THE DEVELOPMENT OF THE JAPANESE MARKET
FOR
PACIFIC NORTHWEST LUMBER: A HISTORICAL SURVEY

by

EDEN ARTHUR SHAND
B.Sc. (Hons.) For.,
The University of Aberdeen, 1963

A Thesis submitted in partial fulfilment of the requirements for the Degree of
MASTER OF BUSINESS ADMINISTRATION
in the Faculty of
Commerce and Business Administration

We accept this thesis as conforming to the required standard.

THE UNIVERSITY OF BRITISH COLUMBIA
AUGUST 1968
In presenting this thesis in partial fulfilment of the requirements
for an advanced degree at the University of British Columbia, I agree
that the Library shall make it freely available for reference and
Study. I further agree that permission for extensive copying of this
thesis for scholarly purposes may be granted by the Head of my
Department or by his representatives. It is understood that copying
or publication of this thesis for financial gain shall not be allowed
without my written permission.

Faculty
Department of Commerce and Business Administration
The University of British Columbia
Vancouver 8, Canada

Date August 23, 1968
"To search the old is to find the new"

Confucius.
ABSTRACT

This thesis describes the manner in which the Japanese market for Pacific Northwest lumber grew over the last one hundred years. The description attempts to explain why British Columbia, which for many years was the under-dog in the Japanese market, suddenly and irrevocably took the lead from Washington and Oregon in 1961. The answer seemed to lie in B.C.'s marketing philosophy - the international marketing orientation - which geared her in practical terms for the export markets of the world generally and for Japan particularly.

Manifestations of this marketing philosophy were first seen around 1934 when H.R. MacMillan, in spite of an ample and virtually guaranteed U.K. market, recognised the importance of keeping one foot in relatively slack markets like Japan. It was a question of increasing B.C.'s market share. Yet it took more than twenty-five years for the Province to bear the fruits of this orientation. There were good reasons for this time lag. Prior to 1961, except for a fifteen year period after the Great Japanese earthquake of 1923, Japan was a modest purchaser of Pacific Northwest lumber. The greater part of these lumber shipments were of large Douglas fir squares which Washington and Oregon were in a better position to supply. In the latter part of the decade of the 1950's, however, when large-sized Douglas fir was needed for the developing Pacific Northwest plywood industry, and when the booming Japanese economy needed more timber, the Japanese had to look for an alternative species. Hemlock was their choice and both British Columbia
and the American Northwest had ample supplies of these resources. But whereas B.C., being geared to the export market, could economically cut unusual Japanese specifications, the American Northwest being geared to their domestic market could not. The Japanese bought U.S. logs instead of lumber for cutting to their requirements at home. Thus, by supplying Japan with their large demand for hemlock baby squares, B.C. surpassed Washington and Oregon.

In recent retaliation, the Americans have passed legislation restricting the export of logs from their territory with the hope that the Japanese would buy more lumber from them. But this writer predicts that unless the lumbermen of the American Northwest adopt the international marketing orientation expounded upon in this thesis and gear themselves for the export market, then no amount of log export legislation can guarantee them their former ascendancy in the Japanese lumber market.
<table>
<thead>
<tr>
<th>CHAPTER</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>I. MARKET FOUNDATIONS: PRE 1868</td>
<td>6</td>
</tr>
<tr>
<td>The Opening of Japan</td>
<td>8</td>
</tr>
<tr>
<td>The Birth of the PNW Lumber Industry</td>
<td>16</td>
</tr>
<tr>
<td>II. EARLY MARKET DEVELOPMENT - THE MEIJI ERA:</td>
<td></td>
</tr>
<tr>
<td>1868 - 1912</td>
<td>23</td>
</tr>
<tr>
<td>Social and Political Change in Japan</td>
<td>23</td>
</tr>
<tr>
<td>Development of the PNW lumber industry</td>
<td>26</td>
</tr>
<tr>
<td>Beginnings of the Japanese Trade</td>
<td>30</td>
</tr>
<tr>
<td>III. WORLD WAR I AND ITS AFTERMATH: 1912 - 1923</td>
<td></td>
</tr>
<tr>
<td>Institutional changes in B.C. Marketing</td>
<td>40</td>
</tr>
<tr>
<td>Institutional changes in American Northwest</td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>48</td>
</tr>
<tr>
<td>Japanese usage of Timber</td>
<td>52</td>
</tr>
<tr>
<td>Historic increase in the Japanese Market</td>
<td>59</td>
</tr>
<tr>
<td>IV. THE BULGING YEARS: 1923 - 1940</td>
<td>62</td>
</tr>
<tr>
<td>Disaster and Reconstruction</td>
<td>63</td>
</tr>
<tr>
<td>The ogre of Russian Competition</td>
<td>72</td>
</tr>
<tr>
<td>Tariff Difficulties</td>
<td>79</td>
</tr>
<tr>
<td>CHAPTER</td>
<td>PAGE</td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
</tr>
<tr>
<td>The Conception of the International Marketing Orientation</td>
<td>94</td>
</tr>
<tr>
<td>Internal Disorders in Japan</td>
<td>99</td>
</tr>
<tr>
<td>V. THE PACIFIC WAR AND ITS AFTERMATH: 1941 - 1968</td>
<td>104</td>
</tr>
<tr>
<td>The Hiatus</td>
<td>104</td>
</tr>
<tr>
<td>Rebirth of the Japanese Lumber Trade</td>
<td>112</td>
</tr>
<tr>
<td>The Ascendancy of B.C.</td>
<td>116</td>
</tr>
<tr>
<td>The Log Export Controversy</td>
<td>126</td>
</tr>
<tr>
<td>Russia and Alaska to the Rescue</td>
<td>134</td>
</tr>
<tr>
<td>VI. CONCLUSION</td>
<td>143</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>153</td>
</tr>
<tr>
<td>APPENDICES</td>
<td>169</td>
</tr>
<tr>
<td>FIGURES</td>
<td>178</td>
</tr>
<tr>
<td>TABLE</td>
<td>PAGE</td>
</tr>
<tr>
<td>-------</td>
<td>------</td>
</tr>
<tr>
<td>I. Mills operating in B.C. - 1867</td>
<td>22</td>
</tr>
<tr>
<td>II. Sawmill Capacity in B.C. - 1888 - 1896</td>
<td>29</td>
</tr>
<tr>
<td>III. Export of Sawn Lumber from B.C. - 1859 - 1870</td>
<td>31</td>
</tr>
<tr>
<td>IV. Exports of Planks, Boards and Joists through Customs Ports of B.C. - 1881 - 1890</td>
<td>32</td>
</tr>
<tr>
<td>V. Japanese Lumber Duties - 1932</td>
<td>91</td>
</tr>
<tr>
<td>VI. Pacific Northwest Timber Exports to Japan 1959 - 1961</td>
<td>118</td>
</tr>
<tr>
<td>VII. Japanese imports of PNW Timber - 1959 - 1963</td>
<td>122</td>
</tr>
</tbody>
</table>
# LIST OF APPENDICES

<table>
<thead>
<tr>
<th>APPENDIX</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>170</td>
</tr>
<tr>
<td>II.</td>
<td>174</td>
</tr>
</tbody>
</table>


LIST OF FIGURES

FIGURE                                      PAGE
I.  Waterborne movement of lumber to Japan   178
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.C.</td>
<td>British Columbia</td>
</tr>
<tr>
<td>B.C.L.M.A.</td>
<td>British Columbia Lumber Manufacturers Association</td>
</tr>
<tr>
<td>C.i.f.</td>
<td>Cost, insurance and freight</td>
</tr>
<tr>
<td>f.b.m.</td>
<td>Free board measure (i.e. board foot)</td>
</tr>
<tr>
<td>f.o.b.</td>
<td>Free on board</td>
</tr>
<tr>
<td>F.T.C.</td>
<td>Federal Trade Commission</td>
</tr>
<tr>
<td>N.A.</td>
<td>Not available</td>
</tr>
<tr>
<td>N.L.M.A.</td>
<td>National Lumber Manufacturers Association</td>
</tr>
<tr>
<td>P.L.I.B.</td>
<td>Pacific Lumber Inspection Bureau</td>
</tr>
<tr>
<td>U.B.C.</td>
<td>University of British Columbia</td>
</tr>
<tr>
<td>U.S.F.S.</td>
<td>United States Forest Service</td>
</tr>
<tr>
<td>W.W.P.A.</td>
<td>Western Wood Products Association</td>
</tr>
</tbody>
</table>
ACKNOWLEDGMENTS

To someone who is a stranger to the Pacific Northwest and one who has never set foot in Japan, writing the history of the lumber trade between these two areas would have been impossible without the help of many sympathetic people in the three countries covered by this study. I would like to express my sincere thanks to these gentlemen who gave so generously of their time and their knowledge. They are listed below alphabetically:

R.G. Annable
Oceanic Trading Co. Ltd., Vancouver, B.C.

