

Forest Industries Anticipating More Mergers of Smaller Firms

Portland—Lumber producers must manufacture a more finished product, even to the extent of producing pre-fab homes. The forest products industry also can look forward to continuing mergers of companies, a closer integrated relationship with pulp and paper and other fiber products, and to a complete dependence upon second growth forests for its timber within a hundred years.

These are a few of the economic observations in the annual Forest Industries Yearbook issue of The Timberman, logging-forestry journal published by Miller Freeman publications. To obtain the cross-section of thinking on "what's ahead," the trade journal questioned more than 100 officials in private industry and government throughout the United States, Canada and Alaska.

Other Observations
Among other observations is one that lumber production is not likely to gain in succeeding years, and with population gaining, will find a per capita use. Markets lost to other materials will probably not be regained, but that other markets can be held.

Industry members look favorably on the change from old-growth forests to the new, managed stands. They envision uniform sized logs which promise more efficient manufacturing equipment and a decline in low grade lumber.

The helicopter, a few years ago only a Paul Bunyan idea, is now considered a piece of logging equipment with a logical use in the very near future. Other new woods equipment will include lighter, more mobile units and rubber tired rigs to replace crawler tracks.

Free Trade Right
A large number of executives, while fretful over imports of logs, lumber and plywood, agree that free trade is right.

Some comments from executives from various areas are: From the eastern and southeastern area: "Lumber is only one product; we must look at more."

The southwest: "Trend will continue to be toward big, integrated operations. The basic reason—survival. Complete integration is the only answer to survival."

Alaska: "Pulp mills will always play the dominant role (in Alaska). Sawmills or plywood plants will go out with the new growth. However, old growth will last a long time."

Fiber Economy
Inland Empire (Idaho and Montana): "Lumber will give way to a fiber economy, but that's still 30 to 50 years away."

Washington: "We are 20 to 30 years away from a second growth economy. It will be 60 years before the last old growth is cut."

Oregon: "Smaller companies will band together on such items as shavings, sawdust and chips going to a jointly owned utilization plant. Eventually we'll have 'percolator' plants to break down wood residues into wood sugar for

Agency Budgets to Be Reviewed by UMC

Budgets of agencies requesting inclusion in the 1958 United Medford Crusade will be reviewed by June 21, according to Edward Branchfield, chairman of the UMC budget committee. The committee's report will be made at the June 23 directors' meeting.

Budget committee members appointed by President Tom Polk are Tom K. Oliver, Ray M. Sorenson, Dr. Merle E. Foland, Dunbar Carpenter, William E. Duhaime and Lawrence Clark.

The agency budgets, showing estimated expenditures for 1959 community services, will be studied by the committee at meetings June 13, 17 and 19 and then discussed with agency representatives.

Committee members will determine the agencies to be included in the 1958-59 campaign, the amount each agency will be allotted in the campaign goal, and the total goal, including campaign expenses and a reserve for uncollectible pledges.

Guarantees
Branchfield said the budget process guarantees to the public that money raised for charitable agencies in the UMC is essential to the community welfare and will buy its equivalent in community services.

An additional advantage, he said, is that available community dollars are divided among agencies so that essential services can be rendered.

Upswing of Lumber Seen by President Of Manufacturers

By N. FLOYD MCGOWIN
President National Lumber Manufacturers Association

Lumber production is showing signs of recovering from the abnormal lows of recent months. Much of this is traceable to growing indications that the nation is on the verge of a new surge in home building.

While lumber output during the first three months of 1958 totaling 7,311,000,000 board feet—was down an estimated 10 per cent from the year-ago level, figures for the second quarter are expected to show a somewhat smaller percentage of decline.

The biggest months for lumber output—June, July, August and September—are just beginning. Conceivably, production during the second half of 1958 could boost this year's total output to the point where it equals—or even exceeds by 2 or 3 per cent—the 1957 level of 33,391,000,000 board feet.

General Conditions
Much, of course, depends on general economic conditions. Regardless of what the federal government does to stimulate home building, our country's general business climate will have a marked influence on housing demand during the succeeding months of 1958.

At the same time, a strong showing in home building could be a key factor in helping the country to recover from its present economic downturn.

It is interesting to note that lumber production during the first quarter of this year has been only a shade below output in the same months of 1950. As home building moved into high gear during the middle and closing months of 1950—and went on to establish a new all-time record of nearly 1.4 million units for the entire year—lumber production likewise rallied to a postwar peak of 38,902,000,000 board feet.

Only Way—Up
Many manufacturers believe the lumber market has hit its present bottom and that from here on out the only way is up. I am inclined to share the view that our industry is on the upswing. Here are some of the circumstances that support that view:

1. In many parts of the country, poor weather has been responsible for curtailing lumber output during recent weeks. Sunshine and dry weather could do much to change the picture in these areas.

2. Lumber inventories at the mill have leveled off in recent months, so the industry is in a much better position now to feel the full salutary effects of a pickup in new business.

3. For the industry as a whole, production has been cut to the point where it is now about equal to shipments. This should head off any new build-up of unwieldy stocks.

4. A sample survey of 480 mills shows new orders for the first 19 weeks of 1958 to be running about 4 per cent above production.

5. Signs of an improvement in farm income suggest a more favorable outlook for farm construction, a prime market for lumber.

6. Railroad and industrial plant demand for lumber can be expected to improve once these segments of the economy

share in a general business upturn.

7. Reports from retail lumber dealers indicate a feeling of optimism for the coming months. Retail stocks, like mill inventories, have been reduced, so any appreciable increase in retail demand would be translated quickly into new business for the manufacturer.

May Mark Time
Actually, 1958 may turn out to be a year in which the lumber industry has had to mark time. Many manufacturers are taking advantage of the lull to seek new ways of lowering production costs, improving quality control procedures and developing better customer relations.

This will put our industry in a stronger position to take advantage of next year's opportunities—most notably, the prospect of a banner year in home building.

One of the most encouraging developments of late has been the acceptance by lumber manufacturers throughout the country of a new million-dollar national wood merchandising program developed by the National Lumber Manufacturers association.

This program, expected to be launched later this year, will do much to help the industry recover and retain markets lost to competitive materials.

All these factors—and others which there is not the space to mention here—suggest that the lumber industry has a right to view the coming months of 1958 with confidence and at least some degree of optimism.

Manley in East on Chrome Assistance

Medford Attorney Bruce Manley is spending several weeks in Washington, D.C., seeking legislation to provide government assistance in financing a producers cooperative chrome processing plant.

Manley, who left May 19, represents the California-Oregon Chrome association and has been working on a bill prepared for immediate introduction in congress, according to word from Washington.

Manley's office reported that assistance also is being sought from the government toward purchase of chromite ore delivered to the plant in advance of the time it would be put in operation.

Manley expected to appear before legislative committees before returning to Medford later this month.

A church tower said to be the largest of its kind in the world has been completed at the Benedictine seminary in Mission City, British Columbia. It has 10 bells one of which weighs a ton and a quarter. The tower is 168 feet high.

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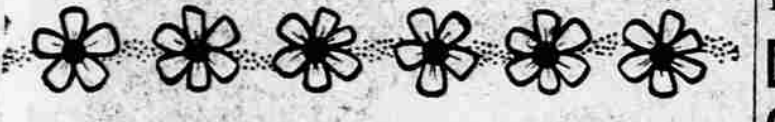
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