AN ABSTRACT OF THE THESIS OF Dorothy D. Hirsch for the Master of Arts
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Title: The Baldwin Sheep & Land Company, 1873-1910.

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This thesis is a study of the establishment and exceptional growth of the Baldwin Sheep & Land Company of Hay Creek, Oregon, during the period 1873 to 1910. The operation has been examined to determine the effects of population movement, market conditions, economic trends, and federal land policies on the course of its development.

The data used to analyze the internal character of the business were taken from a collection of the papers of John Griffith Edwards located in the Oregon Historical Society library. The materials from the collection used were a short history of the Ranch written by John Griffith Edwards, major stockholder from 1901 to 1910, the minute book of the

corporation, the articles of incorporation, and a comparative financial statement for the years 1905-1906. Statistical data relating to sheep and wool production, population trends, and prices were taken from the U. S. Bureau of Census Reports and the Biennial Reports of the Secretary of State of Oregon for the period. The experiences of individuals presently or formerly involved in the business were solicited by interviews. Articles and information found in historical publications, particularly the Oregon Historical Quarterly, were consulted.

Founded at a timely juncture the Baldwin Sheep & Land Company under continuous efficient management accumulated adequate tracts of prime grazing lands adjacent to public domain to develop large technically superior flocks of sheep. Despite a slow down trend of wool prices the Ranch experienced an exceptional growth due to economies of large scale operation, favorable cost advantages in Oregon, the shift of wool production from east to west, and the concomitant structural change from small operation supplementary to general farming to large scale sheep ranching. Although during this period internal and external factors combined to facilitate the growth and success of the Ranch the establishment of forest preserves in 1906 and the imposition of limits on grazing on the public domain along with the approaching stagnation of the industry threatened the previously effective balance of conditions that had favored the ranch.

Based on these observations it was concluded that although other ranches had been established and successfully developed during the period studied the Baldwin Sheep & Land Company possessed singular differences that enabled it to flourish as a wool production plant and attain world

wide recognition for the breeding of pure bred sheep.

THE BALDWIN SHEEP & LAND COMPANY

1873-1910

by

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CHAPTER I

INTRODUCTION

In 1851 Anson Dart, Superintendent of Indian Affairs for the Oregon Territory, wrote concerning the Deschutes-John Day Region:

These prairies would make the best of sheep farms, where millions of sheep could be kept with little care. . . This region is susceptible of being one of the greatest wool-growing countries in America.¹

In another official report relating to the area, R. R. Thompson, Indian Agent, in 1854 made the following observation:

The soil for the most part is undoubtedly fertile, and yields throughout a luxuriant growth of highly nutritious grass, for which animals manifest a great fondness. It is commonly called bunch-grass. The country in consequence is well adapted to the raising of stock; and the² Indians have accumulated large herds of horses and cattle.²

The region that Dart and Thompson were describing designated by geographers as the Columbia-Deschutes Plateau, is the southern tip of the extensive triangular land form classified as the Great Columbia Basin.³ This land, characterized as partly plateau cut by canyons and partly low sandy plains, is drained by the Deschutes River and its

¹Office of Indian Affairs, Annual Report of the Condition of Indian Affairs in his Superintendency, Anson Dart, 1851 (Oregon Historical Society: Microfilm cc 234, Roll No. 608), September, 1851.

²Ibid., Letter from R. R. Thompson, 1854.

³Warren D. Smith, "The Columbia-Deschutes Plateau," Physical and Economic Geography of Oregon (Oregon State Board of Higher Education, 1940), p. 62.

small tributaries. In this semi-arid region several varieties of nutritious wheat grasses grew in knee high profusion. The combination of climate, terrain, and native grasses was clearly suited to grazing.

As explorers, fur traders, and wagon trains moved west it did not take long to discover that the clear pure creeks that flowed into the Deschutes were desirable oases and camp sites. After wagon trains with their trailing livestock discovered the water holes settlers soon followed. One of the more promising sites in Central Oregon was Hay Creek, promptly and appropriately named for the fine natural forage, where, according to an anonymous writer in the Illustrated History of Central Oregon:

The first settler in Crook County was Marion Scott who came here in 1863 and located on Trout Creek. Scott's party crossed the Cascade Mountains that year carrying with them horses, wagons, and a band of cattle. They stopped at Hay Creek and for a time lived in a cave grazing their cattle on the surrounding hills.⁴

Scott with eight or nine freight wagons and six to eight hundred head of cattle was headed for the Salmon River mines⁵ and was not interested in permanent settlement but he was followed:

Some time in the latter part of the sixties Henry Coleman established himself on Hay Creek near its⁶ junction with Trout Creek and engaged in the cattle business.

⁴An Illustrated History of Central Oregon Embracing Wasco, Sherman, Gilliam, Wheeler, Crook, Lake, and Klamath Counties (2 vols., Spokane, Washington: Western Historical Publishing Company, 1905), p. 700.

⁵A. L. Veazie, "Address on the Dedication of a monument to the Pioneers of Crook County at Prineville, August 7, 1938," Oregon Historical Quarterly, XXXIX (December, 1938), p. 374.

⁶An Illustrated History of Central Oregon, p. 700.

The earliest recorded owner of land on Hay Creek was Williamson J. Allen. Born in Missouri Allen had come to Wasco County⁷ from Lane County.⁸ Whatever the date of the acquisition of land Williamson J. Allen was listed on the Wasco County Assessment Roll for 1865 as owning one hundred sixty acres of land valued at \$1,000 with personal property valued at \$237. The property was levied to pay \$16.08 county tax, \$6.19 state tax, and \$2.47 school tax.⁹

The Allen property on Hay Creek became the nucleus of an agricultural enterprise that within fifty years would embrace thousands of acres and become a sheep breeding plant of wide renown. Also the luxuriant stands of bunch-grass would become nearly extinct from overgrazing.

⁷Until 1862 Wasco County consisted of the entire portion of Oregon lying east of the Cascade Mountains. In 1874 Crook County was organized within this area and in 1914 Jefferson County split off of Crook.

⁸U. S. Census Bureau, Tenth Census of the United States, 1880, 124th District, Prineville Precinct, Schedule I (Oregon Historical Society: Microfilm), cc 06660, Roll No 312.

⁹Wasco County Assessment Roll, 1865.

CHAPTER II

THE EARLY YEARS, 1873-1883

According to an account by Evada Power in Jefferson County Reminiscences Allen sold his quarter section to Dr. David M. Baldwin in 1873.¹ A. L. Veazie in 1938 recalls that:

On November 5, 1874 Dr. David M. Baldwin of Oakland, California, after negotiations with Lafayette Tyrrill purchased land on upper Hay Creek from Williamson G. Allen as a start for a sheep ranch. He stopped at my father's house the day he arrived. . . On November 17, 1874 Tyrrill filed on an adjoining tract, Dr. Baldwin as witness. . . This tract Dr. Baldwin also acquired.²

Referring to Baldwin's arrival at Hay Creek Edward N. Wentworth in America's Sheep Trails says:

In 1873 Dr. D. [David] M. Baldwin, whose health had broken in California took up 160 acres on Hay Creek, in Crook County, twenty-five miles north of Prineville and about seventy miles (airline) south and east of The Dalles. Native herbage on the eastern slopes of the foothills of the Cascades was knee-length and most winters were mild and open.³

Although there is a slight discrepancy as to the exact year that Baldwin "took up" land it seems that he purchased some land and filed for more with the intention of establishing a ranch.

¹Evada R. Power, "Hay Creek," in Jefferson County Reminiscences by Many Hands, ed. Jefferson County Library Association (Portland, Oregon: Binfords & Mort, 1957), p. 9.

²Veazie, "Address to Pioneers of Crook County," p. 384.

³Edward Norris Wentworth, America's Sheep Trails (The Iowa State College Press, 1948), p. 212.

However much land was acquired and by what means it would appear that if the doctor was motivated to come to Oregon for health reasons he chose well to come to this region where the climate is mild with an average of two hundred frost free days a year, annual rainfall from 10" to 20" falling heaviest in spring, and usually mild open winters with a 10" to 30" snowfall. Judging by his investment in land and livestock Baldwin must have felt that his financial health as well as his physical well-being could be well served by this promising combination of land and climate.

In an article describing the ranch on Hay Creek published in the American Sheep Breeder in 1902 the writer in embellished prose confirmed Baldwin's foresight and judgment:

Here on the eastern slope among the foothills of the beautiful Cascade range, where snow-capped mountains, wooded hills, clear, winding mountain streams, pretty valleys, glades and intervals, great reaches of the richest native herbage, and the mild open winters offered a tempting field to the ambitious pastoralist came Dr. D. M. Baldwin away back in 1873 in search of health⁴ for himself and home for an ideal flock of fine wool sheep.

As Baldwin assessed this idyllic situation he also realized that for year round operation the valley location of Hay Creek was a very promising site not only for winter grazing but for growing a winter feed crop.

But this would be only half the area required for all year operation, as for summer grazing one had to have mountain range where feed, water, and shade, were plentiful [sic]. Therefore the winter quarters should be adjacent to foothills of mountains that could be used in the summer for grazing.⁵

⁴Oregon Historical Society, Baldwin Sheep & Land Company, John Griffith Edwards Papers, 1903-1945, MSS 761.

⁵Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

The kind of winter feed Baldwin elected to raise was alfalfa. A. L. Veazie, an early Crook County grain and feed dealer, credited Baldwin with being, with the possible exception of an unsuccessful southern Oregon venture, the first to plant alfalfa despite the "ridicule of his neighbors."⁶ This proved to be a wise as well as profitable venture.

Either because he was a native of Vermont, a state recognized for its production of pure bred Merinos, or because for Oregonians it was an established source of prime breeding stock, Baldwin negotiated with unidentified Vermont breeders to buy twenty five pure bred Hammond Merino ewes and two rams. As recorded by the article in the American Sheep Breeder Baldwin was:

At least a connoisseur in fine fleeces, and nothing short of a pure Catilian [sic] blood, the buest of the blue, would fill the bill. He had plenty of money. Hammond Merinos were all the fashion, and it is needless to add that the doctor bought Hammond ewes--twenty five of them, paying fabulous prices for them, and a pair of royally bred rams at a cost of \$500.00 each. Dr. Baldwin was building better than he knew, for he was laying the foundation of the finest wool sheep stud in America, if not in the world. Hay Creek held the most aristocratic flock of Spanish Merinos in Oregon and was henceforth hallowed ground.

This small band was shipped to the western terminus of the railroad, Winnemucca, Nevada, and trailed a thousand miles over the mountains to Hay Creek.

John Minto, a contemporary and an authority on the development of sheep husbandry in Oregon, observed with approval the successful application of Baldwin's innovations:

I have seen the choice ram flock of the Baldwin Sheep and

⁶Oregonian (Portland, Oregon), April 7, 1946.

⁷Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

Land Company. . . and their stock appeared an improvement [on California flocks], Alfalfa was the basic feed, but the Oregon bred sheep had the ideal sheep pastures on the slopes of the Blue Mountains to run on, and not a day in the year that was not stimulative to the growth of flesh and wool fibre.⁸

While Baldwin directed his main attention to increasing improved flocks and acquiring land a community was developing around Hay Creek. In 1875 a postoffice was located at Hay Creek and in short order a school. On a high hill overlooking the valley a cemetery was situated in 1874. With a view not only to conservation but to beauty the handsome windbreak of Lombardy poplars that still lines the driveway to a gracious ranch house was planted. Events of the times enlivened ranch life in 1878, during the Bannock War time of troubles for Indians and settlers, when Colonel S. G. Thompson selected the ranch as a military rallying point.⁹

⁹ John Minto, "Sheep Husbandry in Oregon," Oregon Historical Quarterly, III (September, 1902), p. 241.

¹⁰ Power, "Hay Creek," pp. 11, 12, and 31.

CHAPTER III

FOUNDING A CORPORATION, 1883-1900

Although the operation of the ranch was improving the health of Baldwin was not and in 1883 he sold it to Charles A. Van Houten and his brother, Judson P. Van Houten. These young men had come from a sheep raising area of New York state and had been employed by Baldwin. The 1880 census listed Charles, age 27, as a farmer in the Antelope Valley district, married with no children, and Judson, age 23, as in the sheep business living in the Prineville district.¹

That they qualified to further the development of the ranch is eloquently chronicled by Colonel Burch in his article for the American Sheep Breeder:

The purchasers were the brothers J. P. [Judson Perry] and Charles Van Houten, than whom two better or brighter sheepmen never found their way to the Western range. They came from classic Merino ground in Western New York, where sheepmen born and splendid shepherds and workers. To these young men life was an open book whose every page they were as familiar with as with their boyhood playgrounds on the shores of the beautiful Canandaigua Lake. To breed, rear, and bring out Merinos had been pleasant pastime to them, and the building of a great flock upon so regal a foundation as Dr. Baldwin had, was a labor of love.²

Available records do not disclose the terms of purchase nor

¹U. S. Census Bureau, Tenth Census of the United States, 1880, Antelope Valley and Prineville Precincts. (Oregon Historical Society: Microfilm).

²Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

provide an inventory of assets but that the operation had been encouraging was indicated by Colonel Burch's preference to this period of the Van Houten ownership and management:

Within five years of the date of their purchase, [1883] Van Houten Brothers & Co. had added several hundred acres of fine alfalfa hay land to their holdings and increased their fine wool flock to 2,000 head of pure bred ewes and it is³ safe to say they owned the premier flock of the country then.

Also within these five years Baldwin died. One of the assets of the Baldwin estate was the unpaid portion of the Van Houtens' purchase of the ranch. The Van Houten brothers knew how to raise sheep but they also knew that they needed more capital not only for expansion but also to satisfy the \$55,000 obligation owing the Baldwin estate. Since the brothers were relatively young men when they came to Oregon it is unlikely that they came with capital. Until their acquisition of the Hay Creek property they had been employees of Baldwin, and besides their small land holdings, possessed relatively modest assets.

The Van Houten's need for capital did not seem to represent an impenetrable block to the vision of these young men nor diminish their optimism and determination. In 1887 negotiations were completed to merge their assets with those of Charles M. Cartwright, Arthur Breyman, and John Somerville to form a corporation to be known as the Baldwin Sheep & Land Company. Cartwright, Breyman and Somerville were very active frontier financiers, each of whom engaged individually and in partnership with others in financing and operating a diversity of enterprises. Charles M. Cartwright had interests from a soap factory

³Ibid.

in Albany, Oregon to sheep raising in Central Oregon as well as land speculation in Seaside. Breyman, born in Germany, was an early inhabitant of Prineville who ran a flour mill and general merchandise business while holding office as treasurer of Prineville. John Sommerville, from Illinois, was also a merchant in Prineville.⁴ These gentlemen had demonstrated abilities in management and finance.

In Oregon at this time many organizations were incorporating, such as utilities, social and religious associations, and mining operations. The Baldwin Sheep & Land Company, with the exception of a small feed lot operation in western Oregon was the only agricultural enterprise listed in the biennial report of the Secretary of State for 1886-1887.⁵ Exceptional at this time as an incorporated agricultural venture, this unique enterprise had the unusual distinction of being funded entirely by local capital.⁶

An organization meeting initiated the operation of the combined interests and was formally recorded in:

Minutes of Incorporators and Stockholders of Baldwin Sheep
& Land Company of Oregon - Hay Creek January 18, 1887.

At this meeting an involved resolution was passed that provided for the purchase of the assets of the Van Houten brothers and those of Cartwright

⁴U. S. Census Bureau, Tenth Census of the United States, 1880, Prineville District (Oregon Historical Society: Microfilm).

⁵Biennial Report of the Secretary of State, 1886-87, State of Oregon (Salem, Oregon: State Printer, 1888), Articles of Incorporation, p. 5.

⁶Peter A. Shroyer, "Oregon Sheep, Wool and Woolens Industries," Oregon Historical Quarterly, LXVII (June, 1966), p. 136.

by the corporation. The value of the Van Houten assets was arbitrarily set at \$95,000 and the Cartwright assets at \$50,000. The capitalization was established at \$150,000, 1,500 shares with a par value of \$100 a share. The equities of the stockholders were apportioned as follows:

C. A. Van Houten	600 sh.	\$60,000
C. M. Cartwright	375 sh.	37,500
Arthur H. Breyman	262 sh.	26,200
John Sommerville	263 sh.	26,300 ⁷
	<u>1,500</u>	<u>\$150,000</u>

The capitalization of assets was set at a figure slightly higher than the optimistic values of the combined assets of the participating parties, reflecting expected future net yield on their investment.

The Van Houten equity was supported by 13,000 sheep, all cattle, hogs, farming utensils, wagons, carriages, hay, grain, vegetables, blacksmith shop, and tools, located at Hay Creek Ranch and owned by the Van Houten brothers, and 1,700 acres of land "title to which now held by individual members."⁸ The Cartwright equity consisted of 240 acres of land in Crook County and 15,000 sheep, horses, hay, grain, farm implements, wagons, etc. Breyman and Sommerville each contributed \$5,000 cash to the assets of the corporation. The minutes indicate that the value of the equities of Breyman and Somerville derived from the assets of Charles M. Cartwright which would imply that these gentlemen had made previous investments in Cartwright's sheep ranching in Central Oregon and which may account for their combined stock holdings being greater than Cartwright's.

⁷Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761, (Minute Book).

⁸Detailed research to determine methods, acreage, and times of acquisition offers an interesting and valuable field of inquiry.

The corporation assumed the \$55,000 debt of the Van Houten brothers due the Baldwin estate. To fund this obligation the directors authorized the corporation to borrow on short terms notes \$32,500 from the Portland Savings bank and \$12,500 from Breyman, Sommerville, and Cartwright. With the \$10,000 paid into the treasury by Breyman and Sommerville for corporate equity the debt was covered. For full cash payment the Baldwin estate granted a \$2,500 discount and the directors duly resolved to "order" the \$2,500 "into the treasure [sic]." ⁹

By-laws and articles of incorporation were formally entered. The articles recorded the corporate name and set down a remarkable wide range of operation:

Article II: The business of said corporation in which it is purposed [sic] to engage in the buying, selling, owning, raising, and dealing in sheep, wool, cattle, and horses, and the buying, owning, selling, and dealing in lands, goods, wares, ¹⁰and merchandise and the business of Banking and loaning money.

This article which provided for sheep ranching, merchandising, real estate, and banking appears to encompass all the needs of a growing community and also suggests an effective means of exercising a dominant influence on the area surrounding Hay Creek.

In acknowledgment of the wisdom of bringing capitalistic organization into agriculture Colonel Burch wrote:

Mr. Cartwright was not only a gentleman of fortune, but was widely known and highly regarded as one of the foremost financiers and business men of Oregon, and his official association with the new corporation gave it at once a

⁹Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761, (Minute Book).

¹⁰Ibid., Articles of Incorporation.

commanding position among the leading live stock concerns of the West.¹¹

In 1887 this ranch must have seemed a good investment indeed. All the conditions were ripe for exploitation. The Ranch was well established, regional business prospects were promising, recently completed trans-continental railroad connections were expected to enhance economic growth,¹² and wool prices were rising from the 1883 depressed levels.¹³

In Donald W. Meinig's comprehensive historical geography, The Great Columbia Plain, 1805-1910, the contention is made that by 1879 the cattle industry was no longer profitable in Central Oregon. However, he avers, conditions were particularly favorable to the development of the sheep business because the semi-arid canyon slashed plateaus were not suitable for the small farming ventures that attracted dense settlement, competition for water rights, and obstructive fences. Meinig further maintains that the sheep men had fewer "tramp operators," were better financed, managed their businesses better, and enjoyed a steadier market than the cattlemen.¹⁴ Other studies of the range cattle industry during the 80's corroborate this analysis and attribute the decline and transformation of the cattle business from range to farm-oriented to the poor prices for cattle, absentee ownership of the herds, the rise

¹¹ Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

¹² Robert L. Peterson, "The Idea of Railroads: Regional Economic Growth," Oregon Historical Quarterly, LXVII (June, 1966), p. 101.

¹³ See Appendix I, Table of Shorn Wool Production, pp. 67-68.

¹⁴ Donald W. Meinig, The Great Columbia Plain, 1805-1910 (Seattle and London: University of Washington Press, 1968), p. 377.

of the sheep industry, a transformation of market patterns, the influx of settlers brought about by the coming of railroads, and the development and growth of wheat production in northeastern Oregon.¹⁵ All these factors contributed to the change in the cattle industry and caused it to retreat to the southeastern counties of Oregon. The efficient professional operation of the Baldwin sheep & Land Company bears out these observations and also furnishes a case study of an early American agricultural corporation.

Stimulated by the pressing need for large capital accumulation in the burgeoning American republic the corporate plan of organization evolved early as a means of financing bridge and road building. Following the precedent of English law, charters for incorporation were granted only by special legislative acts. Under the influence of Jacksonian democracy and helped by the President's refusal to renew the charter of the United States Bank, Connecticut in 1837 passed the first general incorporation law, thus diffusing the fruits of monopolistic privilege and extending the opportunity to participate in corporate benefits to any group of investors meeting the established requirements.¹⁶ In Oregon the constitution as adopted in 1859, provided that corporations "may be formed under general laws" and "shall not be created by Legislative Assembly by special laws."¹⁷ Corporations could come into

¹⁵George E. Carter, "The Cattle Industry of Eastern Oregon, 1880-90," Oregon Historical Quarterly, LXVII (June, 1966), pp. 139-159.

¹⁶Charles H. Hession and Hyman Sardy, Ascent to Affluence (Boston: Allyn & Bacon, Inc., 1971), pp. 210 and 259.

¹⁷Constitution of Oregon, Article XI, Section 2. Ratified by Congress February 14, 1859.

existence by little more than registering the name and capitalization with the Secretary of State.

The incorporators of the Company, while using the corporate plan to accumulate capital were doubtless well aware of the advantage of limited liability, and they employed another corporate practice, that of hiring professional management. Judson P. Van Houten, not a stockholder, was hired as general manager at \$500 per month, a professional sheepman at a professional rate of pay. Whether this was a means of reimbursing the younger Van Houten for his interests in the Van Houten assets or a devise to restrict the number of stockholders for the purpose of better serving the interests of the owners was not recorded.

As every expansionist and land speculator knew the vast amounts of publicly owned land offered prime opportunities to those first arrivals who had the perspicacity to select and claim the strategic sites. To the sheep producer in Central Oregon this meant securing comfortably spaced watering spots surrounded by just enough land to guarantee access to grazing areas, preferably publicly owned, and also to prevent invading competition from such access. Inhibited in respect to their land expansion objectives by land acquisition laws, such as the Homestead Act designed to attract small holders, the Company in its articles of incorporation astutely circumvented such intents by including provisions for buying and selling land and for banking. Whether in the early years of operation the practice of making prior agreements with homesteaders for land acquisition had been actively pursued is not specifically alluded to, but a charge was filed in 1902 by the United States Attorney alleging that three men employed by the Baldwin Sheep

& Land Company had filed claims under the 1878 Timber & Stone Act in which they had been encouraged by having all entry expenses plus a cash bonus paid by the corporation.¹⁸ And as pointed out in Jefferson County Reminiscences, "homesteaders worked at Hay Creek to feed themselves and families while proving up their own land claims which in the course of a few years were sold to the ranch."¹⁹ That the summer camps of the ranch herders "were on every good spring in the county" implies an early acquisition of the most important and desirable sites.²⁰

To the entrepreneur interested in producing wool and mutton the increasing population, not only of Oregon but the entire nation, spelled a favorable market for wool and mutton. During the nineteenth century the rate of increase of the national population was substantial. The actual national growth continued but at a slightly declining rate. Nonetheless the actual growth was encouraging enough to offer sufficient incentive for development in sheep production. (See Table I)

The market for wool from Central Oregon had been pioneered in 1867²¹ when wool shipments were launched down the Columbia River at The Dalles bound for national markets. The dusty roads to The Dalles though crude and difficult to traverse had nonetheless been established by 1887.²² "At The Dalles alone. . . as many as fifteen buyers representing

¹⁸ Oregonian, January 9, 1917, p. 3.

¹⁹ Power, "Hay Creek," p. 29.

²⁰ Ibid., p. 29.

²¹ Illustrated History of Central Oregon, p. 700.

²² William H. McNeal, History of Wasco County (Oregon Historical Society: typewritten, 1953), p. 162.

TABLE I
POPULATION OF OREGON & RATE OF GROWTH, 1850-1920²³

<u>Decade</u>	<u>Population</u>	<u>Rate of Increase</u>
1850	12,093	
1860	52,465	400%
1870	90,923	73%
1880	174,768	90%
1890	317,704	81%
1900	413,536	32%
1910	672,765	88%
1920	783,389	16%

the largest wool firms in the East" came to buy wool. "Out of this country streamed the 8,000,000 pounds of wool which annually came to The Dalles for shipment to Portland, San Francisco, and eastern points made the little northern Wasco County town the largest primary wool market in the United States."²⁴

By 1883 when the Northern Pacific reached Portland the water level route for wool shipments was well established. However, the expectation that the coming of the railroad would provide better and faster transportation was not entirely fulfilled. Attractive as fast direct shipment from Central Oregon to the eastern textile centers appeared, the cheaper water route was often preferred. Enjoying little or no competition within the industry, railroads made small attempt to provide competitive rates, especially for interior points. Indeed they sometimes charged a rate as high as the value of the goods at point of origin. As a

²³U. S. Bureau of the Census, Historical Statistics, pp. 12-13.

²⁴Alfred L. Lomax, "Oregon Wool and Scouring Plants of the Early 1900's" Oregon Historical Quarterly, LI (March, 1950), p. 44.

consequence, the railroads carried the smaller portion of the export of wool from Oregon. Nor did the railroads offer much incentive for the hauling of live sheep. The problems of feed and water on long hauls was more formidable than driving those self-transporting animals grazing and fattening all the way to Montana, Wyoming, and the packing houses in the Middle West.