A.T. Arakawa
Trans-Pacific Trading Co. Ltd., Vancouver, B.C.

M. Baino
Japanese Timber Importer, Tokyo, Japan.

J. Bass
Forest Products Export Counsel, Seattle, Washington.

A.E. Bates
MacMillan Bloedel, Ltd., Vancouver, B.C.

W. Bray
B.C.L.M.A., Vancouver, B.C.

R. Christopher
Robert Christopher, Ltd., Vancouver, B.C.

G.S. Crawford
B.C. Research Council, Vancouver, B.C.

F. Dasch

D. Haley
Faculty of Forestry, U.B.C., Vancouver, B.C.

J.C. Hampton
Willamina Lumber Co., Portland, Oregon.

K. Kurita
Japanese Consulate, Vancouver, B.C.

J.C. Lawrence
Dept. of History, U.B.C., Vancouver, B.C.
For their painstaking stenographic services I would like to thank Miss Midge Clarke, Miss Joyce Go, Mrs. Lucinda Buchanan, Mrs. Pat Jensen, Miss Marcia-Lynn Warren and Miss Bev Dickson.

Finally, I would like to express special thanks to my thesis advisor, Professor James B. Warren, who assisted in many ways but chiefly in the inspiration and encouragement that he gave me by his sincere interest in every phase of this study.

I have only myself to thank for any discrepancies in the finished work.
INTRODUCTION

More has probably been written about the forest industry of British Columbia (B.C.) than about any other aspect of this most Westerly and most heavily wooded Province of Canada. The pivotal position that the forest industry occupies in the economy of B.C. invites scholars of different inclinations to examine and write about the important features of the industry. Most of these writers have acknowledged that the Province has been well-endowed (by Nature) with forests, that large amounts of capital have gone into the development of the forest industry, that the development of the Province has followed in the wake of the manufacture and sale of forest products, and that the future of the region is still inextricably bound to the continued growth and prosperity of the forest industry.

The pieces of literature that have resulted from these studies have had, by and large, one feature in common. They have tended to adopt a production-orientation toward the development of the B.C. forest industry. They naturally gave the impression that the growth of the B.C. forest industry was a *quid pro quo* for her ability to supply more and more forest products to various markets. In this respect the cart was placed before the horse for the writings did not seem to place any emphasis on the casual relationship between the growth of world markets firstly and the growth of the forest industry secondly. Little emphasis seemed to be placed on the fact that without the development of the market the development of the industry would have
had no motive force. Consequently, very little work that has viewed
the development of the industry from the stand-point of market develop­
ment exists.

The value of this thesis hopefully lies in its attempt to fill
this gap. It is only a start for it treats but one segment of the
forest industry, namely, softwood lumber, and instead of dealing with
the progress of lumber consumption in all the consuming regions, it
focusses on the development of one market, namely, Japan. But while
the scope of this thesis has been narrowed at the consuming end so as
not to sacrifice depth, it has been broadened at the producing end to in­
clude the States of Washington and Oregon in the American Northwest.
These two states and the Province of B.C. (collectively called the
Pacific Northwest) in fact form one geographic entity although they
have been divided by artificial political boundaries. But these boundar­
ies and the consequent differences in political administration have led
to important differences in the development of the forest industry on
either side of the U.S. - Canada border.

The Japanese market has been selected for study because of its
controversial importance to Pacific Northwest lumbermen. Japan has
become the third most important export market for British Columbia
lumber producers. Traditionally, she has not been as important to
American Northwest producers because of the pre-occupation of the latter
with the ample U.S. domestic market. Since 1961, however, the lumber­
men of the American North­west have been forced to become more aware of
the Japanese lumber market not so much because they needed it to com-
penstate for fluctuations on the domestic scene but because the Japanese
lumber industry threatened the lumber industry of the American Northwest.
Their concern for the Japanese market centered on the fact that whereas
British Columbia was shipping much lumber and few logs to Japan, Wash-
ington and Oregon were shipping little lumber and many logs to Japan,
the very logs that they needed to feed their own sawmills. They believed
that by emulating the B.C. policy of restriction on log exports, they
could persuade the Japanese to buy more American lumber.

The objective of this thesis is to show, by examination of the
historical record, why this policy is ill-advised. It is hypothesised
that the disposal of lumber requires a marketing-orientation which the
B.C. producers have approached and which the U.S. producers lacked. This
marketing-orientation refers essentially to investing the consumer with
a central position and manufacturing to his precise requirements. It
is further hypothesised that the long-term health of the lumber industry
of the Pacific Northwest requires an international-marketing orientation.
In its simplest terms this orientation means that a producer must persuade
himself to supply an insignificant foreign market even at times of dis-
tracting prosperity in another market, be it domestic or foreign. Such
an orientation requires more than a short-run look at the most profitable
market. It requires a kind of long-run peripheral vision through which
the producer optimises the sum total of all his markets in the long-run
while focussing on his favourite market in the short-run. In a practical
sense, it means taking the risk of making a present investment for an uncertain future. In a proverbial sense it preaches: "Do not put all your eggs in one basket." Only in this manner can a producing region gear itself for supplying a foreign market when times of unusually high demand arrive.

The history covers a time-span of one hundred years. It begins in 1868, the year that marked the beginning of the Meiji Restoration period in Japan when the country took the first step away from Feudalism towards the modern industrial State. It was the period during which the foundations for international commerce were laid. The period under study ends as this narrative is being written, so that the most current developments have been incorporated. The author makes no pretensions as to the completeness of this historical treatise. Market development is best studied in situ in the country under examination rather than in the libraries of the producing region. Many of the dramatic events associated with the development of the Japanese market have received no record. Those events that have been recorded in the private files of the companies involved in the market have not been made accessible to the author. Moreover, the period of this history stretches so far back into time that most of the protagonists and the witnesses are deceased and those that are alive find difficulty in remembering details about the distant past.

Nevertheless, by means of a thorough search of what literature was available and exhaustive discussions with people intimately concerned with the subject, this writer has attempted to put together a factual
story about a fascinating people with a traditional yen for wood.
CHAPTER I

MARKET FOUNDATIONS: PRE - 1868

The reader who is anxious to follow the flow of lumber from the PNW to Japan since the earliest times will not find in this chapter any relief for his anxiety. No lumber was shipped during the period covered by this chapter. But important things happened. Japan abandoned, or rather, was forced to abandon her isolation from the rest of the world; the Pacific Northwest discovered her forests and developed the initial stages of her forest industry; the foundations for commerce between North America and Japan were laid. The purpose of this chapter is to describe these vital occurrences that were a prerequisite for any development of the Japanese market for PNW lumber.

