

# Lumber Market Outlook Improved By Increase on Interest Rates

By A. ROBERT SMITH  
Mail Tribune Correspondent  
Washington—The outlook for next year's lumber market has been improved by the administration's decision to increase the interest rate on FHA-insured mortgages, according to the National Lumber Manufacturers Association. NLMA is hopeful that Congress will follow suit this winter and jack up the interest rate on GI mortgages by the same amount, from 4½ to 5 per cent, in order to assure a greater supply of money available for mortgages that would stimulate home building.

"We are confident now that housing will exceed one million units next year," an official of the trade association said. There had been fears home building would drop below 1,000,000 units in 1957 because of the tight money situation. Home construction for 1956 is running something over 1,100,000 units.

"It was lack of financing, more than anything else, that caused home construction to slip backward during 1956," declared Leo V. Bodine, executive vice president of NLMA. "The Federal Reserve Board's money policy, aimed at holding down the availability of credit generally, aggravated the situation. But, without question, the major deterrent to investment in home mortgages this year was the 4½ per cent interest ceiling on government-backed home loans."

**Struggle Expected**  
NLMA officials expect quite a struggle in Congress, however, on the issue of raising interest

rates on loans to veterans that are backed by the government. Democratic critics of the tight money policy have already protested the increase in FHA interest rates. FHA rates can be raised by simple executive order by the administration, but only Congress can raise the GI loan rate.

NLMA said while the tight mortgage money market caused a decline in housing starts this year, the impact on the lumber industry wasn't as great as expected because of a trend toward use of more wood for a variety of purposes in home building, such as paneling, kitchen cabinets and decorative trim and exterior finish.

**Steady Gains**  
Also, in building codes, wood construction continued to make steady gains in almost every class of building.

"Prospects for the year ahead

involve a number of uncertainties," according to Bodine. "Legislation-wise, the complexion of the new Congress promises little improvement of the climate for free enterprise. Of particular concern is the forest products industries are prospective bills which would: 1. tie up large areas of government timberland solely for recreational uses; 2. put the government in the business of reporting prices on forest products (both of these have been proposed by Sen. Richard L. Neuberger (D-Ore.); 3. enlarge the

administration's public housing program; 4. require the filing of additional reports with the Securities and Exchange Commission; and 5. make business mergers more difficult.

Some favorable signs, Bodine feels, are the prospects of a federal aid-to-education program being adopted by Congress which would increase school construction. He said "the economic advantages of one-story wood schools have been recognized in many sections of the country."

**Highway Program Credited**  
Another is the new multi-billion-dollar federal highway program which Congress approved last summer. Bodine feels this "will pave the way for vast amounts of new construction—homes, schools, churches, industrial plants, stores and commercial buildings—in which wood can play a leading role."

"Many of the materials com-

petitive to wood—steel and concrete—may be hard-pressed to meet demands of the highway program and the requirements of other new construction," said Bodine. "This would present new opportunities for the promotion of engineered timber construction in commercial and industrial building."

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Two new books on dog care have been added to the Medford Public Library. They are Jack Scott's "Your Dog's Health Book," which covers all aspects of dog health and care, and Hayes Hoyt's "All You Need to Know About Dogs."

Legend says that Bah Sham (Damascus), the capital of Syria, was founded by Noah's grandson a few years after the great flood. Bah Sham is reputed to be the oldest continuously inhabited city. The National Geographic Society says.

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**SOME FIND**—Ben Spaw, 37, holds the check for \$50,000 that he uncovered in a soft drink bottle on a vacant lot in Dallas, Texas. The check was buried by radio station KLIF. Spaw found the check just five hours before the deadline.

## Russian Aircraft Industry Hampered

London—U.P.—Russia's aircraft industry is moving into the "very advanced" stage but is still hampered by the general backwardness of Soviet industry, the authoritative publication James All The World Aircraft said Thursday.

The book said the Soviet Union was developing atomic powered aircraft, guided missiles and advanced design flying machines and in general showed more evidence of "moving fully into the field of modern aeronautics" last year.

