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NATIONAL RECOVERY ADMINISTRATION

DIVISION OF REVIEW

EVIDENCE STUDY

NO. 32

OF

THE RETAIL LUMBER INDUSTRY

Prepared by

W. E. YOST

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

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

L. C. Marshall  
Director, Division of Review

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## RETAIL LUMBER INDUSTRY

(Evidence)

### CHAPTER I

#### THE NATURE OF THE INDUSTRY

The handling of lumber by the retail dealer is an outgrowth of the early mill. As the timber was cut out in each section, the lumberman became a retail distributor acquiring his product from distant sources to fill local demands.

#### Size of Industry

In 1929 there were 26,377 establishments employing 134,483 persons and doing an annual business of \$1,918,284,000. In 1933 there were 21,015 establishments employing 64,613 persons with an annual business of \$603,416,000.<sup>1/</sup> The Administration has been furnished by the Code Authority with names and addresses of 23,531 retail lumber dealers in 1934. Retail lumber dealers generally handle many items competing with lumber, but such materials as brick tile and steel give the most serious competition.

#### Sales and Employment by States

Tables I and II recapitulate for a representative cross section of the country the number of establishments and volume of business in each state in 1929 and 1933, together with a comparison of the number of employees and the payrolls in each state.

#### Capacity

The shift of production centers of materials has not affected to any extent the retail business, for, as explained later, retailers draw upon the resources of the entire United States and their capacity is limited only by the supply available. There is no doubt but that the retailers could handle any demands which the Construction Industry might make.

#### Number of Failures

According to information from Dun and Bradstreet reports, shown in Table III, there were 168 failures in 1933 with total liabilities of \$9,655,146 and 82 failures in 1934 with total liabilities of \$1,571,691.

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<sup>1/</sup> The above figures include the entire volume of business done by retailers grouped in the Census of Retail Distribution as follows:- Lumber and building material dealers; lumber and hardware dealers; roofing dealers and other retailers of building materials (brick, stone, cement, etc.). They do not, therefore, represent the amount of lumber sold at retail. Such figures, if available, would be considerably lower than the figures presented here.



CHAPTER II

LABOR STATISTICS

In 1929 there were 134,483 full-time employees in this Industry and 15,076 part-time employees. The total annual payroll was \$222,854,000. In 1933 there were 64,613 full-time employees and 19,589 part-time. Their total annual earnings amounted to \$87,222,000. The details of employment and payroll by states are shown in Tables I and II.

As illustrative of the wage decline, Table IV, furnished by the National Retail Lumber Dealers Association, shows that the number of employees at 50 cents per hour or over declined from practically 100,000 in 1929 to approximately 43,000 in 1933. At the same time the number of employees paid 15 cents per hour or less increased from 2,132 in 1929 to 3,734 in 1933.

Practically all establishments worked 60 hours per week prior to the Code which established a maximum of 40 hours.

There are no figures available giving the employment of minors in this Industry, but it is the opinion of the writer that this practice has not developed to any serious extent.



## CHAPTER III

### MATERIALS

The principal materials handled by retail lumber dealers are lumber of all sizes, grades and species. A retail dealer in any city purchases his material from practically every state in the Union. Douglas Fir dimension and finish come from Oregon and Washington; redwood from California; Ponderosa pine, Idaho white pine, sugar pine, white fir, spruce, larch and cedar from the Western Pine Region consisting of Montana, Idaho, Wyoming, Utah, Nevada, Colorado, Arizona and New Mexico; hardwoods from practically all states east of the above; Southern pine from all the southern states; maple flooring from Wisconsin and Michigan; and spruce and hardwoods from the northeastern states. The species overlap in the various states to such an extent that it is impossible to determine the amount of any product going to any particular section.

An analysis of costs of retail dealers, made by the Division of Research and Planning, NRA, showed that the cost of goods sold was about 72 per cent of total sales for 1934.



## CHAPTER IV

### PRODUCTION AND DISTRIBUTION

For the purpose of determining the value of products distributed by retail dealers in interstate commerce, figures have been compiled in Tables V and VI for a number of metropolitan districts for 1929 and 1933, which show the percentage relation which sales in these districts bear to the total national sales. With truck transportation making points 250 miles or more from origin easily accessible, all dealers near state lines compete and obtain business within a radius of 500 miles, which makes the cross-state-lines movement of lumber a matter of moment, and the price in any section vitally affects all territories.

It has been estimated from figures compiled by the Forest Service <sup>1/</sup> that in 1932 approximately 64 per cent of the lumber produced in the United States moved in interstate commerce.

Most of the advertising is of a local character through newspapers and to some extent by radio.

As far as the writer knows, there is no exporting done by retailers.