If the story of the development of a market for a particular product begins with the conception of the demand for this product in the minds of the people in that market, then this narrative should rightly commence not in 1868 but many millennia ago when the Japanese character was being formed. Wood is the raw material of this history, a history which is of interest if only because of the uncanny devotion of the Japanese to Nature's most versatile raw material. Volumes have been written about the Japanese character, about their unrivalled rapport with Nature and about their painstakingly craftsmanlike utilization of wood. But, perhaps the most poetic tribute paid to the Japanese people's exceptional treatment of wood was that of the distinguished architect
Frank Lloyd Wright:

"Wood is universally beautiful to man. It is the most humanly intimate of all materials. Man loves his association with it; likes to feel it under his hand, sympathetic to his touch and to his eye.

And yet, passing by the primitive uses of wood, getting to higher civilization, the Japanese understood it best. The Japanese have never outraged wood in their art or in their craft. Japan's primitive religion, "Shinto", with its "be clean" ideal, found in wood ideal material and gave it ideal use in that masterpiece of architecture, the Japanese dwelling, as well as in all that pertained to living in it.

In Japanese architecture may be seen what a sensitive material let alone for its own sake can do for human sensibilities, as beauty, for the human spirit....

No Western people ever used wood with such understanding as the Japanese used it in their construction, where wood always came up and came out as nobly beautiful."

These words are testimony to the fact that the Japanese were inculcated with a unique appreciation of wood so that it offered high quality North American material they may be expected to purchase it - an international trade transaction within the context of this study.

But international trade requires as a quid pro quo the establishment of trading links between the supplying country and the demanding country. It would seem, therefore, that some account of how trade between Japan and the Pacific Northwest was initiated is necessary.

---

1 Frank Lloyd Wright, On Architecture - Selected Writings, 1894-1940, Edited by Frederick Gutheim. (New York; Duell, Sloan and Pearce, 1941), p. 117.
The Opening of Japan

Up to the middle of the 16th Century the Japanese were an isolated community and it was only by sheer accident that they became exposed to Western commercial forces. This happened about the middle of the 16th Century when the European Nation States were busying themselves with expansion. Of the European powers the Portuguese were the first to establish contact with the Japanese. Portugal was best equipped for expansion by virtue of her superior merchant fleet. It was in 1542 on one of their globe-circling voyages of adventure in evangelism, trade and conquest that the Portuguese first discovered Japan.² Having been blown off their course while sailing from their colony at Macao to Siam, the Portuguese were washed up on the shores of Japan and the Japanese seemed eager to trade with them.³ At this time it appeared that the Japanese had no definite policy with regard to foreign trade which was left entirely alone because of insignificant traffic of foreign ships to Japan.⁴

Capitalizing on this lack of interference from the Japanese government, the Portuguese engaged in a highly profitable trade which they conducted between the Japanese ports and Macao.

³Ibid.,
Christianity flourished in this environment for in the minds of the Japanese as well as the Portuguese, Christianity and foreign trade went hand in hand, one supporting the other. Where the priests were allowed to settle, shippers and traders followed. Following upon the heels of the Portuguese, the Spaniards arrived in Japan in 1548 with a view to trade and the Dutch, English and others followed afterwards. The Japanese did not accept the Europeans easily. They heard tales of Spanish activities in the Philippines, of Portuguese misbehaviour on the China coast, of questionable British and French actions in India, and of Dutch exploits in the East Indies. Moreover, the Christian communities in Japan as they increased in number, tended to withdraw themselves more and more from the effective control of the central government. Distrust of almost all foreigners developed in the minds of the rulers of Japan.

With the uncomfortably rapid increase in the number of ships calling at her ports, the Japanese rulers decided that the foreign priests had to be driven away from the country. Accordingly, they were ordered out by a series of edicts first promulgated in 1578 and culminating 60 years later in a huge massacre of Christians who ignored the

---

5Crow, op. cit., p. 93.

6Thomas and Koyama, loc. cit.

expulsion order. These disturbances led to the adoption of a drastic seclusion policy by the Japanese government. No Japanese ship nor any native of Japan was allowed to go out of the country. In 1639, all Portuguese and Spanish were banished from Japan.

The Dutch, partly because for some time they were not suspected of being aggressive in propagating their faith, and partly because their character was believed to be non-warlike, were permitted a limited commercial intercourse. They, together with the Chinese, were allowed to engage in trade but they were confined to Nagasaki. The Dutch gained a strong foothold in Japan and for more than two hundred years profited from a virtual trade monopoly.

It is of interest to note that during the two centuries of Dutch monopoly the only other ships which were peacefully received in Japan were of American ownership. This happened as a result of the war which erupted between Holland and England toward the close of the 18th century. The blockade of the English fleet was so complete that the Dutch were unable to dispatch their own ships to Nagasaki and for four years the trade was carried on by American ships chartered by the Dutch. The first of these voyages was made in 1798 by the "Eliza" of New York and were followed by other New England vessels. The visits of

---

8 Crow, op. cit., p. 95.
9 Thomas and Koyama, op. cit., p. 128.
10 Vinacke, op. cit., p. 86.
these ships exposed the Americans to the Japanese and it is probable that this was one of the reasons that the opening of Japan to trade became one of the early aims of the American Department of State.\textsuperscript{12}

The Americans made several attempts to open diplomatic negotiations with the Japanese but with little success. The growth of the American whaling industry focused attention on the desirability of opening a few ports in Japan as places where the whaling ships could spend the winter or could anchor for repairs and secure water and provisions.\textsuperscript{13} Quite a view whaling vessels had been shipwrecked on the coast of Japan and reports of grievances suffered by the American sailors reached the States. Apparently, they were all imprisoned and cruelly treated before being handed over to the Dutch at Nagasaki.\textsuperscript{14} This was enough incentive for the Americans to adopt a tougher policy towards Japan. Prattle yielded to practice when the United States vessel, "Preble" was dispatched to Nagasaki in 1849 for the rescue of fifteen of the surviving crew of the New Bedford ship, "Lagodor", who were detained for nearly a year in Japanese prisons.\textsuperscript{15} The purpose of the visit was not merely to demand ample indemnity and reparation of the shipwrecked seamen but also to demand the opening of certain ports of the Japanese Empire and its colonial dependencies to American commerce, the right of

\begin{itemize}
\item \textsuperscript{12} Crow, \textit{op. cit.}, p. 96.
\item \textsuperscript{13} Ibid., p. 97.
\item \textsuperscript{14} Ibid., p. 98.
\item \textsuperscript{15} Aaron Haight Palmer, \textit{Documents and Facts illustrating the origin of the Mission to Japan}, (Washington: Henry Polkinhorn, Printer, 1857), p. 11.
\end{itemize}
establishing United States Consuls or commercial agents therein and of accrediting an American Minister or Commissioner to the court of Yedo, the ancient name for the modern city of Tokyo. It was abundantly clear that early American interest in Japan was founded not simply on short-term reparations but rather on long-term commercial gain.

This interest was heightened with America's acquisition of the territory of California, the discovery of gold there and the innovation of steam navigation. America now had a relatively developed gateway to the Pacific as well as a fleet of steamers and this provided added justification for the opening of ports in the Far East where coal could be procured to replenish the bunkers for the long voyages across the Pacific Ocean. For this reason, America's interest in the opening of Japan was paramount. The tenor of America's motivation toward establishing relations with the Japanese was aptly conveyed by an anonymous writer in a contemporary American monthly magazine:

"The strict isolation of the Japanese amidst the busy intermingling of all the nations of the world in an age of extraordinary commercial activity marked them out as a peculiar race. There was in this exceptional position

16 Ibid, p. 12.
17 Crow, op. cit., p. 98.
of Japan something irresistibly provocative of American enterprise, the indomitable energies of which had hitherto mastered every opposition whether of man or of Nature. The change in the geographical position of the United States in relation to the East by the acquisition of the golden territory of California, establishing our domain, as it were, the middle kingdom between Europe and Asia while it brought the Americas closer to Japan, served also to reveal more clearly the remoteness of that strange country from all national communion. Prompted by natural curiosity to know a nation which boastingly defied the intelligence of the civilised world, and seemed to think like a child that by shutting its own eyes, it put out the light of the universe and wrapped itself forever in darkness. Stimulated with the desire to establish commercial relations with a people known to be industrious and wealthy, and eager to expand a profitable intercourse with Asia toward which the newly acquired shores of California directly pointed, and the perfected development of steam communication brought the United States so near that it was not surprising that American enterprise should be impatient to disperse the obscurity which shut out Japan from the view of the world and darkened the direct passage to the East."

