Senior Thesis

on

THE LUMBER INDUSTRY UNDER THE N.R.A.

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by

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FOREWORD

It is not the attempt of this paper to cover the entire subject as is outlined herein; such an undertaking would require much more time and effort than is possible to give under present circumstances. If the reader after finishing this feels that he has just a little better grasp of the Lumber Code I will feel that my time has been well spent in the preparation of this thesis.

---Kermit W. Linstedt.
During the last decade our country as a whole has operated on a plan of strong individualism. I think there is no one who would deny that there has been great progress made in our civilization during this period but the difficulty lies in the fact that the advancement has all been concentrated upon machinery and efficiency of production, and the distribution of our products has been the phase that has been left out. We had more automobiles than we could sell, we had great quantities of all kinds of manufactured goods but the man who is depended upon to consume these products was left out of the picture and was without funds to purchase the commodities that he might desire. The result of this plan of individualism was that our goods piled up and piled up until there came a breaking point. Our present depression reflects the state of affairs. This depression had thrown our country into a state of chaos that it will doubtless take years to escape from.

There were several angles of approach in relieving the country of the depression that hung over us and quite a number of these have been tried out in various forms. The one means that I am particularly interested in and the one that I will endeavor to explain is the program of codes of fair competition that were set up by our newly
elected president.

These codes that I refer to were drawn up under what is known as the National Industrial Recovery Act, approved June 16, 1933. The codes were applied to every phase of our civilization; the retailers have a code, the barbers, the lumbermen, and loggers, and many others that will not be mentioned here. The lumber code is the specific one with which I will deal in this paper.

There were several very plainly marked objectives in view when the president set out to build up his system of codes for the various industries. Among these were the control of production and the apportionment of a greater part of the nation's wealth to the poorer or working class. Through the code set up the president can, through his administration, directly control the production of lumber in the United States. He can also aid in the distribution of the National wealth although this must accomplished in a little more indirect method.

The president has assumed almost the powers of a dictator in his administration of the code; everything that applies to it must be referred to him for his approval before it becomes effective. Under him he has appointed Mr. Hugh S. Johnson who serves as administrator of all of the codes. Upon the recommendation of the president, the National Lumber Manufacturers Association, as representatives of all of the lumber and timber manufacturers agencies throughout the United States, met and drew up
a suggested list of rules by which the lumbering interests would be governed. These rules are known as "The Code of Fair Competition for the Lumber and Timber Products Industries". The Board of Directors of this association passed this set of rules on July 1, 1933 and they were then submitted to the president for his approval. On August 19, 1933, after several changes and additions had been recommended and accomplished, the president approved the Rules of Fair Competition for the industry.
ARTICLE I

PURPOSE

Article I of the Code deals with its purposes. It states that this is an undertaking in industrial self-government under such public sanctions as are necessary to carry out in the lumber and timber products industries the purposes of the National Industrial Recovery Act. It is the purpose of the lumber and timber products industries and of the adherents to this Code, to reduce and relieve unemployment in said industries; to improve the standards of labor therein; to maintain a reasonable balance between the production and the consumption of lumber and timber products; to restore the prices thereof to levels which will avoid the further depletion and destruction of capital assets; and to conserve forest resources and bring about the sustained production thereof.

As seemingly simple as this first article of the code is, it took twenty-one attempts of the committee before the article was finally drawn up so that it was approved. The main bond of contention was the inclusion of the sustained production clause in the article. Many of the operators could not see this when it came home to them. The president himself was the one who stuck firmly for this provision in the code.
ARTICLE II
DEFINITIONS

(a). "Lumber and Timber Products" as used in this Code shall include (1) logs, poles, and piling; (2) sawn lumber and products of planing mills operated in conjunction with sawmills; (3) shingles; (4) woodwork (millwork) including products of planing mills operated in conjunction with retail lumber yards; (5) hardwood flooring; (6) veneers; (7) plywood; (8) kiln dried hardwood dimension; (9) lath; (10) sawed boxes, shook, and crates; (11) plywood, veneer, and wirebound packages and containers; and (12) in respect of any Division or Subdivision additional timber products as enumerated in schedule "A".

(b). "Person as used herein includes, without limitation, any individual, firm, partnership, corporation, association, trust, trustee, or receiver subject to the jurisdiction of this Code.

(c). "Divisions" and "Subdivisions" as used herein refer to the several administrative units of the lumber and timber products industries which are established and are defined in schedule "A" hereof. The Divisions and Subdivisions initially established, as initially established herein, or as may be established hereafter, or any substantial group in such Division or Subdivision of the industry as herein defined, may be exempted from
the provisions of this Code by the President or by the Administrator under the provisions of Article XII of this Code:

Cypress Division:
Hardwood Division
   Appalachian and Southern Hardwood Subdivision
   Mahogany Subdivision
   Philippine Mahogany Subdivision
   Walnut Subdivision
   Northern Hardwood Subdivision
   North Central Hardwood Subdivision
   Northeast Hardwood Subdivision
Northern Hemlock Division
Northern Pine Division
Redwood Division
Northeastern Softwood Division
Southern Pine Division
   Southern Rotary Cut Lumber Subdivision
West Coast Logging and Lumber Division
   Douglas Fir Plywood Subdivision
   Douglas Fir Poor Subdivision
Western Pine Division
Woodwork Division
   Stock Manufacturers Subdivision
   Wholesale Distributors Subdivision
   Special Woodwork Subdivision
Wooden Package Division
   Sawed Box, Shook, Crate, and Tray Subdivision
   Plywood Package Subdivision
   Standard Container Subdivision
   Pacific Veneer Package Subdivision
   Egg Case Subdivision
   Wirebound Package Subdivision
   Veneer Fruit and Vegetable Package Subdivision
Red Cedar Shingle Division
   Stained Shingle Subdivision
Oak Flooring Division
Veneer Division
Maple Flooring Division
Hardwood Dimension Division
Northern Pine Division  Southern Pine Division  Cypress Division  Redwood Division  Maple Floor, Mfg. Assoc.  West Coast Lbr. & Logging

Douglas Fir Plywood  Douglas Fir Door

CHART SHOWING N.R.A. ADMINISTRATION
ARTICLE III

ADMINISTRATION

(a). The applicant organizations shall, with the approval of the President, establish and empower a suitable agency named "Lumber Code Authority" hereinafter referred to as the Authority to administer this code in conformity with the provisions of the National Industrial Recovery Act under the authority of the President. Said body shall, a body incorporated not for profit. Provision shall be made for membership of representatives of the principal Divisions of the industries, and provision shall also be made for three non-voting members to be appointed by and to act as advisory representatives of the President.

(b). The Authority shall issue and enforce such rules, regulations and interpretations, and impose upon persons subject to the jurisdiction of this Code such restrictions as may be necessary to effectuate the purposes and enforce the provisions of this Code.

(c). The Authority is authorized and instructed with respect to the Rules of Fair Trade Practice set forth in Schedule B attached hereto, to devise and apply such further requirements or prohibitions, including unfair trade practices, applicable to the industries which have been specifically condemned by the Federal Trade Commission, as may conduce to the orderly operation of the lumber and timber products industries, not inconsistent with the provisions of the National Industrial Recovery Act, and
with due consideration of the rights of employees in said industries and of the consumers of the products of said industries. Such requirements or prohibitions, when adopted by the Authority, shall be submitted to the President for approval and if approved by him shall be deemed to be supplements to and amendments of Schedule B of this Code.

(d). The Authority may establish Divisions and Subdivisions of the industries and shall designate appropriate agencies, and the governing bodies thereof, for the administration of the Code in each Division and Subdivision; the Authority may delegate to said agencies all necessary power and authority for the administration of this Code within the Divisions and Subdivisions, including the adoption of Division and Subdivision code provisions within the scope of the power granted under this Code and not inconsistent with it; but the Authority shall reserve the power and duty to enforce the provisions of this Code. The agencies initially so designated and the governing bodies thereof are set forth in Schedule A.

(e). The governing body of the agency of each designated Division or Subdivision shall be fairly representative of each group, including any substantial minority group within the Division or Subdivision, classified by regions, types of manufacture, or other appropriate considerations. The Authority shall have the power and duty to establish and maintain the representative character
of such governing body and on the failure of any designated agency to be representative, as prescribed herein, the Authority shall, unless the designated agency shall comply with such instructions as the Authority may give, remove such agency and designate or cause to be designated a different agency for such Division or Subdivision.

(f) The Authority shall coordinate the administration of the Code with such codes, if any, as may effect any division of the lumber and timber products industries or any related industry, with a view to promoting joint and harmonious action upon matters of common interest; it shall receive, and, if it shall approve, shall present for the approval of the President, any proposals for supplementary provisions or amendments of this Code or additional codes applicable to the lumber and timber products industries or the various Divisions or Subdivisions thereof with respect to wages, hours, trade practices, or any other matters affecting such industries or any Division or Subdivision thereof. Upon approval by the President, such supplementary provisions or amendments of this Code or such additional codes shall thereupon have full force and effect and shall be considered as integral parts of this Code.

