	2,890,748
Total	24,059,222	73,388,353	58,010,728

While the above figures set forth clearly the steady growth of the Omaha live stock market and the equally steady development of the vast and rich territory stretching hundreds of miles to the west of the Missouri river, there is another in-

teresting story contained in these statistics that does not appear on the surface. In 1885 the Omaha market, if it had any rank at all, stood 12th among the market centers of the country. Today this market stands second only to Chicago in the volume of live stock handled, having outstripped all competitors except the great Illinois metropolises.

### Seven Leading Markets.

The standing of the seven leading markets of the country is shown in the following compilation of total combined receipts of cattle, hogs and sheep at these points for the year 1920:

City	Receipts
Chicago	15,500,000
Omaha	7,201,000
Kansas City	4,850,000
St. Paul	4,330,000
St. Louis	3,218,000
St. Joseph	2,280,000

Omaha has been particularly fortunate in the character of the men who were given the task of establishing a stock yards and packing center here. In its 37 years' history only four men have held the position of general manager, and they were all real men—John Boyd, W. N. Babcock, W. J. C. Kenyon and Everett Buckingham. It is no disparagement of his predecessors in office to say of Mr. Buckingham that it has been under his aggressive, constructive and judicious management that the yards have reached their greatest efficiency and the market has achieved its present commanding position.

### Tremendous Business.

It takes more than a combination of stock yards, railroads and packing plants to create a great market, however, and the live stock commission merchants have been a most potent factor in building up the tremendous business at this point. The Live Stock exchange, with its rigid rules for the conduct of trading, its high code of honor and the splendid personnel of its membership has given the market an unimpeachable character to the commercial world as well as to the live stock producers everywhere.

Although Omaha is next to the largest live stock market in the country, there are plenty of people in the city who have little idea of the magnitude of the live stock industry that is centered here. The stock yards and packing district covers an area of approximately a section of land and represents an investment of over \$50,000,000. The yards proper cover probably 250 acres and contain upwards of 5,000 pens, all paved with brick or concrete and equipped with every modern device for handling stock properly. Daily capacity is about 30,000 cattle, 50,000 hogs and 100,000 sheep, and there have been many times when this capacity has been taxed to the limit.

### On Cash Basis.

Fifty-four live stock commission firms look after the stock that is received every day and there are over 100 feeder buyers, order buyers and traders on the market continuously. Twelve packing plants, six of them large, and half dozen smaller concerns, furnish a big demand for all the stock offered and there is seldom a time when any of the cattle, hogs and sheep have to be carried over to the following day. There are approximately 12,000 men and women employed in the industry and the

pay roll amounts to over \$13,000,000 annually. For the year the volume of business varies from \$300,000,000 to \$400,000,000, or a daily turnover at the banks of about \$1,500,000, and this is all in cash, all transactions at the market being strictly on a cash basis.

### Cash Market.

To the country the market has meant even more. It has meant that the stock grower 500 miles west of here has a cash market for everything he produces and he can realize on his stock within 24 hours of the time they leave the pastures or feed lot. The live stock market at Omaha has added hundreds of dollars to the value of every acre of land in western Iowa, Nebraska and the west.

There are several very distinct and separate organizations or lines of business that go to make up the live stock market, the railroads, the Stock Yards company, the Live Stock exchange, the Traders' Exchange, the packers, South Side banks and the Bureau of Animal Industry.

The railroads haul the live stock to the transfer point at the market and haul the finished products and feeder live stock out from the transfer point at the yards. All of the railroad lines that enter Omaha handle the live stock and meat business through a joint agency at the stock yards. This joint office now has 81 employes and during the year

1920 they handled 244,000 cars of live stock, meat, coal, salt, etc., and collected freight charges amounting to over \$18,000,000.

