NATIONAL RECOVERY ADMINISTRATION

DIVISION OF REVIEW

E V I D E N C E S T U D Y

NO. 22

OF

THE LUMBER AND TIMBER PRODUCTS INDUSTRY

Prepared by

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July, 1935

PRELIMINARY DRAFT

(NOT FOR RELEASE: FOR USE IN DIVISION ONLY)

THE EVIDENCE STUDY SERIES

The EVIDENCE STUDIES were originally planned as a means of gathering evidence bearing upon various legal issues which arose under the National Industrial Recovery Act.

These studies have value quite aside from the use for which they were originally intended. Accordingly, they are now made available for confidential use within the Division of Review, and for inclusion in Code Histories.

The full list of the Evidence Studies is as follows:

1. Automobile Manufacturing Ind.
2. Boot and Shoe Mfg. Ind.
3. Bottled Soft Drink Ind.
4. Builders' Supplies Ind.
5. Chemical Mfg. Ind.
6. Cigar Mfg. Industry
7. Construction Industry
8. Cotton Garment Industry
9. Dress Mfg. Ind.
10. Electrical Contracting Ind.
11. Electrical Mfg. Ind.
12. Fab. Metal Prod. Mfg., etc.
13. Fishery Industry
14. Furniture Mfg. Ind.
15. General Contractors Ind.
16. Graphic Arts Ind.
17. Gray Iron Foundry Ind.
18. Hosiery Ind.
19. Infant's & Children's Wear Ind.
20. Iron and Steel Ind.
21. Leather
22. Lumber & Timber Prod. Ind.
23. Mason Contractors Industry
24. Men's Clothing Industry
25. Motion Picture Industry
26. Motor Bus Mfg. Industry (Dropped)
27. Needlework Ind. of Puerto Rico
28. Painting & Paperhanging & Decorating
29. Photo Engraving Industry
30. Plumbing Contracting Industry
31. Retail Food (See No. 42)
32. Retail Lumber Industry
33. Retail Solid Fuel (Dropped)
34. Retail Trade Industry
35. Rubber Mfg. Ind.
36. Rubber Tire Mfg. Ind.
37. Silk Textile Ind.
38. Structural Clay Products Ind.
39. Throwing Industry
40. Trucking Industry
41. Waste Materials Ind.
42. Wholesale & Retail Food Ind. (See No. 31)
43. Wholesale Fresh Fruit & Veg.

In addition to the studies brought to completion, certain materials have been assembled for other industries. These MATERIALS are included in the series and are also made available for confidential use within the Division of Review and for inclusion in Code Histories, as follows:

44. Wool Textile Industry
45. Automotive Parts & Equip. Ind.
46. Baking Industry
47. Canning Industry
48. Coat and Suit Ind.
49. Household Goods & Storage, etc. (Dropped)
50. Motor Vehicle Retailing Trade Ind.
51. Retail Tire & Battery Trade Ind.
52. Ship & Boat Bldg. & Repairing Ind.
53. Wholesaling or Distributing Trade

L. C. Marshall
Director, Division of Review

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THE LUMBER AND TIMBER PRODUCTS INDUSTRY

Foreword

The Census of Manufactures and Bureau of Labor Statistics material used in this report is limited to establishments producing more than 200,000 feet of lumber annually or an annual value of more than $5,000. Because of the exclusion of the smaller concerns, the data prepared by these agencies are not strictly comparable with those covering the entire Industry as defined by the Code.

The Lumber and Timber Products Industry was codified under the NRA as Code Number 9, and covers the Industry as described in the following definition:

> "Lumber and Timber Products" is defined to include (1) logs, poles and piling; (2) sawn lumber and other sawn wood products of sawmills, and products of planing mills operated in conjunction with saw mills; (3) shingles; (4) woodwork (millwork) including products of planing mills operating in conjunction with retail lumber yards; (5) hardwood flooring; (6) veneers; (7) plywood; (8) kiln dried hardwood dimension; (9) lath; (10) sawed boxes, shook and crates; (11) plywood, veneer and wirebound packages and containers; and (12) certain additional minor products specifically provided for.

CHAPTER I

THE NATURE OF THE INDUSTRY

Number of Establishments and Value of Product

The number of establishments and value of product, not including those establishments producing less than 200,000 feet of lumber or a value of $5,000 annually, for the years 1929, 1931, and 1933, are given in Tables I and II, respectively.

TABLE I

Number of Establishments for the Lumber and Timber Products Industry, by Principal Product Groups a/

Year	Total	Lumber and Timber Products (not elsewhere classified) b/	Planing Mill Products	Wooden Box Products
1929	18,556	12,915	4,849	792
1931	9,124	4,996	3,453	675
1933	6,734	3,783	2,356	595

Source: Census of Manufactures, reports for the industries listed.

a/ Does not include those establishments producing less than 200,000 feet of lumber or a value of $5,000 annually.

b/ Includes cooperage products manufactured in plants connected with sawmills.

TABLE II

Value of Production for the Lumber and Timber Products Industry, by Principal Product Groups a/
(In thousands)

Year	Total	Lumber and Timber Products (not elsewhere classified) b/	Planing-Mill Products	Wooden Box Products
1929	$1,962,080	$1,273,472	$553,583	$135,025
1931	753,976	443,628	235,680	74,667
1933	529,694	350,464	124,235	54,995

Source: Census of Manufactures, reports for the industries listed.

(Continued on following page)

TABLE II (Cont'd)

a/ Does not include those establishments producing less than 200,000 feet of lumber or a value of $5,000 annually.

b/ Includes cooperage products manufactured in plants connected with sawmills.

The National Lumber Manufacturers Association has computed a total of 35,775 establishments operating under the Lumber and Timber Products Code in 1934. The apparent discrepancy between Census and Code Authority data is mainly due to the fact that the former exclude the smaller establishments while the latter do not.

Capital Investment

The capital investment of the Lumber and Timber Products Industry has been estimated by the Timber Conservation Board at 10 billion dollars. This figure includes every conceivable associated industry, however, and is therefore too high for the Industry as defined by the Code. It is the opinion of the writer that, for the Industry so defined, capital investment is more accurately stated as 5 billion dollars.

Financial Condition of the Industry

The financial distress which this Industry has experienced is depicted in Table III, which shows the shrinkage of income even prior to the depression years. Preliminary figures furnished by the Bureau of Internal Revenue for 1933 show a decided upturn: the number of concerns reporting net income increased, whereas the number reporting no net income decreased. Figures for all reporting corporations show a decrease in the Industry's total net deficit of $73,075,000, or nearly 70 per cent, for the year 1933 as compared with the year 1932.

