

The Future is what we make It



AT a time when the public mind is pessimistic, when industry and the men of industry are idle, and the consumer refuses to consume, a tonic of facts should produce a practical understanding of problems involved, and to that extent shorten the period of readjustment, and restore optimism.

The Pacific Northwest is immensely rich in fundamental resources, which with an improved economic situation, should restore business to health.

Of all our fundamental resources, lumber is the greatest. Normally, it pays sixty per cent. of all wages in the States of Oregon and Washington.

What, then, is the matter with lumber? Why so many idle mills? Why such great unemployment?

Primarily, it is the economic readjustment through which this nation is successfully passing after its free spending, post-war financial, commercial and industrial inebriation.

Another cause of depression is the handicap placed on Pacific Northwest products by the freight advance of 1920, under which commodities produced at a distance from consuming markets were prohibitively penalized in the transportation cost to those markets.

Under existing freight rates, the West Coast manufacturers of lumber cannot compete with more favorably located producing regions, which not only have the advantage of from \$94 to \$327.75 per car in freight rates to the most desirable lumber markets, but also are operating on a lower wage scale and on longer hours.

In the face of such competition, the West Coast producer cannot ship. If he cannot ship, he cannot finance a payroll.

Lumber was the first of the great basic commodities to take its deflation. It is now down to the pre-war level.

Government statistics show a decided downward trend in the cost of all other commodities. However, delay in the deflation of other building materials is having a retarding influence on construction now.

It is not for the general good that any commodity remain at peak prices, or anywhere near peak prices.

That equally applies to labor. The idea that labor can escape a readjustment of wages is folly. The sooner the scaling down in excessive wage cost, the better it will be for the public, the worker and business.

Especially is this true of railroad labor, the inflated cost of which is largely responsible for freight rates that have strangled commerce.

Statistics for 1914 show that 1,700,000 railroad employes were paid wages totaling \$1,337,000,000. In 1920, the same roads, with less than 2,000,000 employes—an increase of perhaps 15%—were compelled to pay wages amounting to \$3,600,000,000—an increase of 270%.

This tremendous increase in wages is said to have been due to wage agreements signed by the United States Railway Administration all within a few months, and, in one instance, within a few days before the end of federal control.

The Pere Marquette Railway was compelled, recently, to pay \$9,364 in back pay to four employes because their titles, under federal control, were changed by decision of the Director General.

A car repairer on another railway was paid \$1,000 for work he never did. He was laid off, with other employes, because there was no work for him to do. When

under his "seniority" rights he became entitled to re-employment he received back pay and overtime.

Four carmen on the Santa Fe were sent out on the line to do a piece of work which took four hours and thirty-three minutes. The company was compelled to pay these men for 112 hours' work.

Five machinists, on the Norfolk & Western, were sent to an outlying point, where they actually worked eight hours per day for three days. Each of them had to be paid straight time for the 24 hours he did work and time and a half for 72 hours he did not work.

With labor in other industries taking its deflation, it is manifestly unfair that railroad labor should continue to enjoy special privileges in the way of inflated compensation, when such inflation tends to deprive the labor of the Pacific Northwest lumber industry and all other lines, of the right to steady, remunerative employment.

It is possible that if freight rates from the Pacific Coast to the large lumber consuming markets of the East are soon readjusted, the Pacific Northwest lumber industry will be enabled to compete when any revival of construction activity occurs. However, to permit such successful competition, West Coast lumber rates to the large eastern markets must be restored to the parities which were so utterly disrupted by the percentage plan of freight rate increase, effective August 26, 1920.

Predictions that a moderate building movement is to occur later in 1921 may be realized the latter part of the year, but the deadening influence of general depression has been so great that any large building program in 1921 seems hardly probable. The likelihood of 1922 being a year of active building is much better.

The future is largely what we make it. The financial structure of the nation is basically sound, and the immense wealth of the fundamental resources in the Pacific Northwest still remains.

But that future depends on eternal vigilance; and the success of the people of the Northwest in protecting their interests in the matter of transportation service in order that their products may reach markets where the demand is ample and constant; that frequent periods of unemployment in the Northwest may be avoided and an adequate payroll maintained.

In subsequent copy, West Coast Lumbermen's Association hopes to discuss, with the public, its campaign for keeping mills constantly in successful operation.

Normal conditions in the lumber industry depend primarily on active building operations within the United States.

Government reports indicate that, after reconstruction, 3,400,000 new dwellings must be built in a period of five years to meet the requirements of an estimated 27,900,000 families.

That would mean the building of 680,000 new homes per year. The average number built in any one year since 1890 was 334,808. The greatest number ever built in any one year was 409,534.

Housing requirements alone, eliminating from consideration the demand for lumber in industrial requirements and the requirements of railroads, forecast coming years of prosperity for the Pacific Northwest if the Pacific Northwest lumber industry is successful in its campaign for securing a fair share of the business to be developed.

This is largely a problem of transportation service and non-discriminatory rates, which problem will be discussed in more detail at an early date.

West Coast Lumbermen's Association

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