(g) The Authority shall admit or cause to be admitted to participation in any Division or Subdivision to which he belongs, any person on terms of equality with all other persons participating therein.
In Bulletin No. 18 the jurisdiction of the West Coast Logging and Lumbering Division is set up and defined clearly as is that of the Western Pine Manufacturers.

The West Coast Logging and Lumbering Division shall have jurisdiction west of the Cascades except in Josephine County, Jackson County, and in addition to this Hood River County east of the Cascades in Oregon. In Washington all of the mills west of the Cascades shall come under the same jurisdiction. In addition to this all of the mills in Jackson and Josephine Counties cutting principally fir shall be included in this group together with those of Klickitat and Chelan Counties in Washington.

All of the other territory in Washington and Oregon shall be administered by the Western Pine Manufacturers in conjunction with the other territory that they have jurisdiction over.

It is interesting to note in the giving of jurisdiction that the Benson Lumber Company of San Diego has been included in the jurisdiction of the West Coast Logging and Lumbering Division even though it is a thousand miles from the balance of the mills in this group. This was done because the logs of this company are rafted in the Northwest and towed to San Diego where they are milled.
ARTICLE IV

CODE REPORTS AND FEES

In order that the President may be informed of the extent of observance of the provisions of this Code and of the extent to which the declared policy of the National Industrial Recovery Act as stated herein is being effectuated in the lumber and timber products industries, the Authority shall make such reports as the Administrator shall require, periodically, or as often as he may direct, and each person shall make such sworn or unsworn reports to the Authority, periodically, or as often as he may direct, on wages, hours of labor, conditions of employment, number of employees, production, shipments, sales, stocks, prices, and other matters pertinent to the purposes of this Code as the Authority may require, and each person subject to the jurisdiction of this Code and accepting the benefits of the activities of the Authority hereunder shall pay to the Authority his proportionate share of the amounts necessary to pay the cost of assembly, analysis and publication of such reports and data, and the maintenance of said Authority and its activities. Said proportionate share shall be based upon the value of sales or of footage of production, as the Authority may prescribe for each Division or Subdivision. The Authority may conduct such investigations as are necessary to discharge its duties hereunder.
ARTICLE V

LABOR PROVISIONS

(a) Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of bargaining or other mutual aid or protection.

(b) No employee or no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing.

(c) Employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

(d) No individual under 18 years of age shall be employed, except that boys 16 years and over may be employed in the Wooden Package Division and in non-hazardous occupations during school vacations or if there are no wage earners of 18 years or over in their families.
ARTICLE VI

HOURS OF LABOR

1. No employee shall be permitted to work for two or more employers for a longer period in any one week than specified herein for a single employer.

2. Exceptions to the standards in respect to maximum hours of labor specified herein are authorized as follows:

   A. Executive, supervisory, travelling sales force and camp cooks.

   B. Regular employment in excess of such standards, for employees such as watchmen, firemen and repair crews, where required by the nature of their work, for not more than 10% of the employees in any one operation, but time and one-half shall be paid for weekly overtime.

   C. Temporary employment in case of emergency.

   D. Seasonal Operations:

   Seasonal operations are defined as those which on account of elevation or other physical conditions or dependence upon climatic factors are ordinarily limited to a period of ten months or less of the calendar year.

   The administrative agency of a Division or Subdivision may authorize employment in a seasonal operation for a maximum number of hours not exceeding 48 hours in any week, with the exception of parts of an operation
depending upon climatic conditions, such as stream driving and sled hauling, in which a greater excess may be authorized; provided, that the average employment in any seasonal operation in any calendar year shall not exceed the standard schedule.

E. Manufacturers of wooden packages for perishable fruits and vegetables may be authorized by the Administrative Agency of the Wooden Package Division to depart from the standard schedule of maximum hours applicable to said manufacturers for a period not to exceed four weeks for any one crop, when necessary to furnish packages for any individual in any calendar year shall not exceed the standard schedule.

(b) Subject to the foregoing exceptions, the maximum hours of employment in the respective Divisions and Subdivisions shall be forty hours per week.
ARTICLE VII
MINIMUM WAGES

(a) General provisions:

1. The minimum compensation for workers employed on piece work or contract basis shall be not less than the minimum wage hereunder for the number of hours employed.

2. The existing amounts by which minimum wages in the higher paid classes, up to workers receiving $30.00 per week exceed minimum wages paid in the lowest paid classes, shall be maintained.

3. Charge to employees for rent, board, medical attendance and other services shall be fair.

(b) Subject to the foregoing provisions, the minimum wages which shall be paid by persons under the jurisdiction of this Code shall not be less than 40¢ per hour, unless in any Division or Subdivision of the industries the prevailing rate for the same class of employees on July 15, 1929, as determined by the Administrator on statistical evidence, was less than 40¢ per hour, in which case the rate shall not be less than said prevailing hourly rate so determined, plus 15% if said hourly rate on July 15, 1929, was less than 30¢ per hour, provided, however, that for wages per hour between 20¢ and 29¢, inclusive, on July 15, 1929, with wages of less than 20¢ per hour on that date being considered
as 20%, the percentage of increase shall diminish one and one half percent for each ten cents that wages per hour exceeded 20 cents, in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Wages per hour</th>
<th>Increase under proposed schedule (Cents)</th>
<th>Wages per hour Under proposed schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 15, 1929</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>15</td>
<td>23</td>
</tr>
<tr>
<td>21</td>
<td>13 1/2</td>
<td>24</td>
</tr>
<tr>
<td>22</td>
<td>12</td>
<td>24.5</td>
</tr>
<tr>
<td>23</td>
<td>10 1/2</td>
<td>25.5</td>
</tr>
<tr>
<td>24</td>
<td>9</td>
<td>26</td>
</tr>
<tr>
<td>25</td>
<td>7 1/2</td>
<td>27</td>
</tr>
<tr>
<td>26</td>
<td>6</td>
<td>27.5</td>
</tr>
<tr>
<td>27</td>
<td>4 1/2</td>
<td>28</td>
</tr>
<tr>
<td>28</td>
<td>3</td>
<td>29</td>
</tr>
<tr>
<td>29</td>
<td>1 1/2</td>
<td>29.5</td>
</tr>
<tr>
<td>30</td>
<td>0</td>
<td>30</td>
</tr>
</tbody>
</table>

(c) No minimum rate of wages for any Division or Subdivision shall be less than that proposed for such Division or Subdivision by the applicant industries in the Code filed July 10, 1933.

(d) The minimum rates of wages so determined in the respective Divisions and Subdivisions shall be as follows:

**DIVISION:**

<table>
<thead>
<tr>
<th>Mills and factories</th>
<th>Logging</th>
<th>Mills and factories</th>
<th>Logging</th>
<th>Mills and factories</th>
<th>Logging</th>
<th>Mills and factories</th>
<th>Logging</th>
<th>Mills and factories</th>
<th>Logging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cypress</td>
<td>24</td>
<td>Northern Hemlock</td>
<td>32.5</td>
<td>Northern Pine</td>
<td>33.5</td>
<td>Redwood</td>
<td>35</td>
<td>Southern Pine</td>
<td>24</td>
</tr>
<tr>
<td>Southern Rotary Cut</td>
<td>23</td>
<td>West Coast</td>
<td>42.5</td>
<td>Logging</td>
<td>42.5</td>
<td>Milw. &amp; factories</td>
<td>42.5</td>
<td>Factories</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Fir Door</td>
<td>40</td>
<td></td>
<td></td>
<td>Fir Plywood</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Western Pine (except Arizona, New Mexico, and Colorado, south of 38 north latitude)</td>
<td>42.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Logging</td>
<td>42.5</td>
<td></td>
<td></td>
<td>Mills</td>
<td>42.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Factories</td>
<td>40</td>
<td></td>
<td></td>
<td>South of Latitude 38</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Red Cedar Shingle</td>
<td>42.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
This list is not complete of all the Divisions and Sub-divisions but is picked as a sample being representative of the various regions in the United States. If further information is desired you may refer to the Lumber Code Authority Bulletin.

