The New Deal in the
Lumber Industry and

by
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INTRODUCTION

The purpose of this thesis is to formulate and explain the major New Deal accomplishments in so far as they effect the American lumber industry. I have taken opinions from leading lumbermen, labor leaders, and politicians--also from industrialists in allied industries, to explain and recommend good points and weak points and to properly throw the New Deal laws in to the best light.

Never was a subject so apropos to the times as this subject is. As this is written almost seven years have elapsed since Franklin Roosevelt took office in 1933 and the full effect of his laws can be easily seen, not only on the lumber industry but on all US business. Thus the second part of this paper will be to cite and clarify illustrations of New Deal activity on business, which must include all lumbering.

The New Deal's laws have touched or are now touching on every phase of commercial activity. By far the greater part of governmental regulation has concerned production, interstate as well as intrastate, but many functions are associated with production, and the government has not missed any of them. Every conceivable phase of business activity is today ruled and regulated by the Federal Government, and since 1933 the number of federal employees has increased until now one-sixth of the wage earners in the US receive their payments by government check.

This enormously expanded bureaucracy not only
regulates production, wages, hours, labor relations, trade
relations, unemployment insurance and social security,
but has so settled over business that it is sometimes
hard to distinguish between the two--more and more is the
welfare of the one bound up with the other. Thus there is
an important and all powerful indirect or secondary in-
fluence on the American lumber business. Such a business
can't be plunged from the heights of 1929 to 1933 and then
dragged through the New Deal social program without
raising raising great oppositions and creating many dis-
turbances in the corresponding adjustment necessary. So
the lumber industry finds itself today partly bewildered,
but trying to do the best it can.

I don't suppose anyone will deny that the subject
of my thesis is the most important question in America
today. The New Deal even goes beyond party lines that no
longer hold true, and as Roosevelt wished in 1938, the
country's opinion is approaching the European idea of
liberal and conservative.

The world is living through an age. The New Deal in
America is but the echo of the National Socialism of
Europe--one has just to compare the NRA with Germany's
modern economy to detect a startling similarity. So there-
fore this study is of importance in forecasting future
events, if the New Deal continues in office, as it is very
likely to do. The old phrase that coming events cast their
shadows was never truer than in a study of this kind.
So as this work is important to the future, it is even more important to the present, where both the theory and practical results of the New Deal can be shown, and while the New Deal is still in power. Even though the program is now in a state of flux, everyone should be acquainted with the tremendous forces being liberated, for they most certainly affect everyone, everything--all business activity in the present and for some time to come, and as stated, all phases of commerce from production to world marketing. To intelligently meet everyday problems that arise, the businessman is going to have to inform himself or else secure expert advice from an attorney or from association activities.

REVIEW OF PREVIOUS STUDIES

The following thesis have been turned in concerning my subject:


The NRA--Eldon F Holmes, 1934

The Present Status of Article 10, Lumber Code, in the Douglas Fir Region--Joe O Lammi, 1937

Slash Disposal in the Douglas Fir Region of Oregon, especially as Effected by Article 10 of the Lumber Code--George H Schroeder, 1935

The Lumber Industry Under the NRA--Kermit W Linstedt, 1934

Social Problems in the West Coast Lumber Industry--
D. E. O'brien, 1937.


METHOD OF PROCEDURE AND SOURCES OF DATA

I have followed the procedure of getting as many current reports and articles on my thesis as possible--indeed, because of the transient and only recent beginnings of my subject that was the only course that seemed to offer the truest and best approach. Twenty years from now the library will be glutted with books on the subject, but now I had to take my material where I could find it.

I have organized this paper under the major acts or phases of the New Deal as follows: 1. Previous 2. NRA 3. NLRA 4. FLSA 5. SSA 6. USPS 7. Indirect phase in states 8. Trade agreements. I by no means lay any claims for completeness or full coverage for any of these points, for I assume that since even leaders of industry and politics are in violent disagreement as to basic principles involved, I may be excused if I don't pretend to understand some parts of the New Deal program.

I have tried to contact as many sources of data as possible. By far the greatest chunk of my raw material has come from the lumber trade journals from all over the US. This type of material expresses what the lumberman themselves are thinking, and in most cases shows a remarkable degree of similarity and sameness in thought. I have also drawn
on articles pertaining to labor from other current magazines, Liberty, Fortune, etc.

Very good material was sent me by The West Coast Lumberman's Association of Seattle, Washington about conditions in the PNW and about the Administration's trade agreement of 1938 with the United Kingdom. I have also used copies of the several governmental acts secured from the Superintendent of Documents in Washington, D. C.

Help of the greatest value was furnished my work by Mr. W. C. Ruegnitz, past president of the 4-L and at present in charge of Columbia River Basin Sawmills, Inc., an organization that has risen as a result of the New Deal and which is a combination of protection agency, information headquarters, and legal offices for sawmill employers. His present work is just what my paper intends to show, and he has forwarded me much valuable material concerning the vested lumber interests.

PREVIOUS

The whole story opens shortly before the New Deal, when Hoover's term was drawing to a close. The depression had deepened to such an extent that the government was directly involving itself in business affairs, and thus we can say that the year 1932 saw the first organized attempt, financially, of the US Government to aid business—in peace time. In that year the RFC was set up and capitalized, originally designed to lend money to strapped capital goods industries—at first mainly the railroads and some banks. This agency has remained in force up to the present time, but the New
Deal has used it as originally proposed in name only, and while its loans were planned to be covered by ample security for repayment, this is the last thing New Dealers care about.

There were several earlier attempts by President Hoover to stabilize business. One of these, the National Credit Corporation for self-help among the banks, was set up in 1931, after England went off the gold standard, was later closed into the RFC.

