

MAM
547

220

REPORT
of
Committee on Thesis

The undersigned, acting as a Committee of
the Graduate School, have read the accompanying
thesis submitted by Mr. Noel G. Sargent
for the degree of Master of arts
They approve it as a thesis meeting the require-
ments of the Graduate School of the University of
Minnesota, and recommend that it be accepted in
partial fulfillment of the requirements for the
degree of Masters

J. H. Bursack
Chairman

Charles A. Oellin

Edgar E. Robinson

May 31, 1916.

UNIVERSITY OF
MINNESOTA
LIBRARY

1901668.85

THE AMERICAN LUMBER INDUSTRY
WITH
ESPECIAL REFERENCE TO THE TARIFF.

-o000o-

A Thesis submitted to the
Faculty of the Graduate School of the
University of Minnesota

by

Noel Gharrett Sargent.

In partial fulfillment of the requirements
for the degree of
Master of Arts

June

1916

ERRATA AND NOTES.

- P.36. Note 4. Read "Bogart" for "Boquet".
- P.68. Par.2.Line 1. "Ball" for "Bull".
- P.175. Line 4. Read "an insufficient market" for "a
sufficient market".
- P.188. Line 7. "compete" for "complete".
- P.206. Note 19. "Hours" for "House".
- P.215. 2d par. Line 2. "banded" for "bonded".
- P.217. Note 48. "Submittal" for "Submitted".

Thruout---"Beckman" for "Beekman."

In tables in chapter VIII read "*A*" shingles for "'A'".

Some abbreviations used:

S.L.---Statutes-at-large.

B.N.A.-British North America Act.

p.-----page.

par.---paragraph.

Note: As the result of a rearrangement and condensation by the
author pp.133-159 inclusive are omitted in the text.

TABLE OF CONTENTS.

Errata Sheet	1
Table of Contents	11
Chapter I--Introduction and Importance	1
Definitions	1
Scope	3
Literature	3
Importance	4
Conclusion	7
Chapter II--History of the Lumber Industry	8
New England States	11
Maine	12
New Hampshire	16
Vermont	21
Rhode Island	22
Massachusetts	23
Connecticut	27
New York	29
New Jersey	31
Pennsylvania and Delaware	32
Southern Colonies	34
Colonial Trade	37
England's Colonial Policy	48
Restrictions on Cutting	54
Internal Restrictions	57
The Revolution	59.

The Confederation	59
The Constitution	60
War of 1812	61
The Middle West	63
Lake States	66
Michigan	67
Wisconsin	69
Minnesota	73
Southern States	78
Pacific States	78
California	79
Oregon	81
Washington	82
Statistical Growth	85
Westward Expansion	90
Chapter III--Tariff Duties	93
Chapter IV---Tariff Debates and Canadian Timber Supply	98
Chapter V----Canadian Competition	109
Labor	109
Transportation	120
Raw Materials	126
Conclusions	130

Note: As the result of a rearrangement and condensation by the author pages number 133-159, inclusive, are omitted in/ the text.

Chapter VI--Exports and Foreign Competition	160
Foreign Trade	163
Our Exports to Canada	168
Chapter VII--Imports and the Tariff	176
Imports	176
Canadian Discriminations	178
Chapter VIII--Prices of Lumber as Affected by the Tariff and Trusts	187
The Tariff	188
Conclusions from Statistics	197
Causes of Price Rise	202
The Lumber Trust	208
Conclusions as to Stumpage	214
Manufacturers' Combinations	215
Retailers' Combinations	220
Free Trade and Prices	225
Conclusions	232
Chapter IX--Economic Effects of Free Trade in Lumber	234
Prospects	252
Conclusions	254
Chapter X--Conclusions	256
Chapter XI--Bibliography	264
Appendix A--Statistics	269
Appendix B--Letter of Victor H. Beckman	273
Appendix C--Gifford Pinchot on the Lumber Tariff	285
Appendix D--Conservation and the Tariff	287

The American Lumber Industry
With Especial Reference to the Tariff

CHAPTER I

Introduction - Importance

This thesis proposes to determine the effects of protective duties on lumber and their necessity. Our ability to compete with Canada⁽¹⁾, the relation of the tariff to prices⁽²⁾, and the economic effects of free trade in lumber⁽³⁾, will be considered. I shall consider only the mill products of rough lumber and shingles.

To the reader this paper may appear poorly balanced, due to the length of Chapter II, in which the history of the lumber industry is considered. The author realizes this defect; it is due to the fact that at some future date he expects to expand the other portions of the thesis and to incorporate certain additional sections, so as to present a well-rounded study of the whole lumber industry.

Definitions

At the outset we must have a clear understanding of the terms used, It is impossible to set up one definition of "lumber" which will conform to the sense in which the word is used in vari-

-
- (1) Chapters IV, V, VI, VII. See summary at end of Ch. V.
(2) Chapter VIII.
(3) Chapter IX.
(4) The author's conclusions may be found in Chapter X

ous texts, in the census, and in trade and other periodicals. The census furnishes us with no clear definition, perhaps the closest to a definition being the statement ⁽⁵⁾, that the principal products of sawmills "include rough lumber, shingles, cooperage materials, veneers, lath, and sawed railway ties." The vast majority of lumber is rough (e.g. not planed).

(6) A somewhat broader definition is that of Sir S. Morton Peto who says lumber is "the product of the saw-mills." This is much too broad for our purposes, for, as the census statement clearly indicates, there are many products of saw-mills which, while of no especial importance, would, nevertheless, have to be considered if Peto's definition be taken.

Lumber is defined by English dictionaries as an Americanism ⁽⁷⁾ meaning timber sawed or split.

The meaning I shall attach to the term "lumber" is one which conforms fairly well, I believe, to the accepted standards; it consists of planks and boards turned out by saw-mills for the market.

(5) 1910 Census, VIII, 422.

(6) Resources and Prospects of America, 1866, p. 35.

(7) Of some interest in this connection is the following from Douglass' "British Settlements in America", written about 1750, quoted in Bishop's "History of American Manufactures", I, 104. "By the term lumber, was generally meant, in America, ranging Timber, Spars, Oak and Pine Plank, Oak and Pine Boards, Staves, Heading, Hoops, Clap-boards, Shingles, and Laths. In the Act of Parliament of 1722, extending the operation of the previous laws for encouraging the importation of Naval Stores, the different kinds of lumber were specified, viz., Deals of several sorts, timber Balks of several sizes, Barrel-boards, Clap-boards, Pipe-boards, or Pipe-holt, White-boards for Shoemakers, Boom and Cant-spars, Bow-stoves, Caprevans, Clap-holt, Ebony-wood, Headings for Pipes, Hogshead and Barrels, Hoops for Coopers, Oars, Pipe and Hogshead-staves, Barrel-staves, Firkin-staves, Trunnels, Speckled wood, Sweet wood, small spars, Oak, Plank, and Wainscot."

Scope

Our topic must be limited for other reasons than the comparative unimportance of some of the mill products. While the lumber industry in its broadest sense includes the manufacture of pulp-paper and furniture, lack of time prevents our considering such branches of the industry. For a similar reason we will not consider the operations of the logging camp or the products of the planing-mill, two very important branches of the lumber industry.

Literature

Comparatively little information as to the lumber industry has been collected and properly correlated. The principal study of the trade is the report on "The Lumber Industry" published in four parts by the Bureau of Corporations in 1911. The chief topics treated in the report were the control of standing timber, prices of lumber, and organizations for the control of its price. The most complete history is the two-volume work of the late James E. DeFe-
(8)
baugh, editor of the American Lumberman, In very many respects, however, this work is deficient.

Wilson Compton of Princeton, is now publishing a doctoral dissertation on "The Price of Lumber in the United States" and Henry F. Holtzclaw, at Johns Hopkins, expects to complete in 1917 his dissertation on "The Lumber Industry in the United States." J. B. Dennison of Hamline College wrote, while a graduate student at Wisconsin, a short treatise on monopoly in the lumber industry.

The reports of the annual conventions of the National Lumber Manufacturers' Association contain much information, as do the various trade journals.

(8) History of the Lumber Industry of America, 1906.

Strange as it may seem this is the only great industry whose relation to the tariff has never been described and published. Among the industries whose tariff connections and history have been explained may be mentioned wool, sugar, cotton, silk, tin-plate, iron and steel, glass, and numerous others.

Unprejudiced information, it can be seen, is rather scarce; in fact, less can be found than on any other great American industry. In Chapter XI will be found a list of the works used as reference.

Importance

For very many reasons the lumber industry is of importance. In certain portions of our country, particularly the Pacific Northwest and the South and Southwest, and, to a less extent, the Lake States, it is one of the chief, if not the chief, of industries, with which the development of the whole section is vitally concerned. Consider the following statement made by President Griggs at the 1911 meeting of the National Lumber Manufacturers' Association: "The lumber interests are so extensive in Washington that the whole state thrives or prospers as does the lumber business."

The report of the National Lumber Manufacturers' Association for 1912 referred to "this association representing the third largest manufacturing industry in the United States." This must have been with respect to capital invested. President Griggs at the 1912 meeting said: "We are concerned in the welfare of an industry employing the largest body of laborers in the United States."

It is, moreover, one of the industries causing the most discussion during the tariff debates, being outranked in this re-

gard probably only by the woolen and sugar duties. The duties on lumber and shingles seem peculiarly important to certain parts of the country; representatives from other sections often unite in opposition. Strong lobbies are maintained by the lumber manufacturers, openly be it said to their credit; they were strenuously opposed, particularly by the farming interests, at least until the reciprocity campaign.

From the "trust" and conservation standpoints also the lumber industry is of vast importance. Charges and counter-charges have been made as to the existence of a "lumber trust", some of which will be examined later. (9)

The size and importance of the lumber industry can best be realized by an examination of comparative statistical figures of recent dates.

In 1909 there were 48,112 active mills, producing 44,509,761,000 feet of lumber, valued at the mill at \$684,479,859; 3,703,195,000 lath, valued at \$9,963,539; and 14,907,371,000 shingles, valued at \$30,262,462. (10)

The Census of 1910 indicated the following facts existing in 1909 in the lumber industry.

Number of establishments	40,671
Proprietors and firm members	48,825
Salaried employees	41,145
Ave. no. of wage-earners	695,019
Total	784,989

(9) The Senate Resolution authorizing the investigation by the Bureau of Corporations said it should be ascertained "whether or not there exists among any corporations, companies, or persons engaged in the manufacture or sale of lumber any combination, conspiracy, trust, agreement, or contract intended to operate in restraint of lawful trade or commerce in lumber or to increase the market price of lumber in any part of the United States." The House Resolution declared the investigation should be conducted "with the particular object of ascertaining whether or not these high prices have resulted in whole or in part from any contract, agreement, or combination

Capital	\$1,176,675,000
Salaries	47,428,000
Wages	318,739,000
Cost of Materials	508,118,000
Value of products	1,156,129,000
Added by manufacture(11)	648,011,000

Of the 695,019 wage-earners employed in the whole lumber industry, 342,189 are employed in merchant saw-mills.

Except for purposes of comparison, however, the figures just presented have little value. It is relative rather than absolute size which impresses us most strongly. The value added by manufacture in all industries was \$8,529,261,000; lumber forming \$648,011,000, exceeded only by foundry and machine shop products with \$688,464,000. These figures, do not include railroads.

Yet a better idea of the magnitude of the trade may be grasped when we examine the statistics of freight carried by the railroads. (12) The total freight carried in 1913 was 2,029,629,904 tons. This was divided by grand-groups as follows:

Products of Agriculture	203,203,192
Products of Animals	45,261,263
Products of Mines	1,099,867,548
Products of Forests	203,615,494
Manufactures	324,789,599
Merchandise	77,971,985
Miscellaneous	74,920,823

Of the individual items lumber ranked third. The ten largest single items were:

Bituminous coal	562,465,724
Ores	171,905,292
Lumber	152,065,216
Anthracite coal	136,205,485

in the form of trust or otherwise".

(10) Other statistics will be found in appendix A.

(11) Value of products less cost of materials.

(12) Statistical Abstract, 1914.

Stone, sand, and like articles	130,496,192
Grain	89,587,276
Merchandise	77,971,985
Cement, brick, lime	73,239,287
Coke	73,155,701
Other forest products	51,550,278

In the light of these facts no one can deny that the timber supply of the United States is a most important factor in both the present and the future of the lumber industry and of other industries.

Conclusion

In the following chapter we will trace the development of the American lumber trade, with some of its outstanding features. The other chapters will treat of problems intimately connected with the industry, with some especial reference to the tariff. As before stated this is the only great industry not so treated.

It is impossible to discuss herein the whole problem of protection versus free trade. As to the relative merits of those policies the reader must form his own opinions, if he has not already done so. The only logical way to discuss a single industry in relation to the tariff is to examine the facts as to its need of protection. Granted the postulates of that doctrine, does the lumber industry need protective duties?

The chief points to be considered must be cost of production, the effect of protective duties on prices, and the industrial effects of the levying or removal of such duties.

CHAPTER II

HISTORY OF THE LUMBER INDUSTRY

It is unnecessary to trace at great length the development of the saw-mill thru all the periods of American history and in all the different sections of our land. For the New England states, New York, New Jersey, and Pennsylvania, Mr. James E. Defebaugh⁽¹⁾ has written an admirable history, I shall present the pioneer efforts in these sections of the country⁽²⁾, as well as in the Middle West and the Pacific States. The statistical importance of the industry at various periods as well as its westward development will also be outlined.

The saw-mill was well-established in the American colonies, as well as in the continental countries, long before it was used in England. Sawmills are said to have been erected in Germany⁽³⁾ in the Fourth Century. History records the erection of a sawmill on the island of Madeira in 1420. Brohough states that French manuscripts of the period declare that in 1332 a sawmill, driven by water power, was the wonder of the inhabitants of Augsburg⁽⁴⁾. In 1427 water power sawmills were operated at Breslau; in

- (1) History of the Lumber Industry in America, 1907. Bishop, History of American Manufactures, I, 93 et seq., traces, in a rather faulty manner, the history of sawmills in the various colonies.
- (2) Except where otherwise noted, statements made as to the early history in the New England states, New York, New Jersey, and Pennsylvania will be from Defebaugh's history. Where other references are given they are in almost every case additions or corrections to Defebaugh's presentation.
- (3) Bishop, I, 93. These were crude wood mills driven by water

1530 in Norway; in 1556 in Rome. From this time on they were common in many parts of Europe. In the latter part of the 16th century, says Brohough, mention is made of mills on the Danube, near Ratisbon, in which several saws were operated in one gate. A mill of the same character was erected in 1596 at Saardam, Holland.

In 1555 the Bishop of Ely, sent by Princess Mary of England as ambassador to the court of Rome, wrote a description "he saw at Lyons, a Saw-mill driven with an upright wheel, and the water that makes it go is gathered into a narrow trough, which delivereth the same water to the wheel. This wheel hath a piece of timber put to the axeltree end, like the handle of a hand-organ, and fastened to the end of the saw, which being turned with the force of water, hoisteth up and down the saw, that it continually eateth in, and the handle of the same is kept in a ringall of wood from severing. Also the timber lieth as if were upon a ladder, which is brot by little and little to the saw by another vice."⁽⁵⁾

The first sawmill erected in England is supposed to have been built in 1663, near London, by a Dutchman. It was destroyed as a device of the devil, the laborers fearing it would deprive the sawyers of their labor. An apprehension of the same fate prevented a renewed attempt when proposed in 1700. As late as 1767 one was destroyed by an English mob. Sawmills, nevertheless, were firmly established in England by 1783.⁽⁶⁾

⁽⁷⁾ Brohough traces the evolution of sawmill types in

power.

- (4) Pine Lands in Minnesota, Univ. of Minnesota, 1909, ch. 12.
 (5) Quoted in Bishop, I, 93.
 (6) Bishop, I, 94.
 (7) Pine Lands in Minnesota, chapter 12.

America down to the modern band mill, that is, mills operating continuous upright saws. The following types are explained, practically in the order of chronological use: old fashioned sash or gate saw, combination of sash saws, mulley saw-mill, sash saw and siding mill-cutting cants, circular and circular with carriage, live gang, yankee gang, mulley gang, modern gang, and modern band mill.

The first steam sawmill is believed to have been built in 1802 at New Orleans by Oliver Evans of Philadelphia. It is said to have turned out nearly 3,000 feet of lumber a day. The edifice was soon destroyed by the hand-sawyers, who saw in it a menace to their craft.

The style of sawmill in use in this country prior to 1840 was the old-fashioned up-and-down sash saw usually operated by water power. The log was moved against the saw by a pawl and ratchet gear driven by the same power as the saw in time with it. Then came the introduction of several parallel saws into the sash. The next great improvement was the mulley saw, a powerful and rapid single saw, increasing the output of the mills from two to three fold. Until the adoption as a motive power of steam and the perfection of the circular saw for cutting logs these were the chief improvements. The first gang sawmill in America is reputed to have been erected at Berwick, Maine, in 1650.⁽⁸⁾

(8) Forest Quarterly, 1905, IV, no. 1.

NEW ENGLAND STATES

(9)

The first sawmill in Massachusetts, says Defebaugh, was erected about 1633; the first in New Hampshire before 1635. Again, (10)
 "Summing up these statements, it seems reasonably certain that the first sawmill in New England was built at York, Maine, soon after 1623, and the second on Salmon Falls River, in what is now South Berwick Township, Maine, in 1631 or the year following."

Bishop, however, is said to have declared the first mill in the colonies to have existed in Dorchester as early as 1628. (11)
 Moreover, it is questionable if Defebaugh's second assertion may not be geographically in error, the mill of which he speaks having been erected on Salmon Falls River, near the present city of Portsmouth, New Hampshire. (12) Still another authority (13) places the first mill at South Berwick, Maine, and the date of its erection as 1623. The only point on which the preponderance of evidence seems to agree is the year 1623 as the date of erection of the first mill in New England.

Bishop says the first colonial sawmill of which we have certain knowledge was put up in New Hampshire, near Portsmouth, prior to 1635, perhaps as early as 1631. (13) Weeden, in his "Economic and Social History of New England", says this mill was started about 1631. Belknap in his "History of New Hampshire", I, 18, says

(9) I, 473

(10) Ibid, II, 7.

(11) Bolles, Industrial History of the United States.

(12) American Lumberman's Curiosity Shop, 217.

(13) I, 95. Wright, Industrial Evolution of the United States, p. 72, dates this mill as 1633, and says "mention is made of mills generally at even earlier dates, but they have not been described."

that Ambrose Giggons, one of the superintendents of the colony, had charge, in 1631, "of a sawmill, and lived in a palisaded house at Newichawannock."

It is possible, however, that this was not the second mill erected in New England. A letter of May 28, 1629, from the governor of the New England Company for a Plantation in Massachusetts Bay, to the Governor and Council for London's Plantation in the Massachusetts Bay in New England, requests them "to give appro-⁽¹⁴⁾bation and furtherance to Francis Webb in setting up his sawmill." Further, lumber is said to have been manufactured, tho whether⁽¹⁵⁾ by hand or saw we cannot tell, at Saco, Maine, about 1625. Bro-⁽¹⁶⁾hough is clearly in error when he states that the first sawmill in New England was built in 1634.

MAINE

As the first New England sawmill was erected in this state, either at York or South Berwick, it is but fitting that we should examine its colonial history before that of the other colonies. The capacity of this first mill has been estimated at not⁽¹⁷⁾ more than 1,000 feet a day.

Maine's abundance of forests with water power within easy reach impressed the earliest settlers of the State, who embarked in manufacturing. Pemaquid was occupied as early as 1625

(14) Records of Massachusetts Bay, 1628-1641, I, 401.

(15) Collections of Maine Historical Society, IV, 22.

(16) Pine Lands of Minnesota, chapter 12.

(17) American Lumberman's Curiosity Shop, 217.

by a group of adventurers engaged in the lumber and fishing business, while another company established itself at the mouth of the Saco, carrying on a large business in manufacturing and shipping lumber to foreign markets. (18) For many years the lumber industry was the chief occupation of Maine's inhabitants, At first the New Hampshire and Maine settlements were composed almost entirely of timber cutters.

In April, 1682, there were at least 24 sawmills in Maine, six of them at Kittery. The other important centers were Wells and Falmouth (now Portland). (19)

A mill existed at Penobscot as early as 1643. (20) In 1760 Francis Cogswell, of Ipswich, built a double sawmill at Vinal Haven, which was destroyed or fell down about 1780. Another was erected about 1775. In 1764 Colonel Jonathan Buck built a sawmill at Bucksport, Hancock County, on the Penobscot. (21) Shortly after 1770 mills were erected at and near Camden. One of these was burned by the British during the Revolution. A sawmill on the Penobscot was built at Bangor in 1771, others following in rapid succession. Before the lower falls on the Saco prior to the Revolution about 4,000,000 feet of boards were sawed annually. (22)

In the western districts of Maine mills were erected earlier. (23) By about 1648 mills were erected at Ashbenædick Falls. In 1650 a mill carrying eighteen saws moved by one wheel was

(18) Collections of Maine Historical Society. IV, 22.

(19) Bishop, I, 99.

(20) Bangor Historical Magazine, VI

(21) Williamson, History of Maine, II, 554.

(22) Bishop, I, 100.

(23) Forest Quarterly, March, 1906.

(23)
erected on the Assabumbedeck Falls. Lumber was manufactured at Kittery in 1636, or before. There was a sawmill on the Saco as early as 1653. In 1655 Roger Spencer agreed to set up a sawmill at Saco, Maine. It was destroyed by the Indians in 1675. (24)

In 1675 Saward completed a sawmill on the Pungustuk or Westustago river, near North Yarmouth, Cumberland County. This was burned by the Indians in Phillip's War, and later rebuilt. (25)

In 1682 white pine merchantable boards were worth 30s. per M feet in Maine and New Hampshire; white oak pipe staves -3; red oak pipe staves 30s; red oak hogshead staves 25s. At these prices, fixed from year to year, taxes were paid in lumber and provisions with an abatement of one-third for cash payment. In 1664 boards were worth 19s. and staves 17s. per M in Maine. (26)

In 1685 at least four mills were operating at Cape Porpoise, a little ways south of Biddleford.

The first sawmill erected in Buxton, York County, was built in 1770. There were mills at Brunswick as early as 1716. (27)
There was a sawmill at Damariscotta under grants from Dunbar in 1730. (27)

Soon after 1716 mills were built at Cushenoc, on the Kennebec, Brunswick, Topsham, and Georgetown. Mills were built at Gardner, on the Kennebec in 1754.

Two mills were built at Woolwich, Sagadahoc County, on the Kennebec, about 1660, but the operators were driven away in 1675. (28)

(24) Bishop, I, 98

(25) Collections of Maine Historical Society, II, 179.

(26) Bishop, I, 99.

(27) North American Review, V. 58 (1844), p. 321.

(28) Bishop, I, 98.

(29)

Defebaugh records that a sawmill was built on Long Island in Casco Bay, called the "Improvement", in 1768, seeming to think this the first mill there. But in 1655 Casco Bay granted a sawmill to Robert Jordan.

(30)

The development of eastern Maine's lumber industry was due to the destructive forest fires that ravaged New Hampshire and western Maine in 1761 and 1762. Williamson describes the great fires thus: "Early in July, 1762, devouring fires did immense damage to the woods in New Hampshire and spread into Maine They were only checked by a flood of rain which fell on the 19th and 20th of August. Even the cattle in many places did not escape the violence of devouring fire. A prodigious quantity of the most valuable forest timber was destroyed, besides houses and sawmills."

Anyone who has ever witnessed the raging fires that sweep our western forests during certain years can easily imagine the damage that might be done by such a fire burning for over a month in a region of almost unlimited forest. Many of the inhabitants of the burned districts removed beyond the Penobscot, to find forests to replace those that had been destroyed.

Eastern Maine had grown slowly. In 1688 there were but forty-five Europeans settled between the Penobscot and the St. Croix. The fires of 1761 and 1762 furnished a great incentive for settlement.

A double mill was built at Machias in the summer of 1763. During 1764 the inhabitants of that new settlement manufactured nearly 1,600,000 feet of lumber, an extraordinary amount for those times. In the spring of 1766 another mill was completed; in the

(29) II, 68.

(30) Weeden, Economic and Social History of New England, I, 200.

fall Captain Ichabod Jones built a new double mill at Machias. In 1768 two more mills were erected, followed by another in 1770 - a total of six mills, five of them double.

In 1762 Abraham Somes built a mill at Mr. Desert Somes' Sound. One was erected on the north side of Chandler River in 1764. Other mills were built at Englishman's River, Beaver Brook, and Columbia Falls. In 1765 a tide mill was erected at Pinkham's Bay. The first mill on Union River was built about 1764 by Benjamin and Thomas Milliken.

Lumber was early used as a medium of exchange in Maine, being the correct medium of the day from 1650 to 1750. In 1737 Mr. Bailey, schoolmaster at Scarborough, was voted 75 pounds worth of lumber for his year's services. (31)

The lumber trade suffered interruptions at various times from Indian troubles, such as Queen Anne's and Phillip's wars, and the French-Indian war. On the whole, the colonial period was one of development, especially in the last few years, lumbering being carried on to some extent on the rivers from the Piscataqua to the St. Croic.

Later, as with the other New England colonies, the naval and internal regulations regarding the cutting of timber during the colonial era will be considered.

NEW HAMPSHIRE

Probably the second mill in New England was erected near Portsmouth some time prior to 1635. Defebaugh places this in Maine (32) but I prefer to locate it in New Hampshire, as do the majority of (31) Collections of Maine Historical Society, III, 168.

(32) II, 64, 126.

writers.

Mason and Gorges, proprietors of New Hampshire, obtained their grant in 1631. A sawmill was soon after erected on Salmon Falls River, near the present city of Portsmouth, known until 1653 as Strawberry Bank.

May 31, 1631, Thomas Eyre wrote from London to Ambrose Gibbons, one of the company's superintendents ⁽³³⁾ : "I will now put on the sending of you the moddell of a sawmill that you may have one going." Belknap states that in 1631 Gibbons was in charge of a mill and lived in a palisaded house at Newichawannock. In a letter of July 13, 1633, to the company, Gibbons does not mention ⁽³³⁾ the sawmill.

July 10, 1634, Gibbons received a letter of May 5 from Mason, who wrote: ⁽³⁴⁾ "These people and provisions which I have now sent with Mr. Jocelyne are to sett upp two mills upon my own division of landes...; but I think not any of them will adventure this yeare to the plantation besides Sir Ferdinando Gorges and myself, for which I am sorrye in that so good a business (albeit hitherto it hath bene unprofitable) should be subject to fall to the ground." "9 July, 1634. Sir Ferdinando Gorges and Captain Mason sent -- to Piscataquack and Aquamentius with two sawmills to ⁽³⁵⁾ be erected, in each place one".

As it usually took at least two months for a letter to cross the ocean we may safely place the date of erection of the first New Hampshire mill, to which Mason alludes, as between July 31, 1631 and March 5, 1634, probably in the earlier part of this period, since the enterprise was already known to have proved

(33) Belknap, History of New Hampshire, I, Appendix

(34) Belknap, I, Appendix

(35) Winthrop, History of New England, 163.

unprofitable. This is especially likely since on March 14, 1633, Mason is known to have contracted for the erection of the two mills referred to, tho not until a year later was he able to find the necessary shipping facilities.

Replying to Mason's letter on August 6, 1634, Gibbons, writing from Newichawannock, says: "And for your mills they will prove beneficial unto you, by God's assistance." "If you did send a shippe for the Western Islands of some six score tunne or thereabouts for cowes and goats it would be profitable for you. A stocke of iron worke to be put away with your boardes from the mill will be good..." "The 6th of August, the shippe ready to set sayle for Saco to load cloave bords and pipe staves."

Making oath Sept. 8, 1685, Thomas Small, of Piscataqua, aged sixty-five years, resident of New England for over fifty years, stated ⁽³⁶⁾: "And this deponent doth very well remember that Captain Mason sent into this country eight Danes to build mills, to saw timber, and tend them, and to make potashes; and that the first sawmill and corn mill in New England was erected at Captain Mason's plantation at Newichawannock upwards of fifty years - where was also a large house with all convenience of outhouses, and well fortified with store of arms."

Feb. 1, 1659, the selectmen of Portsmouth "granted to Mr. John Cutt the liberty to set up a sawmill and corn mill on the creek leading up to the fresh marsh." ⁽³⁷⁾ The mill was built according to the grant, and this is the first record of a sawmill in Portsmouth itself.

(36) Provincial Papers of New Hampshire, I, 45.

(37) Annals of Portsmouth, I.

At least as early as 1640 a sawmill was built in the very heart of the present city of Dover, Strafford County, and one prior to 1651 in Durham Township, adjoining Dover on the south.

The town of Washington was first settled in 1768, a sawmill being erected the following year. Perhaps the first sawmill in Merrimac County was erected in 1739, opposite Boscawen on the Merrimac River. In 1749 a mill was erected at Warner, Merrimac County, only to be destroyed a few years later by the Indians.

In addition to the French War and Indian troubles the lumber development was greatly injured by the forest fires of 1761 and 1762, previously referred to. Of the woods that were first exploited and that gave the greatest value to the forest, was the white pine. The farmers of Maine and New Hampshire are said to have made staves, heading, hoops, shingles and clap-boards during the winter, to exchange for merchandise.

Interesting in this connection are the following quotations from Belknap:

"Husbandry, which, after all, is much preferable to the lumber business, both in point of gain, contentment and morals."

"The hard, dangerous and unprofitable labour which always attends the getting of lumber."

Portsmouth and Dover were settled in 1623, and Exeter and Hampton in 1638, all four being in the extreme southeastern part of the state. The two counties of Rockingham and Strafford seem to have been the only ones settled in prior to 1700, with the exception of one small settlement in Cheshire County, it being many

(38) III, 211, 213. Written in 1784.

years before the tide of settlement extended far from navigable waters. Yet lumber was the third species of traffic known in New Hampshire, having been preceded by the fur and fish trade.

In 1700 Lord Bellomont, governor of Massachusetts, reported that in New Hampshire no mill ran more than four saws. (39)

In 1704 the governor of New Hampshire thot the prosperous lumber trade strong enough to bear new taxes for the "advancement of the revenue." (40)

But in 1716 it was reported that while the principal productions of New Hampshire were ships, "lumber, fish, masts for the royal navy, and turpentine," the annual value of the whole sel- dom exceeded "fifty thousand pounds per annum of New England money." (41) Lumber was exported to the West Indies, Western Islands, England, and Ireland. The Governor of New Hampshire in 1732 said that their trade consisted chiefly in lumber and fish. (42)

The method of lumbering in New Hampshire is described by Burnaby in 1760. (43) "They never cut them (the masts) down but in times of deep snow, as it would be impossible in any other season to get them down to the river. When the trees are fallen, they yoke seventy or eighty pair of oxen, and drag them along the snow. It is exceedingly difficult to put them first into motion; which they call raising them; and when they have once effected this, they never stop upon any account whatsoever, till they arrive at the waters side.

6

- (39) Weeden, Economic and Social History of New England, I, 395.
 (40) Ibid, 362.
 (41) Palfrey, History of New England, 457.
 (42) Callender, Economic History of the United States, 10.
 (43) Quoted in Callender, 15.

Frequently some of the oxen are taken ill; upon which they immediately cut them out of the gears; and are sometimes obliged, I was told, to destroy five or six pair of them."

As in the other colonies of New England lumber was early used as a medium of exchange value, and its use as such continued until after the Revolution in New Hampshire. Dr. Jeremy Belknap, the historian, wrote from Dover on June 23, 1783⁽⁴⁴⁾ :

"You must know, sir, that in this lumber country it is common to pay debts and give obligations to pay them in boards." Writing on June 28 he said⁽⁴⁵⁾ : "It is as natural for (the people of Dover) to understand it so as it would in Virginia if the word 'tobacco' had been used in the place of boards, for lumber is as much the staple commodity here as tobacco there."

VERMONT

As Vermont had no separate existence till after the Revolution, records of its early history are incomplete.

No permanent white settlement existed until 1724, at Fort Dummer, on the Connecticut River, south of Brattleboro. Until 1760 its possession was continually disputed by the French and English, with their Indian allies, making Vermont's settlement and development rather slow.

The first recorded sawmill in Vermont was built in 1738 or 1739 at Westminster. In 1762 a sawmill was built at Bennington. The first mill in Windsor County was erected at Hartford in 1769

(44) Massachusetts Historical Collections, 5th series, II, 222.

(45) Ibid, 225.

and another two years later. One was erected at Springfield in 1774, followed by one at Woodstock in 1776.

Shortly before the Revolution mills were erected at Middletown Township, Rutland County. The first mill in Addison County was put up in 1774 in Middlebury township. Before the French-Indian war and the French and Indians had a sawmill at Swanton Falls, Franklin County.

White pine and spruce were the chief commercial woods of Vermont, with hemlock and larch of some importance. The greater part of Vermont's development as a lumber state was during the years immediately following the Revolution.

RHODE ISLAND

Rhode Island was founded in 1636 by Roger Williams, its first settler, William Blackstone, removing from Boston in 1634.

The first mill mentioned by Defebaugh is the one Nicholas Esson was granted permission, Sept. 9, 1683, to construct. But on June 23, 1638, Mr. Richard Dummer was granted permission to build a mill. ⁽⁴⁶⁾ Ralph Earle seems to have had a mill at Newport ⁽⁴⁷⁾ prior to Nov. 7, 1639. "The first products of the industry of the Plymouth colony, of Rhode Island, and probably of others, sent to a foreign market, were manufactured from the almost inexhaustible ⁽⁴⁸⁾ wealth of the American forests."

The first sawmill driven by wind in Rhode Island was erected at Newport in 1663 by Governor Easton and his sons. It

(46) Rhode Island Colonial Records, I, 59.

(47) Ibid, 97.

(48) Bishop, I, 36.

was blown down twelve years later. A mill is asserted to have been built at Woonsocket about 1666.

The forests of Rhode Island have now disappeared. Its original forests consisted mainly of oak, elm, pine, hickory, ash and cedar.

MASSACHUSETTS

In the fifteen years prior to 1640 over 20,000 persons are supposed to have arrived in New England, a very large number of these settling in Massachusetts. The first sawmills in New England, however, were in Maine and New Hampshire. "Settlement far outstripped the erection of sawmills so that there never was a time when there was a surplus of forest products of any importance for shipment outside the State."⁽⁴⁹⁾

White pine was the chief commercial wood of early Massachusetts, with chestnut, oak, and other hardwoods of some importance.

"Dorchester, Norfolk County, undoubtedly had the first mill in what is now Massachusetts, as a water mill, probably a sawmill,⁽⁵⁰⁾ was erected there in 1633." As we have previously noted the above is not necessarily true, the Governnor and Council for London's Plantation in the Massachusetts Bay in New England being requested⁽⁵¹⁾ on May 28, 1629, "to give approbation and furtherance to Francis Webb in setting up his sawmill."

The first definite record of a sawmill in Massachusetts is in a record of 1640, mentioning a mill at Scituate, in what is

(49) Defebaugh, II, 181.

(50) Ibid, II, 190.

(51) Records of Massachusetts Bay, 1628-6141, I, 401.

now Plymouth County, Hingham, in the same county, probably possessed a mill in 1654. In 1656 a mill was erected at Scituate. "In 1656, Robert Studson, with Mr. Hatherly and Joseph Tilden, built a sawmill on the third Herring Brook, and which may be the first sawmill in the colony... It was destroyed by the natives, 1676." (52) The

authority for its erection laid down the following conditions:

"In case any of the townsmen do bring any timber into the mill to be sawed, the owners of the mill shall sawn it, whether it be in boards or planks, before they saw any of their own timber, and they are to have the half for sawing of the other half. And in case any man of the town, that doth not bring any timber to the mill to be sawed, shall want any boards for his own particular use, the owner of the mill shall sell him boards for his own use, so many as he shall need, for the country pay, of three shillings and six pence an hundred inch sawn; but in case the men of this town do not supply the mill with timber to keep it at work, the owners of the mill shall have liberty to make use of any timber upon the common to saw for their benefit."

In 1688 and 1690 other mills were erected near Scituate.

Essex County had two mills erected in 1644, at Manchester and Andover. Haverhill in 1651 granted a sawmill to Isaac Cousins. He was not to cut timber within three miles of the meeting-house; was to give the twelfth part of his sawing for the use of the town; and the town was to have boards at 3s. per hundred. (53) His privilege was to be exclusive while "going." Because he failed to ful-

(52) Massachusetts Historical Collections, Second Series, IV, 225.

(53) Weedon, Economic and Social History of New England, I, 63.

fill his part of the contract Cousins' grants and privileges were forfeited in 1658. The mill was not kept in operation, but by 1664 there was a mill in Haverhill, and others were authorized in 1676, 1681, and 1693. The first mill in Ipswich, Essex County, was built on Chebacco River in 1656. Others were erected in 1665, 1667, 1671, and 1682.

There was a sawmill in Lexington, Middlesex County, as early as 1650. There were two mills in Reading in 1654, dates of erection unknown, tho not prior to 1644, when the town was founded. The first sawmills in Chelmsford were built in 1656 and 1669. A sawmill was erected in Framington about 1660. March 26, 1677, Sudbury granted permission to build a sawmill to five inhabitants. Arlington possessed a sawmill some time previous to 1681, while the first one in Groton was built in 1686.

Defebaugh is in error when he places the date of the first white settlement in Worcester County as 1673, and the first sawmill in 1684. ⁽⁵⁴⁾ Sept. 15, 1658, a Mr. Prescott was given a licence to erect a sawmill in Lancaster ⁽⁵⁵⁾, this being the first mill in ~~the~~ ⁽⁵⁶⁾ town.

The first sawmill in Oxford was put up previous to 1689.

There was a sawmill in Taunton, Bristol County, in 1659. ⁽⁵⁷⁾

The first sawmill in Hampshire County seems to have been

(54) II, 192.

(55) Nourse, Early Records of Lancaster, Mass., 56 and 72.

(56) It is of some interest to know that the first mill in Canada was erected in 1706 on the Chambley river, near Montreal, by a Mr. Sawyer of Lancaster. (Bishop, I, 101). He had been carried captive to Canada by the Indians, and built this sawmill for the French as the price of redemption of himself and son.

set up about 1664, another existing in 1669. A lumber mill was put up about 1664 in Hadley, and operated for ten years. Northampton had a sawmill in operation as early as 1671, another being erected ten years later. The following account is of interest. (58) "The calls for heavy timber pushed the pioneer axes up the Connecticut River as soon as the Indians were quiet enough to permit their peaceful and settled use... Timber proper was floated down (to Hadley) about 1726. In 1736 the townspeople assembled to see twenty-five masts float over and down Enfield Falls."