In the Wooden Package Division minimum wage rates below those shown in the schedule shall be permitted in the case of boys and girls less than twenty years of age, provided that not more than twenty per cent of the total number of employees of any one plant shall be so classified and provided further that the differential shall not exceed three cents if the rate after subtracting the differential is 27 cents or less, but in no case shall the differential exceed five cents.
ARTICLE VIII
CONTROL OF PRODUCTION

(a). To effectuate the declared purposes of this Code in respect of maintaining a reasonable balance between the production and consumption of lumber and timber products and to assure adequate supplies thereof, the Authority shall determine, and from time to time revise, not less frequently than each three months, estimates of expected consumption, including exports of lumber and timber products of each Division and Subdivision; and based thereon it is empowered to establish, and from time to time revise, production quotas for any Division or Subdivision of the lumber and timber products industries. Allotments within each Division and Subdivision, for the purposes therein, shall be made, subject to the supervision of the Authority, by the agencies designated by it. Said quotas as between such Divisions or Subdivisions shall be in proportion to the shipments of the products of each during a representative recent period to be determined by the Authority; but the Authority may modify said proportions if warranted by evidence. In case of Divisions or Subdivisions, the raw material of which is imported, the quotas and allotments may be in terms of imports, so far as may be consistent with the provisions of Section 7 (a) of the National Industrial Recovery Act.
(b). Each person in operation shall be entitled to an allotment. Each person known to any Division or Subdivision agency to be in operation shall be registered by such agency immediately, and shall be assigned an allotment. The agency shall also give public notice reasonably adapted to reach all persons operating or desiring to operate, stating the date on which the allotments will be determined, and any person desiring to operate who shall give the agency written notice of such desire, ten days before the allotment date, supported by acceptable evidence of ability to operate, shall be registered by the agency and assigned an allotment. Any person so registered shall be deemed an "eligible person" for the purposes of this Article.

(c). The allotment for each eligible person shall be determined from time to time for a specified period not exceeding three (3) months and, except as may be permitted under the provisions of section (d) hereof, shall be as follows:

1. That proportion of a specified percentage determined as provided in sections (d) and (e) of this Article, of the Division or Subdivision quota which has greatest average hourly production in the hours operated during any three calendar years since December 31, 1924, is of the aggregate of such hourly production of all eligible persons within the Division or
Subdivision.

2. That proportion of a specified percentage, determined as provided in sections (d) and (e) of this Article, of the Division or Subdivision quota which the greatest average yearly production for any three calendar years since December 31, 1924, is of the aggregate of such yearly production of all eligible persons within the Division or Subdivision.

3. That proportion of a specified percentage, determined as provided in sections (d) and (e) of this Article, of the Division or Subdivision quota which the greatest average number of his employees during any three calendar years since December 31, 1924, is of the aggregate of such number of employees of all eligible persons within the Division or Subdivision.

4. That portion of not to exceed ten (10) percent of the Division or Subdivision quota which the amount of taxes paid by him, except Federal taxes, taxes on ore, coal, petroleum, ships, retail yards, and timber not set apart for the operation, during the next preceding calendar year is of the total amount of such taxes paid by all eligible persons within the Division or Subdivision.

5. That portion of not to exceed fifteen (15)
per cent of the Division or Subdivision quota which the quantity of reserve standing timber allocated to his operations within said Division or Subdivision, and at the time the allotment is made, owned by him in fee or under contract by all eligible persons within the Division or Subdivision.

(d).

1. Exceptions to or changes in any allotment thus established shall be made only for special, accidental, or extraordinary circumstances, or, in any Division or Subdivision, for other factors peculiar to a limited group of operations. Exception may be made only on application to the designated Division or Subdivision agency by an eligible person who must submit evidence in support of his application, and the exception may be granted only upon a published finding and statement of reasons therefor.

2. A person conducting seasonal operations as defined in Article VI (a) (2) (d) hereof shall be entitled on application to his Division or Subdivision agency, to produce during his period of operation, not only amounts allotted to him during his period of operation, but also amounts allotted to him under section (c) hereof since the termination of his last
previous operating period.

3. In the case of any person (a) who produced less than three calendar years since December 31, 1924 and before December 31, 1930 or (b) who is entitled to an allotment for operation of new, additional, or restored facilities, which were not in operation for such three calendar years, or (c) for whom for any other reason such three calendar years are not reasonably representative of his present circumstances, his average hourly production, his average yearly production, and his average number of employees shall be determined by the Division or Subdivision agency on an equivalent basis by comparison with substantially equal facilities already established and in like regions or conditions.

4. On application of a Division or a Subdivision, the Authority may authorize the allotment of production therein on any one or more of the basis provided in subsections 1, 2, and 3 of section (c) hereof in such relative proportions as the Authority may approve; and including or not the basis, or either of them, provided in subsections 4, and 5 of said section (c).
(e) In the absence of an approved application from any Division or Subdivision for the assignment of allotments under the provisions of subsection 4 of section (d) hereof, the Authority may direct that allotment within said Division or Subdivision be assigned in accordance with the provisions of section (c) in the following relative proportions:

<table>
<thead>
<tr>
<th>Subsection</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1), hourly production</td>
<td>40 percent</td>
</tr>
<tr>
<td>(2), yearly production</td>
<td>30 percent</td>
</tr>
<tr>
<td>(3), number of employees</td>
<td>15 percent</td>
</tr>
<tr>
<td>(4), taxes paid</td>
<td>5 percent</td>
</tr>
<tr>
<td>(5), standing timber</td>
<td>10 percent</td>
</tr>
</tbody>
</table>

unless the Division or Subdivision shall elect to accept the average relative proportions of the Divisions or Subdivisions whose allotments have heretofore been approved.

(f) The basis for determination of Division and Subdivision quotas and of individual allotments and any revisions thereof, all quotas, all allotments and appeals therefrom and all decisions shall be published.

(g) Allotments from two or more Divisions or Subdivisions to the same person shall be separate and distinct and shall not be interchangeable. Allotments shall not be cumulative except as authorized in specific cases under section (d) (1) of this Article, or in cases of seasonal operations of a Division or Subdivision under section (d) (2) of this Article, and shall not be transferable except as between operations under the same ownership within the same Division or Subdivision.

(h) Whenever in the case of any eligible person it shall be necessary, in order to accept and execute orders for export, to have an addition to his regular allotment, provision for such necessary excess shall
be made by the Division or Subdivision agency, provided that any excess above his allotment shall be deducted from his subsequent allotment or allotments.

(i) The Authority may modify, or cause to be modified, production quotas and allotments determined hereunder, and the basis therefor, in such manner and to such extent as may be necessary to effectuate the provisions of the Code in respect of the conservation and sustained production of forest resources. Such modification shall not be made effective prior to the next succeeding allotment date.

(j) The basis of allotments as provided in section (c), (d) and (e) hereof is tentative and is subject to revision. When in the judgement of the Authority revision of the basis of allotments is desirable, whether by changing the proportions of the factors in determining the allotments enumerated in section (c), subsections 1, 2, 3, 4, 5, of this Article, in accordance with the procedure established in sections (d) and (e) hereof, or by the addition of other factors, consideration shall be given to the inclusion of practicable and equitable measures, subject to the approval of the President, for increasing allotments of persons whose costs are below the weighted average defined in section (a) of Article IX.

(k) The Authority, as promptly as practicable after its action pursuant to Article X hereof, shall
submit for the approval of the President appropriate changes in the basis of allotments.

(1) Except as otherwise provided in section (h) of this Article, no person shall produce or manufacture lumber or timber products in excess of his allotment. If any person shall exceed his allotment the Division or Subdivision agency shall diminish the subsequent allotment or allotments of the offender in an amount equal to such excess.

(m) The Authority shall issue interpretations and shall promulgate rules and regulations necessary for the enforcement of this Article, to prevent evasion and secure equitable application thereof, and assign quotas to each Division and Subdivision which shall become effective on the dates specified by the Authority. Each Division and Subdivision shall assign allotments to all eligible persons effective on the dates specified by the Authority.

**INTERIM ARTICLE**

Pending the effective date of placing Article VIII or any part thereof in execution in any Division or Subdivision, the Authority may authorize the designated agency of such Division or Subdivision to assign to eligible persons production allotments in hours of allowable operation.

To illustrate the working of the principles set forth in this Article I will sight a few specific cases that have taken place under the Code operation in
the West Coast Logging and Lumbering Division. These decisions are all decided by the Division Administration and are then published in their official publication, "The West Coast Lumber Bulletin".

1. The committee disapproved a request from the West Waterway Lumber Company, Seattle, Washington, for an allocation of 40 hours operating time per week on account of an increased investment made in the plant in 1926, which it was planned to amortize through additional operation.

8. On application from the E. K. Bishop Lumber Co. Aberdeen, Washington, in regard to an allotment of 40 hours per week operating time during December to complete export orders, the committee authorized the company to operate up to 40 hours per week, under Article VIII (h) of the Code; provided, that the excess operating time actually used be deducted in equal installments from the allocations to this company for January and February, 1934.

9. The committee approved a request from the Clark and Wilson Lumber Company that it be authorized, should occasion arise, to transfer production allotments between the two mills of this company at Linnton, Oregon, under Article VIII (g) of the Lumber Code; such transfer to be limited to the equivalent in operating time of the allocation of the original mill.
These specific dealings with the Code in this Division show the actual application as it is here. The various Code Bulletins contain numbers of such reports in almost every issue.