Another attempt to stem the scourge of the depression was as follows: "After the depression was definitely under way in the US and security prices has suffered their initial sharp setback, President Hoover obtained a promise from the leaders of labor organizations that laborers would forego strikes and other interferences with production. From a group of important industrial employers he secured a corresponding promise that they would not reduce wages, but those who joined in the agreement were finally driven to reduce wages, after previously laying off larger numbers of men than would have been necessary if they had been free to reduce wage rates. The whole period of depression was remarkable free from strikes and labor disturbances of all kinds. Organized labor entered the depression in a weakened condition, never having recovered from the labor liquidation of the post war years."¹

Thus, by March 1933, there was no subsidation or regimentation of business on a large scale, no direct aid to the unemployed, or distribution of the wealth. Hoover's administration was largely content to let business and the
states help themselves, and many today still think that course would have been far better than the present state the nation's finances are in. And so on March 4, 1933 FDR and the New Deal were inaugurated.

CH. 1, THE NRA

The immediate attention of the new President was given to the acute banking situation, but later in the year the administration's talents were placed back of the NRA. This act divided all industry into groups, and prescribed that a code of fair competition was to be drawn up for each. At this time all we shall be interested in is the lumber code, which with others were to FDR, "The most important legislation ever enacted by an American Congress".

The Lumber code called for the creation of a Lumber Code Authority that had complete power to fix production, sales, etc.--in short this all-powerful authority, through its subdivisions, actually controlled the lumber industry--even enforced its own orders. It was authorized to require reports on every conceivable subject, collect a code fee based on these reports, and to penalize false reports heavily.

We are not so much interested in the mechanics and administration of the law, as we are in its fundamental ideals and results, one of which was the provision as to child labor. For many years attempts has been made to pass a national child labor amendment to the Federal Constitution, but groups of certain states always blocked the plan. The NRA offered the first opportunity to bypass this snarl, and the section read that employment of all persons under 16 was illegal, and in certain hazardous occupations employment under 18 was
unfair competition. This part of the lumber code was fairly innocuous.

A more contested group of sections applied to hours and wages, that immediately hit the southern lumber industry hard. The following quotation best describes the setup:

"Hours and wages--The hours of labor have been placed uniformly at 40 hours a week, with a recommendation to the President that the authority make a study of the practicability of further hours reductions, especially in the west. Excess weekly employment time is penalized by time and a half. To accommodate seasonal operations, both in respect of conditions of production and demand, the amended provisions are considerably more liberal to the industry than those asked by the industry itself.

Minimum hourly wages range between 24 $ in the southern pine and hardwood industry to 30-33$ $ in the N, NE, and Lake states, to 35-40 in the West, which in general represent the hourly wages paid in 1929, with a scale of % increases in the lower brackets, especially in the box industries."

Thus can be seen the first attempt of the New Deal to raise prices by hiking up fixed labor costs and at the same time shortening hours of labor. This policy has since pervaded all the New Deal's reforms, and is fundamentally the basic rule of unionism.

A very involved and complicated section concerned control of production. This was necessary, since wages, hours, and minimum prices could not be established or maintained unless production was kept down. This part of the code was based on 3 premises: 1. Allotments were to be made on a
mathematical basis to each operator in a division. 2. Changes in allotment could only be initiated by an individual manufacturer, and were to be granted only for the most extraordinary reasons. 3. All quotas, allotments, appeals, and decisions on appeals were to be published.

After each division had its quota, individual allotments to persons were to be granted on 1 or more of 5 bases: 1. Average hourly production. 2. Average yearly production 3. Average number of employees 4. Taxes paid 5. Timber owned. Applications for quotas were made by the divisions themselves.

The LCA was authorized to set minimum prices on all items, which prices were not to be below or above cost of production. This cost included 3 items: s. All out of pocket items 2. Capital recovery through depreciation and amortization 3. Allowance through a new and unique cost item on conservation and reforestation, intended to cover the costs of timber protection, timber conservation, and timber production in accordance with such regulations as may be prescribed by the LCA. All these costs could be changed by the LCA to avoid over stocking on certain items, or to compensate the handicap of small mills, or to protect domestic producers against foreign imports.

There remains one more section, destined to have far reaching effects on the west coast, and that is the provision for grade marking: "Another important amendment recommended by the administrator is the requirement effective Jan. 1, 1934, that shipments of timbers, yard lumber, flooring, shingles, and lath be marked or identified to indicate its
grade, and, except as otherwise required by the LCA, to indicate also species and size as to whether standard or not, and seasoned or not. A similar provision requires shippers certification of quantity and grade of contents of shipments. Both these provisions exclude export shipments, and are effective on notice of the LCA, but not later than Jan 1, '34.

The rest of the lumber code refers to appeals, decisions on appeals, trade practice rules, and details of conservation.

This then was the lumber code under which all American lumber business operated until the middle of 1935, when the Supreme Court declared the act to be unconstitutional and hence invalid. The act is important to us now in so far as it shows the major defects and criticisms of the NRA. Be it noticed, now, that every one of the current New Deal reforms except SS had its counterpart in the NRA. That which FDR failed to do collectively he has done individually, notwithstanding his rebuke from the Supreme Court, and the NRA bears out to a nicety the fact that "coming events cast their shadows before".

The NRA never had a chance to develop all the bitter opposition it seemed capable of. Theoretically the NRA had the same arbitrary control that communism does, only Russia was not so fortunate in having a Supreme Court as we do. It was based on the same principle that the League of Nations Covenant is--maintenance of the status quo, with the assumption that any future change of conditions is not needed or will never come.

This maintenance of status quo is easily seen in the
lumber code under the section on quotas and allotments where the division was issued a quota and each operator an allotment, any subsequent change being next to impossible unless started in the authority. Even in 1929 the industry was not operating to its full capacity, and from the \( \frac{3}{4} \) production of 1933 it would have been a good many years if at all before new mills were needed. Thus opportunity in the lumber business was removed, as would be the commercialization of all process improvements. Chances for unfair tactics on the part of those already in the picture are too numerous to mention.

These unfair practices could have been multiplied all along the line—each person with a degree of control was open to bribery or collusion, if the record of some government officials, in the WPA is any indication. Many injustices would have occurred and been overlooked in the confusion.

The provision as to fixing of prices was likewise subject to all the whims of controllers, for if the price could be changed for over stock ing it could just as easily have been fixed so as to bankrupt operators. Artificial price levels tend to thwart the natural law of only the fittest surviving. Weak mills would quite naturally set the price for low cost producers, thus raising prices of the finished product. How jacked up prices defeat themselves I'll leave till later on in this paper.