TABLE III

Net Income of Sawmill and Planing Mill Corporations a/

Year	Total Number Reporting	Reporting Net Income: Number Reporting	Reporting Net Income: Net Income (000's)	Reporting No Net Income: Number Reporting	Reporting No Net Income: Deficit (000's)	Net Profit or Deficit of all Reporting Companies (000's)
1919	2,953	2,386	$150,948	567	$14,232	$136,716
1920	3,582	2,542	195,127	1,040	15,334	179,793
1921	3,366	1,475	38,723	1,891	76,359	37,636 D
1922	3,455	2,339	138,218	1,116	28,675	109,543
1923	3,711	2,615	209,558	1,096	18,529	191,029
1924	3,343	2,034	96,019	1,309	31,845	64,174
1925 b/	-	-	-	-	-	-
1926	3,830	2,104	96,920	1,726	46,267	50,653
1927	3,627	1,769	62,233	1,683	56,540	5,693
1928	3,718	1,934	70,798	1,597	45,817	24,981
1929	3,766	1,876	70,940	1,646	38,580	32,360
1930	3,551	940	16,572	2,425	89,326	72,754 D
1931	3,163	507	2,981	2,493	121,867	118,886 D
1932	2,946	186	722	2,633	124,803	124,081 D
1933 c/	3,044	582	6,058	2,252	52,064	46,006 D

Source: Bureau of Internal Revenue, Statistics of Income.
D = Deficit

a/ Income and deficit figures represent total compiled receipts minus (1) dividends from domestic corporation, (2) interest on tax-exempt obligations, and (3) total statutory deductions.

b/ Data not available.

c/ Only preliminary figures are available.

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Geographical Distribution

The principal producing regions are the South, producing yellow pine; the West Coast, producing fir; and the Southern and Appalachian regions, producing hardwoods. Table IV shows how the production center for lumber has moved first from the Northeastern to the Lake States; then to the Southern States; and finally, in 1929, to the Western States.

The largest number of establishments are in the South. In 1929 more than 25 per cent of the total number of establishments were located in Georgia, North Carolina, Alabama, and Mississippi. But the greatest value of product is in the West Coast region. In 1929 over 25 per cent of the total value of product was concentrated in Washington, Oregon, and California.

Two-thirds of the number of establishments and the value of products are concentrated in 18 states. Table V gives the number of producers and the value of product in these principal producing states. Detailed production figures for individuals operating lumber businesses are available in the NRA files.

TABLE IV

Percentage Distribution of Lumber Production, by Regions
1849-1934

Year	Total United States	North-eastern States	Lake States	Southern States	Western States	Central States	Other States
1849	100.0	58.8 a/	6.3	13.6	5.9	18.6	.8
1869	100.0	37.8 a/	24.4	9.4	4.9	20.0	3.5
1879	100.0	25.8	34.7 a/	13.8	4.5	18.4	2.8
1889	100.0	19.8	34.6 a/	20.3	9.6	13.1	2.6
1899	100.0	16.5	24.9	31.7 a/	9.9	16.1	1.1
1909	100.0	11.7	12.5	44.9 a/	18.4	12.3	.4
1919	100.0	7.5	7.8	46.6 a/	29.2	8.7	.2
1929	100.0	3.3	4.8	41.9	43.4 a/	6.4	.2
1930	100.0	3.8	5.1	39.0	46.6 a/	5.2	.3
1931	100.0	3.6	4.5	36.2	50.7 a/	5.0	.2
1932	100.0	3.8	2.8	38.8	50.3 a/	4.1	.2
1933	100.0	3.0	2.3	41.3	48.9 a/	3.9	.2
1934 b/	100.0	3.9	3.9	36.8	51.7 a/	3.5	.2

Source: Census of Manufactures.

a/ Region having the largest production for the years indicated.

b/ Estimate based on sample of 630 mills.

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TABLE V

Number of Establishments and Value of Product for the Lumber and Timber Products Industry - by Principal States a/

State	1929		1931		1933	
	Number of Es- tablishments	Value of Product (000's)	Number of Es- tablishments	Value of Product (000's)	Number of Es- tablishments	Value of Product (000's)
U. S. Total	18,556	$1,962,081	9,124	$753,977	6,734	$529,694
Alabama	1,296	64,417	419	18,781	326	16,195
Arkansas	679	66,140	243	21,345	219	17,345
California	589	125,784	444	60,861	334	41,603
Florida	409	44,580	192	20,230	200	14,543
Georgia	1,333	49,988	485	14,893	274	11,263
Idaho	110	33,990	67	13,903	51	9,387
Louisiana	340	91,741	200	30,514	186	23,971
Michigan	291	68,595	213	23,172	167	13,489
Mississippi	1,043	96,094	242	26,550	222	20,141
New York	694	68,221	500	33,121	322	14,945
North Carolina	1,365	60,614	571	23,633	329	16,877
Ohio	572	45,744	319	17,380	203	8,799
Oregon	692	146,599	389	63,800	327	47,827
Pennsylvania	798	53,808	524	22,402	390	13,823
Tennessee	754	54,721	275	18,275	155	11,451
Texas	470	61,230	212	18,124	188	15,242
Washington	923	288,281	514	108,449	484	93,344
Wisconsin	335	78,499	255	32,447	221	18,218
Total 18 states	12,693	1,499,046	6,064	567,880	4,598	409,063
Other states	5,863	463,035	3,060	186,097	2,136	120,631

(Continued on following page)

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TABLE V
(Cont'd)

Source: Census of Manufactures, "Lumber and Timber Products (Not elsewhere classified)," "Planing Mill Products," and "Boxes, Wooden, Except Cigar Boxes."

a/ The totals do not include cooperage, except those cooperage products manufactured in plants connected with sawmills.

Production

The volume of national production shown in Chart I indicates the large decrease in production according to figures of the Timber Conservation Board and the National Lumber Manufacturers Association.

Competing Products

Products competing with lumber and timber products are numerous and varied; practically all building materials compete directly and have displaced lumber to a large extent in the construction field. Fibre board and paper boxes have caused considerable inroads in the Wooden Package Industry. Table VI shows clearly the declining trend in per capita consumption.