America was indeed interested in trade with Japan and in this respect she did not differ from other nations. Her bigger interest, however, lay in that "direct passage to the East", her preoccupation was with navigation. To rule the waves she was prepared to waive the rules of peaceful international conduct and accordingly dispatched a distinguished naval officer, Commodore Matthew Calbraith Perry, together with a well-armed squadron, on November 24, 1852 for the Bay of Yedo where he arrived on July 8, 1953.19

Perry's arrival was an awesome sight for the Japanese. It was the first steam squadron that they had ever seen. After presenting his demands, Perry sailed away to return early the following year for the reply of the Japanese. The return of Perry with his "black ships" which moved against the wind and which were militarily superior to anything Japan possessed, created a crisis that the government could not easily solve. Faced with the impossibility of defeating Perry, the Japanese government had no choice but to give in to American demands upon his return in 1854.20 A treaty was concluded which provided for the opening to American ships of the ports of Shimoda and Hakodate where supplies could be purchased and coal stored. The treaty also provided for the residence of a consul at Shimoda where he was to enjoy a status different in degree but not in kind from that of the Dutch in Nagasaki. The practical value of the treaty was small but the exclusive policy of Japan was broken down and the way prepared for commercial treaties.21

Commodore Perry's treaty was one of amity. It was a form of surrender on the part of Japan of its national exclusiveness. The treaty did not, as some eager American traders had claimed, guarantee the privilege of commerce with the Japanese, though it might have been

---

21 Crow, op. cit., p. 100.
reasonably inferred that the instrument might lead, under a judicious policy, to future negotiations by which such a privilege might be secured. The sequel to Perry's adventure came when Townsend Harris was dispatched from the U.S. to Japan to negotiate a commercial treaty. Almost immediately upon arrival Harris was frustrated with difficulties. He was most unwelcome and was made to feel so. The one idea in the minds of the Japanese was to get him to return to America. They reminded him that a consul was to be appointed only if both nations desired it. That actually was the way the Japanese text of Perry's treaty read, either because of a mistake in the translation or because of a wilful change. Opposition to intercourse with foreigners was growing steadily in Japan and there was a strong faction which hoped in some way that the provisions of the treaty might be circumvented.

Harris was the sort of man who persevered under the most severe odds. He insistently urged that the Japanese legislative body, the Bakufu, sign a treaty, even without Imperial approval, in order to provide a peaceful precedent for establishing commercial relations between Japan and the Western World. He argued that other powers might not be as forebearing as the United States, and he was able to illustrate this point by reporting on the military intervention of the Anglo-French

---

22 "Commodore Perry's Expedition, etc." op. cit., p. 751.
24 Ibid., p. 118.
forces in China. This argument finally proved to be persuasive. Harris had the satisfaction of seeing his immense labours crowned with success when on July 29, 1858, the treaty was formally signed aboard the "Powhatan" in the Bay of Yedo. In spite of the plans Harris had drawn for a treaty which would be made without a hint of coercion, it was signed after all on an American gunboat. The treaty provided for freedom of trade, for the opening of new ports including those that were to become Yokahama and Kobe, and for recognition of the right of Americans to reside in such ports as well as Yedo. It also included an agreed-upon schedule of Japanese tariff rates and extra-territorial rights for American citizens. The gate of the island Empire which Perry had unbarred was thrown open to the commercial enterprise of the world by the skill of Harris. By 1860, American as well as European merchants had the right to reside in five of Japan's major ports and engaged in unrestricted trade.

The Birth of the PNW Lumber Industry

Whether or not lumber formed part of the American-Japanese trade before 1860 is unknown, for this writer has come across no references of

26 Crow, op. cit., p. 162.
29 The World and its Peoples, op. cit., p. 222.
this nature in the historical record. It is known however that by 1860, the Pacific Northwest, especially the American Northwest, did have the facilities for producing and exporting lumber. The mills in the United States (U.S.) had been established before those in British Columbia and around 1859 the mills in Puget Sound were actually exporting lumber to B.C. where the demand was greater than the indigenous capacity to supply. 30 The earliest reference to the development of sawmilling in the Pacific Northwest that was encountered mentioned the construction of a water-powered sawmill at Point Vancouver on the Columbia River after the settlement of Fort Walla Walla in 1818. This mill was constructed by Dr. John McLoughlin, sent to the Columbia River by that great English pioneering firm, the Hudson's Bay Company. 31 Great Britain, whose flag was borne by the Hudson's Bay Company made a futile attempt to establish domain over the Columbia River, but in 1846 Horace Greeley's trenchant pen successfully petitioned the U.S. Congress to pass the Oregon Law which, some claim, saved the Territory of Oregon from encroachment by the Hudson's Bay Company. 32

Other historians felt that migration westward between 1843 and 1846 was the prime factor in American acquisition and the ousting of


32 Ibid., p. 6.
the British by 1846. The Oregon "trek" brought the necessity for shelters, stores, docks and ships. The sawmilling industry on the Columbia River grew rapidly and by 1849 there were thirty sawmills in Oregon. Sawmilling development in what is now B.C. began with the settlement of the Oregon boundary dispute in 1846 and the transfer of the Hudson's Bay Company's western headquarters to Victoria on Vancouver Island. The Company built a sawmill at Parsons Bridge near Victoria in 1848. Its establishment came in good time for one year later it was called upon to supply lumber to the large influx of people who entered California in the historic quest for gold. The California gold rush provided the initial impetus to the development of the lumbering industry in B.C. San Francisco developed into the supply centre for the rush and became the most important point of exportation for the colony's early timber exports. The demand in California had proven so great that the lumber could be sold profitably, despite a tariff barrier of 20 per cent and an already well-established American industry. By 1853, however, lumber producers of the Pacific Northwest were obliged to look elsewhere to

33 Ibid., p. 8.
37 Lamb, op. cit., p. 48.
dispose of their product for this was the year when the gold rush reached its peak. (It was also the year when two of the districts of Oregon Territory were combined to form Washington Territory.)

By 1855 both California and the Puget Sound area were in the depths of depression. The sawmills on the Sound were particularly hard hit. A report dated October 1855 described the situation thus:

"The very low price of lumber, the great stagnation in trade, and the heavy failures in San Francisco within the last twenty months have very materially depressed our lumber business....but it is capable of a rapid and almost indefinite enlargement should the wants of commerce on the coast to the southward, or across the ocean to Japan, Australia, China, etc. authorize it."

The spacious days when the California market could absorb almost any amount and kind of lumber were over; and when the sawmills on Puget Sound once more got into stride they had to be more concerned with world markets. The interesting thing about the passage just quoted is that as early as 1855, PNW lumbermen were at least thinking about the Japanese market. Japan in 1855, however, was still a closed market for the treaty of Townsend Harris had not yet been signed. The sole export mill in B.C., the Anderson mill which was completed in 1861, focussed on the markets of Australia, Hawaii, Chile and China. This did not mean that the

---


39 Ibid.

Pacific Northwest lumbermen were blind to the possibility of a future Japanese market. One author writing in 1865 provides evidence of this long-term vision:41

"Spars from the North American shores of the Pacific will always command a high price in Spain, France, and England, and building lumber need not fail of being readily and profitably disposed of in Australia, New Zealand, South America, China, and eventually Japan."