If state ownership of utilities is socialism, and state control and ownership of all business and property is Russian Communism, then some narrow minded person has asked what
The setup is where all business is controlled by the state and some utilities state owned and operated? The richest country in the world must have been in quite a fix to have foisted on it a form of regimentation notoriously unsound. The NRA was a series of social and economic laws that, granted eventual acceptance by the USA, should have taken years to evolve--instead the industries were herded together under a hastily written law and hammered by General Johnston into acceptance. Past evidence shows us that the federal government before FDR was evolving on a basis more and more socialistic with each administration, but the NRA was at least 100 years ahead of its time, pointing to an America past her peak and on the downward road to decline--which is not true.

The NRA disclosed a remarkable fact--that American labor had been a long time sufferer and underdog, especially Pacific Coast labor in lumber and kindred trades. When labor received the NRA's green light to go ahead, a veritable epidemic of strikes descended on the West Coast--indeed on the whole country. Longshoremen, millworkers, teamsters--all saw the light: "Then came the NRA with its ambiguous clause relative to collective bargaining, and its equally unequal provision that labor might use its influence and its assumed power to compel organization among workers, while employers were prohibited from even advising their workers as to what kind of organization was best for them, or which they might choose. The result has been that during the life of the NRA, and ever since, strikes and threats of strikes
have kept manufacturers in a state of unrest and employees dissatisfied and belligerent. In this connection, the lumber industry of the PNW has been almost constantly in fear of operation interruption, and much of the time actually in controversy with workers, and forced to curtail operations or close down completely."4

These facts would lead one to believe that labor had been a seething mass of suppressed desire, but what are the true facts? "Reference has been made frequently in the columns of MVL of the relatively peaceful relations which existed between employers and employees in the NW lumber industry before the NRA was assumed by labor to give them a free hand in the organization of the workers in the industry in that part of the country. This was accomplished through the 4-L. This organization was composed of both workers and employers, with equal representation of each. When and where differences arose over any factor in operations—hours, wages, or other conditions of employment, employers and employees met and engaged in amicable discussion, laid their cards on the table and arrived at agreements satisfactory to each, without resort to strike.

While demands for higher wages have usually accompanied the labor troubles in the PNW industry, some exorbitant, the main trouble has been over the question of union recognition and bowing to its domination. The 4-L was a union, but both sides were willing to give and take. From the end of the world war to the NRA, no question arose that was not settled peacefully."5
Either labor has been hearfully oppressed or else it is being blindly lead whither it knows not--indeed latter parts of my thesis seem to show that American labor in most cases does not or cannot rule itself. This appalling labor trouble is a peculiar American problem, being unknown in European democracies where labor has many of the American rights.

Even the figures bring out significant facts--1937 as compared with 1929 shows total man hours of employment way down, number of workers considerable under, total wages way down--but average hourly wages are way up, average annual wages only slightly under and prices of lumber per M way up. Thus a much smaller working force is paid high wages, but still makes less per year--all of which greatly increased lumber's retail price, putting production way down. This setup fits in perfectly with the New Deal's economic philosophy, but unfortunately which doesn't work--never will work.

Because of the great number of strikes, FDR set up the National Labor Board to supervise elections when requested to do so by a substantial number of workers. This board in turn was replaced by the first NLRB, with limited jurisdictional powers. The present Wagner Act is based largely on this predecessor, but with jurisdiction based on the interstate commerce clause of the constitution. It became law on July 5, 1935.
CHAPTER 2 - THE WAGNER ACT (NLRB)

No part of the New Deal program has so affected the business and social structures of the country as this law—unless maybe the shortlived NRA, which pioneered the way. When it first appeared, people called it "the magna charta of labor," but at the present time we see the AFL high command together with mighty business interests both bitterly denouncing it. To better understand this phenomenal situation we must first penetrate down to basic and fundamental points of the law itself, then move from theory to actual practical applications—then maybe we can see why the magazine Fortune said: "This point of view toward the NLRA, as most of its critics will admit quite freely, is colored by emotion, not confined to opponents of the act. It seems to be an inevitable part of any approach to industrial relations. The result is that industrial relations have achieved the unreasoning bitterness of a holy war. It is this battlefield that the NLRB has invaded, intending, according to its sponsors, to "smooth out obstructions to the free flow of commerce"—succeeding, according to its opponents, in making an already intolerable situation infinitely worse."  

To begin with the act is predicated on the fact that there is inequality in bargaining power between employers who are organized and their employees who are not—that fact thereby depressing wage rates and causing loss of buying power, which in turn tends to aggravate recurrent business depressions. Thus as a part of the New Deal cure for our major depression, it has constantly advocated freedom
for labor to organize and bargain collectively.

The act is divided into some 16 sections that group themselves into 4 or 5 parts--the first being a restatement of the above, namely that "Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection." It should be stated here that provision is made in the act for separability of the parts, i.e., one or more may be declared unconstitutional without affecting the others in any way. Thus one of the big difficulties with the NRA is bypassed. The acceptance of the principle of collective bargaining will probably stay with us, as rightly it should, but the Wagner Act covers more than this elementary ground: "2 issues are involved, 1. whether collective bargaining is a good thing and should be protected and encouraged by law and 2. whether the NLRA is a desirable piece of legislation and is the NLRB a desirable government board and body? Those who accept the principle of collective bargaining do not necessarily agree in their attitude towards the NLRA."8

The real issues involved here are to be found in section 8, which defines 5 things which are unfair labor practices. These cryptical bars to employers are, 1. to interfere in the rights of section 7, which are those about self-organization, collective bargaining, etc. 2. to interfere in any labor organization 3. to encourage or discourage member-
ship in any labor union by means of discrimination as regards
hiring or firing. 4. to discriminate against employees for
giving testimony under this act 5. to refuse to bargain
collectively with the employees' representatives.

In addition to the body of the act as regards proced-
ure, etc., there is one other section that must be under-
stood, so that present attempts at amending the law may
have some meaning. This is section 9-b, and says the board
shall have the power to decide the appropriate unit for
collective bargaining purposes, i.e., craft, plant, or sub-
division thereof. The board's administration of this clause
has stirred up a torrent of words and criticism through the
country.