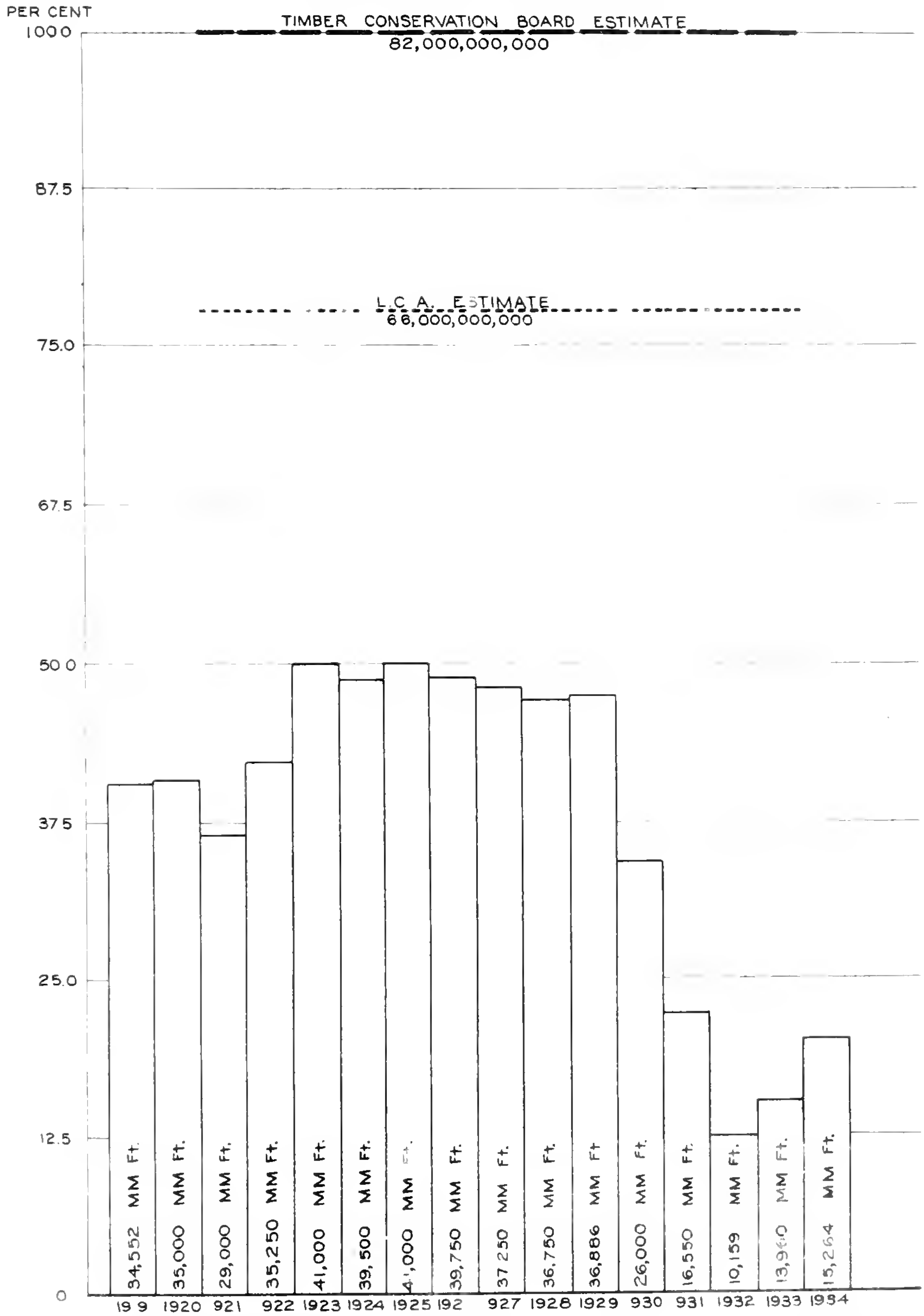
Foreign Competition

Foreign competition has been mainly from Canada. The principal species affected are Eastern Spruce, Cedar, and Douglas Fir. Eastern Spruce producers effected a price arrangement with Canadian producers whereby the latter adjusted freight equalization with American producers. By Act of Congress in 1930, Douglas Fir imports were subjected to duty which has held imports down somewhat. Canadian Cedar shingles producers agreed through mediation conducted by the Import Section of NRA and assisted by the Department of Commerce to restrict their exports to this country to 25 per cent of expected consumption in the United States for the current period. This agreement has been in effect since about January, 1934, but information received by the Department of Commerce as of July 15, 1935, indicates that this agreement has been disregarded and that Canadian shipments have greatly exceeded the quotas agreed upon.

Uses of Lumber

The best description of the uses of lumber can be had by reference to Chart II, entitled "Comparison of Total Lumber Consumption," which shows the quantity used by each of the principal consumers. The Construction Industry is by far the most important consumer, as is indicated at the top of Chart II by the figures showing that 60 to 70 per cent of all lumber is used for construction purposes.

YEARLY LUMBER PRODUCTION 1919-33 COMPARED WITH TIMBER CONSERVATION BOARD'S ESTIMATED CAPACITY OF INDUSTRY IN 1929



SOURCE TIMBER CONSERVATION BOARD, LUMBER CODE AUTHORITY
ACTUAL PRODUCTION FOR 1934 FROM NATIONAL LUMBER
MANUFACTURERS ASSOCIATION.

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TABLE VI

Per Capita Consumption of Lumber and Timber Products, 1809 - 1934 a/

Year	Per Capita Consumption	Year	Per Capita Consumption
1809	55	1915	380
1819	55	1916	395
1829	65	1917	350
1839	95	1918	310
1849	235	1919	325
1859	260		
1869	340	1920	325
1879	365	1921	260
1889	455	1922	315
1899	460	1923	355
		1924	345
1904	505	1925	345
1905	505	1926	335
1906	525	1927	300
1907	510	1928	305
1908	460	1929	275
1909	475		
		1930	210
1910	465	1931	130
1911	435	1932	100
1912	455	1933	110
1913	430	1934	90
1914	400		

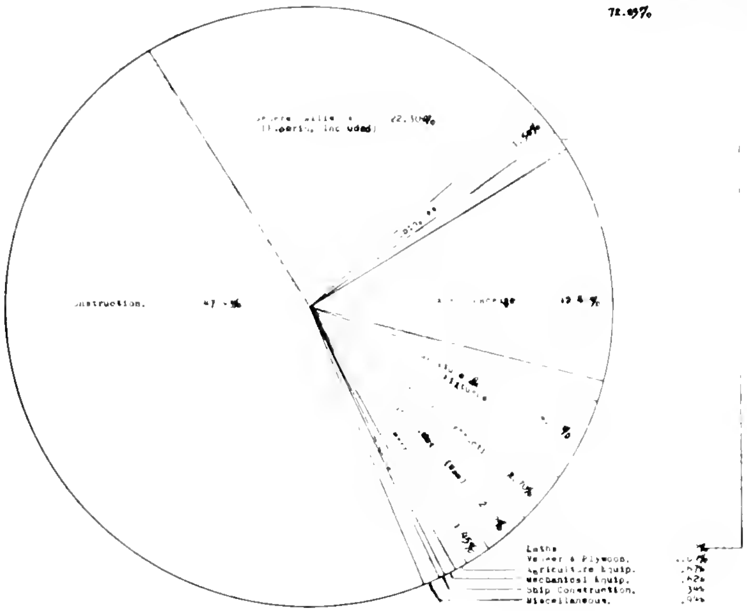
Source: 1920 to 1928 computed by the Federal Reserve Board; 1932 to 1934 estimated by the Forest Products Division of the Department of Commerce; all other years computed by the Forest Service, Department of Agriculture.

