

PAUL R. SMITH VIEWS THE WESTERN RED CEDAR INDUSTRY
1910 TO THE PRESENT

An interview conducted by
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INTRODUCTION

Perhaps no trade association has faced a more difficult struggle than the Red Cedar Shingle & Handsplit Shake Bureau's fight against substitute materials and repeated attempts to legislate its product out of existence by those who contended it was a serious fire hazard. The record of that struggle is revealed in the contents of this oral history interview with Paul R. Smith, past president of the Bureau, and in three additional interviews made by the Forest History Society during the last two years as part of a series on the western red cedar shingle industry. Companion books are being published containing the additional interviews with Charles Plant, a leading Canadian shingle manufacturer from West Vancouver, British Columbia; Virgil G. Peterson, long-time secretary-manager of the Bureau headquartered in Seattle; and Harold M. Stilson, veteran shingle weavers union organizer now retired and living in Napavine, Washington. Excerpts from all four interviews will appear in the April and July 1975 issues of the Journal of Forest History.

The interview with Mr. Smith was completed over a three-year period, beginning October 1970 and ending December 1973. All of the sessions were conducted in the offices of the M. R. Smith Shingle Company located in the now-demolished White-Henry-Stuart Building in downtown Seattle.

Paul R. Smith has long been known as the "Henry Ford of the wooden shingle industry." The comparison is not so much with Ford the inventor as with Ford the genius of mass production and sales. Smith has no peer in either of these areas of his industry; even now at the ripe age of eighty-six he continues to take part daily in the conduct of the M.R. Smith Shingle Company of which he is president, and he also plays a major role as a director of the Red Cedar Shingle & Handsplit Shake Bureau.

He was born in Galesburg, Kansas in 1889 and spent much of his youth around his father's lumberyards in the Kansas area. Smith entered Harvard University in 1906 and the next few summers he spent working in various lumber mills in the Pacific Northwest. In 1911 he took over the managership of his father's newly acquired Copalis Shingle Company, which was soon relocated at Moclips, Washington where it became the M.R. Smith Shingle Mill. Smith early established a firm foothold in the industry. He provides vivid accounts of his early land purchases through the Office of Indian Affairs, the industry's establishment of shingle standards, competition from Canadian shingle manufacturers, improved

changes in equipment, management's relationship with labor, cedar log exports to Japan, and the growth of his own business. During World War I he was active in "getting out the spruce" for building airplanes. During the 1920s he helped organize the Red Cedar Shingle Bureau. He recounts the trade association's accomplishments, especially its long fight to keep western red cedar shingles from being outlawed in certain areas of the United States. Credit also goes to Smith for initiating an Employee Profit Sharing Bonus Plan in his company in 1954. Throughout an active business career, he has maintained an interest in Seattle civic and cultural activities and plays an occasional game of tennis or golf.

Scholars of forest history and business history will find the Smith interview of particular interest for what it reveals of transcontinental migration of lumber capital, technological developments of the shingle industry, changing patterns and problems of marketing, labor-management relations over more than sixty years, trade association development in the solid wood industries, economic and political philosophy of a leading entrepreneur of the industry, processes of decision-making, and management response to major national and international events such as depressions, recessions, and world conflicts. Those interested in the history of trade relations between Canada and the United States will find insights into the history of international competition which became manifest in the imposition and later relaxation of tariff barriers.

In freely entertaining a study of its history through the oral history method, the western red cedar industry has performed a very useful role in stimulating other industries, both within the forest-related community and outside it, to do likewise. Such projects open up new sources of information to scholars and writers and lay the groundwork for further expansion of knowledge in the area of Canadian and American history.

I am indebted to many people for their assistance in the preparatory research and the processing of this series of oral history interviews. My wife, Eleanor, typed the notes, preliminary questions, and the transcription from the tapes. Barbara Holman helped me search the trade journals and other sources in the collections of the Forest History Society in Santa Cruz.

My thanks are also expressed to Virgil G. Peterson and all the members of his staff in the offices of the Red Cedar Shingle & Handsplit Shake Bureau, 5510 White Building, Seattle Washington, who opened to me all files of documentary sources they possess. It is encouraging to know that as a by-product of that effort first steps are being taken to assure permanent preservation of these primary sources in a professionally managed repository in the state of Washington. This is, in the view of the writer, one of the greatest benefits which derive from work in the oral

history field--that such work oftentimes alerts the owners of important historical source materials of the need for their permanent preservation so that they may be examined by other scholars.

Thanks are also due Richard Berner of the University Records Center and Karyl Winn of the Historical Manuscripts Collection at the Suzzalo Library, University of Washington. They led me to important sources of industry and labor history in their splendid collection which is one of the richest and best-managed on the North American continent.

Hugh P. Brady of the Brady International Lumber Company of Seattle was also of great personal assistance in obtaining valuable information which fed the research needs of the project.

All uses of this work are covered by a legal agreement between the directors of the Forest History Society, and Paul R. Smith and the directors of the Red Cedar Shingle and Handsplit Shake Bureau. The work is thereby made available for research purposes. No part of the work may be quoted for publication without the written permission of the Executive Director of the Forest History Society.

Requests for permission to quote from the publication should be addressed to the Forest History Society, P.O. Box 1581, Santa Cruz, California, 95061, and should include identification of the specific passages to be quoted, anticipated use of the passages, and identification of the user. The legal agreement with Paul R. Smith and Elwood R. Maunder requires that both be notified of the request and allowed thirty days in which to respond.

Elwood R. Maunder
Executive Director
Forest History Society

Santa Cruz, California
March 7, 1975

Elwood Rondeau Maunder was born April 11, 1917 in Bottineau, North Dakota. University of Minnesota, B.A. 1939; Washington University at St. Louis, M.A. (modern European history) 1947; London School of Economics and Political Science, 1948. He was a reporter and feature writer for Minneapolis newspapers, 1939-41, then served as a European Theater combat correspondent in the Coast Guard during World War II, and did public relations work for the Methodist Church, 1948-52. Since 1952 he has been secretary and executive director of the Forest History Society, Inc., headquartered in Santa Cruz, California, and since 1957 editor of the quarterly Journal of Forest History. From 1964 to 1969, he was curator of forest history at Yale University's Sterling Memorial Library. Under his leadership the Forest History Society has been internationally effective in stimulating scholarly research and writing in the annals of forestry and natural resource conservation generally; 46 repositories and archival centers have been established in the United States and Canada at universities and libraries for collecting and preserving documents relating to forest history. As a writer and editor he has made significant contributions to this hitherto neglected aspect of history. In recognition of his services the Society of American Foresters elected him an honorary member in 1968. He is a charter member of the international Oral History Association of which he was one of the founders. He is also a member of the Agricultural History Society, the American Academy of Political and Social Science, the American Historical Association, the Organization of American Historians, the Society of American Archivists, and the American Forestry Association.*

*Adapted from, Henry Clepper, ed., Leaders of American Conservation (New York: The Ronald Press Company, 1971).

YOUTH IN KANSAS; FAMILY LUMBER BUSINESS; HARVARD UNIVERSITY

Elwood R. Maunder: Paul, Could you give some personal history, where you were born, your family background, your father's involvement in the lumber business, your brother's involvement in it, and your own?

Paul R. Smith: I was born January 14, 1889 in Galesburg, Kansas where my father owned and operated his first lumberyard. He was the first in the family to be in the lumber business. His father, Benjamin Franklin Smith, was born in Fluvanna County, Virginia in 1828, practiced law in Nashville, Tennessee, then moved to Decatur, Illinois where my father, Matt Ryan Smith, was born in 1866. My grandfather died of tuberculosis in 1872. The family doctor advised my father not to be an attorney but to work out of doors where he could breathe in pine pitch, which is good for the lungs. My father graduated from high school a few days before his seventeenth birthday. He then went to St. Louis and worked for two years in a planing mill which handled pine lumber that was barged down the Mississippi River from Wisconsin and Minnesota. After that he got a position managing a lumberyard in Thayer, Kansas where he married my mother in 1886.

My uncle, William Gray, was a partner with my father in the Galesburg lumberyard. It was sold in 1891 and we moved to Neosho Falls, Kansas where we lived for the next four years. I think my uncle was a partner in that yard also. When it was sold my father bought one by himself in Council Grove, Kansas, and we lived there for eight years. Later, my uncle was a partner with my father in a lumberyard in Chanute, Kansas. I worked in that yard during the summer of 1904. I don't recall how long that partnership lasted.

We lived in Council Grove between the years 1895 and 1903, from my sixth to fourteenth years. Since my father could not afford to give his sons an allowance, he gave us each five dollars a month if we were at the head of the class and one dollar if we were only in the first five. We had an old-fashioned school where the five pupils earning the highest marks had their names on the blackboard each month. I think it was a fine idea. We lived ten blocks from the school and went home for lunch each day. A bell rang five minutes

before school started and occasionally I ran those ten blocks in five minutes. I was never late. Today, school buses are necessary but some city schools are going to extreme; it is quite different from the situation I had as a boy.

The only bicycle I ever owned cost forty dollars. I'll tell you how I got it. I ranked first in the class for seven months and got five dollars for each month. I got only one dollar in the eighth month. The remaining four dollars came from the proceeds of my chicken raising. We had half a block of ground around the house with plenty of room to raise chickens and pigs.

ERM: What did the local market demand of your father in the way of products?

PRS: My father's lumberyards sold coal and building materials, such as lime, cement, brick tile, and sand. When we were in Council Grove the ice men and the laundry men had trouble paying their bills so we took over their businesses.

ERM: At what age did you first start work in the lumberyards?

PRS: I used to enjoy riding around with one of our teamsters during summer vacations. In 1896, when I was seven years old, this teamster, whose name was J.C. Calhoun Hilton, started to unload a carload of lumber. The car was improperly loaded and it was impossible to get the load out of the door so he pushed me up into the end door and I helped get out the first load so that the balance could be unloaded properly. Beginning at the age of twelve I spent an average of two days per week helping unload lumber, shingles, and other building products. The summer I was fourteen years old I worked six days a week unloading materials in our lumberyard. I was seriously interested in the business as a youngster.

ERM: What was life in Council Grove like at that time?

PRS: It was a town of about twenty-six hundred people and was located on the old Santa Fe Trail. Our lumberyard was half a block from the main street and we lived three blocks from the yard at a thirty-foot lower elevation. Around June 1, 1903, a cloudburst hit the Neosho River a little above Council Grove. The tremendous rains flooded our basement at home and the barn on the adjoining block where we had cows and horses. One of our teamsters met me at the barn about 11:00 P.M. and we turned the cows loose. We took the two work horses and the three riding and driving horses to the lumberyard and tied them up. In the middle of the night another cloudburst

raised the water to four feet high in the lumberyard and when it hit the limehouse a fire started which burned our lumberyard and some neighboring stores. The flood was so strong I could not get out to help the horses. A visiting cattleman lassoed them and took them to a nearby livery stable. I was told later that he was the leading character in Owen Wister's novel, The Virginian, and I am sorry I didn't meet him. The two working horses were only slightly burned so we put them to work without much delay, but the other three were so badly burned we had them shot.

That was when I started handling shingles. For the next three months I worked steadily unloading material to rebuild our lumberyard and to stock it. That took a good many carloads of shingles. The next summer I did similar work at the yard in Chanute, Kansas which my father and uncle jointly owned. At the end of the summer I went to the World's Fair in St. Louis.

ERM: Did you have any plans for a college education at this time?

PRS: I was sixteen when I graduated from Westport High School in Kansas City. The summer of 1905 I spent hunting and fishing in Minnesota and Wisconsin. In the fall I entered the University of Kansas where I played on the freshman football team. At the end of the term I thought I had had enough education for awhile so I went back to Council Grove and worked in our lumberyard until March 1, 1906. I had no definite plans for going back to college so I took an extensive trip into Kansas, Oklahoma, Texas and New Mexico selling carloads of shingles. My father had suggested buying another lumberyard in which I would have an interest. Consequently, the trip was to investigate some of the country, such as the Panhandle of Texas, where a land boom was going on.

At that time we kept a good many carloads of shingles in transit and we had a combination wholesale-retail lumberyard in Kansas City. If most of the shingles in transit weren't sold when they arrived there, they were put in storage. This was often a good thing; in the early thirties there was a hailstorm around Dallas, Texas, and in one long weekend, from Friday to Monday, he loaded and shipped thirty carloads of shingles from that storage. Now, you might have a hard time doing that today, but in those days we taxpayers didn't pay people for doing nothing; you could get them to work Saturday and Sunday.

Anyway, I tried to sell some shingles on my trip but I didn't sell any until I got to Amarillo, Texas and then I sold nine cars in one day at full list price. The population of Amarillo today is 138,000,

about ten times what it was then. I went as far west as Elida, New Mexico, where I sold a carload of shingles. And I went as far south as Galveston, where I didn't sell any shingles. I sold nineteen carloads altogether in three weeks.

I spent two more months selling shingles and trying to sell lumber. I found there was a good deal I didn't know about lumber so I went to Rosboro, Arkansas to work in the Caddo River Lumber Company mill where I tallied the lumber as it was being loaded into the cars. The mill was organized in 1904 with my father as president and one of the original stockholders; later we had two more mills. I believe the capital was about two million dollars.

Unfortunately, I got malaria and went home to Kansas City just as my brother Ralph was going back to Harvard. He went to Kansas University the fall of 1905 for one term and then he went to a prep school in Virginia and entered Harvard in the fall of 1906. He only went to college three years and never got a degree.

I decided to return to college and enrolled at Harvard University after I recovered from the malaria. I didn't get credit for the work I had done at Kansas University even though I had good grades, but I went through Harvard in three years and got my degree. One of my Harvard instructors, who was a nephew of President Charles Eliot, commented after interviewing me, that I had a broader outlook on affairs in general than most of the students. That was probably because I had been out of college for a year working.

ERM: Was your college education geared entirely to preparation for entering your father's business?

PRS: I wouldn't say that. I didn't go through the forestry school at Harvard. I just went through general education. I majored in economics, government and languages--Spanish, German and French. There was no particular preparation for the business in my college work.

ERM: Was there a Harvard business school at that time?

PRS: They started it the year after I left. Some of the courses I took in advanced economics were probably later included in the business school.

During the summer vacation of 1908 I worked at the Rosboro mill and got malaria again. The worst thing about the malaria was

that it weakened me so much that I could not try out for football.
But I did make the track team at Harvard in 1910.

EMPLOYMENT IN THE PACIFIC NORTHWEST

- PRS: The summer of 1909 I bought a roundtrip train ticket from Boston to Seattle with a stop in Kansas City. I worked seven weeks at our shingle mill at Mineral, Washington. After we finished loading cars, another man and I made fancy butt dimension shingles. These have come back in style for both interior and exterior work. Then I spent another week visiting other mills in the Pacific Northwest and learned a good deal. I also spent a week with my mother visiting the AYP Exposition.*
- ERM: You came out to this part of the country from the middle west where your father before you had built up a chain of retail lumberyards, right?
- PRS: Yes. We had lumberyards in Missouri, Kansas, Iowa, Nebraska and Oklahoma. The business was centered around Kansas City.
- ERM: Did he own any other property in the lumber business or the manufacturing business at that time?
- PRS: Well, he first became interested in the shingle business in the Pacific Northwest in 1901.
- ERM: Did he become interested in this purely as a manufacturer or did he come into it to insure himself against loss in the Midwest of a reliable source of timber? In other words, he wasn't coming out here to go into the lumber business as much as he was to acquire a reliable, cheaper source of raw material.
- PRS: Yes. He came out and bought fifty cars of shingles from a man who had a mill in Elma. When he got back to Kansas this mill man wired him that if he was going to get out the order he'd have to buy some timber, and my father bought \$10,000 worth. That's the way he got started in it out here.

*Alaska-Yukon Pacific Exposition, Seattle, Washington, 1909.

ERM: Did you at any given point in time shift your emphasis from supplying your own retail outlets in the Midwest to manufacturing in your own right in the West and selling to the market at large?

PRS: From the very start this Elma mill made more shingles than my father needed in his lumberyards so he started selling shingles to other dealers. In the spring of 1907, when I stayed out of college for a year, I went out and sold shingles myself.

I liked Vancouver, British Columbia and when I graduated from Harvard my father said that if I would work two years for other people, he would back me in a shingle mill wherever I preferred.

When I came out here in 1910 I first worked a month for a logging camp at Green Point Rapids, British Columbia. Then I worked about a month in Everett where my job was tallying the cedar siding cut for the Clough-Hartley Lumber Company. I got that job through my father because he handled a large share of their output and then I got several jobs on my own. I worked at Rainier, Oregon as off-bearer in the sawmill. There was no place at Rainier to take a bath; there was a rain barrel full of water which you put a dipper into and ladled out water into a wash basin. One noontime the dipper disappeared and a fellow dipped the wash basin into the rain barrel. The owner of the mill bawled him out. And I said, "What the hell kind of place is this anyway?" The mill didn't run that afternoon so I walked a couple of miles into Rainier and when I came back the owner canned me. Then I couldn't get my paycheck cashed.

ERM: Didn't you used to cash those checks at a discount?

PRS: Yes, I guess we did. I will show you how primitive the conditions were when I worked at a mill near Tenino, Washington. Everything was satisfactory about the work and most of the men stayed for a month or so (about the average in those days) to get a road stake. A Mexican fellow and I both worked six days a week. Every Saturday night we took a lantern and walked three miles into Tenino to a barbershop and got ourselves a bath. There were Japanese working in the mill, too, and every night I could hear them in the bunkhouse splashing in their tubs. They were cleaner than the Americans were.

ERM: You say this was a Mexican man who worked with you?

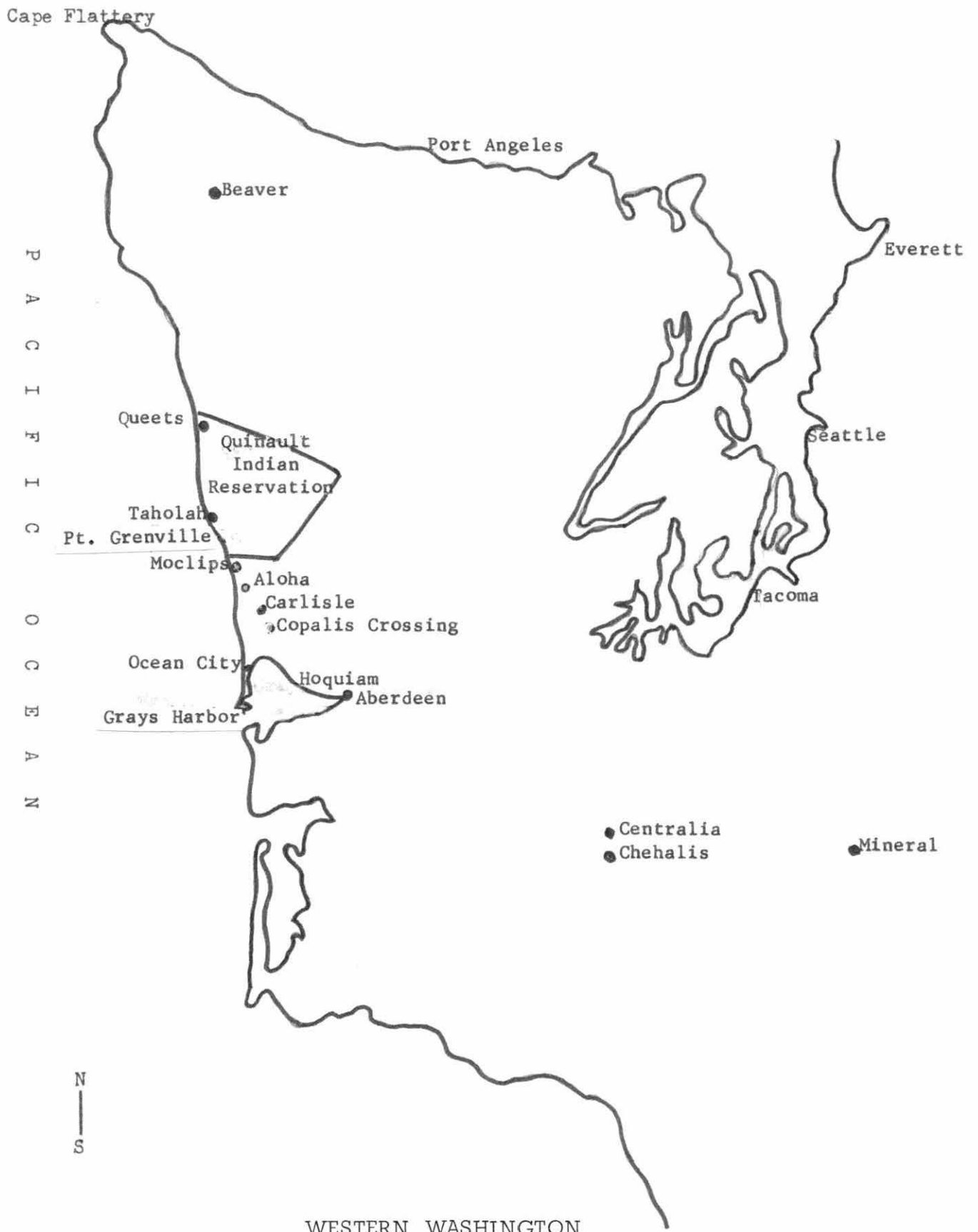
PRS: Yes, there was only one Mexican. There were a few Japanese. Most of the men you'd find around a logging camp were native Americans or Swedes. The interesting thing to me was the fact there

were no bath facilities, and the Japanese provided their own while the Mexican and I walked three miles to Tenino to take a bath once a week.