Theoretically, as to objectives, the act looks very
sound, but when we start to apply it in working fashion,
amazing forces assert themselves. It is here in the board's
trials that one sees the basis for another big batch of
criticisms—and not all who criticize the law have the same
axe to grind, so first let us scan briefly just how the
board functions.

Just about every board case is either one involving a
labor complaint or one involving an election—certification
of proper bargaining unit and the actual election to deter-
mine agency of representation.

Most complaint cases arise from an alleged violation of
section 8, especially 8-a, which is a catch all, intending
to cover all the diverse forms of discrimination that employ-
ers could bring to bear against their employees. "This is
why the act is so hard to evade; it caught Henry Ford on his "Fordisms". Obviously under this section it is relatively easy for an employer, acting in all good faith, to find himself in violation of the law. A casual conversation with an old employee, a vehement letter to a local paper attacking unions, the action of an overzealous foreman--any of these may be judged illegal."

If a worker does ask the board for a complaint, the first thing the regional office does is to have a talk with the parties involved. Some 40% of all the complaints are settled at this point, either being tossed out from lack of foundation in fact, or being settled by a warning to the employer--yes, the employer is let off here with just a warning.

If there seems to be evidence of malpractice, a complaint, formal, is issued, and notice served on the employer that he has been cited for a hearing before a trial examiner; it should be noticed here that preliminary investigation is done through the regional office, and any hearings are scheduled before a trial examiner sent out from Washington, DC. This is done to prevent possible collusion between the regional office and the parties involved.

When the hearing is finished, a sufficient time is given for everybody to file objections before the entire case is reviewed by the NLRB's review staff. From here the case is reviewed by the NLRB itself, and the employer is given time and a chance to bring himself within the law--his last chance without penalty. If the employer still
tells the board where to get off at, the NLRB applies to the circuit court of appeals for a cease and desist order, the same thing other Federal agencies secure. From this point the accused employer carries the case, first to district courts and ultimately to the Supreme Court of the USA. If the board is ruled against at the outset, it may carry the proceedings to courts of appeal also.

Before proceeding to the practical effects of the act on this country's moral fibre, let's look just a bit on the manner of trial that Senator Wagner built in his law; i.e., the method and procedure an employer must face if he is haled before the NLRB. The magazine Fortune, in its article on the board has this to say: "The board is heir to a family long line of tentative labor administration, including the National War Labor board and the boards set up by the RR Labor Acts of 1926 and 1934. Its "modus operandi"—its judge, jury and prosecutor pattern—stems from a wide variety of quasi-judicial administrative agencies, operating in fields in which highly specialized knowledge and information are held to be necessary both for investigation and for judicial determination. These go back to the ICC, SEC, FTC. The FTC closely resembles the NLRB's procedure. Its immediate predecessor is a former NLRB created by congressional resolution to administer the cryptic section 7-a of the NRA."

The second part of the board's activities has to do with selecting worker representation units and supervising the elections; this part of the board's functions is responsible for the present attitude of the AFL. Again Fortune
seems to cover the issue. "Establishing the appropriate unit for bargaining is a ticklish problem, and as the board remarked in its first annual report: "The complexity of modern industry, and the diverse forms which organization has taken, preclude the application of rigid rules". Through thick and thin, the board has maintained this principle--flexibility must rule its unit decisions. 3 typical examples illustrate the main yardsticks: 1. What is the present union set-up? 2. What is the geographical and functional setup of the company and its industry 3. What type of work and degree of skill is involved?" Once the particular type of plant setup has been determined, an election day is set, supervised by a representative of the board. Of course a voter must be a plant employee in order to vote--when the votes are in they are tabulated and the bargaining group with the greatest number of votes is declared the winner and certified as the plant's bargaining agency. This certification statement is perfectly legal and defensible in a court, but only the laborers can instigate or call for an election a point now being advocated for amendment. So much then, for the theory of labor relations and the administrative setup of the board. Even though, as stated, there are other federal boards with the same procedure of administration, the NLRB is the first and only one to stir up such a marvel of hatred and bickering that business wonders if this is the end that 150 years of American business is culminating in. There is a reason for the title of the able article in the October Fortune magazine, concerning the NLRB. The article
is headed and titled--'The G---, D--- Labor Board'; it leaves no doubt as to what is meant.

Many persons wonder first why it should be that "intense bitterness seems to be a part of any approach to labor relations". It was not so in the past--strikes, there were, but in no history of the US is there such a record of labor disturbances as has and is occurring under the New Deal. If, as some persons claim, labor has been continually down-trodden and browbeaten, why have there been no violent occurrences, no subterranean rumblings or reform newspaper headlines? It is true I was but a youth in the 1920's, but I don't recall any such occurrences. Nevertheless Senator Wagner, in his reply to Senator Burke of Nebraska, defending the NLRA, said:"In concluding let me refer to one more statement made by the Senator from Nebraska. He said that the NLRA assumes that "management can be placed in a strait jacket and all of the cards in the deck stacked against it".

I wonder how many Americans really think that all the cards are stacked against management and in favor of the worker? I wonder how many people will accept this view who know the truth about the worker's struggle against insecurity, against unemployment, against misery and privation for his family; who have gazed upon the care-worn faces and exhausted bodies of men and women in the factory and the mine? I wonder how many will believe that all the cards are stacked when they have read the stories of the company dominated union and the labor spy? I wonder how many will view the matter this way who know the sufferings of the laboring man.
in times of peace and his sacrifices in times of war? This in spite of the fact that American labor is known as the highest paid in the world.

As heretofore said, the board is judge, jury, and prosecutor, all rolled into one; this condition is especially true of the examiner before whom the hearing is held. His power is absolute, for the ordinary rules of evidence do not apply in these cases. He also may admit evidence he wants to and exclude any he so wishes. "It sets up a board that is at one and the same time judge, jury and prosecutor, and provided no real opportunity for an impartial court review of the board's decisions. The board's findings of fact are held to be conclusive if supported by evidence—which may be interpreted as any evidence whatsoever." In this connection the words of a capable eyewitness to NLRB trials, Senator H. Styles Bridges, are full of meaning. He says, "In its role of prosecutor, judge and jury one side of a hearing has the flimsiest evidence admitted, while the other can't call witnesses."