In 1666 a mill was built in what is now Springfield, Hampden County. Major Pynchon had several sawmills in operation in the county in 1675, when the district was ravaged by the Indians and his mills burnt. At least one of these was rebuilt as early as 1677. In 1672 and 1680 mills were erected at Westfield, and after this mills multiplied rapidly in Hampden County.

A sawmill was built at Northfield, Franklin County, in 1685 or 1686, but after a short period of prosperity had to be abandoned on account of Indian troubles. Sawmills were established in 1690 at Deerfield, and a mill was in operation at Greenfield in 1693.

In the early history of Massachusetts among the articles of "country or money pay" we find lumber. It is recorded that in newbury and Lynn a cord of oak wood was worth ls. 6d., the same as one bushel of turnips. (59)

The lumber trade in Massachusetts never attained the relative importance that it possessed in some of the other New

(57) North American Review, V. 48 (1844), 321

(58) Weeden, II, 578

(59) Weeden, I, 203.

England colonies. The fish trade was the leading industry, and in 1700 Lord Bellomont reported ⁽⁶⁰⁾ : "The staple in the Massachusetts Province is the fishing."

CONNECTICUT

Connecticut now possesses no valuable timber. In the early part of the Seventeenth Century it was covered with oak, chestnut, pine, walnut, cedar, and other growths.

The first sawmill seems to have been erected at Farmington in 1645 or 1646. John Winthrop had a sawmill at Pequot in 1653, and one in New London prior to 1654. ⁽⁶¹⁾ As early as 1651 New London allowed no transportation of pipe-staves, clapboards, or shingles without leave of the towns-people. ⁽⁶²⁾

In 1667 Thomas Harris was given permission to build a sawmill on the east side of the Connecticut River, between Hartford and Wethersfield, to be finished within two years. He was allowed "forty acres of land for encouragement therein." ⁽⁶³⁾ Mr. John Allyn on May 11, 1671, ⁽⁶⁴⁾ was granted 100 acres as encouragement for a mill he had built.

A mill was built about 1672 on Beaver Creek in Branford, New Haven County. Another was set up in the same township in 1697.

(60) Palfrey, History of New England, IV, 187.

(61) Bishop, I, 103

(62) Weeden, I, 64.

(63) Colonial Records of Connecticut, 1665-1677, 78.

(64) Ibid, 147.

The first mill at Suffield was built near the mouth of Stony River in 1673, by Major John Pynchone, the biggest owner of the period. In 1679, a mill was built at Newington. The following year Norwich, at the head of navigation on the Thames, granted Captain Fitch 200 (65) acres to set up a sawmill.

The next mill in Connecticut does not seem to have been authorized until 1690, when George and Joseph Griswold were given permission to build one at Windsor. In 1691 a mill was erected on (65) the Nahantick, near Long Cove, by Fitz-John Winthrop. In 1692 three men were granted the privilege of building a mill on Beaver Brook, Windham County. In 1693 another mill was erected on the (65) Nahantick. The same year liberty was granted to construct a sawmill at "No man's acre brook." In 1700 a mill on Hebard's Brook was authorized.

In 1732 the produce of Connecticut was reported to be "timber, boards, all sorts of English grain, hemp, flax, sheep, black cattle, swine, horses, goats and tobacco. They export horses and lumber to the West Indies."

The business of lumbering increased after the Peace of Paris in 1763, when the Indians were freed from French influence, and the upper waters of the Connecticut afforded safer fields for industry.

(65) Bishop, I, 103.

(66) Macpherson, Annals of Commerce, III, 191

NEW YORK

In 1609 Hendrik Hudson anchored within Sandy Hook. For ten days he explored the Hudson. In the same year Champlain discovered the lake which bears his name. By 1614 a settlement of four houses existed on Manhattan Island, and the process of exploration and establishment of trade relations with the Indians was under full headway. The New Netherland Company obtained a charter in 1614, which expired in 1621, when the Dutch West India Company, chartered by the States General of Holland, came into existence. In 1664 the English captured New Amsterdam, naming it in honor of the Duke of York.

In 1623 the Dutch West India Company built three sawmills "which never realised any Profit of consequence, on account of their great charge."⁽⁶⁷⁾ One of these, however, was still in existence in 1639.

Peter Minuit was Governor from 1626 to 1631. He is said to have built two or three windmills at Manhattan, by which corn was grown and board sawed.⁽⁶⁸⁾ August 29, 1628, Minuit dispatched two ships, laden with ship timber, to Holland.⁽⁶⁹⁾ Minuit's successor, Van Twiller, also built several windmills.⁽⁷⁰⁾ Mills existed at Albany probably as early as 1625, while other mills were erected near there in 1651 and 1654.

In 1640 there was a large sawmill on Nooten Island, where oak and pine trees were shaped into planks.⁽⁷¹⁾ In 1647 it was ruined

- (67) Journal of New Netherland, 1641-1646.
 (68) Moulton, New York, II, 428.
 (69) Brodhead, History of New York, 182.
 (70) Roosevelt, New York City, 16.

and useless, and Stuyvesant and the Council resolved that the best advantage of the Company required it to be dismantled by removing
(72)
the ironwork or burning the whole.

The first mills in Suffolk County were erected in 1659, both by John Tucker. A sawmill was built within the boundaries of the present town of Kinderhook, Columbia County, in 1661. A mill was built at Troy, Rensselaer County, in 1663. One was set up at Scarsdale, Westchester County, in 1668, while the first mill in Richmond County was erected in 1669.

Following 1650 the lumber industry gradually developed thruout New York. The French had sawmills at Ticonderoga during
(73)
their possession of that part of the country. An export market of considerable importance was developed. Nearly twenty sawmills were erected in New York in the Seventeenth Century. "The early
(74)
sawmills of the Province were not very efficient establishments."

A list of the pioneer sawmills in various communities is
(75)
given by Defebaugh. In addition to the twenty mills erected in the Seventeenth Century there were over 200 more put into operation previous to the year 1800.

It was not until after the completion of the Erie Canal in 1825 that Albany developed as an important lumber center. That event also greatly advanced the lumber trade of central and western New York. Like Albany, Buffalo's trade was largely due to the opening of the Erie Canal. When the steamboat and steam barge came

(71) Memorial History of New York City, I, 231.

(72) Ibid, 297.

(73) Bishop, I, 107.

(74) Ibid, 106.

(75) II, 307-312.

into common use the Tonawandas superseded Buffalo, their most rapid development occurring between 1849 and 1853. Tonawandas are now, excepting Chicago, America's largest dealer in white pine.

NEW JERSEY

There are no definite records of sawmills erected in this state by the Dutch and Swedes. The first accounts of sawmills occur about 1682, after which their erection became general. A mill was built at Woodbridge in 1683, while several were in operation about Amboy in 1683. A mill was built at Orange in 1695. The town records of Newark, June 19th, 1695 contained the following; "Thomas Davis hath Liberty to set up a Saw Mill, with Liberty to have use of Timber in any common Land; provided he shall let any of the Inhabitants have Boards, as cheap as others and before Strangers," Sawmills and the manufacture of lumber had so far increased in 1698, that the latter formed an important article of export, The erection of mills continued rapidly, there being 450 in 1798, but by 1905 the number had fallen to 26.

(76) Bishop, I, 108

(77) Collections of New Jersey Historical Society, 108.

(78) Bishop, I, 109.

PENNSYLVANIA AND DELAWARE

The first European settlement in what is now Pennsylvania was made below Philadelphia by the Swedes in 1643. Penn's charter was signed March 4th, 1681. In 1701 Delaware became a separate province, tho its government was the same as Pennsylvania's until the Revolution. Philadelphia was founded in 1682. No attempts at settlements in western Pennsylvania were made until 1748, the first actual settlement being in 1752 in what is now Fayette County.

The state originally possessed a wealth of different species of trees. Many varieties of oak, were to be found, besides walnut, hickory, locust, ash, pine, spruce, and others of lesser importance.

The Dutch and Swedes had sawmills in their settlements on the Delaware. Joost Andriansen and Company in 1658 proposed to erect a sawmill and grist mill near Newcastle, in the present State of Delaware. Ironwork for sawmill on the Delaware was imported in 1662.

A sawmill was built for the use of the Colony, by the first settlers under the Proprietary, soon after their landing, March 22nd, 1678 the following incident occurred. "Representations that people daily taking up land near the mill of Carwon Creek, the said mill would be left destitute of any land to get timber for the use of said mill, the court (of Upland) ordered, that on the west side of said mill should be laid out 100 acres of land for said mill's use."

(79) Bishop, 110.

(80) Hazard, Annals of Pennsylvania, 1609-1682, 451.

In 1677 the owners of a mill in Christina kill were granted "liberty of cutting wood for repairs." (81) Whether this was a grist or sawmill we do not know. In Bucks County, one of the three original counties, there was no mill until 1731. Another was erected about 1735. In 1760 the Assessors reported forty mills within Philadelphia County, sawing oak, hickory, walnut, pine, and other (82) lumber. Wayne County had a mill previous to 1762, and Lycoming County one as early as 1773.

Sawmills were built in Bradford and Schuylkill Counties prior to the Revolution. Alleghany County had a sawmill in 1776, while in Lancaster County there were at least sixteen mills in 1786. A sawmill was erected as early as 1786 in Huntingdon County. There was a mill in operation near Pittsburg as early as 1777. Two others, on the Ohio, were in operation previous to 1786.

In 1798 the oldest lumber concern in the United States was established in West Philadelphia, at the junction of Market Street and the old Lancaster Road, by Hugh McIlvain. The business was still going in 1906, the name having been changed to J. Gibson (83) McIlvain and Son.

In many sections of the State the forests are now entirely cut away and Pennsylvania is now of little relative importance in the American lumber industry.

(81) Hazard, *Annals of Pennsylvania*, 1609-1682, 442.

(82) Bishop, I, 111.

(83) *American Lumberman's Curiosity Shop*, 505.

SOUTHERN COLONIES

Many writers assert that the first sawmill of Virginia was not built until about 1650. ⁽⁸⁴⁾ This statement, however, has been demonstrated false. ⁽⁸⁵⁾ Bruce states that a deed bearing the date of 1637 shows that Hugh Bullock at that time owned sawmills in Virginia. Sawmills were built at Jamestown in the years immediately following 1630. "There are indications that a small quantity of plank, which had been sawed in the Colony, was occasionally exported to England." He declares that mills to furnish plank for ship-building had been erected prior to 1632, and ⁽⁸⁶⁾ quotes another author as showing that sawmills had been erected prior to 1621, tho probably not long operated. This becomes even more likely when we know that artisans were sent to Virginia in the spring of 1620 to set up sawmills. ⁽⁸⁷⁾ Others, from Hamburg, were engaged later in the year for that purpose. ⁽⁸⁷⁾ A mill built in 1652 is said to have been erected at a cost of forty-eight beaver skins.

Barnaby in 1760 said that Virginia was committing a mistake in making so little use of her rich lumber resources as an article of trade. ⁽⁸⁸⁾ On the large tobacco plantations lumbering ⁽⁸⁹⁾ was a winter occupation of the slaves, who made casks for tobacco.

The date of the first introduction of the sawmill into the Carolinas is unknown to the author. The extensive pine forests

(84) Brohough, Pine Lands in Minnesota, Ch. 12. Bishop, I, 93.

(85) Bruce, Economic History of Virginia in the 17th Century, II.

(86) Neill, Virginia Company of London, 239.

(87) Bishop, I, 112.

(88) Travels thru the Middle Settlements in North America, 1759-60, 30.

(89) "American Husbandry", 1775.

and other timber lands of Georgia and the two Carolinas invited the first colonists to a lucrative manufacture of lumber and naval stores. The rapid introduction of other staple crops, however, turned the people to other pursuits, and there were very few mills in these colonies. "The sawmill does not appear to have come into extensive requisition in Carolina during Colonial times."⁽⁹⁰⁾

North Carolina was the only one of the southern colonies with a sizable lumber trade. Governor Burrington wrote on Nov. 2nd, 1732:⁽⁹¹⁾ "Abundance of sawmills are erecting here by which the builders propose to carry on a trade in boards and other saw'd timber."⁽⁹²⁾ On Jan. 1st, 1733 he wrote as follows: "Several sawmills have been lately erected in the South Parts of this Government and others are now building." On Nov. 3rd, 1732, an order of Governor Burrington forbade the taking up of land within two miles of any sawmill.⁽⁹³⁾ This was repealed Oct. 14, 1736.⁽⁹⁴⁾

Colonel William Wilson was reported in 1735 to be building a sawmill on a branch of Brice's Creek, and was awarded 300 acres of land for the support of the mill.⁽⁹⁵⁾ In the same year, George Perry, was awarded 640 acres of land for the erection of a sawmill on Beaverdam Creek.⁽⁹⁶⁾

(97)

June 18, 1736 it was declared that the erection of a sawmill on Cape Fear River "shall for the future be deemed and allowed sufficient for saving a tract of land (640 Acres) without

(90) Wright, Industrial Evolution of the United States, 72.

(91) North Carolina Colonial Records, III, 369.

(92) Ibid, 432

(93) Ibid, 427.

(94) Ibid, IV, 224.

(95) Ibid, 61.

(96) Ibid, 52.

(97) Ibid, 220.

other cultivation."

March 29, 1764, Governor Dobbs reported 40 sawmills on
(98)
the branches of the Cape Fear. He said that 30,000,000 feet of
scantling and lumber were annually exported from the colony. Two
years later Governor Tryon reported only a few mills outside those
on the northeast and northwest Cape Fear. On these creeks there
were fifty mills then in repair, with more building, each with
two saws and sawing an average of 150,000 feet per annum of board
(99)
and scantling.

As late as Dec. 25, 1774, however, it was ordered that
"any person erecting and furnishing a sawmill within twelve months
(1)
from the date hereof shall have 500 acres of Land as aforesaid."

(98) North Carolina Colonial Records, VI, 1030.

(99) Ibid, VII, 430

(1) Ibid, IX, 1130.

COLONIAL TRADE

The colonists enjoyed from the very beginning a considerable trade in lumber. Other products of the forest, such as naval stores, were extremely important, while shipbuilding employed many workers. The restrictions imposed on this trade by the British Government will be considered in a subsequent section.

"The first efforts of the colonists outside of raising food were expended in the manufacture of clapboards for exportation, and both the Virginia and the Plymouth settlements sent home cargoes of these articles."⁽²⁾

"The Fortune, a small vessel of fifty-five tons arrived at Plymouth in November, 1621, from the mother country. She was soon sent away laden with clapboards, besides two hogsheads of skins, the total valued at nearly \$2500.⁽³⁾ The first products of the industry of Plymouth Colony, Rhode Island, and perhaps of others, sent to a foreign market, were manufactured from the wealth of the American forests.

(2) Wright, Industrial Evolution of the United States, 71.

(3) Weedon, Economic and Social History of New England, I, 90.

For the sake of clearness it will be best to consider separately the divisions of colonial trade, first, the ship building industry.

Better and cheaper vessels could be built in the colonies than in Europe. This was due to our large supply of high grade lumber at the water's edge. For instance, the cost in Massachusetts of constructing a safe vessel was \$34.00 per ton; in England, \$50.00 and over.⁽⁴⁾ Soon after they were founded shipbuilding was commenced in Maine and New Hampshire, in both of which ships and lumber long constituted the chief manufactures. A large shipbuilding industry was built up at Portsmouth and during colonial times vessels of 200 to 300 tons were built every year at that town and in the vicinity. In 1760 nearly 200 ships were built annually in New Hampshire. Following the war of 1812 New Hampshire shipbuilding amounted to comparatively little.

(4) Boquet, Economic History of the United States, 56.

Massachusetts, as we would naturally expect, was the chief shipbuilding state, two small shallps were constructed at Plymouth Colony in 1624, while a pinnace was built at Sandwich, near Cape Cod, in 1627. The first vessel of any size constructed there was a fifty ton bark built in 1641 at an estimated cost of \$200. Boston had six ship-wrights in 1629, and ships were built so that trade began with Virginia the following year. The first vessel built in Massachusetts colony was launched July 4th, 1631, by Governor Winthrop at Medford. It was of sixty tons burden. Another of sixty tons was built two years later at Medford. Shipbuilding continued and in 1642 five vessels were built, while it is said in 1676 twelve ships were built annually in Massachusetts. Ship building was commenced at *Situate*, long famous for that trade, in 1698. New Bedford was famous for its shipbuilding long before the Revolution. Salem was long an important shipbuilding center. For several years prior to 1721 it cleared yearly about eighty vessels in the foreign trade.

(5)

Lord Bellmont, Governor of Massachusetts, reported in 1700 that Boston had 194 vessels and other towns in the province 70, 11 being "of good burden." New York had a total of 124 vessels; and New Hampshire 24, 11 being "of good burden." "I believe one might venture to say there are more good vessels belonging to the town of Boston than to all Scotland and Ireland, unless one should reckon the small craft, such as herring-boats."

The Board of Trade reported to the King in 1721 that about 150 vessels a year were built in Massachusetts, mostly for sale
(6)
abroad.

(5) Palfrey, History of New England, IV, 187

(6) Ibid, 429.

Between 1675 and 1715 at Boston alone over 1300 vessels were built, one-fifth of which were sold abroad. In 1735 Salem and Boston together owned about 25,000 tons of shipping. In 1748 Salem cleared yearly about one hundred and thirty vessels in the foreign trade.

From 1698 to 1708 one hundred and three vessels were built in Rhode Island, eight of which were ships. In 1704 the General Assembly of Rhode Island imposed a tonnage duty on all vessels not owned wholly by its inhabitants. In 1739 more than one hundred vessels were owned at Newport. In 1764 a "Remonstrance of the Colony of Rhode Island to the Lords Commissioners of Trade and Plantations" said there were "some few ships built for sale." Europe was the purchaser. It must be remembered, however, that this protest was presumably framed in such a guise as to convey the impression that the colonists were in a far worse condition than actually existed. We know, for instance, that in 1769 Newport possessed a large shipbuilding industry and employed two hundred vessels in foreign trade, and almost twice that number in the coast trade.

Pennsylvania attained considerable importance in shipbuilding in the colonial period. Penn in 1685 wrote: "Some vessels have been built here and many boats."

In July, 1718, Jonathan Dickinson wrote: "Here is great employ for shipwork for England. It increases and will increase, and our expectations from the ironworks fifty miles up Schuylkill are very great."

Kahn wrote in 1749 saying that at Philadelphia ⁽⁷⁾ "several ships are annually built of American sales in the docks which are made in several parts of the town and about it, yet they can by no means be put into comparison with those built of European sale, in point of goodness and duration," ⁽⁸⁾

Britain's need or demand of a large navy, and large mercantile marine resulted in the use of one of our great colonial industries, the building and freighting of vessels which were sent to England, where ship and cargo could be sold. By 1770 the Colonies were selling nearly 400 ships a year to the mother country. In 1775 nearly one-third of the tonnage under the British flag was colonial built, of American materials and by American workmen.

(7) Callendar, Economic History of the United States, 19

(8) For a complaint as to the inferiority of American lumber compared with the Swedish and Norwegian see the Gentleman's Magazine for August 1765, P.352

The trade of naval stores was very important to the colonists. In 1700 Lord Bellmont, Governor of Massachusetts, said: ⁽⁹⁾ "Under the head of naval stores, I suppose tar, pitch, rosin, turpentine, oil of turpentine, ship timber of all sorts, as planks and compass timber, masts, bowsprits, and yards." A modern writer says "naval stores" include "pitch, tar and turpentine, all of which are obtained from the sap of a variety of pine." ⁽¹⁰⁾ The change in the character of the articles included is doubtless due to the substitution to a large extent of steel for wood in the construction of naval ships. The manufacture of naval stores is of importance in the south at the present time not only because of the trade itself, but the fact that thaire manufacture greatly promotes the cause of forest conservation, since otherwise these parts of the tree would be wasted. For a consideration of the colonial era Bellmont's definition, as more inclusive and more intimate with the times, would seem to be the more applicable.

In 1665 the General Court of Massachusetts forbade the cutting of trees suitable for masts and for some years prior to 1685, Massachusetts enjoyed a huge trade in masts with England. March 30, 1691, one Allen informed the Privy Council of New Hampshire that he had Contracted with the Navy Board to supply their majesties' navy with masts, yards, bowsprits, and other timber during the term of seven years."

(9) Palfrey, History of New England, IV, 187.

(10) Moore, Industrial History of the American People, 49.

On June 25th, 1695, the General Court of Massachusetts reported to the Privy Council ⁽¹¹⁾ that their Province could furnish for the royal navy an annual supply of a hundred and fifty tons of rosin, a hundred and fifty tons of pitch and tar, two thousand tons of timber, and a hundred thousand feet of oak planks.

December 18, 1696, Gabriel Bernon, leader of the French Hugonots in Boston was in London, where he represented to the Lords of Trade that he had "spent seven years and large sums of money in bringing all sorts of naval stores to perfection." ⁽¹²⁾

During the early part of the Seventeenth Century England obtained its naval supplies from the North Sea ports in uncertain quantities, and liable to possible seizure by an enemy. She began, therefore, to cultivate the New England market. Sweden's hostile attitude about 1700 emphasized to England the importance of providing an ample supply of naval stores. Accordingly in 1706 a bounty was given on naval stores exported from the colonies.

"The British navy for eighty years before the late (Revolutionary) war, received its masts wholly from America, which is a proof that our pines are preferable to Norway." ⁽¹³⁾ This is an echo of a dispute as to the relative merits of American and foreign timber, most Englishmen rather favoring the continental growths.

-
- (11) Palfrey, History of New England, IV, 396
 (12) Palfrey, History of New England, IV, 185
 (13) Belknap, History of New Hampshire, III, 210

In 1716 masts for the royal navy and turpentine were reported among the principal products of New Hampshire. In 1760 Burnaby (14) wrote: "The chief articles for exportation (in New Hampshire) are fish, cattle, ships, of which they annually build near 200, and masts for the royal navy. These are made of the white pine, and are, I believe, the finest in the world, many of them being forty yards long, and as many inches in diameter."

The production of naval stores, especially resinous species, was of considerable importance in the southern colonies.

There was a steady and heavy demand from Europe for colonial lumber, due to the absence of fuel supply and wood for other purposes. This was especially the case in England, where the timber had been so wasted for the supplying of non-works, that by 1581 it had been found necessary to restrain its use. The American colonies with their great abundance of timber and its ease of preparation for the market, naturally attracted attention as a cheap and ready source of supply.

(14) Quoted in Callender, Economic History of United States, 15

In 1640 eleven ships sailed from New England to the West Indies with lumber. About 1676, the bolder merchants sent cargoes of mast and yards to Guinea and Madagascar, bringing back negroes. In 1671 the exports from New Hampshire totaled 200,000 tons of planks and pipe staves.

A census of 1708 reported that lumber was one of the items shipped from Rhode Island to the West India Islands, Madeira, Bayal, and other ports. In 1716 lumber was one of New Hampshire's exports to the West Indies, Western Islands, England, and Ireland, though the quantity was not great. In 1731 the exports from Virginia and Maryland included a total of \$75,000 worth of lumber. This said to have cost not over \$20,000 in the colonies, thus giving a profit of \$55,000 or 275 per cent. In 1732 the Governor of New Hampshire reported that their trade consisted chiefly in lumber and fish, while the chief trade of Pennsylvania was reported as consisting in the exportation of provisions and lumber. The chief export articles of New York and New Jersey were provisions, horses, and lumber. In Connecticut "they export horses and lumber to the West Indies."

(15) Bishop, I, 113.

(16) See Callender, Economic History of the United States.

During the years 1713-1745 "next to fish and vessels, the most important export in this period was timber. Parliament freed the colonial export of wood and lumber in 1721."⁽¹⁷⁾ All of the northern colonies, in fact, carried on a large lumber trade with the West Indies. This lumber was exchanged for sugar, molasses, indigo, and cotton. New England, besides sending lumber and fish to the West Indies, sent these products to Spain, Portugal, Gibraltar and Maderia.

In 1751 it was reported that a large illicit trade in lumber existed from North American colonies to Marseilles and Toulon.

Burnaby in 1760 mentioned lumber as one of the chief exports of both Pennsylvania and New York. In 1764 Rhode Island in the "Remonstrance" previously referred to mentioned lumber as one of its exports. Lumber was early shipped from the Longleaf-pine region to Cuba, Mexico and Central America for building purposes, in small vessels, being preferred to native timber because of the freedom from attack by ants.

In 1766 Governor Tryon reported that lumber, a considerable staple in the Province, was exported from North Carolina to the West Indies, and paid for in sugar, rum and molasses.

(17) Weedon, Economic and Social History of New England, II, 581

That New Hampshire's trade had declined is shown by Belknap's statement ⁽¹⁸⁾ that prior to the revolution "the foreign trade, as distinguished from national, was very inconsiderable. Two or three vessels in a year would go to the free ports of the French and Dutch West Indies, with cargoes of lumber, fish oil, and provisions, and bring home molasses to be distilled into rum, in the only distil-house in New Hampshire."

In 1770 the value of the lumber exported from all the colonies was close to \$687,000, of which about \$100,000 was exported from New York. Exports of masts, boards, and staves from New England were valued at \$225,000. Exports of boards, scantling, staves, heading and shingles from Philadelphia were valued at about \$155,000. This leaves \$207,000 as the exports of the other colonies. The Colonial trade was, for the most part, American and foreign, not American and English.

(18) New Hampshire, III, 205.

ENGLAND'S COLONIAL POLICY.

England pursued a far more humane course towards the colonial lumber industry than towards our manufactures as a whole. During the eighteenth century especially many measures designed to prevent the erection of manufactories in the colonies were passed, as it was believed their erection had a tendency to lessen the dependency of the colonies upon Great Britain. As she had destroyed the growing commerce of Ireland so she attempted the same role in America, finally driving us to revolution.

The primary grievance of the colonies against England was her protective policy at home and prohibitory policy as to her American Colonies, by which they were prohibited from all kinds of manufacturing and from selling only to England or from buying anywhere than in England or of English production.

"The primary cause of the American Revolution must be sought in the character of the old colonial system" under which they were "subject to exploitation for the benefit of the people who remained at home."^(18A)

England's object was to keep the colonists all farmers, so as to supply her home people, mostly engaged in manufacturing, with food and raw materials; in other words, to compel them to sell to England all they had to sell, and to buy from her, all they were obliged to purchase. They were never able to raise an agricultural surplus sufficient to pay for what they had to import.

(18 A) Howard, Preliminaries of the Revolution, 47.

England's laws regarding the foreign trade of the colonies affected, of course, the lumber industry in precisely the same way as they did the other industries of the country. These laws will be considered shortly. Exclusive of such laws the exportation of lumber was encouraged by Great Britain. Other industries, as we know, were throttled. Why this favoring of the lumber trade? In the first place, there was a real and pressing need of lumber in England. Secondly, lumbering is an extractive industry, closely allied in many respects to agriculture, which was promoted by England to develop a dependency upon the mother country. England "looked to this country for abundant and secure supplies, not only of timber, but of naval stores, pitch, tar, and turpentine for their military and commercial marine. They desired to encourage the industry of New England in this department, to the end that its profits might support large demands for English manufactured goods. And they wished, by confining the attention of the people to these pursuits, to keep them from creating a supply of woolen fabrics for themselves."⁽¹⁹⁾

(19) Palfrey, History of New England, IV, 397.

As early as 1667 Massachusetts had brot the wealth of her woods to the notice of England by a present to King Charles of ship-timber. The latter, her own timber being of no importance, sought to secure the colonial trade, not only incidentally by restrictive trade measures, but positively by means of bounties. Bounties were offered not only by the Government but premiums were given by private societies during the colonial era for the importation into England of timber. ⁽²⁰⁾ Some of the bounties were even continued after the revolution. Parliament also appropriated \$50,000 for utensils and other aid to lumber manufacture. England early in the Eighteenth Century provided for the free importation of timber.

Governor William Franklin in a speech to the New Jersey Assembly said: ⁽²¹⁾ "I would recommend to you to grant a bounty to encourage the raising of hemp and flax, and the cutting of plank and timber, for exportation to Great Britain....This you may depend on, that every species of timber has for many years been rising in price in Great Britain."

In a letter of Feb.22, 1767, Governor Tryon discussed lumbering in North Carolina. ⁽²²⁾ The present bounty granted by Act of Parliament for the importation of planks and ton timber into Great Britain from the colonies not being found sufficient to answer the expense of the freight of it from this colony, I have made an estimate of the bounties that appear to be necessary to open a

(20) Elliott, Tariff Controversy, 15.

(21) Gentleman's Magazine, July 1765, p.343.

(22) North Carolina Colonial Records, VII, 441

channel for the above valuable produce to the mother country".

Let us now consider the English acts relating to colonial commerce in general which adversely affected the lumber trade.

The beginning of England's restrictive legislation was the Navigation Act of 1651, aimed at the Dutch, providing that all commerce with England must be conducted in English or colonial ships. A supplementary act of 1673 provided that all colonial imports from Europe must pass thru England. These acts did not as injuriously affect colonial trade as if often alleged in our textbooks.

Of a slightly different character was the early prohibition by the Assembly of New Jersey ⁽²³⁾ of the exportation of timber, planks, or boards, except directly to England, the West India, Summer, and Wine Islands. This proved injurious to the trade of New Jersey, and, to a less degree, to that of New York, but the system was continued under the Royal Government. The primary object was to encourage "the building of ships and other vessel." In 1714 duties and other burdensome regulations were imposed on the same articles when going to neighboring Provinces. The prohibitions and duties were repealed in 1717 as "prejudicial to the inhabitants," but were re-enacted in 1743, continuing in force until the Revolution.

(23) Bishop, I, 109.

The colonial merchants, as we have seen, carried on a profitable commerce with the French West Indies, and the British West Indies, exchanging fish and lumber for molasses, rum, cotton, and indigo, especially the former. But neither the English nor West Indian trade consumed the surplus supply of fish and lumber of the colonies, particularly the colonies of New England. A trade grew up, therefore, with the Canaries, Maderia, Spain, France, and Portugal, much of which was illicit. April 23, 1700, Lord Bellmont complained to the Lords of Trade⁽²⁴⁾ of the "trade of sending ship-timber to Portugal, still carried on," and desired "an act of Parliament to hinder transporting of ship-timber." There were complaints in England as well, it being held by many that the colonists should deal through the mother country. Yet the total exports for 1712-1718 did not much exceed 2,000,000 feet or one modern shipload. Governor Wentworth informed the Lords of Trade in 1724 that a ship of 1,000 tons and 70 guns was building in Massachusetts to carry prohibited timber to Spain or Portugal.⁽²⁵⁾ In 1751 it was reported that a large illicit trade in lumber existed from the North American colonies to Marseilles and Toulon.⁽²⁶⁾

In 1733 the British government undertook to protect its West Indies by (1) compelling all the New England colonial merchants to purchase from them all their molasses and (2) by levying duties on importations from the foreign islands amounting to prohibition. This was aimed at the very considerable trade of the northern

(24) Palfrey, IV, 398

(25) Weeden, II, 576.

(26) Ibid, 659

colonies with the French and Dutch Indies. The act of 1733 is known as the Molasses Act. The duty levied was 6d. per gallon. The act was consistently evaded, and almost no attempt was made to enforce it until 1764, when the Sugar Act was passed. A new duty of 3d. per gallon was prescribed; the colonists knew that the lesser duty was actually to be collected. This act cut off commerce at its sources, threatening the whole economic structure of New England. The lumber of New England had been exchanged for molasses; no longer could the colonists afford to import molasses from the foreign islands, thus inevitably destroying their own market.

In the following year, 1765, the exportation of lumber to ports other than English, was prohibited, and another heavy blow dealt colonial commerce.

These and similar acts which tried to render the colonists dependent upon Great Britain were one of the primary causes of the Revolutionary War. Often not enough emphasis is placed on the fact the causes of the war of 1776 were as much economic as political. (27) Despite England's restrictive acts it is claimed that most of the lumber exported went to the West Indies and to Spain and Portugal. (28)

Dec. 31, 1776, Congress formally removed the old restrictions of the Navigation Acts on the export of lumber to ports other than those of Great Britain.

(27) An interesting historical sketch of England's restrictive policies is to be found in McClellan's "Smuggling in the American Colonies."

(28) Bogart, Economic History of the United States, 54.

RESTRICTIONS ON CUTTING

Of interest and importance in the history of the colonial lumber industry is a sketch of the restrictions imposed upon the cutting of trees, an early recognition of the necessity of conservation and proper selection. These restrictions can be very properly divided into two classes, naval and internal, which will be respectively considered.

Trees suitable for masts were marked with a broad arrow and reserved for the use of the royal navy. The British Parliament in the reign of William III and Queen Anne passed acts providing for the preservation in the Provinces of white pine timber for the Royal Navy's masting. ⁽²⁹⁾ The acts to preserve the trees were constantly evaded and in 1710 Parliament reenforced its former acts, prescribing a fine of \$500 for alienation to other purposes. The Trespass Act of 1711 ⁽³⁰⁾ for the preservation of Mast Timber in New England, New York, and New Jersey, attached also a penalty of \$500 for cutting white or other pine trees on public lands, or such as were marked and registered by the Surveyor. The act caused much dissatisfaction, since the fines were recoverable in a Court of Admiralty, with no trial by jury. ⁽³¹⁾ April 10th, 1717, Governor Shute implored the General Court of Massachusetts to make provisions for the security of the Queen's rights in timber proper for her navy. ⁽³²⁾ As early as May 27, 1668, Massachusetts had

(29) Bishop, I, 99.

(30) 92 Anne Cap.17.

(31) Bishop I, 100.

(32) Palfrey, IV, 394.

passed a law which "reserved for the public all pine-trees fit for masts which are twenty-four inches in diameter and upwards, within three feet of the ground, that from above three miles from the meeting-house."⁽³³⁾ In the provincial charter for New Hampshire which Sir William Phips, the ship-builder, helped to negotiate in 1692, the last articles reserved for the King's use all trees which measured two feet in diameter at a foot above ground. (34)

These acts, however, accomplished little. Badger, surveyor for Massachusetts, and a very prominent figure in the politics of the day, admitted in July, 1709, that when he appealed to the courts he "could not get a judgment against the people for cutting trees."⁽³⁵⁾ On May 21, 1711, he wrote that preventions under the new act were useless. Dec. 30, 1717, he wrote to the Secretary of State that at Exeter, of 70 trees which had been marked with the Queen's broad arrow only one remained standing.

In November, 1719, Governor Shute informed the General Court that the Board of Trade wished them to prevent the unlawful exportation of ship timber to Spain, with which country England was at War.⁽³⁶⁾

The colonies, as was suggested above, did not arrest the Crown at all times, but often disputed the Crown's rights over certain territories. Nov. 12, 1718, the Board of Trade were advised by their solicitor, Richard West, that the Crown was entitled to all trees of the prescribed size in Maine and other parts of Massachusetts, "except only those trees situated on lands which were

(33) Palfrey, 395

(34) Ibid, 396.

(35) Ibid, IV, 399

(36) Ibid, 405.

legally granted to private persons before the charter of 4 Caroli. I was reversed." The Board was further instructed that towns were among the private persons on whose lands the crown could not claim trees.⁽³⁷⁾

And in 1720 the House of Representatives of Massachusetts held that altho according to its charter pine-trees fit for use as masts and spars belonged to the king if suitable for the royal navy and standing on land which had not become private property at the date of that instrument, yet, after they had been felled⁽³⁷⁾ the property of the timber was in the owner of the land.

The following description by Burnaby, written in 1760, is of interest.⁽³⁸⁾ "The forests, where these masts grow, are reserved to the crown, which appoints a surveyor of them; who is commonly the governor of this province (New Hampshire). This is not the only expedient employed by government for the preservation of such trees as may be of use for the royal navy, for there is an act of Parliament, I believe, which prohibits the cutting down, or destroying of any white pine tree, of specified dimensions growing within the boundaries of any township, without his majesty's license, in any of the provinces of New England, New York, or New Jersey, a restriction absolutely necessary, whether considered as securing a provision for the navy or as a check upon that very destructive practice, taken from the Indians, of fire-hunting."

The laws relating to restriction on cutting had the welfare of the British navy at heart. Primarily selfish, and I do not

(37) Palfrey, IV, 411.
(38) Quoted in Callender, Economic History of the United States, 15.

(57)

mean that in any derogatory sense, they at the same time recognized the fact that free cutting would hasten the destruction of the forests, and that regulation was absolutely essential if the timbered resources were to be preserved. These laws offset to a very considerable extent the bounties etc that were offered for the exportation of timber, altho they were much evaded.

INTERNAL RESTRICTIONS.

By this I mean restriction on free cutting imposed by the Provinces and towns, particularly the latter, which had the conservation idea as their chief base. There was a dread of losing the existing wood supply because of the strong export demand. The community feeling also prompted the regulation of felling of timber on commons in towns. ⁽³⁹⁾ I shall not further refer to restrictions imposed on individual operators at the time they were granted permits to build mills. Regulations of cutting do not seem to have existed to any apprehensible extent in the southern colonies.

⁽⁴⁰⁾ DeFebaugh mentions Exeter, New Hampshire, as being, in 1640, the first town to regulate cutting, ~~they~~ *attempting to* restrict the lumbering of oak. But in 1634 Cambridge had prohibited the sale of boards, clapboards, or frames of houses out of town. And in 1637 Salem found that the transportation of similar lumber "hath not only bared our woods, but bereaved also our inhabitants." (39)

(39) Woodson, I, 61

(40) I, 398

In 1647 Springfield voted that "as timber, boards, planks, shingles. or pipe staves be carried out of town from the East Side of the River."⁽⁴¹⁾ Similar provisions as to cutting, saving, and transporting, were found in most of the other New England colonies.

In 1660 Portsmouth imposed a penalty of five shillings for every tree cut by the inhabitants except for their own buildings, fencing and firewood.⁽⁴²⁾ In *Kittery* and Dover the number of trees that could be *felled* before being manufactured was strictly limited.⁽⁴²⁾

The forests were regarded as common property, and the community idea of conservation existed strongly. As early as 1650 fears were felt in New Hampshire that the drain on white-pine timber might exhaust the supplies. The people had an erroneous idea of the extent of the forests of the day. And on April 23, 1700,⁽⁴³⁾ Lord Bellmont informed the Lords of Trade that there had been "a prodigious havoc of the wood in New Hampshire within four years" so that he feared that "in two or three years all trees that were near water carriage will be cut up."