TABLE II
WOOL EXPORTS FROM OREGON²⁵
1882-1889

<u>Year</u>	<u>Total Lbs.</u>	<u>Coastwise</u>	<u>By Rail</u>
1882-83	8,915,980	8,915,980	
1883-84	9,358,660	7,540,786	1,817,874
1884-85	11,121,433	6,956,142	4,162,691
1885-86	14,100,718	4,899,108	9,201,610
1886-87	11,589,233	7,776,755	3,812,478
1887-88	10,200,095	6,889,671	3,330,424
1888-89	18,600,221	10,410,201	7,748,855

Among other criteria for establishing a price to be paid producers, wool buyers customarily deducted freight cost from point of origin.²⁶ Judging from the amount shipped by rail from Portland, 1885-86, Oregon producers were doubly penalized by freight costs and the 20-year low price offered that year. Although the wool market tended to reflect national business cycles and had reached lows in the 80's it was, fortunately for the Company, recovering by 1887. Not appreciably deterred

²⁵Peter A. Shroyer, "Oregon Sheep, Wool and Woolens Industries," p. 133. Information from Portland Board of Trade Annual Reports, 1883-1889.

²⁶Robert Koshland, Unpublished account of personal experiences as a partner of Koshland & Co., Boston based wool buying firm.

by the secular downward trend of general prices, wool production continued to increase in Central Oregon. Indeed, periods of depressed prices were not without a purging effect within the industry. The discouraging markets of the 80's had eliminated the small or inefficient enterprises and stimulated the established operators toward larger scale production. This they did by breeding sheep with heavier bodies carrying more and better fleeces. The Company continued the policy established by Baldwin of improving technology in anticipation of the beneficial results in quantity and quality.

As proof of the effectiveness of breeding for fleece weight U. S. Census Reports established an average 2.96 lb. fleece in 1850 that had increased by 1900 to 8.76 lbs.²⁷ In 1880 A. J. Dufur wrote a resume of the sheep industry in Oregon in which he estimated that Wasco County fleeces averaged 8 lbs.²⁸ Since the Company was one of the largest producers in Wasco County it can fairly be assumed that their scientific methods contributed to the improved yield. The Dufur essay pointed out that the Merino was regarded for the fineness of its wool and the weight of its fleece, as well as its ability to subsist on coarse food. Not mentioned was the tendency of the Merino fleece to wrinkle and hold grease, thus adding to its weight.²⁹

²⁷ U. S. Census Bureau, Twelfth Census of the United States, 1900, "Agriculture, Farms, Livestock, and Animal Products, Vol. V, Part I. (Washington, D. C.: Government Printing Office, 1902), p. ccciii.

²⁸ U. S. Census Bureau, Tenth Census of the United States, 1880, "Report on the Productions of Agriculture," Vol. III (Washington, D. C.: Government Printing Office, 1883), p. 134.

²⁹ Buyers of wool watched carefully the grease content as two thirds of the weight of a fleece was dirt and grease, thus a six pound fleece yielded two pounds of wool after shearing.

In the same Dufur report it was roughly estimated that the cost of keeping a 1,500 band of three quarter bred Merino ewes in Wasco County could be budgeted as follows:

Salt	\$30 a ton
Hay	10 a ton
Straw	5 a ton
Wool sacks	62½¢ ea.
1 herder and board	\$480 a year
2 extra men during lambing	80 a year
Shearing	7¢ a head

In this sketchy estimate Dufur assumes a yield of 13,500 pounds of wool, 1,000 marketable lambs worth \$2 each, and an unspecified number of select sheep worth \$4 each. He projected income over expenses would be approximately \$1,871 a year, a net gain of a little over \$1.20 per head per year.³⁰

In another special survey of sheep grazing in Oregon made by Frederick V. Coville in 1892 for the Department of Agriculture, a more detailed calculation of the cost of maintaining a two thousand head band of sheep was prepared:³¹

Taxes, 21 mills on a value of \$2 a head	\$84
Herder, 12 mo. @ \$30	360
Packers, 5 mo. @ \$30	150
Grub, \$10 per mo.	170
Rental winter range -- 6 mo.	100
Wheat, hay, sufficient for 40 days:	
3 tons per 100 sheep @ \$7 per ton	420
Salt, 100 lbs. per week and transfer costs to summer range, 50 cwt. \$1 freight	46
Hauling wool to railroad, 40¢ cwt.	
Estimated clip 8 lbs. per sheep	64

³⁰U. S. Census Bureau, Tenth Census of 1880, Vol. III, p. 134.

³¹Frederick V. Coville, "Forest Growth and Sheep Grazing in the Cascade Mountains of Oregon," U. S. Department of Agriculture, Division of Forestry, Bulletin No. 15, Washington, D. C.: Government Printing Office, 1898), p. 12.

Extra help during lambing	300
Outfit for herder	25
Bucks, 2 per 100 ewes replaced every 2 years @ \$10	200
Cost of summering bucks	40
	<u>\$1,959</u>

On this basis Coville estimated that the cost of producing sheep was \$1 per head per year and that this cost was covered by the sale of the wool. No estimate was made of the gain to be realized from the sale of lambs, selected bucks, or wethers. The professional management of the Baldwin Sheep & Land Co. doubtless enabled it to effect lower operating costs by virtue of the economies of large scale operation. However, based on the above calculations the Company with an average herd, by its own count of 25,000 sheep, could conservatively expect a net profit of \$25,000 a year.

As prudent management would require an adequate number of herders and personnel for peak seasons of lambing and shearing so would it require a permanent staff for maintenance of a plant adequate to winter feed the culled flocks. This permanent staff could be utilized during peak seasons to relieve the costs of higher prices seasonal labor. During the rest of the work year the staff was engaged in planting and harvesting the alfalfa crop, maintaining the garden, tending other livestock, cleaning barns, feeding in the corrals, operating the blacksmith shop, and hauling wool to The Dalles to market.

Taxes, the burden of modern corporations, were hardly onerous in Oregon in 1887. There was no federal income tax and the costs of local government did not warrant any extortionary assessments on the major source of wealth, the land. The taxing policies of the state of Oregon were designed more to encourage growth and development of agriculture

and business within the state than to fund social needs. Nor did the assessors tend to inflate the evaluations of land. According to the Biennial Report of the Secretary of State, 1872-73³² probably not one-fourth of the value of property is returned. In 1872 Governor Grover in an address suggested that Oregon land and other properties were assessed at on approximately one third of true value. Harvey Scott, editor of the Oregonian, agreed that "It is not probable that valuations throughout the state will average more than thirty to fifty per cent of actual market values."³³ Nor was this a period of rising taxes. The national average land tax remained stable at \$.13 an acre from 1890 to 1901, then rose gradually to \$.19 by 1910.³⁴ In Oregon it is doubtful that taxes on grazing land even approached this level.

Not only could the Company enjoy a "one third standard" but in Oregon under the existing law any person or corporation could deduct any indebtedness from the assessed valuation:

It shall be the duty of the Assessor to deduct the amount of indebtedness within this State, of any person assessed, from the amount of his or her taxable property, given under oath.³⁵

Further:

³²Biennial Report of the Secretary of State, 1872-73, State of Oregon, p. 10.

³³Harvey W. Scott, History of the Oregon Country, Vol. III, compiled by Leslie M. Scott (6 volumes, Cambridge, Massachusetts: The Riverside Press, 1924), p. 76.

³⁴U. S. Bureau of the Census, Historical Statistics, K116-121, p. 282-283.

³⁵Board of Tax Commissioners, Extracts from the Constitution and Laws of Oregon Relating to Assessments and Taxation. (Salem, Oregon: W. H. Byars, State Printer, 1885), Title I, Section 8, p. 6.

A debt secured by land or real property situated in no more than one county in this state shall for purposes of taxation be deemed and considered indebtedness within this state; and the person or persons owing such a debt shall be entitled to deduct the same from his or their assessments in the same manner that other indebtedness within the state is deducted.³⁶

With assessments low, the generous debt allowance provision, and little threat of rising rates, taxes could not have been a heavy expense.

In 1887 this ranch must have seemed a very good investment indeed. All the financial and physical conditions were ripe for exploitation. By broadening and increasing the financial base of the operation a more efficient operation that could also be expected to finance expansion while yielding a fair return on investment. The prices of wool and mutton, while reflecting the long run general price decline of the times, appeared sufficient to yield a remunerative return to a large operation enjoying equivalently declining money costs, economies of scale, and technological advances such as improved breeding and increased fleece weight. In other words the relative price of wool was not declining in terms of operating costs and return on investment.

It was evidently not felt necessary to include financial statements in the minute book. For three years after the incorporation the minutes of the annual meetings recorded only the election of officers and amendments to the by-laws to permit greater indebtedness. The first such amendment was made at a special meeting in April, 1887.³⁷ Whether the

³⁶ Ibid., Section 9, p. 6.

³⁷ Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761 (Minute Book).

Company suffered losses during the particularly hard winter of 1886-87,³⁸ needed cash to fund new projects, or decided that cash would be well invested in buying out small operators in distress was not explained. None of the short term notes was written for more than a year and none was extended or defaulted.

Although the minutes provided no detailed financial information, some indication of the financial well-being of the organization can be deduced from the declaration of dividends. During the first three years of operation, 1888, 1889, and 1890, no dividends were declared. Beginning in 1891 a dividend of \$10 a share was voted and every year until 1899 never less than "10% of capital stock" was declared. In 1892 and 1898 "20% of the capital stock" was the approved dividend.³⁹ Since the records do not suggest any re-evaluation of capital stock on the basis of increased assets it may be assumed that a 20% dividend meant \$20 a share. Unaffected by the severe national depression in 1893 and with relative prices favorable the annual declaration of dividends continued without interruption. Thus from 1887 through 1899 the amount of the original capitalization had been more than returned in dividends.

³⁸ Hay Creek, lying six to eight hundred feet lower than surrounding areas, was protected from the sweep of plateau winds and severe winter weather.

³⁹ Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761 (Minute Book).

CHAPTER IV

SHEARING THE GOLDEN FLEECE

1900-1910

There can be little doubt that the corporation headquartered at Hay Creek had become a dominant feature of Wasco County. Coville in his 1892 survey had conservatively estimated that in Wasco, Crook, and Sherman counties there were eighty-six bands of from 1,000 to 3,500 sheep being grazed by sixty owners:¹

- 41 owned single bands of 1,000 to 3,500 sheep
- 15 owned two bands
- 3 owned three bands
- 1 owned six bands

Sixty-six of these bands were in Wasco County and it can be reasonably assumed that the single owner of the six bands was the Baldwin Sheep & Land Company. Further because this was a conservative estimate the number could have been larger and increasing.

As a measure of the far reaching reputation enjoyed by the Company a colorful Wyoming sheepman, John Griffith Edwards, came to Hay Creek in 1899 to buy pure bred rams. Edwards' visit signalled a change of ownership. When Edwards came to Hay Creek he saw, according to the Illustrated History of Central Oregon, an idyllic picture:

The main ranch is located in a valley, and a village formed by the settlements of the owners and employees, which is a

¹Coville, "Sheep Grazing in the Cascade Mountains," p. 16.

well-planned city, adorned with shade trees and is surrounded by waving fields of alfalfa, so that the traveler approaching from either direction from the wild and rock-ribbed mountains and sandy deserts which the road passes, it appears as a charming oasis in the desert, and gives one the feeling of rest, and the close proximity of paradise. The business of this mammoth company is breeding fine sheep, and the establishment money has not been spared in securing the best the world produced in sheep. . . . The proprietors are men who have worked themselves up in the world, and being of the class not hampered with bigotry they are always commonplace and sociable and well liked by everybody with whom they come in contact.

As a seasoned and successful sheep man, Edwards' experienced eye must also have appraised the practical assets of Hay Creek. This lovely "oasis" was a firmly established business located in a benign climate where "waving fields of alfalfa" and accessible summer grazing on the public domain assured a year round operation. Nor would it be too difficult to deliver those extensive bands of healthy carefully bred Merinos carrying prosperous fleeces to market. To a man who has only too recently been battling Indians, cattle men, and severe winters in Wyoming this must have appeared near to paradise where a man could enjoy a "feeling of rest" while watching with proprietary pleasure the gentle sheep multiply and thrive.

If there had been dissension or dissatisfaction with the management, operation, or rate of return from the ranch it is not evident from the records. Despite apparent prosperity and congenial relationships among the stockholders, at a special meeting called on January 16, 1899 the directors agreed to sell all the "holding stock" to Edwards. It was further agreed that all unsold wool, money on hand, notes, bank account, indebtedness, contracts, and leases be liquidated and distributed to the

²Illustrated History of Central Oregon, p. 739.

stockholders with Breyman acting as trustee.³ The exact intent of the words "all holding stock" was not explained nor was a time limit indicated for the consummation of the sale.

The minutes of the annual meeting in November of 1899 do not provide any information concerning the stock holdings. Cartwright is named as president, Van Houten, vice-president, and Edwards treasurer. The minutes of the annual meeting in November, 1900 show the stockholders to be:⁴

Edwards	434 sh.
Moser	1 sh.
Cartwright	434 sh.

No accounting is made for the remaining 631 shares.

However, according to the minutes of the November, 1901 meeting all the stock except two shares is shown as held in equal portions by Edwards and Cartwright. Apparently Breyman, Sommerville, and Van Houten had been bought out:⁵

Edwards	433 sh.
Cartwright	433 sh.
Cartwright & Edwards	631 sh.
J. D. Holliday	1 sh.
Moser	1 sh.