ERM: Were many Japanese working in the mills at that time?

PRS: Not more than eight or ten of them down here, but there were lots of them up in British Columbia.

In May 1911 I got a job through an employment office in Portland, Oregon tallying lumber for a mill in Winlock, Washington. They told me I was the best man they'd ever had on the job.



COPALIS SHINGLE COMPANY PURCHASE AND MOVE TO MOCLIPS, 1911-1912

PRS: While I had been out working in the mills my father had bought a two-machine shingle mill which was cutting salvage timber (snags and windfalls, which in the early days loggers didn't take), between Copalis Crossing and Carlisle, Washington, It was called the Copalis Shingle Company. The manager hadn't been doing very well so my father had me take charge .

There were no facilities for baths so I had a shower installed in the boiler room for the men. There were two women, a cook and a waitress, and they had provided themselves bathing facilities, probably by using an ordinary washtub.

ERM: This was really your beginning in the cedar business after you'd graduated from Harvard?

PRS: Yes. The trouble with that mill was that it was cutting salvage timber. In the cedar country around Grays Harbor and a lot of other places the timber is about two-thirds cedar. In many cases the stumps had been left too high (you were supposed to cut cedar bolts four feet four inches long, which equalled three sixteen inch-blocks and four inches of trimming), and there was enough left to cut more shingle bolts. Also, there were a lot of snags and windfalls that had not been cut. There was quite a bit of timber there and the man who managed the forest made a killing the first summer. He took the nearest timber that summer when he should have taken the timber farthest away. The shingle bolts were hauled by horses and after the rainy season started we had to put cedar puncheons on the road (cut slabs three inches thick put across the road) for the horses to walk on without being bogged down. I went down there about the first of May and stayed until the wet weather started in November.

In the meantime, a man had tried to interest us in timber on the Quinault Indian Reservation near Moclips, Washington. I persuaded my father that the best thing to do was to move the Copalis mill to Moclips and enlarge it, but the winter of 1911 to 1912 was not a good time to start doing that. We closed the Copalis mill around Thanksgiving 1911, and I went back to Kansas City and traveled out of there selling lumber, shingles and porch columns. I met my wife, Helen Fowler, at this time but we didn't marry until January 11, 1915.

The first of March 1912 I came back to the Northwest and we started moving the mill down to Moclips. We got the mill started at Moclips about June 1, 1912 with three shingle machines. The Moclips River was not big enough to float the whole log so we split them into shingle bolts and floated them to the mill, which was about one-half mile from the ocean. The timber in that vicinity was two-thirds cedar, about 15 percent spruce, and there was practically no fir. We first had to send a chunk out donkey [a light donkey used in road clearing] with a small crew of men up the river six miles to clean out the log jam. We operated on shingle bolts until the end of 1922.

ERM: Did you buy the bolts from contractors, or did you cut them yourself?

PRS: Lots of mills like Copalis could buy bolts from the ranchers. A rancher might have forty, eighty, or a hundred and sixty acres of land and when he wasn't busy planting or harvesting his crops, like in the wintertime, he'd go out and cut shingle bolts if he wanted to make some money. Many of the ranchers would take the bolts into the shingle mill and sell them to us. When a shingle mill was started, the owner usually had a little timber of his own, but very often he didn't have enough to carry on and he was glad to buy shingle bolts from the ranchers.

After we got into World War I labor got scarce and it wasn't easy to get men to cut the shingle bolts. Also, a great deal of salvage timber had already been cleaned up. In the thirties manufacture of handsplit shakes got going pretty strong and we had a revival of the small mills.

NEGOTIATIONS FOR LAND WITH THE OFFICE OF INDIAN AFFAIRS

ERM: Where did you get your timber for the Moclips mill?

PRS: On the Indian reservation to begin with. Each Indian had an eighty-acre allotment. I think the government setup was that the Indians were to be given land that had agricultural value, and most of it was heavily timbered. Former Superintendent Johnson of the Cushman Indian School issued permits to certain allottees on the reservation to allow them to clear ten acres. But the Department of the Interior people said he had no right to give the permits to clear ten acres.

ERM: How did you negotiate that contract with the Indians?

PRS: The Indian department in Washington, D.C. advertised it for sale and we were the only bidders. We bought these ten-acre tracts at a flat price, and then after Wilson became president, they got a new superintendent who said we had no right to buy them that way. They should have been bought at an agreed price per cord. The way they determined the number of cords cut was to measure the stump and locate the top, and from these would be figured what the footage had been. The outcome was they figured we owed the Indians some additional money.

They claimed we hadn't paid. We thought we had a fair deal with the Indian department, but after the change of administration, they said we'd been in trespass. They said that no timber should have been moved or scaled without being counted or measured by the superintendent or the agent. They never told us it had to be counted and measured before it was moved. The contracts were evidence of the fact that this timber was purchased in good faith but they were not approved by the Department of the Interior. Therefore, it was not considered to be valid and binding. In view of this fact, Interior held the party cutting the timber in question responsible for the commission of timber trespass and insisted upon settlement on the basis of an innocent trespass. Smith Shingle, therefore, was looked on for settlement. If an Indian was five-eighths white and three-eighths Indian he was supposed to be able to manage his own affairs. If he was half and half, he was a ward of the government and wasn't supposed to be able to manage his own affairs.

The government finally gave a lot of these Indians a permit to clear timber from ten acres of land a year and we bought a great deal of lumber from them. We tried to get them to make those ten-acre tracts close together so that we might get forty acres all together.

ERM: What did the Indian land cost you per acre roughly?

PRS: You'd have to take the individual contracts. Most of them were for eighty acres.

ERM: I found one contract with Lena Calhoun.* You bought eighty acres from her for \$3,000 on May 12, 1923. That would be \$35 per acre.

PRS: Of course, they didn't all have the same amount of footage on them; we might have paid more for other pieces of land. I know that we did buy some eighty-acre tracts from the Indians at a lower price because the timber was farther up the river and it cost more to get down to the mill.

When we were picking those ten-acre tracts we'd try to pick ten acres where the cedar predominated to a larger extent than other woods. In a lot of these lands when you get to a higher altitude, you get more hemlock and on the lower elevations you get more cedar.

ERM: How would you get access to those tracts? Did you get rights-of-way?

PRS: Yes, I guess we got rights-of-way, we must have. Until we bought the Point Grenville Unit in 1922, all of our hauling was done by horses except for a narrow-gauge railroad. Even then we may have hauled with horses a short distance to the railroad.

ERM: How did you get your logs from the Indian lands to the mill? Were you taking them to the river and dumping them in?

PRS: Yes. We built a camp bunkhouse and cookhouse about three and a half miles from Moclips up the river and we had men staying there. They dumped the shingle bolts into the river. On the other hand, we had lots of timber that was close to Moclips that we could haul directly to the mill.

ERM: That which was close to the mill was hauled in by your little railroad?

*Correspondence files, M.R. Smith Shingle Company, Seattle, Washington.

PRS: No, by the horses. The shingle bolts we hauled in by narrow-gauge railroad were back some distance from the mill. I don't remember the exact year we started using the narrow-gauge railroad. I believe it was about 1915, 1916. Only needed to run it two or three years.

ERM: Where did you negotiate the Indian lands contracts?

PRS: At that time the main office for the reservation was near Tacoma; we negotiated for the tracts with the superintendent located at the Quinault Reservation.

ERM: Was he an Indian or a white man and was he a member of the Indian Bureau?

PRS: He was a white man. I don't remember if he was with the Indian Bureau; they just called him the superintendent of the Quinault Indian Reservation. We made arrangements with him as to what area would be cut.

We also bought a lot of privately owned land south of the reservation. The Moclips mill was on the Moclips River and the reservation started about a quarter mile north of the river.

ERM: Were you the only operators who were cutting on Indian lands?

PRS: We were the first ones.

ERM: Were there many more as time went on?

PRS: We cut shingle bolts until 1922 when we bought the Point Grenville Unit on the Quinault Indian Reservation. It ran all the way from the Moclips River to the Quinault River and it included about half a billion feet of timber. Then we put in a logging railroad and started logging.

We did our own logging there until 1939, and after that we made a deal with the Polson Logging Company to supply us with logs until they later sold out to Rayonier. Polson started logging there as Hobi Logging Company about the same time we bought the Point Grenville Unit. There were three good-sized logging companies besides ourselves operating on the reservation.

ERM: When cutting trees under contract on the reservation and other lands did you clearcut or selectively cut? And how did you do it?

- PRS: In the early days and I'd say in all of our work at Moclips, we tried to clearcut all cedar, but we left spruce and hemlock standing.
- ERM: Did you use your own crews to do the logging or did you hire Indians?
- PRS: We favored Indians in our employment and of the total 400 employees later at Aloha and Moclips combined, about 10 percent of them were Indians. Once I got an Indian to take Mrs. Smith and myself and a guest in a canoe the full length of the Quinault River. We started at Lake Quinault and I think the distance was about forty miles.
- We gave preference to Indians. I'm not sure, but maybe the contract specified that. We were always glad to give preference to the Indians who wanted to work. Those Quinault Indians were very aggressive and independent. I previously had contact with the Indians when I went to the university at Lawrence, Kansas because a few miles from there was the Haskill Indian School. They were mostly Oklahoma Indians and they had a good football team. I had an uncle who had about a thousand-acre farm near there, and the coach of the Indian football team always urged my uncle to employ as many of these Indians in the summer harvest season as possible because if they went back to the reservation in Oklahoma, they'd get fat and lazy eating and drinking too much. As you know, they struck oil in Oklahoma and the Indians could live a pretty gay life without working. The Quinault Indians were good fishermen and they didn't have life handed to them on a platter.
- ERM: Did that 10 percent include the Indians working in the woods too?
- PRS: Yes. There might have been a few more of them in the woods than in the mills.
- ERM: Did the Indians show as much interest in working in the mill as they did in the woods?
- PRS: They grew up in the timber country and they used to hunt so I think they were more inclined to like the woods better than the mills.
- ERM: Did you consider them good labor?
- PRS: Yes. Occasionally when a big run of fish was on a man might lay off without permission but this didn't happen very often. On the Quinault River they had their fishing grounds staked out, and as long as some member of their family was there to get the fish,

they didn't worry too much.

ERM: What was your role in the Moclips mill at that time?

PRS: I was the general manager and I employed a logging superintendent. I became fairly proficient at cruising timber. The man who interested us in taking timber on the reservation was named Thomlinson. I went around with him and became fairly good at estimating timber.

ERM: When you moved the mill to Moclips I presume you did it with a view that at that location the mill had access to a supply of timber that would sustain it for a period of some time. Was much of that timber on which you were going to draw going to come off your own lands, off of other privately owned lands, or off the Indian reservation?

PRS: We operated there fifty-five years. From 1912 to 1939 we did our own logging. After that we bought logs from Polson, and we may have bought a little from Aloha Lumber Company. While we were doing our own logging I would say that about 75 percent came from the reservation and 25 percent came from the privately owned lands south of the reservation.

ERM: Did you have any guarantees from the Indians or the Indian Bureau before you moved to Moclips that you would have access to a continuous supply of timber?

PRS: No, we didn't have any guarantee. But that's why we bought timber south of the reservation, so we'd have that in reserve. A good deal of the timber south of the reservation was also south of the mill. In other words, in periods of dry weather when there wasn't enough water to float shingle bolts down the river, we could haul them by horses directly to the mill. Later we put in a splash dam so we could get them from up the river, even in dry weather.

ERM: By storing water and then flushing them down?

PRS: Yes.

ERM: From other portions of the area you brought them in by railroad?

PRS: Everything we got was shingle bolts until we bought the Point Grenville Unit in 1922. The logs we bought from Polson after 1939 came in by railroad. Later on, I don't know just what year it was,

they went in for truck logging.

ERM: Was this mill of yours a combination mill?

PRS: No, we never cut anything but shingles.

LOG EXPORT TO JAPAN

ERM: What happened to the logs that were better suited for lumber?

PRS: After the big Japanese earthquake in 1923 and for a period of several years, we shipped export logs and bolts to Japan. The Japanese wanted twelve- or thirteen-foot logs because they weren't very tall and their ceilings were only maybe six and a half feet high. They would cut a thirteen-foot log in two pieces. We also split a lot of the logs into shingle bolts.

One of the loggers on the reservation, Hobi Logging Company, didn't have a mill of their own. In 1920 we bought a shingle mill in Tacoma right on the waterfront. When the log export to Japan started in 1923, we leased some space on the port dock and put a drag saw on a float. The Hobi Logging Company shipped us a large part of their cedar. At the port dock we cut what was suitable for export, and we cut the rest of it into shingles at our mill.

ERM: Was there much of a trade in logs to Japan before 1923?

PRS: Not that I ever heard of, but I don't remember everything.

ERM: What has been the history of the drain of western red cedar logs and cants to Japan since that time?

PRS: Enormous quantities of cedar were exported to Japan in 1923, but so far as I know, it never interfered with the operation of the mills here. Whereas, in the last few years the vast export of logs, more to Japan than any other country, has caused some little mills to shut down, because either there wasn't enough cedar or the export was so high that they couldn't afford to pay the price.

ERM: What percentage of your total business operation was the export to Japan?

PRS: At that time we had three mills, Mineral, Moclips and Tacoma. It might have been 20 percent of the volume.

ERM: Was this a profitable area of your business?

PRS: Yes.

- ERM: Was it more profitable than the shingle trade?
- PRS: It's hard to pin down a question like that. If you take a forty-foot log and cut thirteen-foot lengths for Japan, out of some of these forty-foot logs you might get three thirteen-foot, others you might get two, or you might get one, and the balance will go into your shingle mill. It is a purely arbitrary calculation. How much is the log worth that went to Japan, and how much is the rest of the log (the poor part) worth that went to the shingle mill? You have to figure them together. I wouldn't undertake to say. You might ask in the shingle mill, Is your profit big on your number one shingle or your number two shingle? They must be figured together because the poorer part of the log goes into the number two shingle. There is no use trying to figure how much of a profit is there. When we had the Aloha Lumber Company, we were asked if we were making money off the cedar siding or off the shingles. We never tried to figure how much we made from each because it's a composite operation.
- ERM: Yes, but I imagine that a careful businessman would take cognizance of what his most profitable line of trade would be, and if he found that it was more profitable to sell the logs on the export market, he'd move in that direction. Or if he found it was more profitable to put them into his own manufactured siding or shingles, he'd go that way. What did your experience as a good, sharp businessman reveal as the best way to go?
- PRS: To me, the best thing was to work them together. You buy a raft of logs at a certain price per thousand, for example. Usually there were two grades of cedar, lumber cedar and shingle cedar, and you exported the best. Another thing we did while logging at Moclips was sort out the number one logs and sell them. We shipped some to Seattle Cedar Lumber Manufacturing Company and to Miller Cedar Company in Aberdeen. You see, the price we got for them was high enough so that we couldn't afford to put them into shingles.
- ERM: And did that same thing apply to the Japanese market?
- PRS: Well, yes. When we bought those logs we couldn't export them all, because they weren't all a good enough grade to export.
- ERM: The Japanese only bought the best?
- PRS: Yes, they bought the best.

ERM: Did they usually pay higher prices than the domestic market paid? I know they do today.

PRS: Yes. We would take the logs and cut them into thirteen-foot lengths and then by putting the balance in the shingle mill, we could realize more profit than if we just sorted it and sold the number one logs to a sawmill here and cut the rest into shingles.

ERM: Today there is a growing shortage of the raw material you depend upon.

PRS: Here is another business operation we had with Japan. The timber on this coast is heavy and a lot of the cedar windfalls would sink if they were put into fresh water. However, the windfalls were near our mill and the water wasn't too deep, so we'd put a choker around them and get them to the mill. There was a mill at Copalis Crossing and another in Seattle, and we shipped straight carloads of cedar windfalls to them which they cut into cedar cants for Japan. It worked out very well. I think one of the mills did business on a percentage of the selling price.

ERM: If you could do it over again, would you want to see a different policy with regard to selling of cedar to the Japanese market, or would you not want to change?

PRS: I think the policy is all right.

ERM: There is a great deal of hue and cry today to stop the sale of logs to Japan. Do you think that is a good idea or a bad one?

PRS: I think they ought to let the free market decide.

LABOR AND UNIONS

ERM: How many people did you employ in the beginning at Moclips and were they year-round or seasonal?

PRS: They were year-round. When we started we had three machines in the shingle mill and before we got through we had ten. There were two shifts. We had about forty men in the mill and about the same number in the woods.

ERM: Were the loggers mainly local men, married men, or like the loggers of old, rather peripatetic people?

PRS: Moclips was right on the ocean. It was a summer resort and that took care of some of the men. A good many people who lived in Moclips would dig clams when the season was right. When we built the shingle mill there were also a couple of canneries nearby. We built a cookhouse and bunkhouse to take care of the men that came in from other places. At first there wasn't a good highway to Moclips. There was only a plank road for a ten-mile distance and every hundred yards there was a turnout. Later they built a good auto road. I don't know whether they ever furnished a bus to haul the men at Aloha and Moclips. Maybe the two went together and bought a bus. The last few years we operated at Aloha and Moclips, there would be busloads of people that would come down from Hoquiam and Aberdeen.

ERM: So you imported some of your people from other communities. Was it a stable labor force or did it change quite a bit?

PRS: There was a certain amount of change. I don't think it was any different than other mills.

ERM: Were these people mainly Scandinavians or were they Canadians?

PRS: I don't think the Scandinavians predominated in our mills. I think in logging camps and sawmills at the time I came out here, there was a large percentage of Scandinavians. And in the Seattle telephone book today there are more Johnsons than there are Smiths. I remember when I first came to Seattle and looked that up.

- ERM: And they came from the Lake States industry, too. How did these people get into the shingle industry? Had they been in it before they worked for you or did they have to be trained?
- PRS: Most of them had experience but some were trained by us. I remember we had a block piler at Moclips who wanted to learn to saw. Whenever the sawyer went to the restroom or stopped to smoke a cigarette, this fellow would step in and saw a block or two. In the mill we have now we have trouble keeping a full crew with experience. We have to get new sawyers all the time.
- ERM: Why is that?
- PRS: Well, the fellows aren't experienced. I suppose one reason why there aren't enough experienced ones is because we have a basic six-hour day in the shingle mills. While they earn on the average more per hour than they would in sawmills and logging camps, many of them would prefer to work an eight-hour day and make more than at the shingle mill in a six-hour day.
- ERM: Is working in a shingle mill more dangerous than working in a lumber mill?
- PRS: I don't think it is particularly dangerous. Sawing might be a little more dangerous than the average work around a sawmill and sometimes someone will lose a finger or two, but there is nothing especially dangerous about packing. We have good safeguards now.
- ERM: Around 1915 there was a great deal of concern with the Wobblies [Industrial Workers of the World]. What experience did you have with them?
- PRS: I had practically no trouble with them. They had more trouble with Wobblies at mainline railroad points like Centralia and Everett. We never had any serious trouble with them.
- ERM: Did you have a union shop in your mill at that time?
- PRS: Yes. I think they call themselves the Washington-Oregon Shingle Weavers District Council.
- ERM: Do you know whether that's the same organization that was in existence back in the early days at Moclips?
- PRS: I don't know.

ERM: Have shingle weavers always thought of themselves as a special class, a special breed of cat differentiated from sawmill men in general?

PRS: Well, yes. But the sawmills are so highly mechanized now that a lot of the men can get as much as the shinglers do.

ERM: The shingle weavers used to make more than people in the lumber industry?