When appointments are made to the board by an administration known to be strongly pro-labor, there is also no check on appointments of examiners by the board itself. Time after time hearings are scheduled where proceedings are under the thumb of examiners scarcely out of college, and dictating to groups of elderly defendants. "Although the trial examiners under the present act sit us judges and conduct court, no provision is made as to their qualifications. Complaint is heard on every hand concerning their
incompetence, bias, and domineering attitude. Rules of evidence that apply in courts of law and equity need not be observed."^9

Fundamentally people will accept the principle of collective bargaining; except by the most rabid anti-union men, it is conceded that industrial peace rests on the ability of labor to bargain collectively. In the 7 or 8 test cases brought before the Supreme Court the NLRB has received a clean slate. What we have over here in America is but a delayed type of what Europe, particularly England and the Scandinavian countries, has enjoyed for years. But we do things queerly over here—postponing action and at the last moment trying to make up for lost time. I have read many times that most of the New Deal laws were poorly and hastily written—the NLRA is no exception, judging from the criticisms and recent attempts at amendment.

A fundamental fault that can't be refuted or denied is that it is one sided—a pure and simple law for labor. All the act contains is but a list of what the employer can't do without being unfair. Evidently the makers of the law assumed that labor was perfectly organized and could be trusted to do the right thing—anybody who has read of our violent nationwide labor disturbances, or who has lived in the PNW knows how erroneous and silly this assumption is. "Under this provision, labor may, and does use every form of persuasion, coercion and intimidation to attain its ends, while industry must sit with hands folded, impotent to
assert what should be its rights, and government agencies appear to look the other way, and even encourage the methods used by organized labor. It seems, to the average, fair-minded person, that some responsibility should be placed on labor organizations comparable to that imposed on employers. Labor has had its chance to come out of the hole, encouraged by the country's first labor administration, but instead has bungled the opportunity, and taken to quarreling among its factions. Expressive of its one-sidedness are: "A third criticism has been that the act does not sufficiently safeguard the freedom of labor organization by prohibiting only coercion on the part of employers; coercion on the employee side should also be prohibited."¹¹

Is the American business man so unwilling to abide by the rule of the majority, that he carry's on as now? Or does the administration of the act really represent the majority? I like to call a large group of criticisms under the heading of un-American tendencies, of which a most glaring example revolves around the board's assent to crime and violence. "What are the rights before the board of a worker who has violated the law? Here again the board has made decisions that have been vigorously attacked. If a worker is apparently guilty of a felony, it is the practice of the board not to order his reinstatement. If he is guilty of a misdemeanor during the heat of labor discord, the board has ruled that he should retain all of his rights as an employee."²⁸

As I have quoted before, the NLRB takes no cognizance of a witness's character--a paid criminal carries as much.
weight as any manufacturer. In all fairness to the situation, however, it should be noted that in a recent Monday decision, the US Supreme Court has declared that the board's order, reinstating Fansteel Metallurgical Co. sitdowners was unconstitutional; likewise, the Apex Hosiery Mills of Philadelphia, Pa. has successfully prosecuted a suit against its workers' union for damaging its property during the heat of a labor dispute—all which practices the board condoned. This overlooking of violence I proclaim to be a subversive element in America's structure of government.

With unions given a free hand to organize the country's workers, who can deny that a practical effect of the Wagner Act has been to force the workers to join unions? "If you will examine the rulings made and the public utterances of the members of the board and their agents, you will reach the conclusion that the chief purpose of the NLRA is to induce all workers to ally themselves with a labor union. I do not so read the purpose of the law. I do not believe that it was the intention of Congress to force workers against their will into membership in a certain union, or in any union at all. The purpose that Congress wanted to render effective was to make it possible for employees to engage in collective bargaining through representatives of their own choosing, entirely freed from coercion or undue influence on the part of the employer." Is this the will of the majority?

The working of the board has been right in line with FDR's policy of seeking advice from academicians and quacks.
All his money policies, buying into prosperity, etc, were developed by his brain trust. I should like to quote from the Senator from New Hampshire: "No one will go further to help the working man than I, but I know something is frightfully wrong with the NLRB. Its methods appear so much alike that they seem to be directed from a single font. That source is one David J. Saposs, Industrial economist, who heads the division of economic research. He was born in Russia, and before Mrs. Perkins brought him to Washington from her immediate staff, he was with the NY garment trade union; secretary of the Brookwood Labor college that displayed communist pictures on its walls. He is the friend of Sidney Hillman, Clifton Goldon, W Z Foster and other active CIO men. Many of his books and pamphlets are published by the International publishers, issuers of communist literature."10

I have already touched on numerous un-American tendencies. In spite of them the board has been declared constitutional in its basic concepts, so that so matter what the legal precedents may be, no relief from the law can be sought in this way. In this connection it is interesting to read a speech on the Wagner Act, given by Walter Gordon Merritt in NYC, July 17 1935, just after the law was passed. He cites examples of Supreme Court precedents for unconstitutionality, including 1. The right of the employer to select his employees 2. Denial of rights to minorities 3. Illegal delegation of legislative authority 4. ICC clause of constitution not sufficient grounds. All these statements are
of value only insofar as they show how judicial interpretation may change.

Also, it is very interesting to again read Merritt's speech and note how uncannily he predicts things—he foresees many apparent gross injustices and bases for wrong interpretations, but assumes the board won't use them. He advises business to: "In general the employer may discriminate against any act of wrong doing or irresponsibility hurting his business and may not discriminate against legitimate organization or administration of unions. The employer is as free as ever to protect himself from improper activities. This is the spirit of the act. Any other conclusion is unthinkable, and would constitute a violation of the 5-th amendment as a denial of due process." Under present day actual practice the scope and significance of labor relations is sufficient to overrule previously accepted constitutional rights.