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<sup>1/</sup> U. S. Department of Agriculture, Forest Service, Lumber Distribution and Consumption, 1932.  
(1934), pp. 2-7.





TRADE PRACTICES

The practices of long term credits, excessive discounts, price cutting and substitution were prevalent among retail lumber dealers prior to the Code. In addition it was considered unfair for mills and wholesalers to sell direct to consumers. The retailers attempted to legislate through the Code a provision to outlaw dealers who sold other than from producer to wholesaler to retailer and then to consumer. This unfair trade practice, however, the Administration would not recognize holding that it was an economic necessity to provide for the movement of lumber to the consumer by the cheapest possible method.

The statistics show that the volume of business declined from \$1,918,284,000 in 1929 to \$603,416,000 in 1933. This enormous decline in the volume of business brought about extreme competition and competitive methods which forced sales below actual cost and resulted in lowering wages, reducing employment, bankruptcy and general depletion of resources. This situation has been further accentuated by the fact that producers suffering greatly curtailed volume of business have found it necessary to enter the retail field in sales direct to consumers. The mandatory mark-up provision in the Code stopped this loss to some extent, but the volume has not increased appreciably.



CHAPTER VI

ORGANIZATIONS

The retail lumber trade is a local Industry employing practically all common labor, and it has never experienced any serious labor troubles. No labor unions exist among employees in this Industry so far as the writer knows.

Gradually the dealers have been drawn together in well organized groups or associations. Under the Code there were 32 divisions handled by well organized and functioning trade associations.



TABLE I

STORES, SALES, EMPLOYEES, AND PAYROLLS,  
BY STATES: 1929 <sup>a/</sup>

State	Number of Stores	Net Sales (thousands)	Number of Proprietors	Number of Employees		Total Payroll (thousands)
				Full Time	Part Time	
California	1,229	\$ 126,669	713	2,473	686	\$ 14,777
Illinois	1,643	139,337	1,185	2,873	877	16,759
Iowa	1,354	69,098	744	3,674	947	5,301
Kansas	1,097	48,313	628	2,591	596	4,210
Minnesota	1,142	49,017	427	3,028	612	5,046
New York	1,757	210,526	1,326	13,323	764	24,482
Ohio	1,505	115,910	1,232	6,996	797	15,493
Pennsylvania	1,533	117,620	1,646	9,829	1,006	15,957
Texas	1,851	122,392	928	5,801	825	10,705
Wisconsin	970	78,583	510	4,960	685	7,772
Total 10 States	14,081	\$1,077,965	9,559	70,548	7,855	\$120,916
Total United States	26,377	\$1,981,284	17,056	134,483	15,076	\$222,854

Source: Fifteenth Census of the United States, Census of Distribution, Volume I,  
Retail Distribution.

<sup>a/</sup> Includes lumber and building material dealers; lumber and hardware dealers;  
roofing dealers; and other retailers of building materials.



TABLE II

STORES, SALES, EMPLOYEES, AND PAYROLLS,  
BY STATES: 1933 <sup>a/</sup>

State	Number of Stores	Net Sales (thousands)	Number of Proprietors	Number of Employees		Total Payroll (thousands)
				Full Time	Part Time	
California	1,202	\$ 42,316	737	4,320	1,290	\$ 7,123
Illinois	1,243	40,794	824	4,293	1,249	6,124
Iowa	1,123	23,781	635	2,022	665	2,661
Kansas	912	14,386	461	1,353	377	1,703
Minnesota	991	23,264	381	2,211	613	2,974
New York	1,231	56,726	956	5,453	1,238	8,760
Ohio	1,043	28,447	752	3,437	1,189	4,650
Pennsylvania	911	28,857	875	3,223	1,492	4,699
Texas	1,525	35,896	725	3,651	892	4,502
Wisconsin	903	26,937	504	2,696	946	3,572
Total 10 States	11,089	\$ 321,404	6,850	32,714	9,951	\$46,773
Total United States	21,015	\$ 603,416	13,286	64,613	19,539	\$87,222

Source: Census of American Business: 1933

<sup>a/</sup> Includes lumber and building material dealers; lumber and hardware dealers; roofing dealers; and other retailers of building materials.





TABLE III

FAILURES IN RETAIL LUMBER AND BUILDING MATERIAL LINES a/

Year	Number	Liability Involved
1933	168	\$9,655,146
1934	82	1,571,691

Source: Dun and Bradstreet's Monthly Reviews.

a/ Lumber and Building Material Lines include building materials and saw, planing, sash, and door mill products.