PRS: Oh yes. I remember the old union scales for sawing shingles. That was when we had the thousand-pack (it's square-pack now), in a ten-hour day a good sawyer would saw 40,000 shingles, and at 18¢ a thousand he'd get \$7.20. The day labor around the mill (the cut-off men) got \$3.50. The summer of 1909 I worked in Mineral for \$3.00 a day.

ERM: Would you say then that wage rates have always been better in the shingle business?

PRS: The hourly rate is higher, but here's the trouble. We're on a shorter work week and some of the young men would really rather work longer hours. That's why it's harder to get men in our industry.

Speaking of the labor situation (this doesn't have anything to do with my direct involvement but will show you how I've been on both sides of the fence), in October 1910 I came out here and worked because my father said that if I'd work two years for other mill people, he'd back me in a mill up in Vancouver. Well, I had a job lined up in a logging camp north of Vancouver that was controlled by a man who had a mill adjoining my father's in Arkansas. I just missed the boat up to that mill. We had an office in Tacoma and I could have sent back there for money to pay my hotel bill for two days. Instead I went to an employment office and got a job long-shoring. I worked four days loading lumber on a ship bound for Australia at \$3.50 per day. Those were the biggest wages I'd had up to that time. When I went to get my money, they said, "Sorry, we only pay twice a month." Suppose I had a wife and child and needed the money to buy groceries? I can see how labor unions got started. There were lots worse things that happened. That winter of 1910-1911 I spent in Portland with some friends.

ERM: Generally speaking, Paul, what would you say your relations have been with the labor force during the years of your involvement in this industry?

PRS: I think they have been satisfactory on the whole. There were two times at Moclips when we did have fights and we brought in strikebreakers, but that was a good many years ago. I think the last time was 1930. And I'd say for the past forty years we really haven't had any serious trouble.

ERM: In negotiating contracts with labor who actually does the negotiating for you?

PRS: At present the labor problems of the industry are handled by the Timber Operators Council usually referred to as TOC. They have headquarters in Portland. For many years David Williams handled our labor problems and after he retired Robert Studebaker of Everett worked with us, but for the last several years it has all been handled through TOC.

ERM: Does the Council do the bargaining for the whole industry?

PRS: Yes.

ERM: Do you ever negotiate individual contracts?

PRS: There are different problems with different mills so you often need to have an individual contract, too.

ERM: Have you ever dealt directly in the negotiations yourself?

PRS: Yes. Someone from our company has always been on the Council. I had a partner in Tacoma that was on it for many years. The last thirty-five or forty years I've been on it myself.

Referring back to the problems of different mills, sometimes a mill might have unusually poor quality timber and we will have to pay more to the pieceworkers.

ERM: When the quality of the timber is poor the working force asks for a greater wage percentage because they don't get as much out of it. You pay more to get less, in a sense.

PRS: Yes, but you might buy the logs cheap, too.

When I first came out here we worked six ten-hour days and when we got to the eight-hour day--I think it was 1917--we tried to get five eight-hour days instead of six eight-hour days.

The summer of 1917 we were closed down and didn't run the mill for about two months. There's a little brook that runs into the Moclips River--runs right under our mill as a matter of fact--and I remember deer coming down into town to drink out of that creek. Animals are curious. Previously, we had been hauling shingle bolts about two miles from town and when it became quiet there the deer came through. After we started logging again a deer got caught in a cable and was tipped over though not killed.

ERM: What were your experiences with the labor force out here and how has that story unfolded from the early days?

PRS: We've had experience all right. After I was married in 1915 the tariff came off shingles and we landed in Moclips about the end of January. We were married January 11 and had honeymooned in California. I don't think the mill was running at the time, and we didn't see how we could continue paying the wages we had been paying, so we cut them. You see, there was a general reduction of wages after the tariff came off.

We used to hire strikebreakers from Seattle. One Sunday a couple of our strikebreakers were walking on the beach and the strikers set upon them and tried to beat them up.

ERM: Who did you hire your strikebreakers from?

PRS: An employment office. Later on mills at Grays Harbor were paying higher wages than they were on Puget Sound. One reason was that there was a big movement of cedar logs to Japan after the 1923 earthquake. The mills on Grays Harbor had a better type of export cedar than those on Puget Sound. They got enough cream out of that sale to pay more for the shingle weavers. We got into a position where we couldn't pay higher wages so we went to an organization of manufacturers. The state of Washington had a Federated Industries and I got a lot of my employees through them and took them down to Moclips in my car. We had a boardinghouse nearby the mill and once we had the sheriff send men out. I think this was in the fall of 1930. A lot of the men didn't realize a depression was on. I thought we had to do something so I was the pioneer in Grays Harbor in reducing wages.

I haven't always been on that side. At that time we had a group called the U.S. Red Cedar Shingle Industry, Inc. that met with the shingle weavers union. We used to meet on the first Friday after Washington's birthday to work out a wage scale. One of the principal employers is Huntington in Oregon. He manufactures both lumber and shingles and does a noble job.* In 1968 or 1969 the manufacturers decided that we ought to get back to a seven- or eight-hour day, but we didn't get very far with the union on the proposal. Huntington operates on eight-hour days, and I think some of the hippie-type students in the university tried interfering with this, but by jove, he's been successful. I'll compare his situation with ours. He's in a community which has not been closely identified with the shingle business for fifty or sixty years. Whereas, up on Lake Pleasant where our mill is, there were also two other mills. The Forks Shingle Company fifteen miles away was one. There was a bigger demand for shingles from that area than from any other part of the state.

ERM: You were competing?

PRS: We were competing for labor. I'll tell you how we got started on this. About 1936 the shingle weavers struck for a six-hour day. We met in one of the big rooms here on the third floor--we probably had a dozen meetings that summer. We had five eight-hour days-- or maybe it was six eight-hour days--and ended the negotiations with six six-hour days, which was a thirty-six hour week. We didn't have to pay overtime for working on Saturdays.

During World War II I got the idea from the copper mines in Montana of paying a sliding wage scale based on the price of the product. We kept on with the six six-hour days. During the war we had price controls on both logs and shingles. An hour's labor was equivalent to one square of shingles. Whenever shingles advanced ten cents a square, the men got two and one-half cents more per hour. It was very peaceful. I'll take credit for the fact that during that period there were practically no labor troubles. After the war ended there wasn't a control on logs or shingles and the situation changed. There was a great difference in the cost of logs in

*Editor's note: Since Mr. Smith made this statement in 1970, Huntington has been phasing out his shingle weavers operation and now runs only one machine, one shift.

different parts of Washington and Oregon. Some of the mills were running five eight-hour days. They didn't want to run the shingle mill Saturday. So I suggested that we give up this promissory plan and concede to the basic five day thirty-hour week, and if any of them wanted to operate on Saturday, we'd pay time and a half. That decision has not been a handicap. For example, in our own mill we've had a pretty rough time since May of last year. We haven't had a very good market. Following the big hurricane they had in Corpus Christi, Texas about two and a half months ago, our prices went up and we got a lot of good orders. We ran three Saturdays and paid time and a half because we booked the orders at a price which gave us a profit and we couldn't ship them when we promised to unless we ran Saturdays. You see that switching from a thirty-six hour week to a thirty-hour week has not really hurt the industry because we also did away with the split wage.

PROFIT-SHARING PLAN ADOPTED, 1955

ERM: Your company was one of the few that adopted a cooperative working arrangement with employees by setting up a profit-sharing program in 1954. What is the history of that effort?

PRS: Here is a copy of our profit-sharing agreement. * It became effective June 30, 1955.

ERM: What was the reason you started the profit-sharing bonus plan?

PRS: Along about 1953 the shingle weavers, sawyers and packers--even though they were working by the square and doing piecework--organized a slowdown movement to coerce us into conceding certain things to them. Though they cut down their earnings, they figured that by slowing down their work it would cost us money. In order to drive their point home to the manufacturers, they said, "We'll only saw twenty squares a day," whereas, they could saw anywhere from twenty-four to twenty-eight or thirty, according to how good the timber was.

I was always on the committee that handled labor relations. I told them, "If you go back to work in earnest before we enter our next year's negotiation, I'll offer you an honest-to-God profit-sharing plan." They accepted that. Here is a peculiar thing, though. At that time we had five mills, and the Aloha and Moclips mills turned this offer down. I can see two reasons why they refused. One, this agreement specifies that we settle every six months. During any six month period in which they go on strike they get no profit sharing for that period. That only happened once and I don't hold it against them because it was a general strike of the whole industry. If you have a surplus in your commodity, it is an advantage to have a strike once in awhile. This plan avoided the quickee shotgun strikes a lot of mills used to have. The union had a separate manager in the Grays Harbor district and he was responsible for Aloha and Moclips turning the plan down. The only other

*For a copy of this plan see Appendix A, pp. 80-82.

reason I could see why he might do it is that a union official will often feel jealous of the influence an employer has over the union members. Their turning that plan down cost the employees of those mills a couple hundred thousand dollars.

ERM: Are your wages arrived at by industrywide negotiations?

PRS: Yes. That has been true for as far back as I can remember.

ERM: Then you did not negotiate directly with your own employees but on an industrywide basis?

PRS: Yes. With the exception that each mill has its peculiar job setup which you have to negotiate with your men. But the basic wages are established by the union. We settled with them June 30, 1969. For several periods prior to that they had some wonderful shares of profits. However, we lost money the last six months of last year and the first six months of this year. Those deficits have to be made up before the profit-sharing plan goes in again. The plan has been a good thing because our men have done better than most of the others.

ERM: Did you find that this plan was copied by other people in the industry?

PRS: No, I don't think anybody else had it.

ERM: Was the plan one of your composition or one that was worked out by legal counsel?

PRS: I think I had an attorney look at it. I made it up and had him approve it. In the committee which dealt with the shingle weavers union we always had an attorney.

ERM: Was it always the same man?

PRS: A man by the name of Maxwell was the attorney for our company for a long time.

I did get someone from the American Council of Profit Sharing Industries to study the plan to some extent after I composed it.

ERM: Is that how the idea was born in your mind--in some literature that you had received from them?

PRS: Well, yes. In our lumberyards my father often paid the manager a percentage of the profits, and I've always admired Sears Roebuck employees' stockownership.

MILL EQUIPMENT CHANGES

ERM: How have mill machines changed over the years?

PRS: I don't think they've changed a great deal. There hasn't been a new shingle machine made for fifteen or twenty years.

ERM: What kind of equipment did you start with in the Moclips mill? What kind of saws did you have, flat or vertical?

PRS: The first mill we built to cut logs was in Mineral, Washington, and we started out with five upright machines. After I'd worked there for a summer I went out and studied other mills and reported back to my father that he could keep six machines going with the same number of day men. So we put in another upright machine. One cut-off crew piled up enough blocks to run nine or ten machines.

One or two big mills had flat machines five or six feet in diameter with a place for ten blocks. It went around in a circle and there were ten saws. They also had a double block and a single block. In the double block there were two saws and the man pushed back and forth. The single block went just one way. There may still be a flat machine operating in this state today. I heard a fellow down in Elma was operating one, but the work is practically all done on upright machines now.

ERM: What power source ran these machines?

PRS: The ten-block machine was all electrically powered by steam.

ERM: Did your mills have the earlier flat machines?

PRS: When we bought the mill in Tacoma I think it had one flat machine which we replaced with a couple of uprights. It is not necessarily a sign of backwardness or inefficiency to have a flat machine. Some big mills have felt that small blocks can be cut better on a flat machine. They might throw small blocks away if they depended on the upright machines. The block would only be thick enough to yield six or seven shingles which you could cut on a flat machine--they are called chunk machines--but it wouldn't be feasible to cut them on an upright.

ERM: Paul, has there ever been any effort made to collect these old machines and put them in a museum? Is there a museum in the

Pacific Northwest that shows the history of the cedar shingle business?

PRS: Not that I know of. I don't know whether they have one up at the University of Washington.

ERM: No, they don't.

PRS: The mill we have now has ten machines; that's just about all the cut-off crew can take care of.

ESTABLISHMENT OF SHINGLE STANDARDS AND CANADIAN COMPETITION

- ERM: The establishment of shingle standards has been a matter of concern to responsible manufacturers for many years. There was a period of time during which you had a long struggle to get the standards established. Could you tell us about your experience in that?
- PRS: There have been changes in the grades of cedar shingles manufactured. In the early days mills in Washington and a few in Oregon made two principal grades of shingles. One was Extra Star-A-Star, which was ten inches clear, sixteen inches long. The falldown from them was six inches clear and we called it Common Star. The second grade was Extra Clears, twelve inches clear, and their falldowns were about the same as Common Star.
- ERM: What do you mean by falldowns?
- PRS: They were the lower grades; the ones that didn't make the top grade. They aren't made anymore. It wasn't very long after the Rite-Grade Shingle Association started that the Extra Stars were outlawed.
- ERM: How did the manufacturers come by the names Star and X? Why did Canada use X as a symbol?
- PRS: I don't know. They are 5X now. There was a time when people down here called them Perfects.
- ERM: I've run across evidence that it derived from the fact that whiskey manufacturers used Xs on their brands, and the better quality whiskeys had five Xs. As the quality went down they had fewer Xs. Perhaps from that source the X branding became attached to shingles as well.
- PRS: Around 1915 we started making a shingle at Moclips which was practically perfect: that is, 100 percent clear--no knotholes--and 100 percent vertical grain. The mills in British Columbia started it before the mills down here. Also about that time the Shingle Branch of the West Coast Lumbermen's Association organized a campaign for a Rite-Grade Shingle Association. They made a Rite-Grade Clear which was 100 percent clear, but didn't

have to be 100 percent vertical grain. This was an improvement over the old grade, because the old grade of Extra Clear was only twelve inches clear.

ERM: Why did this first develop in Canada?

PRS: I don't know. It may have been because of the oriental sawyers. Perhaps it was easier to get them to saw blocks the narrow way to get the vertical grain.

ERM: Along about this time the U.S. shingle industry was suffering because of increased competition from British Columbia shingle manufacturers. Operators on this side of the line complained of having higher manufacturing costs than their competitors on the Canadian side, and they claimed this was due largely to the differential in the wage scales between the two areas. They also claimed there was strong competition from Canada in the U.S. market because the Wilson administration had dropped the import tariff which had been 50¢ per thousand shingles imported into this country. This resulted in vast unemployment among the shingle producers here, and many mills were closed down, as you mentioned earlier. There was a kind of depression in the industry. There was a lot of rancor and criticism of Canadians who were hiring Chinese.* Do you remember that period?

PRS: Sure I remember when they had the oriental labor. I'd go up to Vancouver three or four times a year because I was buying from mills up there, and I'd see what kind of shingle they were making.

ERM: Did they make as good a shingle as you did, or was it a poorer grade?

PRS: They made as good a shingle.

ERM: What about the efficiency of their Chinese laborers compared to that which you hired? Were your workers as good? Did they turn out as fast?

PRS: I don't think they were quite as fast as the Chinese, but they did good work. I'm in no position to make a comparison on that. Your Canadian manufacturer can tell you better than I. The general opinion was that the best sawyers down here were a little faster than they were.

ERM: Let's go back to the Rite-Grade trademark that was developed.

*"The Life or Death of Our Shingle Industry," speech by K.S. Duncan to Illinois Lumber & Builders' Supply Dealers' Association, Chicago, published in Lumber World Review 28, no. 4 (2/25/15):27-9.

About 1916 many southern cities in the U.S. proposed local legislation forbidding the use of wooden shingles on roofs because of what they called low quality and fire danger.* Prior to this, in 1915, the Shingle Branch of the West Coast Lumbermen's Association was organized to mount an advertising campaign for Rite-Grade inspected shingles. The Association wanted to stabilize the grade of shingles, to provide sound inspection of them, and to develop a more lucrative market in red cedar shingles. In the previous years poor quality shingles, inconsistent grading, and wide ranges in pricing had led to much quarreling and bad blood between the manufacturers, the wholesalers and the retailers. This effort on the part of the West Coast Lumbermen's Association to set up a Rite-Grade trademark for shingles was the beginning of a new phase in the history of the industry. Could you pass any light upon how that was done? Were a lot of manufacturers producing less than good quality shingles?

PRS: Our board agreed that was a good name; I can't tell you who was responsible for using it first. There was a time when some manufacturers had sawyers racing to see who would turn out the most in a given shift, and they didn't always turn out the best. They were more interested in quantity than they were in quality. That has declined in recent years. One reason is because the sawyers don't do straight piecework anymore. They get an hourly wage plus a piece rate.

ERM: It seems that part of the reason for organization of the Shingle Branch of the West Coast Lumbermen's Association was the competition with Canada. A campaign carried on at that time advocated "American made goods for America." Do you remember that?

PRS: Yes, but I don't remember any details.

ERM: There was little visible difference between a B.C. shingle and a U.S. shingle and the agitated U.S. shingle weavers felt that a Rite-Grade trademark would distinguish between the two. However, Bolling Arthur Johnson in the Lumber World Review for February 25, 1916 was quite against this because he felt it made for a closed shop and an overpowerful union.

PRS: The B.C. shingle makers were not part of our association in 1916 and didn't have use of the Rite-Grade trademark?

ERM: Not at that time. They used Edgwood as their trademark and had their own association. At the same time the Southern Pine

*Lumber World Review 30, no. 1 & 2 (January 10 & 25, 1916): 35 & 55; LWR 30, no. 11 & 12 (June 10 & 25, 1916): 46 & 40.

Association began making yellow pine shingles, but they couldn't really compete with the Rite-Grade.* Why was this?

PRS: Because yellow pine doesn't last as long when exposed to the weather. The white pine around the Great Lakes States produced shingles that lasted longer than yellow pine. However, cypress shingles will last as long as cedar shingles.

The Rite-Grade Shingle Association to which we paid dues, did some constructive work throughout the country promoting the sale of shingles. A few big mills chose not to come into the Association. One reason was because the shingle wholesalers didn't agree on the proper way to advertize. Some of them had a favorite brand they thought was worth more than the Rite-Grade mark. They would rather spend money advertising their favorite brands than promote the sales for the industry as a whole. In response to this I said, "If we can't agree on the proper method of advertising, at least we can agree on the necessity for preventing adverse legislation against shingles."

* Lumber World Review 31, no. 4 (August 25, 1916): 29.

RITE-GRADE SHINGLE ASSOCIATION/RED CEDAR SHINGLE BUREAU

ERM: Paul, do you remember where you stood in 1926 when the Shingle Branch pulled out of the West Coast Lumbermen's Association and set up two separate groups, the Rite-Grade Shingle Association under Bill Williams and Don Clark, and the Red Cedar Shingle Bureau under R.S. Whiting? Which one did you go with?

PRS: I went with the Red Cedar Shingle Bureau under Whiting right away. He had a good background and was very good at trade promotion, although I don't think he was as aware as Virgil Peterson is. He had influence with important people in the East. Arthur Bevan was another good man; he was English.

ERM: Arthur Bevan was dismissed, was he not? Was there some feeling that he favored the British Columbia industry?

PRS: Yes, there was that feeling. I used to be in close personal touch with Bevan and after he left the Shingle Bureau he went with the U.S. Forest Service in Washington, D.C. He came to the Bureau while a relatively young man, and he lived in Florida in retirement until just recently. *

Bevan was the one I really worked with right from the start. When he quit in 1931--or resigned under pressure as the case may be--there was a hiatus for several years with Bureau management mainly under committees of operators, until 1934 when W.W. Woodbridge became secretary-manager. He continued in this position until October 1, 1953 when Virgil Peterson became secretary-manager.**Woodbridge was in ill health at that time.

ERM: Do you have any recollections about Bill Williams or Don Clark?

PRS: I think Don Clark worked for the Shingle Bureau for awhile after the Rite-Grade Shingle Association faded out.

*Arthur Bevan died in 1973.

**Virgil G. Peterson, The Red Cedar Shingle & Handsplit Shake Bureau's Role in the Western Red Cedar Industry, typed transcript of tape-recorded interview conducted by Elwood R. Maunder (Santa Cruz, Ca: Forest History Society, 1975).

ERM: I wonder to what extent the Rite-Grade Shingle Association might have been purely a grading group and the Red Cedar Shingle Bureau more trade provoking. Was it like that?

PRS: I think so, but the Rite-Grade Shingle Association soon faded out.

After World War I we had a pretty good boom in the industry, and then along in the early twenties the shingle business began to taper off. The thing which really caused formation of the Rite-Grade Shingle Association was the Berkeley fire in 1923. California tried to outlaw shingles then. R.S. Whiting was secretary of the Shingle Branch of the West Coast Lumbermen's Association. I think he went down to California, and we had quite a struggle to convince them they shouldn't outlaw shingles.