It was still too early to exploit the Japanese market for even though by this time Harris had his treaty, the small demand of Japan for timber was easily satisfied by the home supply.42 The other foreign markets were nevertheless sufficient to stimulate the development of the lumber industry in Washington and Oregon at least. Foreign orders gave the mills a backlog of large items, produced with a minimum of waste and sawing time. Export "cutting", "squares", and "timbers" took much of the low-grade core of the old-growth logs and facilitated the manufacture of more finished and specialized items of lumber for home consumption.43

The B.C. lumber industry no doubt also developed in response to overseas demands but the greater stimulus came from the Fraser River gold rush which commenced in 1857. This resulted in the construction of several small mills on the Mainland.44 By 1864, lumbering dominance was shifted

---


from Vancouver Island to Mainland B.C. By 1867, the eve of the Meiji Restoration period in Japan, the mills in Table I on the page following were reported as operating in B.C.

This period of the history ended with a well-established lumber industry in the Pacific Northwest and a Japan which was on the verge of transformation from a feudalistic country to a modern industrial state. The early 1860's were a time of turmoil and turbulence in both America and Japan. Each of the two nations was to experience civil war before circumstances permitted the evolution of the close accord of the Meiji era. The following chapter traces the development of the Japanese market for Pacific Northwest lumber during what was perhaps the most important period in Japanese economic history.


46 Dulles, op. cit., p. 125.
<table>
<thead>
<tr>
<th>NAME</th>
<th>LOCATION</th>
<th>CAPACITY (thousands of board feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberni</td>
<td>Barclay Sound, Van. Is.</td>
<td>100</td>
</tr>
<tr>
<td>Kinnear</td>
<td>Chemainus, Van. Is.</td>
<td>-</td>
</tr>
<tr>
<td>Shepherd</td>
<td>Chemainus, Van. Is.</td>
<td>4</td>
</tr>
<tr>
<td>Vancouver Coal Co.</td>
<td>Mill Stone Creek, Van. Is.</td>
<td>15</td>
</tr>
<tr>
<td>Sayward</td>
<td>Shawnigan, Van. Is.</td>
<td>10</td>
</tr>
<tr>
<td>Muir &amp; Co.</td>
<td>Sooke Harbour, Van. Is.</td>
<td>8</td>
</tr>
<tr>
<td>Cameron</td>
<td>Spring Vale, Van. Is.</td>
<td>15</td>
</tr>
<tr>
<td>Hastings Mill Co.</td>
<td>Burrard Inlet, Mainland</td>
<td>80</td>
</tr>
<tr>
<td>Moody &amp; Co.</td>
<td>Burrard Inlet, Mainland</td>
<td>50</td>
</tr>
<tr>
<td>Moody &amp; Co.</td>
<td>New Westminster, Mainland</td>
<td>35</td>
</tr>
<tr>
<td>Wood &amp; Augell's</td>
<td>Wild Horse Creek, Mainland</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td><strong>Total Capacity</strong></td>
<td><strong>324</strong></td>
</tr>
</tbody>
</table>

CHAPTER II

EARLY MARKET DEVELOPMENT - THE MEIJI ERA: 1868 - 1912

Social and Political Change in Japan

The history of the consumption of any industrial good in Japan finds in the Meiji era an unavoidable bench-mark. It was in this era that the social fabric of Japan underwent a drastic transformation and the foundations of an industrial society were laid. It was during this period that lumber first moved from the PNW to a restructured Japan. The period was so-called because it was during this time of transformation that the reinstated Emperor Meiji governed the country. Immediately prior to this form of government, the body that ruled the country was called the Shogunate under the direction of the Shogun Keiki Tokugawa. The Shogunate had attempted to enforce the treaties of 1858 and to open the country to widened foreign intercourse but this accentuated the civil discontent that had been smouldering for some time against the Tokugawa Government. A period of intense anti-foreignism lasted from the date of the conclusion of the treaties of 1858 to about 1865 when the treaties were sanctioned.47 In the late 1860's the long internal struggle within Japan was approaching a final crisis. The Tokugawa Government was rapidly losing ground. The impact of the West had been an important

contributing factor in the steady erosion of the power of the Shogunate, but its weakness was rooted in the more basic change affecting Japanese society. With his hold over the people shattered and his treasury empty, the Shogun was ready to surrender to the inevitable.\(^\text{48}\)

In December 1867, the Shogun restored to the Emperor the reins of national government and Imperial rule was re-established. The Emperor Meiji issued an Imperial Proclamation in 1868 to establish the centralisation of power. From this time on the strict, complicated caste system was discontinued and the feudal system was abolished.\(^\text{49}\)

At the dawn of the Meiji era, Japan's economy was given over predominantly to small-scale agriculture and to household industry. Factories driven by mechanical power and industrial equipment of the kind with which the leading Western countries had been familiar for the best part of a century were novelties. Japan had only slight experience of foreign trade and of the operation of a merchant marine. The Japanese economy was not merely backward when compared with that of the chief Western nations but the foundations for a new era of expansion seemed to be ill-prepared.\(^\text{50}\)

Yet Japan entered the modern era far better equipped for economic expansion than a superficial assessment of her assets suggested. She

\(^{\text{48}}\)Dulles, \textit{op. cit.}, p. 145.

\(^{\text{49}}\)Thomas and Koyama, \textit{op. cit.}, p. 147.

had at the time of the Restoration the great intangible asset of an underlying sense of national unity which was the product of her geographical position, of linguistic uniformity and of her long history. Her economic and technical inheritance were not insignificant. Indeed, in the decades before the Restoration there had been a remarkable convergence of influences and events congenial to change and growth. The surplus of agricultural income was increased by the rise in agricultural productivity during the centuries preceding the Meiji era.

In feudal times the surplus was directed chiefly to the maintenance of the **Samurai**, a warrior class which eventually became to a large extent economically functionless. After the abolition of Feudalism much of this surplus was diverted into the coffers of the Central Government by taxation, and became available for investment in new industries and in the apparatus of the new society.

In the first ten years of the Meiji era, the foundations for capitalism were laid by the creation of Government enterprises, Government direct intervention for guidance and assistance given to private business. The policy in the early Meiji period for the Government to operate the main industries developed gradually but brought in its wake

---


52 The creation or enlargement of a surplus of agricultural income above what is necessary to maintain the farming population at a conventional standard of life, is generally considered to be a condition of capital accumulation and construction in the early days of industrial development.

53 *Allen, op. cit.*, p. 164.

many problems such as increase in financial burden and inefficiency of management. Consequently, the Government gradually handed over their industries to private enterprise and the large Japanese Zaibatsu (money cliques) or trading houses were born. These business institutions were originally needed to deal with the British, Dutch and American traders seeking access to the silk and crafts which Japan was producing under the new economic system. The first trading houses grew out of the business of a number of prosperous Osaka merchants at a time when Tokyo played an insignificant part in business operations. These were the very trading houses that eventually were to handle most of the lumber trade from the Pacific Northwest.

Development of the PNW Lumber Industry

While Japan was undergoing the transformation that was to prepare her for commerce with North America and the rest of the world, the forest industry of the Pacific Northwest continued to develop. B.C., which became a Province of the Canadian Confederation in 1870, boasted fourteen operating sawmills in 1884. Washington and Oregon on the other hand were outstripping B.C. in capacity with as many as two hundred and sixty five lumber manufacturing plants reported as operating in 1880,


\[56\] Unterreiner, op. cit., p. 45.
with an annual capacity of approximately one-half of a billion board feet.\textsuperscript{57} The early development of sawmilling in the Pacific Northwest came as a response not to the development of a market in Japan or elsewhere outside North America, but rather to the growth of domestic markets made accessible by the construction of the railroads which linked the Pacific Northwest, hitherto cut off by the Rockies, to the rest of the North American continent.