Jan. 7, 1640, Rhode Island provided that *merchant* timber was not to be cut or exported without a license"⁽⁴⁴⁾ In 1682 it was provided in Pennsylvania that "the grantee must keep one-sixth part of the land granted in Pennsylvania in forest."⁽⁴⁵⁾ In 1701, when it was reported that there were forty saw mills in the Province of New York, and, referring to one equipped with twelve saws the Governor remarked: "A few such mills will quickly destroy all the

(41) Weeden, I, 63.

(42) DeFebaugh, II, 10.

(43) Palfrey, IV, 398.

(44) Arhold, History of Rhode Island, I, 142

(45) DeFauqh, II, 11.

woods in the Province at a reasonable distance from them." (45)

The Provincial Assembly of New Hampshire in 1708 forbade the cutting of mast trees on ungranted lands, with a penalty of £ 100.

As late as 1784 Massachusetts passed a law designed to protect the white pine then standing upon the public lands in the eastern forests (of Maine). The penalty for cutting was \$100 a tree, recoverable by indictment. (46)

THE REVOLUTION.

As can well be imagined such a struggle as our war for freedom, practically obliterated the colonial lumber trade. "During the late war the trade in lumber was suspended, and the people were obliged to attend to husbandry." (47)

THE CONFEDERATION

The industry revived rapidly after 1783. The Articles of Confederation governed the colonies from 1783 - 1789, amply proving their inherent weaknesses. Each state sought to regulate its trade with its sister states and with foreign nations without the slightest regard to the best interest of the nation. This was especially evident in the tariff laws of the states. Fortunately the lumber industry, dealing with a vast internal resource, and fearing no competition, was little affected by the dissensions among the newly united sovereignties.

(45) Defebaugh, I, 395

(46) Defebaugh, II, 11

(47) Belknap, History of New Hampshire, III, 212.

American lumber exports were welcomed into the mother country and the West Indies, and other southern countries. Soon after the Revolution the export of longleaf pine attained considerable importance.

THE CONSTITUTION.

In 1789, as a result of the failure of the articles of 1783 to provide a stable and safe government, the Constitution of the United States was adopted. Shipping to the foreign nations, which had been hampered by the English acts, picked up a little, the improvement lasting until 1808.

From October 1789 to October 1791 there was exported from the Province of Piscataqua alone 18,034,000 ft of pine boards of which (48) 11,622,000 went to the West Indies, and 6,247,000 to Europe.

In 1792 the exports from the United States of lumber proper were 65,846,024 feet, of shingles, 80,813,357.

In 1810 England was said to complete from America her demand for masts which the North of Europe could not supply. And in 1807 it was reported to Parliament that \$1,302,980 of lumber was import- (49) ed from the United States, of which white pine formed about a fifth.

(48) Bishop, I, 101

(49) Defebaugh, I, 528.

(51)

Just previous to the period where our Federal History begins the application of steam to mill machinery was introduced into Europe and America. "The benefits conferred by steam in cutting timber, and in prompting invention in the machinery, applied to manufactures of wood, are among the most signal of its triumphs." (50)

WAR OF 1812.

The war of 1812 was caused by English aggression in America. She had violated the treaty of 1783, returning our property only in 1795. The British had urged the Indians to hostilities and had impressed our American seamen.

The primary cause of the war is conceded to be England's commercial policy, resulting from the Napoleonic wars. Neutral trade had been interfered with by the orders in *Council* and our ports virtually blockaded by British cruisers.

Jefferson's embargo act of 1808 gave a hard blow to the American lumber trade. Lumber exports decreased from 48,699,572 in 1806 to 4,433,546 in 1807-8. The act was repealed in February, 1809, being replaced by the non-intercourse act, which excluded from American waters all French and English vessels. The act proved ineffective.

(50) Bishop, I, 113.

(51)
 The following table shows the exports of lumber from 1807 - 1816, and the effects the embargo act had, non-intercourse acts, and the war of 1812.

<u>YEAR</u>	<u>SHINGLE LUMBER</u>	<u>SAWED LUMBER</u>	<u>MASTS and SPARS</u>
1807	76,890,000	79,424,000	21,084
1808	17,512,000	25,845,000	2,088
1809	34,047,000	64,725,000	19,146
1810	43,122,000	63,042,000	141,163
1811	69,097,000	85,340,000	108,020
1812	30,327,000	56,565,000	10,971
1813	10,750,000	20,699,000	1,522
1814	4,196,000	11,646,000	,435
1815	25,419,000	51,337,000	17,389
1816	78,919,000	63,162,000	195,513

(51) DeFebaugh, I, 532

The further development of the American export trade will be considered in the chapter on Exports. The progress of the domestic lumber trade can be traced in the statistics which will shortly be presented.

During this early period in our history there was a plentiful supply of timber, no possibilities of dangerous competition, and a demand for timber in the great markets of the New and Old Worlds. There was, therefore, no need or demand for protective duties on lumber.

THE MIDDLE WEST

The Middle West, by which I mean the states of Kentucky, Tennessee, Ohio, Indiana, Illinois, and Missouri, has never been an important lumber center, as compared with other sections. In 1835 Pitkin in giving the chief exports of this region did not include
(52) lumber. No effort will be made, therefore, to treat the development of their lumber trade in detail, and I shall but present some interesting historical facts.

The abundant supply of timber both contributed to the upbuilding of great industries and at the same time afforded the pioneers material for cabins, fences, furniture etc. The supply of wood was important, also, as a fuel. Hardwood varieties were predominant

(52) Statistical view of the Commerce of the United States, 534

and abundant in the Ohio valley. From the Alleghany and Monongahela lumber development progressed down the Ohio until lumber manufacturing became one of the leading industries of Kentucky, Tennessee, Ohio, and Indiana. This was due undoubtedly to the splendid river transportation afforded the lumber industry, which was, until about 1880, mainly dependent on water transportation. In the early days of lumbering in southwestern New York, for instance, lumber was rafted down the Alleghany and run to Pittsburgh, Cincinnati and Ohio River points. Enormous rafts were sent down from northwestern Pennsylvania down the Ohio to the Mississippi valley, the trade reaching its zenith in the third decade of the last century.

The first mill in this section of which the author has definite knowledge was a merchant sawmill established at Falmouth, Pendleton County, Kentucky, on the Licking River, in 1793.⁽⁵³⁾ The following notice⁽⁵³⁾ appeared in "The Centinel of the Northwestern Territory", a Cincinnati newspaper.

"Plank and scantling of every kind, delivered at the mill or in Cincinnati, on the shortest notice. Orders will be thankfully received and pointedly adhered to.

"John Wallere.

"Fallsmouth, Forks of Licking, Dec. 15, 1794.

"N.B. The subscriber will be down with a quantity of planks in the Northwest Territory by the "New England Ohio Company" at Marietta.

(53) Collins, History of Kentucky, II, 676

During the second quarter of the 19th Century "large quantities of oak were sent from eastern and northern Ohio to England for use in shipbuilding."⁽⁵⁴⁾ Cypress, found in the swampy portion of the Ohio valley, was used in the manufacture of shingles.⁽⁵⁴⁾ In 1803 the Louisiana purchase put an end to the restrictions on the Mississippi. Sales of white pine were made at \$40.00 a thousand⁽⁵⁵⁾ in New Orleans; the shipment at Pittsburg sold for \$5 a thousand.

There was a sawmill on the Fox River, in Illinois, as early as 1830.⁽⁵⁶⁾ The first trade paper in America was the "Lumbermen's Advertiser", a weekly, published at Chicago in 1858. It was discontinued at the outbreak of the Civil War.⁽⁵⁷⁾

(54) Lippincott, Manufactures in Ohio Valley to 1860, 12.

(55) Forest Service Bulletin number 99.

(56) Bogges, Settlement of Illinois, 167

(57) American Lumbermen's Curiosity Shop, 369.

LAKE STATES

Following the line of the Great Lakes Michigan was the first
(58)
of the Lake States to be developed. Closely following it came
Wisconsin and Minnesota, and the resultant establishment of mills
in the Mississippi valley.

The lumber trade became important with the growth of towns
and cities after 1815. Moreover, the American shipbuilding in-
dustry had declined and it was necessary for the lumber producer
to find a market. This arose from the natural increase of pop-
ulation as *stated* by Franklin, *Malthus*, Walker and others, pro-
viding a need of shelter, and the increased uses of lumber due
to inventions, cheapening productions, and civilization. With the
opening of the New York canals the supply came from that state
and the lake region. This trade received an big impulse when
the process of western colonization reached the prairie region.
Great quantities of lumber had then to be conveyed to the sett-
lers of that region and the Lake States became the source of sup-
ply. The destruction of the forests of the eastern states pro-
vided another market for the lumber of the Lake district. Let
us now consider the early *historical* development in Michigan,
Wisconsin and Minnesota.

(58) Michigan, Wisconsin, Minnesota.

(59) Michigan Pioneer and Historical Collections, V, 34, p, 1212

MICHIGAN

Pierre Meloche moved to Detroit in 1729, dying there in 1760. He had a sawmill on the south side of the strait, living himself on the north side ⁽⁵⁹⁾ This would place his mill on the canadian side. It is altogether probable, however, that Meloche's mill supplied a large part of the Detroit demand for lumber, and might almost be considered as the first mill in Michigan, since its owner lived in that state.

The census of 1820 reported two sawmills in Oakland County one in Cranford, and one in Wayne, with a suggestion that one or two may have existed in Macomb County. The first mill in Lanawee County was built in 1824 by Augustine Wing, Territorial delegate to Congress, on the *Rusin* river at Temmoch. ⁽⁶⁰⁾

American lumbering started on the Port Huron region on the Black River in 1827. ⁽⁶¹⁾

The first sawmill in Flint was built as early as 1830 by George Oliver, on the Thread River, about a mile and a quarter south of Saginaw Street bridge, and the sawmill was built some distance below Oliver's about 1833 or 1834. The third mill in Flint and the first on the Flint River, was built in 1836. ⁽⁶²⁾

In 1850, according to the Federal Census, Flint had two saw mills.

(59) Michigan Pioneer and Historical Collection, V, 34, P, 1212.

(60) Ibid V, 35, p, 451.

(61) Ibid V, 38, p, 566.

(62) Ibid III, 435.

August 1837 J. H. Ford began building a water mill at the mouth of Bear Lake. It was burned in 1853 and never rebuilt. (63)

The first sawmill on Muskegon Lake was built in 1837 and commenced operations in 1838. It was a large steam mill, having two upright saws. It proved unprofitable, and was sold in 1841, it burned and the machinery was taken to Grand Rapids. (63)

Daniel Bull erected a mill in Owosso, Shiawassee County in 1838. It was replaced in 1855 by the first steam mill in Owosso built by David Gould. (64) The first sawmill in Mecosta County was erected in the fall of 1856 and started for the first time on July 4th, 1857, the occasion being made the occurrence of a jubilee. (65) The first steam sawmill in the county was built in 1865. (66)

(63) Michigan Pioneer and Historical Collection, I, 288

(64) Ibid, V, 30, p. 365

(65) Ibid, 29

(66) Ibid, 33

WISCONSIN.

The native hardwoods of Wisconsin in the order of their importance are, red oak, maple, basswood, birch, elm, black ash, beech, white oak, cherry, walnut, hickory and white ash. White pine was the principal Wisconsin wood.

The first saw mill in the state is reported to have been built in 1809 near De Pere. ⁽⁶⁷⁾ The mill was built at Black River in 1819 by Constant A Andrews, who wrote as follows on Nov.10, 1819, to Rev. Samuel Peters: ⁽⁶⁸⁾ "On the second day of November, I set a sawmill a running, not much inferior to any in the United States. This (Black) river takes its rise near the northeast corner of your tract. The mill is about thirty or forty miles east from Lake Pepin." Willard Keyes wrote on Jan.3,1820, to Dr. Peters: ⁽⁶⁹⁾ "Mr.Andrews still perseveres in the Indian country. He has been employed the summer past in building a sawmill on Black River, the mouth of which is 100 miles above Prairie du Chein."

This mill was burned, supposedly by Winnebagoes, and was not rebuilt. It is also recorded that Col. John Shaw built a ⁽⁷⁰⁾ mill on the Black River in 1819.

(67) Thwaites, Wisconsin, 281.

(68) Wisconsin Historical Collections, II, 266

(69) Ibid, 267.

(70) Ibid, III,437.

A Canadian named Barrette lumbered on the Black River in 1820
(71)
and 1821.

A Mr. Perkins from Kentucky, attempted to lumber with a mill
on the Menomonee branch of the Chippewa in 1822. (70) With Rolette
and Lockwood he had obtained permission from the Dahkotahs to
build a sawmill in the Chippewa valley, agreeing to pay them \$1000
annually, in goods. (72) Just before commencing to saw, the mill
was swept by a freshet. The indians threatening to disturbe him
the enterprise was abandoned, being renewed, with better success
on the same site, in 1830. (73) It was ready for sawing by March
1831, and by the first of June had sawed about 100,000 feet of
lumber. It was built under a government permit. (74) James H.
Lockwood, one of the proprietors, says that the mill built in
1822 by Perkins had not been rebuilt because of the threat of
Colonel Snelling to destroy it. It is also recorded that a
successful mill was erected in 1828 on the site of the present
Menomonie. (73)

Pine timber was made into boards with whipsaws, in 1826,
(70)
by the United States soldiery, at the building of Fort Winnebago.

(70) Wisconsin Historical Collections, III, 437.

(71) Ibid, II, 149.

(72) Neill, History of Minnesota, 330.

(73) Wisconsin Historical Collections, II, 134

(74) Ibid, 139.

Under a government permit Daniel Whitney, of Green Bay, erected a mill at Whitney's Rapids, below Point Bas, on the Wisconsin, in 1831. (75) Grignon and Merrill built a mill at Grignon's Rapids in 1830. These two mills were the first on the Wisconsin River. (75) In 1837 six mills began operations on the Upper Wisconsin, above Point Bas. (75)

From the previous statements the following deductions of Mrs. Peck who came to Madison in 1856, seems erroneous. She says that in 1836 there was "only one sawmill in the territory, and that way up in the Wisconsin Pinery, and not completed, and of course no lumber." (76) She later refers to this as Whitney's mill "the first and then the only mill in the territory." This is in direct conflict with the statement that Whitney's mill was built in 1831.

The development in the upper Wisconsin country has been adequately traced by Gen. A. G. Ellis. (77)

The first mill in Walworth county was built at Geneva in 1836, by R. W. Warren. (78)

Lumbering operations were of importance in the Green Bay district in 1834, the Wolf River district not being opened until 1835. (79)

(75) Wisconsin Historical Collections, III, 438.

(76) Ibid VI, 350.

(77) Ibid, III, 735-753.

(78) Ibid, VI, 456

(79) Thwaites, Wisconsin, 281.

Lumbering operations were commenced at Wausau, on the Wisconsin, in 1840, little water power mills with antique wooden wheels being built to cut the timber. (80)

These early attempts developed into an industry which for a time was the most important in Wisconsin, and one of the big industries of the nation. It was because of the pioneer efforts of the lumbermen that such thriving cities were established as Rhinelander, Merrill, Tomahawk, Grand Rapids, Wausau, Stevens Point, Nekoosa and Port Edwards, and the foundations laid for the future prosperity of the state of Wisconsin.

(80) Neal Brown before Wisconsin Committee on Forestry, 1910.

MINNESOTA.

The first sawmill in Minnesota was built by the government in 1821 near Fort Snelling to saw pine for the new fort. The logs were cut at what was known as Dutchman's grove, on the Rum River. (81) Only a small amount of lumber was sawed in the mill.

The first important mill in Minnesota was not built until 1838, because of the fear of Indian wrath. Marine Mills was the site of the sawmill, the first in the St. Croix valley, which began operations Aug. 24, 1839. (82) The company was originally known as the Marine Lumber Company, changing its name in 1850 to the Judd and Walker Company. A sawmill was erected at St. Croix in 1840. (83) The third mill in the valley was built at Stillwater in 1844. (84)

(81) Minnesota Historical Society Collections, X(pt.2), 636.

(82) Ibid, 650.

(83) Neill, History of St. Croix Valley, 192.

(84) Ibid, 196, An excellent article on "Lumbering and steamboating on the St. Croix River", by Capt. Edw. W. Durant, is in the Minnesota Historical Society Collections, X(pt.2). Also an article by W. H. C. Folsom on the "History of Lumbering in the St. Croix Valley, with Biographic Sketches", in volume IX. "Pioneer Lumbering on the Upper Mississippi" is the title of an article by Daniel Stanchfield in the same volume. Some details of the development in the St. Croix valley may be found in "Minnesota in Three Centuries", IV, 401-409; in the Mississippi and its branches, 409-417. The early history of the Minnesota industry is also considered in II, 135-142.

This was followed by numerous others. By the erection of the mill at Stillwater that town had become the center of lumbering in the St. Croix valley. In 1850 two steam-mills were built in the valley, and in 1855 there were fourteen mills located therein, operating fifty gang, four rotary, and twenty-nine sash saws, with an annual cut of 34,900,000 feet of lumber, and with thirteen lath saws making 18,500,000 lath. The largest mill had an annual cut of 12,000,000 feet. (85)

In 1845 a mill began operations at Osceola. (86) The second mill at Stillwater was built at Stillwater in 1852 by Sawyer and Heaton. (87).

May, 1847, a mill began operations at Arcola, Washington County. (88)

The first sawmill on the Mississippi above St. Anthony Falls was at Little Falls. It was built in 1849 by Jas. Green, and operated by different owners until 1858, when it was washed away. (89)

Joseph Libbey, who came to St. Anthony with his family early in 1851, was the first to cut and haul logs above the junction of the Crow Wing and Mississippi rivers. (90)

The first sawmill at the rapids of Elk River, where Orono now stands, was built in 1851. (91) The first mill at Anoka was built in the winter of 1853-54 by Caleb and W.H. Woodbury. (91)

(85) Neill, History of St. Croix Valley, 196

(86) Minnesota Historical Society Collections, IX, 299.

(87) Ibid, 302.

(88) Ibid, 316

(89) "Minnesota in Three Centuries", IV, 412

(90) Minnesota Historical Society Collections, IX, 350.

(91) Ibid, 351.

A mill was built at Waconta, a few miles east of Red Wing, in 1853, appears to have been the first west of the Mississippi, with the exception of the small government mill before mentioned. (92)

The reason for the slow development on this side of the river was the fact that the government had not obtained the cession of the lands. The west side of the Mississippi was opened to settlement in 1852, and concessions in the north were obtained three years later. As a result the population of Minnesota grew from 6,000 to 170,000 between 1850 and 1860, and the value of the timber products jumped from \$52,000 to \$1,000,000 and over. Steadily the loggers pushed up the Rum River and the Mississippi, out to the very sources of its tributaries. The first mill at Red Wing was built in 1855. (92)

I shall now briefly consider the early history of sawmills in the cities of St. Paul and Minneapolis.

Lumber manufacturing was the first important business at the Falls of St. Anthony and it was for many years the leading industry." (93)

The mill at Fort Snelling was the first in Minneapolis. The first merchant sawmill at the Falls of St. Anthony began operations, Sept. 1, 1848. (94) It was owned by Franklin Steele and was built in 1847. (95)

(92) Minnesota Historical Society Collections, IX, 319.

(93) Hudson, Half Century of Minneapolis, 296

(94) Minnesota Historical Society Collections, IX, 340.

(95) Hudson, 30, Pp. 296-326 Hudson describes the growth of lumbering in Minneapolis, with biographical sketches of prominent lumbermen. The Minnesota Historical Society Collections, X (pt. 2), contain an article by Edward A. Bromley on "Old Mills at the Falls of St. Anthony."

In the fall of 1844 Mr. Charles Bazille started to build a sawmill at what was called the falls of Phelan's or McLeod's Creek--- the first mill in what now constitutes St. Paul. (96)
Other St. Paul mills were built in 1851, 1855, 1856 (three), (97) 1857, and 1858.

(96) Williams, History of St. Paul, 143.

(97) Minnesota Historical Society Collections, IX, 318.

By 1870 the railroads were coming to the assistance of the rivers in the transportation of logs and lumber, and the construction of new roads, with a colossal demand for ties, lent new impetus to the lumber industry. The forests were rapidly depleted.

A mill erected at Cloquet in 1878 was the entering wedge which finally placed Minneapolis as the largest lumber town of Minnesota. With the further growth of railroads it became possible for the mills to go back to the timber, so that mills sprang up rapidly at Carlton, Scanlon, Cass Lake, and far up on the drainage basins of the streams entering into the northern boundary waters.

By 1905, Minnesota had reached the height of its glory, with an annual cut of 2,000,000,000 feet. The cut has steadily declined since then, both absolutely and relatively to the total production of the country, tho the industry is still third in the state, and will probably never cease to be of importance in the economic life of Minnesota.

SOUTHERN STATES

No attempt will be made here to trace the introduction of the lumbering industry into the states of the South and Southwest. The great importance of these regions as lumbering districts will be considered shortly.

PACIFIC STATES.

The region comprising California, Oregon, and Washington, ranks second only to the Southern group of states in lumber production. It is to this district, moreover, that we must largely turn to supply our future demands.

The chief woods of Washington are fir, spruce, and cedar; of Oregon, spruce, cedar, and fir; of California, fir, pine, and redwood. The fir of Washington is mainly Douglas or yellow fir and red fir. The hemlock of Washington is often sold as pine or spruce but, due to the splendid quality of the hemlock, little distinction is made between it and spruce.

It is from the states of the Pacific Northwest, who fear the direct competition of British Columbia, that the most insistent demand for protective duties on lumber and shingles comes.

CALIFORNIA

The Spanish Californians imported most of the few boards required. For a few years following the American settlement much lumber was shipped to California. Adobe construction had not recommended itself to the Americans. The abundance of pine and fir in the foot-hills and the nearness of water-power soon brot about the erection of a large number of sawmills. The price of lumber fell rapidly.

The first regular whip-saw pit for manufacturing lumber for sale is attributed to James Dawson of Bodega in 1835. ⁽⁹⁸⁾ Soon after 1840 Reed opened a mill on Corta de Madera, and Isaac Graham another near Santa Cruz. ⁽⁹⁸⁾ In 1843 Smith arrived at Bodega with machinery for the first steam saw and grist mill, and was rewarded with a large tract of land. ⁽⁹⁸⁾ A sawmill was built at Bodega some time prior to 1846 by the Russians, and in Dec. 1848 was purchased by a lumberman from Connecticut. ⁽⁹⁹⁾ Not until after the United States conquest, however, did mills begin to rise in any great number. Smith built the water-power mill at Coloma in 1847-8, ⁽⁹⁸⁾ which proved instrumental in discovering gold. In 1849 several were erected as far north as Yuba. ⁽⁹⁸⁾ In 1850 Harry Meiggs had a sawmill at Bodega, and in 1852 built one at Mendocino, which proved a failure. ⁽⁹⁹⁾ Sierre obtained a mill in 1850, Plumas in 1851, Siskiyou in 1852. ⁽⁹⁸⁾

The industry has steadily developed since 1850, but California has not attained the importance of the other Pacific States as regards lumber production. Altho exceeded only by Washington and Oregon in the amount of lumber in the State. California in 1913 ranked thirteenth in lumber production. ⁽¹⁾

(98) Bancroft's Works, Vol. 24, p. 76.

(99) American Lumbermen's Curiosity Shop, 217.

(1) Statistical Abstract, 1914.

OREGON

As early as 1823 a vessel loaded with spars from the Columbia arrived at Valparaiso. ⁽²⁾ The earliest manufactured product of Oregon was lumber, and "Oregon built the first saw-mills on the Pacific Coast." ⁽³⁾ The first mills for commercial purpose were built in 1844. ⁽⁴⁾ Another writer says ⁽⁵⁾ the first lumber mill was a water mill built by Lott Whitcomb and Meek and Llewellyn in 1849, located at Milwaukee, about six miles from the present city of Portland.

Oregon is a state of vast timber resources, much of which is in large railroad grants and the lack of adequate transportation facilities prevents the existence of much more lumbering that is actually carried on. With the largest timber supply in the United States Oregon ranks but fourth in lumber production.

(2) Annals of Congress, 1822-3, p. 415.

(3) Bancroft's Works, V.30, p. 758.

(4) Ibid, 726.

(5) American Lumbermen's Curiosity Shop, 217.

WASHINGTON.

In its timber supply Washington is exceeded only by Oregon; for the last few years it has led the States of the country in the amount of lumber produced.

The first mill was completed at Tumwater late in 1847.⁽⁶⁾ This was the only mill north of the Columbia in 1851. Its' capacity was 3,000 feet per day.

We noted previously that in the New England states lumber was early used as a medium of exchange. "Shingle-making was also an important industry, shingles passing current at Fort Nisqually in exchange for clothing or other articles."

C. S. Abernethy erected a water-power mill at Oak Point, Cowlitz County, in 1848-9.⁽⁷⁾ One circular and one muley saw were used. The mill was ranked as one of the big industries of the new country. Soon a sawmill was built at Arkansas Creek, twelve miles up from Cowlitz.⁽⁸⁾ Bancroft says⁽⁷⁾ the second mill on Puget Sound was erected by James McAllister in 1851, but fails to give its location. In 1851 J. J. Felt of San Francisco, built a steam mill on Puget Sound which was located at Apple Tree Cove, near Fort Madison.⁽⁹⁾

In the fall of 1852 Henry L. Yesler started a steam sawmill on the waterfront of Seattle. This was the first sawmill put up with a design to establish a trade with San Francisco.⁽¹⁰⁾

(6) Bancroft's Works, Vol. 31, p. 9.

(7) Ibid, p. 338.

(8) West Coast Lumberman, March 15, 1916, p. 81.

(9) American Lumbermen's Curiosity Shop, 217.

(10) Bancroft's Works, Vol. 31, p. 24.

The same year Henry Roder, R. V. Peabody, Edward Eldridge, and others formed the Whatcom Millin Company, establishing a sawmill on Bellingham Bay. ⁽¹¹⁾ Also in 1852 Sayward & Thorndyke erected a ⁽¹²⁾ mill at Port Ludlow which afterward was sold to Amos and Phineey. The same season saw a mill erected at Shoalwater Bay by Weeden & ⁽¹³⁾ Watkins. Martin, Phelps and Ware built a steam mill at Apple Tree Cove on the west side of Admiralty Inlet. The mill was sold to G. A. Meigs in 1853, the latter removing it to Port Madison in ⁽¹³⁾ the same year.

In 1853 the Port Gamble mill was erected by the Puget Mill ⁽¹¹⁾ Company. About the same time mills were built at Port Madison, Port Blakely, and Alki.

In 1855 a major of the United States army reported sixteen mills on Puget Sound, with a daily capacity each of about 8,500 ⁽¹⁴⁾ feet.

In 1859 Kitsap County led the counties of Washington in the manufacture and exportations of lumber. 40,000,000 feet of sawed lumber was exported, as well as several cargoes of masts, ⁽¹⁴⁾ spars, and piles. There were six sawmills in the county.

-
- (11) Bancroft's Works, p.32(Vol.31).
 (12) American Lumbermen's Curiosity Shop, 217.
 (13) Bancroft's Works, Vol.31, p.338.
 (14) West Coast Lumberman, March 15,1916,p.81.

(15)
One author in 1865 says: Puget Sound "is the great lumber market of all the Pacific Coast. Already a dozen sawmills are located on its shores....The business is but in its very infancy; it will grow with the growth of the whole Pacific Coast, and with the increasing dearth of fine ship-timber in other parts of the world; for it is impossible to calculate the time when, cut and saw as we may, all these forests shall be used up, and the supply become exhausted." The last remark is interesting in view of the present conservation question.

The condition of the lumber industry is now reflected in all the industries and occupations of the State of Washington. It is from the lumbermen and shingle manufacturers of this State that the chief cry for protection comes. We shall later see if it is justified.

(15) Bowles, Across the Continent, 205.

STATISTICAL GROWTH.

The early history of the lumber industry in the more important lumber sections of the country has been already examined. With the growth of our country and the birth of the American Republic civilization likewise developed. For taxation and political reasons the making of a census was regarded as necessary. It is in the various censuses that I propose to examine the history during its later stages of the lumber industry, and to trace its general development. Of the vast movements and expansion of the lumber industry the United States census furnished the only complete record. The early censuses, so far as they relate to lumber, are rather imperfect.

100

The first attempt to deal with the subject was in 1810. The returns were scattered and imperfect, showing 2541 sawmills, producing 92,933,640 feet, valued at \$1,059,065. Eleven states were included in the returns. 2,016 of the mills were reported as in Pennsylvania. "There is some reason to believe that in Pennsylvania the number of saws, and not the number of establishments, was reported."⁽¹⁶⁾ From New York, and several of the larger lumber states, there were no returns. In 1793 there were 90 sawmills in Worcester County, Massachusetts. The 1810 Census showed only 150 for the whole state, "which was far below the real number, as the returns were very imperfect embracing in fact only the two counties of Berkshire and Hampshire."⁽¹⁷⁾

The census of 1820 contains a few scattered references to the lumber trade. There were reported 719 mills, divided as follows among the States:⁽¹⁸⁾ New York, 272; Pennsylvania, 88; Virginia, 49; Georgia, 29; Louisiana, 55; Tennessee, 37; Ohio, 136; Illinois, 4; Missouri, 16; Michigan, 4; Maine, 7; Vermont, 6; Maryland, 4; Alabama, 10; Arkansas, 2.

No attempt was made in 1830 to gather any statistics as to manufactures. In 1840 manufactures were again included, with fragmentary reports secured. By 1850 the number of states and territories reporting had increased to thirty-six, and results of substantial value, which can be compared with the results of later enumerations were obtained.

(16) DeFebaugh, I, 477.

(17) Bishop, I, 101.

(18) In most of the states only a few counties are accounted for.

The number of establishments has shown much less increase than capital, wages, and product, due chiefly to improvements in sawmill machinery and in transportation facilities, thus aiding in the continuation of the industry in fairly large establishments.

(19)

The chief statistics for the lumber industry are as follows;

<u>Date</u>	<u>Estab</u>	<u>Evg.No.</u> <u>Workers</u>	<u>Wages</u>	<u>Cost of</u> <u>Materials</u>	<u>Value of</u> <u>Product</u>	<u>Value add-</u> <u>ed by manu-</u> <u>facture</u>
-------------	--------------	----------------------------------	--------------	------------------------------------	-----------------------------------	---

Last four columns in thousands of dollars.

1909	33,090	547,178	238,866,806	265,559	753,388	487,828
1904	19,121	404,563	182,949,649	183,708	579,777	396,069
1899	23,043	413,257	147,951,886	242,617	555,042	312,424
1889	22,607	311,886	87,915,659	242,532	437,898	195,366
1879	25,758	148,290	31,893,098	146,312	233,608	87,295
1869	25,842	150,091	40,054,472	103,474	210,401	1106,927
1859	20,870	77,439	22,196,533	45,368	98,679	53,311
1849	18,769	55,810	13,787,852	28,368	60,413	32,084
1839	31,650				12,943	

(20)

(20)

Statistics as to the ownership of the establishments are also

(21)

presented.

The figures are in percentages.

<u>Ownership</u>	<u>1909</u>	<u>1904</u>	<u>Value of Product</u>	
			<u>1909</u>	<u>1904</u>
Individual	55.2	49.3	17.3	18.5
Firm	27.6	31.1	14.1	20.7
Corporation	17.1	19.5	68.7	60.7
Other	----	0.1	----	0.1

(19) 1910 Census, VIII, 422, Does not include small custom sawmills or planing mills, except for 1849. Figures including sawmills custom mills, independent planing mills, and wooden packing-box factories may be found in X,488.

(20) Defebaugh comments (I,490): "It is probable that the 1840 report included independent shingle mills, cooperage shops, planing mills etc, in the total."

(21) 1910 Census, X, 498.

From 1904 to 1909 there was a decided decrease both in the relative number of establishments with firm ownership and in the proportion they reported of the total value of products. The other significant features are the increased value of product of corporation-owned mills and the increases in the number of individual establishments.

The importance of the various sized mills is as follows: (22)

<u>Value of Products</u>	<u>Number of Establishments</u>	<u>Value of Products</u>
--------------------------	---------------------------------	--------------------------

Figures are in percentages.

	<u>1909</u>	<u>1904</u>	<u>1909</u>	<u>1904</u>
Less than \$5000	48.2	33.0	3.7	2.5
\$5000-\$20000	29.6	35.4	10.5	10.5
\$20,000-\$100,000	16.1	23.4	24.6	29.2
\$100,000-\$1,000,000	6.0	8.1	52.2	53.9
\$1,000,000 and up	0.2	0.1	9.0	4.0

The two preceding tables would indicate that men of small means and mills representing small amounts of capital are increasingly evident in the lumber industry; that the largest class of mills have made a rapid increase in the value of their products; and that the medium sized mills are just about holding their own.

The lumber production of the United States is now approximately twice that of 1880. The cut has been as follows: (23)

<u>Year</u>	<u>Cut in thousands of feet.</u>
1880	18,087,356
1890	23,494,853
1900	34,780,513
1910	40,018,282
1912	39,158,414
1913	38,386,973

The states which have experienced the largest percentages of increase are Idaho, Washington, Louisiana, Oregon, California and Mississippi.

With the exception of the past few years, therefore, the lumber industry has steadily increased in importance and size. Among the reasons for the recent decrease in production may be mentioned the increasing use of substitutes, the effect of tariff agitation, and business depression in construction work.

(23) Statistical Abstract, 1914.

WESTWARD EXPANSION.

Even the most casual study of the lumber industry cannot but impress one with the fact that westward expansion and development has been the tendency. This is due to western emigration and the need of lumber in the new communities; new means of transportation; and, finally, to an exhaustion of the lumber resources of the older communities.

Our earliest lumber trade was in the New England states, New York and Pennsylvania, with a slight trade in other coast states; with the opening of the Erie Canal and the settlement of the lower Mississippi Valley western New York and western Pennsylvania marketed their lumber, as did Ohio, Tennessee, and Kentucky. With the emigration into the Northwest and Middle West the lumber of the Lake States entered the market, perhaps the greatest development in that region occurring between 1850 and 1860. About 1880 these states reached their greatest importance and since then the proportionate value of their lumber product to that of the whole country has been decreasing. The Southern yellow pine region and the Pacific States are our present and future sources of supply, and the lumbermen of the exhausted Northwest have become in large measure the timber owners of the two new producing regions.

"The principal Wisconsin operators, who have amassed large fortunes in this once enormous industry, are now similarly exploiting the woods of Southern and far Northwestern states." (24)

The recent western movement is portrayed in the figures of lumber production. (25)

Production in million feet.

Group	1880	1890	1900	1910	1912	1913
United States	18,087	23,949	34,780	40,018	39,158	38,386
Northwestern	3,982	4,063	4,856	3,799	3,538	2,956
Lake	6,278	8,142	8,715	5,030	4,424	3,866
Southern	2,498	4,809	11,037	17,585	18,292	18,452
Central	3,014	2,814	5,129	4,674	4,338	3,930
Pacific	642	2,021	2,896	7,436	7,218	7,873
Miscellaneous	18	27	65	1,477	1,323	1,287
All other	1,652	1,615	2,079	11	22	19

(24) Thwaites, Wisconsin, 282.

(25) Statistical Abstract, 1914. The Northeastern group includes Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont. In the Lake group are Michigan, Minnesota, and Wisconsin. In the "Miscellaneous" group are found Arizona, Colorado, Idaho, Iowa, Kansas, Montana, Nebraska, Nevada, New Mexico, South Dakota, Utah and Wyoming. Illinois, Indiana, Kentucky, Missouri, Ohio, Tennessee and West Virginia constitute the Central group. Comprising the Pacific group are California, Oregon and Washington. The Southern group includes Alabama, Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Texas and Virginia. Most of the difference appearing in the last two groups in the table are accounted for by the fact that until 1910 all of the "Miscellaneous" states, except Idaho, had been included in "All others."

On a percentage basis the production of the various groups
(26)
is as follows:

Group	Percent of total production.						
	<u>1850</u>	<u>1860</u>	<u>1870</u>	<u>1880</u>	<u>1890</u>	<u>1900</u>	<u>1913</u>
Northwestern	55	36	37	22	19	16	8
Lake	7	13	25	35	35	27	10
Southern	13	17	9	14	21	32	48
Pacific	4	6	4	4	8	8	21
Central				18	12	15	10

It is from the two largest producing sections, the South and the Pacific States, especially the Pacific Northwest, that the chief claims for protective duties are now heard.

(26) For a chart of this table see Smith (J.R.), Industrial Geography, 434.

CHAPTER III

TARIFF DUTIES

In speaking of lumber duties it is the duty on rough lumber that is meant, unless otherwise stated.

The first important law passed by Congress under the constitution was "An act for laying a duty on goods, wares and merchandise imported into the United States."

In the early years of the Republic our lumbermen felt no need for the assistance of protective duties; it was, however, perfectly natural that such an important branch of commerce should be recognized in a general tariff act. The articles enumerated in this act of July 4, 1789,⁽¹⁾ were cabinet, wares, walking sticks, canes and whips, on which were levied an important duty of 7½% ad valorem, while a general duty of 5% was to be collected on all "goods, wares and merchandise" not enumerated.

In the act of May 2, 1792,⁽²⁾ "unmanufactured wood" was specifically mentioned and placed on the free list. Rough lumber was certainly considered as being in this class, but the question as to whether sawed lumber was included, is debatable.

(1) S.L. (Statutes-at-large) Vol. I Chapter 2, Section 1.

(2) S.L. Vol. I Ch 27, Section 2.

At the outset of the war of 1812 customs duties were doubled,⁽³⁾ causing the fifteen per cent ad valorem duty on unmanufactured woods to be raised to 30%, where it remained until the act of 1832⁽⁴⁾ was passed, when it was reduced to 25%, but cabinet wares were retained at 30 per cent.

On Dec. 31, 1833, a bill⁽⁵⁾ became effective which brought about a gradual reduction in the tariff on unmanufactured lumber to 20% in 1842.

In 1842 the protectionists returned to power and rough lumber, sawed timber and some other items, classified as unmanufactured,⁽⁶⁾ were put on the dutiable list, as well as some cabinet woods.

The tariff of 1846⁽⁷⁾ in addition to this imposed a 30 per cent ad valorem tariff on unmanufactured woods, previously admitted free.