ERM: I think it was A.J. Russell of the Santa Fe Lumber Company of San Francisco and Peter B. Kyne, the author of the famous "Cappy B. Ricks" stories, who were the front-runners for you in that fight in California.*

PRS: We put up a good fight and kept them from outlawing shingles in California, although they may have restricted the area where they could be used.

ERM: Do you remember Texas proposing laws to ban use of shingles in 1917 under the Valentine Bill?

PRS: No, I don't.

After the Berkeley fire the shingle manufacturers of the Pacific Northwest, together with the Shingle Manufacturers Association of British Columbia, organized the Red Cedar Shingle Bureau. Sometimes people who are giving the history of the shingle industry say the Bureau was organized in 1915, but actually it wasn't the same organization.

ERM: Did the bigger mills come into the Bureau?

PRS: Oh, yes. Some of the mills that had held out, as I said, in the Rite-Grade Shingle Association, came into the Bureau because they saw if they didn't we'd all suffer.

We had a great arguing point with city and state legislative authorities concerning vertical-grain shingles, if we could show them we were making a shingle that was 100 percent clear and

*"Sixth Annual Red Cedar Shingle Congress," Lumber World Review 43, no. 12 (December 25, 1922): 38.

100 percent vertical grain. The shingle that is not vertical grain has a tendency to curl up in hot climate. If they have knots and aren't clear they won't hold up as well. I would say that the Berkeley fire and the organization of the Red Cedar Shingle Bureau speeded up the conversion of the mills to the idea of a top grade that should be all clear and vertical grain. It has been that way ever since.

The legislation the Bureau was particularly concerned with would prevent the use of wood roofs, perhaps throughout a city, but usually only in certain downtown areas because of fire hazards.

As a result of the recent fire in Los Angeles, we have a battle going on. They're trying to require us to use fire-retardant treated shingles. There is a Class B and a Class C. In some areas Class C is required, and in other areas Class B is required. The Class B costs about three times as much, and the Class C about twice as much as the untreated shingles.

ERM: This question of standards prices your product right out of the market.

PRS: It certainly prices it out of the market in a lot of places, but the Shingle Bureau has done a wonderful job of trade promotion. A great many shingles are used now in interiors of buildings and other places where the fire risk isn't too high.

ERM: You've been an active participant in trade association work from the very beginning in that you were one of the organizers.

PRS: When we started the Rite-Grade Association I was managing the mill down in Moclips. We moved that office to Seattle in 1916, and the man who was managing our office here was in on the organizing. I was in on the organizing of the Shingle Bureau in the twenties. I had an awful lot to do with starting it when I said if the mills couldn't wholeheartedly agree on what brand of shingle to push, at least they could agree on the necessity for combatting adverse legislation.

ERM: Who else helped to organize the industry in an association way? Who were some of your contemporaries in the industry about the time of World War I?

PRS: There was E.C. Miller in Aberdeen, and Neil Jamison in Everett was prominent. In Seattle Cedar Lumber Manufacturing Company there

were Leo Black and Keith Fisken. The ones in Oregon have slipped my mind.

ERM: Do you remember Bolling Arthur Johnson, editor of the Lumber World Review? He was a tremendously big man.

PRS: Yes. I don't remember anything definite about him.

ERM: Do you remember Olaf Carlson and George Bergstrom in any clear way?

PRS: I remember Bergstrom better. Carlson was on the operating end of C.B. Lumber and Shingle Company in Everett, and Bergstrom was on the sales end. We used to see Bergstrom at all of our shingle meetings. He had a son-in-law, R.A. Wilde, who carried on after him.

One of the early leaders, John McMaster, was called dean of the red cedar shingle industry. He'd always been prompt and generous about supporting any organization, whereas Neil Jamison held back at times. I think one time McMaster didn't sign up as a full-fledged member, but he sent the Bureau a thousand dollars.

ERM: Do you recall the C.B. Shingle Company operated by Carlson and Bergstrom was the first to have all-electric machines in its shingle mill, replacing the overhead steam gear belting and shafting?* This new machinery was also equipped with more sanitary disposal conditions. It had blowers which kept the cedar dust down to a minimum, tending to reduce the danger from explosions and fires. This was installed in 1914. When did you go all electric?

PRS: I don't really remember.

ERM: Have you any recollection of the Turgeon Mill in Seattle?*** That mill started a cooperative plan in 1914 where the workers in the mills shared the responsibility of running the mill and also shared the earnings of the mill. They would have been early advocates of the same kind of profit sharing you were doing in the fifties.

PRS: I remember it vaguely, but I couldn't give you any details.

*"Latest News of the Lumber World," Lumber World Review 27, no. 2 (July 25, 1914): 38.

***Ibid.

WORLD WAR I YEARS

ERM: There was a strike among the shingle weavers up here in the summer of 1916. Do you remember any of the details?

PRS: 1916 was a pretty good year in the shingle business. They got ambitious for more wages.

ERM: The Clough-Hartley Company at Everett found a way to resume operations and satisfy its workmen who had been on strike since May 1.* They made an arrangement with the men in their plant that it would operate as an open shop with the same wages as before the strike was called, with a proviso that if the union won the strike, the difference between the wages now paid and those awarded the union would be paid for the time intervening between June 1 and the time the strike was officially declared over. The company announced it was paying upright sawyers 14¢ and packers 8 1/2¢.

PRS: I didn't know they ever paid them that low. I remember the union scale. Shingle bolts was what they called raw timber. The union scale was 18¢ a thousand for sawing that, 17¢ if it was power bolted timber, and 16¢ if it was knee-bolted. We haven't had a union scale as low as 14¢ since I've been in the business.

ERM: I'll read you this from the Lumber World Review for May 25, 1916. It's entitled "Shingle Makers' Strike in the Northwest."

Seattle, Wash., May 20.--Shingle mills in the Puget sound district, including Everett, have for the most part been closed since May 1, owing to the demands of shingle weavers for higher wages. The fight of the union has been centered on the Ballard, Everett and Anacortes mills, with one or two others affected in other districts.

The union alleges the men are demanding a return to the wage scale of 1914, but as a fact, the men want higher wages than that scale calls for. Most of the mills affected had restored the 1914 scale early in the spring.

*Lumber World Review 30, no. 11 (June 10, 1916): 47.

So I guess the Clough-Hartley mill was behind.

PRS: They were paying less than the union scale.

ERM: What do you remember about Clough-Hartley. Did you know the men involved in that company?

PRS: No. I worked a month there in the fall of 1910 tallying the cedar siding cut for Herbert Clough, son of Governor Clough of Minnesota. Roland Hartley, governor of Washington from about 1930 to 1932, was not active in the mill management. He owned an interest in the mill, but his brother was really the active manager. I didn't personally know the managers of the Clough-Hartley mills, but the younger Hartleys got into the wholesale business and we did business with them.

ERM: Do you remember at that time the B.C. mills were beginning to drain off some of your sawyers and shingle workers by offering them higher wages?* This was because the British army was recruiting Canadian men from their mills to go into military service during the war. Canada entered the war long before the U.S. In order to pick up the slack and keep production going, the B.C. mill operators began tempting your own men away. What do you remember about that?

PRS: The men they were tempting away were in the northern part of the state. For example, I don't think there is a shingle mill in Blaine today, due to that. Blaine is the northernmost town in the state of Washington. There were at least four big mills there at one time. Bellingham was closed, too. British Columbia mills didn't try to get men from down around Moclips, so we didn't encounter that directly.

ERM: This seems to have affected more than just those few mills on the border.

PRS: Maybe. There is a question on my mind. When writing up the history of the shingle industry do we want to place an accent on things like that where there was strife between Canada and Washington? We might soft pedal it a little.

ERM: It was all part of the history at one time.

PRS: All right, let's go on then.

*Ibid.

- ERM: When World War I was breaking out in Europe in 1914 metal roofing costs rose very rapidly in the United States and this gave an advantage to wood shingles in the market. How much competition did you see for your products at that time, and how has that competition changed over the years?
- PRS: There certainly has been competition with other types of roofing, but with the free supply and demand it seems to work itself out.
- ERM: Hasn't your competition mostly come from the composition asphalt shingles?
- PRS: Yes. In California we've had competition from red tile roofing, which is found on some finer houses. In other places we have competition from slate. In the country the farmers don't care so much about the looks of a building; they'll put on asphalt roofing.
- ERM: They used galvanized metal to a great extent, too. As the cost of metal rose during the war, and zinc got into short supply, metal became priced out of the market and shingles moved in.* Do you remember how you were able to take advantage of that situation? How did the Rite-Grade Shingle Association work with you to realize a better market?
- PRS: We've never done any advertising as an individual corporation; the Association or the Bureau have always worked that out.
- ERM: You've never done any advertising for M.R. Smith Shingles?
- PRS: Around our local lumberyards, but not on a national level. We did some individual advertising in our Balboa Roofing Company in Southern California. We probably did advertising in Kansas City where we had our biggest combination wholesale-retail yard, but I wasn't very close to it.
- ERM: What do you remember about the days surrounding our involvement in World War I? How did those times affect you and the industry?
- PRS: I had known a man at Harvard by the name of Russell Thompson. He was my assistant manager at Moclips. He was unmarried and went into the first officer's training camp and became a lieutenant. As I told you earlier, we left the spruce trees standing at Moclips. The government was building airplanes out of spruce during the war and we were occupied in getting out the spruce. I went to the draft board in Hoquiam and told them what I was doing. They said I'd better stay where I was, that I'd do more good there than if I

*Lumber World Review 27, no. 4 (August 25, 1914); 29.

went into the army. During the war a lot of our men were anxious to work on the spruce because that meant they wouldn't be taken into the army. We had trouble the last year of the war keeping enough manpower to run a shingle mill full blast. We did keep it going but sometimes we had a machine break down.

The frames for airplanes were made of spruce because spruce was lighter in weight than other hardwoods and it would bend more without breaking. After we cut the best spruce trees and quartered them, we'd ship the cants, which were eighteen to twenty-two feet long, to a cut-up plant at Vancouver, Washington. When we had cut all our own best spruce timber, we made a deal with the Indian department which permitted us to go anywhere on the Quinault Reservation that was accessible and pick out the best spruce trees for \$7.50 a thousand. That seems very low in comparison to present prices.

ERM: How well did you know Colonel Brice P. Disque who was head of the Spruce Production Division during World War I?

PRS: I just met him and never knew him well.

ERM: Did you rely heavily upon Indian labor at that time?

PRS: We took whatever labor was available. I don't remember whether or not we had more Indian labor.

ERM: In 1917 the whole country was wracked by a great epidemic of flu.

PRS: Yes. I had the flu myself for a few days, and I had a younger brother who died on the way to France with it just a few weeks before the war ended. My two sisters died of it, too.

I don't remember it being very serious in Moclips. A few people had it, no doubt, but that's pretty healthy country with its salt air. I don't remember that it had any particular effect on our operations.

DURABILITY OF WOODEN SHINGLES IN NATURAL DISASTERS

ERM: Nearly every hurricane has proven the merits of wood shingle roofing. In 1915 there was a hurricane on the Gulf of Mexico coast and it was found in that disaster that cypress shingles on roofs withstood damage better than other roofing materials.* You had a great deal of experience over the years in responding to information that comes out in the wake of disasters. I wonder if you can tell us anything about your experience, how your company and industry responded to these disasters and how it moved in to take advantage of market conditions that followed in their wake.

PRS: Our sales were handled from Kansas City until my father died in 1930. We used to sell cypress shingles in one of our lumberyards. There is no question they are one of the durable woods. Cedar, cypress and redwood were the durable woods on roofs. Untreated they would last longer than any other wood.

About twenty-five years ago there was an earthquake in the Los Angeles area that had a tendency to crack the tile roofs, and that gave the shingle industry quite a boost, because the wooden shingle is flexible. You can bend a wooden shingle without breaking it, whereas tile is such a rigid material that an earthquake will break it.

ERM: I take it then that natural disasters are very frequently the harbingers of really quite a big boom in a product like shingles. Earthquakes or fires that destroy a lot of property will cause an immediate market that generally grows in the wake of such disasters.

PRS: Yes, it usually does. The tremendous hailstorm they had in the Texas Panhandle long about May or June of last year, gave shingles quite a boost. And then the hurricane that hit Corpus Christi around the first of August this year gave shingles another boost.

*Lumber World Review 29, no. 7 (October 10, 1915): 18.

BROR L. GRONDAL AND FIREPROOF SHINGLES

ERM: Do you remember Professor Bror Leonard Grondal?

PRS: He was on a retainer for the Shingle Bureau for a good many years. Wasn't he head of the forestry department of the University of Washington?

ERM: He was on the faculty, but he wasn't head of the forestry department.

PRS: Bror Grondal was a tremendous friend and ally of the shingle industry.

ERM: He conducted a series of fire experiments on various roofing materials to disprove the charges of your competitors that your shingles were more susceptible to fire than theirs were. * We were discussing earlier the rash of attempts to pass ordinances banning the use of wooden shingles throughout the country. What do you remember about that?

PRS: I'm sure the Shingle Bureau has a complete record of them. I know there were plenty of places where they had ordinances against the use of wooden shingles because of fire hazards, and there were also areas where they tried to get ordinances passed. I never made any effort to know the details.

ERM: Do you remember more of what you and others did to combat that situation?

PRS: We spent quite a bit of money trying to develop fireproof shingles. I put a little of my own money into the experimenting. We had a little workshop for experiments. We found we could fireproof shingles but it was expensive.

*Bror L. Grondal, Certigrade Handbook of Red Cedar Shingles (Washington: Red Cedar Shingle and Handsplit Shake Bureau, 1936). Professor Grondal died in March 1974.

A MISCELLANY OF COMMENTS ON SHINGLES

ERM: In the early days wooden shingles were used to a considerable extent in rural farms and barns, and as time went on the fashionable interest in shingles was grabbed up by people living in urban situations. Do you remember when that change began to take place and shingles became more popular for home building in cities and large towns?

PRS: Not too long after World War I ended, in the early twenties. There was a man in Kansas City named J.C. Nichols who did a lot of home building. He started over fifty years ago and was one of the first builders to build an attractive group of homes that featured our products. Most of the big cities now have someone who follows along the lines he started.

I thought they would never advertise nationally because they thought the Shingle Bureau would do it, but around Kansas City we probably did do some advertising for our local yard.

ERM: Fashions in shingles have changed over the years, wouldn't you say?

PRS: To some extent they have. The sixteen-inch shingle is still used more than any other. The eighteen-inch and fancy butt shingles are coming back. In the early days lots of houses had the fancy butt shingles, then they died out. I think the Shingle Bureau brought it back to some extent.

ERM: To what extent have you personally and collectively as an industry been working with architects to develop your product?

PRS: The Shingle Bureau has done a lot. I think Virg can answer that better than I can.

ERM: I wanted to know if you had any recollections of earlier experiences than Virg's. He only came into the picture in 1939. Your time goes back a long time before his. Were direct appeals ever made to the American Institute of Architects in the early days of your experience?

PRS: Yes, I think there were.

ERM: In 1915 the U.S. Forest Service claimed that shingle manufacturers

were keeping their prices so low it was depreciating the value of timber held by the government.

PRS: Shingle prices have always been a free market. If the price is low it's because there are so many of them being made. It isn't any deliberate design on the part of the shingle manufacturers.

ERM: Has your industry suffered frequently from periods of over-production?

PRS: Yes, occasionally.

ERM: There have been a whole series of annual Red Cedar Shingle Congresses, were you participant in these?

PRS: Yes, I don't think I ever missed one of them.

ERM: How would you describe the shingle congresses? What was their purpose and what did they accomplish?

PRS: Their purpose was in bringing the whole industry together.

ERM: At the Annual Red Cedar Shingle Congress held in Seattle, Washington in 1919 it was announced the West Coast Lumbermen's Association had spent \$100,000 in a three year period, 1916, 1917 and 1918, for various advertising and publicity campaigns on behalf of wooden shingles.* That would be on the average of \$33,000 per year.

PRS: Yes, that was a lot of money in those days compared to today. Take how light the dollar is today. You wouldn't get very far with that today.

ERM: I wonder if it would be possible to dredge up some of those old ads and put them in our book.

PRS: I rather doubt it because when we closed the lumberyards in Kansas, they moved into a smaller office and it's likely they moved all the records.

ERM: I'd like you to recollect what you can about the use of nails in laying up shingles. They have been an important part of the shingle story. What do you recall about the transition in the use of nails?

PRS: Our labels used to say, "If properly laid with rust-proof nails,

*"Shingle Branch of West Coast Lumbermen's Association," Lumber World Review 36, no. 2 (January 25, 1919): 38.

these shingles are guaranteed to last forty years." There are different types of nails and I'm sure the Shingle Bureau advocates using rust-proof nails.

ERM: How did the whole business of putting proper nails in shingles come about?

PRS: It came about because some people used a cheap, ordinary nail that rusted and the roof wouldn't last as long.

ERM: When did you get onto that problem and how did you deal with it?

PRS: Fifty years or more ago my father, being in the retail lumber business, was close to the people he sold to and could keep track of what was going on.

ERM: There is also the matter of how you paint shingles. What kind of paint will they take? Has that been a factor of any importance to you?

PRS: Yes. In the Bureau we discussed the paints but I don't remember the details.

ERM: You had staining equipment in your own plant in some cases, didn't you?

PRS: No, I don't think we ever stained in our own plants. There was a company out here by Seattle called Wood Beautifiers. We'd ship cars of shingles to them for staining and transit. We didn't actually stain them ourselves.

FOREIGN MARKETS

ERM: Has any serious effort been made to develop a market outside the United States?

PRS: To some extent. We have shipped a great many shingles to the southern border towns in Texas, California and Arizona. We used to sell a lot in McAllen, Texas. Matamoros is across from Brownsville, Texas and I had a good connection there. The last we shipped there was in 1955. We had a man named Stewart who lived in McAllen. They had a Mr. Perez in Brownsville. The town across the river from McAllen is Reynosa. I shipped some carloads as far as Monterey, Mexico, but we shipped a good many others to towns that were on the border, as I've mentioned, and they were trucked across the border. I never tried to sell shingles south of Monterey, because a short distance from there the clay has a very fine color and texture for roofing tile and naturally it would cost more to get our shingles in that area.

ERM: You haven't had a great amount of business outside the country, I take it?

PRS: Not a great deal but there is a lot of it. From 1947 to 1955 we had a lot of it. But since then we haven't done much. We made several shipments to Germany for use in restoring castles that have become museums. The Canadians shipped more shingles to England than we did because they often had more favorable freight rates. I was told that some shingles we shipped there were used on the Prince of Wales hunting lodge. We also shipped shingles to Nassau and the Virgin Islands. Some of the shingles we shipped to Florida were reshipped to various islands in the Caribbean. I shipped a few shingles and shakes to the Hawaiian Islands but more of that was done by some of the bigger manufacturers who had their own sales organizations.

ERM: Why do you suppose the foreign market has dried up?

PRS: Maybe somebody else is more active in Mexico now.

ERM: Do you suppose this drop off is because your sales of red cedar shingles in parts outside of the country to the south are a function of the work of salesmen or wholesalers who operate out of Florida

or the Gulf ports ?

PRS: Some of the folks in Florida are quite active on the islands in the Caribbean.

ERM: I wonder whether in periods of overproduction your industry made strong efforts to find new markets.

PRS: At times we discussed whether or not the Shingle Bureau should send representatives into Mexico. A good many times we realized we were oversold here. I've been to Mexico many times. In 1939 the wife and I picked up a car in Kansas City and drove to Taxco and back. I called on a customer in Monterey. South of Monterey you get into nice tile which is wonderful for making tile roofing. The tile looked pretty good on those houses so I didn't think the Shingle Bureau had very much of a chance bringing in its product.

ERM: What have been your best markets ?

PRS: Texas is our best market. For our only mill on the Olympic Peninsula our freight rate into California is prohibitive, so we buy from other mills and ship into California. Texas uses more shingles than any other state, and I think California uses more shakes. From 1957 to 1960 we shipped quite a few shingles to a company in Germany named Rappold and Ott. The next time they inquired about shingles I told them it was easier to get boat space out of Vancouver than it was down here, and I referred them up there to do business. Those shingles were used to a large extent on old castles, as I mentioned earlier. After World War II the nobility in Germany didn't have the influence they had before and a lot of their fine homes were taken over for camps. It is possible that it might be worthwhile for the Bureau to do some trade promotion in the northern part of Mexico particularly. It costs less to get them to the northern part, and they don't have the soil good for tiles like the southern part of Mexico has. We also shipped a few shingles to South America and South Africa.

