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*Report on the Present
Development and Future
Possibilities of the Lum-
ber Industry of Arizona
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by

JAMES G. McNARY

President Cady Lumber
Corporation.



Timber—A State Asset

THE CASUAL traveler through the state of Arizona has no conception of the vast timber resources within its confines. I believe it may safely be stated that only a small percentage of the *citizens* of the state of Arizona have any true conception of its great timber resources.

The total estimated standing timber in the state of Arizona is slightly over twenty billion feet, which at an average valuation of \$2.50 per thousand feet represents a total value of fifty million dollars. Out of the above total, approximately fourteen and one-half billion feet of timber stands on the national forests, and five and one-half billion feet stands on the Indian Reservations.

There are several states in the Union, notably Oregon, Washington, and California, whose area of merchantable timber, either privately owned or owned by the Government, considerably exceeds that of Arizona. There are a very large number of states whose timber resources are very much less than those of the state of Arizona. The total estimated standing timber on the national forests of the entire United States is in round numbers five hundred and fifty billion feet. This would be an average of eleven billion five hundred million feet, if equally distributed over the various states; whereas, as above stated, the timber on the national forests of Arizona is fourteen and one-half billion feet, or well above the average timber wealth of all the states.

The privately owned sawtimber in the United States is estimated at about one thousand billion feet. Adding to this the five hundred and fifty billion feet of Government owned timber, gives a grand total of fifteen hundred billion feet. This vast amount of timber would sustain an annual cut of twenty billion feet for a period of seventy-five years, by which time the smaller timber, under merchantable size and not included in the above estimates, would be mature and ready to cut. There is, therefore, no danger of a timber shortage from a national viewpoint. The same is true of our own state. Arizona has never produced nor consumed over two hundred million feet of lumber in any one year. The forests of our state, with total sawtimber estimated at twenty billion feet, would sustain a cut of 200,000,000 feet for one hundred years; and long before that time the forests would be ready to yield another harvest.

The forests of Arizona contain over 90% *Pinus Ponderosa*, known to the trade as Arizona White Pine. You may be surprised to know that the merchantable white pine in Arizona equals the total white pine in the state of Michigan fifty years ago, when it was the premier white pine producing state in the nation.

You will probably be surprised also to know that there are forty-six sawmills within the state of Arizona which have an estimated capacity of between eight and

nine hundred thousand feet of lumber per day on a single shift basis, or an approximate total yearly production of 250,000,000 feet. If all the sawmills in the state were operating on a normal basis, single shift capacity, and with a normal price realization of, say, \$25.00 per thousand feet f. o. b. mill, their total output would have an annual value of \$6,000,000.

The average productive capacity per man employed in a sawmill operation, with average modern equipment, is about 100,000 feet per year. The sawmills of the state, if operated at a normal shift capacity would, therefore, employ from 2,500 to 3,000 men, or about 3% of the total laboring men employed in normal times within the state; and the salary and wage disbursement for the employed personnel of the sawmills of the state would amount to over \$3,000,000 annually.

While the national forests within the state of Arizona are, of course, not owned by the state, the state is the direct beneficiary, in that approximately 45% of the total revenues received from the sale of national forest timber and other national forest revenue within the state of Arizona is returned to the state and counties. You may be surprised to know that proceeds from the sale of timber represent only about one-half of total national forest revenues. Grazing land rentals constitute a very large item of these revenues. Out of the total receipts from the operations of national forests within the state, 10% is first allocated to the general school fund. After this amount is deducted from the net receipts, the various counties within which the timber is located receive 25% of the balance, based on the acreage of national forest within the county concerned; and an additional 10% goes to the state and county for the construction and maintenance of roads within the national forest, making a total of 45% which is paid to the state and counties, while the remaining 55% goes to the Treasury of the United States.

To state this in more concrete form, during the 5-year period from 1927 to 1931, the total national forest net receipts from the sale of timber in Arizona amounted to \$895,441.00, of which the state received \$88,747.00 under the approximately 10% common school fund provision of the Enabling Act; \$201,674.00 went to the counties under the 25% road and school fund provision; \$80,670.00 went to the state and counties under the 10% road grant. This left \$524,350.00, which reverted to the U. S. Treasury.

As contrasted to the foregoing figure, during the same 5-year period total national forest receipts in Arizona from *all sources*, including timber, grazing lands, water power permits, etc., amounted to \$1,733,459.34, of which the state received \$171,802.62 under the common school fund, which amounted to 9.91% of the total net receipts; the counties received \$390,414.17 under the 25% road and school fund grant, and \$156,165.67

was expended under the 10% road grant. This left \$1,015,076.88, which reverted to the U. S. Treasury.