It is of interest to note that in a letter to the Lumber Code Authority Mr. Buck, Regional Forester, assures the operators who are purchasing government timber and who have contracts for the cutting of so much each year that these contracts will be re-vamped by the government so that if the allotments of production to this particular operation are cut down by this Article the operator will not suffer. It is a move of cooperation on the part of the government with the Lumber Code Authority.

(c) 4. A decision of the Committee on Control of Lumber Production decided that the words "amount of taxes paid by him" in this Article be construed to mean those taxes accrued as well as the taxes paid.

The production allotments are made to the respective Divisions and Subdivisions by the National Control Committee and these allotments are then portioned out to districts within the Divisions who in turn apportion the allotments to the individual mills.

In the West Coast Division the Log production allotment is made to three districts; the Puget Sound District, the Columbia River District, and the Gray's Harbor District. The log producers in each district get their allotment of production from that district.
administration. In conjunction with the regular allotment special allotments have been made for special products to those concerns that were capable of production of the same. Special allotments have been made for peeler logs, for veneer, and for hemlock logs for paper.

A special allotment was made for the Tillamook burn area so that some attempt might be made to salvage some of the material that otherwise would be wasted.

The West Coast and the Southern Pine Divisions are on a parity as far as production allotments are concerned at present.

The West Coast Division has signified its intention of apportioning production allotments with 100% on the basis provided in Subsection 1 of Section (c) of Article VIII of the Code.

The lumber production is apportioned on a basis of districts within the Division as is the log production but there is a variation in the districts. The districts for the production control of lumber are numbered from 1 to 9 in the West Coast Division, beginning in northern Washington and being numbered south through Washington and Oregon.
(a). Whenever and so long as the Authority determines that it shall contribute toward accomplishment of the declared purposes of the Code, and whenever it is satisfied that it is able to determine the cost of production as defined in this section (a), the Authority is authorized to establish and from time to time revise minimum prices f.o.b. mill, to protect the cost of production of items or classifications of lumber and timber products. Such minimum prices shall be established with due regard to the maintenance of free competition among species, Divisions and Subdivisions, and with the products of industries and other countries, and to the encouragement of the use of products; and except for export sales shall not be more than cost of production, determined as provided in this section (a), nor less than such cost of production after deducting the capital charges specified in items 11 and 12 (b) of this section (a).

The current weighted average cost of production of persons in operation in a Division or Subdivision, or where necessary in a group of persons within a Division or Subdivision, as defined by the Authority, shall be established by uniform accounting practices, and shall include:
1. Wages
2. Materials and supplies
3. Overhead and Administration, including trade association dues and Code fees
4. Shipping, including grading and loading
5. Selling, not including advertising or trade promotion
6. Maintenance
7. Insurance, including compensation and employee insurance, but not including insurance on standing timber
8. Taxes, including taxes on timber tributary to and allocated to an existing mill or logging operation, not to exceed a twelve year supply therefore
9. Interest paid on indebtedness representing plant, facilities, and working capital necessary for mills actually operating (or capable of operating), including mills, equipment, logging facilities, docks, inventory, accounts receivable, and timber tributary to and allocated to an existing mill or logging operation, not to exceed a twelve year supply therefore.
10. Discounts, claims paid, and losses on trade accounts.
11. Depreciation: On straight line method, and based on fair value or the cost, whichever
is lower, on operating mills and on mills and logging equipment, including mills and equipment capable of operation, plus amortization of investments in logging railroads, docks, and other logging and plant facilities.

12. Raw material:
(a) Logs, flitches, lumber and other partially manufactured material purchased, at actual cost, and standing timber cut under contract of purchase, at actual cost.
(b) Standing timber carried in capital account, cut for current operations, at fair current value to be determined by the Administrator, without regard to greater original, higher book value or accumulated carrying charges.

13. Conservation and Reforestation:
(a) Costs of protection of timbered and cut-over lands, including fire protection and slash disposal, and protection from insects and disease.
(b) Additional costs when incurred under instructions from the Authority, in such an amount as is authorized by market conditions, to be specifically devoted to timber conservation and reforestation in accordance with regulations prescribed by the Authority, up to the amount estimated by the Authority to be necessary to reproduce the equivalent of the timber converted.

(b) Until such time as the Authority shall have
formulated and secured the general application by several Divisions and Subdivisions of methods of accounting by which item 11 of section (a) hereof may be accurately ascertained, said item may not be included in the determination of cost production for the purposes of this Article.

(c) Cost of production for each species, determined as provided in section (a), including or not including as the case may be, or in whole or in part, capital charges for stumpage and depreciation, shall be allocated by the Authority to the several items or classifications of lumber or other products thereof for which minimum prices are established, in proportion to their relative market prices over a representative period. Such allocation may be changed by the Authority from time to time, as may be found necessary to avoid shortages or excessive accumulations, within any Division or Subdivision of particular items or classifications of lumber and timber products; but the weighted average minimum price of all items and classifications for each species shall not be more than cost of production as determined in section (a) nor less than said cost after deducting the capital charges specified in items 11 and 12 (b) of said section (a).

(d) In determining minimum prices for any Division or Subdivision the Authority shall establish equitable price differentials for products below accepted standards of quality, as prescribed by the Authority, such as the products of some small mills.
(e) No person shall sell or offer for sale lumber or timber products upon which minimum prices have been established at prices less than those established. No person shall sell or offer for sale lumber or timber products to wholesale or other distributors who have been found by the Administrator to have violated any of the provisions of the Rules of Fair Trade Practice incorporated in this Code as Schedule B, except upon such terms and conditions as the Administrator in accordance with law shall prescribe.

(f) No person shall sell or offer for sale non-standard grades, sizes, dimensions or classifications of lumber or timber products, for the purpose of evading the provisions of this Article.

(g) In the case of imported lumber and timber products, minimum prices for domestic sale shall be determined and approved for the same or similar or competing items, grades, sizes and species of lumber and timber products of domestic production.

(h) The Authority shall secure current information concerning the competition in domestic markets of imported lumber and timber products, and if it shall find that such products are being imported into the United States in substantial quantities or increasing ratio to domestic production and on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of this Code, it shall complain to the President pursuant to the provisions
of Section 3 (e) of the National Industrial Recovery Act and petition for suitable restrictions on the importation of such lumber and timber products.

(i) The Authority shall issue interpretations and shall promulgate rules and regulations necessary for the enforcement of this Article, to prevent evasion and secure equal application thereof.

(j) Minimum prices established in accordance with the provisions of this Article shall become effective ten (10) days after publication thereof by the Authority.

Refer to (h). Under a provision in section (h) of this Article small mills are allowed a price differential on their products because of sub-standard grades produced. The committee in this Division have set up a list of rules to govern this specifically.

Mills of a capacity of 20,000 board feet of less in 8 hours are eligible for the price differential in marketing their products providing they have the O.K. of the Association that they are producing products that are below a standard grade. In determining this point the representatives of the Association must first survey the mill in question and then bring in their decision. Differentials for these mills shall not exceed those set up in L.C.A.B. #14. All mills who are allowed the price differential and are using it must make a notation to that effect on the invoices that they sent out.

The parties allowed the price differential are changing constantly; this thing has caused a great deal
of unrest in the Code because it is difficult to
determine just which ones should have price differen-
tials and which ones should not. As long as this is
left for individuals to survey and decide there will be
criticism and trouble. It would appear that this
provision need be stated more definitely with fixed
standards by which to decide whether or not a particular
mill was to be entitled to a differential.

The Forest Service has seen fit to give instruc-
tions to disregard the minimum prices fixed by this
Article of the Code in their purchases of lumber and
timber products. They clearly make the statement that
the lowest price will be the one accepted regardless
as to whether it conforms with the minimum price as
set by this Code or not.

It is difficult to understand how a Code such as
this is to function successfully if the governmental
agencies that should be back of it to the last refuse
to be governed by its provisions.