EXPANSION AND COMPETITION

PRS: In 1941 the Smith Shingle Company bought 90 percent of the stock in the Aloha Lumber Corporation located at Aloha, Washington, twenty-three miles north of Hoquiam. The two men who started this company were George Emerson, whose father had been a lumberman in Hoquiam many years, and W.H. Dole, who was born in Hawaii and was a cousin of the pineapple king, James Dole.

At this mill we manufactured lumber as well as shingles, and we did our own logging, mostly on the Quinault Indian Reservation. In 1964 we sold it to the Evans Products Company who is still operating it.

We also had the Aloha-Smith Tree Farm which in 1961 we sold to the Weyerhaeuser Company. When we sold the tree farm there were some land allotments on the Indian reservation as well as land and timber which both the Aloha and the Smith Shingle Company owned south of the reservation.

ERM: In recent years have your activities been more in the manufacturing end or have they been in the wholesale end?

PRS: During my first year in Seattle we manufactured only about five hundred cars, but we sold twenty-five hundred cars, mostly cedar. My father had controlling interest in about eighteen lumberyards and he died in 1930. Since then, after we bought control of the Aloha Company and had four mills as a part of the M.R. Smith Shingle Company, some years we sold close to three thousand cars, and we manufactured at least 75 percent of what we sold.

One mill I haven't mentioned to you. In 1936 we bought the Barron Shingle Company in Port Angeles. In 1940 we moved that to Lake Pleasant, fifty miles down the west highway from Port Angeles, and enlarged it. Today it has ten shingle machines operating two shifts, and I believe we still manufacture more shingles than anybody else in the United States. We don't manufacture the handsplit shakes there but we do finance two mills whose shakes we kiln dry and ship.

ERM: Do you buy from any small operators or small shingle weavers?

- PRS: Yes, we buy from small mills. We kiln dry the products of those that are close to our mill. We buy in other parts of the state, too. We buy shingles and shakes that are not kiln dried, more shakes than shingles.
- ERM: What percentage is your own manufacture today?
- PRS: About 50 percent. We'd like to buy more but we've signed off on the lumber business. We used to specialize in cedar bevel siding at Aloha. There are only about half a dozen mills making much of that and most have their own sales organization, like Weyerhaeuser and Seattle Cedar. So we don't really try to sell that anymore.
- ERM: The cedar industry has always been a specialized branch of the lumber industry.
- PRS: Oh yes, I'd say it is.
- ERM: You could almost name on the fingers of your two hands the people or families who are really important in it. Who besides yourself are the principal people in the red cedar shingle and siding business?
- PRS: I've mentioned the ones in the siding business, Weyerhaeuser, Seattle Cedar and Miller Cedar. Dean Hurn of Hoh River Cedar Products is one of the biggest shingle manufacturers. He's a comparatively young man but I think his father was in it, and his grandfather, too.
- ERM: You may recall in 1918 the state of Washington, with 158 mills, produced three-fourths of all U.S. shingles.* I suppose the magnitude of the business here was principally because red cedar was found in great abundance. And I suppose the development of the resource here was better advanced than it had been north of the border. The shingle business developed in advance of the lumber industry here, didn't it?
- PRS: Yes, because we had a larger percentage of cedar in relation to the other woods. Your better cedar is found at lower elevations where it can be easily taken.
- ERM: From what other parts of the country does your competition come?
- PRS: In the early days some shingles were made "down" in Maine, as they say in Boston. I went up there in the summer of 1914. A great many shingles were made in the Great Lakes States, and many cypress shingles were made in the southern states. There were

*"General News of Associations and Clubs," Lumber World Review 39, no. 3 (August 10, 1920): 41.

also some redwood shakes made in California.

ERM: Have these shingles made in other parts of the country actually been a competitor of yours, or are they purely a regional product sold in the region?

PRS: They are a competitor in the region where they're made. Today there are very few made. I don't know whether or not cypress shingles are made anymore. I think a few redwood shingles are made. The shingle industry today is pretty largely that which exists in the Pacific Northwest.

ERM: Is a larger and larger part of it shifting to Canada?

PRS: Well, yes. In the last few years British Columbia has manufactured more shingles than we have, but we manufacture quite a few more handsplit shakes here than they do. One of the reasons for that is because we have lower shipping rates to California, which is the biggest market for the handsplit shakes. At one time they used more than 60 percent.

ERM: Doesn't that make it expensive to use those materials in the eastern United States or other parts of the world where they have a much longer freight haul?

PRS: Oh no, I don't think so. We're still shipping a good many carloads back East. I don't think the freight rate back there has much to do with it. If they had a lot of local shingles on the lower freight rate, it would, but they don't have very many local shingles.

ERM: How has the substitute material shingle affected your business?

PRS: It's been affecting us for years. We've always had it with us.

ERM: Has your industry ever been involved in forestry practice?

PRS: Not the shingle industry as such, but we've had lots of members, like Weyerhaeuser, who are very much interested in forestry.

ERM: Is the red cedar a rapidly declining species?

PRS: It doesn't grow fast. It takes 200 years to get a good growth. Maybe Weyerhaeuser could speed up the growth in some way. We buy all of our logs from Rayonier, Inc.; several years ago they said they had a twenty-five year supply of cedar. If you can treat shingles to preserve them, maybe other woods will take the place

of cedar. We put spruce shingles on the sides of several houses at Moclips in the early twenties.

ERM: You mean you are moving into manufacturing shingles from other species of wood?

PRS: That's right, cedar isn't going to last forever. This raises another question, Where would you find a good grade of spruce? They are doing more fireproofing now. Do you think if spruce shingles were fireproof they would last as long as the cedar?

VOICE: It's quite possible. We do use a preservative in some of our treatment in order to lengthen the life of shingles and shakes.

PRS: Fireproofing doesn't last indefinitely, even on cedar.

VOICE: That is something J.H. Baxter and Company could tell you about.

ERM: What progress is being made in research for manufacturing shingles out of ground chips?

VOICE: None, but it is a possibility. I am not aware if the industry is working on this process. Virgil Peterson would be able to tell you what they are doing.

ERM: When did shingles begin to be sold by the square pack rather than by the thousand?

PRS: Shortly after I came to Seattle, along about 1920. The Creo-Dipt Company were the first to sell by the square, based on five-inch exposure. A square of sixteen-inch shingles is based on five-inch exposure. Most started selling by the square right away.

ERM: What did changing over accomplish?

PRS: It made a simplified method of calculation.

TOTAL PRODUCTION OF M. R. SMITH MILLS

- ERM: How much wood did the average acre of land yield?
- PRS: Many of the ten-acre Indian tracts we bought ran as high as 50,000 feet per acre. But the other larger tracts may have averaged 35,000 feet per acre.
- ERM: Is that only what you took into your mill, or does that include also what you sold in the log market either for export or to the other mills in the area?
- PRS: That's the total cut we got out.
- ERM: What percent of that total cut did you put into your own mill and what percent did you direct into other channels?
- PRS: There wasn't any that went to other channels, except for a little cord wood, until we bought the big tract of Indian timber in 1922. Once we gave a fellow a contract to cut several hundred cords of hemlock stove wood. We enlarged the Moclips mill after we started logging 100,000 feet per day, and approximately 50 percent went into our own mill and 50 percent was shipped out.
- ERM: Can you estimate how much total acreage you have drawn from in order to keep your operations going since 1919?
- PRS: I would say we logged about 30,000 acres but only two-thirds of that was used in our own mill and the rest was shipped to other mills. A very small percentage of what we shipped out went into the export market; not over 2 percent.
- ERM: What part of the total harvest was cedar and what part was other species?
- PRS: It ran about two-thirds cedar. And, of course, a lot of spruce was used for the spruce airplane cants. That was not an export; it was a domestic item.
- ERM: What do you estimate your average per board foot was off that 30,000 acres? What do you figure was the average run per acre?

PRS: I think it averaged about 35,000 feet per acre, all species counted. All of this was within a very short radius of Moclips. The farthest we got away was about ten miles up the Quinault River. That is what we logged ourselves, but what we got from other loggers might have been further away than that.

Understand when I say 30,000 I don't mean that we logged every foot of that ourselves, because after 1939 we were buying some of it from logging contractors. What I figured is the total amount of acreage used for our mills, including what other people logged for us.

ERM: What do you figure your mill production records will show over the years as far as total production year by year, and how do you average that out over the total length of time?

PRS: Of course, the mill wasn't always the same size. In 1922 we enlarged it. In fifty-five years we probably cut close to 4 1/2 million squares at Moclips.

ERM: If you were taking into account your production through other mills that you operated, how much more would that add on?

PRS: We should include Aloha, too. We owned and were handling 90 percent of the Aloha output. When we sold that mill in 1964, the last full year had been 1963 and we produced 112,865 squares. The last year we operated in Tacoma was 1956 and that year's production was 68,144 squares. We sold Moclips and Mineral in 1967. The figures for Moclips in 1966 were 101,749 squares, and for Mineral, 42,099 squares. Our Beaver Mill production in 1966 was 132,544 squares.

We also manufactured a few shakes at Mineral. At the other mills we didn't actually manufacture shakes but we bought a great many from other mills and dried them to ship with our own shingles.

ERM: How many railroad cars would that 4 1/2 million squares at Moclips in 1922 fill?

PRS: The cars were not as big as they are now, and we could short load them. The average was 300 squares per car. 4 1/2 million squares would fill about 15,000 cars.

ERM: How many homes would that provide?

PRS: It would average about twenty squares per house.

MOCLIPS AND ALOHA AT THE TURN OF THE CENTURY

- ERM: When the Northern Pacific Railway advanced northward from Hoquiam between 1901 and 1904, that area of the Washington coast was still very thinly settled. One family which had settled there was that of Robert Chabot, a pioneer cranberry grower from Ocean City.
- PRS: He came, however, from eastern Canada and he may have stayed down at Ocean City for awhile before he went to Moclips. He had been there several years before we bought the land from him. We started to build the mill in 1912.
- ERM: You bought that property on November 20, 1911 and it contained about twenty-one acres, including a Northern Pacific Railway right-of-way to the property.* The mill site was on the banks of the Moclips River. You paid \$1,575 for that piece of property; seventy-five dollars an acre.
- PRS: We also bought some timber from them.
- ERM: You also bought land from one by the name of Stearns for \$20,000.
- PRS: That was a quarter section; 160 acres and I think there was about 6 million feet on it.
- ERM: Two years later you bought another \$20,000 of land from Stearns; 160 acres at \$20,000 runs to over \$100 per acre.** Later on in the 1920s you paid a lot less per acre when you bought land.
- PRS: There were two considerations concerning that. The timber we bought from Stearns and Chabot was very close to the mill and not a long haul and it may also have been a heavier stand per acre. Of course, when we bought timber some distance away we tried to buy it for less and there may have been a smaller stand per acre on some of it.
- ERM: During the early part of this century Moclips was a summer resort and it was expected the railroad would continue on up the coast opening up the timber riches on the west side of the Olympic Peninsula. The railroad indeed had obtained a right-of-way through the Quinault Indian Reservation to Queets and north to Sol Duc River.

* Correspondence files, M.R. Smith Shingle Company, Seattle, Washington.

**Ibid.

But the railroad building came to a halt at Moclips, partly because there was talk of the forests in that area being set aside as forest reserves or as a national park.* This discouraged further building of the railroad. Do you recall any details of that?

- PRS: No, but when we and other companies started logging there the government gave up any idea of making a national park out of it. Furthermore, after we bought the Point Grenville Unit from the Indians in 1922 the railroad turned over to us their surveys for the railroad construction and we followed the Northern Pacific survey for about five or six miles from Moclips to Point Grenville. Those miles were absolutely level and had practically no curves. From Point Grenville on up to Taholah, south of the Quinault River, we didn't follow their survey.
- ERM: The Aloha Lumber Company was founded in 1906 by George Emerson and W. H. Dole. The company was built several miles inland. You mentioned earlier that you bought 90 percent of the stock in that company in 1941. Can you tell us anything about George Emerson?
- PRS: He was related to Ralph Waldo Emerson. Dole was active in the management of the company and even before we bought control, we were buying lumber from them and occasionally shingles. After we stopped logging in 1930 we may have bought some logs from them, but we bought most of our logs from Polson Log Company. I didn't know Emerson quite as well as I knew Dole. He was a resident of the community and he managed the mill.
- ERM: Let's shift back to the Moclips mill and take a look at that situation. There was a good deal of drama in those early days when you were first getting started at Moclips. A newspaper report tells of a hurricane and the Moclips River flood which together destroyed a major part of the Moclips Beach Hotel in February 1911. Were you there at the time?
- PRS: No. I had gone back to Kansas City in November 1910 and had traveled out of there for three months selling shingles, lumber and porch columns. I headed west March 1, 1911 because there was a reduction in the railroad rate. That seemed early enough to start moving the mill from Copalis to Moclips.
- ERM: Later, there were some very bad fires in Moclips. The McCammon Hotel was destroyed by an arsonist and other fires raged through the town on several occasions.
- PRS: After the Moclips Beach Hotel was so badly wrecked by the storm,

*Seattle Sunday Times Magazine (January 17, 1960): 2.

one wing of it was moved up from the beach, and by gosh, it burned; maybe some arsonist did it. Later I think they moved the main body of the hotel away and it also burned.

DISPOSAL OF PROPERTIES

- ERM: Let's examine your disposal of some of your properties. You have been making a gradual exit from active participation in the shingle, shake and lumber industry over the last ten or fifteen years. Why did you sell the Aloha-Smith Tree Farm to Weyerhaeuser in 1961?
- PRS: We feel Weyerhaeuser is a permanent institution in the lumber business.
- ERM: You sold Aloha Lumber Company to Evans Products Company in 1964. What was your reason for selling the company? Were you out of timber?
- PRS: No, we weren't out of timber but the younger members of my family apparently were not going to carry on the business and I was getting along in years. I was seventy-five years old and I was able to sell it at a big profit over what we paid for it and the principal stockholders thought it was a good idea to sell.
- ERM: Who were the principal stockholders besides yourself?
- PRS: My younger brother, my son and daughter, and Logan-Moore Lumber Company in Kansas City.
- ERM: You were also part owner of the Ralph L. Smith Lumber Company which was involved in a tax-free merger with Kimberly-Clark corporation in 1961. What were the conditions of that sale? What did you get?
- PRS: We got stock in Kimberly-Clark Paper Company. Offhand, I would say my brother, who is no longer living, got about \$20 million worth of stock. He was the major holder and I was a minor holder in that stock.
- ERM: What was the reason for your deciding to take stock? Was your brother confronted with the same situation in his family that you were in yours, with the lack of interest by the children in the industry?
- PRS: That's right. His only son got three degrees from Yale, and afterwards he worked for Howard Hughes in the airplane business. Later I think he got a laboratory of his own and taught advanced physics either at the University of California at Los Angeles or

the University of Southern California. Now, I believe he works at Scripps Institute of Oceanography north of San Diego.

ERM: Did you also sell the Beaver Mill to Kimberly-Clark?

PRS: No, certainly didn't. It is the only one we're operating today on Lake Pleasant at Beaver, Washington.

INVESTMENTS OUTSIDE THE SHINGLE INDUSTRY

- ERM: During your experience in this industry you had a wide ranging number of investments apart from those that you had in the shingle mills. You became involved in a considerable amount of business activity in Southern California.
- PRS: Yes, we bought out the creditors of the Bob Griffin roofing company around 1952.
- ERM: What happened to that company? Were they big buyers of your products and did they go broke?
- PRS: Bob Griffin did more to modernize the application of shingles than any other roofing applicator. While we lost money buying out his creditors we still sell him shingles, but we don't give him unlimited credit.
- ERM: Was Mr. Griffin a roofing contractor on a large scale? My information is that he was developing a large area in Lakewood, California, where 17,500 homes were to be built.
- PRS: No question about it, he was the biggest shingle applicator down there.
- ERM: I read one article in the Shingle Weaver for December 1950 by a man named Sarrett. He went down and talked with Griffin and he reported in his column that Griffin had singled you out as the shingle producer who had saved the day for him by selling him shingles at a price he could afford to pay and made them competitive with composition shingles.
- PRS: Yes. There were periods when there were very rapid increases in shingle prices and one policy I had for several years was to sell a certain part of my output to people who had big contracts and then I'd take whatever the market would stand on the rest. I did it for this reason: I knew that the manufacturers of substitute roofings would sell ahead a big block. The average shingle manufacturers twenty years ago were mostly opportunists. They were out to get the last nickel without too much regard for the ultimate effect on the business. My policy then was to sell a certain part of my output to people who were developing big projects because I felt that if it didn't go to shingles, the demand for shingles would fall off and the price would weaken. The rest of my output, maybe 60 percent, I'd sell for whatever I could get; the highest price.

- ERM: What percent were you discounting the market price for these big buyers?
- PRS: Probably as much as 10 percent.
- ERM: Later on in the fifties Griffin got into some problems of funding, did he not? What happened in that situation and what did you do about it?
- PRS: We bought out his creditors. He continued for several years in three or four branches, operating them as we were financing them. You have a big area to cover, you don't want to haul the shingles twenty or thirty miles, so you have more than one location. One of them is in San Diego; we took that over and the manager owns it outright now.
- ERM: Did that prove to be a good investment for you in the long run?
- PRS: In the long run it was, but temporarily we did take some losses because we were picking up his debts.
- ERM: Did Griffin ever recoup and make a good thing of his project down there?
- PRS: He stayed with us a few years. He has a big roofing business in McLean, Virginia now. One of the companies he started was the Balboa Roofing Company at San Diego. He also has a son in Richmond, Virginia. We're still doing business with them.
- ERM: Do you recall approximately how many enterprises you were involved in at one time? You had your hands full managing your own business up here and then you had an interest in all of these others down in California. That must have been quite a task.
- PRS: California is the only place where we went into the roofing business. I had a cousin who had spent his business life in hardware in Duluth, Minnesota. He retired and went to Los Angeles and he looked after those things for me down there. His name was Richard T. Close.

I might mention that in 1947 we put our surplus funds into Ralph Smith Lumber Company and our CPA in Kansas City called attention to the fact that this was not an out and out investment with no sales connection. He said we could be penalized for putting our money into Ralph Smith Lumber Company instead of paying dividends.

So we made a contract with the Ralph Smith Lumber Company that we handle their sales in certain states. We were then in the clear with the Internal Revenue Service. My son, Stanton Smith, handled that. I'm too old to build new mills today and we may not have any earnings to pay out in this fiscal year which ends June 30. The last fiscal year we had good earnings. You don't have to pay out the long-term capital gains, but take the current earnings from manufacturing and wholesaling, if you don't pay them out you'll be penalized unless you are expanding your business and want some legitimate place to put your money, which we don't have anymore. When we put our money in the Ralph Smith Lumber Company, we dug up all the money we could get.

My older brother, Ralph, started working in my father's office in Kansas City in 1909. He married in 1914 and opened a branch office for us in Toledo, Ohio, but he came back to Kansas City a few years later and was in the office there until 1929 when he sold his stock in our company and went into the manufacture of Port Orford Cedar at Coquille, Oregon. Later he had a fir sawmill and veneer plant there, and I had some stock in his company. In 1944 he sold out and concentrated on the lumber business in Northern California. The largest mill was at Anderson, California, but there were also two others.

I really had more money invested in my brother's company than in the cedar business. M.R. Smith Shingle Company was the second biggest stockholder; we put in altogether about \$600,000, though we only owned 2 or 3 percent of the company. Then in 1961 he merged with Kimberly-Clark Paper Company and I am into the paper business now more than the shingle business.

THE SHINGLE AND SHAKE ISSUE AND DONALD H. CLARK'S WRITINGS

ERM: Over a long period of time, in the early days especially, there was an open rivalry and hostility between shingle and shake men. What was behind this?

PRS: This existed for a time, yes. Naturally to the man who is making shakes, his labor is superior and he is worth more money, and he wants trade promotion advertising. Shingle and shake advertising is all together today. Shingle and shake men cooperate together now.

There was a time when the shake was considered the inferior product, they weren't well known, and they were used for barns and rural homes. Now they are considered the superior product.