All over the world international events are demonstrating that class hatred and class consciousness can materially hinder progress. This country serves to show how labor troubles, real or imaginary can be puffed up, completely dominating a country, and altogether being an effective bar to recovery. Senator Burke prefaces his attack on the Wagner Act thusly,; "Any conduct of employer, of employee, or of government, which would tend to foster distrust, suspicion, or fear between these twin giants of modern industry, labor and capital, is wholly bad and must be denounced."
This constant warfare has served to curtail largely a former American characteristic, the ability of labor to work up through the ranks to positions of business leadership. What modern employer would promote men from unions which had harried him at his every step at recovery from depression?

"Experience has proved that protection by law of the right of employees to organize and bargain collectively safeguards commerce from injury, impairment, or interruption, and promotes the flow of commerce by removing certain recognized sources of industrial strife and unrest, by encouraging practices fundamental to the friendly adjustment of industrial disputes arising out of differences as to wages, hours, or other working conditions, and by restoring equality of bargaining power between employers and employees." This paragraph quoted from the Wagner Act expresses the aims and bases of the NLRA. The assumption is entirely correct—the fly in the ointment is that the ill-written Wagner Act has accomplished the very opposite. "The Chamber of Commerce of the US is on firm ground in its move to have the NLRA modified. There have been more strikes than in 10 years preceding the bill. Altogether it is a potent force in preventing return of prosperity. Assuming that labor relations should be regulated, this is not the kink of law to accomplish that purpose—it is one sided not only in application, but in administration as well. It is a triumph of ambiguity—to much is left for varying interpretations.

If the Federal Government is to attempt to set up
itself as an official and forced arbiter of labor disputes, its decisions should be delivered from an impartial tribunal and should apply with equal force to all parties thereto. If we are to have an act of this sort by all means let us have one which will not defeat its own purposes."13

This is not the only assertion about strikes: "Under the theory of the act, labor disturbances should now be a thing of the past. What is the situation?

I quote from a recognized authority: "Industrial disputes broke all records for the number of man-days of work lost during 1937, caused a direct wage loss of more than $140,000,000 to the strikers involved, and had an important effect in reversing the upward trend of industrial production. The first sign of recovery will come when industrial strife dwindles to negligible proportions and industry can get down to its serious business of giving work to willing workers."9

Here is a good time to show how labor relations were conducted before the depression—through the 4-L, first started during world war days by the government itself to accomplish what the Wagner Act is supposed to. The 4-L's record can be easily checked by any interested parties. The Mississippi Valley Lumberman boils this down from the 4-L's record. " page 13, cited."

As I have stated, both industry and the AFL are demanding revision of the NLRA, but for divergent reasons. Why should the AFL oppose it, while the CIO vigorously upholds the act? I believe industry's reasons for revision are apparent-
so is the AFL's, after a little study.

In the first place Bill Green simply cannot admit the existence of a rival union that has dared to surpass his own system, to snatch the cream of the mass production workers from under his nose. The jurisdictional squabbles have all been over this fact. And again, whether by accident or design the board has seemed to favor the CIO and the industrial type of union. Senator Burke calls it "preferred labor groups"; the October Fortune calls it "a strong CIO bias"; Senator Bridges in his article, continually mentions the CIO as running NLRB hearings.

So therefore Bill Green and Co. would like to see the following changes made in the law: "The AFL's proposal to amend is 1. To limit the board's right to invalidate contracts between the employer and a union. It would make it obligatory on the board to recognize craft unions wherever the workers in a unit ask for them. It would permit employers to express an opinion to their employees about the relative merits of 2 competing unions; it would authorize court review of fact as well as law, and as to board certification of bargaining agents. An old bargaining technique of the AFL consists of first winning over a plant's owner who would in turn influence his workers to join the union. All that is now n. g. of course.

This discussion of the Wagner Act can best be concluded with the case of the Carlisle Lumber Co. of Onalaska, Washington, which has been tried by the NLRB, and been found wanting. Briefly the mill refused to bargain with the
union of its employees, preferring the local 4-L organization instead. The employees struck on May 3, 1935, and when the NLRA went into effect on July 5, 1935 the Co. had discharged numerous workers. When the decision was rendered on October, 1936, it was that the discharged employees were to be reinstated with about a year's back pay. "Affairs of the Carlisle Lumber Co. are being aired in 2 federal courts this week. The NLRB ruled the Co. had discriminated against union employees who were not employed at the end of the 1935 strike and held the Co. should pay them practically a year's back wages. The board has asked the federal court for an enforcing order. In the federal district court in Tacoma, the Co. has asked for permission to reorganize its financial structure. The Lumber and Sawmill union objected, claiming the act would deprive them of their backwages. The Co. Attorney said the fight is only beginning."

The final chapter of this case appears in the March 6, 1939 issue of the Oregon Journal. "The supreme court today refused the plea of the Carlisle Lumber company, Onalaska, Wash., for review of a NLRB order for payment of $185,000 in back wages to employees. The firm charged compliance with the order "means bankruptcy."

Now, please consider, that granted the Co. discriminated against their employees, is a board order, in effect confiscating the Co., in accordance with the American system--this is the type of Government Agency we want in this country?
CHAPTER 3 WAGES AND HOURS

This chapter has to do with the Wages and Hours Law of 1938, also known as The Fair Labor Standards Act. Owing to its recentness of origin, effects, etc. are not so evident as yet, especially on the Pacific Coast. Due to the law's stipulations, the southern pineries were the first to be aware of this act, because of the low standard of living prevalent there. The Pacific Coast states will never be greatly effected by this law, but potentially the law is of great interest.

What the New Deal administration is trying to do is very simply said. "The Congress hereby finds that the existence, in industries engaged in commerce or in the production of goods for commerce, of labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers—It is hereby declared to be the policy of this Act, through the exercise by Congress of its power to regulate commerce among the several states, to correct and as rapidly as practicable to eliminate the conditions above referred to in such industries without substantially curtailing employment or earning power."15 Or in other words, a ceiling for hours and a flour for wages.