a/ The figures in this table are purely mathematical and although they serve the purpose of showing the trend over a long range of years, they should not be considered to show the actual per capita consumption for any one year. They do not indicate such consumption, partly because of the fact that lumber sold by mills in any one year does not necessarily go into consumption in that year but may build up stocks of lumber wholesalers, retailers and wood consuming industries.

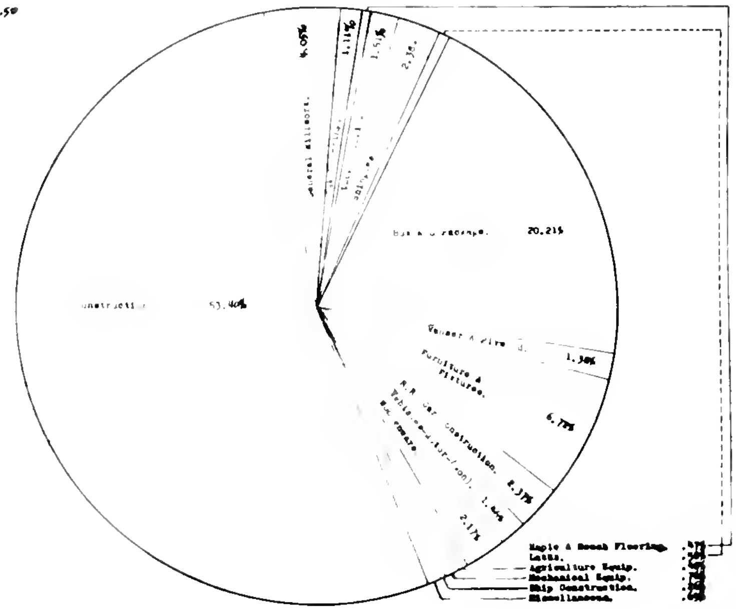
COMPARISON OF TOTAL LUMBER CONSUMPTION

1928	Construction Products	1933
72.05%		63.50

1928



1933



1928

Thousand Feet Board Measure.

Construction.	17,717,411
General Millwork.	8,329,165
Flooring included in General Millwork.	
Shingles.	560,369
Laths.	380 778
Box and Package	4,803,852
Veneer and Plywood.	406,436
Furniture and Fixtures	1,700,027
R. R. Car Construction.	1,009 284
Woodenware and Handles.	543,811
Agriculture Equipment.	250,037
Mechanical Equipment.	232,144
Vehicles-Motor & Non-Motor	943,855
Ship Construction.	128,088
Miscellaneous.	352,388
Total.	37,357,000

Notes:-

(a) Construction estimated from Total Lumber Consumption for 1933 as reported in Timber Conservation Board Report February 1, 1934.

(b) General Millwork includes frames, doors, sash and planing mill products.

(c) Laths and Shingles from Census of Manufacturers Report for 1933.

(d) Box and Package includes all types of Boxes Crates and Basket

(e) Furniture and Fixtures covers Cabinets for Kitchen Radio, Phonograph, Refrigerator, Sewing Machines; Caskets, Furniture, and Fixtures such as Booths, Bars, Pews and File Cases of certain types.

(f) Agriculture Equipment covers Implements, Tanks and Silos and Dairy Supplies

(g) Woodenware and Handles includes Toys Novelties, Matches, Toothpicks Pencils, and Sporting Goods

(h) Mechanics' Equipment covers Firearms, Electrical Equipment, Airplanes, Pumps, Laundry Appliances, Patterns, Planes and machinery.

(i) All other data is from United States Summary Sheet of Lumber Used in Manufacture Compiled by United States Dept. of Agriculture Forest Service.

1928	Production.	1933
36,193		17,499

1933.

Thousand Feet Board Measure.

Construction.		7,477,067
General Millwork.		567,713
Flooring-	Oak.	195,337
	Maple.	45,899
	Other.	~~211,785~~
	Total.	453,021
Shingles.		333,381
Laths.		81,636
Box and Package.		2,829,752
Veneer & Plywood.		193,011
Furniture & Fixtures.		941,663
R.R. Car Construction.		332,032
Woodenware Handles.		304,386
Agriculture Equipment.		67,380
Mechanical Equipment.		105,785
Vehicles-Motor & Non-Motor.		804,827
Ship Construction.		95,368
Miscellaneous		36,998
Total.		14,003,618

CHAPTER II

LABOR STATISTICS

Number of Wage Earners

According to the Census of Manufactures, there were 539,772 persons employed in the Industry as covered by the Code, in 1929; 274,004 in 1931, and 246,505 in 1933. In 1929 approximately 162,000 were woodsmen and timbermen; the remainder mill men. Tables VII, VIII, and IX give breakdowns of employment and wage data by products, by states, and by months.

Types of Labor

The type of labor varies in the different divisions. In the South, approximately 80 per cent of all labor in the Lumber and Timber Products Industry is Negro labor in both mill and woods. In 1930 there were 144,865 Negroes engaged in the Lumber Industry, of which 90 per cent were in the South.1/ A form of paternalism coupled with the climate and other conditions makes this labor perhaps the lowest paid in the United States. Particularly in the small mills, which are often adjuncts of a farm or plantation, labor for both agriculture and the Lumber Industry is drawn from a common pool, with a tendency to consider such labor as agricultural labor. The wage level in the North and Northwest Woods where labor is chiefly migratory, is considerably higher, and in general comparable with that for other manufacturing labor.

1/ Census of Occupations

TABLE VII

Number of Wage Earners and Amount of Wages for the Lumber and Timber Products Industry by Principal Products

Product	1929		1931		1933	
	Number of Wage Earners	Amount of Wages (000's)	Number of Wage Earners	Amount of Wages (000's)	Number of Wage Earners	Amount of Wages (000's)
U. S. Total a/	539,775	$567,202	274,004	$231,994	246,505	$151,815
Lumber and timber products (not elsewhere classified) a/	419,084	421,585	196,647	155,370	189,367	113,183
Planing mill products	90,134	116,423	54,493	58,552	35,385	26,117
Wooden boxes	30,554	29,194	22,864	17,572	21,753	12,515

Source: Census of Manufactures, reports for the industries listed.

a/ The totals do not include cooperage, except those cooperage products manufactured in plants connected with sawmills.