ERM: In 1962 some people in the shake industry urged separation from the Bureau and a return to the Handsplit Red Cedar Shake Association. What was the basis of this problem and why did the shake men want to take this step?*

PRS: Virgil could tell you better than I. We have quite a few shake manufacturers who manufacture nothing else. On the other hand, most of the bigger manufacturers now recognize that if they buy a raft of logs, some parts of those logs might be better put into both shingles and shakes. The Shingle Buyers Guide shows what the different manufacturers do. Take Smith Cedar Products in Victoria, for example. He has thirteen shingle machines, three resaws, four grooving machines, and staining equipment. Here is a man who is in four different branches of the business. He's not part of some big corporation; he's a big corporation himself. He's got another man handling sales just as I have, but he has handled some of the sales himself at times. It's perfectly natural for people who are making nothing but shakes to think that if the trade promotion was aimed 100 percent at shakes, it would be better for them.

ERM: In 1962 when all this developed, Virgil Peterson had Don Clark write up an analysis of the organizational situation of the handsplit cedar shake manufacturers and the Red Cedar Shingle Bureau. Don Clark's analysis held that any separation of the industry would lead to disaster for the shake manufacturers and would create a

*The Handsplit Red Cedar Shake Association, formed in 1956, was ultimately dissolved and merged into the Bureau, September 20, 1963.

situation which could not be remedied for many years. He based his conclusion on certain facts, and among these were that prior to 1915 most of the shingle manufacturers made their own grading rules which were uniformly inadequate. The West Coast Lumbermen's Association sponsored another set of rules which shingle manufacturers pursued as they so desired. There was no inspection of shingles, no advertising, no organized defense against anti-shingle ordinances and no limit to the waste at which shingles could be kiln dried. Shingles were sold by the thousands, packed with four bundles to the thousand in twenty-inch frames with twenty-five double courses. Extra clear, the top grade, brought average prices of \$1.30 per thousand.*

Extra Star A, a very inferior grade, was sold on a thickness of six shingles to two inches green, but often averaged seven shingles to two inches. They usually were kiln dried to a tinder dry condition to secure underweights. They averaged about eighty cents per thousand and were worth even less.

Clark went on to say that the shingle business was so bad in those days that manufacturers had difficulty borrowing from banks. Some banks would not loan money to shingle mills on any basis and some fire insurance companies would not insure a shingle mill for obvious reasons. Would you comment on that statement, especially the part having to do with the difficulty manufacturers had in borrowing from the bank?

PRS: I couldn't comment because we never had trouble borrowing, but I think some of them did. To give you an example, we were shipping large quantities of shingles by water. The mills used to take a couple loads of shingles into the dock. We handled about four different port docks, Tacoma, Port Angeles, Weyerhaeuser's dock at Everett, and I can't think of the fourth. The manufacturer would send up the dock receipt and we'd send the money right back. Some people wouldn't pay for the shingles until they were loaded on the boat and they got a steamship bill of lading. I knew that these fellows needed money and needed it in a hurry. I paid them and that helped us.

Now about the price of shingles. I told you that in the spring of 1907 I'd worked in our lumberyard at Council Grove, Kansas, and my father thought if I wasn't going back to college we ought to get another yard and I'd have part interest in it. There was a big real estate boom in the Panhandle of Texas and I remember we paid

*Donald H. Clark Papers, Historical Manuscripts Collection, University of Washington Library, Seattle.

\$20,000 for some land. We sold shingles down there for \$3.00 per thousand in 1907. Here's the point: there used to be car shortages and prices of shingles would go up immensely. My father used to keep an average of forty to fifty carloads of shingles in transit. We had a big combination wholesale and retail yard in Kansas City, Kansas where we could store lots of shingles. If they happened to get there unsold, we stored them. I told you I sold nine carloads of shingles in one day in Amarillo in 1907. I don't know whether they were Extra Stars or Extra Clears. Let's assume they were Extra Clears. Extra Stars were worth about forty cents less. Shortages of cars had a lot to do with the shingle prices .

You said they got about \$1.30 per thousand around 1915. After World War I started, demand for shingles slowed down to some extent. There wasn't much home building going on for awhile. 1915 was a very poor year but in 1916 things perked up and we got more money for shingles.

ERM: And you never made any bank loans ?

PRS: No. I never had to worry about financing until after my father died in 1930. Of course, we had some depression years then but I didn't have very much trouble.

ERM: You kept going in spite of the depression? Do you have any recollections of the way the industry was operating during those years ?

PRS: Yes. There were times we shut down during several months of the depression . Our own mills ran pretty steadily up to the latter part of 1930. We lost some time then and we lost a good deal of time in 1931. I think that in 1931 we had three mills, Mineral, Moclips and Tacoma, and I know we lost about four months at Moclips that year. However, from 1932 on I don't think we lost much time. There were reductions in wages made to a basis where we could operate fairly steadily.

Men who couldn't get steady jobs went out and built little mills for themselves, and most of them made shingles. I think the first man who made a handsplit shake out here was up in Port Angeles, a fellow named Mike Schmidt. We bought a mill in Port Angeles in 1936 and at that time he was making handsplit shakes. There was a revival of the small mills during the depression and we used to buy from them.

- ERM: Shingle mills changed hands rapidly in those days and many mills were sold at a loss. Others operated on their underweight. Can you explain what that means?
- PRS: Yes. When I was first in the shingle business the guaranteed weight on sixteen-inch shingles, numbers one, two and three, was one hundred eighty pounds per thousand, and the average mill got an underweight of about twenty pounds per thousand. Average freight rate in those days was about eighty cents, so twenty pounds would be sixteen cents per thousand. For the average mill three hundred thousand shingles a day would be forty-eight dollars, and most mills were then running six days per week. Even if they ran only two hundred fifty days per year however, that would be \$12,000, which would be a fairly good return on the investment that was required for a mill that cut three hundred thousand shingles per day.
- ERM: Did this provoke over-drying?
- PRS: It might have caused a few mills to over-dry their shingles but that was not true of most of them. A great deal depended on the character of the timber. For instance, our mill at Mineral, Washington cut dry upland timber with an average of more than twenty-pound underweights.
- ERM: What has been happening to the character of the shingle industry since then? Has it reverted to becoming a more narrow-based industry with fewer and fewer mills and more and more larger operations and fewer small ones?
- PRS: There are quite a few comparatively small shake mills, but generally speaking, most are pretty good size.
- ERM: What's happening to the little operators? Are they going out of business or are they able to get raw materials and compete on the market?
- PRS: Some have gone out of business because they couldn't get the raw materials and they decided to work for someone else.
- ERM: Almost all of the shingle sales were made through wholesalers, is that right?
- PRS: The majority of them, yes.
- ERM: Did the wholesalers then control the prices? That was Don Clark's

analysis. He thought that almost all shingle sales were made through wholesalers who controlled the prices in those days. And at best, it was an auction market.*

PRS: Well, I think he exaggerated that a little bit.

ERM: In those early days the handsplit shakes were being used on barns, sheds and outhouses. They were not shipped out of the Pacific Northwest to any great extent and they were sold at about fifty cents to a bundle, when they were sold. Is that your recollection?

PRS: There was a time when that was true.

ERM: Clark maintained that every improvement in the shingle and shake business since 1915 has been entirely the work of the Red Cedar Shingle Bureau and similar organizations which preceeded it. None of these was as well-organized, however, as the Bureau, or did as effective a job. Do you concur in that judgment?

PRS: Yes.

ERM: He further states advertising of shingles under a brand name without certification of official inspection was started in 1915 by the Rite-Grade Shingle Association which became the Red Cedar Shingle Bureau in 1926. Inspection became thorough but there were no field men employed. Also, there were not sufficient funds to put up an effective fight against anti-shingle ordinances. Legislation against shingles covered much of the United States based on the poor record of thin and over-dried shingles which were made prior to organization of the industry. Is that a fair statement?

PRS: Yes, I think so.

ERM: All of this is what Clark was setting forth as an argument why there should not be a defection of shake manufacturers from the Bureau. I gather the shake manufacturers responded and did not exit from the Bureau.

PRS: There might have been a few who left the Bureau. There is a separate organization now that has a few shake mills as well as shingle mills.

ERM: In 1962 shingles were under the "Certi-Grade" label and shakes were selling under the "Certi-Split" label. These labels were well established and respected in the trade. Clark argued it would be ridiculous for the industry to throw aside the gains made by establishment of these grades and if the shake manufacturers exited from the Bureau they could not take the "Certi-Split" label with them. It belonged to the Bureau. They would have a heck of a time reestablishing a new grade with the trade.

*Clark Papers.

MILL MANAGEMENT, ASSOCIATION MEMBERSHIP AND TRADE JOURNALS

ERM: Tell me a little more, Paul, about your relationship to the wholesale lumber business. I gather from our discussions and from what I've seen in your records that you've been almost as much involved in the business as a wholesaler as you have been a manufacturer.

PRS: During my first year in Seattle in 1919 we had two mills and we probably only manufactured not over five hundred cars, but we sold twenty-five hundred cars. In other words, we bought about two thousand cars from other mills. We confined sales largely to cedar. We'd buy whole carloads of cedar siding and we also bought a great many cars with fifteen thousand feet of cedar siding, which was about 20 percent of a carload.

ERM: When did you become more involved in brokerage and selling not only your product but products of other companies?

PRS: In 1920 we bought a mill at Tacoma. In 1936 we bought another one in Port Angeles which we moved out to Lake Pleasant in 1941. In 1941 we bought Aloha. I would say that my first years in Seattle were involved in the selling end of the business, but since then they have been evenly divided between selling and general management of the mills.

ERM: Does that mean in the last forty or fifty years you have spent a great part of your time in the mills? You have mill managers that you depend on for the day to day operations don't you?

PRS: After we bought the Point Grenville unit at Moclips there was a period of several years when I would spend two days every other week out at the mills. I would take the night train from here to Hoquaium, usually on a Monday night, and I would spend a couple of hours calling on mills we did business with in Aberdeen and Hoquaium. Then I would take the bus to Moclips and spend the rest of my time there. Occasionally I would go to Tacoma and Mineral to the other mills I owned. About one fourth of my work time was spent visiting our mills. The rest of the time I was in the office carrying on business or calling on other mills we did business with.

ERM: What kinds of management decisions were you obliged to make

during the visits to your mills?

PRS: I'd inspect their product and see that the work was being properly done.

ERM: In other words, your visits to your mills and your conferences with their managers was usually to keep them abreast of the changes and demands in the market, and what could most profitably be done with raw materials that were coming into the mills? You left it in their hands to go ahead and produce according to your instructions?

PRS: That's right.

ERM: In your experience have you found there is a greater measure of profit to be made in wholesaling than there is in manufacturing?

PRS: There are times when there is more profit in wholesaling but I don't think on the average there is.

ERM: Have you ever belonged to any wholesale organizations?

PRS: Sure, we belonged to the North American Wholesale Lumber Association. Jack Mulrooney heads it in New York. Our Shingle Bureau under Virg Peterson is so active now and it does so many things in a broad constructive way that I wonder whether or not it's worth our while to belong to the association, because practically all we handle is shingles and shakes; we don't handle lumber and plywood anymore.

I told you in 1920 we bought the mill in Tacoma and we manufactured a little, and in 1922 we enlarged the mill at Moclips. We bought the mill at Port Angeles in 1936. But up until the time we bought Aloha Lumber Company in 1941, we didn't manufacture more than half of what we sold. We had quite a few lumberyards that sold lumber other than cedar. We did some buying and wholesaling for those yards but only in cedar. We didn't buy much except for our own yards.

ERM: Where were most of your yards located?

PRS: More in Kansas than anywhere else. We had a couple in Oklahoma and Missouri; there were about eight of them between Missouri and Kansas. In Nebraska we had our name on some yards belonging to a friend of my father but we only had a minority interest in them.

ERM: Did you own any in Southern California?

- PRS: We never owned a lumberyard in Southern California, we had the roofing companies.
- ERM: How many yards would you say there were all together in your network in the Midwest?
- PRS: About sixteen. A few years after my father died we liquidated all of them.
- ERM: Were you ever a member of the Western Forest Products Shippers Association? It was organized back in the winter of 1949 by a wholesale group that felt the North American Wholesale Lumber Association was not really doing a good enough job for them out here, so they set up their own regional.
- PRS: I don't recall.
- ERM: C.C. Crow in an editorial in Crow's Lumber Digest at that time was strongly in favor of this organization and supported its launching.* You must have known Crow. Tell me a little about him and his influence on your industry.
- PRS: He gets out a magazine and a weekly letter and price reporter that has a great deal of influence. I don't know if Peterson or Clark ever mentioned this but at one time the Shingle Bureau got out a price list on shingles once or twice a week. The government's trust division said this was a violation of the anti-trust law. But actually the prices the Shingle Bureau put out were more accurate than the prices put out today by Crow. The Bureau sends its list down to me when they are through with it.
- ERM: Paul, you've been a reader of trade journals all your life. You told me that when you were just a boy you took a great deal of pleasure in reading the trade journals your father got.
- PRS: Yes. When I was working in the lumberyard some days I'd be busy all day unloading, but when I had time I would read them. I don't read them too carefully now.
- ERM: How important do you think the trade journals have been in the history of your industry?
- PRS: I think they've done good work. They have made fair statements of the manufacturers and wholesalers points of view.

*C.C. Crow, "A New and Needed Western Wholesalers' Association is Organized," Reprint from Crow's Pacific Coast Lumber Digest (March 10, 1949).

ERM: Did you know George S. Cornwall who was with The Timberman?

PRS: I seem to remember him. We used to take that magazine. I'd say it is more beneficial for logging interests.

CONCLUDING REMARKS

ERM: In concluding our interview I'd like to talk a little about your interests in life outside your business. This is not red cedar shingle industry history; this is Paul Smith history.

PRS: I played golf pretty regularly from about 1919 to 1931 and then I resigned from the Seattle Golf Club because I lived ten and a half miles away and only three hundred yards from the tennis club, and my children were getting into the tennis-playing age. Since then I play a game of golf occasionally if I'm away visiting; people don't expect to find an old man playing tennis. I enjoy playing golf but I have played tennis pretty regularly. I still play doubles with old friends.

I did a little skiing. One winter many years ago we had a lot of snow in Seattle and I remember pretty good skiing out at the golf club. I have one grandson who is an expert skier; I think he taught it. I used to take my children skiing but I never became expert at it.

ERM: Why do you suppose children today take less interest in the businesses of their parents than was true in your time? You were vitally interested in the lumber industry and shingle industry like your father. Your brother was just as interested as you. Other members of your family of your generation were vitally interested in this field as well. Have you any ideas why youngsters today seem to go in other directions?

PRS: I have an idea as far as our own business is concerned. The supply of cedar is not increasing; it is more likely to decrease. You haven't got the future ahead in cedar as a raw material for shingles, whereas there is a future in raw materials for pulp and paper. When business is good there are plenty of opportunities that open up for them. One reason some of the offspring don't take interest is inheritance and estate taxes. Many parents give money to their children and grandchildren while they are still living in order to keep taxes down. Then it doesn't all come out in the estate.

Maybe some of the family members get enough money so they are not too much interested in carrying on the business. I have one grandson to whom I've given a few shares of stock in the Smith Shingle Company and several years ago he wanted to sell his stock. I

paid him \$30,000 for it. Well, he's unmarried and bought a boat and sailed across the Atlantic. In Seattle he worked a year or two for United Good Neighbors, also several months in our office, as well as at the mill in Beaver. At present, he spends considerable time studying securities and I think does a good job handling his own as well as those of his parents. My other grandson teaches Spanish and Portuguese. He's a hard worker and right on the job.

ERM: What do your daughter and her husband do?

PRS: They built themselves a home in Spain. My daughter was born in 1918. Her husband is about sixty years old. He spent quite a few years in the real estate business and fifteen years working for us.

ERM: What is the attraction in Spain?

PRS: Pleasant climate and cheaper living.

ERM: And what does your son do?

PRS: He invested in real estate in San Jose, Costa Rica and some of the islands in the Caribbean, but has since sold his property in Costa Rica and plans to spend most of his time in Seattle handling the securities for the Smith Shingle Company, my wife, and some that my wife and I own jointly.

We gave a house to the Seattle Symphony. I have been on the board for the symphony for many years and now I'm on the board of the Opera Association. In fact, the manager, Glynn Ross, and I are taking a man to lunch tomorrow and we're going to try to interest him in making a substantial contribution. I also contribute to the repertory plays. That's about all.

ERM: Are you an avid reader of any kind of literature?

PRS: Not so much now. When we were first married and lived at Moclips there was no theater or television and I read a great many fine novels aloud to my wife, although I don't do that much anymore. I very seldom ever read a novel to myself unless I'm ill. I read some magazines, like U.S. News and Reader's Digest. For many years I took Harper's Bazaar and the Atlantic Monthly, but I often find they use too many dirty four-letter words in the latter publication.

ERM: What have your religious connections been over the years. Are you a church man?

PRS: Yes. When my parents were married my mother was a Presbyterian and my father was a Baptist. My mother's family was Congregationalist. Down in Moclips there was neither a church nor graveyard. When we came to Seattle we probably didn't go to church more than half a dozen times a year.

I'm sure you've heard about Moral Re-Armament and Frank Buchman who came to this country about 1939? There were quite a group of them here in Seattle, and my wife and I had some of them staying at our house. A large percent of them were English and Episcopalians and the nearest church to us was the Episcopal Epiphany Church. So about 1939 or 1940 my wife joined and a year or two later I joined. I don't argue for their creed anymore than I do for that of other churches. We go because it's the closest church to us.

ERM: Are you still a member of Moral Re-Armament?

PRS: Well, I'll tell you, the principal activity of Moral Re-Armament today is "Up With People." They are going to be here February 23. I've sent them a substantial contribution and told them I'd help the youth section with their expenses for a year.

ERM: What are your political affiliations?

PRS: I've always been proud of the fact my father voted for Grover Cleveland, Democrat, because his people came from the South. My father later became a Republican. I call myself a Republican but I have occasionally voted for the Democrats. In fact, our state land commissioner, Bert Cole, was in the logging business for some time. He was a Democrat and I made a contribution to his campaign fund once. I think I voted for Senator Henry M. Jackson who is a Democrat. I didn't think the opposition could be elected anyway and I might just as well vote for him.

ERM: By and large over the years you've supported Republican candidates?

PRS: Yes, that's right.

ERM: Have you been an active member of the party here in the state?

PRS: Of the King County Republican Club. I don't go to too many meetings. If you make a substantial contribution they call you a member of the Anchor Club.

ERM: What does the minimum anchorman give?

PRS: I don't know whether or not it's a couple hundred dollars a year. I gave the King County Republican Club four hundred dollars this year, but I don't think you have to give that much.

ERM: How do you feel about the condition of the party now and of all the troubles in Washington, D.C.?

PRS: Looks pretty bad all right. I'm not reading many novels now, but I've read quite a bit of Bernard Shaw and a lot of people hold up their hands to think that I would admire him because all they think about him is that he had some sympathy with the Russians. I read in one of his books that democracy is "...government in the general interest by rulers chosen from panels of 5 percent,..."* Five percent is enough to have govern us.

ERM: You also have a statement here by Thomas Macaulay addressed to Henry S. Randall in May 1857.** I gather from this you are somewhat skeptical of the present situation of government as it exists in our country. And you believe there is a relatively small percentage of the population that has the capacity to determine what good government is.

PRS: Yes. I'll tell you what I think. I went to a political caucus in 1972 and someone raised this question, "Would you favor an amendment to the constitution that our president could be elected for six years but could not be reelected?" and there was a unanimous show of hands that favored that. The statements Shaw makes are so accurate. I think it's terrible that the congressmen and senators vote away billions of dollars of our money to get themselves reelected. Some of them may have good reason for doing it. I think it would be a fine thing if congressmen and senators were elected for six years. Suppose you had a congressman for six years. You would elect one-third of them every two years and you'd always have experienced men in Congress. I don't think you'd ever get a change in our constitution like that unless you had an ungodly breakdown or revolution. You'd have to start all over. I think if we had a president elected for six years and he could not be reelected (it takes a two-thirds vote to pass things over his veto), that we could do a heck of a lot to improve our government. I think that that is humanly possible but I don't think it would be possible to make any change in tenure of congressmen and senators.

*See p. 79.

**Ibid.

ERM: Given the present state of the country and its great concern over the Watergate and other White House horrors, what do you think is the solution to the problem? Would you favor impeachment of Mr. Nixon, or hope that he might resign, or hope that he might continue to the end of his term?

PRS: I've never been particularly in favor of impeachment but I think that Nixon knows he can't be reelected. He's on his second term and I think what Nixon ought to do is to do what's right for the country--he knows he can't be reelected--but I wouldn't say he ought to be impeached or resign.

ERM: Would you say that you are a strong believer in the constitution of the country?