How it does this is like so: The law provides that from the effective date to one year hence wages shall be not less than 25 ¢ per hour; from the second to the eighth years hourly wages are not to be less than 30 ¢; after this hourly rates are to be not less than 40 ¢.
Hours are taken care of in this way: from the effective date for the first year, no person shall work more than 44 hours in any one week; during the 2d year the work week shall be 42 hours and after that no person shall work more than 40 hours per week.

All these stipulations are under the observation of an Administrator, who may invoke partial exceptions when conditions make it necessary. Also excepted from provisions of the act are certain dairy producers, farmers, etc. A new provision incorporated in the law calls for industry committees, appointed by the Administrator for each industry engaged in interstate commerce, upon which the law is based. The committee members receive a per diem allowance, expenses, etc., and recommend courses of action to the Administrator. The penalties, trials, hearings, etc., are much like the Wagner Act. Persons are also prohibited from shipping goods produced in violation of this law through regular channels of commerce.

So all persons who produce for interstate commerce must now, 1 year after the law's effective date, pay their employees not less than 25¢ per hour and work them for not more than 44 hours in any one week. The fact is that the Pacific Coast lumber industries will not be affected, except the smallest mills, by the act's clauses, for even now the common wage is around 50¢, and hours are already down to 40. The west's biggest competitor is affected, and for that reason we are interested in the southern pine mills, serving as they do the nation's biggest market, the industrial east.
The act's effects should be noted, for such a law could always be amended to include higher rates and less hours that would apply to our west coast industries.

One thing is certain--costs will be raised. If not directly, then indirectly through higher material costs. And may we say again that this has been a cardinal New Deal policy, the artificial raising of prices. One finds it in this law, the NRA, in the practical effects of the NLRB, and the SS law, and by 1939, this policy is beginning to display its fundamental weakness; it doesn't work. "To answer how to increase the incomes of the lowest wage earner class, we must find out how wages in general are determined; by the usefulness or efficiency of the workers. When we add high efficiency, capital, and good management we have good wages and a low unit price, and ideal setup. Two things must be done if the lower group's purchasing power is to be increased: 1. More must be produced 2. The group's earning power must be raised. Both can be accomplished in this country, but not by the kind of action now proposed. Government can help if the groups concerned are willing to accept the aid reasonably expected."

For the entire history of the US the dollar has been buying more and more—and labor has been getting more and more. Just why should the New Deal assume that we are through developing and seek to maintain wages at the same level? What if such a law had been passed 100 years ago or even 50? A dollar in the 1890's was a comparative day's wages, and if Cleveland had put through a wage hour law then, where...
would labor be today? The whole administration attitude is a defeatist attitude—they assume tried and true methods and economics are outmoded—worn out, but the New Deal's record shows they haven't found the answer either. "The reason so many of these social laws bearing on the economic life have failed to meet the expectations of the law makers is that Congress has not within its power to make a law function that is in conflict with the law of supply and demand. In all these instances the effect of an increased wage has been to better the condition of some, and to throw others on the relief rolls.

The theory that business can be forced by law to pay labor more than the value of its productivity is nothing less than crude economic quackery. The business man has no option. To pay more for any factor in productivity than the market value will in the end destroy his business. For an Administration in the midst of a depression with 12 million unemployed, to pass a law prohibiting millions of untrained workers from taking jobs that they might get under freedom of contract is a conspicuous example of the hazards that ignorance in the saddle brings to the life of a nation." 16

Higher costs? Who is going to absorb them—the employer? He is not. Temporarily he may, but eventually the increase will be passed on to the consumer.

This brings us on to mechanization and unemployment. Isn't it true that if the cost of labor is steadily mounting every effort will be made to reduce the factor of labor?

"Colonel Berry, state WPA administrator for Tennessee says,
"There has been little or no improvement in the relief situation in the state since the dark days of 1935. Since the beginning of the NRA, there has been a constant effort on the part of congress to increase wages by legislation, and every effort has been marked by the displacement of a man with a machine. In some instances mills have been forced to close because of wage hour legislation."16

Whether increased mechanization is good or bad I do not know, but the theory has been raised that the wage hour bill is in reality a blessing to lumbermen--for now modernization and mechanization will be a reality. Lumbering is one of the most wasteful and old-fashioned industries on record, and the increasing amount of wood substitutes----"The sawmill business has been rough and tumble, plenty of waste. Its now imperative to take up this slack everywhere possible. It is now apparently ruinous to charge the consumer what the costs are--the solution lies in the application of new methods to this old business."16

"In these days when every lumber item is subject to competition from another material, it behooves the lumber maker to offer a product the cost of which to the final user is competitive with the cost of any other material and which gives as good or better service."16
CHAPTER 4 SOCIAL SECURITY

The SSA affects the lumber industry even more indirectly than the wage and hour bill does—in fact, aside from theoretical objections, the only effect is increased costs to business, which is a considerable item to large employers of labor such as lumber mills are.

The SSA is divided into many sections, only 2 of which interest us—the one about security reserve funds and the section in re unemployment insurance.

The SS fund is built up by contributions from employer and employees in the following manner: Starting at 1% from the effective date of the law, based on a payroll tax on incomes to $3000, the tax increases 2% every 3 years, reaching in 1949, 3%, the highest rate possible.

The 2d part of the SS, unemployment insurance, is collected by the Treasury from a tax, paid only by employers of 8 or more persons; which tax was 1% in 1936, 2% in 1937, 3% in 1938, and remains at 3% from that time on. This tax is, however, returnable to those states which have unemployment systems conforming to a pattern laid out by the SS board, up to 90% of the tax. Oregon is one of those states.

This is all of the law that concerns us. I have covered under the wage-hour bill the effects of constantly increasing costs of production. Aside from this consideration there is much theory involved in the assembling and use of the reserve funds—much fundamental banking and money usage, for the figures of the SS reserves are truly astronomical.

"The idea is to create a reserve of 47 billion dollars, to
be invested in government bonds. What will happen is that the process of borrowing and spending the tax collections; of paying, borrowing, and spending the interest will continue year after year, and by 1980 the interest charges will have committed the government to an annual interest obligation of 1.41 billions, which will be the same as taxpayers paying interest on their own money. By 1980 the employers and employees will have taken over the national debt, but still must pay their own interest.  