The arrival of the Canadian Pacific Railway on the West Coast in 1886 marked the beginning of the rail trade for B.C. The railway created a large demand for lumber. Its first structures, temporary in large measure because they were built as cheaply as possible, called for great quantities of ties and timbers. Station houses and other buildings required other sizes and grades.\textsuperscript{58} In the United States the decade following the completion of the first two trans-continental railroads witnessed a decided impetus to lumbering. The 1890 census credited Washington and Oregon with an output of one and one-half billion board feet. Shingle and lumber mills sprang up among the railroad feeders constructed into the forests, and timber soon began to attract capital because the vast forest's tributary to tidewater could be purchased at low stumpage rates.\textsuperscript{59} In the latter part of 1892 or very early in 1893,

\textsuperscript{57}Vinnedge, \textit{op. cit.}, p. 12.

\textsuperscript{58}Lawrence, \textit{op. cit.}, p. 38.

\textsuperscript{59}Vinnedge, \textit{op. cit.}, p. 13.
the Great Northern Railway reached Everett, Washington and shortly thereafter, Seattle. This date marked the real birth of the sawmilling industry in the American Northwest. So attractive were the investments in sawmilling that American Lumbermen, not content with investing at home, poured capital into the Interior of B.C. and established many sawmills there. Table II on the page following indicates the growth in sawmilling activity in British Columbia between 1888 and 1896.

The table serves to indicate how much less developed the industry was in B.C. relative to Washington and Oregon. In 1890, the annual output from the American Northwest was almost twenty times larger than that of B.C.

It has been suggested already that the Pacific Northwest found in her domestic markets the primary stimulus for sawmill development. There was, however, some offshore trade taking place. In 1859, B.C. was still unable to manufacture all her requirements and in that year alone the colony imported four million board feet of lumber from Puget Sound and San Francisco. Not until 1861 did she erect her first large sawmill at Port Alberni and in the following year she despatched her first cargo of lumber to a foreign market. The destination was Callao, Peru.

---


62 Unterreiner, op. cit., p. 27.
The offshore lumber trade from the American Northwest was an occasional one in the latter half of the 19th century. Between 1860 and 1873 U.S. exports had declined from an annual average of about 190 million to 134 million board feet. At this time there were practically no established exports. Whatever lumber was occasionally exported to China, the Netherlands, East Indies and other Pacific countries was primarily ship ballast. 63

**TABLE II**

**SAWMILL CAPACITY IN B.C. - 1888 to 1896**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NO. MILLS</th>
<th>DAILY CAPACITY (board feet)</th>
<th>LUMBER CUT (board feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1888</td>
<td>25</td>
<td>769,000</td>
<td>31,868,884</td>
</tr>
<tr>
<td>1889</td>
<td>30</td>
<td>1,089,000</td>
<td>43,852,138</td>
</tr>
<tr>
<td>1890</td>
<td>41</td>
<td>1,343,000</td>
<td>78,177,055</td>
</tr>
<tr>
<td>1891</td>
<td>57</td>
<td>1,786,000</td>
<td>88,108,335</td>
</tr>
<tr>
<td>1892</td>
<td>57</td>
<td>1,752,000</td>
<td>64,186,820</td>
</tr>
<tr>
<td>1893</td>
<td>60</td>
<td>1,785,000</td>
<td>60,587,360</td>
</tr>
<tr>
<td>1894</td>
<td>66</td>
<td>1,786,000</td>
<td>64,498,227</td>
</tr>
<tr>
<td>1895</td>
<td>77</td>
<td>1,815,000</td>
<td>112,884,650</td>
</tr>
<tr>
<td>1896</td>
<td>85</td>
<td>1,903,000</td>
<td>112,947,106</td>
</tr>
</tbody>
</table>


---

63 Ivan M. Elchibegoff, *op. cit.*, p. 208
Beginnings of the Japanese Trade

It is not known for certain whether Japan belonged to the category 'other Pacific countries' referred to in the last paragraph. The literature is not clear on how soon after the 1858 treaty between the U.S. and Japan lumber was traded. The first reference of a shipment of lumber from the U.S. to Japan that this writer is aware of was made in 1874. The archives of the General Services Administration in Seattle, Washington revealed that on July 27th, 1874, an American vessel, the 'Barkentine Victor' left Puget Sound for Kanawajna, Japan, with boards and laths valued at $3,316. The first shipment from B.C. to Japan is not as precisely recorded. Table III on the following page shows the exports from B.C. for the years 1859 to 1870.

J.B. Warren, Personal Interview, April 3, 1968
### TABLE III

**EXPORT OF SAWN LUMBER FROM B.C. - 1859 to 1870**

(Thousands of Board Feet)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>1859</th>
<th>1860</th>
<th>1862</th>
<th>1865</th>
<th>1866</th>
<th>1867</th>
<th>1868</th>
<th>1869</th>
<th>1870</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver Island &amp; Victoria (a)</td>
<td>7,186.7</td>
<td>.8</td>
<td>264.3</td>
<td>208.6</td>
<td>1,475.1</td>
<td>635.0</td>
<td>1,472.0</td>
<td>639.9</td>
<td>886.0</td>
<td>1,605.0</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>11,339.0</td>
<td>76.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10.0</td>
<td>-</td>
<td>4,485.6</td>
<td>6,767.4</td>
<td>-</td>
</tr>
<tr>
<td>U.K.</td>
<td>566.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>133.0</td>
<td>100.0</td>
<td>-</td>
<td>-</td>
<td>142.7</td>
<td>190.8</td>
</tr>
<tr>
<td>New S. Wales</td>
<td>5,723.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>290.0</td>
<td>410.3</td>
<td>566.0</td>
<td>997.9</td>
<td>3,102.9</td>
<td>356.5</td>
</tr>
<tr>
<td>South Australia</td>
<td>1,757.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>329.5</td>
<td>246.2</td>
<td>-</td>
<td>631.8</td>
<td>550.0</td>
<td>-</td>
</tr>
<tr>
<td>Mexico</td>
<td>845.12</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>160.0</td>
<td>180.0</td>
<td>-</td>
<td>-</td>
<td>61.8</td>
<td>443.4</td>
</tr>
<tr>
<td>Sandwich Islands</td>
<td>1,584.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33.0</td>
<td>296.0</td>
<td>682.0</td>
<td>573.0</td>
<td>-</td>
</tr>
<tr>
<td>New Zealand</td>
<td>812.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>258.0</td>
<td>-</td>
<td>-</td>
<td>554.0</td>
<td>-</td>
</tr>
<tr>
<td>Chile</td>
<td>5,487.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>670.0</td>
<td>2,238.6</td>
<td>2,312.7</td>
<td>266.4</td>
</tr>
<tr>
<td>China</td>
<td>5,031.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>233.0</td>
<td>3,025.7</td>
<td>1,772.7</td>
<td>-</td>
</tr>
<tr>
<td>France</td>
<td>173.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>173.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Peru</td>
<td>7,800.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>700.0</td>
<td>320.6</td>
<td>3,513.1</td>
<td>3,266.5</td>
</tr>
<tr>
<td>Tahiti</td>
<td>150.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>150.6</td>
<td>-</td>
</tr>
<tr>
<td>Hawaiian Islands</td>
<td>1,100.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>49,557.6</td>
<td>76.8</td>
<td>264.3</td>
<td>208.6</td>
<td>2,387.6</td>
<td>1,614.5</td>
<td>4,368.0</td>
<td>13,022.3</td>
<td>20,236.3</td>
<td>7,379.2</td>
</tr>
</tbody>
</table>

Less: Vanc. Island shipments

|                | 7,186.7 | .8 | 264.3 | 208.6 | 1,475.1 | 635.0 | 1,472.0 | 639.9 | 886.0 | 1,605.0 |

Net Export

|                | 42,370.9 | 76.0 | - | - | 912.5 | 979.5 | 2,896.0 | 12,382.4 | 19,350.3 | 5,774.2 |

(a) Lumber exported from British Columbia Mainland to Vancouver Island.