The state of Arizona is not only potentially a large producer of lumber, but it is also a large consumer of lumber. It is difficult to secure entirely accurate figures showing the total amount of lumber consumed within the state, which is produced within the state, and the amount imported from outside sources. The only year for which accurate figures are available discloses the fact that Arizona consumed a total of approximately 200,000,000 feet of lumber, of which only 25% was purchased from mills within the state, which made it necessary for the sawmills of Arizona to ship their products to twenty-four different states and to Canada, as the records show that they did in the year of 1928. Under normal business conditions it is safe to assume that the state of Arizona could consume 75% of the normal capacity of the sawmills of the state, leaving them to market but 25% of their product among outside states. A careful distribution study for the year of 1928 made by the Forest Service shows that for that year Arizona produced 158,000,000 feet of lumber in round figures, and shipped from the state during the same year 117,000,000 feet, while during the same year the estimates of total lumber consumed within the state indicate that at least 75,000,000 feet of lumber was shipped into Arizona from outside states. During that year the mining industry undoubtedly consumed a considerable portion of lumber imported from outside states. At the present time, when most of the mines are closed down, the use of timber by the mines is reduced to a negligible quantity and today as a result the proportion of lumber produced within the state, which is consumed within the state, represents a considerably larger percentage than for any recent year.

The membership of this organization no doubt subscribes to the principle that the people of Arizona should purchase and consume to the fullest possible extent commodities which are grown or manufactured within the state. If the people of the state generally not only subscribed to that principle but practiced it, they would contribute greatly to the prosperity of the lumber industry, as well as all other industries, within the state. The lumber manufacturers of the state ask nothing more than the opportunity to compete for Arizona's business on equal terms. They do not ask for your business on the basis of any special preference as to price, quality, or service. But, these factors being equal, we do believe that Arizona lumber mills are entitled to *Arizona's Business for Arizona's Benefit*. We can compete with lumber produced and shipped in from any state in the Union, and there are many men around this board who can testify that this statement is true and who endorse and practice this principle.

Lumber dealers and contractors in our state have made the statement to me that there are frequently

cases where architects specify Oregon pine for buildings within the state without giving our own beautiful Arizona pine a minute's consideration. Possibly the fault for this lies with our manufacturers and dealers in not sufficiently urging and emphasizing the claims of our home product. We occasionally encounter among Eastern dealers and users of lumber a prejudice against Arizona pine based on ignorance. There is no basis for such a prejudice, and we should not have to overcome any such handicap among our own business and professional men.

One of the largest single factors in the consumption of lumber within the state is the fruit and vegetable packing industry, and I am glad to testify to the fact that they are using today, to a larger extent than ever before, box shooks and crates made from lumber manufactured within the state of Arizona in which to ship their Arizona grown products.

The lumber mills and lumber railroads in Arizona represent an investment of approximately \$15,000,000 in physical properties. Arizona mills are fortunate in that they do not have to own their own standing timber, but draw their supply of raw material almost wholly from timber either on national forest or Indian Reservations. If the sawmills of the state were compelled to own their own timber, they would have had to invest at least an additional \$15,000,000 in standing timber in order to support their operations for a reasonable period of, say, 30 years, which would bring their total investment in plant and timber to \$30,000,000 instead of \$15,000,000, as above estimated. Many of the large lumber concerns in the western states, which have invested in great bodies of standing timber, find under present conditions that the taxes and carrying charges on their standing timber have become an unsupportable burden. The lumber operators of Arizona are in a favored position because of the fact that they are relieved of the burden of this great investment and secure their standing timber from the Government.

About two decades or more ago there was great agitation directed toward the conservation of the timber resources of the nation, and the people of the United States were led to believe that our timber resources, both privately and Government owned, were being rapidly exhausted and that our nation would soon be denuded of its forests. There was no basis of fact for this belief, though it is true that in certain large areas of the South the timber was ruthlessly removed and no attempt was made to protect the young growth. When carried on under proper methods, removal of merchantable timber from a mature forest preserves and protects the forest and conserves it for the future rather than destroys it. Practically all national forest operations are carried on in accordance with the principle of sustained yield, only the amount of timber being cut during a given period of years

which will be replaced by natural growth. The mature and the over-mature timber is removed, except such quantities as are needed for seed. At the same time all diseased and defective trees are removed, leaving the young and healthy timber with the proper proportion of mature trees to insure reforestation.

The great national forests of our state will never be destroyed or impaired under the Government system of operation, but on the contrary, a perpetual supply of timber is provided for the lumber industry as at present established within the state, which system insures the stability of the industry, of the communities depending upon it, and insures the orderly development of the state's resources.

