

Northern Pacific Railway Company,

Office of the President,

St. Paul, Minn. February 6, 1911.

W

Mr. James J. Hill:

Herewith copy of letter from Mr. Hannaford, from Portland, dated February first, and telegram from Spokane, dated February fourth, about the business situation in the Puget Sound and western country. I thought you would be interested in having the information.

Howard Elliott.

Encl.

COPY

Spokane

Howard Elliott

Feb 4 1911

St Paul

Only a straw, but selling agency several Grays Harbor mills report new orders for 200 cars eastbound rail lumber this morning.

J M Hannaford.

At Portland, Ore. Feb. 1, 1911.

PERSONAL

Mr. Howard Elliott,

P r e s i d e n t .

My dear Mr. Elliott:

Reached Portland this morning after a week in the Sound country; interviewed such of my old friends as I could find in Seattle, Tacoma, Vancouver and Bellingham; and at Seattle, where the annual meeting of the lumbermen was being held, I met quite a number from various parts of the state.

Conditions in the Sound country are not what they were last year, although I am disposed to believe that the only industry of any importance that is suffering is the lumber and shingle business. Prices are very low, and the mill men are making very small, if any, profits.

Mr. Bloedel, of Bellingham, gave me figures in connection with the Burlington order of some six million or more that has just been filled by the Coast mills through a broker. He told me that he put in quite an amount of two-by-fours at \$6.50 a thousand, f.o.b.; that mills had filled this order cheaper, he thought, than any order filled on the Coast for many years; no pretense made by the mill men to obtain list

or current prices. He told me that his pay roll expenses in operating the two mills and the logging industry in connection with them, were \$50,000.00 per month; that the gross sales for the month of January, as near as he could figure and estimate, would be \$56,000.00. The \$6,000.00 must be applied on stumpage, operating expenses other than pay rolls, taxes, and interest charges; that he should close down at once if it were not for disorganizing and scattering his force, and the hope that conditions would improve.

Several of the merchants with whom I talked, stated that their sales for the year ending January first were the best in the history of their business, but that their profits were considerably less.

Alex. Billie, of Balfour, Guthrie & Company, is quite optimistic; says there is considerably more grain to come in than public statistics show; that his people are going to build big cement factory at or near Bellingham, to be set up and started on the basis of 2,000 barrels per day, and can be enlarged, if there is demand, to 6,000 barrels, at a minimum expense.

The Alaska Steamship Company people (Morgan-Guggenheim syndicate), with whom I spent some time, predict a very lively season in Alaska. They will

have their railroad completed to the copper mines, controlled by the syndicate, early in May; and expect to bring large quantities of copper ore to the Tacoma Smelter; and as soon as the concentration plant is completed, the tonnage will be even larger. New Placer Mines have been discovered in the Iditarod and Kuskokwim districts, which are tributary to their line running from Cordova. They predict quite a stampede to that district.

Confidentially, they have sold out their fisheries plant for \$1,500,000.00. This is not announced yet.

Summed up, the depression and blue feeling in the Sound country seems to be directly traceable to the lumber situation. There are too many manufacturers for the restricted market. I cannot help feeling that with the opening of spring and the necessary demand for lumber, although it may be limited, conditions will brighten materially in Washington.

I have not been around in Portland. Shall spend today and tomorrow here; but everywhere you hear of prosperity, good feeling and comfortable business conditions at Portland.

Very truly yours,

(Signed) J. M. Hannaford.