In 1857 the next general tariff change was made,⁽⁸⁾ the tariff on lumber being reduced to 15 per cent and on unmanufactured wood to 24 per cent. Commencing with this act shingle bolts have been specifically placed upon the free list.⁽⁹⁾

In 1861 the first Morrill tariff⁽¹⁰⁾ increased the lumber duty to 20%, while that on unmanufactured woods was reduced to 20 per cent.

(3) S.L. Vol.2, Ch 62, Section 1.

(4) S.L. Vol.4, Ch 227, Par.21

(5) S.L. Vol.4, Ch 55 Section 1

(6) S.L. Vol.5, Ch 32 Section 5, Par.11

(7) S.L. Vol. 9 Ch 74 Section 11(Schedule C)

(8) S.L. Vol.11 Ch 98 Section 1

(9) Ibid Section 3 Schedule I.

(10) S.L. Vol.12 Ch 68, Section 20.

In the meantime the Canadian Reciprocity Act, effective from March 16, 1855 to March 17, 1866, was passed. It provided for free trade in natural products with Canada.

The law of 1870 restored logs to the free list. The tariff of 1872 retained the 20 per cent ad valorem tax on lumber, \$1 per M feet being laid on hemlock, white wood sycamore, and basswood, and \$2 on pine and other varieties of sawed lumber. This tariff was also the first to directly mention shingles.

The Norrill bill of 1883 left logs on the free list and retained the former specific duties, levying in addition, for the first time, specific taxes on planed and tongued and grooved lumber.

The McKinley bill of 1890 reduced the duty on white pine lumber from \$2 to \$1 per M feet, on the same basis as hemlock, whitewood, sycamore and basswood, leaving all other sawed timber with a duty of \$2 per M feet.

With the exception of a very few minor articles the Wilson bill of 1894 placed all forest products on the free list. The tariff of 1897 levied a \$2 duty on lumber, with logs on the free list.

-
- (11) S.L. Vol 10, Par. 1170
 (12) S.L. Vol.16, Ch 255 Section 22
 (13) S.L. Vol 17, Ch 315 Section 1
 (14) S.L. Vol 22 Ch 121 Section 2503
 (15) Ibid, Section 2502, (Schedule D)
 (16) S.L. Vol 26 Ch 1244, Par 218(Schedule D)
 (17) S.L. Vol 28 Ch 349, Pars 179-181
 (18) Ibid, Section 2 Pars 672-683
 (19) S.L. Vol 30, Ch 11, Section 1(Schedule D)Par 195
 (20) Ibid, Par 699.

The rate levied in the Payne law of 1909 was \$1.25 on
(21)
lumber, with a 50¢ duty on whitewood, sycamore and basswood.
(22)
Logs were on the free list.

The Underwood law of 1913 placed lumber on the free
(23)
list with logs, and only on a few minor wood products are duties
(24)
levied.

The tariff duties are summarized in the following ta-
bles. A blank space indicates a repetition of the duty laid in
the previous tariff.

<u>Act</u>	<u>Manufactures of wood</u> <u>N.O.S.</u> (25)	<u>Sawed boards & planks wrought</u>	<u>Unmf. wood</u> <u>N.O.S.</u>	<u>Rough boards planks, staves scantling & sawed timber</u>	<u>Cabinet unmf.</u>
July 4, 1789	5%				
Aug. 10, 1790	5%				
May 2, 1792	7½%		Free		
June 7, 1794	15		Free		
July 1, 1812	30		Free		
April 27, 1816	30		Free		
July 14, 1832,	25	25%	Free		
March 2, 1833 (26)				Free	20%
Sept. 11, 1841				20%	15
Aug. 30, 1842	30	30	Free	20	20
July 30, 1846	30	20	30%	20	8
March 3, 1857	24	15	24	15	Free
March 2, 1861,	30	20	20	20	Free
July 14, 1862	35	20	20	20	Free

(21) S.L. Vol 36, Ch 6, Section 1 (Schedule D) Par 207

(22) Ibid, Par 712.

(23) S.L. Vol 38, Ch 16, Par 647

(24) Ibid, Pars 168-176 (Schedule D)

(25) Not otherwise specified

(26) Provided for gradual reduction by 1842 to 20% of all duties in excess thereof.

As the tariff of 1872 laid the first specific duties a slightly different tabulation will be necessary. Special duties for planing, tonguing, or grooving will not be here considered.

<u>Act</u>	<u>Mfs. of wood, N.O.S.</u>	<u>Sawed lumber (hemlock, whitewood, sycamore, basswood (per M ft.))</u>	<u>Sawed lumber (pine) (per M feet)</u>	<u>Other sawed lumber</u>	<u>Unmf. wood N.O.S.</u>	<u>Shingles (per M)</u>
June 6, 1872	35%	\$1.00	\$2.00	\$2.00	Free	35¢
March 3, 1883,	35	1.00	2.00	2.00	20%	35
Oct. 1, 1890	35	1.00	1.00	2.00	20	30¢ (27)
Aug. 7, 1894	25	Free	Free	Free	Free	Free
July 24, 1897	35	1.00	2.00	2.00	20%	30¢
Aug. 5, 1909	35	.50	1.25	1.25	20	50¢
Oct. 3, 1913	15	Free	Free	Free	10	Free

(27) White pine shingles, 20¢.

CHAPTER IV.

TARIFF DEBATES AND CANADIAN TIMBER SUPPLY.

Too much weight must not be attached to statements made in Congress, and quoted either in this or succeeding chapters. Because they are usually of an extremely partisan character, we should not fully accept such statements unless they are adequately supported by evidence from other sources. Congressional debates, however, are valuable as indicating the general nature of the arguments used. Admissions by one side of the validity of some argument or arguments presented by the opposition have a certain positive value.

In analyzing these arguments used in the tariff debates I shall consider only the Payne Bill, the Canadian Reciprocity Act, and the Underwood Tariff. 1909 is sufficiently recent to render facts existing then in all probability equally in force at the outbreak of the European war.

(1)

The arguments now chiefly used in support and denunciation of protective lumber duties are as follows:

In favor of protective duties.

- 1. Foreign cost of producing, meaning Canadian, is less, due to (a) cheaper labor; (b) cheaper stumpage.
- 2. Lower freight rates give the Canadian manufacturer an advantage over the Souther manufacturer in our Northern markets,
- 3. Protective duties foster conservation.
- 4. The removal of protective duties will depress the lumber trade.
- 5. The negative side of the issues advanced by the advocates of free lumber.

For free lumber.

- 1. Canada has no advantage in cost of production.
- 2. The benefit of protective duties accrue solely to the stumpage owner.
- 3. Protective duties raise the price of lumber.
- 4. Protective duties foster a lumber trust.
- 5. We already compete with Canada in (a) the foreign and (b) the Canadian lumber markets.
- 6. Free lumber will promote conservation.

The two following quotations are summaries of arguments made in Congress by leading advocates and opponents of protective lumber duties, and are fairly representative:

(1) It was not until the close of our Reciprocity Agreement with Canada that "the lumber industry...and American lumbermen began to take an active interest in the tariff question." (Defebaugh, I, 445).

"Mr. Chairman, I have attempted to show that the narrowing supply of the timber in this country is under the control of a few big syndicates, or, as my tariff friends say, 'in strong hands;' that they are the real beneficiaries of the tariff on lumber; that a removal of the tariff would loosen their grasp from the throats of millions of our fellow-citizens of the West; that the plea of 'cheap' 'oriental' 'pauperized' labor of Canada is a delusion---that labor is as high there as here; that a removal or reduction of the tariff would not affect the lumber interests of the South."⁽²⁾

"A few things about the reduction of the tariff on lumber are absolutely certain. The reduction will decrease the price of stumpage in this country. It will increase the price of stumpage in Canada. It will reduce the revenue unless importation of lumber is increased. If importation is increased in this country, then that increase will measure just so much work and so much wages taken from the American and given to the foreigner---just so much money given to Canada that otherwise would remain at home. The waste of our timber will be increased and the destruction of our forests greatly accelerated. The amount of work will be decreased, wages will be reduced, and the consumer will pay the same price for his lumber. These are the results that are as certain⁽³⁾ to follow the reduction of the tariff as the night follows the day."

(2) Mr. Kitchin, March 30, 1909, Congressional Record, Vol. 44, p. 601.

(3) Mr. Humphrey of Washington, April 2, 1909, Congressional Record, Vol. 44, Appendix, p. 20.

This chapter will consider only the general nature of the debates in Congress, with a brief consideration of Canada's timber supply. The following chapter presents evidence as to Canada's competitive ability. At the end of Chapter V will be found the author's conclusions as to Canada's ability to compete with the American lumbermen.

CANADA'S TIMBER SUPPLY.

Unless Canada has sufficient timber to render her power of competition an actual possibility, a study of the Congressional debates or an examination of labor costs, freight rates, or stumpage costs can be of no real importance.

The advocates of free lumber often declare that Canada has not sufficient timber resources to cause her to be the slightest menace to American lumber manufacturers.

The American timber supply, as we have seen, is 2800 billion feet---over 4000 feet to the acre of forest land. Estimating Canada's lands at only 2500 feet to the acre DeFebaugh⁽⁴⁾ concludes that that Country would have 1,047,285,000,000 feet of commercial timber. "These speculations are extremely general, but they serve the purpose of pointing out the fact that Canada is enormously rich in timber resources and that the possibilities of long continued production are almost incalculable." It is maintained, for instance, that British Columbia has alone a stand of timber equivalent to 70 years⁽⁵⁾ normal output of the State of Washington.

(4) I, 64.

(5) Beckman brief of Aug.10,1915,p.23.

An excellent description of Canada's vast timber resources may be found in "The Unexploited West", by Major E.J.Chambers. (6)

Our own production is around 40,000,000,000 feet annually. Assuming that Canada's annual production will not exceed 5,000,000,000 feet per annum, probably a rather high figure, on the basis of 50 years cutting Canada could provide over 20,000,000,000 feet annually---a surplus of 15,000,000,000 feet which would be available for shipment to this country. A basis of 100 years cutting would provide over 10,472,850,000 feet annually---a surplus of over 5,000,000,000 feet. A possible importation of even 10 per cent or 4,000,000,000 feet would seriously affect the American lumber market. This is assuming that sufficient railroads and roads would be constructed if it were otherwise possible to compete with the United States, to allow this timber to be put on the market. Those, therefore, who assert that Canada could not possibly compete with the United States, because of a lack of timber, are mistaken. All that is needed is an adequate transportation system to permit the Canadians to become serious competitors of the Americans--- provided their cost of production is less. Facts on this point will be considered in Chapter V.

PAYNE TARIFF.

This tariff bill (H.R.1438) was introduced by Bereno Payne on March 17, 1909, the formal introduction on behalf of the Ways and Means Committee being made by Mr.Payne on March 22, 1909. The bill was under continuous consideration until its
(6) Department of Interior, Ottawa, 1914.

passage on August 5, 1909.

The distinguishing feature of the debate on the Payne bill was the sectional character of the speeches. Representatives from the Northwest and Middle West---the farming sections---were for free lumber; these from the Pacific Northwest, and many from the South, were strenuous advocates of protective duties.

General Hancock, when a presidential candidate, declared that the tariff was a local issue. He was derided and ridiculed for this stand. It is undoubtedly true, however, that many of our tariff laws are framed on sectional lines. This fault is not confined to the members of any one party. Republicans from the Middle West, for instance, opposed protection for lumber. Many Democrats from the Southern yellow pine region urgently supported protective duties on lumber.

This situation was especially true in the framing of the Payne tariff. In the Reciprocity debates and in the discussion of the Underwood tariff the farming interests were so concerned with their own situation⁷ that they were willing to accept protection for lumber as a necessary, if not justifiable, measure.

The log-rolling indulged in during the framing of tariff bills has been well described by Taussig.⁽⁷⁾

The sectional character of much tariff legislation is well depicted in a speech made on July 19, 1911,⁽⁸⁾ by Senator Brown of Nebraska, a Republican. He refers to the Payne tariff:

"It will be remembered that the debate and struggle of that session of the Senate hovered around the lumber schedule,

(7) Tariff History, 6th edition (1913), 373-380.

(8) Congressional Record, Vol. 47, p. 3045

the iron schedule, the oil schedule, the woolen schedule, and the cotton schedule---chiefly around those great industries. The President was not able in the conference to reduce the cotton and woolen schedules, but he was able to reduce the lumber schedule from \$1.50 to \$1.25 a thousand; he was able to reduce the boot and shoe schedule materially; he was able to reduce the duty on leather and harness. He was able to revise downward my good friend from Kansas (Mr. Bristow), my good friend from Iowa (Mr. Cummins) and myself on the hide schedule, for, as I remember it, we all voted for the duty on hides when it was before the Senate. We were a unit in putting lumber on the free list---none of our States produce lumber---but we were a unit in keeping the duty on hides; that was the chief manufacturing industry we had."

The most controverted points in the Payne debate were (1) wages in Canada, especially in British Columbia, as compared with the United States; (2) cost of production (including stumpage and labor) in Canada and the United States; (3) The Canadian's ability to invade our markets because of water transportation facilities. Evidence on these points will be considered in detail in Chapter V.

The protectionists asserted that most of the advocates of free lumber who had appeared before the Ways and Means Committee were interested in developing Canadian timber lands. (9)

(9) Mr. Humphrey, March 26, 1909, Congressional Record, Vol. 44, p. 314.

Mr. Fordney, *ibid*, p. 323.

CANADIAN RECIPROCITY.

The distinguishing feature of the debates on the Reciprocity proposal was the acquiescence of the farming interests in protective lumber duties if they could but enjoy such duties on the produce of the farm.

"The farmers in the northern states, who two years ago showed such bitter antagonism to the lumber duty, are changing their minds. They now admit that the removal of the slight protection accorded lumber would have little or no effect upon prices of lumber to the consumers."⁽¹⁰⁾

Most of the discussion, naturally, was devoted to a consideration of the effects of this bill on the farming population, and comparatively little time was paid to lumber and shingles.

Advocates of Reciprocity, especially among the Republicans, were rather inconsistent, as far as the lumber duties were concerned. Thus, Senator Jones of Washington said⁽¹¹⁾ on July 20: "The best market that our lumber people have today is in Canada, and it is the result of the development there. They are selling their lumber in Canada at a higher price than they can get for it in this country, because, the lumber mills of Canada are not sufficiently developed to meet the demand for lumber."

(12)

Yet Senator Brown of Nebraska said on July 19: "Canada is already paying the American duty on lumber and is in competition with the American manufacturers in the American market."

(10) Pres. Hines, 1911 meeting, National Lumber Manufs. Assn.

(11) Congressional Record, Vol. 47, p. 3106.

(12) Ibid, p. 3043.

It is obvious that these statements are contradictory--- the one alleging that we were competing in the Canadian market; the other, that the Canadians were competing in the American lumber market. The truth is that at the time we were shipping to the Canadian market because of special conditions which will be considered further in Chapter VI.

UNDERWOOD TARIFF.

It is noticeable in reading the debates on the 1913 tariff bill that but comparatively little reference was made to lumber duties; almost none at all by the advocates of free lumber.

Despite the fact that little time was devoted to Schedule D in the debates⁽¹³⁾ the arguments presented were of real value. The major portion of the remarks of the opponents of free admission were confined to the shingle trade.

As in the Reciprocity debates of 1911 the representatives of the rural sections seemed reconciled to the existence of protective duties on^y wood and its manufactures if they could at the same time enjoy such duties for the products of the farm.⁽¹⁴⁾

September 2, Senator Jones spoke against free shingles.

"I am willing and our people are willing, without special protest, to accept the provisions in the bill with reference to

(13) For instance, the lumber schedule (D) was considered in the House on May 1. (Congressional Record, Vol.50, pp.889-903). It is worth noting that the protectionists spoke for 40 minutes on this schedule; the Democrats only 10 minutes; due, probably, to the fact that the fate of this schedule, as of the whole bill, was a foregone conclusion.

(14) Congressional Record, Vol.50, p.4071.

the lumber industry and lumber products generally....So we are not making objection to those provisions of the bill, though we think they are very unjust and that they will work great injury to a great injury in our State. The shingle industry, however, while a part of the lumber business, is a distinct industry in itself and should be considered separately."

This was the attitude taken at the time by many advocates of protective duties, since they knew that our exports of lumber to Canada during the preceding years, combined with the general public feeling that there existed a "lumber trust" whose power over prices would be destroyed by free lumber, practically prohibited the levying of protective rates on lumber. Our exports to Canada will be considered in Chapter VI, while the "lumber trust" will be dealt with in Chapter VIII.

The only really valuable information placed in the Record during the debate on the lumber schedule was a condensation of the British Columbia timber laws and taxation rules, inserted
(15)
by Congressman Johnson of Washington. The laws of the other
(16)
lumber provinces are much the same in their general nature.

(15) Congressional Record, Vol.50, p.893.

(16) The digest of the British Columbia laws follows.

"All lands in the Province of British Columbia not the subject of private ownership is subject to the disposal of the provincial authorities, save the lands in the railway belt....The timber on provincial lands up to the present time has been disposed of either by Crown grant, lease, or license.

"Crown grant or ~~license~~ patent gives absolute ownership in fee simple to land and timber thereon, and on the timber taken from land covered by deeds issued prior to the 7th of April, 1887, there is a tax of from \$1 to \$4 per 1000, which is refunded if the logs are manufactured into lumber in Canada. On all timber cut on deeded Crown-grant lands issued since the 7th of April, 1887, and prior to the 12th of March, 1906, there is a royalty of 50¢ per thousand and no tax. Both these classes are exportable.

"On any timber cut from Crown-lands or from Crown-granted lands deeded since the 12th of March, 1906, there is a royalty of 50¢ per thousand, but the logs are not exportable

The principal purpose of a large part of the British Columbia laws is to foster lumber manufacture in Canada. This is accomplished by (a) prohibition on export of logs in some instances; (b) a tax to be refunded if manufactured in Canada in other instances; and (c) low prices and special advantages to the individual who purchases provincial timber. Assuming that labor costs in Canada are lower than in this country, this governmental encouragement of lumber manufacture would be another advantage possessed by the Canadian millmen over our own.

until manufactured.

"Dominion leases give the holder the right of all the timber on the land held under lease until cut. The charges on the same are as follows: A Ground rent of 5¢ per acre in advance, and a stumpage or royalty of 50¢ per thousand when cut. There is a charge for fire dues, which is too small to be taken into consideration.

"Prior to 1905 the provincial government, which controls all the timber of British Columbia outside of the Canadian Pacific Railway Belt, issued leases covering timber lands, which give the holder of such leases the right to all the timber cut on the lands covered by the lease for a period of twenty-one years, with a ground rent of 10¢ per acre per year and 50¢ per thousand when cut. These leases can be surrendered at any time and renewed for another 21 years under existing laws in force at time of surrendering.

"The provincial government up to 1908 issued special provincial licenses for 21 years from date of issue, which gave the holder the right to all the timber on the land for 21 years, at a ground rent of \$140 per annum, per section of 640 acres and 50 cents per thousand stumpage when cut."

Many writers refer to the tax on the cutting of logs as an "export tax" but a study of the foregoing paragraphs shows the true nature of this tax to be one levied on the cutting which is refunded if the logs are manufactured in Canada. It operates, obviously, in somewhat the same manner as an export tax, but, legally, does not partake of the nature of such an imposition. The Provinces, under the British North American Act, the constitution of Canada, may not levy export duties. When writers quoted in subsequent chapters refer to the "export tax" on logs the above facts should be remembered.

CHAPTER V

CANADIAN COMPETITION

In this chapter we will consider some facts as to Canadian competition; principally statements and statistics as to labor, transportation, and raw materials.

LABOR

In a consideration of labor costs the only fair comparison can be between the mills of the west and British Columbia and between the eastern and southern mills and those of eastern Canada.

Take the following statement by J. H. Bloedel,
(1)
made in 1909.

"The wages paid in the mills in the State of Washington approximate \$2 per day for common labor and from that to \$4 per day for skilled labor; the wages paid the Orientals employed in the mills of British Columbia are, approximately, one-half of this rate.... The disparity in wages between the State of Washington and British Columbia is protected and accomplished by the duty on lumber and shingles, and can be maintained only by the retention of said duty....

"I am familiar in a general way with what is called the mountain districts of British Columbia, lying between Revelstoke, British Columbia, and the Crows Nest Pass; that there is a large lumber-producing district which lies some 500 miles nearer the prairie States than the coast, with a consequently lower freight rate. The removal of the tariff on lumber is likely to flood the prairie States with the lumber from this section, produced by cheaper
(1) 61st Congress, 1st Session, Senate Document 111, page 4.

Oriental labor, to the detriment of the American manufacturer, located in the States of Idaho and eastern Montana and the Pacific coast of the State of Washington."

(2)
In 1911 he made this statement: "Our wages are about as high in the woods as they are in their (British Columbia) woods. In our mills the wages are somewhat higher than the average in their mills. In Canada they employ more Oriental labor than we do."

Mr. Beekman on Jan. 23, 1915, wrote to Mr. E.R. Hogg, of Seattle:

"The cost of logging in British Columbia ranges from \$3.50 to \$7.00 per 1000 feet, or an average of say \$5.50. In Oregon from \$2.00 to \$4.00; in Washington from \$3.00 to \$4.50. The high cost in British Columbia is due to rough ground and to some extent, a higher cost of labor.

"The cost of manufacture varies but little in the three localities, except as to common labor."

August 10, 1915, Mr. Beekman submitted a brief to the Federal Trade Commission, in session at Seattle, which was ordered placed in the Records.

"As far as shingles are concerned, the injury has already been accomplished, as the imports of British Columbia shingles demonstrates. Seventy-five per cent of the owners of British Columbia shingle mills are former Americans.

They are manufacturing good shingles, by the use of Oriental labor, and in some instances are able to obtain better prices than their American competitors, who employ all white labor, but the quality of the cedar in British Columbia is no better than the cedar of the State of Washington."⁽³⁾

"Logging cost is from 25¢ to \$2.00 per 1000 feet higher in British Columbia than in the State of Washington, due entirely to the rough ground. In the manufacturing end, however, there is a slight offset due to Oriental labor.... For the light work the Orientals are efficient and at a cost much less than white labor."⁽⁴⁾

The West Coast Lumber Manufacturers' Association filed a brief of the shingle industry of Washington and Oregon with the Federal Trade Commission.⁽⁵⁾

"Without entering into a comparison of manufacturing costs in the United States and British Columbia, it is sufficient to say that the laws of British Columbia prohibit the employment of Oriental labor in the woods; and it seems to be the general opinion that logging operations cost more on the other side of the line than on this. In and about the mills, both saw and shingle, the employment of Orientals, to a greater or less extent, is universal. In the shingle mills by far the larger number of laborers

{3} Page 19.

{4} Page 22.

{5} West Coast Lumberman, Jan. 1, 1916.

are Chinese....The labor cost is also somewhat less in British Columbia than in the United States."

The foregoing statements, it may be observed, are all made by advocates of a protective lumber tariff. Their validity, therefore, should not be accepted without further evidence.

First, are the statements that Orientals are largely employed in the British Columbia mills true?

The population of British Columbia was placed at 392,480 in 1911. ⁽⁶⁾ Of these males constituted 251,619 and females, 140,861. Of the 248,841 males whose ages were reported, 177,602 were between 20 and 60. There were 30,717 Orientals in British Columbia, of whom 2215 are females, thus leaving 28,502 males. ⁽⁷⁾ Most of these males are undoubtedly of working age and would constitute a majority of the laboring population.

By 1907 there were "nearly as many Orientals as whites among the adults." ⁽⁸⁾

The British Columbia Royal Commission on Labor Conditions held hearings in 1913, Mr. Mc.Vety, representing the British Columbia Federation of Labor,"then proceeded to deal with the question of Asiatic labor.

{6} Canadian Census, Sessional Papers 1913,B

{7} Ibid, Pages 341 and 368.

{8} Canadian Depts of Labor Reports,P.94 In Canadian Sessional Papers, 1909 V. 17.

His evidence on this point showed that Asiatics have taken possession of the industrial field in British Columbia to an extent hardly realized even by the people of this province themselves. The canneries and sawmills are manned by them almost entirely." (9) In its final report the commission recommended the exclusion of Asiatics. (10)

October, 1913, the Dominion Government, to "prevent further increase in the number of unemployed in the Province," forbade the landing of all laborers on the Canadian Pacific Coast, that is, British Columbia. The order was to hold for six months. It was extended by the Cabinet Council for another six months from April 1, 1914. (11)

The orders were aimed especially at Orientals. Just prior to the outbreak of the European war a considerable disturbance was caused by the exclusion of a number of Hindus who attempted to enter British Columbia.

October 1, 1914, the admission of artisans and laborers, both skilled and unskilled, into British Columbia was prohibited until March 31, 1915. (12) The act was subsequently extended to Sept. 30, 1915. (13)

These orders indicate a belief that the continued admission of Oriental laborers would have been detrimental

(9) Canadian Labor Gazette, May 1913, p. 1272.

(10) Ibid, April 1914, p. 1191.

(11) Daily Consular and Trade Reports, April 28, 1914.

(12) Canadian Labor Gazette, October 1914, p. 429.

(13) Ibid, May 1915, p. 1257.

to the best interests of the British Columbia workers.

The Orientals, as previously stated, receive less wages than the whites. They are, moreover, fairly satisfactory workers. The report of the British Columbia Royal Commission on labor conditions declared: ⁽¹⁴⁾ "In the logging camps and sawmills the hours are ten or more, with the pay for white men \$2.50 or \$2.75, and less, often considerably less, for Orientals.....Hundus devote their efforts largely to planing lumber.... Several farmers and lumbermen have informed the commission that Orientals are fairly satisfactory."

The evidence before the Commission, then, showed that Orientals were largely employed in saw and shingle mills in British Columbia, that they receive less wages than the white laborers, and that they are fairly satisfactory workers.

In the mountain district of British Columbia, laborers in the sawmills receive \$1.90 per day; in the coast mills ⁽¹⁵⁾ \$1.75. This difference may be due to the fact that the employment of Orientals is more prevalent on the coast. The coast mills are far more important, producing in 1910 605,000,000 feet of lumber to an output of 435,000,000

(14) Canadian Labor Gazette, April 1913, p.1106.

(15) Canadian Labor Gazette, Sept.1908, pp 309,310.

(16)
for the mountain mills. Sawyers in the coast mills receive \$5.00 per day, planer men \$2.50, and tallymen \$2.00. It must be borne in mind that these are the wages for white laborers only and that the Oriental workers in British Columbia mills receive much less.

In 1912 edgermen in Washington mills received \$3.59 per day, laborers \$2.15, band sawyers \$5.86, gang sawyers \$3.25, and setters \$2.81.
(17)

Canadian labor, then, would seem to be cheaper.

True, the wages on governmental work in British Columbia is much higher than the wages paid in the mills on either side of the line, but governmental work everywhere usually commands exceptionally high wages.

Wages, of course, may have advanced somewhat in British Columbia since 1908, but, our conclusion that saw-mill wages are lower there is borne out by the statement in 1912 of Consul General Wilber at Vancouver.
(18)

Let us now examine the wages paid in eastern Canada and the competing American mills, first setting forth the opinions of the tariff advocates.

No Oriental labor is employed in the mills of eastern Canada, so that the labor costs there are naturally somewhat higher than in British Columbia.

(16) Year Book of British Columbia (Coronation Edition), 1911 p. 262.

(17) Wages in the Lumber Industry, Bureau of Labor Statistics, Aug. 14, 1913.

(18) Daily Consular and trade reports, Mar. 27, 1912, and in his report of July 31, 1912, Mr. Wilber said: "another advantage of the local mills is that a much larger percentage of their labor is Oriental, which would appear to give them a lower manufacturing and handling cost than the Washington Mills."

"The (southern) mills that I am representing can and will continue to manufacture as cheaply as Canada."

Mr. Turnbull, representing the Rowland Lumber Co., of Bowdens, North Carolina, stated on May 18, 1911, that the Canadian mills possessed more efficient labor than was employed in the southern mills.

In the Underwood hearings Mr. G. W. Jones, representing the sawmill manufacturers of Virginia, North Carolina, and South Carolina, said on Jan. 13, 1913:

"The labor cost as between Canada and the United States... is practically the same in Canada as it is in the United States, so far as the eastern section of Canada is concerned."

The brief of the North Carolina Pine Association declares. (22) "In the matter of costs, we believe there is very little difference in the actual cost of manufacturing the lumber in this country or in Canada. The wages are about the same, there as here (except in western Canada), and indeed may be a little higher, but on the other hand their labor is far more efficient and regular."

A study of official or semi-official figures indicates that the foregoing statements of the tariff advocates are, in the main, correct.

{21} 62d Congress, 3d Session, House Document, 1447, 2201

{22} 62d Congress, 3d Session, House Document, 1447, P. 2210.

Per diem wages in lumbering in New Brunswick in 1908 were as follows: ⁽²³⁾ Pilers \$2.00; Edgermen \$2.00; lath sawyers \$2.00; gang men \$2.25; laborers \$1.35 to \$1.40; trimmers \$1.75. In 1913 foremen in New Brunswick were paid \$3.25. ⁽²⁴⁾ In 1912 mill hands at St. John received \$1.65 to \$2.40 per day, while sawyers, pilers, and edgers received ⁽²⁵⁾ \$2.40.

In 1908 laborers in sawmills in Ottawa and other Ontario towns received \$1.60, and sawyers \$3.50 per day. These were mentioned as the two extremes. ⁽²³⁾ Laborers on the Ottawa river sawmills received \$1.65 a day in 1912. ⁽²⁵⁾

The 1908 wages on Georgian Bay were: Laborers \$1.50 to \$1.75; sawyers \$3.50 to \$4.50; edgermen \$2.00 to \$2.25; lath millmen \$2.00 to \$2.50.

{23} Canadian Labor Gazette, Sept. 1908, p. 309.
{24} Ibid, May 1913, p. 1259.
{25} Ibid, Aug. 1912, p. 162.

The following table gives the wages of different sawmill occupations in various States in 1912: (26)

State	Edgermen	Laborers	Band Sawyers	Gang Sawyers	Setters
Louisiana	2.74	1.64	6.83	3.75	2.66
North Carolina	1.78	1.27	5.02		1.83
Michigan	2.61	1.76	5.11		2.70
Maine	2.76	1.95	5.46		2.88

A comparison of these figures with those just mentioned for the Canadian mills would indicate that the wages of ordinary labor, on the whole, do not differ greatly in eastern Canada, and eastern and southern United States, except possibly, that where poor white labor or an excessive amount of negro labor is used, wages might be slightly less in the United States. This difference would, however, be more than offset by the superior efficiency of the white worker in the Canadian mills.

(26) Wages in the Lumber Industry, Bureau of Statistics Report,
 Aug. 14, 1913.

Wages for skilled workers are uniformly lower in the Canadian mills, giving them, presumably, an advantage in production cost.

Transportation

We will now consider the question of the cost of transporting Canadian lumber to the markets of the United States. The Pacific Coast problem will be the first taken up.

Mr. Leonard Bronson, manager of the National Lumber Manufacturers' Association, pointed out in 1911 the British Columbian's advantage in water shipment on the Pacific Coast, including a consideration of the effects of the opening of the Panama Canal. (27)

Mr. Beekman on Jan. 25, 1915, wrote to Mr. E.R. Hogg of Seattle, saying: "The acute competition from British Columbia, aside from the differences explained, will come from cheaper transportation facilities when the war is over. Vancouver, B.C., for example, can employ a British steamer, with seamen's wages at \$15.00 per month, a French vessel with wages at \$13.00 and a Chinese-manned vessel with wages at \$8.00, and lay lumber down in New York City cheaper than a mill in Seattle, which is compelled to utilize an American vessel with 20 per cent larger crew and wages at \$40.00 per month."

(27) 62 Congress, 1st Session, Senate Document 56, pages 738 and 750.

"Imagine what the situation will be when British Columbia begins to come into the trade. With the steamers of the world to draw from, with cheaper carrying cost and better facilities, the Atlantic Coast and the Ohio and Mississippi River valley trade will be delivered up to British Columbia." (28)

In his brief of August 10, 1915, Mr. Beekman said:

"The meat of it all lies in the question of steamer rates, vessel regulations and maritime laws favoring foreign vessel owners and shippers. Foreign vessel measurements allow of a greater tonnage, American coastwise laws provide for a larger crew and American sailors are paid higher wages than foreign sailors."

The above statement of Canada's transportation advantages are substantiated somewhat by the declaration of Captain Robert Dollar, of the Dollar Steamship Company, owning steamers under foreign and American registry, that the cost of carrying 1000 feet of lumber from British Columbia to New York City is \$2.35 less than from Puget Sound to New York. (29)

"The Canadian mills have the advantage of both a lower freight rate ^{and no} customs duty." (30)

(28) Page 25.

(29) American Lumberman, Sept. 27, 1913.

(30) Consul General Wilber, Vancouver Daily Consular and Trade Reports, July 31, 1912.

The Panama Canal gives the British Columbia lumberman an additional advantage. "The big lumber companies of British Columbia are preparing to handle the increase in business anticipated through the opening of the Panama Canal. It is believed that the firms best prepared to ship their products promptly will have an advantage in establishing trade in Atlantic and Gulf ports in the United States." (31)

The La Follette seamen's bill, by increasing the restrictions placed on American coastwise ships has still further handicapped the American lumbermen, rendering it difficult to find bottoms in which to ship.

As regards the southern millmen the complaint is that while they can manufacture as cheaply as the Canadians they can not ship their lumber as cheaply to the great consuming districts of the north and middle west.

Col. James L. Foster of Savannah, Georgia, stated in the Southern Lumber Journal: (32) "Our great distance from the larger market places us at a disadvantage with our foreign competitors. You will appreciate this when you consider that it costs about \$8 per 1,000 to place our lumber in Chicago and our Canadian friends have a water freight of less distance. We have the same condition on our eastern coast."

(31) Consul General Mansfield, Vancouver. Daily Consular and Trade Reports, May 1, 1914.

(32) 61st Congress, 1st Session, Senate Document 111, page 7.

L.W. Whitehead, of Norfolk, Virginia, in a brief on the
lumber schedule said in 1909: (33) "On the question of freight
rates, the Canadian lumberman enjoys another and distinct ad-
vantage over the American mill man in that the rates from com-
mon points in Canada to New York and leading points in New
England are as much as two, three, four, and in some instances
five and six dollars per thousand feet less than from points
in Virginia, North and South Carolina, Georgia, Florida, and
other Southern States. True, much of this is due to water
transportation, but the fact remains that from points in Virgin-
ia and other South Atlantic seaboard States the freight rate
to New York, against \$2 per 1000 feet
averages about \$5 per thousand feet from points in Canada to
the same place.

"On the other hand, take, for instance, Chicago, Milwaukee,
Bay City, Saginaw, Detroit, Cleveland, Toledo, Buffalo, and
various smaller cities; they all can be reached in from one to
two days' water travel from Canada, the average rate last year
and for several years having been \$1.75 a thousand for trans-
portation of lumber to our largest consuming cities in the United
States above named; and through those great gateways to the
greatest consuming districts....in the United States where our
southern lumber is largely marketed and consumed."

(33) Ibid, page 3.

May 18, 1901, Mr. Turnbull, representing the Rowland Lumber Co., of Rowdens, North Carolina, said: ⁽³⁴⁾ "The possibility of the Canadian and the northern lumber coming in by water from the north on a short haul, and by water transportation has made our (southern) market a very close one, and I believe their advantage in water transportation and in their possibility of buying cheap timber would more than offset the difference of \$1.25 that we have now."

Mr. C.W. Jones, representing the sawmill manufacturers of Virginia, North Carolina and South Carolina, said on Jan. 13, 1913: ⁽³⁵⁾ "There is an average freight rate to New York City of 25 cents from our territory, and of 15 cents from Canada - from Ottawa, 15 cents, a difference of 11 cents per hundred yards, which will make a difference of \$3.50 a thousand or more."

The brief of the North Carolina Pine Association presented at the Underwood Hearings declared: ⁽³⁶⁾ "In the matter of freight rates, the Canadians have an advantage over us, as they are more accessible to the large consuming sections of New England, New York, and Pennsylvania. They can get into these markets by rail at from \$1 to \$1.50 per thousand less than we can on the average, and from the maritime Provinces of Canada, cargoes can be shipped into Boston and New York at from 75 cents to \$1.50 per thousand less than we can deliver them."

- {34} 52d Congress, 1st Session, Senate Document 56, 854
- {35} 52d Congress, 3d Session, House Document 1447, 2206
- {36} 52d Congress, 3d Session, House Document 1447, page 2210

The preceding statements show the contentions of the American lumber men to be that because of lower freight rates the Canadians can invade our great consuming markets; these statements are substantiated by the following quotations from the Report on "Comparative Prices in Canada and the United States, 1906-1911," which was issued by the Canadian Department of Labor in 1911. (37)

"The area within which Canadian lumber can be successfully marketed in the United States is largely determined by freight rates relatively to the situation of areas producing similar or interchangeable grades in the United States themselves. ^{Georgian Bay pine} for example, can meet the price of Wisconsin and Minnesota (which is generally of better quality) in the Buffalo market, but finds the pressure of competition increasingly powerful in markets further west. The products of the Quebec limits meet those of Georgia and the other southern States in the eastern cities of the United States.....In all cases, of course, the special qualities of the products create a market for themselves."

"Distance from the mills is the chief factor determining prices of lumber in Canada and the United States. In most cases, prices are higher in the United States than in Canada, seeing that the chief movement in lumber is from Canada to the United States."

(37) Canadian Sessional Papers, 1911, Volume 22, Paper 36b, pp. 282 and 283.

Raw Material

Under this head I shall consider the prices of stumpage in the United States and in Canada.

"The cost of stumpage and lumber in Canada are so much less than in the United States that the cost of lumber production in that country is anywhere from 20 to 33 1/3 per cent less than in the United States." (38)

"In the State of Washington, the average tax per acre on the timber area is 80 cents per acre. The average tax on the British Columbia timber license is \$140 per year on 640 acres, which amounts approximately to 22 cents an acre, or one-fourth of the average tax in the State of Washington." (39)

Taking his figures for British Columbia on the report of the Forestry Commission of British Columbia, Mr. Bronson said in 1911: (40) "We have an average there of about \$1.50 for timber if that be correct, against a minimum, I should say, of a dollar and a half, ranging from that to \$5 in Washington and Idaho, according to location," This was for the cost of timber.