By 1902 the 631 jointly held shares of Cartwright and Edwards had become individually owned and Edwards had a one-share advantage:⁶

Edwards	749 sh.
Cartwright	748 sh.

³Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761

⁴Ibid.

⁵Ibid.

⁶Ibid.

Holliday	1 sh.
Van Houten	1 sh.

On August 13, 1903 a special meeting was held in Portland and it was recorded that Alexander Graydon had been granted a 90-day option to purchase "certain property real and personal for \$400,000." During these years no dividends had been declared but on December 7, 1903 the Graydon option had expired, Edwards then owned all the stock, and a 20% dividend was authorized.

It had taken nearly five years to consummate the complete change of ownership. Considering the time elapsed from the January 1899 decision to sell "all the holding stock" to December 1903 and the device of the Graydon option, it would appear that Cartwright had maneuvered to establish the best possible price for his stock. Since there are no available records providing any details this can only be conjecture.

Edwards, firmly in control in 1901, was born in Wales in 1855 of a substantial merchant family and educated in Shropshire and Liverpool. At seventeen he had followed his brother Griffith to Wyoming where he began his apprenticeship to the American West as an employee of the Union Pacific Railroad in Carbon, Wyoming. After a trip back to Wales in 1875 to settle his father's estate he returned to the United States and joined his brother on the Circle O cattle ranch in northwestern Colorado. Within a short time he independently took up a claim near Ashley's Fork, Green River, Wyoming where he began to run cattle and raise pure bred horses. Cattle raising soon gave way to sheep and wool production.⁷

An early resident of the Brown's Hole area where Griffith Edwards'

⁷Oregon Journal, Obituary, October 18, 1945. p. 8A.

Circle O ranch was located gave an eye witness account in The Colorado Magazine of the advent of Griffith Edwards and his brother John:

During the summer of 1869, two wealthy English noblemen, Sir Griffeth [sic] W. Edwards and his brother John G., with Judge Asbury B. Conway of Boston drove the first domestic cattle into Brown's Park.⁸

According to biographical information on John G. Edwards, his brother Griffith arrived in Colorado in 1869 but John G. could not have since he did not come to the United States until 1872. Nor is there any evidence to support their elevation to the peerage other than their reputed lordly manners and bearing.

Wentworth describes them as:

probably the most colorful of early Wyoming operators. Of Welsh birth, they were skilled sheepmen, possessed of the knowledge of the value of good blood and the economics of mass operation. "Griff" Edwards was a large man of athletic build, while "Jack" was smaller and more wiry. Both were utterly fearless in the days when the Colorado cattlemen and the Wyoming sheepmen were contesting for the northwestern Colorado summer ranges. . . In 1883 they brought New Mexican sheep to the Brown's Hole country in Sweetwater County, and laid the foundation of bands that totaled fifty to sixty thousand head at the peak. They were remarkable sheepmen from a technical standpoint.

Local accounts relate that in 1903 the "English lord" took a bride, Elizabeth Justice Bell Smith of Grange Court, Yorkshire, and brought her to Hay Creek where he was building a splendid ranch house.¹⁰ "The long rambling house on Hay Creek became famous as a center of Oregon hospitality and Portland society. To its friendly doors came governors, mayors,

⁸ Ann Bassett Wills, "'Queen Ann' of Brown's Park," The Colorado Magazine, XXIX, (April, 1952), p. 81.

⁹ Wentworth, America's Sheep Trails, p. 212.

¹⁰ Powers, "Hay Creek," p. 21.

cultural and business leaders--Sam Hill and E. H. Harriman."¹¹

Also in 1905 Edwards brought a former associate, Louis Enderud, into the Comapny to assist management by preparing financial reports. This trusted associate became the controller and accountant. For the first time the minutes of the annual meeting, held October 19, 1905, contained financial information describing the operation. These estimates were prepared to anticipate the amount of profit available for dividend distribution:

Estimated Income & Expenses for 1905

Gross Earnings:		
Wool and pelts		\$54,000
Sales, rams		35,400
Sales, sheep		5,900
Interest & discounts		6,300
Purchases & sales of sheep		2,900
Increase in sheep		
500 ram lambs @ \$3.50	\$1,750	
500 ewe lambs @ \$3.50	1,750	
3,500 ewes @ \$5.00	17,500	
	21,000	
Estimated income Jan. 1, 1906	<u>2,500</u>	\$128,000
Expenses:		
	44,600	
Estimated expenses to		
Jan. 1, 1906	<u>6,000</u>	<u>50,600</u>
Estimated net earnings		\$77,400

It is evident that the 20% dividend declared at the meeting could easily be covered by the anticipated net earnings.

Undoubtedly annual reports were compiled every year by Enderud but the only complete one available is the comparative analysis of the years 1905 and 1906. Compilations for these two years include a comparative

¹¹Oregonian, Article by K. W. Fitzgerald, April 7, 1946,

¹²Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

balance sheet, livestock inventories, a profit and loss account, breakdowns of operating costs, itemizations of income, and an analysis of the 1906 net earnings.¹³ Despite the fact that wool prices in 1905 and 1906 reached a twenty-six year high these papers yield much information about the operation during the years of Edwards' stewardship and probably can be interpreted as representative of the operation for those years.

The comparative balance sheet, or as Enderud entitled it, "The Comparative Statement of Resources and Liabilities," showed over 87% of the assets rested in livestock and real estate. The remaining assets consisted of a small amount of cash, notes and accounts receivable, the inventory of the general store, and "Other Assets" which can be identified from an explanatory breakdown of comparative assets and liabilities as consisting of the "yearlings and lambs at Merino, Colorado. . . not included in the 'Sheep Account' but. . . carried on the ledger in the 'Feeding at Merino'"¹⁴ account and an interest in the Oregon King Mining Company.¹⁵ The statement contains no information on the operation of the enterprises of "buying, owning, selling, and dealing in lands," or the "business of Banking and loaning money."

The value of assets varied little from 1905 to 1906. The value of

¹³See Appendix II-A through L, pp. 70-82.

¹⁴See Appendix II-C, p. 72. Apparently refers to bands of sheep owned by Edwards and maintained in Colorado.

¹⁵Philip Brogan, "Letter to the Editor, Ashwood, Ore.," Oregon Historical Quarterly, LXII, (December, 1971), p. 341. The Trout Creek Mining District was formed in 1901 with Jack Edwards as general manager. Edwards invested in the Oregon King claim of Thomas J. Brown near Ashwood, Ore. The investment proved disappointing due to lack of productivity and plaguing litigation.

livestock was less in 1906 but the real estate increased \$4,581.56. Notes and accounts receivable had been reduced approximately \$6,000, cash on hand increased about \$3,100, and the merchandise inventory was \$1,000 more. Under "Other Assets" the Oregon King Mining Company, an asset of relatively low value, had improved from \$830.63 to \$2,068.99. Computation of all assets except the real estate was supported by physical inventories.¹⁶ The resource listed on the 1906 statement as livestock in the amount of \$171,196.66 was supported by an inventory taken November 1, 1906 of the cattle, horses, sheep, hogs, poultry, and the "Merino account" is accurate to within a few dollars. The small difference was undoubtedly due to sales or losses that occurred between November 1st and December 31st. Although the value of Colorado sheep was included in the total livestock inventory there was no other accounting for the Colorado operation. The inventory lists the Colorado sheep separately:¹⁷

532 yearling rams @ \$3.50	\$1,862.00
2,254 ram lambs @ \$3.00	<u>6,762.00</u>
	\$8,824.00

These figures did not include ewes, breeding rams, or wethers for which some calculation may have been made because the balance sheet value is \$12,625.94. As there is no information to support this figure it is not clear how it was determined.

There is no verification for the evaluation of the \$157,320.11 of the real estate. A brief summary statement lists land acquired in 1906:¹⁸

N. P. Scrip [sic]	40 acres in J. G. E. name

¹⁶ See Appendix II-C, p. 72.

¹⁷ See Appendix II-C, p. 72.

¹⁸ See Appendix II-K, p. 81.

N. P. Scrip	40 acres in J. G. E. name
Pat Hastings	160 acres
L. Nichols	160 acres
A. A. Tipton	160 acres
	<u>560</u>

Land sold to E. Kutcher	40 acres

It has been variously estimated that when Edwards sold the ranch in 1910 there were "over 30,000 deeded acres."¹⁹ If the net acquisition in 1906 was only 520 acres of which only 480 acres were held by the Company it could reasonably be assumed that the amount of land owned by the ranch did not change much during the management of Edwards, and probably approximated 30,000 acres. In view of the lack of any explanatory information it cannot be determined whether the figure for the value of real estate represented land only or whether it included improvements such as buildings, barns, and other structures.

The current liabilities consisted only of accounts due employees, bills payable, and an item identified only as "State Land Board" in the amount of \$2,465.²⁰ This figure remained the same in 1906 as 1905. The capital stock figure of \$150,000 was the same as that which had been established in 1887, the date of incorporation. The surplus had swelled in 1906 to a healthy \$200,000 from the 1905 figure of \$162,967.79. The undivided profits in 1906 were lower probably reflecting an accounting entry to transfer a portion of undivided profits to surplus. The net worth in 1906 was \$390,789.99 as compared to \$376,719.57 in 1905.²¹ The relatively small increase in the value of physical assets and the growing

¹⁹Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

²⁰See Appendix II-B, p. 71.

²¹See Appendix II-A, p. 70.

surplus suggests that profits were not being plowed back into the Company for expansion. The ratio of assets to liabilities was 40 to 1.

In the supporting analytical statements the sources of income were not given the careful scrutiny that the expenses were. The greatest single source of income in 1906, 48% of the total, was from the sales of wool and pelts. This amounted to \$61,999.85.²² At the average national shorn wool price of 23.1¢ lb.²³ this figures to be a wool clip of approximately 270,000 lbs. According to the November 1st count of 25,000 sheep, a wool clip of 270,000 lbs. would indicate an average fleece of 10.7 lbs, a weight 17% higher than the national average of 8.3 lbs. for the same year.²⁴

In the summary statement Enderud lists the sales of rams at home, 1,473 for \$29,022.50, 22% of the total income, averaged \$19.70 per head. This is ample evidence of the wisdom and profitability of selective breeding. Although there are no comparable figures for the operation under the former management the stress on breeding appears to be the most significant change made under the management of Edwards.

The premium prices received for rams resulting in the high proportion of gross income as contrasted with the item "Sales of sheep" is interesting. Enderud lists these sales as:²⁵

²²See Appendix II-J, p. 80.

²³See Appendix I, pp. 67-8.

²⁴U. S. Department of Agriculture, Bureau of Crop Estimates, table included in L. G. Connor, "A Brief History of the Sheep Industry in the United States," Annual Report of the American Historical Association, 1918, I, (1921), p. 196.

²⁵See Appendix II-J, p. 80.

Sales of sheep	\$30,449.00
Less allowance for	
decrease in numbers	<u>13,427.94</u>
Net	\$17,021.06

The \$30,449.00 for the sales of sheep must have been a receipt in cash but the allowance for decrease in numbers could only have been an arbitrary deduction. Even under the most adverse circumstances a 44% decrease from the calculated sales is extravagant. The Dufur article contained in the 1880 census estimated an annual sheep loss of 11.08%.²⁶ In the explanatory statements Enderud shows a 166 head loss in Colorado. Even on the partial inventory of 2,786 sheep at the Colorado operation this is only 6%. Figuring an 11% loss on the total year end inventory of 22,255 sheep at Hay Creek would amount to 2,448 sheep. At the inventory value of \$6 a head this would amount to \$14,688, a figure somewhat higher than the loss allowance figure of \$13,427.94 but within understandable limits. However, it is difficult to account for a gross sales figure of only \$30,449.00 from a flock of 22,255 sheep. Applying a conservative estimate the 11,209 registered and unregistered breeding ewes listed on the year end inventory could be expected to produce at least their number in lambs. Allowing for an 11% loss of 1,233 sheep and deducting the 1,473 rams sold at home the probable number of saleable sheep would have been 8,503. If the amount received for sales of sheep was \$30,449.00 the average price per head for 8,503 sheep would be \$3.58, considerably below the inventory evaluations and the price that might be expected for premium sheep. If the inventory was figured on the probable market value of the sheep the average price would have been slightly over \$6. At this

²⁶U. S. Census Bureau, Tenth Census of 1880, Vol. III, p. 134.

rate the number of sheep sold for \$30,449.00 would be approximately 5,075, an unusually low figure if the wool production and other income figures are accurate. If the unit sales price was low the losses were greater than 11% or were figures on a basis higher than the realized market price.

Clearly wool was the most valuable product. However the sale of rams provided a significant source of income. Undoubtedly some of these rams from the pure bred flocks commanded a much higher price than \$19.70, while others sold for less. The exact number of saleable pure bred rams can not be estimated without access to the stud books.

It is not clear whether the expenses for the Colorado operation were included in the costs shown for Hay Creek or whether they were deducted from the gross received from the Colorado operation. At any rate income from "Feeding at Merino" is listed as a separate item and amounted to 4% of the gross income.