The great national forests of Arizona are an invaluable asset to our state as a natural playground for our people. As such they will be protected and preserved for all future generations by the wise and beneficent forestry policy of our government. Nature has ordained that in this arid region forests can grow only at an altitude of six thousand feet or over. At these altitudes we find a cool and delightful summer temperature. There, amid the beauties and delights of these forest parks, you and your families find a natural retreat from the exhausting summer heat of the low altitudes. Our government not only owns these great forest areas, but protects the game and stocks the streams with fish. It also provides patrols and goes to great expense to protect the forests from their greatest enemy—fire.

I have referred above to the total revenue accruing to the state and counties from the proceeds of the sale of national forest timber during the last 5-year period. Permit me, please, to give you some actual figures showing the benefit to the state in dollars and cents from the operations of one company alone for some years past. I cannot give you these figures for the other sawmills of the state, as I do not have them available. Since the inauguration of the operations of the Cady Lumber Corporation, beginning with the year of 1921, our company has paid the United States Government for timber purchased from the national forests and Indian Reservations a total sum of \$1,828,810.28, a considerable percentage of which went to the counties and state. For the years of 1926 to 1931, inclusive, the taxes paid and accrued on the properties of our company and its subsidiaries have amounted to \$472,281.30. Over the six-year period from January 1, 1926, to December 31, 1931, the wages paid to employees of our company at its three plants have amounted to \$5,896,987.41. It may safely be assumed that taking into account the entire lumber industry of the state, these figures would at least be doubled.

From the figures given above, you will see that in amounts paid for stumpage, nearly one-half of which accrues to the state and counties, in the amount paid for

taxes and in the amount paid for labor, the lumber industry of the state of Arizona represents one of the two or three greatest industrial factors within the state.

Our lumber industry will have before it a long period of greater prosperity than it has ever experienced, if the leaders of the other industries of the state, the business and professional men of the state and the entire citizenship of the state will support our industry to the fullest possible extent. The lumber produced within the state is adaptable for practically every use to which lumber is put within the state. It is a proven fact that the species of wood which nature grows in this region is best adapted for use in this arid climate. The experience of the great railroad systems which operate in our state proves that crossties hewn or sawn from our native timber have longer life than those imported from other regions. Dr. A. E. Douglass of our state university at Tucson has made a study of native timbers from prehistoric ruins in New Mexico and Arizona. He estimates the age of one 34-inch log taken from the Zuni Pueblo at 550 years, and adds: "I have one 640 years old from Flagstaff, a 600 year old tree from Oregon and then this 550 year log."

Tests from the laboratories of our universities also show that our native timbers possess bearing strength which compares favorably with any other soft wood species.

I want to take this opportunity to publicly protest against the policy of some departments of our government which discriminate against the use of Arizona pine. In many government buildings constructed within our state, the architects or engineers of the government habitually specify the use of Oregon pine. This policy is the result of either ignorance, prejudice or indifference, as they impose such specification when there is not a vestige of reason for discriminating against our own state's product. We have had instances where government engineers have specified Oregon pine for the construction of buildings on the Indian Reservation within twenty-five miles of our mills, when we were paying the same Indian Reservation thousands of dollars monthly in stumpage. You will agree with me, I believe, that we have a right to feel outraged at such a policy.

In conclusion, let me urge the heads of the great mining companies to favor Arizona produced lumber wherever suitable for their purposes and to develop its use to a much larger extent than they have ever done when they again resume active operations.

Let me urge the shippers of fruit and vegetables to insist that every crate in which their produce is shipped be manufactured from Arizona produced lumber.

Let me urge that every Arizona architect in writing specifications specify Arizona pine rather than Douglas fir or Oregon pine, as so many of them have been in the habit of doing.

Let me urge that the Highway Department engineers, wherever lumber is required, use only Arizona produced lumber.

Let me urge that the Federal Government architects and engineers give our Arizona lumber an even break for all uses to which it is naturally adapted within the state.

Let me urge that every builder of homes in the state of Arizona insist that, wherever lumber is required, Arizona produced lumber be specified, and I may add in passing that no more beautiful lumber for interior trim and finish is produced anywhere than is produced by our own mills in the state of Arizona. We produce the most beautiful grained wood which is grown in America.

And finally, let me urge that every dealer in lumber in the state of Arizona boost our home products at all times and in every manner possible, bearing in mind the fact that the dollars sent out of the state will not return, while every dollar retained within the state will circulate over and over and will add to the prosperity of our laboring people and professional men, our banks, and our merchants, our counties and our entire state.