Jan. 17, 1913, Mr. J.E. Rhodes, Secretary of the National Lumber Manufacturers' Association, stated at the Underwood hearings: (41) "The advantage, or rather the disadvantage, which the American lumberman finds himself under, in competition with the Canadian manufacturer is due principally to our American laws. Canadian manufacturers operate in most of the country under licenses from the Dominion or provincial governments... Timberlands in British Columbia, Quebec, Ontario,

(38) 61st Congress, 1st Session, Senate Document 111, Page 2

(39) 52d Congress, 1st Session, Senate Document 50, page 719

Forward

and what timber there is in Alberta is sold or handled upon the license basis. They pay \$140 a square mile west of the Cascade Mountains, and \$115 east of the Cascade Mountains, and 50¢ per thousand when the timber is cut. The Government carries the risk of fire loss....compared with the necessity of the American manufacturer owning the land outright and paying annually increasing taxes. The Canadian manufacturer figures this advantage from \$1 to \$1.50 per thousand".

In his letter of Jan. 23, 1915, to Mr. Hogg, Mr. Beekman said:

"The cost of stumpage in British Columbia ranges from 30¢ to \$2.00 per 1000 feet. In Oregon from 50¢ to \$3.00; in Washington from 75¢ to \$4.00....

"Taxes are lower in British Columbia than in Washington and Oregon, but camp and mill supplies are 20 per cent higher in British Columbia."

In his brief to the Federal Trade Commission, Mr. Beekman reported the average price of stumpage on the Pacific Coast, per 1000 feet, to be as follows: {42}

British Columbia, licensed lands	\$0.75
British Columbia, crown grant	1.25
Washington	2.00
Oregon	1.25
California	2.50

- {40} 62d Congress, 1st Session, Senate Document 56, page 748
- {41} 62d Congress, 3d Session, House Document, 1447, 2176
- {42} Page 21
- {43} On page 19 it is declared that 90% of the British Columbia standing timber is licensed.

"The British Columbia licensed lands are subject to a royalty of 85¢ per 1000 feet, and the crown grant lands an export duty of from \$1.00 to \$2.00 per 1000 feet."

"The higher costs on this side of the line are due to the fact that lands are included, but taxes are higher." (44)

"The taxation on British Columbia averages 21.2¢ per acre. In Washington and Oregon the taxation ranges from 30¢ to \$1 per acre, besides fire protection."

"The brief filed by the West Coast Lumber Manufacturers' Association declared: (45) There is no question but what British Columbia has a decided advantage in the raw material, it being estimated this advantage in itself represents about twenty five cents per thousand shingles and it is also the fact that in the conduct of the operation of the shingle mill about seventy-five per cent of the labor is Oriental."

The lumbermen are not overstating their case when they assert that "British Columbia has a decided advantage in the raw material."

"The report on "Comparative Prices," previously quoted (46) said "British Columbia is able to compete successfully with Washington and Oregon owing to lower stumpage rates."

"The stumpage values are lower than in any other portion of North America. In the Pacific Coast States, Washington and Oregon the stumpage values are: Douglas fir \$2.50;

(44) Page 22.

(45) West Coast Lumberman, Jan. 1, 1916.

(46) Canadian Sessional Papers, 1911, vol. 22 No. 36b, p 282.

Cedar (red) \$3.00; hemlock, \$1.75; spruce, \$2.50, exclusive of taxes, while those of British Columbia vary from 50¢ to \$1.00, to which must be added license fees and royalty, amounting to about 66¢ per thousand, a total not exceeding in any case \$1.66. The figures quoted for United States timber are standard prices." (47)

(47) Year Book of British Columbia (Coronation Edition)
1911, p. 250.

To a lesser extent, because of the lesser supply of timber and higher price, the same system of fees and royalties brings the price of eastern Canadian timber below that of the American. Canada's forests are taxed on the crop when cut; not on the basis of a general property tax, as ours are. Carrying charges thus do not have to be met to such an extent by the Canadian owners.

CONCLUSIONS

The statements of the lumbermen as to labor, transportation, and raw materials are, in so far as the general principles are concerned, upheld by the official and semi-official statements and statistics.

To the author the following conclusions as to Canada's ability, theoretical and practical, to compete with our American lumber industry seems evident:

- (1) Throughout Canada the manufacturers have the advantage of cheaper lumber due to
 - (a) Their system of lease and license.
 - (b) Lighter tax burdens
 - (c) Payment for timber when cut
 - (d) Government assumption of fire risk
- (2) Canada's timber supply is approximately one-third that of the United States. Her high-grade eastern timber is inferior to our high-grade southern pine, but in the low grades her quality is practically equal to ours.
- (3) Wages in eastern Canada are substantially the

same as those in eastern and southern United States.

(4) Eastern Canadian mills have the advantage of cheaper freight rates to many of the large consuming centers of the east and middle west, thus, without a protective duty, depriving the southern and south Atlantic lumbermen of part of their market. They would not be absolutely destroyed, as many of them seem to think, since they would still retain (a) their market for the high grades; (b) their foreign market; (c) a considerable part of the northern and northeastern demand for the lower grades, since not all of the Canadian imports would be of a really competitive character.

(5) Logging costs are slightly higher in British Columbia than in Oregon and Washington; so are supplies. Mill wages are lower in British Columbia, due in some measure to slightly lower wages paid to skilled labor and especially to the large number of Orientals employed. The employment of these aliens is especially evident in the shingle mills.

(6) In addition to this the British Columbia manufacturers have the advantage of cheap water transportation in competition for the California, Gulf, and Atlantic markets. Some reasons for the failure of British Columbia to overwhelm the American manufacturers will be presented in the succeeding chapter.

(7) Taken, as a whole, Canadian manufacturers

have an advantage in the cost of production; but the American lumbermen emphasize too greatly this advantage, the shingle mills being the only ones that would, in all probability, be forced to close down completely. To sum up: The Canadian advantage is due to cheaper stumpage, cheaper labor, and cheaper water transportation.

CHAPTER VI

EXPORTS AND FOREIGN COMPETITION

Our ability to compete with other countries is shown in some measure by our exports to the world's markets. From an examination of these figures, given below, certain problems arise.

(1)

This table shows the values of the exported products of the forests, unmanufactured and manufactured, from 1817 to 1852, at five year intervals.

Exports forest products

Year	Unmf.	Mnf.	Total
1817	\$5,195,029	\$ 303,115	\$3,498,144
1822	1,307,670	460,842	1,768,512
1827	1,697,170	520,301	2,217,471
1832	1,784,029	481,716	2,265,745
1837	2,615,400	709,570	3,324,970
1842	2,495,198	914,715	3,409,913
1847	2,215,962	1,721,624	3,937,586
1852	2,893,558	2,623,267	5,516,825

The next table shows the domestic exports of forest products in five year periods, from 1851 to 1910. (2)

(1) DeFebaugh, I, 551.

(2) Dept. of Agriculture, Bureau of Stat., Bulletin 91.

Year ending June 30	Exports
1851-1855	\$ 6,161,991
1856-1860	10,032,301
1861-1865	6,907,512
1866-1870	11,316,239
1871-1875	17,154,345
1876-1880	16,841,890
1881-1885	24,357,469
1886-1890	24,529,928
1891-1895	28,275,813
1896-1900	41,630,789
1901-1905	59,263,416
1906-1910	83,551,779

The exportation of lumber the past few years has been as follows:

Year	Amount	To Non-contiguous Possessions	To Canada
1909	\$43,557,989	\$2,123,787	\$ 4,308,775
1910	50,363,035	2,699,749	6,396,971
1911	59,526,677	3,089,303	11,204,637
1912			14,096,563
1913			17,067,622
1914			13,527,301

Most of our lumber exports to Canada are boards, deals, and planks, Shingles are a comparatively unimportant item, forming \$69,659 of the total in 1914, a rather large amount.

Our chief exporting points for boards, deals, and planks to the world's markets were, in the order given, New Orleans; Pearl River, Miss; Puget Sound; Mobile; Pensacola; Huron, Mich.; Detroit; Baltimore; Portland, Oregon; Humboldt, Cal. The above statement was based on the figures for 1911, which may be regarded as a representative year. The chief exporting points for shingles were New York City, Saluria, Texas, and Puget Sound.

Our largest customer in forest products is England, with Canada, Germany, Argentina, and the Netherlands following in the

order named.

The leading exporting countries of the world are, respectively, ⁽³⁾ Russia and Finland, Sweden, Austria-Hungary, Canada and Newfoundland, Norway, and the United States.

Only a small percentage of our exports of shingles are sent to Canada; the vast majority are shipped to the British West Indies and to Mexico.

The per capita value of our exports increased from \$0.151 for the period 1851-1855 to \$.548 for the period 1901-1905, the increase being a steady one. This refers to timber and lumber ⁽⁴⁾ exported.

The three kinds of lumber most exported are yellow pine, redwood, and Douglas fir. The first goes principally to Europe; the others to Australia, the Orient, and South America. Loblolly pine, a species of yellow pine, is shipped to Central America, as well as to Europe. ⁽⁵⁾

(3) Forest Service Circular 140.

(4) Dept. of Agr., Bureau of Statistics, Bulletin 51.

(5) Forest Service Circular 129.

FOREIGN TRADE

There are two great questions raised naturally by the advocates of free trade in answer to the protectionist plea. The first of these relates to the exports from North Pacific ports and British Columbia. To understand the argument we must know the facts.

The total foreign shipments from Washington and British Columbia and Oregon since 1901 are as follows: ⁽⁶⁾

Year	Washington	Oregon (In feet shipped)	British Columbia
1902	180,088,594	40,122,856	55,305,000
1903	223,989,365	55,822,514	62,236,694
1904	186,144,995	39,172,756	53,177,244
1905	201,030,589	57,554,190	49,611,930
1906	221,351,716	112,526,918	79,176,642
1907	263,720,235	100,651,552	67,193,208
1908	227,741,309	101,689,064	56,400,711
1909	160,790,903	107,309,960	74,094,526
1910	199,132,732	129,585,160	67,534,839
1911	291,936,808	120,854,347	46,550,352
1912	270,610,262	141,790,143	51,512,056
1913	319,236,171	235,885,615	47,351,555
1914	206,560,405	178,825,441	33,190,481
1915	208,927,527	271,636,769	56,700,632

The fact that British Columbia exports were the only ones to increase in 1915, the figure being the largest since 1910, might be explained by the stimulating effect of the American tariff, or by the failure of Australia and other ports to decline

(6) West Coast Lumberman, March 15, 1916, page 35.

American lumber.

The above statistics clearly show that, with the exception of the past two years, Washington and Oregon exports had greatly increased, while those of British Columbia had, on the whole, not increased at all.

The answer to the claim for protective duties is evident - and the free-traders were not slow to take advantage of it, as the following quotations clearly show.

Mr. Payne on March 22, 1909 said: "I ask the gentleman to take his lumber schedule from beginning to end and inquire whether the importation of American lumber to neutral markets in the Pacific has not increased by leaps and bounds beyond the importation of British Columbia lumber on the Pacific Coast, and whether he can formulate out of that an argument for an increased duty on shingles. . . This lumber went into the foreign countries situated on the Pacific Ocean.... In the neutral markets of the world where there was no duty in favor of the United States export the State of Washington and the State of Oregon increased their exports three times what they were in 1895 (to 1907), while British Columbia came in with a little export of 41,000,000 feet and increased that to 67,000,000 feet in the same time."

Said Senator Nelson on April 29, 1909: "The idea that the lumbermen of Washington and Oregon cannot compete with the lumbermen of British Columbia is extremely ridiculous when you look at these figures, which show that they have practically a monopoly of the export trade from the Pacific coast."

Senator McCumber declared on April 30, 1909: "The very

fact that we are holding the markets of Australia and of the Orient as against the Canadians is pretty conclusive evidence to me that we can afford to hold it against the Canadians, and we can afford to hold it only because we can manufacture lumber just as cheaply as they can manufacture it."

And Senator Burkett said on May 24, 1909: "We are competing with Canada everywhere else on earth; and yet we are afraid that we cannot compete with her here in America."

Similar allegations were made in subsequent debates in Congress. They resemble the statement of a proposition in logic: "Canada's share of the exports from the Pacific Coast to countries where the question of duty would not enter was very small; hence the removal of the duty could not hurt us." The statement is, however, fallacious.

The fundamental error lies in supposing that the same kind of lumber would come into competition with our in the home market which competes in the neutral markets of the world.

Perhaps the best answer to this assumption is contained in a letter written Jan. 23, 1915, by Mr. Victor H. Beekman to Mr. Ed. R. Hogg, a large lumberman of Seattle. A copy of the letter is on file at the Seattle office of the Department of Commerce.

"The reason British Columbia has not entered into the export trade more extensively in the past is due to the fact that practically all the foreign orders call for 'Select' and No. 1 - upper grades - for resawing into flooring, ceiling; siding, etc., the importers depending on Norway, Sweden and Russia for the cheaper

grades, which can be laid down at less freight rates than Pacific Coast lumber. You know, as well as I do, that only 25 per cent. of the log consists of clear and uppers, and that 75 per cent. is fit only for the common grades, on which the mill men always figure on a loss of at least 30 per cent. in sales. Therefore, if the British Columbia mills were to go heavily in the foreign trade, it would mean that the 75 per cent. of common would accumulate tremendously, and with a population of about 8,000,000 and the Canadian trade limited to a small area in the Northwest Territory, the building of only a few large additional mills would create an over-production of common, and as it cost just as much to manufacture common as it does clear lumber, you will admit that without an increase in the sales of Common, the 25 per cent. of uppers could not offset the loss in the 75 per cent. of the log."

That is to say, it is only in the higher grades that British Columbia competes with our North Pacific mills, while it is in the Common grades that her competition would be felt in the American market. The absence of a large market for her Common keeps her a rather insignificant factor in the foreign export trade.

Congressman Fordney said on March 26, 1909:

"The lumber industry needs protection only on low grades of coarse lumber. Our high grades compete in the markets of the world with any lumber in the world in any market of the world."

"I do not know of any exports of low-grade lumber from any part of the United States."

Senator Files of Washington declared on May 3, 1909:

"We ship only about 7 per cent of the product of our

(western) mills to foreign markets. That 7 per cent is made up mostly of selected timber....

"The failure of British Columbia to increase her exportations..... is due to two facts: First, probably not to exceed six mills in that Province are prepared to compete in the foreign market; second, because she practically has no market for the 70 per cent of her low-grade lumber. Having no considerable market for her low grades she must of necessity limit her output of the upper grades, as about 70 per cent of the best cut in the tree produces low-grade lumber. Owing to the lack of a market for the low grades the manufacture of lumber has not been developed there to the extent that it has in "Washington or other States on the Pacific..... Eastern Canada takes but a small portion of her low grades, hence her market for this class of lumber is very limited. She must therefore find a market for her low grades before she can materially increase her output for export purposes. That market is the United States.⁽⁷⁾"

The apparently sound of itself, the premises of the free-trade contention that since we can compete abroad we should not fear competition at home are, on examination, found to be at fault.

(7) For somewhat similar reasoning see DeFebaugh, I, 449, 457.

OUR EXPORTS TO CANADA

The second problem arising in a consideration of our exports of lumber is how to explain the fact that we actually do export some lumber to Canada.

Our exports to Canada in recent years have been as follows; mostly in boards, deals, and planks:

Year	Amount
1909	\$ 4,308,773
1910	6,396,971
1911	11,204,637
1912	14,096,563
1913	17,067,622
1914	13,527,301

Since we ship to Canada, how is it that we fear competition from that country?

The stock protectionist answer has been as follows:

Congressman Wheeler on March 26, 1909: "We do not export anything to Canada that they have there."

Congressman Cushman on March 29, 1909: "There are certain woods in the United States which Canada does not have to any extent, yellow pine and hard-wood flooring, and so forth. She buys those products from the United States because she has to; she can not get them anywhere else."

Senator Piles on April 30, 1909: "It is the higher grades of lumber produced in this country and not in existence in Canada that Canada takes from us."

(8)

Says DeFebaugh: "The importations of hardwoods are due to the partial denudation of the hardwood districts of the Dominion spoken of previously.... In the older provinces it has been found desirable to import from the United States such items as pitch pine, used where a wood of strength is desired, and house finish, such as flooring."

In 1914 our total exports of boards, deals, and planks to Canada amounted to \$10,344,988. Subtracting \$2,703,920 of minor species, either absent or scanty in Canada, and which as a matter of fact strengthen the protectionist argument, we have a remainder of \$7,641,068 of exports. Of these at least \$4,379,204 or 58 per cent was in non-competitive woods, as follows:

<u>Species</u>	<u>Amount</u>
Cypress	\$ 254,907
Gum	208,992
Oak	2,326,916
Pitch Pine	1,588,387

If we include the minor species as non-competitive the exports of such woods amount to 68 per cent. It is significant that the exports of fir in 1914 were but \$917,541; in 1913 they were \$1,931,465.

Until 1911 the argument that our exports were of non-competitive woods was valid, practically all of our exports being of that character. But beginning in 1911, and reaching a maximum in 1913, we began to export to Canada woods of the same character whose importation the lumbermen profess to fear. Obviously, the old explanation is no longer sufficient.

(9)

In the Canadian Reciprocity hearings J. H. Bloedel of Bellingham, Washington, part owner of the largest lumber mill in the world, testified on May 29, 1911: "I ship more or less lumber into British Columbia and Canada - because we are just 20 miles south of the boundary line and have rail connection with the Canadian Pacific Railway, which distributes into Canada. We shipped last year some 800 cars into that territory.... I can ship under present conditions into Canada very satisfactorily and they are a big consuming factor... Her prosperity and rapid advance dates back to 1903 or 1904, but during that time to date, some seven or eight years, lumber prices have varied so that during the year 1904 lumber was higher in Canada, and we shipped some over there.

"We shipped a little over there in 1905, and none in 1906 and 1907 while lumber was lower in Canada. They shipped some over here in 1907 and 1908. The conditions were about equal in 1909 and 1910, and to-day the average price of lumber is higher in Canada than it is here. The result is that we, who are situated close to the boundary line, are shipping a considerable quantity of lumber into that country."

Mr. Bloedel was further examined on May 31.

Senator Kern: "Do you ship lumber to Canada?"

Mr. Bloedel: "Yes, sir; we do."

Senator Kern: "In large quantities?"

Mr. Bloedel: "We are shipping in considerable quantities right now."

Senator Kern: "How long have you been doing this?"

Mr. Bloedel: "About one year now."

Senator Kern: "Does the trade generally ship to Canada? Are there large quantities shipped from the State of Washington into Canada?"

Mr. Bloedel: "No, sir; not generally. It has been done during the years I have mentioned. During the year 1904 there was a panic in this country, and lumber was very low."

Senator Smoot: "What part of Canada do you ship to?"

Mr. Bloedel: "To the western Provinces, as far east as Winnipeg."

Senator Kern: "How far from Winnipeg are you?"

Mr. Bloedel: "About 1,500 miles."

Senator Kern: "How far north do you ship?"

Mr. Bloedel: "As far as Edmonton, which is about 400 miles north of the boundary line."

Senator Gallinger: "Has not the trade in those western Provinces been such that the Canadian mills have not been able to supply the demand?"

Mr. Bloedel: "That is the reason we are going in there. The Canadian mills are inadequate."

Senator Kern: "Because of the tremendous demand for lumber?"

Mr. Bloedel: "Yes, sir."

Senator Kern: "Do you meet the prices?"

Mr. Bloedel: "Yes sir; we not only meet them, but have to undersell them. They have a 25 per cent ad valorem duty on the different grades of lumber."

Senator Kern: "You pay that 25 per cent ad valorem duty

and ship in there?"

Mr. Bloedel: "Yes, sir; that is the condition to-day."

Senator Kern: "There are new mills constantly going up in Canada, are there?"

Mr. Bloedel: "Yes, sir."

Mr. Leonard Bronson, Secretary of the National Lumber Manufacturers' Association, testified on May 13, 1911: "They have nothing there (in the eastern Provinces) to serve the same purpose.... Then there is another place where we sell lumber -- in the northwest Provinces. They have developed so fast that their facilities are insufficient - important facilities - and it is too far to ship from the eastern Provinces, Ontario and Quebec, so they buy from the United States, and we buy from their section and exchange at that particular place... They have busily engaged in taking care of their own trade in the northwestern Provinces - Alberta and Saskatchewan - but you take this duty off and immediately they will have the incentive to build their mills."

Mr. Bronson was further examined on May 17. He said: "There was no demand from what is now Alberta and Saskatchewan a few years ago. There were no people there. When this country was developed then there was an immediate call for lumber. The only timber they had was to the east in Manitoba and extreme western Ontario, or in Minnesota, and across the mountains, or nearly across the mountains....

"This demand from the northwestern Province arose suddenly. The British Columbia mills across the mountains were adjusted to the export and local trade. The export trade was small, the

local trade was small, and they could not cultivate the export trade and enlarge their mills on that basis, because they would produce an amount of common lumber suitable for the domestic trade, for which there was no market; consequently, the mill capacity of southern Canada and British Columbia was limited. When this sudden demand came from the northwestern Provinces of Canada they bought where they could, and at times the prices in that part of Canada in the northwest have been higher than across the border in this country, owing to "that wonderful development which overthrew all sorts of ordinary trade conditions. But the mill capacity of British Columbia is being very rapidly increased, both in the mountain districts and in the coast districts.... The new mills of British Columbia are taking care of the increase in the demand and will continue to do so, because their timber supply is practically unlimited."

(10)

Jan. 13, 1913, in the hearings on the Underwood Tariff, Mr. J. E. Rhodes, Secretary of the National Lumber Manufacturers' Association, testified:

"The (recent) exportation of lumber from the United States to Canada has been largely in the prairie Provinces."

Mr. Fordney: "That is true."

Mr. Kitchin: "Brother Fordney is mistaken."

It is interesting to note that a little later Mr. Kitchin said: "Mr. Fordney knows more about lumber than any man in the United States."

Mr. Rhodes: "Due possibly to the large development of that section, \$65,000,000 having gone in there for railroads and

(10) 62d Congress, 3d Session, House Document 1447.

for other purposes in the last five years. A further fact I want to call attention to is that the price of export lumber is higher than the price of lumber sold at home by American mills."

A little later Mr. Fordney said: "There were unusual conditions in Alberta and Saskatchewan - and the immigration in those great wheat fields has brought about an unusually abnormal condition and an unusual demand for lumber in the last two years."

The above statements are rather borne out by the following from Mr. Beekman's brief of August 10, 1915, previously referred to.
(11)

"Since 1907 there has been a business depression in Canada, as bad, if not worse, than in the United States, and the war in Europe has added to the business stagnation across the line. Hence there has been no money available for an expansion in the lumber industry in British Columbia, and the volume of lumber shipped into the United States from British Columbia has been necessarily small. As at present constituted there are just enough saw-mills in that province to take care of the small export demand and the trade in the Northwest Territory during normal conditions.. To increase the export business by building new mills would necessitate new markets for the 75 per cent common in the log. A number of new mills would enormously increase the output of common lumber, and therefore when there was a protective duty against British Columbia lumber there was no incentive to crowd the Northwest Territory market...the only outlet for common... and therefore new mills were not erected."

Thus we see that the expansion since 1910 of the American export trade to British Columbia has been due to the sudden growth of Alberta and Saskatchewan and the inability or unwillingness, because of a sufficient market for the common lumber, of the British Columbia mills to supply the demand which quickly arose.

CHAPTER VII

IMPORTS AND THE TARIFF

A survey of the statistical figures of imports is of value as indicative of the Canadian's competitive ability.

IMPORTS

The average value of imports of forest products during
(1)
five year periods from 1851 to 1910 has been as follows:

<u>Year</u>	<u>Forest Products</u>	<u>Timber and Lumber</u>	<u>Shingles</u>
1851-1855	\$ 2,198,705	\$ 571,727	
1856-1860	6,849,373	2,856,539	
1861-1865	7,601,249	3,590,858	
1866-1870	13,816,042	6,280,550	
1871-1875	19,847,296	7,797,512	
1876-1880	18,869,528	4,007,896	
1881-1885	34,185,722	8,091,435	
1886-1890	36,701,317	8,607,621	\$ 312,500
1891-1895	45,306,273	9,484,117	606,876
1896-1900	50,037,414	9,818,407	866,701
1901-1905	72,021,714	12,900,336	1,414,066
1906-1910	123,881,631	26,278,685	2,086,330

(1) Agricultural Bureau of Statistics, Bulletin 90.

(2) Cabinet woods not included.

All of the shingles imported now come from Canada.

In 1908, 1909, and 1910 we imported of lumber proper \$20,257,248; \$20,900,041; \$24,120,904. Of these amounts the imports from Canada were, respectively, \$19,856,844; \$20,564,711; \$23,602,579. Of the latter amount boards, deals and planks constituted \$19,046,837 and shingles \$1,759,397.

Recent imports from Canada, for years ending June 20, are as follows:

<u>Year</u>	<u>Boards, deals, planks</u>	<u>Shingles</u>
1908	\$ 14,953,158	\$ 2,375,349
1909	15,690,558	2,500,398
1910	19,046,837	1,759,397
1911	15,688,541	1,387,743
1912	14,915,052	1,194,114
1913	17,972,712	1,379,751
1914	16,936,930	2,190,049

In 1911, a typical year, the most important importing points were, in the order named, Champlain, N. Y.; Oswegatchie, N. Y.; Niagara, N. Y.; Huron, Mich.; Buffalo Creek, N. Y.; Cuyahoga, Ohio; Vermont; New York City; Bangor, Me.; Chicago, Ill. The above refers only to imports of boards, deals, and planks.

Of the \$1,387,743 of shingles imported the following points contributed the amounts indicated: Menphrensagog, Vermont (\$394,831); Vermont (\$235,719); Bangor, Me. (\$181,039);

North and South Dakota (\$177,392); Champlain, N.Y. (\$151,801); Puget Sound (\$114,646). Only \$6,694 of the shingles were of white pine; the remainder were cedar shingles.

CANADIAN DISCRIMINATIONS.

Canada has discriminated in various ways against this country concerning the lumber tariff. Her provinces practically prohibit the exportation of logs, by stipulating that timber must be manufactured in Canada which is cut on provincial lands.

In 1868 export duties on sawlogs, etc., were imposed which amounted to: On stove bolts, 40 per cent; oak logs, 30 per cent; pine logs, 20 per cent; spruce logs, 25 per cent, and shingle bolts, 25 per cent. ⁽³⁾ The duty on oak logs and stove bolts was abolished in 1875. ⁽³⁾ In 1886 the export duty on shingle bolts was fixed at \$1.50 a cord; on spruce logs, \$1 a thousand feet, and on pine logs, \$2. In November, 1886, the duty on sawlogs was increased from \$2 to \$3 but lowered to the old ⁽⁴⁾ rate in 1889.

During the consideration of the Mc Kinley bill negotiations were carried on with the United States, and in October,

(3) DeFebaugh, I, 176.

(4) Ibid, 177.

1890, the export duty on spruce and pine logs was removed in consideration of the Americans reducing the import duty on sawn lumber from \$2 to \$1 a thousand.⁽⁴⁾

Section 218 of the McKinley bill, however, contained the following clause:

"Provided, That in case any foreign country shall impose an export duty upon pine, spruce, elm, or other logs, or upon stave bolts, shingle wood, or heading blocks exported to the United States from such country, then the duty upon the sawed lumber herein provided for, when imported from such country, shall remain the same as fixed by the law in force prior to the passage of this act."

The two sections above referred to resulted in a great increase in the shipment of logs from Georgian Bay waters to American mills, the business growing to large proportions.⁽⁵⁾

The Wilson Bill of 1894 provided practically a free trade lumber schedule. Paragraph 683, however, provided that lumber exported from "any country which lays an export duty or imposes discriminating stumpage dues on any of them, shall be subject to the duties existing prior to the passage of this Act." Free trade in logs and lumber between the United States and Canada existed during the Democratic administration and tariff.

In 1897 the Dingley bill restored the old duty of \$2 on lumber. Paragraph 195 contained the following clause: "Provided, That if any country or dependency shall impose an export duty upon saw logs, round unmanufactured timber, stave bolts, shingle bolts, or heading bolts, exported to the United States, or a discriminating charge upon boom sticks, or chains used by American citizens in towing logs, the amount of such export duty,

(5) DeFebaugh, I, 449.

tax, or other charge, as the case may be, shall be added as an additional duty to the duties imposed upon the articles mentioned in this paragraph when imported from such country or dependency."⁽⁶⁾

The intention had been to secure to the Americans the free import of Canadian logs. Obviously, the situation was critical for the Georgian Bay lumbermen; if Michigan could get free logs while sawn lumber was charged a stiff duty, nothing could be sawn on the Georgian Bay for the American market.

The Georgian Bay lumbermen applied to the Dominion Parliament for an export duty, but the Government, on account of the possibility of retaliatory duties by the United States, refused to act.⁽⁷⁾ The lumbermen then sought relief from the Ontario provincial legislature. In a few months after the Dingley Act was passed the Provinces of Ontario and British Columbia, the competitors of the American lumbermen of the north and west, enacted retaliatory laws, practically prohibiting the exportation of logs from provincial lands.

These laws were not export duties; they~~y~~ were absolute embargoes, and did not come within the scope of the clause of the Dingley bill. The highest Ontario court has declared the Provincial act valid.⁽⁸⁾

It was made optional with certain government officers to put the embargo on at will or take it off, and this is done occasionally on Puget Sound. It is even charged that much illicit importation is carried on in the Puget Sound district, with the connivance of the authorities.⁽⁹⁾

(6) Statutes-at-large, Vol.30, Ch.11, Par.195.

(7) Defebaugh, I, 177.

(8) 27 Ontario Appeal Reports 172. The act in question applied only to pine lands; the principle, however, could easily be made to apply to all other such laws as the various provinces have enacted.

The Payne Tariff, it will be remembered, proposed a reduction in the lumber duties. As introduced, however, paragraph 197 contained the following clause, placed there by Mr. Fordney:

"That if any country, dependency, province, or other subdivision of government shall impose an export duty or other export charge of any kind whatsoever upon, or any discrimination against, any foreign product exported to the United States, or if any country, dependency, province, or other subdivision of government forbids or restricts the exportation of any forest product to the United States in any way, there shall be imposed upon all the forest products of such country, when imported into the United States, the duties prescribed in section 3 of this act during the continuance of such import duties, charges, embargo, discrimination, or restriction."

Section 3, above referred to, begins thus:

"That on and after sixty days after the passage of this act, unless otherwise specially provided for in this act, there shall be levied, collected, and paid upon all articles mentioned in this section, and imported into the United States and into any of its possessions (except the Philippine Islands), from any foreign country, province, dependency, or colony, whenever any such foreign country, province, dependency, or colony, respectively, shall not be entitled under the provisions of section 4 of this act to the rates of duty in sections 1 and 2 provided, the rates of duty which are in this section prescribed, namely....

"Upon each article enumerated in paragraphs 196, 197... the same rate of duty as prescribed by the law in force prior to the passage of this act."

In reply to Mr. Tawney on March 26, 1909, Mr. Fordney replied that these provisions would apply in case Canadian provinces continued to enforce conditions that timber must be manufactured in Canada. He stated that it would not affect schedule

(9) Brief presented by Victor H. Beekman before the Federal Trade Commission in Session at Seattle, Wash., on Aug. 10, 1915, page 19.

M, pulp wood.

This clause was one of the cleverest "jokers" ever introduced into any tariff bill. The duties were seemingly reduced; but even an export duty on toothpicks would have rendered enforceable all the duties levied in the Dingley bill on forest products. It was admitted that if this proviso went thru it would not reduce the lumber duties one penny. It was commended by the American Lumberman of March 20 as making "some amends for the reduction against which the Lumbermen protested."

Fortunately the paragraph was defeated and the counter-vailing provision of the Payne act (Section 6) referred only to export bounties granted by foreign governments, and does not affect in any manner whatsoever the Canadian embargoes.

Every lumber province in Canada has placed an embargo on the exportation of logs. With a few minor exceptions these acts apply to all of the Provincial timber lands; they do not apply to private lands. Of the 331,000,000 acres of timber land in Canada 242,000,000 is publicly owned, the vast majority by the Provinces. Of the 220,000,000 acres in British Columbia, Ontario, and Quebec over 145,000,000 acres are publicly owned. It must be borne in mind, also, that, unlike the situation in this country, the best forest lands are not privately owned.

The Dominion Government claims to be powerless to control the timber lands of the Provinces. This was clearly brought out in the Reciprocity debates, when it was discovered that Canada could not guarantee the free exportation of logs to the

United States. Thus, Senator Nelson on June 15, 1911, quoted from a letter of Messrs. Fielding and Paterson, Canadian representatives, to Senator Knox, written Jan. 21, 1911, forming the basis of the reciprocity agreement submitted to Congress. (10)

"The above provisions have been adopted by several of the Provinces with regard to what are believed to be provincial interests. We have neither the right nor the desire to interfere with the provincial authorities in the free exercise of their constitutional powers in the administration of their public lands."

In matters of local government the provinces are almost supreme, just as our States are supposed to be. The powers of the Provinces are expressly enumerated. The British North American Act of March 29, 1867, which the constitution of Canada, declares:

"Section 92. In each Province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated; that is to say. .. "Subsection 5) the management and sale of public lands belonging to the Province and of the timber and wood thereon."

The Provinces, therefore, can impose any conditions they may desire as to the sale or lease of timber lands, and the highest Provincial courts have declared that the Dominion Government may not interfere.

A countervailing amendment to the Underwood tariff

(10) The letter may be found in Canadian Sessional Papers, 1912, Vol 24, No. 82 A, p. 23.

(11) *Smylie V. The Queen*
27 Ontario Appeal Reports 172 (also in 31 Ontario Reports (202). The Ontario Statute (61 Vict. Ch.9) was not within the Dominion's power over trade and commerce (B.N.A; Section 91, sub section 2)

introduced by Senator Poindexter was defeated 45 to 27 in the Senate on Sept. 6, 1913. (12)

The Provincial Acts now in force are as follows:

Ontario--- legislative act of April 30, 1900.

"Every license or permit conferring authority to cut spruce or other soft wood, trees or timber, not being pine, suitable for manufacturing pulp or paper, on the ungranted lands of the Crown... shall contain and be subject to the condition that all such timber shall, except as hereinafter provided, be manufactured in Canada; that is to say, into merchantable pulp or paper, or into sawn lumber...or other articles of commerce or merchandise as distinguished from the said spruce or other timber in its raw or unmanufactured state."

British Columbia - act of 1901 (c.50, 3.7)

"All timber cut from provincial lands must be manufactured within the confines of the Province of British Columbia; otherwise the timber so cut may be seized and forfeited to the Crown and the lease canceled."

Act of 1906 (c 24, s. 10): "All timber cut on ungranted lands of the Crown or on lands of the Crown which shall hereinafter be granted shall be used in this Province, or be manufactured in this Province into....sawn lumber."

Act of Feb. 23, 1914: "All timber cut under license lease, special license or general license, from Provincial lands

(12) With exception of British Columbia taken from Congressional Record of Sept. 6, 1913, as incorporated by Senator Poindexter. British Columbia references also taken from Mr. Beekman's brief previously referred to.

lying west of the Cascade Range of Mountains, must be manufactured within the confines of the Province of British Columbia; otherwise the lease, special license or general license shall be canceled."

Quebec - Revised Statutes of 1909 gave lieutenant governor in council right to prescribe conditions "to cut timber on the ungranted lands of the Crown."

Executive order in Council: "All timber cut on Crown lands after the 1st of May, 1910, must be manufactured in Canada."

New Brunswick - Law passed April 13, 1911, going into effect Oct. 1, 1911, regulating cutting on Crown lands of all soft woods except pine or poplar: "All such timber...shall be manufactured in Canada."

Practically all of the lumber imported into the United States from Canada is rough or undressed lumber, and consists of the low-grade stuff, Canada having a use and demand at home and in the mother country for all of her high grade lumber. (13)

(13) Senator Simmons, April 28, 1909. Also Defebaugh I, 448.

Thus there are three ways of dealing with the timber trade in Canada:

(a) By Dominion acts regulating exports. The Canadian Government, because of a fear of retaliatory measures, does not act.

(b) By Provincial orders in council.

(c) By Provincial legislature enactments.

Both of the latter methods are practiced. The actions, actual and threatened, of the Dominion and the Provinces, have caused much debate in Congress and have at times resulted in specific laws designed to prevent what is believed to be an unjust discrimination.

CHAPTER VIII

PRICES OF LUMBER AS AFFECTED BY THE TARIFF
AND TRUSTS

THE TARIFF

What is the effect of protective duties on the price of lumber? Will its removal lower prices? Will the public be benefited? The answers to these questions are most difficult, as well as most valuable matters. We must compare the prices paid by the consumer and those received by the manufacturer for, as is shown later, the two are not usually identical. The fact that under free trade the manufacturers could not compete with Canadians would not necessarily justify protective rates. At the same time, if the manufacturers would be harmed by, and the consumer receive his benefit from free trade in lumber, a restoration of the protective rate would be both justifiable and proper.

Let us first examine our statistical data as to prices. Does it indicate a solution of our problems?

The following prices are taken from the report on the Lumber Industry, part IV, issued by the Bureau of Corporations.