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TABLE VIII

Number of Wage Earners and Amount of Wages for the
Lumber and Timber Products Industry, by Principal States a/

State	1929 Number of Wage Earners	1929 Amount of Wages (000's)	1931 Number of Wage Earners	1931 Amount of Wages (000's)	1933 Number of Wage Earners	1933 Amount of Wages (000's)
U. S. Total	539,772	$567,202	274,004	$231,994	246,505	$151,815
Alabama	28,296	17,940	11,207	5,766	11,789	4,607
Arkansas	23,673	19,171	10,944	6,215	11,344	4,952
California	30,418	45,403	16,903	20,900	13,660	12,861
Florida	19,346	14,369	12,185	6,267	10,644	4,153
Georgia	19,473	11,324	7,577	3,462	7,489	2,762
Idaho	11,252	16,083	5,394	6,002	3,241	2,874
Louisiana	32,563	26,792	16,638	9,915	15,501	7,546
Michigan	16,203	19,725	8,716	8,083	6,355	4,036
Mississippi	32,937	26,310	13,632	7,748	12,735	5,447
New York	10,391	16,465	6,714	9,135	4,018	3,700
North Carolina	21,233	15,596	11,713	5,968	10,582	4,154
Ohio	7,921	9,963	4,059	4,157	2,666	1,910
Oregon	36,557	50,489	20,526	22,205	20,715	16,737
Pennsylvania	10,576	13,564	5,973	6,473	4,324	3,582
Tennessee	15,006	12,042	6,636	4,136	6,100	2,639
Texas	19,680	17,355	8,687	5,309	10,036	4,968
Washington	62,621	88,675	32,083	35,774	32,832	27,764
Wisconsin	21,799	22,377	12,031	10,384	8,566	5,013
Total of 18 States	420,450	441,143	211,618	178,449	193,147	119,805
Other States	119,322	123,059	62,386	53,545	53,353	32,010

(Cont'd on following page)

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TABLE VIII
(Cont'd)

Source: Census of Manufactures, "Lumber and Timber Products (Not elsewhere classified)," "Planing Mill Products," "Boxes, Wooden, except cigar boxes."

a/ The totals do not include cooperage, except those cooperage products manufactured in plants connected with sawmills.

TABLE IX

Estimated Total Monthly Employment in Sawmills and Planing Mills,
January 1926 - April 1935

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
January	551,300	521,800	469,600	436,600	432,200	272,900	198,400	176,100	241,900	246,200
February	550,600	506,200	470,100	489,000	420,300	269,600	192,100	172,200	249,000	260,400
March	553,300	503,300	481,400	497,900	421,000	263,100	189,900	167,300	259,700	266,200
April	570,500	506,300	494,100	517,200	417,000	267,200	192,500	176,100	272,800	276,500
May	573,400	516,700	500,400	527,200	413,500	263,500	192,400	188,100	286,000	
June	581,900	519,700	510,400	535,200	400,100	264,900	192,500	216,500	276,700	
July	579,200	519,700	504,300	535,000	377,100	253,700	187,600	245,500	267,100	
August	581,300	521,500	516,300	539,700	359,400	248,300	188,200	265,700	267,100	
September	569,800	521,700	517,900	526,600	340,400	240,200	193,100	280,500	266,600	
October	561,900	513,000	513,900	507,000	334,700	233,300	193,600	284,300	267,200	
November	552,700	503,100	512,600	437,400	317,400	226,600	195,600	273,100	259,600	
December	539,100	484,600	497,900	461,100	298,600	209,300	188,000	262,900	251,700	
Average	564,200	510,600	499,100	509,200	377,600	252,000	192,400	225,700	263,300	

Source: Bureau of Labor Statistics data adjusted to Census of Manufactures data by NRA, Research and Planning Division.

Wages

A composite report prepared from returns from 80 manufacturing concerns and 41 logging concerns on the West Coast, covering a period from February 1 to June 15, 1933, shows actual minimum wages in effect ranged from 15 cents to 33-1/3 cents per hour, and an average wage of 23-3/4 cents per hour. 1/

Based on a study made for the month of April, 1933, a group of 42 Southern Pine mills employed 7,271 men and showed an average hourly wage for unskilled labor of 11.6 cents per hour. In no case were wages reported in excess of 20 cents per hour, while in some cases they went down as low as 5-1/2 cents per hour. 2/

According to data compiled by the Bureau of Labor Statistics for the year 1932, approximately 25 per cent of all labor in the West Coast region was at that time common labor getting the minimum, whereas in the south approximately 40 per cent was common labor getting the minimum. Average wages for common labor in 1932 in the Yellow Pine are shown in Table X.

TABLE X

Average Wages for Common Labor in the Principal Yellow Pine States, 1932

State	Average Wage Per Week
Georgia	$3.76
South Carolina	4.18
North Carolina	4.65
Mississippi	4.77
Alabama	4.86

Source: Bureau of Labor Statistics, Wages and Hours of Labor in the Lumber Industry, 1932. (Bulletin Number 586).

Hours Worked

According to Bureau of Census data, which covered over 90 per cent of all wage earners in 1929, about half were then working in excess of 54 hours a week. (See Table XI) Under the Code the hours were limited to 40 hours a week.

1/ Statement of W. B. Greely, Secretary-Manager of the West Coast Lumber Association, at Public Hearing of July 21, 1933, on the Lumber and Timber Products Industry.

2/ State of C. C. Shepard, President of Louisiana Central Lumber Company, at Public Hearing of July 20, 1933, on the Lumber and Timber Products Industry.

TABLE XI

Number of Establishments and Number of Wage Earners, by Prevailing Weekly Hours, for the Lumber and Timber Products, Industry, 1929

Group	Number of Estab-lish-ments	Number of Wage Earners	Per Cent Establish-ments are of Total	Per Cent Wage Earners are of Total
Total a/	11,599	506,499	100.0	100.0
40 hours and under	675	21,264	5.8	4.2
Over 40 but under 54 hours	9,671	227,056	83.4	44.8
Over 54 hours	1,251	258,179	10.8	51.0

Source: Census of Manufactures, "Lumber and Timber Products (not elsewhere classified)," "Planning Mills Products," "Boxes, Wooden, except Cigar Boxes."

a/ Total does not include 6,959 establishments and 33,273 wage earners for which hourly breakdowns were not reported.