Interest and discount may be the only references to banking and land dealings. If this does represent the income from banking and land dwellings and if, as Edwards wrote in his short history of Hay Creek, the Company "carried on a private banking business of considerable figures,"²⁷ an income of \$6,192.81 does not represent a highly productive phase of the Company's operations.

The merchandise inventory of the store had risen from \$15,445.88 in 1905 to \$16,449.34 in 1906 and the income in 1906 was \$4,725.70 indicating that while the store may have been operated for the convenience of the community it was not unprofitable.

²⁷ Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

The miscellaneous income from accounts recovered, apparently recoveries of bad debts, was only \$613.59. Other miscellaneous income from the sales of livestock other than sheep, rents, grain sold, teaming, and shop suggest services performed for the community less for profit than service to the community. Since the costs of operation for these services were not given in detail there is no way of knowing whether these figures represented net amounts realized after expenses or were gross income.

The gross income of \$130,031.39 for 1906 breaks down as:

Sheep and wool	84%
Merino feeding (Colorado)	4%
Interest and discount	4%
Store	4%
Other	4%
	<u>100%</u>

Expenses were much the same for both 1905 and 1906 and amounted to 42% of the gross income leaving a net profit of 58%.

Labor costs represented 55% of total operating costs. Enderud broke down the costs between ranch operation labor and costs and sheep tending labor and costs. The ranch operation costs included general labor, house, haying, barn, and garden workers. The sheep classification covered labor and supplies for tending, rearing, handling, grazing, and shearing the sheep. There was no reference to wages paid to management. From the lists of stockholders it can be deduced that employees such as Enderud were compensated by stock and the dividends thereon.²⁸ Edwards as owner of all but a few shares obviously drew no salary. Evidently salaries for supervisory positions or management were considered either ranch or sheep wages. The operating expenses were broken down as follows:

	<u>Sheep</u>	<u>Ranch</u>	<u>Total</u>
Supplies	\$8,004.68	\$7,975.47	\$15,980.15
Other Expenses	4,119.21	4,485.59	8,604.80
Labor	<u>20,479.41</u>	<u>9,461.87</u>	<u>29,941.28</u>
	\$32,603.30	\$21,922.93	\$54,526.23

Supplies accounted for 29% of total operating cost and other expenses for 16%. The average payroll was a few dollars over \$2,500 a month. The recapitulation of costs by months showed that the spring months were the periods of heaviest expense due, no doubt, to extra labor needed for shearing, lambing, and outfitting the herders for the summer trek to the mountain grazing areas.

According to the summary of operating expenses for 1906, the payroll costs, supplies for sheep, and other expenses directly related to sheep, for a herd of 25,000 sheep, figured to be a direct cost per head per year of \$1.30. Overhead costs; on a per head basis, were \$.88 thus raising the total cost per head to \$2.18. On a net profit of \$75,505.16 the net annual return on approximately 25,000 sheep was \$3.02 per head.²⁹

²⁸ During the years of Edwards' dominance small lots of shares changed hands. For instance in 1906 stock ownership was listed as:

Edwards	1,111 shares
Edwards' wife	1
James Rice	148
Enderud	240

In 1911 when the Company holdings were liquidated ownership was shown as:

Edwards	1,217 shares
Edwards' wife	1
Enderud	280

²⁹ Cost per head and Return per head Based on 25,000 Sheep

	<u>Total</u>	<u>Per head</u>
Gross Income	\$130,031.39	\$5.20
Expenses:		
Sheep	\$32,603.30	\$1.30
Ranch	<u>21,922.93</u>	<u>.88</u>
	<u>54,526.23</u>	<u>2.18</u>
Net Profit	\$75,505.16	\$3.02

This is three times the net return calculated by Coville in 1892.

From the calculation of food and labor costs for running the house and feeding the men it can be estimated that the average number of employees was eighteen:³⁰

Supplies furnished	\$2,299.06
Labor	<u>1,135.98</u>
	\$3,435.04

Number of meals furnished	20,591
Average cost per meal	16.7¢

If these figures also included the costs of maintaining Hay Creek as "a center of Oregon hospitality and Portland society" the average per meal cost may have been even less for the workers.

By the standards of today the tax expense of \$2,148.76 seems very modest and while probably calculated on a very charitable formula approaches what might be expected, based on the prevailing national tax level. Based on Edwards' claim that the ranch represented 30,000 acres of deeded land, at the 1906 national average of 16¢³¹ per acre the assessment would have been approximately \$4,800. Applying the "one third standard" the tax would be reduced to \$1,600. Using Coville's estimate of 21 mills on the dollar value per head the Edwards' inventory that approached 25,000 sheep valued at \$6 a head, and again applying the "one third standard," the tax on sheep might be \$1,050. Thus:

Land tax, 30,000 A @ 16¢	\$4,800	
1/3		\$1,600.00
25,000 sheep @ \$6 - \$150,000		
1/3 (\$50,000) @ 21 mills		<u>1,050.00</u>
		\$2,650.00

³⁰ 20,591 meals served divided by 3 meals per day divided by 365 days per year equals 18.

³¹ U. S. Bureau of the Census, Historical Statistics, K116-121, p. 282-283.

Such a calculation does not include buildings and improvements nor any other livestock. Since no debt liability was shown on the balance sheet there could have been no debt allowance as permitted under Oregon law so the relatively low tax can only be accounted for by very reasonable assessments and the probability that grazing land was taxed well below the national level and the assessor's enumeration fell a little short of actual head count.

The net profit for the operation was \$75,505.16, \$50.33 per share, 58% of the gross income. In an explanatory notation Enderud valued stock sold in 1905 at \$180 per share and he established a book value (net worth--assets less liabilities divided by number of shares outstanding) at \$260 per share for 1906. The dividend payout of \$35 a share, 70% of the net earnings per share, is 13½% return per share. As owner of 1,112 shares, including one share in his wife's name, Edwards received \$38,920 in dividends in 1906. Nor were there any income taxes to diminish the return.

Although profits for 1905 and 1906 undoubtedly reflected the higher wool prices for those two years the Enderus papers probably provide a fairly representative picture of the operation during the years of Edwards' ownership as the dividend record would indicate:

Dividends paid in Percentages and Amounts,
1903-1909

<u>Year</u>	<u>Percentage</u>	<u>Amount</u>
1903	20%	\$30,000
1904	10%	15,000
1905	20%	30,000
1906	35%	52,500
1907	25%	37,500
1908	25%	37,500
1909	40%	60,000
		<u>\$262,500</u>

In seven years \$262,500 had been paid out to the stockholders. The pattern of paying out such a high percentage of profit in dividends does not suggest a policy of investment for long term expansion in plant improvement for future gains but rather a policy to return the highest possible remuneration to ownership and management.

In 1909 four special board meetings were held. Two were to authorize payment of fees for indemnity bonds for grazing permits in Colorado and two dealt with a sale of land and sheep to the Trout Creek Live Stock Company. On November 15, 1909 the minutes recorded a proposition to sell to the Trout Creek Live Stock Company 7,000 acres of land and 7,000 sheep and outfits to be paid for by \$100,000 of stock in the Trout Creek Live Stock Company. Such stock to be pro-rated among the Baldwin Sheep & Land Company stockholders. On November 26, 1909 another meeting was held. The minutes of this meeting record a sale of 6,800 acres of land, 7,574 sheep, an unspecified number of cattle, horses, and outfits to the Trout Creek Live Stock Company for a price of \$80,000. The proceeds were distributed by the declaration of a 53½% dividend on the capital stock of the Baldwin Sheep & Land Company to be paid in Trout Creek Live Stock Company stock. The 53½% dividend represents \$80,250, an amount \$250 more than the final agreed price of the livestock, outfits, and land.

The distribution was as follows:³²

Edwards	669 1/3 shares
Bayer Trustee	1 share
Ellerback Trustee	1 share
James Rice	98 2/3 shares
Bayler	70 shares
Enderud	160 shares
	1,000 shares

It can be inferred that the Company was beginning a program to distribute its assets. One of the reasons why this seemed desirable may be deduced from the earlier special meetings authorizing payment of fees for indemnity bonds for grazing permits.

By presidential proclamation the establishment of national forest reserves began in Oregon in 1892. The General Land Office of the Department of the Interior was given jurisdiction over the forest reserves but with no funds to implement any effective plans for land management and no professional personnel to carry out the intent of the proclamation. In 1905 Gifford Pinchot, head of the Department of Agriculture, influenced President Theodore Roosevelt and Congress to transfer jurisdiction of the forest reserves from the Department of the Interior to the Department of Agriculture. Under the terms of the Transfer Act of 1905, forest reserves became National Forests to be operated under comprehensive land management plans. Restrictions on the use of Forest Service land for grazing and the imposition of grazing fees threatened the free use of the public domain previously enjoyed by stockmen.³³

For Edwards the grazing allotment of 40,000 sheep in the year 1906 was reduced 40% to 24,000 sheep. In 1908 another reduction of 40% was ordered which would have reduced the number of sheep Edwards could graze on Forest lands to 14,400. In 1909 the allotment was cut another 30% allowing him grazing for only 10,080 sheep. Under vigorous protest Edwards had been able to influence the Department of the Interior to

³² Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

³³ J. Herbert Stone, "An Oregon Heritage: National Forests," Oregon Historical Quarterly, LXXVI, (March, 1975), pp. 29-38.

modify the 1908 cut to 25% instead of 40%.³⁴ However, the possibility of being able to successfully intervene in the future was not promising. Nor did the continuation of the low cost-high profit situation enjoyed by the Company look encouraging. Edwards decided to liquidate his interests and withdraw. In his short history of the ranch he summarized the situation:

With the coming of the homesteaders in the late Nineties, and the early part of the present century, these settlers were given the right of way, causing the large holdings of land to be split up, and when the Government Forest Reserves were established in the Blue Mountains in 1906, restrictions were imposed on summer grazing privileges, that made operation on a large scale impractical, for it required large tracts³⁵ of grazing land to sustain large herds of sheep and cattle.

On June 11, 1910 the stockholders met in special meeting for the "purpose of passing a resolution authorizing the President and Secretary to sell and transfer all the real property belonging to the Baldwin Sheep & Land Company to G. M. Standifer and associates."³⁶ The typed resolution provided that the price of the land would be \$12 an acre, that titles be perfected, deeds be prepared, and notes for deferred payment were to be secured by mortgage on the property. No mention was made of buildings and equipment. As described by Edwards in the summer of 1910:

All the real estate holdings were sold to Portland capitalists together with about 20,000 head of sheep, and they have continued the business under the name of the Baldwin Sheep Company. About 1,000 head of registered flocks were sold to the Butterfield Land & Livestock Company of Weiser, Idaho, and the balance of the herds was sold in smaller lots to various greeders in almost every state in the Union.

³⁴ Oregon Journal, December 12, 1909, p. 5.

³⁵ Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

³⁶ Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

We had between 40,000 and 50,000 sheep, and about 30,000 acres of deeded land, besides perhaps over five times that many acres of land leased for winter and³⁷ summer range, and 3,000 tons of alfalfa was raised yearly.

There are no records to indicate how much was realized from the sale of the real estate nor the sheep. However, on the basis of Edwards' estimate of 30,000 acres of land the price of the real estate must have been approximately \$360,000.

The sale of the balance of the herds was advertised in a flyer dated March 10, 1910. Specified prices for ewes were from \$10 to \$75, rams from \$25 to \$150, and exact prices were given on application. The skeleton Baldwin Sheep & Land Company, without real estate and without herds, declared dividends of \$150,000 in 1910 and \$170,000 in 1912.³⁸

From 1910 to the present day the Hay Creek property has passed through many changes and many hands but its distinction has not dimmed nor has the extent of its real estate diminished. Under its present ownership the operation has returned to cattle feeding on a land area of 52,000 acres of deeded land and 46,000 acres of leased land.³⁹

Nor did the corporation founded in 1887 as the Baldwin Sheep & Land Company cease to exist. The Company with headquarters in Portland, was maintained as a holding company whose assets consisted of securities. In 1924 the corporation was dissolved and Edwards assumed personal ownership of the assets. "Income tax law requires distribution of accrued and undistributed earnings from March 1, 1913 to June 30, 1924" was the

³⁷ Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

³⁸ Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

³⁹ Mary Wall, a present owner. Interview, July 21, 1974.

explanation included in the minutes of the June 30, 1924 meeting ordering dissolution of the corporation. Securities and cash in the amount of \$323,143.53 was the net distribution,⁴⁰

⁴⁰Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

CHAPTER V

CONCLUSION

The retirement of Edwards from active participation as a stock man in Central Oregon marked the end of an era in sheep raising. Among his reasons for retirement, perhaps the most compelling one, was the establishment of controlled forest reserves and the imposition of grazing fees. This appeared to be more threatening than the incursions of homesteaders. While it was true that the reverse migration taking place in Oregon had attracted homesteaders from the western areas of the state the influx did not force the splitting up of the Hay Creek ranch. The population of Crook County in 1910 was a mere 9,315.¹ Nor did the land being put under cultivation increase significantly. Aside from Edwards' stated reasons, an astute observer might have detected other signs in the long term trends that deserved careful scrutiny.