Perhaps by this time this provision or practice
of the Forest Service has been altered; if it hasn't
it certainly should be immediately.
ARTICLE X

CONSERVATION AND SUSTAINED YIELD PRODUCTION OF FOREST RESOURCES

The applicant industries undertake, in cooperation with public and other agencies, to carry out such practicable measures as may be necessary for the declared purposes of this Code in respect of conservation and sustained yield production of forest resources. The applicant industries shall forthwith request a conference with the Secretary of Agriculture and such state and other public agencies as he may designate. Said conference shall be requested to make to the Secretary of Agriculture recommendations of public measure, with the request that he transmit them, with his recommendations, to the President; and to make recommendations for industrial action to the Authority, which shall promptly take such action, and shall submit to the President such supplements to this Code, as it determines to be necessary and feasible to give effect to said declared purposes. Such supplements shall provide for the initiation and administration of said measures necessary for the conservation and sustained production of forest resources, by the industries within each Division or Subdivision, in cooperation with the appropriate State and Federal authorities. To the extent that said conference may determine that said measures require the cooperation of federal, state or other public agencies, said measures may to that extent be made contingent upon such cooperation of public
It is of extreme interest to note that there is an article in the January 26 issue of "Der Deutsche Forstwirt" which very closely parallels the Article X of our recent Lumber Code. The law is signed by Chancellor Hitler and Minister of Agriculture Darre and provides "for the maintenance of forests and to assure production of annual wood requirements of the German people". Under the "Das is verboten" (it is forbidden) clause are included the following practices:

2. (a) To log (that is, to clear cut) immature coniferous stands. 
(b) To clear cut annually in any one working group ("Betriebseinheit"), more than one-twentieth of the area in forests from 10 to 50 hectares in size (24 to 120 acres); more than one-thirtieth of the area in forest from 50 to 100 hectares (120 to 240 acres); more than one-fortieth of the area in forests over 100 hectares (240 acres).
(c) As immature are rated all coniferous stands not yet 50 years old. Clear cutting includes, in the sense of this law, any cutting which is less than fifty percent fully stocked in terms of normal stand of the same species, age, and site class.
(d) In the case of doubt whether a stand is ripe
for cutting, official sanction must be obtained before proceeding.

5. Areas cut in contravention of this law must be re-forested, in accordance with forestry principles, within two years and at the cost of the owner. This time may be extended to four years by the properly designated officials. The owner may be required to deposit the money in advance to pay for the reforesting of the area.

Penalties show that the law in that country is intended to work without ands, ifs, or buts. The penalties include fines, imprisonment for a year, or both.

In the article of explanation of the law the "Forstwirt" points out that this law was made necessary by forest butchers and devastators and that it holds no terrors for, and works no hardships on, the owner who manages his forest in an orderly and proper manner. For such an owner it is, rather, a protection as well as a safeguard for national interests.

One of the articles of the law makes provision for the extremes in weather conditions such as wind storms, ice breaks, etc; and also insect attacks and fires by declaring these necessary exceptions which will inevitably interfere with orderly, sustained yield
management and which will require clear cutting in advance of the stands maturity.*

Report of Second Conference

The following is a digest of the action taken by the leaders of the industry in the United States in regard to the stipulations of this Article (X). This came as a result of the second conference held on Article X in Washington D.C. on January 25, 1934. Each Division brought in its suggested recommendations to the conference and there a central committee organized the material into the form in which it is given here.

All material presented to the conference was in the form of reports by the six committees established at the Conference session of October 24-25, 1934, viz., I Forest Practice; II Public Timber Disposal and Public Acquisition; III Forest Taxation and Forest Credits; IV Public Cooperative Expenditures; V Farm Woodlands; VI Emergency Timber Salvage.

The following is only a brief summary of Conference recommendations requiring public and industry action to secure sustained production of our forest resources, including the adoption of forest practices and their enforcement under the Lumber Code, changes in industrial and public administrative policy, new legislation, amendments to existing legislation and federal and state appropriations. (The reference letters are explained at the conclusion of this digest.)

* Taken from a review by A. B. Recknagel in the April 1934 issue of the Journal of Forestry.
Summary of the Recommendations of the Second Forestry Conference
**FOREST PROBLEMS**

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<td><strong>I. Forest Practices</strong></td>
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| (a) Private | 1. lumber industry's code for all forests under its jurisdiction will secure proper production.  
2. other private forests, including farm woods, should be placed under code. (45) |
| (b) Public | 1. national forests, Indian forests, some state and some other public forests now applying proper practices.  
2. other federal forests, including public domain and revested "grant" land forests, other state and other public forests should apply proper practices. (44) |
| **II. Public Forest Land Policy** (Purchased Federal, but should apply even to states.) (23) |
| (a) Disposal | 1. national forests, Indian forests, some state and some other public forests now applying proper practices.  
2. other federal forests, including public domain and revested "grant" land forests, other state and other public forests should apply proper practices. (44) |
| (b) Acquisition | 1. acquisition of forest lands as recommended in Copeland report but increased standing timber acquisition to 150 billion feet should begin immediately. (10)  
2. adequate financing of such forests after acquisition. (19)  
3. amend forest exchange laws to facilitate blocking of public lands. (21)  
4. amend Clarke-McNary Act to authorize the secretary of agriculture to accept donations of state, county and private lands subject to federal liquidation of delinquent taxes. (35) |
| **III. Taxation Reforms Essential Under Federal Leadership, Including Financing** (25) |
| (a) To improve productivity... (4)  
(b) To conserve production... (4)  
(c) To assemble land in sustained yield units. (24)  
(d) To establish transportation facilities. (24)  
(e) To assist states adopting sound methods of forest taxation requiring state financing. (4)  
(f) By emergency appropriation for measures in this bracket of $200,000,000 revolving fund pending permanent credit set-up. (4)  
(g) By Federal loans for home and farm building and repair. (44) |
| **IV. Credits Federally Organized** (Essentially privately owned) (24) |
| (a) Fire | 1. release impounded 1934 Clarke-McNary funds. (27)  
2. make available for 1935 the entire Clarke-McNary land of $2,500,000. (28)  
3. increase no. to almost $15,000,000 annually. (29)  
4. federal government should finance 50% of costs. (30) |
| (b) Insects | 1. Federal government should appropriate $30,000 annually for supervision with states urged to furnish additional funds. (34)  
2. private land owners to pay all or part of actual control with public supervision. (33)  
3. Clarke-McNary authorization of $200,000 annually to be made available. (31)  
4. balance Federal appropriation for research on common insect diseases. (31)  
5. restore appropriation of $75,000 for white pine blister rust control. (32) |
| (c) Diseases | 1. annual land tax with deferred timber tax or alternative methods yielding similar results should be established. (26)  
2. Grant of local governments should be reduced. (26)  
3. president requested to request tax revision program before governors and state important thereof. (26)  
4. Secretary of Agriculture requested to appoint committee to recommend an improved plan for compensating counties account of Federal forest lands therein. (26)  
5. Tax division should be established in United States Forest Service. (26) |
| (d) Foreign competition. (42) |
| **V. Protection** (Involves cooperation of public and private agencies.) |
| (a) To improve productivity... (4)  
(b) To conserve production... (4)  
(c) To assemble land in sustained yield units. (24)  
(d) To establish transportation facilities. (24)  
(e) To assist states adopting sound methods of forest taxation requiring state financing. (4)  
(f) By emergency appropriation for measures in this bracket of $200,000,000 revolving fund pending permanent credit set-up. (4)  
(g) By Federal loans for home and farm building and repair. (44) |
| **VI. Utilization** (Involves cooperation of public and private agencies.) |
| (a) Federal cooperation with lumber industry in establishing and using sound lumber specifications. (43)  
(b) Promotion of emergency timber salvage. (47) |
| **VII. Surveys** (Involves cooperation of public and private agencies.) |
| (a) Appropriation of $500,000 annually to expedite forest economic survey. (34)  
(b) Annual appropriation to restore foreign forestry practices survey. (49) |
| **VIII. Education** |
| (a) State and Federal appropriation for forest extension on 50-50 basis. (37)  
(b) Federal extension service in forestry research and practice regardless of state cooperation. (38)  
(c) Clarke-McNary farm woodland extension fund to be increased from $100,000 to $250,000 annually. (39)  
(d) Appropriation of $25,000 annually for other than farm woodland extension. (39)  
(e) Appropriation for restoration of National Wood Utilization Committee. (41)  
(f) Appropriation to enlist the cooperation of small woodland owners, $200,000 annually. (46) |
| **IX. Research** |
| (a) Beginning 1935 Federal forest research should be progressively increased to a basis of $2,700,000 by 1938 and thereafter annually by $325,000 until 1944. (38)  
(b) Federal forest research funds impounded should be released for 1934. (36) |

**ESSENTIAL MEASURES**

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"Conference of Lumber and Timber Products Industries"  
JOURNAL OF FORESTRY, March, 1934
The diagram that accompanies this article also summarizes the conference's recommendations.

**Sustained Production of Forest Resources**

Committee I

A common purpose grounded equally in public welfare and industry welfare dictates that all forest land hereafter to be cut over under the Lumber Code Jurisdiction shall be left in favorable condition for regrowth.

**Specific Measures of Forest Practice:**

To carry out the above requirement the industry will undertake and promptly put into effect the following measures:

1. **Forest Protection During Logging (I.A.)** which includes:
   a. Responsibility for adequate provisions and practical measures of fire control on individual operations during and immediately after logging.
   b. Responsibility of each operator for protection on his lands to the extent that he has created a fire hazard, even though general cooperative fire protection is in effect, but not for fire hazards caused by public carelessness or inadequate public fire protection.