### Facilities for Yarding.

The Union Stock Yards company provides the facilities for yarding, feeding, watering and weighing the live stock that comes in and goes out of the market each day. This company owns the stock yards, the Exchange building, the horse barn—in fact, all of the buildings and improvements in the yards proper, and in addition they operate their own railroad department, which handles the business in the stock yards district, accepting the inbound cars at the transfer point and delivering the outbound cars back to the various lines at the proper transfer points. The Stock Yards company makes a direct charge to the shipper for their services in yarding and weighing their live stock and they also make a charge for the amount of the feed actually fed to the various shipments of live stock.

The general impression among most people is that the stock yards are owned by the packers. This is not true in regard to the Omaha stock yards. The facts are, and they can be readily verified, that no packing company owns a share of stock in the Omaha stock yards and that the total holdings of all the packers and members of their families interested in the Union Stock Yards company of Omaha amount to less than 29 per cent of the total stock outstanding. There are 806 stockholders in the Omaha Stock Yards company, one-half of whom live in the state of Nebraska. Included in the list of stockholders are 320 males, 431 females, 12 educational and religious societies and 43 estates. These 806 stockholders are scattered

over 35 states in this country with eight stockholders living abroad. The stock in the Union Stock Yards company is offered for sale occasionally and can be purchased by anyone desiring same and has always been a good investment.

### By Word of Mouth.

Under the system of trade now in effect, everything is done by word of mouth and upon a man's honor. No written contracts are signed, nor is any money paid down on sales or purchases. On the contrary, a wave of the hand or a nod of the head may close a deal that involves as much as \$50,000 or \$60,000. The vast volume of business transacted in the limited time in which it is done can only be handled where men are absolutely on the square and have confidence in each other. The records for the year 1920 show that there were handled at the Omaha market 109,550 cars of live stock and the statistics show that there is an average of four transactions on each load of live stock sold, which makes approximately 500,000 transactions during the year. The matter of trade is so thoroughly understood that out of this vast number of transactions only eight disputes in trading were serious enough to be taken before the

arbitration committee of the exchange, to which all disputes in trade are referred, and out of the eight disputes taken before the arbitration committee, only two were appealed to the appeals committee.

### Remarkable Achievement.

This achievement is all the more remarkable when one stops to consider that there are 54 live stock commission firms at the Omaha market, employing 250 salesmen and about 33 firms of yard traders, employing approximately 150 buyers, and add to this 75 packer buyers you have a total of 225 buyers. All of these men start at eight o'clock in the morning to sell or buy that day's receipts and taking it on an average throughout the year trade is mostly completed by noon. It has taken years to build this system up to its present high degree of efficiency, and honesty, and if someone comes along and says he has a better plan we will want to be sure that it is a better plan before accepting it and breaking down the system now in effect.

One of the most necessary factors at any public market is the packers, because they provide a cash market for all kinds of killing stock every business day in the year and at times like these one can appreciate what

a cash market means to any commodity. More than a million dollars a day was paid out for live stock purchased at the Omaha yards last year, and of this amount a large portion came from the packers.

### Evolved From Experience.

Some there are, of course, who would change the present marketing system and it is doubtless true that in some respects improvements could be made and in time these improvements will come. But the present plan is not of mushroom growth. It has been evolved from the experience of the ages, a peculiarly American plan and particularly adapted to the conditions existing in this country.

There are so many advantages in the present live stock marketing system that it is safe to predict that in the market of the future none of these advantages will be sacrificed. It is equally safe to predict that owing to its strategic position near the geographical center of the country, on the natural route between the vast producing territory of the West and the great consuming regions of the east, Omaha will always be a great market, its future growth and greatness to be commensurate with the development of the country.

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Every trade executed by members on the Omaha Market is made under the rules of the Live Stock Exchange. Therefore the live stock shippers to the Omaha market who consign their stock to any member of the Live Stock Exchange may feel absolutely assured that their interests will be properly safeguarded, that their live stock will be sold for the highest price, that the money received therefor will be promptly and carefully returned to them and that they have a personal representative attending to their interests, whose duty and pleasure it will be to fulfill these obligations to the letter.

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