Among the pressing reasons for setting aside land for forest reserves was the effect of overgrazing. Experts in soil conservation and forest preservation generally agreed that sheep grazing if uncontrolled not only depleted the nutritive grasses but created conditions conducive to drastically washing the soil. As early as 1892 Coville observed:

While overgrazing in the mountains has not reached the point of extensively damaging the range in many portions of the plains

¹State of Oregon, Blue Book and Official Directory, (Salem, Oregon: State Printing Department, 1921), p. 200.

to the east of the mountains the opposite is true. Along Hay Creek, for example, are gullies twenty feet in the hard adobe or gumbo soil which have been washed out by the water pouring down from the adjacent hills long since denuded of grass by overgrazing. This washing has taken place² since the region was settled within the last fifteen years.

Nor does there appear to be any evidence that the Company made any efforts to halt this process.

From the 1870's when Edwards entered into stock raising in Colorado wool prices had followed a long term downward trend. The Company, however, was able to offset this unfavorable trend by maintaining a relatively low cost operation. This was possible because it was privileged to free grazing, controlled access to water, stable wages, minimal taxes, and cheap land further implemented by economies of large scale production. That Edwards was aware of the relationship of costs to profit may be imputed from his adroit shift from cattle to sheep when conditions changed in Wyoming and Colorado. His acquisition of Hay Creek demonstrated a sharp eye for opportunity and the operation of the Ranch which was characterized more by profit withdrawal than expansion. Any threat to anticipated profits could sharpen a perception of the most propitious time to retire. Whatever the reasons that influenced Edwards' departure the event also marked the end of a time when sheep grazing could be subsidized by free grazing.

Fully cognizant of the favorable internal factors, such as the timely entry of Baldwin into sheep raising in Central Oregon, smooth transitions of management, the establishment of financial stability through the corporate form of organization, application of technological

²Coville, "Sheep Grazing in the Cascade Mountains," p. 27.

improvements, and the continuous efficient management of the Baldwin Sheep & Land Company, there were external factors that affected the successful establishment, growth, and maturation of the Baldwin Sheep & Land Company.

An important trend conducive to the establishment of the sheep industry in Central Oregon in 1870 was the shift in the geographic distribution of wool production from the eastern states to the western. As sheep have historically been in the vanguard of frontier settlement, so the Spanish brought Merino sheep to North America in the 15th century. By the 16th century these herds were sufficient to supply a well established domestic manufacture in Mexico. When the English arrived to colonize America they brought sheep to supply their household needs. By the early years of the 19th century home production had been replaced by commercial enterprise. Utilizing the available water supply for power and the inventions stimulated by the industrial revolution the manufacture of wool cloth became a basic industry in the northeastern seaboard states. Population growth stimulated by, and a stimulus to, factory production, not only of wool but other raw materials, collected workers in urban centers. To supply the growing wool manufacture, sheep culture in the eastern states expanded.

With an increasing urban population mutton also assumed a great importance as a source of food. Consequently breeding was improved to realize a greater yield of both wool and mutton. Vermont and eastern New York assumed a dominance especially in breeding.

.An incentive to produce more farm products, particularly wheat, corn, beef, and hogs, was created by higher prices resulting from increased

demand not only for domestic consumption but for export. Table III gives a comparison of the extraordinary growth during the period after the Civil War with the last decade of the 19th century.

TABLE III
U. S. EXPORTS OF FARM PRODUCTS, 1866-1900³

	<u>1866-1870</u>	<u>1891-1900</u>
Total value	\$240,440,127.00	\$703,235,192.00
Pork. lbs.	66,058,820	721,175,588
Lard, lbs.	43,594,004	540,581,280
Live cattle, nos.	15,400	373,806
Cured beef, lbs.	21,989,373	63,313,544
Fresh beef, lbs.		240,729,110
Tallow, lbs.	24,678,343	74,981,904
Wheat, inc. flour, bu.	27,816,458	173,044,574
Corn, bu.	9,598,655	111,436,483
Oats, bu.	559,499	20,799,778

Demand for wool was increasing but the competition from other farm products and rising land costs caused farmers in eastern states to abandon sheep raising. The unusual demand for wool during the Civil War not only to supply military needs but to supplant lost southern cotton further stimulated the westward movement of sheep to the north central states. Table IV illustrates the shift.

The total sheep population of the United States peaked in the 1870-1880 decade and the gradual decline that was evident by 1890 continued until 1915. For the United States as a whole, from 1850 to 1900 the annual rate of increase was 2.11%.⁴

³Connor, "A Brief History of the Sheep Industry in the United States," p. 145.

⁴U. S. Census Compendium, 1900, Part III, p. 591.

TABLE IV
SHEEP POPULATION IN THE U. S. BY REGION, 1880-1910⁵

	<u>1910</u>	<u>1900</u>	<u>1890</u>	<u>1880</u>
U. S.	39,644,046	39,852,967	40,876,312	42,192,074
New England	306,443	563,217	936,532	1,362,234
Mid Atlantic	1,260,455	1,970,362	3,196,495	3,608,798
E. No. Cent.	6,534,854	6,900,190	9,449,783	10,566,266
W. No. Cent.	3,524,749	3,155,531	2,882,371	3,096,623
So. Atlantic	1,552,698	1,706,199	2,445,386	2,579,006
E. So. Cent.	1,513,833	1,489,730	2,316,279	2,308,290
W. So. Cent.	1,662,445	1,839,118	4,710,918	4,089,021
Mountain	19,509,675	17,984,275	9,519,933	7,097,442
Pacific	3,778,894	4,244,345	5,418,615	7,484,394

Under conditions of relatively stable population growth the westward shift began in the 1880's and continued until 1910. The areas of the most dramatic increases were in the Rocky Mountain states, Montana, Wyoming, Idaho, Utah, Colorado, Arizona, New Mexico, and Nevada. With better climate and similar range lands central and eastern Washington and Oregon participated in the pronounced growth. The decline shown for the Far West, as shown on Table IV, was due to the development of other agricultural products in California and the consequent withdrawal from wool production. While the total sheep population remained relatively constant the growth in the west offset the decline in the east.

Reflecting the national growth profile the rate of increase in Oregon was greatest between 1870 and 1880. Although the numbers of sheep continued to increase the rate declined sharply after 1880. By the turn of the century Oregon ranked seventh in sheep and wool production behind Montana, Wyoming, New Mexico, Ohio, Utah, and Idaho.

⁵U. S. Census, 1910, Vol. V, p. 400.

TABLE V
PERCENTAGE INCREASE, SHEEP POPULATION, WESTERN STATES
1860-1900⁶

<u>1900</u>	<u>1890</u>	<u>1880</u>	<u>1860</u>
55.7%	36.5%	34.5%	9.3%

TABLE VI
OREGON SHEEP POPULATION
1850-1900⁷

<u>Year</u>	<u>Number</u>	<u>Percentage Increase</u>
1850	15,382	
1860	86,052	460%
1870	318,123	269%
1880	1,368,162	332%
1890	1,780,312	40%
1900	1,961,355	10%

The rate of growth of the sheep population in Oregon increased faster than the human population (See Table I, p. 17) suggesting that the expansion of wool and sheep production was not for local demand, but a wider market.

Perhaps the most important reason for the leveling off of the sheep and wool production in the United States was the entry of other wool producing areas in the world. For the period 1870-1899 Australasia exports of wool on the world markets increased 337%, South Africa 100%, and South America 150%.⁸ Since world consumption remained at a stable

⁶U. S. Census 1900, Vol. V, p. ccciii.

⁷U. S. Census 1900, Vol. V, p. ccciii.

⁸Connor, "A Brief History of the Sheep Industry in the United States," p. 143.

level the entry of new wool producing areas affected the proportion of the market formerly supplied by the United States.

The geographical shift also effected a structural change in wool production. From a subsidiary crop on a general farm it became a major and a specialized enterprise. Most eastern farmers and the Willamette Valley farmers in Oregon kept small flocks of sheep in relatively small lots as an adjunct to their main farming operations. Sheep were able to subsist on a rough unrefined diet, required little care, and, in addition to producing useful additions to the general household as food and wool for domestic use, they provided enough surplus wool for a cash crop.

Sheep breeding and raising in the mountain states and in Central Oregon was regarded as a main enterprise and no other crops were contemplated. It was possible to accumulate large tracts of well watered and low priced grazing land adjacent to even larger tracts of open public domain. The less than stringent land policies of the period were directed more to encouraging settlement than to any careful land use plans. Although the purported ideal of government policy was the small farm operated by individual land owners, the astute stockmen quickly realized that the exceptions and allowances created by the Timber and Stone Acts, Swamp Acts, and acts providing for mineral claims could be successfully applied to accumulate large tracts of land free or at relatively low cost.

For the Baldwin Sheep & Land Company there was little pressure from incoming settlers during the period of acquisition, 1873 through 1890. Whether the arrival of settlers was deterred by the acquisitive

methods of the Company or the discouraging aspect of the mountain plateau land the population Crook County numbered only 3,964 inhabitants in 1900.⁹

Due in part to the structural change in the industry whereby sheep raising became the sole and major enterprise of stockmen, attention was turned to breeding animals better suited to range conditions and to the equally desirable aim of producing heavier fleeces and carcasses. The results of improved technology maintained production levels that might otherwise have been expected to decrease with the decline of sheep production.

Although the census figures have recorded marked improvement in fleece weight little attention is given to increases in body weight. However, some of the improvement in fleece weight must be attributed to larger animals.

The small boned frail Saxon sheep brought from England had not adapted to the conditions in New York and Vermont where they had been tried in the early part of the 19th century. The search for heavier animals encouraged the importation of Merinos mainly from France. These heavier fine woolled sheep were sturdier and the breeds developed from this strain produced fine fleeces on meatier carcasses. It has been alleged that the Yankee breeders touched up their stock with a little burnt umber, lamp black, and linseed oil to give them the distinctive look of high bred Vermont Merinos.¹⁰ Whether in spite of or because of

⁹State of Oregon, Blue Book and Official Directory, p. 200.

¹⁰Connor, "A Brief History of the Sheep Industry in the United States," p. 196.

these cosmetic aids, Merino sheep were a popular breed and adapted well to western ranges.

In Oregon the Hudson Bay Company brought the first sheep into the territory. The American missionaries also brought small herds of sheep not only as a necessity but as an aid to the conversion of the native population to the virtues of the stable property-owning life. With the departure of the Hudson Bay Company enterprises the great numbers of sheep to come into the Oregon territory were the indifferently bred California Merinos, descendants of the Spanish herds. By 1860 several Oregonians such as John Minto, R. C. Geer, and Benjamin Stark were making efforts to improve the quality of these California sheep by imports from England, Australia, and Vermont.¹¹ In Central Oregon Baldwin's earliest acquisitions were pure bred Merinos from Vermont thus establishing a basic aim of the Company. The breeding and development of pure bred sheep became a distinctive feature of the Company and earned for it a world wide reputation.

To maintain its pure bred animals the Company maintained three separate flocks, the American Merino, the Delaine Merino, and the French or Rambouillet Merino. Every year each type was culled and the best were listed in the record association flock books and the balance in the private registers of the Company. This careful handling resulted in:

. . . uniformity of size, type, and fleece in each of the divisions. . . nothing common or indifferent ever goes into the pure bred breeding pens, everything not strictly first-class [is] relegated to the range flocks.¹²

¹¹Minto, "Sheep Husbandry in Oregon," p. 224.

¹²Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

The purchase referred to with greatest pride by the Company was made by Edwards in Paris in 1902:

Col. J. P. Van Houten and head shepherd E. H. Dean of the Baldwin Sheep & Land Company, Hay Creek, Oregon, recently passed through Chicago with a car of sheep, 94 head in all. . . In the lot were eight French Rambouillets purchased by Jack Edwards. . . from the world famous flocks of Victor Gilbert and Thirouin-Sorreau. . . shortly after the great national 1902 show in Paris. There were three notably fine rams and five superb ewes in this purchase that easily rank with the greatest French sheep ever brought to this country.

In the collection was the great Thirouin-Sorreau ram 446--"Jack the Ripper"--that won first honors at the above named show. . . he is unlike any Rambouillet we have ever seen. . . nearest approach to a Merino Southdown ever bred, with short body, perfect chest and heart, thick neck, showing wonderful constitution and breeding power, a bold ideal head, short, thick, well spread legs and a beautiful covering of thick white crimped wool of fine fiber. . . he is almost a faultless specimen of the breed. . .¹³

Since wool was the most important source of revenue, an increase in fleece weight was a significant factor. While the financial statements of Edwards do not suggest that the average fleece weight of his flocks could have been much more than 10.7 pounds the yield from his flocks was sufficiently above average that he may well have been justified in his boastful pride at seeing:

. . . a 214 pound sheep at 14 months old carrying a 20-pound fleece, . . . a thousand yearling rams of one breed and type that will average 160 to 175 pounds and carrying an 18 to 20-pound fleece. . . the fullgrown Rambouillet ram will carry an 18 to 20 pound fleece on an average carcass of 250 to 275 pounds. The mature Delaine rams will weight around 175 pounds to 200 pounds, and carry 20 to 25 pounds of fine long staple wool, and the big kind of Merinos raised at Hay Creek will run¹⁴ from 200 to 225 pounds, covered by a 30 to 35 pound fleece.