Child Labor

Due to the heavy nature of the work involved, the employment of minors has not been a great problem in this Industry, except in lumber mills where they were used considerably in the manufacture of boxes and in other light manufacturing processes. Table XII presents Bureau of the Census data for 1930 with percentage of decrease since 1920.

TABLE XII

Employment of Children Aged 10 to 15 Years
by Principal Occupations

Group	Total		Male		Female	
	1930 Amount	Percentage Decrease Since 1920	1930 Amount	Percentage Decrease Since 1920	1930 Amount	Percentage Decrease Since 1920
All groups	5,163	51.5	4,738	50.5	425	61.2
Forestry laborers	1,047	49.3	1,038	49.3	9	-
Lumber mill operators	353	63.6	302	59.8	51	76.7
All other woodworking operators a/	327	76.6	179	81.1	148	67.3
Lumber mill laborers	2,828	41.7	2,690	42.0	138	34.0
All other woodworking laborers a/	608	55.6	529	54.8	79	60.0

Source: Census of Occupations

a/ Includes cooperage operators and laborers

Labor Union Activity

There never has been any semblance of labor organization in the Southern Lumber Industry. Records indicate that there has been at least one strike in the South, however, namely, that at Bogalusa, Louisiana, in 1911, which spread to a considerable part of the southern region. The West Coast, on the other hand, has experienced considerable labor difficulty, particularly through the I.W.W. This organization conducted a strike in the early years of the war, which resulted in the formation of the four L's - Loyal Legion of Loggers and Lumbermen. This is an organization composed of both employers and employees and therefore is not a trade union in the true sense of the word. Evidence at the Hearings indicated that it was largely controlled by the employers rather than by the employees.

Effect of the Code on Labor

According to data published by the Bureau of Labor Statistics, the actual average hourly wage in sawmills increased 58 per cent and the actual average weekly wage has been increased 52 per cent from the lowest wage month of 1933 to April, 1935. 1/ When wages are deflated by the NRA cost of living index, we find that the real hourly wage has been increased 33 per cent and the real weekly wage 28 per cent. The Industry has been successful in reemploying approximately 100,000 2/ men during the first year of the Code. This reemployment has been maintained at approximately an even rate, considering adjustments for seasonal demand.

1/ Computed from Bureau of Labor Statistics, Trend of Employment.

2/ National Lumber Manufacturers Association.

CHAPTER III

MATERIALS: RAW AND SEMI-PROCESSED

Equipment and Machinery

According to Bureau of Census reports, the principal purchases of woodworking equipment, machinery, and saws, which amounted in 1929 to $41,826,732, declined to $16,244,230 in 1931, and $10,695,205 in 1933. 1/

Cost of Materials

The relationship of cost of material and other costs to the total cost is shown by a summary of data gathered from cost questionnaires covering the first three months of 1934. These data which were audited by the Research and Planning Division of NRA were used by the Code Authority in arriving at minimum prices under the Code. Table XIII shows that, for the Industry as a whole, material cost, salaries, and wages, and other costs, each constitute about one-third of the total cost. A breakdown is also given for the lumbering and fabricating divisions.

TABLE XIII

Per Cent Cost of Materials and all Other Costs are of Total Costs, 1st Quarter, 1934
(In thousands)

Item	Total		Lumbering		Fabricating	
	Amount	Per Cent of Total	Amount	Per Cent of Total	Amount	Per Cent of Total
Total	$76,163	100.0	$46,624	100.0	$29,538	100.0
Material	25,847	33.9	12,497	26.8	13,349	45.2
Salaries and wages	25,762	33.8	17,416	37.3	8,346	28.2
Other costs	24,554	32.3	16,711	35.9	7,843	26.6

Source: Code Authority

1/ Census of Manufactures, Report on "Power Woodworking Saws," and "Woodworking Machinery."

CHAPTER IV

PRODUCTION AND DISTRIBUTION

By States

Distribution of lumber by states for the year 1932 as compiled from a survey of the Forest Service, is shown in Table XIV. A breakdown to show interstate and intrastate distribution suggests that approximately only one-third is distributed within the states where it is produced.

Methods of Distribution

There has been a constant change in the methods of distribution in the Lumber Industry, particularly due to the keen competition between the two major species; and widely differing customs in the method of distribution have grown up in the different regions. It must be remembered that the Lumber Industry grew out of agriculture, that originally sawmills were local in character, and erected for the production of lumber which was used locally when the country was expanding and new farms were the principal outlet for the Industry's product. Approximately 40 per cent of the lumber is sold through retailers, approximately the same amount through wholesalers, while approximately 20 per cent is sold to large industrial users, including railroads.

TABLE XIV

Distribution of Lumber by States, 1932 a/
(In 1,000 Feet, Board Measure)

States	Total Distribution	Foreign Distribution (exports)	Domestic Distribution Total	Domestic Distribution Interstate	Domestic Distribution Intrastate
U. S. Total b/	12,482,994	1,197,283	11,285,711	6,824,941	4,460,770
Alabama	589,682	89,817	499,865	422,317	77,548
Arizona	69,360	2,155	67,205	21,737	45,468
Arkansas	486,580	7,494	479,086	313,150	165,936
California	909,529	26,132	883,397	207,396	676,001
Colorado	41,089	-	41,089	2,312	38,777
Connecticut	6,076	-	6,076	463	5,613
Delaware	3,961	-	3,961	-	3,961
Florida	349,359	187,071	162,288	82,972	79,316
Georgia	319,562	8,197	311,365	220,974	90,391
Idaho	393,343	491	392,852	304,992	87,860
Illinois	19,385	227	19,158	3,346	15,812
Indiana	52,300	1,813	50,487	20,765	29,722
Iowa	6,889	1,186	5,703	5,138	565
Kansas	2,335	123	2,212	2,212	-
Kentucky	87,557	6,454	81,103	49,989	31,114
Louisiana	681,306	91,654	589,652	423,073	166,579
Maine	92,860	7,010	85,850	38,185	47,665
Maryland	20,102	-	20,102	11,471	8,631
Massachusetts	45,805	71	45,734	4,416	41,318
Michigan	169,895	5,219	164,676	42,239	122,437
Minnesota	111,300	4,310	106,990	52,635	54,355
Mississippi	721,405	88,929	632,476	490,160	142,316
Missouri	59,355	1,069	58,286	28,156	30,130
Montana	146,875	-	146,875	69,131	77,744
Nebraska	120	-	120	-	120
Nevada	50	-	50	-	50
New Hampshire	77,594	200	77,394	16,478	60,916
New Jersey	4,370	-	4,370	1,089	3,281
New Mexico	81,033	20	81,013	29,033	51,980
New York	47,593	1,975	45,618	8,275	37,343
North Carolina	447,507	1,196	446,311	267,192	179,119
Ohio	37,980	1,051	36,929	5,721	31,208
Oklahoma	80,169	31	80,138	44,869	35,269
Oregon	1,817,974	167,970	1,650,004	1,148,066	501,938
Pennsylvania	104,701	5,095	99,606	30,310	69,296
Rhode Island	3,102	-	3,102	912	2,190
South Carolina	441,137	30,842	410,295	322,653	87,642
South Dakota	17,560	-	17,560	4,392	13,168
Tennessee	185,020	7,383	177,637	99,623	78,014
Texas	472,335	38,465	433,870	174,430	259,440
Utah	4,936	-	4,936	-	4,936
Vermont	53,163	-	53,163	15,302	37,861
Virginia	239,266	5,752	233,514	117,604	115,910
Washington	2,540,175	395,159	2,145,016	1,487,276	657,740
West Virginia	174,253	7,435	166,818	122,903	43,915
Wisconsin	242,697	5,287	237,410	94,043	143,367
Wyoming	24,349	-	24,349	17,541	6,808