If this table is to be accepted as accurate, then the conclusion to be drawn is that there was no lumber trade between B.C. and Japan before 1870. Another author has presented a table detailing the exports of lumber through the custom ports of B.C. for the years 1881 to 1890. It is reproduced below as Table IV.

**TABLE IV**

EXPORTS OF PLANKS, BOARDS AND JOISTS THROUGH CUSTOMS PORTS OF B.C. 1881 - 1890.

(Thousands of board feet)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL</th>
<th>U.K.</th>
<th>U.S.</th>
<th>AUSTRALIA</th>
<th>AMERICA</th>
<th>CHINA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1881</td>
<td>13,262</td>
<td>103</td>
<td>-</td>
<td>6,137</td>
<td>4,531</td>
<td>1,390</td>
</tr>
<tr>
<td>1882</td>
<td>29,878</td>
<td>-</td>
<td>560</td>
<td>15,370</td>
<td>7,664</td>
<td>5,543</td>
</tr>
<tr>
<td>1883</td>
<td>28,899</td>
<td>-</td>
<td>1,161</td>
<td>15,035</td>
<td>5,815</td>
<td>4,421</td>
</tr>
<tr>
<td>1884</td>
<td>31,071</td>
<td>232</td>
<td>239</td>
<td>15,673</td>
<td>9,977</td>
<td>3,463</td>
</tr>
<tr>
<td>1885</td>
<td>18,743</td>
<td>382</td>
<td>379</td>
<td>1,862</td>
<td>2,369</td>
<td>483</td>
</tr>
<tr>
<td>1886</td>
<td>17,637</td>
<td>232</td>
<td>7</td>
<td>11,185</td>
<td>1,966</td>
<td>4,175</td>
</tr>
<tr>
<td>1887</td>
<td>20,889</td>
<td>-</td>
<td>-</td>
<td>9,347</td>
<td>6,736</td>
<td>3,067</td>
</tr>
<tr>
<td>1888</td>
<td>35,821</td>
<td>-</td>
<td>1,635</td>
<td>15,481</td>
<td>11,683</td>
<td>4,850</td>
</tr>
<tr>
<td>1889</td>
<td>36,865</td>
<td>-</td>
<td>313</td>
<td>23,218</td>
<td>8,058</td>
<td>3,930</td>
</tr>
<tr>
<td>1890</td>
<td>25,847</td>
<td>1,347</td>
<td>485</td>
<td>7,512</td>
<td>12,547</td>
<td>2,097</td>
</tr>
</tbody>
</table>

Source: Carrothers, *op. cit.*, p. 22
It would be inadvisable to conclude from Table IV that up to 1890 there were no exports of lumber to Japan from B.C. for the simple reason that the table might not have been prepared in sufficient detail to show exports to Japan. But on the grounds of the absence of positive evidence it is assumed that prior to 1890 there was no lumber trade between B.C. and Japan. The first record of lumber shipments to Japan from B.C. is contained in the files of the Council of Forest Industries of B.C. They show that in the year 1895, B.C. exported almost 5 million board feet to China and Japan as contrasted to approximately 13 million board feet from Washington and Oregon combined. Corresponding figures for subsequent years are shown in Appendix I, p.170 and Figure 1, p. 178

Close examination shows that from 1895 to 1912, the end of the Meiji reign, the lumber trade between the Pacific Northwest and Japan was indeed a nominal one. This should not come as a total surprise when one recalls that it was around this very time at the turn of the century that the Canadian Prairie market was ascendant and was to remain so until the virtual cessation of settlement around 1912.

This did not mean, however, that export markets were totally neglected. As a matter of fact, in 1899 the Canadian Government

---

65 The yearly totals shown are in excess of the sum of the figures attributed to the various destinations. This suggests that a residual figure might be attributed to exports to other markets, one of which could have been Japan.

66 Easton, op. cit., p. 41.
despatched Mr. George Anderson as Commissioner to Japan with instructions to investigate the lumber market and prospects for trade. This mission is historic in the sense that it represented the first evidence that this writer has seen of a positive approach on the part of North Americans towards the Japanese lumber market. It is noteworthy that this first positive thrust came from Canada. Some of Mr. Anderson's findings are quoted below:

"The demand for lumber of all kinds is simply enormous, and this will certainly be one of Canada's largest exports to Japan, and the sawmills of British Columbia should be eager to supply the Eastern trade. The Japanese are constantly building, their houses being constructed entirely of wood. The specifications sometimes asked for are large size and long length, as the contractors desire to cut by hand saw, into the sizes required for building. Douglas fir (British Columbia pine) is considered very satisfactory and cargoes of common lumber will find a market.... The Japanese are exceedingly tasteful in the interior of their residences. The forests in the main islands are considerably denuded and the government is insisting on the planting of trees for every one cut down. In quoting, Canadian correspondents cannot be too particular in showing the exact cost in gold at the point of destination, and I would recommend sending a pro forma invoice naming price on rail of vessel at mill showing freight, exchange, insurance and interest while in transit."

Once more, here was evidence of the Japanese partiality to wood and the great potential market that arose out of the desire of the Japanese

---


68 Ibid.
Government to conserve their own forests. With a population of approximately 44 million people and a population density of about 306 people per square mile, there was great pressure on the land and the indigenous forest resources. Of importance too in Mr. Anderson's report was his reference to the Japanese preference for large sizes of lumber so that they could re-saw by hand to their exact requirements. This desire to do their own remanufacturing was a fundamental feature of the Japanese lumber market which they have retained even in today's conditions.

The Americans, too, were devoting some attention to the Japanese market. They retained a Consul at Kobe, Hon. Samuel S. Lyon, who around 1900 recommended that the Pacific Coast lumber industry should foster the Japanese trade more closely if they wanted to keep it. He cautioned that the lumbermen of the Pacific Coast would have to make some special effort to hold the trade because of competition from China and Siam. When war broke out between Japan and Russia in February, 1904, concern for the Japanese market became more acute. Mr. M.F. Henderson, a Portlander, spoke pessimistically about the implications to the lumber trade of the Russo-Japanese war.

"War between Russia and Japan might help some of Portland's business interests, but it would injure the lumber industry.

Such a war would put a stop to all shipments of lumber from Portland to China and Japan and to Siberia, and this trade forms a large portion of the exports, and the lack of demand would cause a suspension in the manufacture of lumber to that extent....I believe that Japan could bring Russia to terms single-handed, and without the assistance of any of the other powers, but it would take time and in the interim our Pacific Coast lumber interests would suffer very much. We would feel it more because the demand for lumber from the Eastern states has fallen off considerably of late, and so the bulk of our trade is by sea."

This was perhaps an exaggerated view of the importance of export markets to American lumbermen. In the same year that Henderson made his remarks, E.G. Ames at the semi-annual meeting of the Pacific Coast Lumber Manufacturers Association at Tacoma, Washington, maintained that export business accounted for about 11 per cent of the whole trade.  

Support for this view was found in the words of an anonymous writer in a lumber journal of that time:

"The foreign demand for lumber has always appeared as a more important factor than in fact it really is. With a maximum of 300 million feet annually it has floated around these figures perhaps for twenty years. While that amount of lumber is considerable, it bears but a small proportion of the total output of the mills of this Coast. When it is recalled that this amount is scattered over practically every country in the world, it shows how little each country takes....There does not seem to be much that can be done in the way of exploiting foreign trade....The fact remains that the great consumers of lumber are the citizens of the United States. Neither the brown man, the red man, the yellow man nor even the European consumes lumber excepting in small quantities."