¹³ Oregon Historical Society, Baldwin Sheep & Land Co., MSS 761.

¹⁴ Ibid.

Granting that pride of ownership enlarges perception other sheepmen acknowledged the excellence of the Hay Creek flocks, notably an acknowledged expert, John Minto, who observed:

Whether in France or Germany, among the breeders of Rambouillets in Ohio, among the leading American Delaine Merino breeders, or at the Oregon State Fair, where the excellent flock manager, E. H. Dean, had instruction to purchase any sheep, showing points excelling what he had in his care. . . I am not alone in deeming [Hay Creek] the greatest Merino breeding station in the world at present.¹⁵

There can be no doubt that the policy of excellence had brought wide renown as well as financial reward.

While sheepmen were increasing production by improving quality rather than quantity the relative cost advantage in the west, during the period 1870 to 1910, also had an effect on the structural organization within the industry. As relatively high cost producers the small operators as well as those in the west were forced out of business during economic contractions. Rising land costs in the eastern states and a more favorable market for corn, wheat, beef, and pork were incentives to eliminate wool production. The vast tracts of cheap land, not suitable for small grain farming in the mountain states, contributed to the development of range grazing where costs and natural conditions were more favorable to profitable operation.

The average price of wool for the period from 1873 to 1879 was 22.96¢ per pound for shorn unwashed wool. This relatively high level reflected the recovery from the post Civil War decline. The average price for the decade of the 80's was bolstered by relatively higher prices in the early years of the decade. The panic of the mid-eighties started

¹⁵ Minto, "Sheep Husbandry in Oregon," p. 241.

a down price trend that persisted through the nineties during which time the average price was 13.7¢. Not only did the business panic depress prices but the removal of all tariff on wool for a three year period, 1894 through 1897, further adversely affected the market. Bolstered by a reinstated tariff and improved economic conditions wool prices rose in the first decade of the twentieth century to a peak of 23.1¢ in 1906.¹⁶

Despite fluctuations and a generally lower trend throughout the period the national production figures remained relatively the same. During the years of lowest prices production was highest as high cost producers were forced out and low cost producers increased their production. At the beginning of the period, 1870, the production rate rose faster than during the later decades. However, for the forty year period from 1870 through 1910 production increased at a relatively low rate.

The competitive effect of the entry of major wool producing areas in South America, Australasia, and South Africa also affected the market adversely.

In Oregon the price for shorn wool was further affected by the distance from processing centers. Wool buyers coming to Oregon used a formula for establishing a price based on the value of the wool when washed and the cost of transportation. Fleeces scoured out at an average of 33% of shorn weight. Offering approximately one third of the shorn weight price they then deducted the freight between the shipping point and the point of ultimate delivery, the east coast.

The value per head remained stable during the period moving slightly upward. The average price during the 70's was \$2.216; in the 80's \$2.22;

¹⁶U. S. Bureau of the Census, Historical Statistics, K240-241, p. 204.

in the 90's from the deepest dip of \$1.57 to \$2.80 the average was \$2.45. From 1900 the value per head rose steadily to \$3.87 in 1908 but averaged \$2.85 for the eight-year period. The declining sheep population may have had some effect on increased per head prices as did the per head capability of producing heavier fleeces.

Regardless of the down trend in prices caused by domestic competition from other producers, and the disadvantage of distance from point of use, production of wool rose continuously in Oregon. This continued as long as Oregonians experienced lower production costs. In Central Oregon the wool market reached such importance that a railroad from Biggs to Shaniko was built primarily to transport the sizeable wool clip to the Columbia River where it began its long journey by water to the textile centers in Boston and Philadelphia. Shaniko, a short haul from Hay Creek became one of the largest wool collection centers in the United States.

The Baldwin Sheep & Land Company was not the only successful sheep breeding ranch in Oregon established during the period 1870 to 1910, but the history of its establishment, expansion, and maturation does provide a specific example of a development made unique by a particularly favorable combination of internal and external factors.

In 1873 when Baldwin bought a quarter section of Central Oregon land the pioneer period of the development of sheep husbandry in Oregon had closed. Equipped with an adequate knowledge of sheep handling as well as capital, his selection of the region where geographical and climatic conditions enhanced the potential was timely and astute. The problems of frontier development had largely been solved. Competition

from cattle ranchers for range land was declining as the cattle herds moved to ranges in the southeastern counties of Oregon. Local dealers buying for a national market had discovered Oregon and the access routes to ocean traffic, though rough, had been established. Prompt application of technological improvements in breeding and the introduction of alfalfa as a winter feed strengthened the basis of the operation.

Experienced and competent management continued after the easy transfer of the business to the Van Houten brothers. Expanding on the policies established by Baldwin, the brothers broadened their financial base by incorporating their experience and knowledge with fortuitiously available local capital. The increased capital and the efficient management of the corporate organization enabled the Company to take advantage of opportunities to accumulate land under the generous land policies of the times. Firmly established the Company was well able not only to survive the depressions of the 80's and 90's but to take advantage of smaller operators distressed by hard times. The Company is a prime example of the structural change taking place within the industry from small feed lot feeding to range feeding as a major enterprise on a large scale. The Company was also a beneficiary of the nation geographical shift of sheep from east to west that peaked during this period. Quality and quantity production was advanced and maintained by the continued careful application of the latest developments and techniques in breeding. With the advent of Edwards in 1900 the years of establishment were past and the extents of land had been pushed to maximum efficiency. From 1900 to 1910 the outstanding characteristic of the operation was the specialization in pure bred animals. Although careful breeding had been a

continuous process the Company under Edwards placed such great emphasis on this phase of the business that the ranch earned world wide recognition.

However, the dominance of Hay Creek was being undermined internally in the Edwards period by an apparent draining off of surplus rather than reinvesting it in expansion or applying new methods of sustained yield husbandry. This policy may have been based on a prudent appraisal of the depressing effects of a declining market and the apparent stagnation of wool production and consumption or it may have been the implementation of a plan to accumulate a personal fortune. Although Hay Creek continued and still continues as a successful and famous stock ranch it has done so only with infusions of capital and modifications to its operation. Edwards' departure marked the end of an era of open range sheep grazing and "mining" the soil.

The general conditions that favored Hay Creek Ranch were the geographic and climatic conditions more suitable to grazing than diversified farming, the availability of free grazing on the public domain, technological improvements in breeding and feeding, the development of a textile industry in the United States, and the shift of the sheep industry from the eastern states to the western states with the concomitant change in the organizational structure of the industry.

Among the specific contributions made by the developers to the successful establishment of the Baldwin Sheep & Land Company was their perception of the suitability of the location for sheep and wool production and their awareness and application of the technological improvements being made in breeding and feeding. Further they entered

the field at a timely juncture. In Oregon the frontier period had passed and the state was entering into a period of economic expansion. Local competition from the cattle industry, blunted by an uneven market, had retreated to southeastern Oregon. The local market for wool had been opened up and linked with the national market by established transportation routes. By their early acceptance of the limited liability corporation as a form best suited to provide a broader and more secure financial base, enhance large scale operation, and efficient management, the developers also provided an effective means of easy transfer of ownership and continuity. Having established a firm financial footing the efficient management effected low cost operation and enabled the Company to survive declining prices and the relative stagnation of the industry as a whole while participating in the generally buoyant period of expansion in Oregon. However, by 1910, different methods for summer feeding large flocks had not been devised nor per unit wool production increased enough to offset the problems caused by the establishment of maximum grazing capacity on public lands and the imposed curtailment on the size of flocks. Thus when Edwards departed the scene a new era of sheep grazing under more restrained conditions confronted his successors.

As an early example of a successful agricultural enterprise that achieved worldwide recognition the Baldwin Sheep & Land Company can rightly be acclaimed a unique and unusually successful agribusiness especially during the period ending in 1910. As a testament to the stability of the foundation the Hay Creek, though changed in name and purpose, continues as a renowned institution.

SOURCES CONSULTED

MANUSCRIPT

Oregon Historical Society. Baldwin Sheep and Land Company: John Griffith Edwards Papers, 1903-1945. MSS 761.

Contents:

- (a) Record book of minutes of stockholders' meetings, Baldwin Sheep and Land Company, 1887-1924.
- (b) Booklet containing Articles of Incorporation, 1887.
- (c) Annual Report for 1906 and supporting financial information.
- (d) Undated newspaper clippings, magazine articles, and brochure for livestock sale in 1910.
- (e) Correspondence of Edwards dated in year of 1937.
- (f) Correspondence between Enderud and Wentworth dated in year 1940.
- (g) "History of the Baldwin Sheep and Land Company," dated April 8, 1937. This is a seven-page typewritten account written by John Griffith Edwards but consisting mainly of quotations from articles written and published by Colonel Burch, Editor, in the American Sheep Breeder magazine.
- (h) Miscellaneous legal papers referring to land transfers dated in the year 1932.

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APPENDIX I

TABLE OF SHORN WOOL PRODUCTION AND PRICES
1873-1920

<u>Year</u>	<u>1000 lbs.</u>	<u>Price per Pound</u>
1873	158,000	26.5¢
1874	170,000	25.7
1875	181,000	25.7
1876	192,000	19.7
1877	200,000	21.4
1878	208,250	18.8
1879	211,000	18.0
1880	232,500	23.1
1881	240,000	22.2
1882	272,000	20.5
1883	390,000	17.1
1884	300,000	14.5
1885	308,000	14.5
1886	302,000	16.3
1887	285,000	18.0
1888	269,000	17.1
1889	265,000	18.0
1890	276,000	17.1
1891	285,000	16.3
1892	294,000	16.3
1893	248,538	14.5
1894	325,211	11.1
1895	294,297	10.3
1896	272,475	10.3
1897	259,153	11.1
1898	266,721	13.7
1899	272,191	14.5
1900	259,973	13.7
1901	265,502	13.7
1902	274,341	13.7
1903	245,450	15.4
1904	249,783	16.3
1905	253,488	22.2
1906	256,915	23.1
1907	256,295	20.5
1908	270,138	16.3

<u>Year</u>	<u>1000 lbs.</u>	<u>Price per Pound</u>
1909	310,179	22.2
1910	305,834	21.7
1911	301,552	15.8
1912	277,880	17.3
1913	265,888	16.7
1914	250,621	16.6
1915	241,175	22.1
1916	244,037	16.1
1917	236,914	41.6
1918	253,993	57.7
1919	270,091	49.5
1920	250,888	45.5

Source: U. S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1957, (Washington, D. C., 1960), Series K240-241, p. 204.

APPENDIX II

BALDWIN SHEEP AND LAND COMPANY 1906 ANNUAL REPORT AND DECEMBER 1906 STATEMENT WITH RELATED FINANCIAL DOCUMENTS

- A. Condensed Comparative Statement of Resources and Liabilities, December 31, 1905 and December 31, 1906.
- B. Comparative Statement of Assets and Liabilities, December 31, 1905 and 1906.
- C. Inventory of Livestock November 1, 1906.
- D. Comparative Sheet of Expenses for 1905 and 1906.
- E. Expenses for December 1905 and 1906.
- F. Distribution of Operating Expenses for 1906.
- G. Cost of Running House and Feeding Men, 1906.
- H. 1905 Expenses Clarified.
- I. Statement of Profit & Loss Account, 1905.
- J. Statement of Profit & Loss Account, 1906.
- K. Average Prices of Sheep Sold and Land Acquired in 1906.
- L. Analysis of Capital Stock.

