To the Employes of the Lumber Industry and to the Public

Statement No. 1---September 19, 1920

A community is prosperous in proportion as its payroll-producing interests prosper.

In Oregon and Washington lumber pays approximately sixty per cent of all wages. It employs more than one hundred thousand people.

Payrolls cannot be financed unless products are sold. Products cannot be sold unless markets are available.

A serious situation now confronts the Pacific Northwest lumber industry. It necessarily will reflect in the economic welfare and development of every city or smaller community from California to and beyond the British Columbia line.

No extended statement as to the necessity of safeguarding the present or future development and growth of the Pacific Northwest lumber industry seems necessary.

The problem most serious at this time is the INCREASE IN FREIGHT RATES dating from August 26.

In this statement, and in subsequent statements, the lumber industry will deal with this freight rate problem, but not with intent to criticise agencies of transportation, governmental bodies which fix rates, or competing lumber producers.

The industry will attempt to portray conditions as they exist—forecasting slightly as to the future—and in any event furnishing the public with an accurate basis from which to reach conclusions as to what the lumber industry needs and must have to exist, as well as enabling the public to realize the consequences of failure on the part of all interested to bring about better industrial and marketing conditions.

The principal product of Pacific Northwest lumbering is Douglas Fir.

Its principal competitor is Southern Pine.

The production of Southern Pine is twice that of Douglas Fir.

For many years to come the production of Southern Pine will be billions of feet annually in excess of Douglas Fir.

The Southern Pine belt is far from exhausted.

The two woods are sold in the same markets east of Denver; and neither the Fir nor the Southern Pine industry can exist if denied access to markets such as Chicago and other principal lumber-consuming centers.

As to logging, manufacturing and all processes necessary to the placing of the manufactured product on cars, the two woods may be considered to be substantially on the same basis.

By far the greatest cost in the production of lumber is labor. The South has a lower wage scale and a ten to twelve-hour standard day as against a high wage scale and an eight-hour standard day for Oregon and Washington.

Fir is approximately twice as far as Southern Pine from the large consuming lumber markets.

That fact should be remembered, as it is the West Coast's distance from the necessary markets and the cost of transportation thereto that have been the West Coast mill operator's great obstacle in the past.

The recent increase in freight rates has, in effect, removed West Coast mills still farther from the necessary Eastern markets; and this primary problem—transportation and the cost thereof—has now become greatly emphasized.

For years West Coast manufacturers have struggled to overcome this distance-from-market handicap, without much success until the war created an opportunity for wider distribution of West Coast lumber, and caused the West Coast woods to become well and favorably known in a considerable portion of the Eastern part of the United States.

Before the recent advance the Northwest Coast rate to Chicago, which is the largest lumber-consuming market in the world, was 60 cents per hundred pounds; yellow pine rate was 31 1-2 cents. An increase of 33 1-3 per cent has been added to both rates, thus increasing THE FIR RATE 20 cents as compared WITH INCREASE FOR SOUTHERN PINE OF 10 1-2 cents.

Before the percentage increase, fir was fighting for its share of the business in Chicago. For instance, under a freight rate handicap amounting to $6.81 per M of lumber. The present increase adds $2.27 per M to that disadvantage—making a total of $9.08 per M, which FIR WILL HAVE TO ABSORB IN ORDER TO MEET SOUTHERN PINE COMPETITION at that point.

Under the new freight rates Fir in competition with Southern Pine is asked to absorb:

AT			
Minneapolis..	$ 3.76 per M Ft.	or	$ 94.00 per average car
Des Moines...	9.60 per M Ft.	or	240.00 per average car
St. Louis.....	11.68 per M Ft.	or	292.00 per average car
Kansas City..	8.37 per M Ft.	or	209.25 per average car
Indianapolis .	12.46 per M Ft.	or	311.50 per average car
Detroit	11.28 per M Ft.	or	282.00 per average car
Pittsburg	12.12 per M Ft.	or	303.00 per average car
New York ...	13.11 per M Ft.	or	327.75 per average car

These are heavy consuming points of both Fir and Pine lumber.

The approximately two hundred thousand cars of Northwest forest products shipped annually have heretofore paid a freight bill of FIFTY-FIVE MILLION DOLLARS. If the present increases stand, there will be added freight charges of FIFTEEN MILLION DOLLARS, provided the same amount of lumber is shipped.

This proviso is all-important to the railroads as well as to the shippers. If we may be allowed to make a forecast, will state that, at the present freight rates lumber will not move in the same quantities that it has in the past.

WEST COAST LUMBERMEN'S ASSOCIATION

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