2. **Cooperation in Protection Against Fire, Insects, and Disease. (I.A.)**
Industry obligates itself to endeavor to secure action of all operating and non-operating timber land owners in direction of cooperating with public agencies in fire prevention and suppression and to the extent practicable, to extend such action to include protection against disease and insects.

3. Conservation of Immature Trees and Young Growth (I.A.)
This requires care in logging so that, in so far as is practicable, all young trees of valuable species will be preserved and left without injury for future growth.

4. Provisions for Restocking the Land After Cutting (I.A.)
This is to be accomplished by natural regeneration through leaving seed trees in groups or singly or in part of the merchantable stand as in partial cutting and where desirable, by planting. Industry will take prompt action to determine the extent to which it is practicable to put the following into effect and upon determination establish standards of practice to this end.

5. Partial Cutting or Selective Logging (I.A.)
To the extent practicable this shall be considered the general standard for local measures of forest practice. Industry will promptly take steps including the use of
studies already made, to determine by regions the extent to which trees of merchantable sizes may be left as a part of the growing stock and in cases where this is desirable establish the necessary cutting practices and put them into effect. Operators may submit individual management plans differing from regional standards, and if they equal or excel such standards, may be accepted in lieu thereof.

6. Sustained Yield (I.A.)

This shall be adopted as the objective of forest management for individual tracts or groups of tracts and put into effect as rapidly as various considerations permit and owners find it advantageous.

Division Administrative Machinery:

7. In each Division, set up agency or agencies on forest practices with non-voting public advisory representatives (state, federal, and farm extension services) to formulate and enforce necessary rules of forest practice. (I.A.)

8. For the purpose of carrying out above practices, furnish necessary technical and other qualified personnel. (I.A.)

Specific Division Measures of Forest Practice:

9. Such measures must conform to requirements enumerated in the six headings under "Sustained Forest Production". (I.A.)

Allotments to Encourage Sustained Yield:
10. To encourage sustained yield, Lumber Code Authority requested to give preference in Code production allotments to operators observing the practice. (CC., L.C. A.)

**Timber Leases:**

11. Due consideration shall be given to the ownership equities involved in timber leases now existing, in order to avoid unreasonable hardship in the matter of requiring the leaving of trees of merchantable size. (L.C.A.S.A.)

12. Future timber leases should be made subject to provisions of Article X and enforceable against both operator and owner. (I.A.)

**Supplement to Article X:**

13. Recommends supplement to Article X to include basic provisions for forest conservation on private lands, and recommends that rules of forest practice be issued and made legally effective by the Authority. (C.C.L.C.A.)

**Public Timber Disposal Committee 2**

14. Public forests to be managed, so far as practicable, on a sustained yield basis, and, where not in conflict with public interests in cooperation with private forests so as to place the latter also on a sustained yield basis. (FL or AP; SL or SP & I.A.)

15. Public timber disposal should be governed by
a policy of extreme conservatism, recognizing demonstrable demand for public timber products. (F.S. & S.P.)

16. There should be temporary relief legislation authorizing reasonable flexibility in public timber sale contracts to prevent unreasonable losses through purchases made during periods of high stumpage prices. (F.L.)

Revested Land Grant Forests:

17. To prevent rapid liquidation of revested land grant timber, and to place this timber under forest management, such grants should be transferred to forest Service and managed as National Forests. (F.L.)

Until June 30, 1936, continue the present basis of tax compensation to the counties, U.S. Court of Claims to determine the respective equities of states and counties and the U. S. Reclamation Fund. The United States to retire equities so determined. (F.L. & F.A.)

Public Acquisition of Forest Lands:

18. To restore and sustain growing stocks to maintain permanent yield of forest products, to assure permanency of forest industries, communities, and employment, and to promote cooperative sustained yield units, public forest acquisition as outlined in the Copeland
Report, involving 224 million acres, should be consummated, including not less than 140 billion feet of standing timber. (S.L. & F.L.)

19. Adequate financial provision for the development and management of the publicly acquired lands and timber. (F.L.)

20. To stabilize county revenues in connection with the land acquisition program, Secretary of Agriculture should appoint a committee to study the problem and submit its findings. (S.A.)

21. To facilitate the blocking of both public and private lands in the interest of forest management, federal laws should be at once amended removing existing limitations relative to state boundaries upon land and timber exchanges, and also be made applicable to private lands outside of national forests. (F.L.)

22. Section 7 of the Clarke-McNary Act should be amended to authorize the Secretary of Agriculture, in his discretion to accept donations of lands chiefly valuable for national forests purposes from private owners, counties and states, subject to federal payment of such taxes as might be outstanding against such lands. (F.L. & F.A.)

23. States and counties should adopt the policy
proposed in amendments to Section 7 of the Clarke-McNary Act. (S.L.)

Forest Credits
Committee 3

24. A permanent forest credit system should be made available for the following purposes:

a. To improve the productivity of organized forest properties, including restricting cut to permit building up growing stock, fire protection, annual tax payments, and necessary silvicultural measures.

b. To assist in orderly marketing of mature timber, or, in exceptional cases, to withhold from market, timber lands which it would be economically injurious to throw on an over-burdened market.

c. To assist in acquiring tracts and assembling them into units of economic size and location for continuous yield operations.

d. To assist in constructing permanent transportation systems within forest properties and to connect them with common carrier facilities.

e. To assist such states as may adopt a sound method of forest taxation which requires state financing.

f. To meet the above needs during the present emergency pending a permanent forest
credits set-up, a revolving fund of $200,000,000 should be federally appropriated to constitute a special fund from which the appropriate agency may lend to states and individuals for such purposes. (On paragraph "e" and "f" Forest Service representatives did not vote and reserved decision.)

**Forest Taxes:**

25. It is recognized that the existing system of state and local taxation is detrimental to conservative forest management, and that the federal government should take the initiative in promoting remedial action by the states of the following character.

a. Reduction of the total burden of taxation on real estate, without curtailment of necessary public functions.

b. Improved administration of the property tax, particularly as to methods of collection and assessment.

c. Adoption of a method of forest taxation which will give appropriate treatment to forests where deferment of income is required. (P.A.F.L. & S.L.)

It is recommended that the President be asked to lay this matter before the governors, and impress them with the need for immediate action, the joint committee to work out a more detailed
program for recommendation to the president in this connection. (The joint committee has prepared a statement recommending a specific plan of forest taxation which involves deferment of taxes on timber until income is realized, for adoption in states where the need for immediate action is most acute. Subject to the same Forest Service reservation previously noted in No. 24, it was proposed that the federal government offer to lend money to the states to assist them in financing a sound plan of forest taxation.)

26. It is recommended that provision be made for continuing a forest taxation unit in the Forest Service. (F.L. & F.A.)

Fire Control Committee 4

27. The 25% of the 1934 Clarke-McNary Fire Control appropriation which is impounded should be replaced from other sources to prevent the breakdown of forest fire protection facilities this fiscal year. (P.A.)

28. In view of increased fire protection measures proposed under Article X of the Code, it is essential that the entire authorization of $2,500,000 under the Clarke-McNary Act be appropriated and made available the fiscal year 1933. (P.A.)
29. To effectuate the fire control requirements of Article A of the Code, Clarke-McNary fire Control authorization should be increased from $2,500,000 to $10,000,000. (F.L.)

30. Since many benefits, such as erosion control, watershed improvement, soil and game protection, recreation, increased national taxable wealth, etc., inure to the public, and since over half the fires result from sources beyond the private owner's control, the federal government should increase its fire protection contribution from the present 25% basis to 50 per cent basis. (FL or AP).

Control of Forest Diseases:

31. The $250,000 annual authorization under the Clarke-McNary Act for native tree disease research, should be made available. The federal government should reinstate in the budget for the fiscal year 1933 and continue appropriations for research on recently introduced tree diseases. (FA.)

States should give greater support to forest disease research, particularly on diseases of local importance. (SL.)

32. The federal government should restore its appropriations in the budget for white pine blister rust control and not limit funds for such work to emergency work conducted under the C.C.C. or N.R.A. relief programs. The amount
of this appropriation is $375,233 per year. (FA.)

Forest Insect Control:
33. The survey phase of insect control should be financed by the public, with the federal and state governments sharing expenditures. Federal appropriation of $500,000 per year is needed to provide supervision of insect control projects. The private landowner shall pay part or all of the cost of actual control work, with supervision furnished by the public. (FL & SL).

States should, where possible, appropriate funds to assist in defraying cost of insect control supervision on forest lands. (SL & SF).

Forest Economic Survey:
34. The federal forest economic survey should be extended to include determination of logical sustained yield units with supporting facts. For this purpose, a federal appropriation of $500,000 per year should be made available until the survey is completed, and thereafter provision made for keeping up to date survey data. (FA).

