

Tight Money Pinches Lumber Trades With Big Drop in New Housing Starts

By WILLIAM DEAN
Eugene Register-Guard
Staff Writer

EUGENE — Look around your own neighborhood. Probably, you'll find someone who is out of work, or is getting only a short shift, or whose business isn't quite as good as he thinks it should be. It may be you.

There are a number of reasons for this — but ask most any lumber producer or seller, real estate man or builder, and he'll give it to you in two words:

"Tight money."

In the year since these two words first came into public use they have been blamed for everything but the common cold.

Many Ramifications

In the last two weeks, lumber producers have been getting a concentrated lesson in what the two words encompass. At a meeting of the Western Forest Industries Assn. in Vancouver, B. C., and another meeting of the West Coast Lumbermen's Assn. in Portland

they were told that there are many ramifications to what is going on in the housing business as a band saw has teeth.

Each of these ramifications has some effect on home construction.

In 1955 home building was at an all-time high of 1,350,000 starts.

Lumbermen couldn't seem to satisfy the demand for forest products.

Mortgage credit was free and easy.

In fact it was too free and easy.

The Federal Reserve Board, keeping a sharp eye on the state of the economy, foresaw a burgeoning inflation and clamped on some controls.

The board, through its regional banks, began charging more for the money it loaned to member banks. It became less easy for homebuilders to get credit and financing.

Shift to More Expensive

At the same time, the industry itself apparently underwent a change. There was a shift from many relatively low-cost units to fewer, more expensive houses.

Early in 1956, lumber and plywood producers watched housing starts slide off their peak.

More than 1,100,000 new houses were started that year.

Lumber demand skidded downward almost in pace with the new starts.

By the beginning of 1957 the monthly lumber production rate was 7 to 10 per cent below the five-year average.

Western producers scrambled to hold their markets and to develop new ones to cushion the drop.

More serious for most Western Oregon mills was the sharp drop in lumber prices. Buyers began to dicker.

By mid-March, 1957, when industry market analysts finally began to see a consistent upward flicker in western lumber prices and demand, the average of all the Northwest's major species was \$13.19 below the same period last year.

Plywood was correspondingly lower-priced. The average for green fir lumber, Western Oregon's mainstay, was down an even \$14.

No Profit Left

In many cases, these prices

mean that the value of the product had been squeezed down so close to the cost of timber that there was little left in between for logging and milling costs, let alone profit.

The result was a general cutback in production during 1956, and probably during most of 1957. This is why you probably can find someone in your neighborhood, perhaps even yourself, who has had a pretty lean time of it.

In many cases the mills have been able to soften the shock to individual employees by working shifts on alternate weeks — giving each man one week of work out of every two or so — or by cutting back from five to four day weeks.

The picture is not all bleak.

There are some encouraging signs for the near future — despite predictions that house construction starts this year will be down around one million or even less.

Almost everyone says there will be a great year dawning about 1958 or '59.

Bohlen Leaves Russian Post For New Job

U. S. Ambassador Had Deepest Respect Of Soviets

By ROY ESSOYAN

MOSCOW (AP) — Through four years, Ambassador Charles E. Bohlen has served as the eyes and ears of the United States in the world's most trying diplomatic post.

Even the Russians respect him, but now that he is leaving, they may well be glad to be rid of him.

"What we most respect about Ambassador Bohlen," a Russian official once grudgingly admitted, "is that he never panics, even when things are touchy, and as for repartee, he gives Nikita Khrushchev (Khrushchev) a run for his money."

The U. S. State Department's top Russian expert is going to Manila, to be U. S. Ambassador to the Philippines, with, as he put it, "no complaints, no squawks."

Would Like to Stay

But his friends say he would have liked to stay on and watch the Russian scene a little longer.

The Soviet Union has been likened to a jigsaw puzzle perched on a powder keg. In such a situation it's the stray pieces that count, and the eye to catch them.

Bohlen, 53, has gained a reputation as the ambassador in Moscow with the best background, the deepest knowledge of his subject, the most fluency in the Russian language.

Khrushchev and the other Soviet leaders will have reason to remember the easy-going, almost languid wit often displayed by the slim, athletic-looking diplomat.

At a French Embassy reception Khrushchev, with his usual ponderous humor, teased Marshal Georgi Zhukov for eating with such gusto.

"What do you expect?" quipped Bohlen. "You've just whacked his defense budget. Of course he's hungry."

Soviet leaders often sought out Bohlen at receptions and engaged him in long, serious conversations which probably gave him a more intimate understanding of the Soviet leadership personality than any other Western diplomat has.

"Chip knows you cannot win their confidence or liking," one of his intimates says, "but he also knows you cannot deal with them unless you have their respect."

No successor, regardless of ability, can easily assume the position Bohlen maintained among his fellow diplomats and in his relations with the Kremlin.

Bakery Union Trial Slated By AFL-CIO

WASHINGTON (AP) — The AFL-CIO Ethical Practices Committee Monday set May 7 as the date for a hearing into corruption charges involving officials of the Bakery Workers Union if the officials want such a hearing.

Curtis R. Sims, secretary-secretary of the 160,000-member union, has charged James G. Cross, president, and George Stuart, resigned vice president, with misconduct in office in respect to handling union funds.

The Ethical Practices Committee previously has voted an investigation.

The committee has served similar notice of a hearing on the Teamsters Union for May 6. Neither the Teamsters nor the Bakers have so far informed the committee whether they want the hearings, which are optional with the accused parties.

Both unions are accused under a section of the AFL-CIO constitution which says that unions affiliated with the AFL-CIO found to be substantially dominated by corrupt influences should be ousted from the federation.

The Teamsters are the largest AFL-CIO affiliate with 1,350,000 members.

Georgia Community President Denies Communist Accusations

AMERICUS, Ga. (AP) — The president of Koinonia Farm says that members of the troubled biracial community have no connection with the Communist party, are not responsible for any violence, and will remain in southwest Georgia regardless of what happens.

Norman Long, president of the 1,100-acre establishment, said last night in a prepared statement that:

"These are our homes. We shall not leave them. If those who seek to drive us out are so determined that the choice is to leave or die, then we shall have to die."

Koinonia has been the scene of bombings, shootings and burnings in the past few months and is the object of a growing economic boycott.

Another bill has been introduced to provide the money to carry on the work during the next biennium.

"Even if we are attacked we will not retaliate," said Long.

The grand jury did not return any indictment against any official or resident of the farm. Nor was any prosecution directly proposed.

The farm was established 15 years ago as a religious colony and at present about 45 white and 15 Negro men, women and children work and live there.

Yesterday 23 white Georgia ministers made public a letter stating that "Koinonia farm is a Christian community" and "We pray that God's truth and Christ's redeeming love may be revealed in this present crisis in Sumter County."

PONIES TOO POPULAR

TOLEDO, Ohio (AP) — Pony rides are being discontinued at the Toledo Zoo. Crowds run 8,000 to 10,000 a day and the five Shetlands just can't accommodate all the children who want to ride them.

And, too, says Zoo Director Phil Skeldon, the ponies get such a workout that their appetites would do credit to draft horses.

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