TABLE IV

## COMPARISON OF HOURLY EARNINGS IN 1929 AND 1933

	As of July 1st			
	Male		Female	
	1929	1933	1929	1933
Number of employees at 15¢ per hour or less	2,051	3,585	81	149
" " " " " "	3,377	5,229	260	434
" " " " " "	6,821	6,362	543	803
" " " " " "	9,120	10,279	1,016	916
" " " " " "	15,035	17,539	1,126	1,190
" " " " " "	20,981	14,778	875	1,708
" " " " " "	22,195	12,962	1,463	893
" " " " " or over	94,020	39,314	5,895	3,070

Source: National Retail Lumber Dealers Association



TABLE V

STORES, SALES, EMPLOYEES AND PAYROLLS  
IN TWENTY-TWO METROPOLITAN DISTRICTS: 1929 a/

Interstate Metropolitan Districts	Number of Stores	Net Sales (thousands)	Number of Employees		Total Payroll (thousands)
			Full Time	Part Time	
Chattanooga	11	\$ 1,657	174	1	\$ 240
Chicago	259	48,783	3,173	135	7,363
Cincinnati	65	8,663	664	6	1,117
Davenport	20	7,342	638	6	1,000
Duluth	30	2,982	181	18	367
Evansville	22	1,630	218	5	329
Huntington	9	575	71	4	98
Kansas City	104	11,813	986	67	1,735
Louisville	41	4,094	375	6	514
Memphis	37	5,056	486	8	711
New York	650	108,134	5,879	127	12,290
Omaha	54	6,605	496	60	912
Philadelphia	171	17,246	1,427	48	2,422
Portland	61	2,505	238	30	382
Providence	85	11,260	979	34	1,619
St. Louis	135	11,535	1,056	57	1,791
Springfield	20	2,621	175	7	330
Trenton	18	3,038	185	2	420
Washington, D. C.	31	4,598	346	8	581
Wheeling	14	839	99	6	195
Wilmington	9	2,691	235	11	365
Youngstown	50	5,460	452	20	849
Total	1,896	\$ 269,603	18,533	666	\$ 35,632
Total United States 1929	26,377	\$1,916,284	134,483	15,076	\$ 222,854
Per Cent Total Districts of Total United States	7.19	14.05	13.78	4.42	15.99

Source: Areas included in Metropolitan Districts from Fifteenth Census of United States: 1930, Metropolitan Districts. Other data from Fifteenth Census of the United States, Census of Distribution, Volume I, Retail Distribution.

a/ Includes lumber and building material dealers; lumber and hardware dealers; roofing dealers; and other retailers of building materials.



TABLE VI

STORES, SALES, EMPLOYEES AND PAYROLLS  
IN TWENTY-TWO METROPOLITAN DISTRICTS: 1933 a/

Interstate Metropolitan Districts	Number of Stores	Net Sales (thousands)	Number of Employees		Total Payroll (thousands)
			Full Time	Part Time <sup>c/</sup>	
Chattanooga	9	\$ 464	114	46	\$ 118
Chicago <u>b/</u>	233	15,280	759	390	2,581
Cincinnati	61	2,451	332	86	452
Davenport <u>b/</u>	7	200	26	8	33
Duluth <u>b/</u>	14	614	100	41	139
Evansville	9	331	37	12	44
Huntington <u>b/</u>	17	579	110	6	107
Kansas City	64	2,903	361	147	524
Louisville	25	1,248	163	59	224
Memphis	23	1,270	205	79	220
New York <u>b/</u>	522	21,533	2,096	468	3,573
Omaha <u>b/</u>	31	2,456	263	101	333
Philadelphia <u>b/</u>	93	2,972	363	150	550
Portland	42	1,190	139	93	199
Providence <u>b/</u>	36	2,015	237	68	414
St. Louis <u>b/</u>	62	2,603	331	77	448
Springfield	22	839	129	25	181
Trenton	4	101	9	8	18
Washington, D. C.	23	2,260	247	51	369
Wheeling <u>b/</u>	5	296	42	15	50
Wilmington	12	402	45	53	85
Youngstown <u>b/</u>	18	393	61	16	89
<b>Total</b>	<b>1,342</b>	<b>\$ 62,355</b>	<b>6,174</b>	<b>1,999</b>	<b>\$10,801</b>
<b>Total United States</b> 1933	<b>21,015</b>	<b>\$303,416</b>	<b>64,313</b>	<b>19,589</b>	<b>\$87,222</b>
Per Cent Total Districts of Total United States	6.39	10.33	9.56	10.20	12.38

Source: Areas included in Metropolitan Districts from Fifteenth Census of United States: 1930, Metropolitan Districts. Other data from Census of American Business: 1933.

a/ Includes lumber and building material dealers; lumber and hardware dealers; roofing dealers; and other retailers of building materials.

b/ Incomplete. Do not include all cities reporting in these districts for 1929.

c/ Number of part-time employees for each district computed proportionately from state totals.