Again let me say that the New Deal has demonstrated what ignorance in the saddle can mean to a nation. Only last month, April-1939, the Secretary of the Treasury, Morgenthau, conceded: 1. That the SS taxes might be a deterrent to business 2. That the huge reserves were not necessary, and that the projected increase of the reserve tax to 1 1/2% would instead remain at 1%.
CHAPTER 5 GOVERNMENT INFLUENCES

The past chapters have dealt with direct New Deal influences on the lumber industry. These would not be complete unless the indirect effects were cited, which also are not especially conducive to business health. The first one and probable the most interesting to private business is the attitude of the chief forester of the US, F A Silcox, representing as he does the direct policy of the New Deal in the lumber and timber industry. I quote from the Southern Lumberman. "The annual report of Mr. Silcox, chief of the USFS is interesting to all lumbermen. He recommends 3 major actions needed to block social and economic tragedies already prevalent. 1. Public cooperation with private owners 2. Public regulation of private forest lands 3. Increased public ownership of forest lands. Exploitation, he says, is still the rule on private forest lands. Some measure of public regulation is necessary to stop human exploitation."

"Mr. Silcox's ideal is for the federal government to own all timber it can buy and regulate the rest. This is socialization. If lumbermen don't want to see their industry socialized, they had better be taking steps to checkmate Mr. Silcox's radical recommendations."

The simple fact remains that the New Deal is primarily a reform administration—reforms conceived by men who are social workers, who have not made a dime in all their lives, or who delve into crackpot economic books for their material. If anyone doubts this just take a good look at the heads of
our government, from the president through the cabinet--then take a look at our country in the year 1939, after 6 years of attempts to end all depressions.

From all walks of business comes the sentiment that what is wrong with the country is nothing else but fear--fear of what government might do to business. In other words there is no confidence in the acts of the New Deal. This is the first time we have emerged from a depression with a serious relief problem. "This is the first time in our history that we have failed to restore normal conditions. Here we are emerging from a depression with a serious unemployment and relief problem. This is the first time out of a depression with a national debt worth considering. We have paid high for the luxury of relief and unemployment; 20 billions spent, but the same ugly problem remains."16 Nor are an unbalanced budget and punitive taxes the least of these.
CHAPTER 6 THE RAREBACK

Chapter 6 deals with a problem directly concerning Oregon and her forest industries; a problem that has originated from New Deal laws and policies. I like to describe it as the reaction to liberalism—liberalism in the New Deal sense, reaction to extreme unionism; or in other words Oregon's anti-picketing bill, which became law in the Nov. 1938 elections.

This law came about as a result of labor warfare between the CIO and AFL lumber unions in Portland and vicinity. As the sawmill workers were CIO, all AFL carpenters refused to work with the lumber and AFL teamsters refused to transport it, thus closing 7 big mills employing 2500 men. What were they fighting over? "Editorial from the Oregonian, Portland, Oregon, August 21, 1937—Sawmill Labor Mess—There is no quarrel with the wages, hours, or other working conditions in the closed sawmills. There is a fair market, and orders on hand, yet pickets promise violence if any lumber is moved, several 1000 employees are kept from work and from needed wages, and the whole community is suffering.

"It is all on account of a jurisdictional dispute, a battle for domination, of the industries workers. Employers, employees' families, and the dependent public see their hands tied. The NLRB, product of a blundering Washington stands as a threat to anyone else than a labor leader who tries to settle the problem. The state, whose ears were slapped by the NLRB in the Oregon Worsted Mills Case, stands motionless."18
Employers could only stand by and see their business ruined, for the Wagner Act would not let anybody other than labor factions call an election. But even if there had been an election nothing could have prevented the unions still from fighting—except only the new picketing bill, which defines a labor dispute so as to outlaw this type of labor activity, so irritant to the public.

This bill was primarily drawn up to offset jurisdictional battles. "The 1st section defines a labor dispute as one between an employer and a majority of his workers, over a question directly connected with wages, hours, or working conditions. The law thus forbids jurisdictional battles, sympathy strikes or picket lines not directly connected with the above conditions. It is a crime for a union to prevent a man from working if an employer wants him—or for a union to interfere with manufacturing, harvesting, or commerce. A union member can at any time demand a complete record of his union's money and property, money collected for legitimate purposes only." 19

Oregon, it will be remembered, used to be known as the liberal state in so far as labor relations went. This violent backswing is directly traceable to labor. Under FDR, labor has had its chance and failed miserable, not only in Oregon, but nationwide as well.
FOREIGN TRADE

CHAPTER 7 FOREIGN TRADE

Foreign trade and tariffs are just one more thorn in the Pacific Coast's lumber industry's side. Situated as we are, way out here, isolated from the great lumber markets of the east, we are dependent for the most part on water borne and off-shore trade, but way back in 1930 the hitherto favorable markets for Pacific Coast lumber began to shrink and disappear.

First came the British Colonial Agreement of 1931 and 1932, largely instigated by our terribly drastic Hawley-Smoot Bill of 1930. This caused our single best foreign market to almost disappear. Other countries followed suit and coupled with the depression these 2 factors practically ruined the PC lumber industry. Our one remaining oriental market has now also vanished, thanks to the Japanese.

As if this were not enough, the production costs at home began to rise, a blessing sent from the New Deal. Foreigners not only could produce lumber cheaper, but could carry it for less in foreign bottoms.

If FDR had not stymied his home interests, the Reciprocal Trade Agreements might have done far more than they have. As it is they have helped. The best known are the Canadian Agreement of 1935 and the Canadian-US-Great Britain Agreement of 1938. Although the West Coast Lumbermen's Ass'n. bitterly criticized the act, it is nevertheless a step in the right direction. True it is that the act of 1938 doesn't offer PC lumber much. The main concessions have to do with the highest priced lumber, that is hard to
sell and which Canada can't produce anyway. The big problem is still to get rid of the common grades.

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Perhaps this long, drawn out tirade, constantly in the same vein of thought has proved boring, but the whole thing is so patently evident to me, that I wonder how I missed it for so long. I would like to sign off thusly—America is too big to be busted by any one man.
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