Forest Research:
35. The federal government should undertake an immediate and continued expansion of forest research to provide the facts and information necessary to attain the objectives of Article X of the lumber code. Beginning with the
fiscal year of 1935, federal forest research should be progressively increased to a basis of $2,700,000 by 1938, and thereafter by $325,000 annually until 1944. (FL & FA)

36. Federal funds already appropriated for forest research but now impounded should be released or replaced from some other sources to permit continuation of needed work during 1934. (PA)

Forest Extension:

37. Extension of knowledge regarding timber growing, logging, etc., is a public function and should be placed on the same basis as knowledge regarding farm crops. The federal government should match, on a dollar-for-dollar basis, forest extension contributions of the states. (SL, SF, FL, FA).

38. Where state forest extension service is lacking, the federal government should make such extension service available to inform the owners of forest lands as to results of its research work and forestry practices. (FL)

39. Federal contribution to farm woodland extension authorized by the Clarke-McNary Act should be increased from $100,000 annually to $250,000 annually and an additional authorization of $375,000 annually is required to meet the needs of private forest owners other than those owning farm wood lands. (FL)
Foreign Economic Survey:

40. Experience and accomplishment of foreign countries in the field of forestry contain much of value to this country in its national forestry undertaking. To make available the above information, the federal government should restore the position of Forester with the Foreign Service of the U.S. Department of Agriculture and allot necessary emergency funds therefore. (PA)

Protection of Markets:

41. Recognizing the necessity of maintaining adequate domestic and export markets for lumber and other forest products, the federal government should re-establish and enlarge services to manufacturers, distributors, and consumers in applying results of research at home and abroad as to commercial and public wood-utilizing methods and practices. (PA)

42. It is essential that forest products be given proper consideration in reciprocal tariff arrangements with foreign nations in establishing import and export quotas. (PA)

Wood Utilization:

43. The federal government is the largest single owner of timber and the largest single consumer of timber products. The government should establish, and itself and all its agencies
adhere to, proper and efficient lumber and timber specifications. (PA & FL)

44. The federal government should interpret or amend existing laws to make funds readily available for the renewal of homes and for farm building repairs. (FRA & CA)

**Farm Woodlands**

Committee 5

45. All forest holdings in private ownership, both large and small including farm woodlands, should be subject to conservation measures of Article X of the Lumber Code. (PA, FL, & CC)

46. To secure whole-hearted cooperation of farm woodland, owners and other small owners of timber land in carrying on Article X of the Lumber Code, the conference recommends that and emergency appropriation or allocation of at least $200,000 be made available annually to the Federal Agricultural Extension Service for educational purposes. (FL or PA)

**Emergency Timber Salvage**

Committee 6

47. Whenever timber is damaged by fire, wind, insects or other causes to such an extent that its salvage cannot be effected in the usual course of operations, there are consequent severe public losses in tax revenues, employment opportunities, and resources. It should
be the policy of the federal government to give preferential consideration to such salvage operations in extending financial or other aid, for the development of operating facilities, fire protection, and by other means authorized by law.*

Reference Key

| FL  | Federal Legislation       |
| FS  | Forest Service Action     |
| FA  | Federal Appropriation     |
| SL  | State Legislation         |
| SF  | State Appropriation       |
| CC  | Change in Code            |
| LCA | Lumber Code Authority     |
|     | Action                    |
| AP  | Administration Policy     |
| SP  | State Policy              |
| SA  | Secretary of Agriculture  |
| PA  | Presidential Action       |
| RFA&C | Relief Fund Administration and Change in Authorization |
| IA  | Industry Action           |

*This article was taken from a review of the second meeting of the Conference of Lumber and Timber Products Industries with Public Agencies on Forest Conservation that appeared in the March, 1934 issue of the Journal of Forestry.
ARTICLE XI

SPECIAL AGREEMENTS

Voluntary agreements, or proposed voluntary agreements, between and among persons engaged in the logging of timber or the production and distribution of lumber and timber products, or between and among organizations or groups in the lumber and timber products industries, or in which such persons, organizations or groups propose to participate, proposed to be submitted to the president for approval under Section 4 (a) of the National Industrial Recovery Act, shall not be in conflict with the provisions of this Code or with any approved rule issued thereunder. Such agreements or proposed agreements shall be submitted to the Authority and if not disapproved by it within thirty days as being in conflict with the provisions of this Code, they may thereafter be submitted to the President for approval; but no person engaged in the production and distribution of lumber and timber products shall participate in any such agreement which has been determined by the Authority to be in conflict with the provisions of this Code.
ARTICLE XII
CANCELLATION OR MODIFICATION

(a) The President may from time to time cancel or modify and order, approval, license, rule, or regulation issued under the Title I of the National Industrial Recovery Act in respect of this Code.

(b) Any decision, rule, regulation, order, or finding made or course of action followed, pursuant to the provisions of this Code, may be cancelled or modified by the Administrator whenever he shall determine such action necessary to effectuate the provisions of Title I of the National Industrial Recovery Act.
ARTICLE XIII

MONOPOLIES

(a) This Code shall not be construed, interpreted, or applied so as to promote or permit monopolies or monopolistic practices, and shall not be availed of for that purpose.

(b) The provisions of this Code shall not be so interpreted or administered as to eliminate or to oppress or to discriminate against small enterprises.
Code provisions affecting or pertaining to Divisions and Subdivisions of the lumber and timber products industries are contained in Schedule "A" attached hereto, which is specifically made a part of this Code, in so far as they relate to description of the respective Divisions and Subdivisions, identification of persons and products subject to their jurisdiction, and designation of Administrative agencies. Additional Code provisions affecting or pertaining to Divisions and Subdivisions may be filed with the Authority and if not inconsistent with the provisions of this Code may be recommended by it to the President. When approved by the President such provisions shall have the same force and effect as any other provisions of this Code.
ARTICLE XV

VIOLATIONS

Violation by any person of any provision of this Code or of any rule or regulation issued thereunder and approved by the President, or of any agreement entered into by him with the Authority to observe and conform to this Code and said rules and regulations or by an importer of any agreement entered into by him with the said Authority for the restriction of importation of lumber and timber products, or any false statement report made to the President or to the Authority or to the governing body or agency of any designated Division or Subdivision, after decision by the Administrator thereon pursuant to Article XVII of this Code or otherwise, shall constitute an unfair method of competition, and the offender shall be subject to the penalties imposed by the National Recovery Act.

Perhaps the outstanding case of violation of the Code in this part of the country and perhaps in the whole United States to date is that of the Willamette Valley Lumber Company located at Dallas, Oregon.

The company has been operating two shifts for some years and under the Code allotments it was ordered to reduce its operation to one shift which it did not do. It brought suit against the Lumber Code Authority saying that it was impossible for it to cut down its operating time because of previous
contracts and several other apparently good reasons.

Federal Judge McNary's ruling was that the Lumber Code did have the legal right to limit the production of the mill but he failed to penalize the mill other than to reduce its future allotments to the amount that it had over-produced its quota. He ruled that the case was brought to court in all good faith for a ruling and that it would be unjust to penalize the owner under those circumstances.
ARTICLE XVI
RULES OF FAIR TRADE PRACTICE

(a) The Rules of Fair Trade Practice for the Lumber and Timber Products Industries, as set forth in Schedule "B" attached hereto, are specifically made a part of this Code. The Authority shall make such additions to or exceptions from said Rules, as the agencies of the respective Divisions or Subdivisions may request, applicable in the respective Divisions and Subdivisions, provided the Authority finds such additions and exceptions are not unfair to persons in other Divisions or Subdivisions or their employees, or to consumers, and not inconsistent with the other provisions of this Code, or with the National Industrial Recovery Act. Upon the approval of such additions and exceptions by the Administrator said rules shall take precedence in the respective Divisions and Subdivisions in respect of the subject matter of said additions and exceptions, and shall be effective concurrently with the Rules so added or excepted to.

(b) The applicant industries undertake to adopt, apply and enforce branding or marking of lumber and timber products. Subject to section (c) hereof, all timbers, all seasoned lumber except factory and shop lumber, all flooring and all shingles and lath shipped to markets within the United States, not including export shipments, shall be branded by the manufacturer
or producer thereof or by his agent in such a manner as will indicate (1) its species, except as otherwise determined by the Authority; (2) its grade; (3) whether it is of standard or sub-standard dimensions; (4) whether it is seasoned or unseasoned. All shipments, except export shipments, by rail or water of timber, lumber, flooring, shingles, and lath shall be accompanied by a certificate of the origination shipper showing the quantity and grade thereof.