A

CONDENSED COMPARATIVE STATEMENT OF RESOURCES AND LIABILITIES
DECEMBER 31ST, 1905 AND DECEMBER 31ST, 1906

	<u>1905</u>		<u>1906</u>
Resources:			
Livestock	\$190,543.06		\$171,196.66
Cash on Hand in Banks	2,003.21		5,106.50
Notes and Accounts	47,851.12		41,572.56
Mdse. in Store	15,445.88		16,449.34
Real Estate	152,738.55		157,320.11
Other Assets	<u>14,567.43</u>		<u>8,931.27</u>
	\$423,149.25		\$400,576.44
Liabilities:			
Accts. Due	9,564.68		7,321.45
Bills Payable	34,400.00		-0-
State Land Board	<u>2,465.00</u>		<u>2,465.00</u>
	46,429.68		9,786.45
Capital Stock	150,000.00		150,000.00
Surplus	162,967.79		200,000.00
Undivided Profits	<u>63,751.78</u>		<u>40,789.99</u>
	<u>376,719.57</u>		<u>390,789.99</u>
	\$413,149.25		\$400,576.44

B

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31ST 1905 AND 1906

	<u>1906</u>	<u>1905</u>
Resources:		
Bills Rec.	\$ 28,917.92	\$ 35,832.67
Cattle Acct.	3,096.30	8,560.83
Feeding, Merino	12,625.94	14,000.90
Fuel	500.00	675.00
Grain	1,933.60	2,346.04
Hay Acct.	-0-	5,425.20
Hog Acct.	250.00	80.00
Horse Acct.	15,955.00	8,770.00
Mach. & Implts.	4,996.09	4,521.66
Mdse.	16,449.34	15,445.88
Poultry	150.00	80.00
Real Estate	156,002.26	151,546.80
Sheep Acct.	139,119.42	159,051.33
Shop Acct.	881.58	979.53
Store, Off. Fix.	620.00	620.00
F. N. Wallace Acct.	1,317.85	1,191.75
Cash	343.22	755.27
FN Bk. Portland	4,647.13	1,047.00
FN Bk. Prineville	116.15	200.94
J. G. Edwards	4,369.31	-0-
Ore. King Mng.	830.63	2,068.99
Accts. Store	3,994.62	7,400.76
Accts. Ram	3,460.08	2,548.70
	<u>\$400,576.44</u>	<u>\$423,149.25</u>
Liabilities:		
Accts. Due Emp.	6,191.45	8,414.68
Bills Payable	-0-	34,400.00
Capital Stock	150,000.00	150,000.00
W. Cooper & N	1,130.00	1,150.00
Profit & Loss	40,789.99	63,751.78
St. Land Bd.	2,465.00	2,465.00
Surplus	200,000.00	162,967.79
	<u>\$400,576.44</u>	<u>\$423,149.25</u>

C

INVENTORY OF LIVESTOCK NOVEMBER 1ST, 1906

Unregistered Sheep:

10,855 breeding ewes	\$6	\$65,130.00	
3,997 yearling ewes	4.50	17,986.00	
3,989 ewe lambs	3.50	13,961.00	
162 f. m. ewes	6	972.00	
1,107 ram lambs	6	6,642.00	
332 yearling rams	6	1,992.00	
25 cull stk. rams	6	150.00	
285 wether lambs	2.50	<u>712.00</u>	
			\$107,545.00

Registered Sheep:

345 Merino br'g. ewes	20	7,080.00	
86 Merino yearling ewes	20	1,720.00	
162 Merino ewe lambs	10	1,620.00	
262 Rambouillet br. ewes	25	6,550.00	
74 Rambouillet yearling ewes	25	1,850.00	
122 Rambouillet ewe lambs	10	1,220.00	
218 stock rams	30	6,540.00	
119 Merino ram lambs	20	2,380.00	
106 Rambouillet ram lambs	25	<u>2,650.00</u>	
			<u>31,610.00</u>
22,255			\$139,155.00
532 yearling rams at Merino	3.50		1,862.00
2,254 ram lambs at Merino	3		<u>6,762.00</u>
25,041			\$147,779.00

The yearlings and lambs at Merino, Colo. are not included in "Sheep Account" but are carried on the ledger in the "Feeding at Merino" account for 1906 and 1907.

Horses:

20 work	\$125	\$2,500.00	
20 work	100	2,000.00	
27 work	75	2,025.00	
23 pack	30	690.00	
27 saddle	50	1,350.00	
14 yearlings	50	700.00	
16 colts	25	400.00	
9 imported mares	400	3,600.00	
2 imported stallions	1,200	<u>2,400.00</u>	
<u>158</u>			\$15,665.00

Cattle:

85 stock cattle	15	\$1,275.00	
1 grade bull		30.00	
6 jersey cows	60	360.00	
3 jersey heifers	30	90.00	
2 reg. S. H. cows	285	570.00	
2 reg. S. H. bulls	233	466.00	
1 reg. S. H. bull		100.00	
2 reg. S. H. heifers	100	200.00	
2 reg. S. H. yrlgs.	50	100.00	
2 reg. S. H. calves		<u>-0-</u>	
			\$ 3,191.00

Inventory other than Sheep, Cattle, & Horse:

Mdse.	\$16,449.34
Shop	881.58
Hogs	250.00
Poultry	150.00
Fuel	500.00
Grain	1,933.60
Machinery & Implts.	4,996.00
Store & Office Fixtrs.	620.00

D

COMPARATIVE SHEET OF EXPENSES FOR 1905 AND 1906

	<u>1905</u>	<u>1906</u>
Advertising	\$ 906.50	\$ 407.45
Barn	1,355.86	1,399.30
Brewer Ranch	572.28	433.70
Camp Supplies	2,535.23	2,617.77
Dunham Ranch	342.63	228.44
Edwards Expense	392.54	592.25
Expense Account	1,036.92	476.06
Expense Sales Rams & W.	2,270.32	2,537.71
Expense Gen. Labor	2,665.22	2,472.41
House Account	2,193.22	2,299.06
House Labor	1,166.80	1,135.98
Interest Paid	7,632.45	2,228.87
Ranch Expense	2,357.76	2,344.83
Ranch Labor	4,172.35	3,903.33
Repairs and Renewals	622.77	336.10
Sheep Expense	2,179.68	4,393.58
Sheep Labor	15,549.45	15,763.26
Store & Office Expense	268.08	285.72
Taxes	1,937.86	2,148.76
Trout Creek Ranch	1,001.79	1,063.22
Fuel	165.00	175.00
Garden	344.92	796.90
Haying	2,741.86	2,511.37
Insurance	231.10	345.23
Lewis & Clark Fair	661.03	-0-
Show Expense	231.86	-0-
Shearing	<u>2,864.04</u>	<u>3,629.93</u>
	\$58,399.51	\$54,526.23
Difference favor '06		\$ 3,873.28

Note: Both columns incorrectly added in original manuscript. Correct totals used here to agree with other figure in report. See Appendix II-E and Appendix II-J.

E

EXPENSES FOR DECEMBER 1905 AND 1906

	<u>1905</u>	<u>1906</u>
Advertising	\$ 300.00	\$ 360.00
Barn	60.35	72.73
Brewer Ranch	2.30	78.82
Camp Supplies	161.74	79.83
Dunham Ranch	2.82	48.22
Edwards Expense	24.30	16.66
Expense Account	136.25	23.16
Expense Sales Rams & W.	11.30	165.60
Expense General Labor	189.38	215.32
House Account	131.44	190.15
House Labor	100.00	75.00
Interest	147.90	147.90
Ranch Expense	105.94	144.87
Ranch Labor	326.46	378.87
Repairs & Renewals	20.00	-0-
Sheep Expense	140.73	106.01
Sheep Labor	1,013.51	947.48
Store & Office Expense	47.04	52.05
Taxes	-0-	30.11
Trout Creek Ranch	118.05	91.75
Fuel	165.00	175.00
	<u>\$3,204.51</u>	<u>\$3,399.53</u>
January	4,901.03	2,787.89
February	2,632.02	2,774.88
March	5,625.69	5,005.92
April	5,236.36	5,262.63
May	8,492.08	7,242.19
June	5,477.86	8,318.87
July	8,400.77	5,053.81
August	3,891.16	4,313.17
September	3,005.99	3,222.11
October	4,594.87	3,486.72
November	2,937.17	3,658.51
December	<u>3,204.51</u>	<u>3,399.53</u>
	<u>\$58,399.51</u>	<u>\$54,526.23</u>
Difference in favor 1906		3,873.28

F

DISTRIBUTION OF OPERATING EXPENSES FOR 1906

Supplies to:

Trout Creek	\$ 1,063.22	
Sheep Expense	4,393.58	
Shearing Expense	375.00	
Repairs & Renewals	336.10	
Ranch Expense	2,344.83	
House	2,299.06	
Garden	296.90	
Edwards Expense	592.25	
Dunham Ranch	228.44	
Camp Supplies	2,617.77	
Brewer Ranch	433.70	
Barn	<u>999.30</u>	
		\$15,980.15

Other Expenses:

Store & Office Stationery, etc.	285.72	
Fuel	175.00	
Taxes	2,148.76	
Expense	476.06	
Expense Sales Rams & Wool	2,537.71	
Insurance	345.23	
Interest	2,228.87	
Advertising	<u>407.45</u>	
		8,604.80

Labor:

Ranch	9,461.87
Sheep	<u>20,479.41</u>
	\$54,526.23

Divided as follows:

	<u>Sheep</u>	<u>Ranch</u>	<u>Total</u>
Supplies	\$ 8,004.68	\$ 7,975.47	\$15,980.15
Other Expenses	4,119.21	4,485.59	8,604.80
Labor	<u>20,479.41</u>	<u>9,461.87</u>	<u>29,941.28</u>
	<u>\$32,603.20</u>	<u>\$21,922.93</u>	<u>\$54,526.23</u>

Note: Incorrect totals corrected to agree with other figures in report.
See Appendix II-D, E, and J,

G

COST OF RUNNING THE HOUSE

Cost of running the house and feeding the men there during the year 1906 is as follows:

Supplies furnished	\$2,299.06
Labor	<u>1,135.98</u>
Total	\$3,435.04

Number of meals furnished 20,591.

Average cost per meal 16.7 cents against 14.02 cents in 1905.

Number of meals furnished in 1905 24,430

H

1905 EXPENSES CLARIFIED

Supplies to:

Trout Creek	\$ 1,001.79	
Sheep Expenses, inc. grain	2,151.38	
Shearing Expense	300.00	
Repairs Renewals	157.01	
Ranch Expense ind. grain	2,137.66	
House Less cash receipts	1,646.57	
Garden including one car potatoes bought	455.00	
Garret Ranch	144.39	
Edwards Expense	392.54	
Dunham Ranch	360.63	
Camp Supplies	2,561.39	
Brewer Ranch	519.11	
Barn less cash receipts	<u>733.60</u>	
		\$12,561.07

Other Expenses:

Store & Office Stationery, etc.	266.85	
Fuel not including labor	150.00	
Taxes	1,937.86	
Portland Fair	661.03	
Shaws Expense	231.86	
Insurance	231.11	
Expense	1,031.92	
Interest Paid	8,015.38	
Advertising	<u>991.50</u>	
		13,517.51

Labor:

Ranch Account	10,273.10	
Sheep Account	<u>19,140.68</u>	
		<u>29,413.78</u>

Total \$55,492.36

Grouped as follows:

	<u>Sheep</u>	<u>Ranch</u>	<u>Total</u>
Supplies	\$ 5,509.94	\$ 7,051.13	\$12,561.07
Other Expenses	7,510.39	6,007.12	13,517.51
Labor	<u>19,140.68</u>	<u>10,273.10</u>	<u>29,413.78</u>
	\$32,161.01	\$23,331.35	\$55,492.36

I

STATEMENT OF PROFIT & LOSS ACCOUNT 1905

	<u>Dr.</u>	<u>Cr.</u>
January 1 balance carried over		\$63,751.78
J. G. McCoy & Sons for Lambs	\$ 254.50	
P. Sullivan Com.	1,300.00	
Jno. Fleming Com.	130.00	
Transfer to Surplus	37,032.21	
Hay Account	5,107.70	
Blackstone pd. Lohman grazing Ruhl sheep	110.00	
F. McRae	15.00	
C. B. Durbin	80.00	
H. T. Hogg	50.00	
Chas. Downey	18.00	
Sundry old acct. charged off including powers and Derham Accounts	<u>1,869.54</u>	
	45,966.95	
Balance to 1906	<u>17,784.83</u>	
	\$63,751.78	\$63,751.78

Note: Information given appears to be year end entries. No entries shown for income and expense for the entire year 1905.

J

STATEMENT OF PROFIT & LOSS ACCOUNT 1906

Sundry Accounts recovered		\$ 613.59
Feeding at Merino		6,314.61
Horse Account		723.46
Cattle Account		695.66
Interest & Discount		6,192.81
Other Receipts		1,028.65
Sales Rams at home		29,022.50
Sales Sheep	\$30,449.00	
Less allowance for decrease in numbers	<u>13,427.94</u>	17,021.06
Sales Wool & Pelts		61,999.85
Teaming		14.82
Poultry		66.65
Hogs		113.10
Shop		269.63
Rents & Grain		1,229.30
Store		4,725.70
Expense for 1906	54,526.23	
Net Profits 1906	<u>75,505.16</u>	
	\$130,031.39	\$130,031.39

Undivided Profits, December 31, 1906.

Balance from 1905		\$17,784.83
Net Profits 1906	75,505.16	
Less 35% Dividend paid	<u>52,500.00</u>	<u>23,005.16</u>
Carried over to 1907		\$40,789.99

K

AVERAGE PRICES OF SHEEP SOLD AND LAND ACQUIRED IN 1906

Total number of Rams sold at home 1,473 for \$29,022.50, an average of \$19.70 per head.

Total number sold at Merino, Colorado 1,889 for net average per head of \$6.84.

Losses at Merino during the year 166 head, as against 94 head the previous year.

The average price per head for Rams in 1905 was \$16.10 at home and \$6.55 in Colorado.

LAND ACQUIRED IN 1906

N. P. Scrip	40 acres in J. G. E. name
N. P. Scrip	40 acres in J. G. E. name
Pat Hastings	160 acres
L. Nichols	160 acres
A. A. Tipton	<u>160</u> acres
	560 acres
Land Sold to:	
E. Kutcher	40 acres

L

ANALYSIS OF CAPITAL STOCK

1906 net earnings on Capital Stock		50%
Price paid for capital stock January 1905	\$180.00	27.7%
Value of capital stock January 1, 1906	245.00	20%
To earn 20% on value of stock, January 1, 1907	260.00	

for the coming years required \$78,000.00.

It takes 42% of the gross earnings to pay all expenses, leaving 58% of gross earnings as net.