

THE MARKETING OF LUMBER.

The problem of disposing of lumber after it is manufactured is one that seems to become more difficult and complex every year. Formerly there was but one way open to the producer of hardwoods—to sell his output to the wholesaler in bulk, most commonly as mill run, or common and better, and often in a single transaction covering the entire product of the season. A great deal of hardwood is still sold in this way, and there are many who contend that it is the best way for the mill man to handle his lumber. Advice is sometime given to the saw miller to cut all he can, and as soon as it is shipping dry load it up and forward it to some responsible wholesaler at the nearest available point, with instructions to inspect it and return to the shipper its value in current funds. Such ideally simple methods are, it must be noted, advocated chiefly by those whose interest lies in fostering the trade of the wholesalers, some of whom still adhere to the theory that the mill man ought to be entirely satisfied with whatever the buyer may be disposed to allow him. If such faith in the strict honesty and fairness of buyers were justified by experience, this method would present advantages of which mill men would be glad to avail themselves. It is economical, involving the minimum of expense in selling; it is quick, enabling the producer to realize promptly upon his output; but unfortunately it is successful only when the entire business is conducted with absolute fairness on both sides, and when neither party to the trade seeks to gain an undue advantage over the other. It is a practical failure in a general sense because of the inherent weakness of human nature. The average of honesty and fairness is doubtless the same in the lumber business as in other lines, and it involves no special condemnation of this trade, or any part of it, to affirm the impossibility of satisfactory dealings based wholly upon the good faith of the parties. Deviations from the golden rule are inevitable, and these make it necessary that both buyers and sellers should not trust too much to the honesty of those with whom they trade—that, in fact, they should take such measures to protect themselves and their interests as have been found necessary in other lines. Experience proves that, while between parties who know each other thoroughly, some of the ordinary rules of business caution may be relaxed, the only safe principle is to leave as little room as possible for fraud or for mistake.

In the effort to diminish the chances of loss arising from the incompetency or dishonesty of buyers, and to make it practicable for mill men to safely ship their products to market subject to a determination of their value on arrival, systems of inspection have been devised, designed to prevent fraud in grading and measurement and to secure to shippers the actual values of their consignments. These have done much to make the business safer and more satisfactory, but everybody knows that they are not so completely successful as to do away with complaint, or as to make it absolutely safe under all circumstances for mill men to ship to all markets, or to all buyers in any market. The careful shipper must still pick his customer, and often must follow his consignment most carefully to insure that he gets paid for what he ships. He can not safely depend altogether upon inspectors.

It must be granted, however, that this is no less true on the other side. Buyers have as much to contend with as sellers, and they are required to be as cautious and as watchful to secure what they pay for. All the incompetency and dishonesty is not to be found among the wholesale dealers, who are often the victims of the sharp practices of the country mill men, and who perhaps still oftener escape the snares laid for them only by their care and their thorough knowledge of their business. Indeed, mill men themselves have contributed much to produce the existing condition of insecurity, and to make the simpler methods of handling timber unsafe and unsatisfactory on both sides. Too many of them are intentionally dishonest, while many more are such poor judges of lumber that they are really unable to estimate fairly the value of what they are selling. It often happens that a mill man does not know what lumber really is, and in consequence ships stock that is below grade in the belief that he has selected an extra good lot. Few people in the country have any idea how often this happens or how many mill men there are who have been cutting lumber, it may be for years, who really know little about grades or the average quality of stock. They judge everything by what they handle themselves, and the product of their own mills, or even of the district in which they are located, may not show a fair average of lumber as it appears in a market drawing its supplies from all parts of the field. Ignorance of this character, or of any character, is not always distinguishable from dishonesty, and when it is, is usually harder to deal with.

In view of all the difficulties which surround the movement of lumber, and especially hardwood lumber, in its journey between producer and consumer, it is not surprising that the method, now so common, of selling at point of production should have grown up, and should still be increasing in favor. The advantages of it are many; the chief disadvantage is that it involves extra expense in inspecting, the buyer being obliged to send his man to the mill to take it up. But this has of late been largely offset by the avoidance of yard expenses, and the direct shipment of lumber, so that in all large transactions the carload dealer who will inspect and measure his purchases at the mill can usually pay as much as the yard man who relies upon consignments to be measured and inspected in his own yard.

That the tendency of the business is toward inspection at point of shipment rather than at destination is proved by the fact that all yard dealers buy some of their stock that way, and many of them all of it. The difficulty of securing a satisfactory system of public inspection, which must be recognized, will likely drive the trade into this method of buying entirely in the near future, which will naturally cut consignment business down to a small figure.

The development of what is commonly called the carload trade is rapidly involving the yards as well as the exclusively carload dealers, and evidently means that eventually, and probably before very long, nearly all the hardwood product will be shipped direct from the mill to the user. There is a lack of economy in rehandling large lots of lumber which make a wholesale yard an expensive luxury, and which must

ultimately force the yard business into the retail trade entirely. It is more nearly there now than is commonly supposed, or than many yard dealers like to admit. But the fact is that there are practically none that do not make most of their wholesale shipments direct, reserving their yard stocks for their retail trade. That they will do so more and more until they supply only team trade from their yards is already a foregone conclusion.

This is in effect putting the consumer nearer the stump, and a good many wholesalers are apprehensive that in its final outcome it will result in bringing producer and consumer so close together that the merchant's occupation will no longer exist. Of what use will the wholesaler be if consumers are to get their stock in unbroken carloads from the mill which cut it? The obvious answer of this question is that the function of the wholesale merchant is a larger and more important one than that of a salesman for the producer. It is and will be, as it always has been, the dealer's work to gather up a variety of stocks and to make them available to buyers whose diversified wants no single mill, or group of mills, can supply. The average user of lumber wants it of various kinds, qualities and dimensions, and often such a peculiar assortment of the three as to make it necessary that he should draw his supply from many sources. He cannot buy anybody's mill cut, to either his own or the seller's advantage, nor can he profitably buy his assorted stock in small lots of mill men here and there. He requires a uniformity of grading impossible to so obtain, and a familiarity, on the part of the person who selects his purchases, with his peculiar requirements that it would be impossible to impart to a number of different mill men. He must either employ his buyers and inspectors, and to that extent become a lumber merchant himself, or he must avail himself of the services of those who make a business of merchandising. Which is he most likely to do is best indicated by what he has done and is doing now. The flourishing condition of the carload trade in hardwoods sufficiently shows what this is.

From the mill man's standpoint the merchant is even more of a necessity. He needs him, not only to find an outlet for his production, but to aid him in marketing it, and in preparing it for market. The merchant's capital, his knowledge of grades, and of buyers and their wants, are indispensable to the mill man. He cannot organize and operate a selling department in his business that will enable him to do what the merchant will do at anywhere near what the latter will accept for the work, nor could he in many cases successfully job out his product in such fashion even if the question of economy did not arise. We see manufacturers who do this right along, but upon investigation it will be found that they are men whose experience and capital enable them to combine the two departments of the business. Often they are larger operators as merchants than as manufacturers, buying more than they produce. Their success, and the manner of it, but emphasizes the importance of the wholesaler's position, and, indeed, proves that he is an essential factor in the business.—Hardwood.