<u>Description</u>	<u>Year</u>	<u>March</u>	<u>August</u>
North Carolina	1892	\$14.50	-----
	1893	15.75	16.00
Pine, F.O.B.	1894	16.00	13.00
	1895	--- --	-----
Norfolk for	1896	13.00	13.25
	1897	13.50	-----
Boston, N.Y.,	1898	13.50	13.00
	1899	-----	18.00
Philadelphia	1900	20.25	17.75
	1901	17.50	17.50
and Pittsburg.	1902	20.00	20.25
	1903	19.75	19.75
No. 1 boards .	1904	19.75	18.25
	1905	21.00	25.25
1" edge	1906	30.00	29.25
	1907	28.00	26.00
	1908	-----	22.25
	1909	26.75	28.25
	1910	26.50	26.25
Ibid	1896	15.50	15.00
	1897	14.50	14.75
Flooring	1898	14.50	14.50
	1899	16.25	19.00
No. 1.	1900	21.25	19.00
	1901	18.00	18.50
Flat	1902	21.25	21.00
	1903	20.00	19.75
2½-3¼"	1904	20.00	19.50
	1905	21.75	26.00
	1906	-----	31.25
	1907	28.75	28.25
	1908	26.25	23.50
	1909	28.00	25.50
	1910	26.00	25.50

<u>Description</u>	<u>Year</u>	<u>March</u>	<u>August</u>	<u>March</u>	<u>August</u>
		\$	\$	\$	\$
Douglas Fir	1894	18.00	16.00	-----	-----
	1895	15.75	16.00	8.00	-----
F.O.B.	1896	15.75	15.50	7.75	7.25
	1897	-----	13.75	7.00	-----
Portland, Ore.	1898	14.75	14.75	6.75	7.00
	1899	17.00	18.75	8.50	9.50
Clear V.G.	1900	21.00	20.75	9.50	9.50
	1901	20.25	20.50	8.75	8.25
Flooring	1902	22.25	25.00	9.00	10.00
	1903	-----	-----	13.25	11.00
10 to 16'	1904	24.75	25.00	9.50	8.75
	1905	-----	-----	9.25	10.00
1 x 4" or	1906	26.75	-----	13.75	-----
	1907	-----	28.00	17.50	16.50
1 x 6"	1908	25.25	26.00	--	10.00
	1909	29.50	30.00	11.75	11.25
No.1	1910	29.75	-----	12.75	12.50
In last two columns,					
Ibid boards					
and shiplap.					
12 to 16'.					
1x12" common.					
Northern Pine.	1896	16.25	-----	12.00	-----
F.O.B. Western	1897	-----	16.00	11.00	10.50
Wisconsin	1898	16.25	17.00	11.25	12.00
Common dressed	1899	18.00	18.75	12.50	13.75
boards. No. 1	1900	19.75	19.75	16.25	15.25
common 1x12"	1901	19.50	19.75	15.75	16.50
	1902	22.00	25.25	18.25	19.75
	1903	24.00	23.75	19.50	19.50
In last two	1904	23.50	23.50	19.00	19.25
columns Ibid,	1905	25.50	26.50	20.50	21.00
No.2 common.	1906	29.00	30.50	23.75	24.25
	1907	31.25	32.25	26.75	26.75
	1908	31.75	31.75	27.25	27.00
	1909	35.50	36.00	28.50	28.50

<u>Description</u>	<u>Year</u>	<u>March</u>	<u>August</u>	<u>March</u>	<u>August</u>
		\$	\$	\$	\$
White Pine	1897	31.50	31.25	21.50	20.00
(Tonawanda	1898	31.50	32.00	20.75	21.25
grading)					
F.O.B.	1899	32.75	34.50	22.25	24.00
Tonawanda	1900	39.25	37.50	29.50	27.00
No.1 cuts.	1901	38.50	42.25	27.00	26.25
1½x7" and	1902	-----	51.00	27.75	28.75
wider. In	1903	52.50	51.75	29.00	28.50
last two	1904	51.00	49.00	29.25	31.00
columns,	1905	50.00	50.25	29.50	30.00
Ibid, No.2	1906	54.00	53.50	36.00	36.00
dressing,	1907	54.00	55.00	40.25	40.75
1x12"	1908	-----	52.00	41.25	41.50
	1909	53.00	54.00	44.00	44.50
	1910	-----	59.50	46.25	46.00
Lake State	1896	6.50	6.50		
Hemlock.	1897	6.75	7.50		
F.O.B.	1898	7.25	7.50		
Wausau	1899	8.75	10.25		
Dressed.	1900	11.25	9.50		
2x4"	1901	9.00	10.00		
16-foot	1902	11.75	11.50		
dimension.	1903	12.25	13.00		
	1904	12.75	12.75		
	1905	12.75	13.50		
	1906	17.00	18.25		
	1907	18.75	19.25		
	1908	16.25	14.50		
	1909	14.75	14.75		
	1910	15.50	16.00		

Prices have risen also in other countries, to an even greater extent, in many cases, than in our own. They are as high as our prices, with less purchasing power, possessed by the average individual.⁽¹⁾

(1) Report of Forester, 1893.
Forest Service Circular 140, pp 8, 13.

The above figures are of actual wholesale transactions, wholesale prices "may be defined as the prices which at a given time would be paid by a retailer of good credit buying lumber, lath or shingles in the open market, in quantities of one or more carloads, under the usual terms of sale.

"The purchasing price of the retailer was chosen as being that point in the process of distribution nearest to the price paid by the consumer at which comparability of prices can be secured." (2)

(2)"The Lumber Industry", Bureau of Corporations, part III, p34.

In order to examine these figures to see if they have any apparent relation to tariff changes, we must remember the various duties levied:

McKinley Tariff of 1890 -	\$2.00
Wilson Tariff of Aug. 1894 -	Free
Dingley Tariff of July, 1897	\$2.00
Payne Tariff of Aug., 1909 -	1.25
Underwood Tariff of Oct. 1913	Free

I consider only the duties on rough lumber because the duties on other grades decreased or increased corresponding amounts.

North Carolina Pine. The Wilson Tariff seems to have decreased the price of this pine to an even greater amount than the duty. The Dingley bill, however, did not immediately increase the prices, while the 75% reduction in the Payne law seems to have had no effect. In the case of the figures on the Payne Tariff in the Tables for North Carolina pine, and for the other species, as well, the lumber industry was in 1910, just beginning to recover from the 1907 panic.

Douglas Fir. Same comments as on North Carolina Pine.

Northern Pine. The effects of the Wilson bill are unknown.

There is no evident effect of the Dingley bill for at least two years after its going into operation.

White Pine. Same as above for Wilson and Dingley bills. Price increased after enactment of Payne Tariff, despite the reduction in duty.

Lake State Hemlock. Same as White Pine.

Let us now proceed to an examination of the prices of shingles ~~described~~, also from the report of the Bureau of Corporations.

The shingle duties have been as follows:-

Wilson tariff of Aug., 1894	-	Free
Dingley tariff of July, 1897	-	30¢
Payne tariff of Aug., 1909	-	50¢
Underwood tariff of Oct., 1913	-	Free

<u>Description</u>	<u>Year</u>	<u>March</u>	<u>August</u>	<u>March</u>	<u>August</u>
Cypress					
5" best.	1897	-----	-----	2.15	2.30
F.O.B. New	1898	-----	1.75	2.25	2.30
Orleans.	1899	2.00	-----	2.40	2.65
In last two	1900	2.15	2.10	2.65	2.45
columns,	1901	2.75	2.75	2.70	2.65
White Cedar,	1902	2.85	----	2.90	3.00
Clears,	1903	2.35	2.25	2.95	2.90
delivered in	1904	2.50	2.60	2.85	2.70
Boston.	1905	2.60	2.60	2.70	2.75
	1906	2.85	3.10	3.05	2.90
	1907	4.35	4.35	3.30	3.45
	1908	3.80	3.15	3.55	3.20
	1909	3.35	3.10	3.40	2.75
	1910	3.50	3.35	3.00	
Red Cedar	1895	1.15	1.15	1.00	1.00
Clears	1896	1.10	1.10	.95	.95
F.O.B.	1897	1.10	1.25	.95	1.15
Puget Sound.	1898	1.45	1.35	1.25	1.15
In last two	1899	1.35	1.45	1.15	1.25
columns,	1900	1.60	1.40	1.40	1.20
Red Cedar,	1901	1.60	1.85	1.35	1.60
Star A Star.	1902	2.10	2.00	1.75	1.60
F.O.B.	1903	1.90	1.70	1.60	1.45
Puget Sound	1904	1.75	1.55	1.45	1.30
	1905	1.55	1.55	1.35	1.30
	1906	2.00	2.15	1.70	1.85
	1907	2.90	3.20	2.50	2.80
	1908	2.25	2.00	1.85	1.55
	1909	2.10	2.15	1.75	1.65
	1910	3.20	----	1.70	1.65

The following table also gives information as to the effect of the Payne law. They are the prices on Stars quoted to the jobbers by the manufacturers. ⁽³⁾

<u>Month</u>	<u>1908</u>	<u>1909</u>	<u>1910</u>	<u>1911</u>	<u>1912</u>	<u>1913</u>
January	2.00	1.75	1.75	1.60	1.40	1.80
February	2.25	1.95	1.75	1.70	1.50	1.80
March	1.40	1.85	1.80	1.70	1.50	1.70
April	1.95	1.80	1.80	1.65	1.60	1.75
May	1.95	----	1.75	1.55	1.60	1.75
June	1.50	----	1.80	1.50	1.60	1.60
July	----	1.75	----	1.55	1.65	1.65
August	----	1.75	1.70	1.55	1.95	----
September	1.80	1.85	1.60	1.50	2.25	----
October	1.85	1.65	1.60	1.45	2.15	----
November	1.75	1.65	1.60	1.45	1.60	----
December	----	----	----	1.50	1.70	----

(3) Congressional Record, Vol.50, P.4076.

Cypress shingles. Payne tariff increase may have been cause of a rise in price.

White Cedar shingles. No immediate effect seen after Dingley tariff. Price decreased after Payne tariff law.

Red Cedar shingles. No obvious immediate effect of Dingley tariff increase. Slight reduction in price after 1909.

Conclusions from Statistics.

From a study of wholesale price statistics, it is not clear that the lumber and shingle duties had any marked influences on prices. Marked increases and decreases are found at periods when there was a tariff agitation. The Payne tariff, enacted when business conditions were firmly steady, does not seem to have effected the price to any extent, the slight evidences are seen of a reduction in the price of shingles, despite an increase in the duty, and of an increase in the price of lumber notwithstanding a decrease in the rate.

The incomplete figures presented show a considerable decrease in price closing the period the Wilson bill was in force. This, however, may have been due to the general depression existing, as well as to the effects of the Wilson bill. Certainly, if one has not the wherewithal nor the desire to buy, a low price may not be of the slightest advantage.

Moreover, the lumber industry is one of the first to feel the effects of a depression and suffers severely therefrom.⁽⁴⁾

Following the Dingley law, prices did not rise for almost two years. The rise was due, probably, to two things - (a) a period of prosperity; (b)⁽⁵⁾ a sudden realization of the growing depletion of our forests.

A marked increase beginning in 1905 reached its maximum in 1907, whose high mark was greatly caused, also, by the San Francisco and Valparaiso disasters, both causing a sudden demand for lumber and shingles to be used in reconstruction. The prices of northern and white pine continued to increase, due, doubtless to the rapidly decreasing supply, the price of Douglas Fir soon rose, due to the sudden demand from Northwestern Canada which has been considered in another connection.

(4) Hull, Industrial Depressions, P. 218.
Johannsen, Neglected point in connection with crises.p.82

(5) Mitchell, Business Cycles, p. 108.
Smith, Industrial Geography, p. 420.

The prices considered, it will be remembered, are the prices to the retailers from the wholesalers. The Bureau of Corporations declared ⁽⁶⁾ that the fluctuations corresponded, to some extent, to the prices paid by the consumers. Figures, to be presented later in this chapter lead one to doubt if the consumers' prices will always be reduced to the extent that the retailers are.

To sum up - The tariff seems to have little direct effect on the prices to the consumers unless accompanied by a period of depression; free trade may, in the author's opinion, check somewhat a normal use in the price.

As a matter of fact, the tariff duties are such a small percentage of the price that we must examine other phases of the price question before making any definite statement as to their relation.

To say that the tariff does not greatly effect the consumer in normal times, does not mean that it will not effect the manufacturer's price. This is the case because, with the exception of very large consumers, such as car-construction companies and shipbuilders, the lumber needed for building and as saw material for manufacturing plants is distributed to the consumer through the retailer. ⁽⁷⁾

(6) The Lumber Industry, Part IV, P. 54.

(7) The Lumber Industry, Part IV, P. 33.

See also House Document 1447, 62d Congress, 3d Session, p. 2188, 2218.

Obviously, the retailer might absorb as his profits the manufacturer's losses. The reductions to the very large consumers will not effect the general public.

But, it is said, our imports under free trade have been such a small percentage of our consumption that it is difficult to see how the manufacturer's prices could be substantially reduced. There are two answers to this argument.

First, the fear of competition often exerts as much influence as the actual competition.

Secondly, the price of an article may be depressed out of all proportion to the increase in supply. This is known as Gregory King's Laws of Prices, discovered more than 200 years ago.

Of King and his law, Thorold Rogers says - ⁽⁸⁾ "King has rarely, even in modern times, been surpassed in the special and very exceptional power of understanding what is meant by statistical figures. King discovered the law which regulates the price of the necessaries of life on the occasion of a scarcity, which experience has proved, with some minor qualifications, to be a rule of safe action."

(8) King, State and Condition of England, section 7.
See also Davenant, Political and Commercial Works, II, 224, 225.

(9) Work and Wages, 465.

The law is as follows: In a commodity a deficit of --

1	tenth	raises	the	price	above	the	common	rate	3	tenths
2	tenths	raises	the	price	above	the	common	rate	8	tenths
3	"	"	"	"	"	"	"	"	16	"
4	"	"	"	"	"	"	"	"	28	"
5	"	"	"	"	"	"	"	"	45	"

That is, a decrease of 10% in the supply would increase the price 30%.

And this law applies similarly to the effects of a surplus in lowering the price below the common rule, as the supply of an article of common use increases in an arithmetical ratio, the price decreases at practically a geometrical ratio.

It is, of course, impossible to formulate a statistical ratio which always holds under varying conditions. King's law, moreover, applied only to corn, an indispensable article. Articles more dispensable do not tend to such perturbations in price.⁽¹⁰⁾

We can, therefore, safely say that a small increase in the importation of lumber, combined with the fear of a greater importation, will decrease the manufacturers' prices far more than the percentage the importation bears to the total consumption.

(10) Roscher, Political Economy, II, 311.

Causes of Price Rise.

Why should we naturally expect that both the manufacturers and retailers should received constantly enhancing prices for their wares?

The manufacturer's cost of production has greatly increased. This is due, in the first place, to an increase in taxation, tho it cannot be claimed that the increase in the lumberman's taxes have been greater than those in other industries. ⁽¹¹⁾

Again, the price of stumpage -- the millman's saw material -- has risen enormously. This is seen from an examination of the value of standing timber. ⁽¹²⁾

<u>State</u>	<u>Bought</u>	<u>Price</u>	<u>Sold</u>	<u>Price</u>
Wisconsin (per acre)	1891	\$5.00	1904	\$22.00
Louisiana (" ")	1882	1.25	1909	59.50
Washington(tract)	1900	\$11,840	1907	\$115,000
Idaho "	1901	240,000	1909	\$2,500,000
Washington (acre)	1882	\$20.00	1909	\$150.00
Oregon "	1896	5.00	1908	\$108.75
California "	1900	\$18.00	1909	\$100.00

(11) Address of G. W. Dodge, 1910, Meeting of National Lumber Manufacturers' Association.

(12) The Lumber Industry, Part I, p.26.

In Minnesota the price received for timber on State lands was \$1.47 per 1,000 feet in 1880 and \$7.63 in 1909. (13)

"In a general way it may be said that stumpage values in the Southern Pine Region increased anywhere from threefold to tenfold during the ten year period 1898 - 1908. The advance in the Pacific-Northwest may be roughly stated as about the same." (14)

As will be indicated later, a large number of the manufacturers must buy their stumpage in the market, not personally obtaining the advantage of the enormous increase in price.

There have been three reasons for the increase in stumpage value. The gradual depletion of our forest supplies would cause a natural increase. With this must be combined the fact of an increased population and a greater demand. To some extent, however, this has been offset by the increasing use of substitutes for lumber and shingles. This explanation of the increase in lumber values is the quantity theory of money supplied to natural products.

This lessening of the quantity of standing timber was aggravated by the deliberate withholding of big tracts by some of the large stumpage owners. (15)

-
- (13) The Lumber Industry, Part I, p. 27.
 (14) Ibid, p. 28.
 (15) The Lumber Industry, Part I, p. 39.

Again, tracts which had no value in the nineties are now worth large amounts. This is especially true of Douglas Fir where the use may be accounted for by the increase in population, (2) the realization of the waning pine supply and (3) the increase in railway and other transportation facilities.

"We cannot expect any lowering of stumpage values or prices, but, rather, advances are certain."⁽¹⁶⁾

An increase in the price of lumber of from 50 to 100 per cent cannot be considered as unjustifiable when that lumber is made from timber that cost the mill man an advance of 1,000 and 2,000 per cent.

The price of the manufacturer's labor has also greatly increased.⁽¹⁷⁾ Senator Nelson, advocating free lumber, said on April 29, 1909: "While wages have increased in round numbers, about 16 per cent for all classes of labor, or, if you please, 20 per cent, which is a liberal estimate, the prices of lumber within this period -- from 1900 to 1907 -- have increased and advanced over 57 per cent."

(16) W.B. Townsend, President of the Hardwood Manufacturing Association of America, at the 1911 meeting of the National Lumber Manufacturers' Association.

(17) The Lumber Industry, Part IV, p. 45.

Senator McCumber, likewise an advocate of free lumber, said on April 30, 1909 - "Mr. President, the cost of production, as I understand, has increased about 25 per cent during the last five or ten years. I do not mean that the price of labor has not increased beyond that, but I mean the cost of producing lumber at the mill, including labor, irrespective of the cost of stumpage, has increased only about 25 per cent."

He presented the following table from the brief of D.E. Skinner.

<u>Position</u>	<u>Wages per month</u>		<u>% increase</u>
	1900	1907	
Teamsters	\$26	\$38	46
Swampers	25	40	60
Choppers	26	40	54
Loaders	32	40	25
Sawyers	26	35	31
Graders	24	35	46
Blacksmiths	55	65	18
Cooks	55	70	27

"Another table, giving the average for Minnesota, Wisconsin and Michigan, shows a general increase in the cost of production of about 19 per cent.

"Take the difference between these two, and call it, say 25 or 30 per cent, and while therefore the average cost of production has increased, we will say 25 or 30 per cent, the cost at the mills, has increased from 50 to nearly 200 per cent."

Why should it not so increase with higher taxes, higher stumpage or new material, and, as stated by even the advocates of free lumber, higher labor costs?

The table of wages paid by pine saw mills of Wisconsin, Minnesota and Michigan, which Senator McCumber referred to, was placed in the Record on May 22, 1909, by Senator Elkins.

<u>Position</u>	<u>1895</u>	<u>1900</u>	<u>1908</u>	<u>% increase</u>	
				<u>1895</u> <u>1908</u>	<u>1900</u> <u>1908</u>
Foreman	\$3.19	\$4.50	\$6.50	103	45
Engineers	2.55	3.50	4.00	58	14
Sawyers	3.50	5.25	6.00	71	14
Setters	2.25	2.75	2.75	22	0
Edger Men	2.25	2.75	2.75	22	0
Pilers	1.55	1.90	2.15	40	16
Sorters	1.50	1.90	1.95	30	2
Boom Men	1.50	2.00	2.25	50	12

It must be borne in mind that wages in 1908 were usually low, following the business depression of 1907. (18)

Wages were 10 to 20% higher in 1906 than in 1903.

The following figures are presented by the Bureau of Labor Statistics, using 1890 -99 as a base. (19)

<u>Year</u>	<u>Relative normal full time bonus per week.</u>	<u>Relative rate of wages per hour.</u>
1890	100.4	101.9
1891	100.2	101.4
1892	100.2	101.5
1893	100.0	99.9
1894	100.0	66.7
1895	99.9	97.0
1896	100.1	97.4
1897	99.9	97.7
1898	99.6	101.5
1899	99.8	104.5
1900	99.5	105.4
1901	99.3	108.6
1902	98.7	112.1
1903	98.3	114.2

Con'd.

- (18) American Lumberman's Curiosity Shop, p. 226
 (19) Aug. 4, 1913. "Wages and House of Labor in Lumber Industry 1890-1912." Figures for 1913 are from a report of May 21, 1914.

<u>Year</u>	<u>Hours</u> per week	<u>Wages</u> per hour
1904	97.8	112.3
1905	97.6	116.3
1906	96.6	124.4
1907	96.4	129.6
1908	96.6	118.7
1909	96.5	121.6
1910	96.5	130.0
1911	96.5	129.9
1912	96.6	131.5
1913	96.3	141.6

The great increase in the wages paid in 1913 was probably caused by the strike existing in the West for a large portion of the season.

The occupations considered in forming the above tables were doggers, edgemen, laborers, planer feeders, band sawyers, circular sawyers, gang sawyers, resawyers, setters, and trimmer operators.

According to these statistics the labor cost in 1912 was 24.1% more than in 1890.

As the wages of labor rise, the cost of production increases, other things being equal to an even greater extent, due to the declining efficiency of the labor employed. That is, the quality of labor deteriorates as its price rises. (20)

(20) Mitchell, Business Cycles, 477,478.

The Lumber Trust.

It has been frequently alleged that a "lumber trust," exacting grossly unjust prices, exists in our land. It will be recalled that both the Senate and House resolutions authorizing the investigation by the Bureau of Corporations stressed the necessity of determining the existence of a conspiracy in restraint of trade.

Does such a monopoly or conspiracy exist? If so, is it caused by protective lumber duties? Would free trade destroy the trust? Is it confined to the manufacturing, wholesale or retail branch of the industry -- or does it pervade all three?

We have previously referred to the increasing cost to the millman of stumpage. In part this is due to a great concentration of timber holdings, as the following statements from Part I of the report by the Bureau of Corporations indicate.

Three interests -- the Southern Pacific, the Weyerhaeuser group and the Northern Pacific own 11% of the privately owned timber of the United States (p.20), and 23% of that on the Pacific Coast (p.19); 37 holders own 50% of the privately owned timber on the Pacific Coast (p.20); 67 holders own 39% of the long-leaf pine of the South, 20% of the Cypress, and 11% of the hardwood, (p.31); 8 holders have 54% of the white and Norway pine of Minnesota (p.22); in Wisconsin 96 holders possess 75% (p.22); and in Michigan 110 holders have 67%. (p.22).

Fifteen holders own 62% of the California redwood and 14 holders control 60% of Louisiana cypress (p.155). In the latter state 37 holders own 48.7 per cent of the total timber (p.154).

The ownership of stumpage, it can be seen, is not concentrated to nearly so great an extent in the South as it is in the Lake States and on the Pacific Coast. It has been stated for instance, that 50% of the standing timber in North Carolina is owned by the farmers of the State. ⁽²¹⁾

There are, of course, many natural causes for at least a part of the increase in stumpage value. The growing scarcity of supply - the increased demand; the opening of improved transportation facilities; and accumulated interest are among these. For instance, \$1000 invested ten years ago, with interest at 5%, compounded annually, would now amount to a little over \$1600. Thus, men who invested in timber lands should secure not only the amount put in, but interest on the same, as well.

Part of the price now demanded may be accounted for by the fact that when property is exchanged, many times the price is sure to rise. As a result, the high price paid by our manufacturers today may not represent an exorbitant profit levied by the seller.

(21) 62d Congress, 3d Session, House Document 1447, pp 2194, 2198, 2214.

All of these considerations combined could not, however, explain the threefold to tenfold increases from 1898-1908 in the Southern Pine and Pacific-Northwest regions. ⁽²²⁾

What, then, is the real cause of this increase? In the author's opinion it is the result of two factors: (a) partial monopoly; and (b) deliberate holding for speculation of standing timber and refusal to place it on the market. ⁽²³⁾ That is, timber is held far in advance of any use thereof, merely for speculative gain. "There has come about, and there is still proceeding, a very remarkable concentration in the ownership of this remaining standing timber in the hands of a comparatively few interests. This concentration results chiefly from the speculative holding of timber lands for future profit, primarily made possible by our long standing public-land policy." ⁽²⁴⁾

"While the profits of speculative timber holding have been enormous, as will be hereafter shown, the riches of such holding and the services rendered by the holders are peculiarly small in comparison with those profits." ⁽²⁵⁾

The small holdings, moreover, are declared to be rather unimportant, being often practically controlled by larger holders. ⁽²⁶⁾

-
- (22) "The Lumber Industry", Part I, 214, 215.
 (23) Ibid, 36.
 (24) "The Lumber Industry," Part I, p.2
 (25) Ibid, 2.
 (26) "The Lumber Industry", I, 15.

"Those who control the standing timber can control the manufacture of lumber; any permanently effective combination in the manufacture of lumber, or in the wholesale trade must almost certainly be a combination among timber owners, and to them will go any increase of profit which such a combination may secure." (27) In other words, "if the price of lumber can be advanced by the manufacturer, it simply means a higher price for his timber." (28)

For private individuals to withhold a necessary commodity from use and thereby obtain enormous profits, is economically wrong; but this is the policy which many of the great timber owners have pursued.

We must here assume the continuation of our present economic and legal systems, under which we virtually are powerless to prevent private owners from holding, to the detriment of the public interest, their holdings for speculative gain. There are, however, two possible ways in which we could destroy the monopoly now existing. First, we could seize the land under the doctrine of eminent domain; secondly, we could obtain it by the levy of confiscatory taxes. The first would involve enormous difficulties of valuation as well as fundamental principles of justice (i.e., should we recompense according to present value or the amount invested, plus interest and taxation charges); the second would at present be repulsive to the average citizen and would menace our entire business structure and confidence in the security of investments.

(27) Ibid, 38

(28) Ibid, 39

It would not, it seems to me, be too much to demand that our government refuse to sell its own timber lands, but that it should lease them, under certain conditions, for revenue purposes. A consistent conservation policy should be likewise used.

What effect would the removal of the tariff have on the present situation? Would it destroy the great existing concentration; would it lower stumpage prices to manufacturers?

If American mills were on the verge of closing down, the price of stumpage would decrease -- the absence of a market would force the break, but due to (a) compounded interest on original investments, (b) higher taxes, and (c) the fact that many stumpage owners bought at prices closely approaching what they now receive, it is extremely doubtful if prices could be lowered to those now made by the Canadian Provinces with government ownership and consequently no compounded interest.

The above statements are quite obviously based on the premise that the millmen do not themselves own the stumpage they use. That is, they do not, as stumpage owners sell to themselves, as millmen, the timber required in the manufacture of lumber and shingles. If the millmen do own the stumpage they are holding up the public-- working both ends against the middle.

What are the facts? Many advocates of free lumber distinguish between owners of stumpage and millmen.

Congressman Payne, Tawney, Kitchen may be mentioned among those.
 (29)
 Of less importance are Mr. Ansberry of Ohio and Mr. Sims of
 (30) (31)
 Tennessee, so also Mr. Howland of Ohio, and Mr. Bailey of Penn-
 (32)
 sylvania.

Representative Crumpacker of Indiana said on April 17, 1911 -"The Bureau of Corporations discovered an alarming condition of things. It was found that a few wealthy syndicates now own and control millions upon millions of acres of the most valuable timber in the country. Those syndicates do not manufacture lumber, but they hold the timber until they can get their own price for stumpage from the millmen."

The Bureau of Corporations itself said, (33) "Practically all large manufacturers of lumber are large owners of timber, but owing to the profit in merely holding timber, many of the largest holders in the country manufacture either no lumber or the amount in no way commensurate with the amount of timber they own."

This is not as important as it first seems, however, when we know that there are comparatively few "large manufacturers of lumber." There are few mills which produce a great
 (34)
 quantity of lumber.

(29) Congressional Record, March 27, 1909

(30) Ibid, March 26 and March 29, 1909

(31) Ibid, March 26, 1909

(32) Ibid, April 26, 1913.

(33) "The Lumber Industry", I, 36

(34) "The Lumber Industry", I, 33, 34, 36.

"The largest sawmill in the United States cuts less than one-half of 1 per cent of the total output; only one-fifth of the total cut is sawed by the 221 mills sawing, each not less than 25,000,000 board feet/ a minimum which is about one-twentieth of 1 per cent annual output of the country." In other words 80 percent of our lumber is manufactured by small operators. "The economically effective manufacturing plant is relatively small in size and in investment."⁽³⁵⁾

Conclusions as to Stumpage.

The timber of our country is in the control of a few big companies and syndicates. By exercising a virtual⁽³⁶⁾ monopoly, they compel the manufacturers to pay exorbitant prices for stumpage, enormously increasing their cost of production. The vast majority of millmen are not owners of stumpage; therefore, this stumpage price represents a real increase in productive cost. Free trade in lumber would not much improve the situation, tho it would undoubtedly lower somewhat the market price of stumpage.⁽³⁷⁾

In the opinion of the author the Bureau of Corporations overestimated the relation between stumpage price and the price paid by the consumer. It is at least possible that the retailer and wholesaler, altogether independently of the price charged by the manufacturer, might combine to fix the price of lumber. In that case a decrease of 50% in stumpage price might not decrease correspondingly or to anything like that extent the consumers' price.

(35) Ibid, 37.

(36) Evidence on this point will be presented when retailers' combinations are considered.

We will examine later as to retail combinations in the lumber business.

Manufacturer's Combinations.

The vast majority of millmen, as we have just seen, are not owners of stumpage. Are they combined to raise the price of lumber? Has the tariff created a gigantic monopoly among lumber manufacturers?

Manufacturers are associated.

The principal manufacturers' associations of the country are bonded together in an organization known as the National Lumber Manufacturers' Association. These organizations are not, however, "Trusts" in the sense in which the United States Steel Corporation or International Harvester Company are generally regarded. (37)

Among the extremely valuable tasks performed by the manufacturers' associations, are the establishment of uniform grading rules which result in a standardization of product, and the collection of statistics and general information affecting conditions of supply and demand. (38)

In addition to these activities, the associations also publish price lists, to which, however, members are not required to adhere. (39) It is a very common practice among lumber manufacturers to curtail production in order to influence prices. (40)

(37) "The Lumber Industry", IV, 5.

(38) "The Lumber Industry", IV, 6-10, 51.

(39) Ibid, 10, 55.

(40) Ibid, 11.

It is chiefly used during periods of depression. ⁽⁴¹⁾ The advisability of such action is debatable.

"The influence of the competition met by producers is in the direction of keeping prices low, while that of the organized attempts of the producers is in the direction of raising prices. On the whole, there is no doubt that the vigorous attempts which the lumbermen have made to control the price situation, artificially, in the face of the competition resulting from the conflicting interests of the different producers of lumber, and the competition of substitutes for lumber, have met with some success. They have made the prices obtained from the consumers ⁽⁴²⁾ higher than they would have been had such activities not taken place." It would have been more accurate to say that the prices had been raised to the "large" consumers of lumber -- construction companies, etc.

The statement as to price activities of such associations ⁽⁴³⁾ is, however, modified by the following:

"The statistics collected by the Bureau show that for nearly every grade and species there has been a heavy increase in price in the course of the last 10 to 15 years. The greatest part of this increase is due to causes over which the lumbermen have no control -- the changes in the purchasing powers of money, the periods of general prosperity, and the growth of population and increasing demand for lumber in the face of a

(41) Ibid, 16

(42) "The Lumber Industry", IV, 18.

(43) "The Lumber Industry", IV, 20.

rapidly diminishing ultimate supply of standing timber."

The very nature of lumber manufacturing render it difficult, if not impossible, for any real or permanent combination to exist.

"The manufacture of lumber is clearly a business in which a monopoly or concentrated control cannot be due to any economies arising from large-scale production at enormous plants."⁽⁴⁴⁾

We have previously stated that 80% of our lumber is manufactured in comparatively small mills. "Any effective combination must rest on some other basis than the merely technical conditions of manufacturing."⁽⁴⁵⁾

The advantage of manufacturers' combinations to increase price is greatly offset by the fact that they would then have to pay higher price for their timber."⁽⁴⁶⁾

"It is apparent the economic conditions in the manufacture of lumber (as distinguished from the ownership of standing timber) are not exceptionally conducive to concentration."⁽⁴⁷⁾

"Whatever power over prices may arise from combinations in manufacture and distribution (as distinguished from timber owning), such power is insignificant and transitory compared to the control of the standing timber itself or a dominating part thereof."⁽⁴⁸⁾

(44) "The Lumber Industry", I, 33
 (45) I bid, 37
 (46) I bid, 38, 39
 (47) "The Lumber Industry", I, 4.
 (48) I bid, letter of Submitted.

In other words, its Bureau of Corporations, after 5 years of investigation, reported its failure to find an effective monopoly or trust in the manufacture of lumber and shingles.

C. S. Keith of Kansas City, Mo., presented a paper on trusts in the lumber industry at the 1912 meeting of the National Lumber Manufacturers' Association. His paper refers only to the yellow pine industry, but could logically be extended to other fields.

He points out that an increase in population and per capita consumption with the available timber supply steadily diminishing would account for an enormous increase in the price of lumber. The increase in the production of yellow pine lumber from 1897 to 1911 was 100%; the increase in the value of timber lands he places at 2700%.
(49)

Mr. Keith ~~inadvertently charges~~ ^{incidentally charges} the Bureau of Corporations Report, quoting from the Louisiana State Board of Equalization's 1910 report to show a great inaccuracy in the Bureau's statement as to the amount of standing timber in Louisiana.

Mr. Keith predicted a great increase in the price of lumber as a result of an increasing demand with no corresponding increase in its supply.

He then endeavors to demonstrate that the Yellow Pine Manufacturers' Association is not a trust. In 1908 the mills represented cut only 29% of the total production of Yellow Pine. Prices

(19) by a skillful arrangement Mr. Keith arranged his charts so that the curves appeared almost identical; a gross misrepresentation.

are governed by competition and the law of supply and demand. The prices of yellow pine from 1901-1911 fluctuated roughly in agreement with the volume of building permits in 19 large cities, the volume of railroad construction, and the number of freight and passenger cars and locomotives built. "The great increase in volume of demand from these sources advanced the prices of lumber during the various years in this period. The price of yellow pine has been materially effected, if not entirely governed, by the fluctuations in railroad construction material required."

Mr. Keith asserted that most other staple products have increased more rapidly in price than yellow pine.

An examination of invoices of shipments made in Missouri of ten companies on the 15th day of January, April, July, and October, from 1904 to 1908 inclusive, demonstrated that of 2298 cases of duplicate shipments of the same items on the same days, 2134 showed a variation in price of from 25¢ to \$7.50 per M, and 95 showed no variation. That is, nearly 96% showed a variation. Of the orders, out of 1,095 cases of duplicate sales, 909 showed a variation, that is 94%.

This was sworn evidence, supported by invoices and orders. No concerted action to control the price was shown.

Mr. Keith asserted, moreover, that the total manufacturing cost had increased 88% between 1897 and 1911, while the average price at the mills of lumber had risen but 78%.

Certainly, with 48,000 mills, a majority of which are not stumpage owners, an effective combination is almost inconceivable. Such a vast ownership is practically prohibitive to any such idea.

if the national government will refuse to sell its timber lands, but will sell the timber at a price not exceeding the cost of growth there can be no trust in lumber. "In either branch of Congress there are comparatively few who now believe that there is any trust or combination in the saw mill business that controls sales or dictates prices. The leaders in the conservation movement, especially in forest conservation, are with us."⁽⁵⁰⁾

Commissioner, Herbert Knox Smith, of the Bureau of Corporation is reported in a United Press dispatch of April 5th, 1912, from Washington, to have said:

"Complete ignorance of a combine to control the lumber manufacturing industry is expressed here today by Herbert Knox Smith, Commissioner of Corporations, in reply to the demand of the National Lumber Manufacturers' Association, to establish the result of his investigation of the alleged lumber trust. Smith said: 'As far as we have been able to ascertain, no group individuals control, dominate or influence to any great extent the lumber manufacturing industry. However, there are a few individuals who, to a certain extent, appear to control the standing timber.'"

In the opinion of the author it is among local retailers that the most effective combinations to raise the price to the consumer exist. As we have seen, a large proportion of the lumber produced is sold by the manufacturers direct to the retailer.⁽⁵¹⁾ Some of the larger manufacturers own yards themselves.

Because of the wide territory covered and the numerous membership the retail association can do little actual raising of the price,⁽⁵²⁾ and we therefore find the important combines among the

(50) Manager's Report, 1911 Meeting of the National Lumber Manufacturers' Association.

(51) "The Lumber Industry", I, 36.

(52) Beckman, Brief of Aug. 10, 1915, p.29.

(53)

local retailers.

In another way, however, ~~the~~ ^{the} larger associations of retailers are quite as effective in controlling the price paid by the consumer. They prohibit the manufacturers from selling directly to the consumer.

Mr. Gronna on March 26, 1909, charged that a retail combination existed in North Dakota.

On March 30, 1909, Mr. Kitchin, speaking of retail lumbermen, said: "In Toledo in 1907, a dozen or more lumbermen were indicted for being in a trust. They came right square up and pleaded guilty, and Judge Morris gave them six months imprisonment."

On the same day Byrd of Mississippi declared: "I do know, and so charge, that in my section there is a retail lumber dealer's association, society or trust.....and there is a concerted understanding among the members thereof, that they are to have the exclusive right to sell to the consumers, and that if the manufacturer undertakes to infringe on this trust prerogative, then his mill will be boycotted by the association." Evidence as to its association referred to will be presented later.

District associations, of course, must enforce such regulations. The manufacturers may bid against each other for the privilege of selling to the retailer, but he may not sell to the general public, under fear of boyvott.

Mr. Bronson, Manager of the National Lumber Manufacturers' Association admitted at the Reciprocity Hearings, May 13, 1911, that retail combinations to raise the price of lumber might have existed

in the Pacific North-west, and that the lumbermen could not afford to offend their best customers. So also Mr. G. W. Jones, representing the sawmills of Virginia, North Carolina, and South Carolina, at the Underwood Hearings, Jan. 13, 1913.

March 30, 1909, Mr. Byrd of Mississippi, read into the Record the following letter from the Illinois Lumber Dealers' Association, to the R. M. Fry Lumber Company of St. Louis, Mo. The letter was dated March 21, 1904, and signed by G. W. Hotchkiss, Secretary.

"I greatly regret to receive complaint of the shipment by you to William Zioch, a consumer at Rockford, Ill., unloaded by Abner Jackson, contractor, neither of them being lumber dealers and not recognized as entitled to wholesale purchas under association ethics.....

"Of course, we do not dispute your legal right to sell and ship at your pleasure, but it is pretty generally conceded by manufacturers and wholesalers that it is contrary to good business ethics to encourage a consumer to give a black eye to the trade of a local dealer.... Occasions do arise when such shipments may be excusable, and perhaps this may be one of them."

At the 1906 season of the Mississippi legislature a resolution was adopted directing the attorney general of the State to institute legal proceedings under the criminal procedure of the State against the Mississippi-Louisiana Retail Lumber Dealers' Association. The association combined 77 individuals and corporations, obligating

themselves not to deal with any manufacturers or wholesale dealer in lumber selling to consumers in localities in which they conducted their business and kept a sufficient stock to meet demands on hand. These 77 persons were a large majority of the independent and competitive merchants in the territory covered by their articles of association.

The courts of Louisiana ⁽⁵⁴⁾ and the United States ⁽⁵⁵⁾ both decided against the association, declaring it a combination in illegal restraint of trade.