PRS: Yes, but I think it could be amended. It was after the first Democrat president who followed Wilson when I tried to break into print with an article which I called "The Delusion of Democracy." * When our republic was founded it was a republic and not a democracy and a man had to be able to read and write and pay a certain amount of taxes in order to be able to vote.

ERM: You think these are qualifications that make him better able to make political judgments?

PRS: Yes.

ERM: Did you have any success in getting this published?

PRS: No. I sent it to the Saturday Evening Post. I should have sent it to the American Mercury to H.L. Mencken because his ideas were in line with mine. I found a letter I wrote to some people in Moral Re-Armament in 1964 in which I said, "Probably twenty years ago there was an article in the Atlantic Monthly by a British journalist which said, "Americans are a nation of hero worshippers and headline hunters." Isn't there a lot of truth to that though?

I evidently wrote the article back in 1935 because at the end I see where I said "The negroes used to sing a song, 'In Eighteen Hundred and Sixty Three Lincoln set the niggers free.' Will 1936 be the big year for the white folks just as 1863 was for the negroes?"

*Paul Roland Smith, "The Delusion of Democracy," (Seattle, Washington, ca. 1936). For a copy of this manuscript, see Appendix B, pp. 83-97.

ERM: Let's now go back to the question I asked you awhile ago. Looking back over your career in the shingle industry and the lumber industry, how do you feel about that career and what do you see in it that gives you the most pride?

PRS: I think that I really have done something for the community. I told you about our profit-sharing plan. We also have faithfully loaned money to employees who wanted to buy their own homes, and we built some pretty good houses up at Lake Pleasant where our remaining mill is. After we merged with Kimberly-Clark we offered to sell our employees stock in that company. Only three of them bought it, and it's worth more today. If we had split the Smith Shingle Company into stock dividends maybe more of them would have bought.

When we bought the Aloha Lumber Company we split that stock up and declared a dividend. I'm not sure whether or not we gave all the employees a chance to buy stock. I know we gave all of the people in a supervisory capacity and all in the office a chance to buy stock in it. And about eight or ten of them did buy some. It probably would have been better if we gave all of them a chance to buy the stock.

ERM: Have you built any public facilities in the mill communities that bear your name? Any hospitals, churches or schools?

PRS: No. But when we moved from our big house into an apartment, we had a lot of books we didn't have room for and we gave them to the high school in Moclips. Also, I think we may have made a small contribution to activities in Lake Pleasant. We helped finance the baseball team in Moclips. That's all I can think of right now.

ERM: I think that pretty well covers it. I've enjoyed this interview and I want to thank you for your time.

At the conclusion of this interview, Paul Smith took from his wallet a piece of paper containing the following words. They capsulize his philosophy.

NEWSPAPER COMMENTS AT TIME OF DEATH OF BERNARD SHAW

Shaw denounced popular democracy as government of everybody by anybody. Government of the ignorant by the vulgarly ambitious adventurers, foolish enough to imagine government is a voluptuously omnipotent sinecure, civilization having always to be rescued from messes they make by military geniuses.

Genuine practicable democracy, he contended, meant government in the general interest by rulers chosen from panels of the 5 per cent or so qualified rulers, Shaw wrote.

"NOT DEAD YET!"

Pearson said that when he first approached Shaw to ask for material for an obituary the playwright exclaimed:

"Damn it! I'm not dead yet"!

Shortly before the theatre was torn down to make room for the Olympic Hotel, I saw there Shaw's play "The Apple Cart". In the preface of the play he quoted Dean Inge: "Modern elections have degenerated into public auctions in which the two opposing parties try to outbid each other for the votes of the majority by promising them the greater portion of the plunder of the minority".

SELF DESTRUCTION

This statement made by Thomas Babington Macaulay to Henry S. Randall, May 23, 1857:

"Either some Caesar or Napoleon will seize the reins of government with a strong hand; or your Republic (the United States) will be so fearfully plundered and laid waste by barbarians in the Twentieth Century as the Roman Empire was in the Fifth--with this difference--that your Huns and vandals will have been engendered within your own country by your own institutions."

APPENDIX A

EMPLOYEE PROFIT SHARING BONUS PLAN

I. Profits arising out of and resulting from the operation (this excludes any profit from sale of Buildings, equipment, land or timber, but includes profit or loss on rental) of the Company's mills at Beaver and Mineral, Washington, will be shared with employees of each mill on the basis of and subject to the following terms and conditions:

II. Definitions - Whenever used herein the term:

- A. "Employees" shall mean all employees employed by the Company at each location, excluding the superintendent.
- B. "Net Profit" or "profits" shall mean the net profits, before income taxes and after the profit sharing bonus to be paid under this plan.
- C. "Capital investment" shall mean the value of land inventories of logs, shingles, shakes and supplies and prepaid insurance plus \$248,800. at Beaver representing the investment in buildings, machinery equipment and houses as of the date hereof, plus the actual cost of capital improvements hereafter made. This represents 40% of the General Appraisal Company's valuation made in the fall of '53. For tax purposes we depreciated our investment as fast as possible and are using this figure only for the purpose of figuring our investment. Actual depreciation we are now charging at Beaver is \$75.00 per month on the mill and \$120. per month on houses and these amounts will not be increased unless we make additional capital investments. At Mineral we will use \$96,660.00 to represent the investment in buildings, machinery, equipment and houses which is 50% of the General Appraisal's figures of the fall of '53. We are no longer charging depreciation at Mineral.
- D. "Accounting year" shall mean the twelve (12) months' period beginning July 1st and ending the following June 30th.
- E. "Bonus period" shall mean a six (6) months' period beginning July 1st and ending December 31st or beginning January 1st and ending June 30th.
- F. "Continuous employment" shall mean employment from and after July 1st, 1955, uninterrupted by quit or discharge.

III. Profits to be Shared:

- A. Amount: From the net profit there shall be first deducted interest at the rate of eight (8%) percent per annum (four percent (4%) for each bonus period), computed on the amount of invested capital. The value of land shall be the Company's book value. The value of inventories and prepaid insurance shall be the amount shown by the federal income tax filed. For each bonus period ending in June we would use the figures on the federal tax return of the preceding June. For example, in 1955 we will use the figures on tax return of 1954 and for each bonus period ending in December we would use the figures on federal tax return of June in the same year. Twenty-five (25%) of the profits for each bonus period in excess of the interest on invested capital, shall be distributed among employees in the employment of the company on the last day of the bonus period during which said profits were earned; provided, if the plant suffers an operating loss during any bonus period or the amount of the profit is less than interest on invested capital, at the rate stated above, then such loss or deficiency shall be made up out of the future profits before there will be a further sharing of profits with employees.
- B. Apportionment among employees: Profits will be apportioned among employees on the following basis:
 - 1. Profits earned during the period from the effective date of this plan until June 30, 1955, will be apportioned among employees in the employment of the company on June 30, 1955 in the ratio that the gross

earnings of each said employee bears to the total earnings of all said employees during this said period.

2. Profits earned during each bonus period from and after June 30, 1955, will be apportioned among employees in the employment of the company on the last day of the bonus period for which profits are distributable, in the ratio, that the sum of the following percentage factors for each employee bears to the total of said percentage factors for all of said employees:
 1. The gross earnings of each employee bears to the total gross earnings of all said employees plus
 - (ll) A five per cent (5%) longevity factor for each full year of continuous employment from and after July 1, 1955 up to but not in excess of 10 (10) years.
- G. Time for Distribution: Profits earned during the period from the effective date of this plan until June 30, 1955 will be distributed on or about August 15, 1955. Profits earned during subsequent bonus periods, subject to paragraph (A) of this paragraph III, will be distributed approximately six weeks after the last day of the bonus period for which distribution is made.
- D. Bonus periods for which profits will not be shared: Profits earned during any bonus period in which any one or more of the following events occur will not be shared with employees:
 - (l) There is a work stoppage due to a labor dispute, or a slow-down sanctioned by the Union or participated in by employees or any of them, or
 - (ll) The Company, through negotiations or otherwise, is required to grant a temporary wage increase.*
 - (lll) The Company, through negotiations or otherwise, adopts or has in effect a sliding scale bonus plan based on market price of its products.*
- E. Termination of employee eligibility: An employee's right or eligibility to share in profits earned during any bonus period shall terminate as of the first day of any bonus period in which he quits, is discharged or dies.
- IV. Questions as to Amount of Profits: In the event any question arises during the period this plan is in effect as to the correctness of the amount of profits earned during any bonus period, then the profits for such period as determined by Moss-Adams & Company, certified public accountants, shall be conclusive. No employee, his agent or a union representing him for collective bargaining purposes shall have the right to examine, or cause to be examined, the books and records of the company.
- V. Termination and Duration: This plan shall be and remain in effect from the effective date hereof until June 30, 1956 and for each bonus period thereafter, provided the Company reserves the right to cancel and terminate this plan at the end of any bonus period on or after June 30th, 1956, by giving six months' notice in writing of its intention so to do.**
- VI. Amendment: The Company reserves the right to amend or modify this agreement but agrees to give six months written notice of such amendment. Any such amendment or change in the plan will become effective as of the first day of the bonus period following the expiration of said six months period.
- VII. Wherever it is provided herein for the giving of notice, such notice will be deemed to have been given when it is posted on the Company's bulletin board at the mill or mailed to the local union representing the employees for collective bargaining purposes.
- VIII. Paragraph Headings: Paragraph and sub-paragraph headings have been used for convenience only and shall not be considered in the interpretation of this agreement.
- IX. This plan shall be effective from the first day of March, 1955, if approved by the 28th of February, 1955, or may be started either April 1st or May 1st if approved by the end of the preceding month and it will last until terminated by the Company in accordance with paragraph V above. The employees of each mill shall participate only in the profits of that mill. The main office of the M. R. Smith Shingle Co., which at present is in Seattle, handles the sales and the commission we charge the mills is a proper business expense which is not part of the mill's profit and incidentally, it averages less than we make

on shingles and shakes we buy from other mills. The maximum we are charging is 15¢ per square on unstained 16 & 18" shingles and 6¢ per square on the 2-bundle pack of Undercoursing and 25¢ per square on 24" shingles and all stained shingles, these amounts being in addition to commissions paid salesmen.

With these exceptions we will observe any changes in wages agreed on by the Joint Board as long as it represents 60% of the Washington and Oregon shingle production.

If we should have a fire so serious that we don't want to put the plant in operation again or if we should sell a mill, we reserve right to cancel this plan without notice but would pay the percentage of profits earned up to the time of cancellation.

M. R. SMITH SHINGLE CO.



Paul R. Smith, President

APPENDIX B

THE DELUSION OF DEMOCRACY

"The whole scope and tendency of modern legislation is to restore things to that natural channel from which the ignorance of preceding legislation has driven them." Sounds like a short history of the United States, does it not? It was written in England, however, by Thomas Buckle, and published in 1857 in his "History of Civilization in England". While it is a fairly accurate description of conditions in England, it is even more applicable to our own country. For over three hundred years we Americans have had a mania for law making. One reason for this is that several of the Colonies were founded by people who came here to escape the persecution of laws which they had no part in making, and it was only natural that when they had a free hand, they went to the other extreme and tried to regulate too much of their daily lives by law, which often resulted in oppressing others just as much as the original colonists had been oppressed in England. This statement is more applicable to Massachusetts than to any other Colony; several of the other New England Colonies were founded largely to escape from the intolerance of Massachusetts .

There is no denying the fact that inventions and the resulting complexity of modern life call for some new legislation. But even so, we usually overdo it by going into too many details. Take our speed laws for example. In many European countries, the law specifies "safe driving" whereas most of our laws specify definite limits. (Some of our laws are becoming more like the European). In nearly every city where the limit is twenty five miles per hour for example, there are some streets at certain hours of the day when that is too fast, and other streets where forty five miles per hour is perfectly safe. Such laws are so unreasonable and unenforceable that they tend to break down respect for all laws. And the fact that we pass so many unneeded laws makes it more difficult to enforce those that really are needed.

One reason it is dangerous to depend upon more laws as a cure for our economic and political evils is that in our present state of highly developed and inter-dependent industrial development, it is impossible to foresee all the far reaching consequences of a law that might, when enacted, appear to affect only one industry. In fact, one cannot even foresee all the effects it will have on the industry to which it primarily applies. For example, in 1916 President Wilson, with an eye on the labor vote, asked Congress to avert the railroad strike by granting the wage increase, and at the same time he approved an increase in freight rates to meet the cost. Of course this lowered the return which the farmer received

for his grain since freight, after labor, is the biggest item of expense for the average grain farmer. Furthermore, it increased the cost of nearly everything the farmer buys. The fact that railroad securities were badly watered in the early days of our transportation history, also contributed greatly to the high freight rates at one time. Unfortunately, these securities are so distributed now that it is impossible to correct that situation, just as it would be impossible to get the railroad trainmen to refund part of their past wages. The amount of profit the trainmen derived from these wages is very questionable because high rates have driven the traffic to trucks and boats and the trainmen do not get as much employment as they would like to have. It seems, therefore, that the increase in their wages, and the increase in freight rates, have effects on the railroads and on farmers and manufacturers, which were not foreseen at the time the government assumed the right to regulate these wages and freight rates.

The preceding paragraph shows how the government, by maintaining too high a wage scale in an important industry, reduces the farmers' purchasing power. There are many other examples, however, which indicate that the farmer's troubles are largely due to "the ignorance of preceding legislation", without which there would have been no occasion for much of the recent legislation. For example, why spend the taxpayer's money to open up new land by irrigation projects and at the same time spend more of our money to compensate the farmer for leaving part of his present land idle? And would not thousands of southern share-croppers have benefitted more by knowledge of birth control, which was denied them by law, than they benefitted from crop control, which was given them by law?

If law makers would keep their hands off, natural economic forces would cure many of our troubles. Nearly all of us agree with Secretary Ickes that it is wise to conserve our oil and gas (legislation there is really needed), and that more of the unemployed should be put to work. Also it is desirable that the farmers raise all the grain they can sell or use profitably. During the World War and the few years immediately following, high prices of grain and labor encouraged the use of more labor saving farm machinery, mostly gasoline driven. The Department of Agriculture probably has figures showing exactly how much this reduced the farmers' demand for their own corn, oats and hay, but they cannot calculate exactly how much it reduced the price of what they sold. Even if the decline in farmers' use represented only ten percent of total production, that is enough surplus to break the market for any commodity. Beginning with 1930 many farmers' sons lost their jobs and brought their families back to the farm. The cost of operating machinery had declined little if any since 1920, but there had been a big drop in the value of the daily ration for a team of mules, as well as in the wages of farm hands, if there were not enough sons available. While the total number of horses and mules on the farms is at the lowest point in many years, there is an increasing demand for them in some

sections and many of the smaller and medium sized farms are finding it profitable to use more men and mules and less machinery. If the government did not provide too much soft work relief to compete with the farmer for labor, there would be still more men and mules used, and more conservation of oil and gas. Unfortunately there are many districts where unemployment relief and work relief are so attractive that farm labor is difficult to obtain and farmers are using some of their government subsidies to buy new machinery. Would it not be better to let the farmers raise feed for horses and mules on the so-called surplus land, rather than have the tax payers and consumers pay the cost of keeping it idle, as well as the cost of supporting the men who might be driving the mules?

In addition to keeping down the output of new laws and giving natural economic laws a chance, our legislative bodies might contribute further to our economic well being if they would repeal some of the existing laws, many of which counteract one another. Would not more idle capital, and idle men be employed if surtaxes were lower and there were no tax exempt securities? Many demagogues, looking for votes by stirring up class prejudice, tell the people that the tax exempt features are in these securities, primarily to enable the rich to dodge taxes, but the principal reason the politicians leave these provisions in the bonds is to facilitate their sale so they can spend more of the taxpayer's money. In reality both reasons are probably responsible for this situation, which is harmful to the country as a whole.

Statistics taken from one of our leading newspapers show that in October, 1934, when N.R.A. restrictions were the strongest, taking an index average of 100 for 1928,

Our Production was	- 66
France	- 74
Canada	- 83
Germany	- 86
England	- 99
Sweden	-107
Japan	-130

Obviously, our own country, which passed the most laws to stimulate recovery, made the poorest showing. Japan, with the least political or union regulation of wages of any of the countries, showed the biggest increase in production. While some regulation of wages and industries is desirable, yet the better showing made by these other countries seems to indicate that we lost a considerable amount of our business to them by too much regulation. When a manufacturing industry charges too much for its product, it prices itself out of competitive markets to a large extent, and when labor and political leaders price labor too high, they

do the same identical thing with labor. Most politicians, and some business men, say the law of supply and demand is out of date, and that it will not cure anything, but most of us business men believe the politicians are continually making laws that interfere with supply and demand in order to get more votes and make more government jobs for themselves and friends. This is the principal reason for our excess of laws today, though earlier in our country's history the Puritan passion for regulating everything and everybody was the chief reason, and it is still an important factor.

When it comes to making jobs for themselves and friends, the politicians of the present administration are in a class by themselves. From the time the Civil Service Commission was established in 1883 until President Roosevelt came into office, there had been a gradual and steady increase in the percentage of federal executive positions subject to civil service examination. Not only has this tendency been sharply reversed with regard to employees of the new bureaus, but the many spurious pretexts for rooting out civil service employees from the older government departments has injured the morale of those remaining. While there are occasional exceptions one gets the impression from watching the average CCC or W.P.A. project that the men never had any morale to lose. There are many cases, however, where men have started out on these projects with the same energy and good will that most men show toward a private employer, but they are usually told by other employees and very often by the man in charge, that they will have to slow down if they expect to stay on the job.

Comparing the attitude of my own, and most private employees today, with that of the men I have talked to from C.C.C. camps and other public works, I can't help thinking that the high regard for public works as opposed to the dole, is a mistake. Some public works such as flood control, and reforestation and soil conservation for example, are desirable, and during a depression is the best time for them. Nearly everyone agrees that the public in some way or other should take care of the aged and other unemployed, who have not the means to care for themselves. Social security is one of our greatest needs today, but social security legislation does not necessarily produce social security. The country would fare better if the recent law is declared unconstitutional. It was enacted too hastily by a congress that thought more of re-election than ultimate consequences. As with many other laws, we have gotten the cart before the horse, extending the functions of government without a competent and well trained body of public employees to execute them. If the present law remains in force with no improvement in the morale and efficiency of our public service, our experience will probably be worse than Germany's, where as time went on, the public employees got more and industrial

employees got less of each dollar contributed; and the farmer, whose purchasing power is rightly a matter of concern for the entire country, would have to pay more for everything he buys because social insurance will certainly increase the cost of all manufactured articles. We would do well to get old age pensions working uniformly throughout the country before we tackle unemployment insurance.

Employment is really more important than unemployment insurance. In fact, unemployment insurance is likely to reduce employment because, like a direct increase in wages, it increases the payroll cost and causes some employers to look for more labor saving machinery. Even if the superfluous public works are eliminated, however, many of the unemployed could be returned to private industry by the following means. First, deport the undesirable aliens. This would not only open up several hundred thousand jobs for American citizens, but would indirectly stimulate employment by removing some of our most radical labor leaders, who are responsible for many unjustifiable strikes and resulting loss of employment. These alien radical leaders are the enemies of the conservative labor leaders, the employees, the employers, and the public. Second, factories, with rare exceptions which are justified, should stick to the forty-hour-week, which is about eight hours shorter than the average in 1929. Third, both labor leaders and employers should remember that steady operation with reasonable wages and modest profits is better than trying to gouge the public and drive the business to foreign competitors. Fourth, the biggest incentive that can be given to private employment is for the government to stop adding new bureaus and new tax burdens and maintain a constructive attitude toward industry.

An examination of Denmark's experiences should help us in considering employment, social insurance, and some other problems of Government. Many Americans probably scoff at the idea of learning something about Government from a little country like Denmark. Because we formed a Republic before any important European country did so in modern times, and because we have prospered on the whole, many of us have over-rated our system of government and our individual intelligence. The great wealth of natural resources and the cheap land which so many of our ancestors got, had a great deal to do with our prosperity. This land, which we took from the Indians and Mexicans with negligible compensation in most cases, is partly responsible for the great American idea of trying to get something for nothing.

A great deal of the prosperity in Denmark is due to agricultural co-operative societies which, strange as it may seem to us Americans, have been developed without public support or intervention. In other words, the farmers grow up with the idea of doing something for themselves--

the politicians have not sold them on the idea of getting something for nothing. The Danish State lends money for farms and buildings. In 1929 only seven-and-a-half percent of the farms were occupied by tenants and the percentage now is even less. A similar program, if started on a modest scale and built up gradually and efficiently, might work well in this country, particularly for moving farmers from drought and dust stricken areas, to the irrigation projects. It should be done on a business basis as it is in Denmark, however, and not on a political basis. Give the American farmer a chance, but if he does not make good, do not be afraid of dispossessing him, for fear of losing his vote.