Source: U. S. Department of Agriculture, Forest Service, Lumber Distribution and Consumption, 1932.

a/ The computed quantities shown represent primary distribution.

b/ No lumber is produced in the District of Columbia or North Dakota.

For 1929 the Bureau of the Census reported distribution of sales by sawmills as follows:

TABLE XV

Distribution of Sales, by Sawmills, 1929

Distribution of Sales	Per Cent
Total	100.0
To manufacturers	13.8
Interplant transfers	4.4
Railroads, utility companies and contractors	4.7
Principal wholesale establishments	4.7
Brokers and commission houses	14.0
Wholesalers and jobbers	30.2
Directly for export	8.4
Direct to retailers	14.9
Local sales at the mill	4.7
Miscellaneous	.2

Source: Bureau of Census, Distribution of Sales by Manufacturing Plants.

It has been testified at various Public Hearings on this Code that there are 2,500 wholesalers engaged in the distribution of this product. The thirty-two divisional offices of the Retail Lumber Code Authority have furnished the NRA with a list of the names and addresses of 23,531 retail dealers.

Production Capacity

The production capacity has been far beyond demand for many years. As shown in Exhibit 4, the capacity is rated at from 66 to 82 billion, while the largest recent consumption was 41 billion feet in 1925. There has been a continuing shift of production centers as shown in Exhibit 2. According to the reports of the Bureau of Census, the Northeastern states were principal producers in 1850; the Lake States in 1879; the Southern States in 1899; and the Western States in 1929.

Exports and Imports

Exports and Imports both showed a decided decrease from 1929 to 1933, as shown in Table XVI.

TABLE XVI

Exports and Imports of Lumber and Timber Products, 1929-1933 a/
(In thousands)

Year	Total	Exports	Imports
1929	$214,371	$139,361	$14,510
1930	149,849	98,980	50,859
1931	87,975	59,018	28,957
1932	48,316	32,671	15,645
1933	62,667	40,618	22,049

Source: Bureau of Foreign and Domestic Commerce, Foreign Commerce and Navigation of the United States.

a/ Includes: logs, timbers, ties, poles, piling and firewood, sawed timbers, boards, planks, lath and shingles, box shooks, veneers, and plywoods, flooring and millwork.

CHAPTER V

TRADE PRACTICES

The records of the Federal Trade Commission show that in the Pre-Code period, the following unfair trade practices were prevalent in the Lumber Industry:

- Selling below cost
- Price cutting
- Dumping
- Unfair buying practices
- Exploitation of small producers
- Long term credits
- Extra datings
- Extra discounts
- Favorable concessions from recognized terms of sale
- Splitting commissions
- Consignment sales
- Protection against price declines
- Grade manipulations
- Misbranding
- Substitution of species

CHAPTER VI

GENERAL INFORMATION

Trade Association Activity

Prior to the Code the Industry was rather disorganized, with only a framework of trade organizations engaged principally in looking after the legislative requirements of the Industry and in the gathering of statistics. The process of Code formulation and Code operation served to integrate the Industry. The administration of the Code was given over to trade associations which in general r eorganized and changed their by-laws to allow a more democratic means of control of the Industry. Three exceptions are noted; namely, the Northern Pine Manufacturers Association, the Mahogany Association, and the Philippine Mahogany Importers Association. These three have by-laws which permit of monopolistic control of their respective divisions of the Industry.

The Industry has had an aggressive national organization - the National Lumber Manufacturers Association. This association, which is in fact the only one attempting to cover the entire Industry, is a federation of other associations, including the Southern Pine, Southern Cypress, and Western Pine Associations; the Hardwood Institute; and one or two other assiciations in full. It also has individual members. It has had a competent statistical organization which for years has been recording and publishing statistics in the lumber field. Its activities have been chiefly confined to publicity, statistics, and the education of members in regard to the best methods of producing lumber, and of the public as to its uses.

For 1931, the Department of Commerce reported 110 trade associations having 22,323 members. Most of the organizations had small memberships, so far as actual members were concerned, and were controlled by the larger units. Some were organized for price and statistics reporting, such as the Hardwood Institute, while others were mere luncheon clubs. Two important factors responsible for bringing many of the lumbermen together in certain types of organizations were the complexity of traffic problems and the political complexion of the taxation problem. The Maple Flooring Association was organized for the purpose of equalizing freight in order to control competition. 1/ The Hardwood Institute attempted, through price reporting, to control production to some extent, but was stopped by a Supreme Court decision. 2/ In general, however, lumber associations prior to the Code were inactive and losing membership at a rapid rate.

1/ Maple Flooring Manufacturers Association v. U. S.
Case 268 U. S. 563, 45 S.Ct. 578 (1925).

2/ American Column and Lumber Company v. U. S.
Case 257 U. S. 377, 42 S.Ct. 114 (1921).

Pre-Code Problems of the Industry

The Industry has had a greater opportunity for industrial self-government than that provided under any other Code. The problems of the Industry revolved chiefly around speculation, standing timber, and an excess capacity which amounted to six and one-half times the production in 1932. The compelling necessity of converting standing timber into cash, because of high local taxes, and the vicious competition between the major species, resulted in excess production which flooded the market and demoralized the price structure.