(54) 95 Miss. 337
(55) 217 U. S. 433

The Louisiana Court denied the economic necessity of such combines, while the Supreme Court of the United States declared:

"An act harmless when done by one may become a public wrong; when done by many acting in concert, for it then takes on the form of a conspiracy, and may be prohibited or punished, if the result be hurtful to the public or to the individual against whom the concerted action is adopted."

Retailers, then, affect the price of lumber by-

- (1). Local combinations to raise the price.
- (2). Prohibiting competition from the wholesalers of lumber.

Thus far in this chapter we have seen the following facts:

- (1) Prices to the consumers have increased in recent years, tho with no clearly evident relation to tariff changes.
- (2) The manufacturers' prices are, because of his justifiable fear of foreign competition, combined with actual imports, lowered when free trade in lumber is adopted, or duties lowered, to an appreciable extent.
- (3) The manufacturers' stumpage prices are raised by an actual, tho not legal, monopoly or combination or concentration among large timber owners, who control a large portion of this country's forest resources.
- (4) The millmen themselves are not, speaking broadly, the owners of stumpage; nor are they organized so as to considerably affect prices, unless it be to some slight extent to the large consumers to whom they sell direct, or in slight measure to the retailers.
- (5) Retailers by local combinations raise prices to

the consumers; by stronger district organizations they boycott manufacturers who sell directly to consumers, and thus ensure themselves a market.

FREE-TRADE AND PRICES.

Will free-trade in lumber lower the price to the general public---the small consumer?

First, let us consider some of the statements of those who maintain that it will.

March 26, 1909, Mr. Howland of Ohio said in Congress:

"There is one industry left in this country which we desire to encourage, whether we are free traders or protectionists, and that is the building of homes....In my judgment the time has come when the Government should refuse longer to put a burden in the shape of a tariff on lumber on the home builders of our country."

Three days later Mr. Sharp of Ohio said: "Benefits that would accrue to...men who desired to build homes every year in this broad country, and who have a just complaint if we should seek to place a tribute upon them for the exclusive and sole benefit of this comparatively small number of manufacturers in the lumber business."

Mr. Kitchin said on March 30: "It will not make lumber in the South, especially on the Atlantic seaboard, any cheaper....In the great West, in the great consuming States of Illinois, Indiana, Iowa, Minnesota, Wisconsin, and Nebraska, all out in that western section, removal of the tariff will make lumber cheaper to the consumer."

Mr. Underwood said on April 25, 1911: "We give an opportunity to the American citizen to have cheaper lumber with which to build his home."

Mr. Dixon of Indiana said on April 26, 1913: "We have put lumber on the free list in order to allow our people to shelter themselves from cold....We propose to make it easier for our people to own their homes."

Pres. Taft in 1911 expected that free lumber would decrease somewhat the price of lumber to the consumer.

(56)
The late Professor Robinson of Minnesota declared that free lumber would lower the price of lumber to the farmer. "For the farmer it means better farm buildings and fences at less cost, and greater comfort in the home."

(57)
Professor Taussig is not so optimistic. "The effect on prices will be not so much to cause a fall as to prevent a rise that would otherwise have taken place." Again, "the farmer who buys lumber will hardly find a difference, the mechanic who buys or hires a wooden house certainly will not discover any difference." He admits, then, that the consumer in the cities will not be benefited, presumably because of retailers' profits.

Now what do the opponents of free-lumber reply to the vague claim that the "building of homes" will thereby be encouraged?

(58)
Said the Savannah Board of Trade on Jan. 5, 1909: "The parts of the United States that consume rather than produce lumber will not be materially benefited, as past experience has shown that the foreign timber owners, importers, and millmen, rather than the consumers, are the only ones that profit by such changes."

Congressman Cushman said on March 29, 1909: "The pathetic feature of the whole thing is, in my judgment, that the loss will be borne chiefly by the timber owner, and some of it by the sawmill

{ 56 } Journal of Political Economy, V.19. p.564.
{ 57 } Ibid, pp.544,547.
{ 58 } Congressional Record, V.44, p.450.

man, but the duty of \$2 on lumber would be entirely absorbed by the retail dealer in many instances, and the consumer would get no relief."

Said Mr. Gaines of West Virginia on April 1: "The man who builds a home does not buy lumber as a rule. He enters into a contract with a builder who buys lumber from the man who has a lumber yard, and he in turn buys lumber from the mill. The home builder's price is set by the contractor and the man with the lumber yard. It is not made by the mill owner."

On the same line Mr. Sterling of Illinois, altho advocating free lumber, said on April 26, 1911: "In my opinion the price of lumber to the consumer is largely fixed by trade agreements, and that price would be so fixed, whether it comes from our own soil or from Canadian soil."

It will be recalled that in 1909 the farmers of the Middle West were for free lumber. April 19, 1911, Senator Nelson of Minnesota declared: "So that this benefit (to the farmer) from free lumber turns out to amount to 10, 15, or possibly 20 cents a year as an offset to his losses."

Thus, a farmhouse containing 10,000 feet of lumber would, under the Dingley rates, supposedly have been taxed \$20. But as a farmer usually builds but one house and one barn in a lifetime the amount he would save by free lumber, conceding that he would get all the benefit of the duty would amount to comparatively little.

July 12, 1911, Senator McCumber declared: "I have always contended even tho I am for free lumber and would vote for free lumber, that the granting of free lumber would make no difference in the price to the American consumer."

April 28, 1913, Mr. Plumley of Vermont, said: "A reduction of one-half of the rate in the tariff of 1909 lessened no price to the consumer."

"The Canadian lumberman in no case got less than half of the reduction; in many cases he had all; in no case did the reduction reach the consumer."

Mr. Humphrey on May 1 stated:

"Admitting shingles free into the State of Washington will not lower the price to the consumer....When we have free shingles, the price will only be lowered sufficiently to get into our market. As soon as our mills close prices will be increase."

"Now, what has been the result (of the Payne Tariff) in the State of Washington? You reduced the tariff upon lumber, and immediately the price of lumber went up and it has been up ever since....You increased the tariff upon shingles, and what was the result? Immediately the price of shingles went down."

Mr. Pinchot wrote as follows on March 12, 1909, to Mr. Payne: (59)

"Free lumber would not materially reduce the price to the consumer....If the duty were removed, the effect of these factors would be to increase the value of Canadian stumpage, and to some extent the profits of the Canadian manufacturer and the American retailer. There would remain little if any benefit to the ultimate consumer of lumber in the United States."

In his letter of Jan. 23, 1915, to Mr. Hogg, Mr. Beekman said:

"The worst phase of the situation is that the ultimate consumer will not be benefited by either lesser freight rates, cheaper lumber or better transportation facilities....By the (59) Congressional Record, V. 44, p. 678."

time the transportation companies, the lumber brokers and the retail lumber dealers have had a whack, the price to the consumer will be as high as it was under a protective system."

Col. James H. Hawthorne, of Seattle, former chairman of the Democrats of King County, and once designated by Mr. Taft as "the most prominent democrat on the Pacific Coast", sent a comprehensive brief on the lumber industry to the Federal Trade Commission. (60) In summing up he says: "The removal of the tariff on lumber and shingles has not materially benefited the consumer."

He presented the following table of shingle prices, excluding 1909, partly under the Dingley and partly under the Payne tariffs.

<u>Year</u>	<u>Tariff</u>	<u>Duty per M</u>	<u>Clears</u>	<u>"A"</u>
		\$	\$	\$
1907	Dingley	0.30	2.67	2.39
1908	Dingley	.30	2.20	1.77
1910	Payne	.50	2.14	1.69
1911	Payne	.50	1.98	1.55
1912	Payne	.50	2.01	1.69
1913	Payne	.50	2.14	1.65
1914	Underwood	Free	1.82	1.52
1915	Underwood	Free	1.65	1.35

The Underwood tariff took effect October 3, 1913. The average for 1915 was for the first ten months.

He showed that "A" shingles costing the retailer \$2.35 were sold to the consumer for \$3.55; while clears were sold for \$4.50 which cost the retailer \$2.65. With such enormous and exorbitant profits being taken by the retailer it seems foolish to hope that he will reduce the price to the consumer simply because he can buy for less from the manufacturer.

In his brief of August 10, 1915, Mr. Beekman submitted tables showing the prices at which Pacific Coast lumber was sold (60) West Coast Lumberman, Jan. 1, 1916.

to the consumer in July, 1910, as compared with July, 1915, by retailers in North Dakota, Minnesota, South Dakota and Nebraska.

Taking Minnesota as an example we find the following:

<u>Weight</u>	<u>Description</u>	<u>Total Cost to Retailer</u>	<u>Retailers Price to Consumer.</u>	<u>Profit</u>
		\$	\$	\$
2000	No.1 V.G.Flooring	37.00	52.00	15.00
2000	No.2 & Btr Drop Siding	28.50	40.00	11.50
1400	No.2 & Btr Ceiling	21.80	40.00	18.20
2600	2x4 & 2x6 Dimension	20.70	30.00	9.30
2500	1x8 Fir Shiplap	21.75	36.00	14.25
160	"A" R.C. Shingles	2.56	4.00	1.44

July 1915.

Identical items with above.	29.00	50.00	21.00
	22.50	40.00	17.50
	17.30	40.00	22.70
	17.70	27.00	9.30
	18.75	32.00	13.25
	2.13	3.00	.87

He analyzed the retailers' profits in the various states

thus:

<u>Description.</u>	<u>State</u>	<u>1910</u>	<u>1915</u>	<u>Increase</u>	<u>Decrease</u>	<u>Decrease in Mill Price.</u>
		\$	\$	\$	\$	\$
Flooring	North D.	7.00	17.00	10.00		8.00
	Minnesota	15.00	21.00	6.00		
	South D.	17.50	20.50	3.00		
	Nebraska	10.00	20.00	10.00		
Drop Siding	North D.	10.50	13.50	3.00		6.00
	Minnesota	11.50	17.50	6.00		
	South D.	11.00	13.00	2.00		
	Nebraska	8.50	11.50	3.00		
Ceiling	North D.	10.90	15.40	4.50		3.50
	Minnesota	18.20	22.70	4.50		
	South D.	17.85	12.33		5.50	
	Nebraska	10.50	14.00	3.50		
Dimension	North D.	10.60	13.60	3.00		3.00
	Minnesota	9.30	9.30			
	South D.	10.65	9.65		1.00	
	Nebraska	8.00	9.00	1.00		
Shiplap	North D.	9.50	12.50	3.00		3.00
	Minnesota	14.25	13.25		1.00	
	South D.	7.63	7.63			
	Nebraska	9.00	10.00	1.00		

Retailers' Profits.....continued

<u>Description</u>	<u>State</u>	<u>1910</u>	<u>1915</u>	<u>Increase</u>	<u>Decrease</u>	<u>Decrease in Mill Price</u>
"A" Red Cedar	North D.	1.27	1.45	.18		.43
	Minnesota	1.44	.87		.57	
Shingles	South D.	1.50	1.08		.42	
	Nebraska	1.36	1.29		.07	

Mr. Beekman draws the following conclusions:

"It will be noted that notwithstanding the heavy reduction in mill prices since 1910 the profits of the retail dealers have increased greatly, showing conclusively that the burden of the reduction fell on the manufacturers and not on the retail dealers... The consumers received the benefit of only a small portion of the reduction in the mill price, the balance being added to the retailers' profit....The removal of the duty on lumber and shingles, it is evident, has not lessened the price to the consumer one cent, and never will as far as the retail dealer is concerned."

Further on Mr. Beekman says:

"It is evident that the retail dealers and line yard men are better salesmen than the manufacturers, and the statement of profits prove it. By the term 'line-yard men' is meant where one firm owns two or more lumber yards; hence is the owner of a line of yards.....The bulk of the retail dealers in the four states are members of either the Northwestern Retail Lumbermen's Association or the Nebraska Retail Lumbermen's Association. These organizations are too unwieldy to attempt the control of prices, but undoubtedly in towns where there are two or more yards there is a local price understanding." Mr. Beekman proceeds to show how the retailers can coerce the manufacturers.

CONCLUSIONS.

Protective duties aid directly the stumpage owner and the manufacturer, and have little or no direct effect on the ultimate consumer. Should we continue the speculative value in stumpage by continuing the tariff upon lumber? Ordinarily, governments should never encourage by their positive acts speculative profits. However, free trade in lumber will neither reduce the price of stumpage sufficiently to the millman, nor break up the present concentrated ownership of our standing timber. Some other way should be found to discourage these speculative profits than deliberately injuring the manufacturers, the great majority of whom are not stumpage owners.

The price the manufacturer can secure from the retailer is increased by the protective tariff; due to local combinations monopoly of the market the retail price to the consumers will not be appreciably reduced under free-trade, whether the retailer buys his lumber from Canadian or American millmen.

If the Canadian mills could eventually drive out the Americans, they would sell here for the American price and pocket the difference.

We must expect an advance in the price of lumber, a commodity based on natural resources. As the resource becomes scarce the pressure of competition is felt and prices advance. The most that free-trade could possibly do would be to arrest for the time being and cause to come more slowly the inevitable advance in the price of lumber. Even this tendency would be greatly weakened, so far as consumers are concerned, by retailers' combinations.

To sum up: The levy of protective duties aids the manufacturer, while their removal would not sensibly benefit the consumer, since prices are arranged by those into whose hands the product comes after leaving the mill.

CHAPTER IX

ECONOMIC EFFECTS

OF

FREE TRADE

IN LUMBER

Does the removal of protective duties as a matter of fact result in any appreciable injury to the American lumber manufacturer? Theoretically, as we have seen, his price for lumber will be lowered, due to the ability of the Canadian to produce cheaper than the American or to invade our great consuming markets because of lower freight rates.

The author does not propose in this chapter to examine the industrial and economic effects of all the previous changes in the lumber schedule. He believes that a study of the workings of the Underwood tariff will be sufficient ground upon which to base our conclusions.

Has the American lumber industry been in a depressed condition since 1912? Immediately preceding and following the

enactment of the Underwood tariff the lumber trade was seriously crippled, this being especially evident in the Pacific Northwest.

What were the reasons for this depression? First, there were actual increases in the imports of lumber and shingles from Canada, especially from British Columbia. Secondly, there was, on the part of the lumbermen, a greatly exaggerated fear of enormous imports in the near future from Canada. Thirdly, there was in 1913 a general depression and a halt in construction work, the result of which was immediately felt by the lumber trade.

The following quotations are extracts from the report (1) made to the Shingle Manufacturers of Washington by its committee:

"During the year 1909, when there was a duty of 30¢ per M. on shingles, there were shipped into the United States from British Columbia about 580 cars of shingles; that in 1910, 1911, and 1912, when the duty had been increased to 50¢ per M., the cars imported from British Columbia were reduced to about 200 cars per year, and that since January 1, 1914, or since the duty has been entirely removed, the number of cars being imported has largely increased. In January there were imported about 215 cars, in February 268 cars, in March 406 cars, and in the one month of April 575 cars... The number imported from British Columbia is increasing very rapidly."

"We find no other way to meet the competition of British Columbia except to reduce the cost of manufacture by a reduction in wages."

(1) Seattle Post-Intelligencer, June 21, 1914.

In a letter of April 3, 1914, Mr. J. J. Donovan of the Floodel-Donovan mills, wrote to Mr. Humphrey (see Congressional Record, Volume 51, p. 7443): "I do not know of a single (shingle) manufacturer who does not blame the new tariff for these conditions - and I have talked with dozens of them, all the way from here (Bellingham) to Los Angeles.... I am reputedly informed that there is not an idle shingle mill in British Columbia.... Meanwhile our industry languishes as it hasn't since the memorable years between 1893 and 1898. "

Speaking on April 29, 1914, Mr. Humphrey said: "According to the Reiffeld report immediately after the present bill went into effect 80 per cent of the shingle mills of the State of Washington closed, and immediately before it went into effect the mills that had been closed in British Columbia opened and commenced running to full capacity and are running at full capacity yet."

The State of Washington, it must be remembered, produces over two-third of the shingles of the United States.

The Oregon Voter of July 17, 1915, reported that since the adoption of the Underwood tariff law the number of mills operating in Washington had decreased from 450 to 272.

The Grangeville (Idaho) Globe stated that many British Columbia shingle mills which had been closed or running half-time before the Underwood law took effect were running full time, many of them day and night, with from 125 to 140 new machines installed.

(2) In American Economist, July 31, 1914, p.57.

The Red Cedar Shingle Manufacturers' Association likewise asserted that British Columbia mills running half-time before the Underwood tariff began after its imposition to run full time. (Congressional Record, volume 50, page 4077).

The reasons for the decline in our shingle industry can be seen in an examination of the import statistics. (3)

During the year ending Dec. 31, 1913, we imported \$1,460,571 of shingles. (4) In 1914 the amount was \$2,773,009 and in 1915 it was \$3,561,907. For the seven months ending Jan., 1914 they were \$1,058,346; 1915 showed \$1,699,291, and 1916 \$2,162,028. (5)

The Seattle Chamber of Commerce early last fall went on record as favoring the reimposition of the duty of 50 cents a thousand on shingles, declaring that increased importation of British Columbian shingles had compelled over 50 per cent of the shingle mills of the Pacific Northwest to close down.

The shingle industry of the Pacific Northwest was severely crippled by the Underwood tariff. (6) Canadian competition has closed many of our mills, thus depriving many thousands of workmen in the Pacific Northwest of their positions.

-
- (3) From monthly summaries prepared by Dept. of Commerce.
 (4) Until Oct. 4, 1913 the Payne law was in force. The imports after that date were \$900,995.
 (5) West Coast Lumberman, Dec. 19, 1915, p. 43.
 (6) See the Commercial West for May 1, 1915, p. 49, quoting from the Mississippi Valley Lumberman; also, see Bradstreet's for April 31, 1915, p. 215. Both assert that free trade in shingles has been detrimental to our shingle trade.

This condition, moreover, still prevails in the shingle trade. The cost of both lumber and shingles, particularly the latter, is largely made up of labor, and, as a result, any depression is severely felt by the wage-earners.

The lumber industry proper has, on the whole, not been nearly so greatly harmed by the Underwood tariff. Lumber imports have been as follows:

For the year ending Dec. 1913 imports of \$17,566,105. (7)

For the year ending Dec. 1914 imports of \$16,754,503.

For the year ending Dec. 1915 imports of \$19,182,890.

For the seven months ending Jan. 1914 imports of \$10,792,341.

For the seven months ending Jan. 1915 imports of \$10,559,695.

For the seven months ending Jan. 1916 imports of \$13,138,588.

Dec. 1914 imports of \$832,672.

Jan. 1915 imports of \$637,744.

Dec. 1915 imports of \$1,773,722.

Jan. 1916 imports of \$1,174,080.

In a letter of Nov. 22, 1915, Mr. J. J. Donovan, vice-president of the Bloedel-Donovan Lumber Mills, the largest in the world, says: "There is no question in my mind but that the

(7) Lumber imports to Oct. 4, 1915 were \$5,105,876, and after that date were \$12,460,229.

change in the lumber tariff is responsible for fully 50 per cent of the depression and distress that has existed in that trade for the past two years. Then the general depression in all business accounts for the other 50 per cent."

It is unquestionably true that the American Lumber industry, especially in the Pacific Northwest, was in a depressed condition in 1913 and 1914. As Mr. Donovan truly says much of this was the result of the general business depression, with the resultant lack of construction work. Why did not the Canadian mills send more lumber to this country?

In the first place, having but little home demand, on account of a business depression in Canada, there was a decline in lumber production and consequently less exporting to the United States.

In the second place, the capacities of existing mills cannot be suddenly expanded so as to enormously increase the output. The investment of new capital and the building of new mills requires time.

Canada, moreover, has poor transportation facilities. The Canadian Pacific Railway was the only one tapping the rich resources of western Canada until a few months before the outbreak of the European War, when the Canadian Northern was complete. The Grand Trunk Pacific has opened a rich region for settlement, bringing with it, of course, a demand for lumber. The lack of transportation facilities of an adequate nature is, of course, a serious impediment to the development for either domestic or

foreign trade of any great industry.

Immediately following the Underwood tariff there was an enormous influx of lumber. In slightly less than the three months of October, November, and December, there was imported 12,400,229 of lumber, and only 5,105,876 in the nine previous months. Importations of lumber from October 3, 1913, after the removal of the tariff, to July 1, 1914, reached the enormous sum of 12,030,799 feet; during the same period the year before the amount was but 1,861,100 feet - a stupendous increase of 10,169,699 feet. The total imports for the year 1912 were 1,009,125 feet; for the year 1913, including three months of free trade, 4,186,600 feet; for the first six months of 1914 they were 10,327,265 feet.

The lumbermen of the Pacific Northwest naturally expected an enormously greater influx of lumber to follow. The trade was demoralized, workmen were idle.

In a letter of April 3, 1914, to Congressman Humphrey, Mr. J. J. Donovan says: "Twenty-five lumber and shingle mills have failed in this State during the past six months... The prospect ahead for anybody engaged in the lumber business in the State of Washington for the next few years is not pleasant, particularly if the tolls exception clause is repealed as the President wishes; then British Columbia can charter the ships of any nation and put her lumber in New York \$3 per thousand cheaper than we with American vessels."

The Vancouver Province of April 17 or 18, as reported

in the Seattle Post-Intelligencer of April 20, 1914, stated that British Columbia lumbermen expected to obtain great advantages if free tolls should be defeated.

The Washington State Federation of Labor in January 1915 endorsed the resolutions of the International Union of Timberworkers in favoring a tariff on shingles, and also favored a tariff on lumber. Protective duties were demanded.

Two things transpired to prevent the expected increase in imports and to hasten a recovery from the depression existing generally thruout the United States. First, there were the natural obstacles before mentioned - such as lack of capacity and lack of transportation facilities. And, secondly, there was the European war. The war resulted in a slight accentuation of the already existing panic in this country; this, however, was soon remedied and business began to improve rapidly.

The war brot about a real industrial depression in Canada. Thousandsof workers in their mills were foreigners; they were detained in camps, expelled, or tried to escape into this country, many thousands crossing our boundary line, many of them being caught by the immigration authorities. Thousands of other workers enlisted in the Canadian forces. The Canadian Northern Railway ceased all construction work, causing a decrease in the demand for the products of the Canadian mills. Moreover, practically all ships available for exporting from Canada, especially from British Columbia, were commandeered for transport or other military service.

The difficulty of obtaining workers is more noticeable

in British Columbia than in the other provinces of Canada; ⁽⁸⁾ and the following statement of enlistments in the army.

<u>Province</u>	<u>% of population Volunteering</u>
Ontario	1.44
Quebec	0.61
Maritime Provinces	0.79
Manitoba & Saskatchewan	2.78
British Columbia	2.55
Alberta	<u>2.73</u>
Total	1.49

The following review of the economic condition of Canada is of interest in this connection. It is taken from the Commercial West of June 12, 1915, p. 39. "The collapse of the building trades is shown to have been the cause of substantial reduction in the volume of sales of Canadian lumber, and throughout the reports there is abundant expression of the belief that the domestic market cannot permanently improve until construction becomes general again in the principal centers." The large wood-working plants were reported closed. It was also stated that Ontario was exporting much lumber to the United States. Only in special cases, such as the nitrate industry of Chile, in which a monopoly exists, can an industry exist wholly on export trade, above all a trade which must be cultivated and developed.

The Canadians, nevertheless, expect to increase their exports of lumber, and, as the statistics demonstrated, are actually doing so. Says the Monetary Times of Canada, speaking

(8) Minneapolis Tribune editorial, Nov. 17, 1915. "The Northwest provinces in Canada have done more than their share in furnishing fighters for the British armies."

of the war's effect on Canadian trade, as reported in the Commercial West of June 17, 1915, p. 38: "Exports of forest products were about the same at \$42,000,000 in 1915 as in 1914. This item will probably be increased during the fiscal year ended March, 1916." The mills near the American border, moreover, losing the Canadian market, will try to invade the American market, cutting the price enormously, if necessary, to do so. Again, after the first excitement conditions tended to become more stable in the land to the north.

United States Consul General Robert E. Mansfield, of Vancouver, B. C., made a report on the British Columbia lumber industry which is dated March 25, 1916: "Lumber exports from British Columbia to the United States last year were the largest in the history of the industry, amounting in the aggregate to 77,541,320 feet, or about 13 per cent of the total output and 11 per cent of the lumber marketed.... The main factor in the depressed condition of the lumber industry in 1915 was the lack of demand for lumber for construction purposes, both the prairie and the local markets having been practically dead... Continuance of the war caused many of the mills to close and others to reduce their output." Of the total output of 1,508,000,300 shingles that there exported to the United States 1,259,393,000. The report also says that one of the greatest complaints that British Columbia has had, outside of its troubles on account of the war, is that the Panama Canal is blocked so that they cannot take advantage of the tolls repeal.

Within a few months following the outbreak of the war a period of prosperity began in this country, aided, perhaps caused, by the enormous trade in war munitions which had suddenly sprung up. The war, of course, had resulted in an immediate cessation of our lumber exports to the central powers, as well as in a marked decline in our exports to the Entente allies. The revival of prosperity would naturally result in an increase in building, with a consequently greater demand for lumber. Moreover, the Allies, especially France, began to demand American lumber.

The Italian government, as will be noted later, made a big purchase of southern yellow pine, which boosted considerably the lumber trade in the South.

In 1913 the United States shipped \$12,211,735 of lumber to the United Kingdom; in 1914 only \$7,697,800; and in 1915 a total of \$9,030,910. The relative percentages of lumber furnished by Canada and the United States in the three years were, respectively, 22, 25, and 30. (These figures are from the West Coast Lumberman of February 15, 1916, page 27.) Tho not up to the mark of 1913 our 1915 exports were a considerable advance over those of 1914.

One reason for Canada's ability to continue her mills in operation, despite the depression in that country, may be discovered by an examination of the figures of her exports of lumber to the United Kingdom - \$16,895,365 in 1913 and \$25,638,168 in 1915.

Lack of shipping facilities, however, has enormously increased freight rates and for that reason our export trade has not reached the proportions it would otherwise have attained, even falling behind the normal exports of the years immediately preceding the war.

Thus the West Coast Lumberman of Jan. 15 says:

"Lumber exports from the Pacific Northwest in December bore evidence of the effect of the world-wide scarcity in ocean tonnage upon the lumber business, for the local foreign and off-shore domestic shipments of the month totalled but 15,863,535 feet, compared with 31,000,386 feet a year ago, the smallest since the war began."

In the issue of February 15 it is said: "North Pacific lumber exports for the month of January were easily 25,000,000 feet off the average January record in normal times and ample vessel supply."

The West Coast Lumberman of March 15, 1916, reviews the record of 1915. The 1915 cargo trade of Washington, Oregon, and British Columbia was 1,934,835,725 feet; in 1914 was 1,693,521,192 feet; and in 1915 was 1,410,637,401 feet. Altho but a small part of the total British Columbia's exports for 1915 were the only ones to be greater than in either of the two previous years. Analyzing the figures the Lumberman says: "These losses reflect, not so much a restriction of business on account of the war, as the scarcity of available tonnage incident to the war." The above figures include California, offshore domestic, and foreign exports. The respective foreign exports were, in fact,

300,142,246; 508,606,327; and 337,235,131. Exports to the United Kingdom in 1915 were over 108,000,000 feet, approximately 62,000,000 more than in 1913. British Columbia's foreign shipments in 1915 were 56,700,835 feet, and in 1913 only 47,381,232 feet. Exports to the United Kingdom and the Continent were in 1915 and 1913, respectively, in feet, 38,112,299; and 6,999,053.

We may say, then, that on the whole, our foreign exports have decreased, due chiefly to a shortage in the freight supply. This decrease would have been enormously greater, enough, in fact, to have seriously crippled our lumber industry if it had not been for the demand from the Entente allies, especially the United Kingdom. The fact that the exports were decreased no more, was a great aid in the keeping alive of the lumber business immediately following the outbreak of hostilities and in encouraging its revival. This revival has been a real occurrence, tho, because of internal conditions, the trade is not yet in a really strong position.

Evidence of this improved situation is abundant.

Thus Bradstreet's of April 3, 1915⁽⁹⁾ reported: "It is conceded that the lumber industry is depressed, and that the north Pacific section of the country feels the depression to a considerable extent. In that part of the United States the lumber industry is a very important economic asset. The trade has been

(9) Page 215.

suffering more or less since the spring of 1913. While the removal of the tariff on shingles has resulted in heavy imports from Canada, these being detrimental to the welfare of the domestic product, depression in lumber proper cannot be altogether attributed to foreign competition, because imports of lumber are smaller than one or two years ago. Indeed, in seeking reasons, one must bear in mind that certain mills in the Pacific Northwest, those located at tide-water points, depend largely, perhaps almost wholly, on export trade, while others derive most of their trade from the railways. Export trade has dwindled chiefly on account of the European war, ocean freight room is scarce, and as a result export mills have turned their attention to domestic demand. This demand has been curtailed owing to light buying by railways, the increased use of cement in construction work, and light building following a period of overbuilding." Imports of lumber, it will be remembered, are now increasing gradually from Canada.

The Lumber World Review for October 25, 1915, quotes (p. 38) Julius Kruttschnitt, of the Southern Pacific, as saying: "Our reports for the first week of October show a healthy resumption of lumber traffic."

In its resume of the lumber market the same journal says: "The tendency of the lumber market is steadily, if slowly, improving. In some channels, notably yellow pine, the better condition is plainly accentuated. In others, as in Pacific Coast fir and spruce, there is considerable talk of better prices,

but no pronounced realization has yet developed." Other regions showed improved prospects, the chief reasons for which were: the great grain crop, the increase in building, demand of railroads for freight cars, the demand for export, "which is assuming large proportions, but which, owing to the scarcity of bottoms, cannot be taken care of. All of these matters are contributory to a larger and more profitable lumber market and it is believed that this will be attained in some measure before the close of the year."

The Drovers Journal for Nov. 11, 1915, quotes J. Ogden Armour as saying: "I have no doubt that the Pacific Coast, whose lumber trade has been lagging, will soon thrive. In fact, every leading industry is flourishing or beginning to flourish. Building permits thruout the country are at a high mark." Again, "The South is fortunate, too, in enjoying a revival in the lumber trade. Timber in the South has advanced \$2 a thousand."

Dun's Weekly Review of Trade for the week ending November 12, 1915, says: "The lumber trade improvement, first visible at the South, has reached the Pacific Northwest where prices have been advanced."

(10)

The Commercial West of Jan. 1, 1916, has the following note from Portland: "Chief of the reasons assigned for the feeling of confidence that the coming year will far surpass the old is the pronounced revival of the lumber business", which, it was said, was severely affected in 1915, and aggravated by diffi-

(11)
 "ulties of market due to the war. The issue of Dec. 4, 1915
 had likewise reported a much improved lumber trade in the
 Pacific states.

Babson's report of March 14, 1916, on the mercantile
 situation, says: "As to the various sections of the country,
 the poorest areas are still on the Pacific Coast, but even
 these show steady improvement. In fact, the lumber districts
 should rank among the best localities before the year is over,
 and sales-managers should see to it that they are well repre-
 sented there."

Holland's letter of March 15, 1916 also stated that
 the lumber industry on the Pacific coast, which had been in
 a stagnant condition, had experienced a revival.

Holland's letter of April 9, 1916, says: "The
 lumbermen of Oregon are confident that there is to be great
 activity in their industry this year. So, also, in California,
 the lumber industry seems likely to become very active....
 John H. Rich, federal reserve agent for the ninth or Minne-
 apolis reserve district, reports some peculiar conditions in
 the northern lumber industry. The winter has been severe,
 and yet the demand for lumber has so greatly increased as to
 justify the opinion that this industry is soon to regain its
 former importance and probably to become greater than ever...
 The prospects for a large lumber business in 1916 are excellent."

The Seattle Post Intelligencer of April 24, 1916,

reports: "The past week in the lumber industry of the North Pacific district was the most satisfactory in three years, from the viewpoint of the mills making market deliveries by rail. The cargo mill situation still is far from satisfactory, owing to the tonnage scarcity... Mill men generally consider the market strong, in fact there is not a weak spot in the entire list today. While there has been no recent advance in prices it can not be considered that the market is dead... Mill men generally consider the lumber market the strongest in years."

On May 8, 1915, the same paper reported: "Lumber continues in good demand with shipments taxing transportation facilities. Prices, as indicated in these columns two weeks ago, have strengthened, especially on common grades which yield such a heavy proportion of the lumber taken from a tree."

The following editorial notes from the West Coast Lumberman also reflect the improved trade conditions.

"The manufacture of lumber and of railway equipment are two industries that have been particularly depressed and hopeless. Everywhere but in the Pacific Northwest the former has undergone a very rapid change in the last month. Notwithstanding the scarcity of shipping and high rates, the export trade has been large, the Italian government alone having come into the market for 40,000,000 feet of lumber for winter shelter for its army. The foreign sales would be much larger if cargo space could be had. The demand for yellow pine for general building purposes in the Middle West, where great prosperity prevails thruout the rural communities, has put the

the mills of Texas, Louisiana, Arkansas, and Mississippi upon full time, and in some instances double time, and relieved the South Atlantic states of their competition." (Dec. 15, 1913)⁽¹²⁾

"Future prospects are splendid.... The feature in the South is an inquiry for 32,000,000 feet of pine, wanted by the French government in the building of 10,000 houses in Northern France... Southern pine operators are even more optimistic concerning the year's business than are the West Coast manufacturers. Yellow pine prices are now on the same level as in 1907 and only slightly under January, February and March of 1913." (Feb. 1, 1913.)

"With the exception of business for deep-sea delivery the lumber outlook is good." (April 1.)

"As the days pass the sentiment grows that the high tide of business generally will continue throught the year. Observers see nothing ahead for a number of months that indicates any abatement in the tremendous industrial activity in, all lines, throught the country. There is no reason to believe but that West Coast lumbermen of all persuasions, will continue to share in this great prosperity, for months to come." (April 15.)

"Apparently the only possible handicap to a fairly prosperous year for the lumber industry of the Pacific Northwest is the possibility of interrupted deliveries from the contea-

(12) This is probably the same order recorded in the Lumber World Review of October 25, 1913 (p. 51) as amounting to 30,000,000 feet of yellow pine boards and sawn timber, termed "one of the largest lumber deals" ever made in New York City. The immediate result, it was stated, was to advance the prices of yellow pine.

plated railroad strike." (May 1.)

PROSPECTS

The above statements would make it appear that our lumber industry should be in a fairly prosperous condition for some time to come, in all probability at least until the close of the war. What then?

Should there be a financial panic following the war the lumber industry is sure, of course, to feel the reaction therefrom. But this panic, if it does come, will probably be more financial than industrial, and it may be alleviated, if not prevented, by the operations of the new Federal Reserve Act.

George H. Holt, president of the Holt Lumber Company, of Chicago, predicted a year and a half ago that we may have to supply the world's markets after the European strife is concluded.

(13)

(14)

Bradstreet's quotes the American Lumberman as saying that because of the European demand and freight facilities lumber exportations will boom after the war is over.

In his exhaustive report on the timber trade of France

(13) Commercial West, Nov. 28, 1914, p. 17.

(14) July 3, 1915, p. 451.

(13)

Mr. Mac Millan, British Columbia provincial chief forester, said:

"The chief interest for Canadians in the timber situation in France is in the necessary rebuilding of devastated areas.

"The population of the fire swept area in Northern France is 7,500,000. An equal number of people in Belgium have suffered a wholesale destruction of their buildings... When Belgium and Northern France are rebuilt, wood will be used to a greater extent than ever before. It is the only building material that can be quickly secured in large quantities.

"There are two reasons why after this war European forests will not meet the demand....

"It is a safe conclusion, therefore, that large quantities of timber from North America will be required in France and Belgium. The general requirements will be for lumber suitable for portable buildings, common lumber for sheathing, studding, joists, rafters, cheap doors, sash, and timbers for falsework and temporary reconstruction of railroads, bridges and other large works."

Mr. MacMillan's conclusions seem entirely reasonable. Now it is hardly probable that the Canadian mills will have a capacity sufficient to handle the European demand. Therefore, even tho there should be a slight decrease in our domestic demand the increased cry from Europe for lumber should enable

our lumber industry to maintain a prosperous condition for some time following the close of hostilities. Moreover, with increased freight facilities we will be able to increase our Chinese, Australian, and South American trade, all of which have been seriously crippled by the shortage of vessels.

Laborers will return to Canada. It is possible that Hindoos will be admitted to British Columbia after the conclusion of the war. Mills will be erected to supply the increased home demand, to compete in the American market, and to compete in the European market. The Canadian will still have the advantage of cheaper timber and lesser freight rates. The Panama Canal will be in operation, giving him a cheaper route to our eastern coast.

Eventually Europe will have been supplied with the lumber it requires. Conditions will become more nearly normal. With all of the Canadian's advantages enumerated in Chapters IV and V, in addition to a number of mills much greater than before, the author cannot but believe that the necessity of a protective tariff on lumber will then be felt, and that if it be not provided the lumber industry will be in just such a depressed condition as is now found in our shingle trade.

CONCLUSIONS

The Underwood tariff resulted in a severe crippling of the shingle industry and to a lesser extent of the lumber industry, tho the effects of the general business depression were

also considerable in these fields. The lumber industry is now in a reasonably prosperous condition and should continue to be so until the close of the war; probably, indeed, for a few years following. Eventually, the American manufacturer will feel the Canadian competition and must either close his mill or lower his wages. In neither case, because of the retailers' local combinations, would the consumer be appreciably benefited.

The shingle industry now needs a protective tariff. The lumber industry does not, and will not for some years to come. Its imposition now, or in the near future, would, however, give a feeling of confidence to those engaged in the business which is desirable in industry, as well as encouraging future investment by giving a feeling of greater security.

I do not mean to say that the imposition of a protective tariff on lumber will be a panacea for all ills of the trade. There are many of these which have nothing to do with the tariff in any way. Nor can a tariff on lumber prevent a depression which would be certain to be severely felt by those engaged in the lumber trade. Apart from these other factors, however, and considered solely on its merits, the author believes the imposition of such a duty would be entirely justifiable.

CHAPTER XCONCLUSIONS

One of our most important industries is the lumber trade. It is, besides a barometer of business conditions, an industry which affects to a very great extent other industries.

We have seen that the Canadian manufacturer has both actual and potential ability to compete under free-trade in lumber and shingles with the American millman. The reasons for this competitive advantage are: (1) Lower wages in certain portions of Canada, especially British Columbia and the Maritime Provinces, than in the American districts with which they chiefly compete: (2) government ownership of the timber land and sales to the mill as the timber is needed, with no expense of taxes, insurance, or fire loss to the millman; (3) water transportation in the Great Lakes region and consequently cheaper freight rates to our great consuming markets; (4) the fact that British Columbia lumbermen can ship in Canadian or British bottoms at a lower freight rates than the American manufacturer, compelled to send all coastwise trade on American

vessels, can obtain. These factors more than offset the higher logging costs which obtain in many Canadian lumber districts.