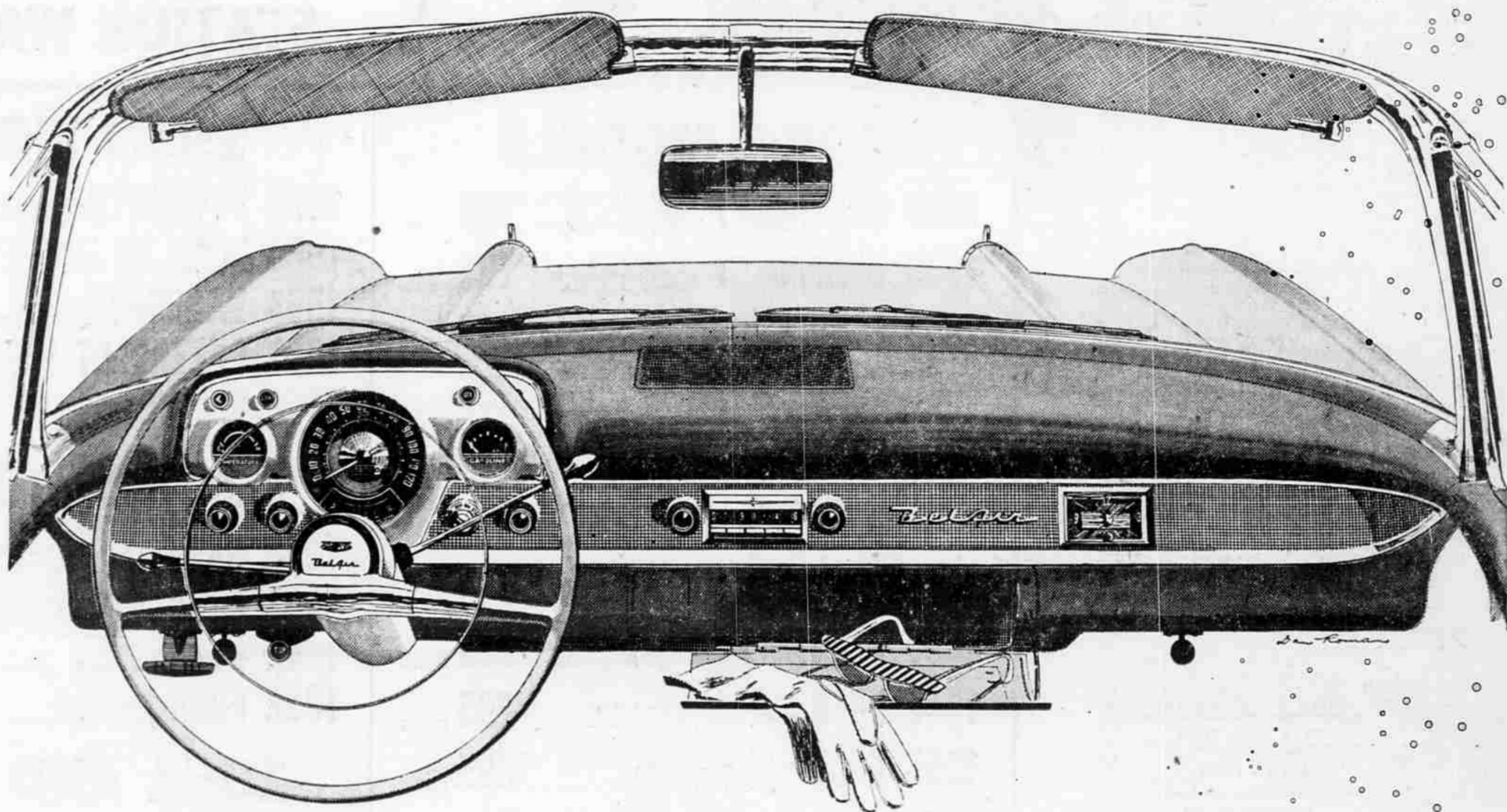
Editor Donald Bridgman said Russian aircraft will "receive the modern refinements which they perhaps lack at present" when the general background of Soviet life and industry improves.

## U. S., Chinese Envoys End 63rd Meeting

Geneva—U.P.—U.S. Ambassador U. Alexis Johnson and Communist Chinese Ambassador Wang Ping-nan held their 63rd meeting here yesterday. Again, there was no reported progress.

"In view of the Christmas and New Year holidays," the closing communique said, they decided not to hold their next meeting until Jan. 19.

Neither ambassador made any comment on leaving the session. But it was presumed they again discussed the possibility of releasing the 10 Americans still in Chinese prisons and of the American proposed declaration of renunciation of force in the Formosa area about which they have been talking vainly for the past 17 months.



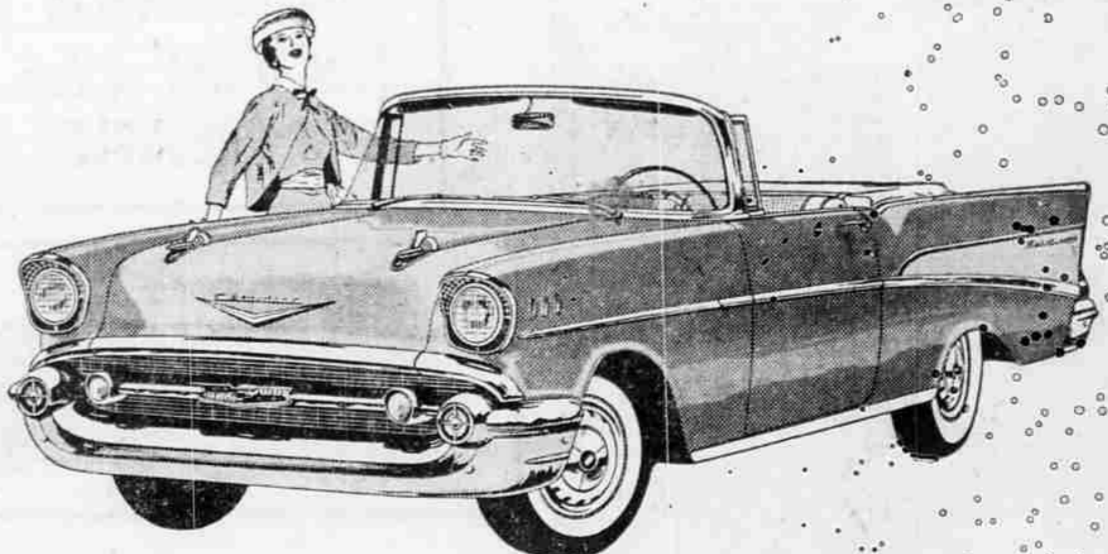
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