Due to the nature of the product and to the competition between species, prices of lumber have varied considerably more than other commodities. The index of wholesale prices of lumber as given by the Bureau of Labor Statistics (1926 = 100) fell from 111 in 1923 to 55.9 in January 1933 - a range of 100 per cent in ten years. Softwoods, which are used in greater proportion in the Construction Industry than hardwoods, have probably had a greater range than this. Hardwoods, being used for a large part in the Manufacturing Industries, have not had so wide a range, although in later years, principally since 1926, the influence of substitutes has been felt to a considerable degree.

Another important problem was that of competition in the distribution of the product. There was no clearly defined function for the various types of distributors prior to or during the Code period.

General Appraisal of the Code

In whole sections of the country wages had been driven down to the lowest reported by any industry. It was attempted in the promulgation of the Code to increase wages and shorten hours and to recover this extra cost by fixing prices.

Price fixing has proven itself a failure due to the fact that there was not sufficient flexibility to meet changes in demand. Prices, furthermore, were set too high, and the Code Authority was loath to make adjustments necessary to maintain the operation of price fixing. The impossibility of enforcement of those high prices was amply demonstrated. In addition, prices could not be based on costs as provided for in the Code, since the majority of the units in the Industry were small units which kept no cost records. Thus it became impossible to carry out the provision of the Code without interpretations that were far beyond the expressed intent of the price fixing clause.

The fixing of prices was supplemented and strengthened by providing for production control. The operation of this control succeeded in the lumbering divisions but failed in the fabricating division where production was on a made-to-order basis. In such divisions it amounted to the dividing of orders. In the lumbering divisions production control was abused through the use of the large amount of authority which was delegated to the Code Authority.

In addition to constituting support for the fixed prices, production control was designed to distribute the available business with reasonable equity and to prevent the waste of resources in the manufacture of the product. The adoption of production control was also looked upon as a means of introducing forestry practices designed to sustain the American forest and to outlaw many of the practices which had resulted in an unnecessary destruction of such forests.

The Code wages did not impose undue hardship on small mills, according to testimony at various Hearings and according to reports on costs by the Division of Research and Planning of NRA, and further substantiated by investigations of the Federal Trade Commission.

List of Experts

A request to Wilson Compton, formerly head of the Trade Association Division of the NRA and a recognized authority on all matters pertaining to lumber, resulted in the following list of experts on the Lumber Industry. We believe this list covers all phases of the manufacture of lumber and timber products and that these persons are thoroughly competent to advise and testify in their respective lines.

List of Experts

California Redwood Association.

H. W. Cole, President C.R.A.,
Hammond Lumber Company, 310 Sansome Street,
San Francisco, California

R. W. Lea, Special Adviser to the Hammond interests,
c/o Hammond Lumber Company, 310 Sansome Street,
San Francisco, California

Southern Cypress Manufacturers Association.

T. M. True, Executive Secretary, S.C.M.A.,
Barnett National Bank Building,
Jacksonville, Florida

M. L. Fleishel, President,
Putnam Lumber Company,
Shamrock, Florida

C. R. Macpherson, President,
Wilson Cypress Company,
Palatka, Florida

Southern Pine Association.

H. C. Berckes, Executive Secretary, S.P.A.,
Interstate Bank Building,
New Orleans, Louisiana

V. A. Stibolt, President,
Natalbany Lumber Company,
Hammond, Louisiana

Ernest L. Kurth, President,
Angelina County Lumber Company,
Keltys, Texas

Western Pine Association.

S. V. Fullaway, Jr., Executive Secretary, W.P.A.,
Yeon Building,
Portland, Oregon

C. L. Hamilton, Vice-President and Secretary,
General Timber Service, Inc., 1st National Bank Building,
St. Paul, Minnesota

J. F. Coleman, President, W.P.A.,
Kinzua Pine Mills Company
Kinzua, Oregon

Maple Flooring Manufacturers Association.

E. C. Singler, Executive Secretary, M.F.M.A.,
332 South Michigan Avenue,
Chicago, Illinois

A. C. Wells, President
J. W. Wells Lumber Company,
Menominee, Michigan

C. A. Goodman,
Sawyer-Goodman Company,
Marinette, Wisconsin

American Walnut Manufacturers Association.

Burdett Green, Executive Secretary, A.W.M.A.,
616 South Michigan Avenue,
Chicago, Illinois

Northern Hemlock and Hardwood Manufacturers Association.

O. T. Swan, Executive Secretary-Manager, N.H.H.M.A.,
Oshkosh, Wisconsin

R. B. Goodman, President, N.H.H.M.A.,
Marinette, Wisconsin (Sawyer-Goodman Company)

Appalachian Hardwood Manufacturers, Inc.

H. E. Everly, Managing Director, A.H.M.
414 Walnut Street,
Cincinnati, Ohio

J. W. Mayhew,
W. M. Ritter Lumber Company,
Columbus, Ohio

Southern Hardwoods, Inc. (Hardwood Manufacturers Institute).

J. H. Townshend, Secretary-Manager, H.M.I.,
Sterick Building
Memphis, Tennessee

H. B. Johnson, President,
Mansfield Hardwood Lumber Company,
Shreveport, Louisiana

F. R. Gadd, H.M.I.,
Sterick Building,
Memphis, Tennessee

Northern Pine Manufacturers Association.

S. L. Coy, President, N.P.M.A.,
President, Northwest Paper Company,
Cloquet, Minnesota

W. A. Ellinger, Secretary, N.P.M.A.,
Lumber Exchange Building,
Minneapolis, Minnesota

Northeastern Lumber Manufacturers Association.

E. W. Treen, Secretary, N.E.L.M.A.,
2506 Chanin Building, 122 East 42nd Street,
New York, New York

E. R. Plunkett, President,
Plunkett-Webster Lumber Company,
New Rochelle, New York

National Oak Flooring Manufacturers Association.

Ralph E. Hill, Secretary,
830 Dermon Building,
Memphis, Tennessee

West Coast Lumbermen's Association.

Colonel W. B. Greeley, Secretary-Manager, W.C.L.A.,
364 Stuart Building,
Seattle, Washington

C. H. Kreienbaum,
Reed Mill Company,
Shelton, Washington

G. T. Gerlinger,
Willamette Valley Lumber Company,
Portland, Oregon

Lumber Exporters.

L. E. Force (West Coast Woods)
Douglas Fir Exploitation and Export Company,
1125 Henry Building,
Seattle, Washington

W. J. Sowers (Southern Pine)
American Pitch Pine Export Company.
New Orleans, Louisiana

Douglas F. Heuer (Southern Hardwoods)
National Lumber Exporters Association,
Memphis, Tennessee