None of these advantages, it will be seen, are due to any lack of ability on the part of the American manufacturer.

That they are real, and not imaginary, has been demonstrated by the workings of the Underwood tariff. The shingle industry has been greatly harmed owing to importations of Canadian shingles, many of our mills being compelled to close down and the others running with little or no profit. In the lumber industry the situation has not been so severe, the Canadian not being in a position to take immediate advantage of his potential competitive ability. Despite the depression in Canada caused by the war their exports of lumber to this country have, nevertheless, increased. In the opinion of the author the necessity of a tariff on lumber will become amply evident within a few years following the termination of hostilities in Europe. The imposition of a tariff could not, of course, insure prosperity to the lumber industry; it would, however, render prosperity more likely and remove one source of possible depression.

The imposition of such a tariff would benefit the stumpage owner and the manufacturer .. it would not affect the consumer. Only if the manufacturer owned the stumpage, which in the majority of cases he does not, and retailed his own lumber, would the consumer benefit by free trade in lumber.

Our stumpage is largely owned by a few individuals or groups. If they were in an actual combination to restrain

trade and raise prices we might proceed against them under the anti-trust laws. As a matter of fact, however, their ability to raise stumpage prices is rather due to (1) their ability and desire to wait for speculative profits and (2) to the natural results on the other owners of stumpage of this policy. "A monopoly price may be exacted for a commodity of limited supply if a comparatively few individuals and corporations own enough to control the market. If the supply of such a commodity is known to be decreasing rapidly, as is actually the case with timber, much of the effect of a commercial monopoly may be produced even though the owners be somewhat numerous and even though no close or formal agreement exist among them. The persons who deal in timber know that its price has risen fast, and they expect that this rise will continue. If much of the supply is in strong hands, able and willing to wait, each will value his timber according to his opinion of the gain to be got by holding it. The strong hands will hold their timber off the market; and though there may be no actual commercial monopoly or combination, the course of prices may be much the same as if there were. As prices go up, the question becomes increasingly important whether timber owners, merely as such, are obtaining extraordinary profits without rendering any corresponding public service."⁽¹⁾

(1) "The Lumber Industry", Part I, p.38.

That these profits are more often unearned in timber than in other natural resources is also true. Unlike such resources as iron ore, petroleum, or coal, no labor is required to discover timber. Minerals must be discovered to be of any value; the search for them is real public service. Timber, however, could never fail to be used because of a lack of knowledge of its existence. For this reason, therefore, the gains derived from the mere holding of timber must be judged upon a different basis than those derived from mining enterprises.

Unless there could be an appreciable reduction in price to the consumer, however, the author does not believe that free trade in lumber should be adopted simply to punish the timber owner. Because of the retailers' local combinations before mentioned there could be no real benefit to the consumer.

The levying of protective duties also is an advantage to the lumber manufacturer. It enables him to obtain better prices for his products from the retailer, and also from the large consumers, such as car construction works, to whom he sells direct.

Because of the trade restrictions imposed by district organizations of retailers it is often impossible for the millman to sell direct to the general public -- the smaller consumers. Moreover, agreements between local dealers raise the cost to these consumers, and prices are but little affected by a decrease in the amount they pay the millman for his lumber.

We have seen that Canada's seeming inability to compete with us in the world's foreign markets is in reality due to the lack of a market for her low-grade lumber, a market such as she would enjoy under free-trade in lumber with this country and with normal conditions prevailing. Moreover, our shipments to the prairie provinces of Canada following 1910 were due to special circumstances.

Since the provinces of Canada require all logs cut on their lands to be manufactured in Canada our millmen are absolutely dependent for their timber supply on American stumpage owners.

No attempt has been made to designate the exact tariff duty which is needed. To do so would require an intensive investigation, covering the various districts of Canada and the United States, of freight rates, taxes, etc., such as it has been impossible for the author to make.

Nor have we had time to discuss the relations of the conservation question to the tariff and the lumber industry in general. In Appendix D will be found some statements by prominent conservationists and others on this point.

As we have said before the depression in the shingle and lumber industries following the Underwood tariff was not due wholly to the tariff removal. General business depression contributed to quite an extent to weaken these industries. Continuous overproduction was another cause of trouble. Moreover, the competition of substitutes, especially for shingles, has to be

set. Substitutes such as tiling, concrete, and metal roofing -- many of doubtful value-- seriously affected the shingle business. Only recently have the lumbermen and shingle manufacturers had the wisdom to advertise extensively the desirable qualities of their wares. "Up until 1908 you will find that the lumber manufacturers did not turn their attention to selling. Then they slowly woke up to the fact that they must sell their lumber. The cypress people woke up first, then the movement slowly spread thru the white pine and red gum districts until it reached the west. Today we find that the lumbermen of their own volition are getting up with the happy thought that advertising is needed."⁽²⁾

If manufacturers could be enabled to deal directly with the consumer the competition between them now to sell to the retailers and jobbers would be transferred to a desire to sell to the consumers. The manufacturer would retail his own product. With keen competition and over 20,000 sawmills there would be no danger of a "trust". The individual sawmill owner, however, has not the capital to do this and combinations of sawmill owners to establish selling agencies would be in violation of the Sherman Anti-trust act.⁽³⁾ By requiring the agencies to file schedules with the Federal Trade Commission, just as the railroads do before the Interstate Commerce Commission, and to justify the same, the interests of the consumer would be protected in an adequate manner. Because of the out-

(2) Thorge Babcock, secretary of the West Coast Lumbermen's Association, University of Washington Daily, April 15, 1910.

(3) U. S. Comp. Stats. 1901 p. 3200.

side ownership of labor, however, the manufacturer would still be at a disadvantage when competing with the Canadian and would need a protective tariff. Indeed, it would be no more than just, for if the consumer should be benefitted by a removal of the extortionate charges now made in many cases by the retailers and by more stable prices, surely the manufacturer should be protected from "cut-throat" competition. By removing the fear of bankruptcy because of over-production continued thru many years and giving some assurance of stable prices and a fair income such a law permitting combinations of manufacturers would benefit the millmen, as well as the consuming public.

Such combinations, moreover, would permit the manufacturers to establish selling agencies to market their products in foreign countries, thus assisting in building up an export demand which might enable the mills to continue running, even if on reduced time, in periods of domestic depression, as well as rendering them more able to meet Canadian and other competition in the world's markets.

The Federal Trade Commission has just reported the results of its investigation into competitive conditions affecting Americans in international trade. It found: (1) That other nations enjoy marked advantages in foreign trade from superior facilities and more effective organizations; (2) That legal restrictions prevent Americans from developing equally

(4) That is, the millmen would be allowed to curtail production whenever a minimum price was jeopardized. Large stocks would not accumulate which could not be sold at all, or if sold, probably at a loss.

(5) Wall Street Journal, May 5, 1916.

effective organizations for overseas business and that the foreign trade of our manufacturers and producers suffers in consequence.

The cry for free lumber is not justified, since it will harm the manufacturer with no corresponding benefit to the general consumer. The imposition of a heavy burden upon an industry with no corresponding benefits is absolutely unjustified. The public must be protected against extortionate lumber prices in some other way than by crippling the lumber manufacturer.

CHAPTER XIBIBLIOGRAPHYAmerican Governmental Publications.

- Census of the United States, 1880, 1910
Statistical Abstract of the United States, 1917
Monthly Trade Summaries of Dept. of Commerce.
Daily Consular Trade Reports, 1909-1915.
Commerce and Navigation of the United States - 1911; Bureau
of Statistics, Department of Commerce and Labor.
Report on "The Lumber Industry" by the Bureau of Corporations.
Department of Agriculture, Bureau of Statistics, Bulletins, 51,
90, 91.
Forest Service Circulars, 99, 129, 140, 171.
United States Compiled Statutes, 1901.
Annals of Congress, 1822-3.
Congressional Record, volumes 44, 47, 50, 51, 52.
61st Congress, 1st Session, Senate Document 111.
61st Congress, 2nd Session, House Document 671. "Tariff Acts
from 1789 to 1909."
62nd Congress, 1st Session, Senate Document 56.
62nd Congress, 3d Session, House Document 1447.
Reports of the Forester, Department of Agriculture.
"Wages and hours of Labor in the Lumber Industry." Bulletins
issued by the Bureau of Labor Statistics Aug. 4, 1913;
May 21, 1914.

Brief submitted Aug.10, 1915, to the Federal Trade Commission
by Victor H. Beckman.

Canadian Governmental Publications.

Department of Labor Reports, 1909-1915

Sessional Papers, 1909-1915

Labour Gazette, 1908-1915

NEWSPAPERS AND PERIODICALS.

Wall Street Journal, Sept., 1915--May 1916.

Bradsteet's, 1912-1915.

Dun's Weekly Review of Trade, Nov. 12, 1915.

Babson's Reports, Sept. 1915--May 1916.

Holland's Trade Reviews, March 15, 1916; April 9, 1916.

Commercial West, 1913--May 1916.

West Coast Lumberman, Dec. 1915--May 1916.

Lumber World Review, Oct. 25, 1915.

Forest Quarterly, 1905 and 1906.

Drover's Journal, Nov. 11, 1915.

American Economist, 1909--May 1916.

North American Review, Volumes 48, 58.

Journal of Political Economy, 1909-1915.

American Husbandry, 1775.

Minneapolis Tribune, Sept. 1915--May 1916.

Seattle Post Intelligencer June 1914--May 1916.

University of Washington Daily, Sept. 1915--May 1916.

Gentleman's Magazine.

BOOKS.

American Lumberman's Curiosity Shop.

Defebaugh, History of the Lumber Industry of America.

Bancroft's Works.

Bishop, History of American Manufactures.

Brohough, Pine Lands in Minnesota (U. of Minn)

Burnaby, Travels thru the Middle Settlements in North America,
1759-1760.

Arnold History of Rhode Island.

Palfrey, History of New England.

Winthrop, History of New England.

Belknap, History of New Hampshire.

Hourse, Early Records of Lancaster, Mass.

Williamson, History of Maine.

Howard, Preliminaries of the Revolution.

McClellan, Smuggling in the American Colonies.

Documentary History of New York.

Memorial History of New York City.

Roosevelt, New York City.

Brodhead, History of New York.

Moulton, New York.

Hazard, Annals of Pennsylvania, 1609-1682.

Bruce, Economic History of Virginia in the 17th Century.

Neill, Virginia Company of London.

Collins, History of Kentucky.

Cooley, History of Michigan.

Lippincott, Manufactures in Ohio Valley to 1840.

Wright, Industrial Revolution of the United States.

Bolles Industrial History of the United States.

Bogart, Economic History of the United States.

Callender, Economic History of the United States.

- Cowan, Industrial History of the United States.
 Macpherson, Annals of Commerce.
 Moorey, Industrial History of the American People.
 Peto, Resources and Prospects of America.
 Boggess, Settlement of Illinois.
 Elliott, Tariff Controversy, 1789-1833. (Stanford University.)
 Roscher, Political Economy.
 Smith, Industrial Geography.
 Taressig, Tariff History of the United States.
 Davenant, Political and Commercial Works.
 King, State and Condition of England.
 Rogers, Work and Wages.
 Hull, Industrial Depressions.
 Johannsen, Neglected Point in Connection with Crises.
 Mitchell, Business Cycles.
 Thwaites, Wisconsin.
 Hudsons, Half Century of Minneapolis.
 Neill, History of Minnesota.
 Neill, History of St. Croix Valley.
 Williams, History of St. Paul.
 Minnesota in Three Centuries.
 Bowles, Across the Continent.

Historical Collections and Magazines.

- Records of Massachusetts Bay, 1628-1641, I.
 Collections of Maine Historical Society.
 Bangor Historical Magazine, VI.
 Provincial Papers of New Hampshire.
 Annals of Portsmouth, I.

Massachusetts Historical Collections, First and Second Series.
 Rhode Island Colonial Records.
 Collections of New Jersey Historical Society.
 North Carolina Colonial Records.
 Michigan Pioneer and Historical Collections.
 Minnesota Historical Society Collections.
 Wisconsin Historical Collections.

Legal Reports and Statutes.

Ontario Statutes, *61 Victoria,*
 Ontario Reports, *Vol 31.*
 Ontario Appeals Reports, *Vol. 27*
 United States Supreme Court Reports, *Vol. 217.*
 Mississippi Reports, *Vol. 95*

MISCELLANEOUS.

Personal letter from J. J. Donovan, Nov. 22, 1915.
 Transactions of the Commonwealth Club of California, 1910.
 Reports of the annual meetings of the National Lumber Manufacturers' Association, 1908, 1912.
 Wisconsin Committee on Forestry, 1910 Report.

APPENDIX A.STATISTICS.

In 1909 there were 48,112 active mills, producing 44,509,761,000 feet of lumber, valued at the mill at \$684,479,859; 3,703,195,000 lath, valued at \$9,963,539; and 14,907,371,000 shingles, valued at \$30,262,462. The number of mills included packing box-factories, planing-mills, and custom mills, as well as logging camps and merchant saw-mills. Measured by the value of product in 1909 lumber constituted 94.5%, shingles 4.1%, and lath 1.4% of the total for these three saw-mill products.

In 1912 there were 39,158,414,000 feet of lumber sawed. 12,037,685,000 shingles produced, and 2,719,163,000 lath manufactured.

The lumber production in 1913 was 38,386,973,000 feet. This was divided among the several districts as shown below. ⁽¹⁾

<u>Group.</u>	<u>Production in M feet.</u>
Northeastern	2,956,592
Lake	3,866,040
Southern	18,452,638
Central	3,930,847
Pacific	7,873,900
Miscellaneous	1,287,495
All others	19,461
	<u>38,386,973</u>

(1) Statistical Abstract, 1914. The Northeastern group comprises Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont. The Lake group consists of Michigan, Minnesota and Wisconsin. In the Miscellaneous group are Arizona, Colorado, Idaho, Iowa, Kansas, Montana, Nebraska, Nevada, New Mexico, South Dakota, Utah, and Wyoming. The States in the Central group are Illinois, Indiana, Kentucky,

The chief species of woods contributing to this lumber production were in M feet, combined with other statistics:

<u>Kind</u>	<u>Quantity in 1913</u>	<u>Value in 1909</u>	<u>Value in 1909 per M-feet</u>
Yellow Pine	14,839,363	\$206,505,297	\$12.59
Douglas Fir	5,556,090	60,435,793	12.44
Oak	3,211,718	90,512,069	20.50
White Pine(2)	2,568,636	70,830,131	18.16
Hemlock	2,319,982	42,580,800	13.95
Western Pine	1,258,528	23,077,854	15.39
Cypress	1,097,247	19,549,741	20.46
Spruce	1,046,816	29,561,315	16.91

Of a production in 1912 of 39,158,414,000 feet of sawed lumber Yellow Pine contributed 37.6%; Douglas Fir 13.2%; Oak 8.5%; White Pine 8.0%; Hemlock 6.2%; Spruce 3.2%; Western Pine 3.1%..... these seven species constituting 79.8% of the total.

The average value per M feet of all woods in 1909 was \$15.38. Yellow Poplar, \$25.39 and Ash \$24.44, were the two most valuable. Their productions were comparatively small, being respectively, 858,500,000 feet and 291,209,000 feet.

In 1912 cedar shingles formed 78.9% and cypress shingles 10.9% of the entire shingle production. The value of the total production in 1909 was \$30,262,462, including red cedar shingles, white cedar of the Northeastern states and cypress shingles.

Missouri, Ohio, Tennessee and West Virginia. In the Pacific group are California, Oregon and Washington. The Southern group contains Alabama, Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Texas and Virginia.

(2) Including Norway Pine.

The Census of 1910 indicated the following facts existing in 1909 in the lumber industry.

Number of establishments	40,671
Proprietors and firm members	48,825
Salaried employees	41,145
Avr.No. of wage-earners	695,019
Total	784,989

Capital	\$1,176,675,000
Salaries	47,428,000
Wages	318,739,000
Cost of Materials	508,118,000
Value of Products	1,156,129,000
Added by manufacture (3)	648,011,000

The remaining supply of standing timber in continental United States, Alaska excluded, is about 2800 billion board feet. (4)
This is the total for merchantable saw timber only. About 2200 billion feet or 78 per cent of the total is privately owned. (5)

These forests now cover 550,000,000 acres; originally there was not less than 850,000,000 acres of forest land. (6)

Of the privately owned timber 1647 billion feet are in the Pacific Northwest and Southern Pine regions, with 100 billion feet in the Lake Region.

-
- () (5) Value of products less cost of materials.
 () (4) The term "board foot" means a piece of wood a foot square and an inch thick.
 () (5) Most of these figures are from the Report on the Lumber Industry of the Bureau of Corporations in 1914.
 () (6) Forest Service Circular 171.

The States having the most privately owned timber are as follows (figures in billions of feet):

Oregon	398.1
Washington	294.6
California	248.1
Louisiana	119.8
Mississippi	95.3
Arkansas	78.7
Florida	73.9
Texas	66.0
Alabama	56.3
Idaho	50.4
Michigan	47.6
Georgia	46.0
N.C. (part)	42.9
S.C. (part)	30.7
Wisconsin	29.2

Of the grand total of 2800 billion feet 55% is in the five states of the Pacific Northwest. Eighty-two percent of the government-owned timber is in that region.

The predominating species in the Pacific Northwest is Douglas Fir, constituting 52% of the privately-owned timber; Western Pine constitutes 15%; and Redwood 10%. No other species has as much as 6%. Eighty-five percent of the total privately-owned timber is on the western slope of the Cascades.

In the Southern Pine region the predominant species is Yellow Pine, contributing 384.4 billion feet (232.3 of longleaf and 152.1 of shortleaf and loblolly) to the total of 634 billion feet; Cypress 40.4 billion feet; and all hardwoods 209.2 billion feet. The hardwoods include the least valuable timber in the region.

The predominance of White Pine, Spruce, and Hemlock is marked in the Lake district.

The value of the privately-owned timber of the United States is roughly \$6,000,000,000.

APPENDIX B.

Letter of Victor H. Beckman.

Seattle, Wash.,

January 23, 1915.

Mr. Ed. R. Hogg,

Seattle, Wash.

Dear Mr. Hogg:

Referring to our conversation yesterday about some of the problems confronting the lumber industry of the Pacific Coast, and my own ideas as to the remedies that could be applied: Allow me to state that I am a Republican and believe in protection to American industries, but I am fair in believing that there should be two great political parties, and that all the honesty, ability and wisdom is not vested in the Republican party, any more than it is in the Democratic party. I do believe, however, that the good common sense and patriotism of the rank and file of both parties in any crisis can be depended on to work out questions affecting the country, irrespective of political beliefs.

You and I know that the lumber and shingle industry of the Pacific Coast is suffering from the effects of the removal of the duty on lumber and shingles, and I believe that the Democratic party can remedy the situation itself without waiting for the verdict as the polls in 1916. It is my candid opinion that unless something is done by the party and within the party, to bring about confidence and prosperity, the Democratic party is doomed to defeat in 1916. There can

be no question that the shingle industry of the State of Washington is suffering from free British Columbia shingles, and that no argument as to better goods or other deductions can alter this fact. The lumber industry has not been as seriously affected, as yet, but you and I agree that there is danger ahead. Financial conditions, caused by the war, are worse today in British Columbia than they are in the United States, and the British Columbia Parliament, now in session, will shortly promulgate a moratorium. These conditions have prevented the building of a number of new saw mills in the Province, and hence the existing mills, up to this year, have been unable to supply the demands of their own people in the Northwest Territory, and considerable lumber from the States of Washington, Idaho and Montana have gone into Canada. Prior to the removal of the duty of lumber, the argument was made by Free Trade Republicans and Democrats alike that of 450,000,000 feet of lumber shipped from the Pacific Coast to Australia, the Orient, South America and Europe, where the question of duty would not enter, British Columbia's share amounted to only from 50,000,000 to 70,000,000 feet annually; hence the removal of the duty, perforce, cannot hurt us. As you and I know, however, the reason British Columbia has not entered into the export trade more extensively in the past is due to the fact that practically all the foreign orders call for "Select" and No. 1 - upper grades - for resawing into flooring, ceiling, siding, etc., the importers depending on Norway, Sweden and Russia for the cheaper grades, which can be laid down at less freight rates than Pacific Coast lumber. You know, as well as I do, that only 25 per cent. of the log consists of clear and uppers, and that 75 per cent. is

fit only for the common grades, on which the mill men always figure on a loss of at least 30 per cent. in sales. Therefore, if the British Columbia mills were to go heavily in the foreign trade, it would mean that the 75 per cent of common would accumulate tremendously, and with a population of about 8,000,000 and the Canadian trade limited to a small area in the Northwest Territory, the building of only a few large additional mills would create an overproduction of common, and as it costs just as much to manufacture common as it does Clear lumber, you will admit that without an increase in the sales of Common, the 25 per cent. of uppers could not offset the loss in the 75 per cent. of the log. Now, however, that the United States, with a population of 100,000,000, has been opened to British Columbia, the \$70,000,000 worth of timber owned in British Columbia by Americans will certainly be manufactured as soon as conditions change, and the output will be dumped into the United States. Then the real test of the removal of the duty will come, and I am afraid of it. Here are a few facts:

1. The cost of stumpage in British Columbia ranges from 30¢ to \$2.00 per 1000 feet. In Oregon from 50¢ to \$3.00; in Washington from 75¢ to \$4.00.

2. The cost of logging in British Columbia ranges from \$3.50 to \$7.00 per 1000 feet, or an average of say \$5.50. In Oregon from \$2.00 to \$4.00; in Washington from \$3.00 to \$4.50. The high cost in British Columbia is due to rough ground and to some extent, a higher cost of labor.

3. The cost of manufacture varies but little in the three localities, except as to common labor.

4. Taxes are lower in British Columbia than in Washinton and Oregon, but camp and mill supplies are 20 per cent. higher in B. C.

5. In the sale of timber lands in Washington and Oregon, the land is included in the sale. In British Columbia the land is included only in crown grant tracts. In licensed timber, the land after the timber is removed, reverts to the Province, and when licensed timber is cut it is subject to a royalty of 85¢ per 1000 feet, in addition to a ground tax of \$140.000 per limit of 640 acres per year.

6. British Columbia prohibits the exportation of logs cut on licensed land, but allows the exportation of logs on crown grant lands, after paying an export duty. At present, most of the logs are cut on licensed lands, and hence the United States is deprived of cheaper raw material. This so-called "cheaper" raw material is due to a different system of grading logs, which makes the higher class of British Columbia logs cheaper than those on Puget Sound. Occasionally when loggers on licensed lands become loaded up with unsalable logs, the Committee in Council kindly overlooks the operation of the law and allows the export of logs to Puget Sound. The theory of the Province of British Columbia is that all the standing timber should be cut in the Province, thereby creating a payroll. This, I believe, is the Republican theory on this side of the line.

The acute competition from British Columbia, aside from the differences explained, will come from cheaper transportation facilities when the war is over. Vancouver, B. C., for example, can employ a British steamer, with seamen's wages

at \$15.00 per month, a French vessel with wages at \$13.00 and a Chinese-manned vessel with wages at \$8.00, and lay lumber down in New York City cheaper than a mill in Seattle, which is compelled to utilize an American vessel with 20 per cent. larger crew and wages at \$40.00 per month. A steamship friend of mine informed me that several years ago he had a contract to carry 10,000,000 feet of lumber to England. He had two American steamers, the Shawmut and the Tremont, each with a carrying capacity of 2,500,000 feet, and selected two British steamers with a similar capacity. The four steamers arrived at destination at the same time, and the expense of the two American steamers amounted to \$50,000 more than the two British steamers. This is equivalent to \$1,000 per 1000 feet, and you know that a difference of \$1.00 will not only sell the lumber, but as a matter of fact, represents the actual profit in the transaction.

Take the situation on the American side of the line. The Panama Canal has opened a new market for Pacific Coast lumber on the Atlantic Coast and in the Ohio and Mississippi River valleys. According to the Forest Service, the production and consumption of factory lumber in the States affected by the Panama Canal in 1912 was as follows:

Atlantic Coast Group.

<u>State</u>	<u>Production, Feet</u>	<u>Consumption, Feet</u>
New York	506,000,000	1,740,000,000
Pennsylvania	1,231,000,000	1,800,000,000
New Hampshire	444,000,000	423,000,000
Connecticut	155,000,000	110,000,000
New Jersey	37,000,000	256,000,000
Massachusetts	239,000,000	550,000,000
Maine	860,000,000	245,000,000
Vermont	285,000,000	207,000,000
Delaware	47,000,000	51,000,000

Atlantic Coast Group - continued.

<u>State</u>	<u>Production, Feet</u>	<u>Consumption, Feet.</u>
Maryland	155,000,000	284,000,000
Rhode Island	<u>14,000,000</u>	<u>42,000,000</u>
TOTAL	3,973,000,000	5,973,000,000

Ohio and Mississippi River Group

<u>State</u>	<u>Production, Feet</u>	<u>Consumption, Feet</u>
Illinois	114,000,000	1,782,000,000
Ohio	490,000,000	915,000,000
Indiana	423,000,000	652,000,000
Missouri	502,000,000	443,000,000
Iowa	<u>75,000,000</u>	<u>*1,263,000,000</u>
TOTAL	1,604,000,000	5,055,000,000

*Includes rough lumber.

Recapitulation.

	<u>Production, Feet</u>	<u>Consumption, Feet</u>
Atlantic Coast Group	3,973,000,000	5,708,000,000
Ohio-Mississippi Group	<u>1,604,000,000</u>	<u>5,055,000,000</u>
TOTAL	5,557,000,000	10,763,000,000

Prior to the completion of the Panama Canal, the Pacific Coast supplied less than 35,000,000 feet to the Atlantic Coast, due to high railroad rates. In August 1914, W. R. Grace & Co. announced a rate of \$13.00 per 1000 feet to New York. Later on, the American-Hawaiian, Hind, Rolph & Co. and Sudden & Christensen reduced the rate to \$12.00, which has since been advanced. The principal factors in the Atlantic Coast trade are the Atlantic and Pacific S. S. Co. (W. R. Grace & Co.), the Boston & Pacific S. S. Co. (Hind, Rolph & Co.), the Dollar S. S. Co., the American-Hawaiian S. S. Co. and Sudden & Christensen. With the possible exception of the American-Hawaiian line, all are not only engaged in the transportation of lumber for the lumber trade, but

are also active competitors in the sale of lumber with their patrons. In other words, they not only solicit business from the mills, but also engage in the sale of lumber of their own account. Hence, if they have succeeded in obtaining orders for lumber, they will not give the lumbermen space until they have filled their own orders, but are apparently always willing to purchase lumber. With this kind of arrangement, they probably carry their own lumber at cost, and force their competitors to pay from \$12 to \$14 freight, and thus become very serious competitors of their own patrons. Hence, the lumbermen are not in position to go after new business, and cannot safely make quotations, either on a fixed basis of rates or delivery. This has caused complaint, and you will probably have noticed in the Seattle Post-Intelligencer, a statement from an iron firm complaining of the injustice done to the lumber industry. Although you are not in the cargo trade, you have undoubtedly heard of the state of affairs outlined from lumbermen who are engaged in the cargo trade. The Pacific Coast should have a large trade with the Atlantic Coast, but the evils complained of must be remedied.

Imagine what the situation will be when British Columbia begins to come into the trade. With the steamers of the world to draw from, with cheaper carrying cost and better facilities, the Atlantic coast and the Ohio and Mississippi River valley trade will be delivered up to British Columbia.

The worst phase of the situation is that the ultimate consumer will not be benefited by either lesser freight rates, cheaper lumber and better transportation facilities. The

British Columbia Parliament last year, anticipated the removal of the \$1.25 duty on lumber and the 50¢ duty on shingles and added to its 50¢ royalty 35¢, so that today the royalty is 85¢ per 1000 feet. A graduated increase is provided for every five years for 40 years. This increase will come out of the consumer in the United States, and on every 1000 feet sold in the United States, the Province of British Columbia will put into its treasury, 35 cents. By the time the transportation companies, the lumber brokers and the retail lumber dealers have had a whack, the price to the consumer will be as high as it was under a protective system. There is, however, this difference in my estimation: Many manufacturers (especially shingle manufacturers) have removed their plants from the State of Washington to British Columbia. This means that the payroll has also been transferred, and with the payroll, the immense amount of money spent annually for supplies has been transferred to Canada, because Canada will see to it that the bulk of the food and supplies will come from Canada.

This latter phase is worthy of mention. I went to Washington, D. C., in 1909, on behalf of the lumbermen of the Pacific Coast, to assist in presenting the case of the lumber industry before the Ways and Means Committee. From the Secretary of State of the State of Washington, I received data to the effect that the value of the products of the State of Washington amounted to \$132,000,000, of which lumber and shingles contributed \$89,000,000. Of this amount \$60,000,000 went for wages to the thousands of employees; the balance represented the cost of timber, supplies and profits. A canvass of the jobbers of food

products in Seattle alone showed that upward of \$40,000,000 worth of food and clothing, etc., went to the employes of the mills, logging camps and transportation companies. Of this \$40,000,000, nearly \$36,000,000 worth was imported from Nebraska, Missouri, Kansas, Iowas, Minnesota, Illinois, Wisconsin, Ohio, Indiana and States farther east. Of the \$89,000,000 worth of lumber products shipped, the States mentioned consumed about \$20,000,000. Yet these States - all Republican - wanted free lumber, but asked for protection on the food products they supplied the lumber industry.

In passing it might be well to mention that in 1909 the Republican party was pledged to free lumber, by its legislatures or otherwise; that the Republican administration, including Mr. Pinchot, Ex-President Roosevelt and President Taft were in favor of a revision of the tariff downward, and that the newspapers of the country wanted free lumber tacked onto free wood pulp, because their campaign for free wood pulp did not attract the public attention. The reason that the lumber industry received protection to the extent of \$1.25 per 1000 feet on lumber and 50¢ per 1000 shingles was due to the votes of that portion of the Democratic party desiring a tariff for revenue only.

The ignorance of many of the Ways and Means Committee and Congress of the lumber industry, made me convinced that a tariff commission should be appointed and that the tariff be taken out of politics. As I understand it, the Democratic platform in 1910 similarly favored a tariff commission. In the case of the Pacific Coast, for example, the tariff law works a local injury, which indirectly affects other sections. We have opened to British Columbia, containing about as many people as Seattle and

Tacoma, a market in the United States, with a population of nearly 100,000,000, yet British Columbia forbids the exportation of its raw material to the United States, thus depriving our mill men of cheaper material with which to continue the operation of their mills and force them to take their plants across the line. This is discrimination pure and simple and should have its remedy. A tariff commission could impose a duty so long as this discrimination continued, without affecting the entire fabric.

As to the Remedy:

I have dwelt at length on many of the phases we talked over, and I think you will agree with me that the facts can be substantiated. I do know that the lumber and shingle industry of the Pacific Coast cannot be prosperous under free trade. I know when the Wilson bill was in effect in the '90's that the lumber industry was badly demoralized. I know that at this time, the situation is worse than it was during the Wilson act. I know that prices are fully as low as at that time, while labor, timber and supplies are very much higher. I know that thousands of men are idle and being supported by the different cities. I know of large firms who have gone into the hands of receivers, and I know that if the banks were to call for a settlement tomorrow, that 75 per cent. of the 3000 mills on the Pacific Coast would be bankrupt. This is not idle talk, because you are as fully aware of the situation as I am.

It occurs to me that President Wilson, without renouncing the Democratic platform, can impose a duty of \$2.00 per 1000 feet on lumber and 50¢ per 1000 on shingles shipped from British Columbia into the United States. I believe he is

given authority by Congress to impose a counter-vailing duty against any country discriminating against the United States. If he has this power and exercises it, it will be to his credit and raise the Democratic party in the estimation of the people of the Pacific Coast. The discrimination can be proven.

If this is not feasible, I would suggest that the Democratic party appoint a tariff commission, to investigate tariff matters in a businesslike way, with as strong power as the Interstate Commerce Commission. This would take the tariff question out of politics in 1916.

Similarly a commission to investigate and regulate the so-called trusts. There is no possibility of a lumber trust, as you know, but the Clayton and Sherman laws are so drastic that the lumbermen cannot even get together to exploit their own products in foreign or domestic markets. A commission can go over the records of each association and point out the legal and illegal acts, and if such associations do not follow their advice, then institute suit and give the offenders a jail sentence.

In regard to the transportation problem. I would be in favor of placing the coast-to-coast transportation companies under the jurisdiction of the Interstate Commerce Commission. This would mean fair and stable rates, so that producer and consumer would know in advance what he or they are paying. It would also compel the steamship companies to attend strictly to transportation matters and not as competitors of their own patrons. In regard to the export business, the Coastwise shipping laws should be amended so as to allow shippers to employ

foreign vessels in the Coastwise trade. If American commerce is to be built up we should be allowed to go into the cheapest market for vessels. Otherwise British Columbia will certainly have the advantage.

This letter is more like a political speech than a letter, but I think it covers the conversation we had. As you know, I am not engaged in the lumber business, and hence am not so much affected by the things outlined as you are, but I am a citizen of this State and am anxious to see its principal industry prosper. As you know, I was Secretary of the Pacific Coast Lumber Manufacturers' Association for 10 years, resigning in the spring of 1911, and therefore I naturally feel interested.

The views I have given you are my own and I give them to you for your own information.

Sincerely yours,

(Signed) Victor H. Beckman.

APPENDIX C

Gifford Pinchot on the Lumber Tariff.

I give below important extracts from Gifford Pinchot's letter of March 10, 1909, to Sereno Payne.

"The Forest Service has never advocated either the retention or the abolition of the present duties upon lumber and shingles.

"If the Tariff on lumber were to be removed, it would be done, I take it, for one or both of two purposes--either to reduce the price to the consumer or to preserve our forests. In my judgment it would accomplish neither.

"Free lumber would not materially reduce the price to the consumer. Imports from Canada would not be enough, therefore, to limit the cutting of our own forests or to reduce the price of lumber in any important degree.

"Steempage prices are at present somewhat lower in Canada than in the United States. The taxation of Canadian timber land is better adjusted to the conditions under which timber must be cut, than it is with us, but the average cost of logging and manufacturing are probably as great there as here. If the duty were removed, the effect of these factors taken together would be to increase the value of Canadian steempage, and to some extent the profits of the Canadian manufacturer and the American retailer. There would remain little, if any, benefit to the ultimate consumer of lumber in the United States.

"I am unable to see how free lumber will promote forestry. Low prices for lumber unquestionably increase waste. If the removal of the tariff had any effect on work in the woods, it would be to displace the lower grades of lumber now cut by our own mills, which must be either logged or left in the woods when the higher grades are taken out, and to that extent it would increase the woods waste in this country. In other words, the drain upon our forests would not be relieved by allowing Canadian lumber to come in free."⁽¹⁾

(1) Printed in full in Congressional Records V. 44, p. 752.

APPENDIX D.CONSERVATION AND THE TARIFF.

This appendix will present very briefly the ideas of some prominent men on the relation which protective duties bear to the conservation of our forests. It is commonly believed that if we permit the importation of Canadian lumber, that our own lumber will thereby be left intact and conserved for future generations.

"Whether for the permanent interest of the State it is best that the lumber interest should be thus favored, is a question about which the owners of forests and mills will not very much concern themselves. Protective duties enable them more quickly and more profitably to convert their forests into money, and they therefore favor them. But the duties operate as a premium to a speedy conversion of that which, in its natural condition, is yearly growing more and more valuable; and perhaps if Canada were suffered for the time being to supply in part the American market, the permanent interest of the State would be subserved thereby"⁽¹⁾.

Says Gifford Pinchot (see Appendix C):

"If the tariff on lumber were to be removed, it would be done, I take it, for one or both of two purposes -- either to reduce the price to the consumer or to preserve our forests. In my judgment it would accomplish neither".

(1) T. M. Cooley, Michigan, p. 366.

"I am unable to see how free lumber will promote forestry.. Low prices for lumber unquestionably increase waste. If the removal of the tariff had any effect on work in the woods, it would be to displace the lower grades of lumber now cut by our own mills, which must be either logged or left in the woods when the higher grades are taken out, and to that extent it would increase the woods waste in this country..... In other words, the drain upon our forests would not be relieved by allowing Canadian lumber to come in free".

Dr. G. A. Schenck, of the Biltmore Forestry College, said
(2)
in 1911:

"President Taft forgets that no civilized country, nowadays, practices conservative forestry with the door to importation wide open. A country desirous to establish conservative forestry must protect it".

"American forestry and free lumber are incompatible".

President Hines of the National Lumber Manufacturers' Association, said at the 1911 meeting of that body that the protective duty on lumber was "in the interest of the public because it is in the interest of forest conservation". (3)

Mr. Bronson, manager of the organization, said in 1911:

"May I conclude by going back and continuing very briefly this subject of the effect of the tariff on conservation? If it reduces the price of any lumber to remove the duty, it will reduce the price of the very low-grade lumber. If it does reduce the

(2) 62d Congress, 1st Session, Senate Document 56, pp. 797, 845.
(3) 62d Congress, 1st Session, S. D. 56, p. 797.

price of the low-grade lumber, it will make it impracticable to bring from the woods to the mill and put thru the mill and the market a certain amount of that low-grade that is now being produced under the better prices".

Mr. Carpenter, president of the Yellow Pine Manufacturers' Association, said at the 1912 meeting of the National Lumber Manufacturers' Association:

"The theory that the timber supply of the United States will be conserved by opening the markets to competition with free lumber from Canada is a fallacy. Low-grade lumber moving by water can be put in our lake ports on a very low freight rate".

"The yellow pine manufacturer cannot pay the railroad companies \$6 to \$7 per thousand feet for transportation on his low grade lumber and meet this competition; consequently, as he has no market for his low grade lumber at a price equal to the cost of producing it, he is compelled to leave in the woods a part of every tree".

"It is not an economic waste to abandon raw material that can only be manufactured into a useful article at a financial loss".

To sum up: The argument of the free-traders is that our Government is inconsistent in encouraging the more rapid cutting away of our own forests by a tariff tending to reduce the volume of Canadian imports; the protectionists, on the other hand, maintain that free trade would so reduce the price received by the manufacturer that for his low grade lumber he will be obliged to leave this portion of the timber in the woods to rot, making use of only the best logs --- those which will develop the higher grades.