As to social legislation, workman's compensation is compulsory and the employer pays all, as he does in this country. Old age pensions are paid for by the State and Municipalities entirely, but to receive an old age pension, one must be a member of a "Sick Club", or "Sickness Benefit Association", to which he pays dues himself. Unemployment insurance is based on voluntary contributions to societies which are state approved, and receive contributions from public funds. In return they subject themselves to statutory regulations and state supervision. The state pays an average of seventy-six percent of the insured's own contribution, which is graded according to the average income. One-third the amount of the State subsidy is paid by local authorities. The employers' only contribution is to the Crisis Fund. For example, in 1932 and 1933 the total tax payments from this fund were one hundred million kroner (equivalent to \$22,000,000.00), and the employers paid four percent of this. One must be a Danish citizen to receive public support from any of these funds. Denmark for the Danes--not a bad idea for the United States to adopt. The Danes have a high degree of independence and political consciousness, and are able to realize that each and every one of them is the State, and do not delude themselves with the idea that they would be getting something for nothing if the employer had to pay for all social insurance and add it to the price of his product or services. Too many people in the United States seem to think they can "soak the rich" for everything without hurting the prosperity of the country as a whole.

Of course the Danish Government could not afford to make these social insurance payments if they wasted as big a percentage of the taxpayers' money as our national, and most of our local governments do. It would be a great mistake to jump head-long into the financing of farmers and social legislation on the scale found in Denmark on the assumption that it would be a success here just because it is there. There are many differences in favor of the Danes. They have less political corruption and a higher standard of public service than we have. Furthermore, while there is not as large a percentage of college graduates as in the United States, the average citizen has more practical education than the average American. It is a small country, with a homogenous population, and a simple economic structure compared with our own. Thus they understand each other and their

common problems of agriculture, business and government: consequently, it is easy for them to co-operate. By way of contrast, consider the complexity of American conditions in agriculture alone--the potato farmer of Maine, the cotton grower in the South, the wheat farmer in the Dakotas, the orange grower in California. They know less about each others' affairs than the Danish farmers do, and still less about the problems of government and business outside their own communities. Lack of time and often lack of inclination make it impossible for the average man in the United States to keep properly informed on the diverse problems of different states or those of the country as a whole. Consequently, the majority of voters depend largely for their knowledge of such matters on the second rate newspapers, the third rate politicians, and the often misguided political theorists and reformers. This results in mass production of indigestible and disastrous legislation, whereas the complexity of our economic conditions should make us extremely cautious about passing new laws whose results are much harder to foresee than in a country like Denmark.

No one who is on relief in Denmark can vote, but only about one percent of the population is on relief. About 100,000 receive old age pensions, but neither that, nor receipt of unemployment insurance, causes loss of the franchise. An undischarged bankrupt can not vote in Denmark, and in municipal elections one must be a tax payer in order to vote. What a help these limitations on suffrage would be to the cause of good government in the United States! While Denmark has a King, she has a liberal constitution and actually the people govern themselves to a much greater extent than they have in this country any time in the past fifty years--maybe we should not stop at fifty years.

Let us return to affairs in the United States, by way of England. Dean Inge once said "General elections have become public auctions at which the contending parties bid against one another for our votes by each promising us a larger share than the other of the plunder of the minority". We can best understand the application of this statement to our own country if we go back to the time the constitution was signed. In the thirteen colonies then there were approximately 900,000 free white men, but only 150,000 of them voted. It was no longer necessary to be a member of the church in order to vote, as it was at one time in at least one of the colonies, but there were substantial qualifications with regard to ownership of property and payment of taxes. The greatest force that caused the extension of suffrage was the westward movement into new territories. Obviously the people who owned the best land and the most property in the original colonies, had the least incentive to go west, whereas there were many ambitious and energetic men with very little property, who were attracted by the free land in the newer territories. Many of these pioneers did not have the vote in the colony from which they came but when they formed a new community, public responsibilities naturally fell to them and there was no apparent reason why they should not give themselves and

other newcomers the right to vote. The qualities they developed in building homes and businesses in the new country enabled them to take and handle intelligently many functions of the government. But most of us Americans have grown up on the theory that all men are created free and equal, and have at some time in our lives gotten the idea that we could do anything as well as any other man could. Ideas such as this no doubt are responsible for some of the poor state banking laws these pioneers gave to our Western States. It probably would have been better for the country if we had had a national banking system only with legislation drafted as it is in Canada, by a small committee of bankers and members of the Parliament.

However, notwithstanding some poor legislation concerning banking and other subjects, the Western States gave a creditable demonstration of self-government. By 1845 we had practically universal manhood suffrage except for the slaves. This worked fairly well until the latter part of the last century when our rapid industrial expansion caused a great increase of immigration, principally from the countries of Southern Europe. While we have many fine citizens from these countries, a large percentage of the immigrants they sent us stayed in and near the larger industrial centers, kept to themselves too much, and did not become well assimilated into our population; hence they did not develop the qualities which enable men to vote intelligently, or take a creditable part in the government. Such men, having few definite opinions of their own, were obviously more easily persuaded by designing politicians than the original colonists or their descendents, who settled the West from fifty to one hundred and fifty years ago.

Few people, familiar with our early history, deny that at that time the most capable men in the country usually took an active part in public life. These men could be elected to office without promising the voters the "plunder of the minority" because most of the voters were men who had acquired homes and other property by their personal efforts, and had some appreciation of what it takes to manage a business and a government. Today, however, many men with experience in public life fail of election, and many business and professional men refrain from entering public life, because they are too honest financially and intellectually, to follow Dean Inge's formula. Of course this is not the only reason more business men are not properly interested in public life. Some of them are still more interested in good golf than in good government, but events in the past few years have stimulated more interest in public affairs.

There are some real statesmen in our country today. Just to take one example from each party, consider Senator Glass of Virginia, and Governor Landon of Kansas. Also there are many politicians who started in public life with high ideals, but found they could not remain in office

unless they thought one thing and said another. If there were a sensible limitation of suffrage, they could talk as straight as they think. Moreover, there have always been a good many honest idealists in public life, some of whom have accomplished things which business men now admit are worthwhile, even though they may have opposed them at one time. And then again the idealists frequently do a great deal more harm than good. The political thought of the country is moulded too much by theorists who start diagnosing our political ills as soon as they complete their scholastic education without having any real experience in life. "This clinging to theory for lack of experience, or rather lack of ability to make experience, finds literary expression in a flood of schemes for political, social, and economic systems and Utopias, and practical expression in a craze for organization, which becoming an aim in itself, produces bureaucracies that either collapse through their own hollowness, or destroy the living order." The above is a quotation from Spengler's "Hour of Decision".

So far this seems a pessimistic picture of conditions in the United States but here and there are signs of real progress in better government. In Nebraska, Senator Norris was largely responsible for the vote in November, 1934, to do away with the dual legislature and have a unicameral body of about thirty-five members. The law requires the election of these legislators in a non-partisan manner. While the governor will be elected as a partisan, he will have no party to represent in the legislature, and the legislature consequently should be free from party domination. Senator Norris is also largely responsible for the movement to reduce the number of counties in Nebraska. Now that we have better roads and faster transportation than we had when our States were settled, nearly all the states have too many counties. The cost of local and state government* can be greatly reduced by these measures which Senator Norris has sponsored, and these movements have already begun to spread to other states.

Both Kansas and Nebraska have balanced budgets and are paying their way as they go. The same is true of Virginia. Note that these three states are not highly industrialized but are predominantly agricultural. Hence they have had no occasion to absorb much of the poorer type of immigration we have had during the last fifty years. Both wealth and political intelligence are more evenly distributed than in the country as a whole, and this makes it possible for big men to hold office without becoming hypocrites or demagogues. Senators Glass, Byrd, and Norris,

*The economical government in Nebraska seems the logical explanation for the fact that I paid no sales tax on my breakfast when I came through there recently.

and Governor Landon are certainly far above the average of those holding similar offices--I say this even though I do not agree with Senator Norris' ideas on utilities and the Supreme Court. In every state there are some communities in which the average political intelligence is equal to that in Virginia, Nebraska, and Kansas, and there are a few other entire states which compare favorably with these three. It is states such as these that are mostly likely to produce the worthwhile political reforms and political leaders of the future.

If we are to have political reforms on a national basis, one of the first steps should be a realignment of parties and issues along modern lines. For several decades preceding the Civil War, slavery was the real issue between the Republican and Democratic parties. For a few decades after the war, tariff was probably the greatest issue, because the South was doing very little manufacturing, and felt no great need of tariffs. Now that the South is practically as much in favor of tariffs as the balance of the country, however, what really permanent issue is there between the Republican and Democratic parties any more except that when one party does something, the other criticizes it? About once every two years I visit the principal cities in the United States, both North and South. I find the political beliefs of the business men are nearly identical whether they are Southern Democrats or Northern Republicans, and there is a growing sentiment in favor of a realignment of the parties. The constructive element in the Republican and Democratic parties should get together this year and form one real party, with a new name. Let the demagogues form as many parties as they like--the more the better. Many people say a fusion of the two major parties is impossible, but if some radical leader gets enough of a following, he could probably scare the conservative Democrats and Republicans into doing things that many of them now think impossible. With the political set-up (or frame-up), we have had in recent years, (that is, the intelligent voters divided against themselves on obsolete issues), it has been very difficult for anyone to be elected to a high office without following the procedure described by Dean Inge, of promising the voters the "plunder of the minority". Some men in public life have probably done this conscientiously because they thought it was the proper thing to do, but most of them did it in hopes of being able to side-step their obligations afterwards, and as long as the country was in a fairly prosperous condition, they usually had no great trouble doing so. The condition of the country is such now, however, that these old tricks will no longer work. In the past, such tactics have benefited the politicians, some corporations, and some labor unions, but they never have benefited the majority of business men, laboring men, or farmers.

If the intelligent voters form one real party, they can stop slaving for the government and have the government employees work for them.

They can put more business and less politics in government, and it should be possible to eliminate the spoils system and attain the same degree of efficiency and economy in all departments of the government as we now find in the best governed European countries. An important development in this direction is the recent bequest to Harvard for the purpose of establishing a graduate School of Public Administration. We need highly trained men at the top in Government service, just as much as we need a civil service based on merit instead of the spoils system. Under present conditions, however, it is anybody's guess as to whether a man who studies for public administration will ever get a chance to practice it. Unfortunately, many of the college professors who were best qualified to help solve our problems, have had to give ground to the politicians of the present administration.

Getting down to practical politics, however, it seems almost certain that President Roosevelt will have the Democratic nomination. Regardless of the principles and platform of the Republicans, unless they form a new party or a coalition with the right wing of the Democratic party, there will be many Republican candidates for Congress and other offices who will promise support for the Townsend and other plans to loot the public treasury and the taxpayer. How much more sensible it would be if two experienced budget balances like the Republican Governor Landon of Kansas, and the Democratic Senator Byrd (formerly governor), of Virginia, could sit down and settle with two boxes of dice which one would be President and which Vice-President. And if our politicians would sacrifice their personal ambition, jealousy, and greed, for the good of the country, it might be possible to get a nomination through the Republican convention according to the decision of the dice. This is no more of a gamble than the present convention methods, much less expensive, and quite as dignified. After all, there are plenty of honest dice in the country, and they do not break campaign promises. Of course if you prefer, golf clubs could be substituted for dice. Either method would appeal to the American love of good sport and fair play which on the whole are more highly developed than our political intelligence.

Considering the stronghold which President Roosevelt has on the Democratic party, a majority of the coalition party at first would probably be Republicans, who might feel that the first presidential nominee should be from their party, and the Vice-President a Democrat, with a cabinet chosen from both parties. This thought might be carried out in a harmonious way which would help cement the coalition, and at the same time effect a permanent political reform of great value. The leaders of the coalition should pledge themselves to pass a law through their first congress, prohibiting the reelection of a president and perhaps they should lengthen the term of office to six years, beginning with the term that commences in 1941. The president could then concentrate on good government instead of

reelection. The coalition leaders should also pledge themselves to do everything possible to secure the 1940 Presidential nomination for the Democrat who accepts the vice-presidential nomination in 1936. It is a peculiar contradiction in America that a vice-president of a private club or trade association almost invariably becomes the next president, whereas for many years the Vice-President of the United States has not become President unless the President died in office. It is high time to upset this tradition, and Senator Byrd, Al Smith, or some other Democrat can probably be found who is willing to put his personal ambition in the background till 1940 in order to make democracy safe for the United States. The man who does, even though he should lose the 1940 Presidential election, will deserve, and probably receive a greater place in history than most of our Presidents.

If the better element among the Democrats and Republicans ever do get together permanently, would it be advisable to limit the suffrage to some extent so that the right to vote would again become a highly esteemed privilege, and not an unpleasant and often-neglected duty? There are still some states, about a dozen in number, who have a poll tax, the payment of which is required in order that one may vote. It costs money to conduct elections so why should not the people who participate, pay for the privilege? Usually the poll tax is no more than the cost of a ticket to a prize fight or a foot-ball game, and if people are willing to pay for that kind of a contest, why should they not pay for political contests? The "friend of the people" says they are too poor to pay poll taxes, but thousands of people are using relief money for athletic contests and moving pictures. If the right to vote means less to them than these things, the quicker they stop voting, the faster our government and economic conditions will improve.

The State of Nevada in 1933 enacted a law which provides that whenever a bond issue is being considered, the votes of those who own real property or whose husbands own real property are counted separately from those who do not own real property, and there must be a majority of each class of votes before a bond issue can pass. There may be other states who have such laws, but if not, there should be. This law was introduced in the State Legislature of Washington in December, 1933, but failed to pass. While each state should have a law similar to the Nevada law and the payment of some direct tax should be a condition for all voting, even if it is only a poll tax, we should make it easier for everyone in this country to own property and pay taxes than it ever was in the past. The 1930 census showed that 46.8% of nearly thirty million families owned their own homes wholly or partly, and it is probably safe to say that fifty one percent or more of adult males paid direct taxes. Some of these people doubtless lost their homes during the depression, and many of them lost their savings, through no fault of their own: perhaps, because

of defects in our banking system. (Note that the politicians and wild cat bankers have had more to do with the making of banking laws in this country than the big bankers have). Some of them lost their savings because they were invested in corporations which were improperly managed, and many because they mismanaged their own affairs. Perhaps they were trying to get rich too quickly, mortgaging one farm to make a first payment on another, or buying stocks on too thin a margin. Laws passed during President Roosevelt's administration have increased the security of savings, which is very fine if too much paternalism and low interest rates do not discourage people from saving. If we can get a realignment of political parties and conduct the affairs of the government on business lines, the confidence of capitalists and the general public will increase, and business will improve to the point where a substantial majority of the people will be property owners and direct tax payers.

It would be an excellent idea to have aliens wait a longer period before they become naturalized, and make their naturalization depend upon passing a test which would demonstrate a real capacity for participation in government. And if we do this, we should have our native born pass the same test and not assume that they are competent to vote intelligently just because they were born in this country. When John W. Studebaker was superintendent of schools in Des Moines, Iowa, he secured from the Carnegie Corporation of New York a five-year grant of \$120,000.00 with which to finance the Des Moines Public Forum. One of the conditions was that it must be detached from special religious or political creeds and wholly devoted to the enlightenment of the public. When opened in January, 1933, it drew overflow crowds just as Tom Thumb golf courses did when they were new. Then the attendance dropped to something like one percent of the population. No doubt many stopped attending because they were fortunate enough to be well informed on the subjects discussed, or because they preferred to read about them by their own firesides rather than listen to a public discussion. Nevertheless, the experience of Des Moines does seem to indicate that comparatively few people are willing to make any effort to improve their knowledge of public affairs. If every one, including the native born, had to pass a real test to secure the vote, however, the public generally would be more eager to take advantage of the instruction offered in public forums, schools, libraries, and other sources. To be a voter would mean something, and not to be a voter would mean disgrace.

In considering the limitation of suffrage according to ownership of property, as well as other aspects of government by the people, it would be well to examine the experience of the ancient Greeks, particularly the Athenians. Solon gave Athens courts of justice. For the purpose of determining their participation in government, he divided the people into

four classes. First, those whose annual income was equal to 500 bushels of corn; second, those whose annual income was equivalent to 300 bushels of corn; third, those whose annual income was equivalent to 200 bushels of corn. Those who fell below this third qualification could vote in some elections, but could not hold office. This classification made the acquisition of the higher suffrage privileges easy enough so that a great many of the citizens improved their political condition, and on the whole, the system worked as well as any other the Greeks had, possibly better.

Under Clisthenes, many reforms were made, including trial by jury, but complete democracy, with practically all men voting except the slaves, was given the people by Pericles. The people for whom Pericles had extended the suffrage, however, were very impatient whenever he lost a battle or made an error in judgment. He got into many tight places, but managed to stay on top because of his genius for government and force of character. During his last years in office, Pericles was virtually a dictator, but he did not abuse his power, and like most modern dictators, he was careful to preserve the outward forms of democracy. While different people may draw different conclusions from the study of Greek history, it seems that Pericles accomplished what he did in spite of the Democracy which he gave to Athens, and not because of it. The leaders immediately following Pericles were not really great men, so each desiring pre-eminence over the rest, adopted the policy of courting the favor of the people, even at a sacrifice of the interests of the state. In other words, to secure their votes, they promised them the "plunder of the minority", just as most of our office seekers do today. From time to time a crisis would arise in the affairs of the Republic, which made it easy for a dictator to step in. He invariably laid great stress on the fact that the people were the real rulers, which is usually a sure sign that government by the people is slipping. Is it not so in our country today?

The Greek philosophers, among others Aristotle, felt that it mattered little whether they were governed by one man--a monarch--by a few of the people--an aristocracy--or by many--a democracy, as long as the government was administered for the welfare of the state, and not for an individual or a class. The word "aristocracy" is derived from the Greek word meaning "the best", but as the Greeks understood the word, it means not merely possession of wealth and social position, but also the possession of the highest intellectual qualifications, and a capacity for unselfish public service. Owing to limited economic and educational advantages, the ancient Greeks did not have the opportunity to acquire those qualifications that the Americans have. It is within the power of a majority of Americans to acquire such qualities if they value them highly enough. Most of them probably do not, but they, and the whole country would be better off if they would let those who do, govern the country.

This may seem an impossible dream to some, but even though we Americans have a great genius for hypocrisy, we cannot deceive ourselves into thinking that the present system is going to work successfully much longer, so what are we going to have in place of it? A dictatorship where no one's vote means anything? A rule by organized minorities influenced largely by selfish interests? Or a representative government where the suffrage is limited to those who are really interested in good government?

To summarize the foregoing briefly: Our country has always been the victim of too many laws. In Colonial times, and in the early days of the Republic, the Puritan tradition was largely responsible for this, but with the widening of suffrage, the desire of the politicians to get votes, and to make more jobs for themselves and friends, has become the greatest influence in this direction. This has frequently resulted in the passage of laws, such as the Social Security Legislation, whose aims in themselves are good, but whose ultimate results are very questionable because the legislation is hasty and inadequate, and because we have not a competent body of public servants to enforce the laws properly. Owing to our lack of an efficient civil service, and the great complexity of our economic life, in comparison with a country like Denmark, it is quite essential that we give natural laws more of a chance, and stop the continual passage of laws, whose effects are often more far-reaching and disastrous than anyone can see at the time of passage. At present legislation is determined too much by organized blocs who are looking for the "plunder of the minority", and whose aims are often contrary to the best interests of the country as a whole. If they had lived in the early years of the last century, many of the members of these blocs would not have had the right to vote, and the future of self-government in this country would probably be safer today if there were more limitations on suffrage. In the immediate future, however, it would probably be very difficult to change the basis of suffrage, and so the best chance of improving our conditions of business and government is for the more intelligent and unselfish voters in the two major parties, to combine instead of continuing to fight over obsolete issues. If such a combination can win the next election, their first important step should be to reform our civil service and strive to administer public affairs from top to bottom, on the same efficient basis that the English or Danes do, for example. By the time they have accomplished this they will know better what social and business reforms are needed, if any, and will have a far better chance than the present administration, of carrying them through to a successful conclusion.

The negroes used to sing a song -
 "In Eighteen Hundred and Sixty Three
 Lincoln Set the Niggers Free"

Will 1936 be the big year for the white folks, just as 1863 was for the negroes?

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