(c) The Authority shall submit to the President, not later than January 1, 1934, provisions including proposed rules and regulations, necessary to effectuate the requirements of this Article and to establish other desirable certification of products, to prevent evasion and to secure equitable application thereof; and the said provisions when approved shall be a part of this Code, or of the Rules of Fair Trade Practice, and shall be effective not more than thirty (30) days thereafter.

The West Coast Division has voted to apply the following rules and practices to this Article in this region:

(1) Because of the odd sizes of timbers that go out in shipments to territories and possessions the lumber and timber marking rules shall be applied only to the continental United States.

(2) All species shall be marked with a standard
abbreviation to be adopted by the Division.

(3) Grades shall be marked on the lumber in conformity with the grading rules of the West Coast Lumberman's Association.

(4) Compulsory marking of all standard grades of materials shall be adopted.

(5) In the case of bundled stock the marking of the bundle is all that will be required. The marking of individual pieces in the bundle shall be left to the discretion of the operator.

(6) All "sub-standard" lumber that is put out in connection with those mills that are allowed a price differential shall be clearly and plainly marked "sub-standard".

(7) All seasoned lumber shall be marked "dry" in addition to the grading marks.

(8) All materials shall contain the trade mark of the firm or company and also the mark "West Coast" in addition to markings stipulated above.

The above rules have been chosen so that any lumber or timber products may be traced to their origin in case there is any question concerning the violation of the rules of the Code.
ARTICLE XVII

APPEALS

(a) Any interested party shall have the right of complaint to the designated agency of any Division or Subdivision and of prompt hearing and decision, rule, regulation, order, or finding made by such agency. Such complaint must be filed in writing with the said agency within a reasonable period of time after said decision, rule, regulation, order, or finding is issued. The decision of said agency may be appealed by any interested party to the Authority.

(b) Any interested party shall have the right of complaint to the Authority and of prompt hearing and decision thereon, under such rules and regulations as it shall prescribe, in respect of any decision, rule, or regulation, order, or finding made by the Authority.

(c) Any interested party shall have the right of appeal to the Administrator of the National Industrial Recovery Act, under such rules and regulations as he shall prescribe, in respect of any decision, rule, regulation, order, or finding made by the Authority.
ARTICLE XVIII

JURISDICTION

This Code when approved by the President, shall apply to all persons engaged in the lumber and timber products industries as defined herein.
ARTICLE XIX
EFFECTIVE DATE AND TERMINATION

(a) The provisions of this Code in respect of maximum hours and minimum wages shall be in effect beginning three days after its approval by the President; and other provisions of the Code, unless specifically provided otherwise, ten days after approval by the president; Schedule "B" shall be in effect at such date as may be specified by the Authority; but not later than November 1, 1933.

(b) This Code shall terminate on June 16, 1935, or on such earlier date as the National Industrial Recovery Act may cease to be effective.

(c) This Code shall continue in effect for a period of six months (6) after the date of approval thereof by the President in order to afford to the President an opportunity to determine upon the recommendations of his representative on the Authority, which recommendations shall be made periodically or as often as the said representatives deem necessary or advisable but in any event not later than six months after the date of approval of this Code by the President, whether its provisions will effectuate the purposes of Title I of the National Industrial Recovery Act, subject, however to amendment at any time, as herein before provided, and subject also to the reserved power of the President to cancel or modify his approval
thereof. This Code shall continue in effect after the expiration of said period of six (6) months in the absence of the exercise of such reserved right on the part of the President.
"Code control has come to stay, at least in the basic natural resource industries such as lumber, coal, oil, steel, and iron"—so states A. C. Dixon of Eugene, former manager of the Booth Kelly Lumber Company and former president of the National Lumber Manufacturer's Association.

He states further—"Industries have contributed vast sums of private money to the gathering of facts and drafting of plans for the future operating. The lumber industry code has generally been regarded as a pattern for other trade agreements and while it is not perfect in many details it is accepted by nearly everybody in the business as the salvation of the industry".

He brings out the fact that while it has not increased profits in many instances it has enabled the operators to reduce risk and uncertainty. He also brings out the fact that compliance has been especially good in all parts of the country. This is true even in the South where the Lumber Code forced the doubling of the wage scale paid the common laborer.*

*Taken from an article "Dixon Says Code to Stay" in the March, 1934 issue of The Timberman.
This article from the Timberman carries a banner which states, "Mass Meeting Unanimously Endorses the Code and gives Vote of Confidence to Tennant, Greeley, and DeMarest—Code Compliance to be next Step in Program."

This meeting was attended by the largest group of loggers and lumbermen ever to assemble in this section of the country.

In a discussion of the Code enforcement Judge Paul, Association attorney, stated that cases tried in court would be decided on the spirit and intent of the Code rather than on technicalities.

Mr. Chapman of the Weyerhauser Timber Company in a business discussion of Article X of the Code said that he did not anticipate that planting would be required. The main objectives would be to leave the land in good shape after logging and sufficient seed trees to restock the area—whatever number sufficient may mean.

Liberal appropriations for assistance in fire protection are anticipated from the government. It is thought that by June we will see Article X of the Code in effect in this region.

A great deal of discussion was voiced in this meeting over the small mill price differential. The basis for setting this seems to be one of the most difficult problems that the Code Administration has to
Harry W. Cole, San Francisco, president of the California Redwood Association, upon return from a recent trip to Washington, D. C. reports that the entire lumber industry is in sympathy with the move of the N.I.R.A. and that the Redwood group feel that President Roosevelt's plan has done a great deal for them already. In the redwood region the vague plans under Article X are as follows; leave seed trees, increase fire protection, enact some modification of our logging methods, and conduct some reforestation on cut-over lands. He anticipated that little reforestation would need be done.

According to figures produced by Mr. Cole the average number of employees in the redwood region has increased 24% since the operation of the Code went into effect. The total payroll has increased 21%.**

A new basis of wages will appear on May 1, 1934, according to a recent statement made in the Four-Lumber News of April 15, 1934.

*From and article in March, 1934 issue of The Timberman, "Code Enthusiastically Endorsed".

**Taken from an article in the March, 1934 Timberman, "H.W. Cole Says Code is Working Well".
SUMMARY

The Lumber Code is just one phase of the many plans that have been brought forth in an effort to relieve our country from the dark cloud of depression that has been hanging over it for several years now. It has gone further than to just provide temporary relief from the depression; it has offered a plan that appears to be sound economically and one which, if successful, will carry on in to the future and tend to keep the lumber industry as one of the foremost industries of our nation.

The success or failure of the Code rests largely, if not entirely, with the individuals concerned rather than the administration of the Code or the President. If the individual operators see fit to abide by the rulings of the Code great possibilities may be seen for it in the future but if they do not it is doomed for certain failure. Indications to date appear very strongly in favor of the Code and although the date for expiration is legally provided for on June 16, 1935 it is the opinion of our foremost men connected with both the private and the public side of the industry that the Lumber Code is here to stay. That will remain to be seen.

There has been an unquestionable upward trend in the Pacific Northwest during the year just past and a great deal of this may be attributed to the operation
of the Lumber Code. It has fixed prices so that cut-throat competition that existed formerly is at an end, it has enabled and forced the operators to work men less hours and pay them more money, and it has, by limiting production, stopped the timber mining that was so prevalent in this section of the country.

In closing I should like to quote the following words from an address given by Mr. C.J. Buck, Regional Forester of Region 6, to the gathering of Foresters of the Pacific Northwest in February, 1934.

"As foresters, and thinking along the lines that foresters think, we have followed together through some but not all of the New Deal steps which lean so strongly towards forestry in the program of saving America for Americans—the human social element being uppermost—human welfare being based on fairness of man to man and all relying on the wise planning for the use of natural resources in the water and soil, and the promotion of agriculture and forestry as major benefits to mankind. Is it not clear? Forestry is no longer a hope; forestry is here! Franklin D. Roosevelt has built a new trail for us—he has done so quickly out of the needs of the economic depression that it is difficult to realize that it is here. It is even a primary route and not the way-trail that we expected. But here it is—we have but to travel, and travel it we will."
LITERATURE CITED

1. "The Timberman"—monthly issues from July 1933 to April 1934 inclusive.
2. "Journal of Forestry"—monthly issues from October 1933 to April 1934 inclusive.
3. "West Coast Lumberman"—monthly issues from September 1933 to April 1934, inclusive.
5. "American Lumberman"—monthly issues from October 1933 to April, 1934, inclusive.
6. "Crow's Pacific Coast Lumber Digest"—bimonthly issues from October 1933 to April 1934 inclusive.
8. Lumber Code Authority Bulletin No. 1—August 1933.
9. West Coast Logging and Lumbering Division Bulletins—Nos. 1 to 58 inclusive.
10. Western Pine Manufacturer's Bulletins—Nos. 1-35 inclusive.
11. Newspaper articles from the Oregonian and the Journal between the dates of October 1, 1933 and April 30, 1934.