Referring specifically to Japan another writer in the very same

---


73 West Coast Lumberman, Vol. 19, No. 223, April 1908, p. 471.
Journal maintained that there was considerable timber in Japan with only very light consumption. There was enough timber in the northern part of Japan on the island of Yeddo to supply all of Japan's needs and it was felt that with anything like careful reforesting the demand for lumber in Japan would hardly make a mark on the outside world. Japan, indeed, was figuring as an exporter of lumber. Soon after the end of the Russo-Japanese War, Japanese timber made its first appearance on the Chinese market, principally in Shanghai, Tientsin and other ports. The pressure of Japanese wood on the Chinese market was so strong that the American trade had to yield to a considerable extent. Japanese wood was much inferior to the American standard, but the prices were low enough to find buyers. Fortunately for the American trade the Japanese domination of the Chinese timber market was short-lived. The Japanese Government, fearing that the growth of the timber export threatened the denudation of the limited forest resources, soon put a restriction on the destructive felling.

Contrary to what has been suggested earlier by Anderson, the Canadian Commissioner to Japan, some American observers of the time did not believe that the Japanese method of house construction lent itself to any significant use of Pacific Northwest lumber. A typical opinion


75 Toritch, loc. cit.
from this school of thought was expressed in 1908:

"The houses of Japan - at least a great portion of them - are cheap and flimsy. The ordinary lumber used is thin and the floors, practically all being covered, can be made of almost any kind of material. Heavy matting is used everywhere and makes a most lovely floor covering. The majority of the windows are made of rice paper. A shingle roof in Japan would be a curiosity. Tiling is used everywhere with now and then a thatched roof."

On balance, therefore, although there was a distinct awareness of the Japanese market in the Pacific Northwest, there did not seem to be any great long-term hope for the degree of lumber consumption in Japan that would induce any remarkable changes in the Pacific Northwest lumber industry. Indeed, it was the view of Pacific Northwest Lumbermen that the Japanese market did not require any promotional work because of adequate indigenous supplies. However, the evidence seems to indicate that whereas B.C. lumbermen entertained hope for a sizeable Japanese market, the American lumbermen dismissed it as being incidental. Yet, ironically, Washington and Oregon dominated B.C. in the Japanese market. By the close of the Meiji Era when the Emperor Meiji died in 1912, the United States as a whole was exporting approximately 7 per cent of total lumber production.

76 West Coast Lumberman, Vol. 20, No. 230, Nov. 1908, p. 92. loc. cit.
77 B.O. Whiles, Personal Interview, March 15, 1968.
million board feet of lumber to Japan and this represented 9 per cent of all exports from the American Northwest.\textsuperscript{79} B.C. exported almost 3 million board feet to Japan, a mere 6 per cent of all her exports.\textsuperscript{80} Her most sizeable market at this time was Australia and New Zealand combined which imported more than 25 million board feet in 1912.\textsuperscript{81} Preoccupation with these Empire markets was not the sole reason for B.C.'s subdued status in Japan, but explanations for this state of affairs will be advanced in the next chapter.

The Meiji Era closed with only the meagre beginnings of a lumber trade between the Pacific Northwest and Japan. It seemed unlikely that a sizeable and vital trade could result from this modest start, but a devastating world war was imminent and critical changes were to take place within Japan, the Pacific Northwest and Panama. These changes and their effects are examined in the following chapter.

\textsuperscript{79} See Appendices I and II.
\textsuperscript{80} Ibid.
\textsuperscript{81} "The British Columbia lumber export trade", \textit{B.C. Lumberman}, Vol. 21, No. 9, Sept. 1937, p. 34.
CHAPTER III

WORLD WAR I AND ITS AFTERMATH: 1912 - 1923

Most of the action of the period covered by this chapter took place within the PNW. To be sure, there were pertinent changes taking place in Japan but it would be erroneous to claim that developments in the Japanese market precipitated the most important change in the Pacific Northwest, namely, the organisation of PNW lumbermen for an assault on the export markets of the world. Nevertheless, these changes which resulted from other stimuli did indeed prepare the PNW lumber industry for a more efficient servicing of the Japanese lumber market, and if only for this reason their description rates a place in this study.

Institutional Changes in B.C. Marketing

Figure I, p. 178, shows that during the period 1912 - 1923 the movement of lumber from the PNW to Japan was still a trickle for the most part, an even smaller flow than in the previous period 1895 - 1912. It was during this period (1912 - 1923) that the Pacific Lumber Inspection Bureau first regularly compiled statements of lumber shipments to the various world markets and it was from these statements that Figure I was constructed.82 Before the outbreak of World War I the PNW lumber

82 The Pacific Lumber Inspection Bureau (PLIB) was started in 1903 as the Pacific Coast Lumber Inspection Bureau (PCLIB), a branch of the Pacific Coast Lumber Manufacturers Association. In January 1907, the
producers were still heavily domestically oriented. The completion of the Canadian Pacific Railway and the consequent Prairie market held the attention of Canadian and American alike even after the virtual settlement of the Prairies in 1912. In his 1913 Annual Report for the B.C. Government Department of Lands, Chief Forrester Harvey Reginald MacMillan stated that the Canadian Prairies had taken three-fifths of the total B.C. production. This large consumption was partly explained by the fact that whereas the export markets open to B.C. mills took only the highest grades, the Prairies took all grades. It was clear from MacMillan's report that he foresaw the dependence of the B.C. lumber industry on export markets. He recommended that the question of extending the export lumber trade of the Coast be taken up with the Dominion Department of Trade and Commerce. Shut out from the American Prairies by the tariff barrier, the B.C. forest industry was forced to take recourse to overseas markets outside of North America. Another contemporary observer, Henry Pearse, felt that B.C. was not getting a large enough share of the Pacific export trade and that unless an effort was made to bring B.C. more prominently and immediately before the importing countries

PCLIB was incorporated under the laws of the State of Washington under the new name PLIB, as a separate, distinct and independent business organization. Its plan was to develop a system of inspection, grading and tallying along entirely independent lines, its committee of management of inspection to be composed of manufacturers, as well as representatives of brokers, buyers and consumers of lumber. (E.G. Ames, President PLIB - West Coast Lumberman, Vol. 20, No. 236, May 1909, p. 596A).

83 Western Lumberman, Vol. 11, No. 4, April 1914, p. 35.

84 Kerfoot, op. cit., p. 44.
of the world B.C. would continue to be overshadowed. The figures of Appendix II, which show the waterborne movement of lumber to all export destinations from the Pacific Northwest, lend compelling support to these fears. In 1914, B.C. exported 33 million board feet, a mere 16 per cent of total PNW exports. Of this quantity, B.C. shipped 2 million board feet to Japan, that is, approximately 20 per cent of the total PNW shipments to this country.

It has been suggested that there might have been discrepancies in these statistics and that the B.C. share might have been larger than reported. Henry Pearse noted that some Puget Sound shippers were sending vessels up to B.C. to load cargoes of lumber which were mistakenly reported as American lumber. There were sound reasons for this. Much of the lumber that was shipped from the Pacific Northwest to Japan was accommodated on Japanese steamers. Unlike the Puget Sound area the facilities for berthing steamers for loading in B.C. were far from satisfactory. It was necessary for the Japanese to send any lumber bought in B.C. down to Seattle in scows for loading on the Japanese vessels. At that time it cost about $5 per thousand board feet to tow lumber to Seattle, then an additional $2 per thousand for brokerage and other expenses. In practical terms this meant that for the same

85 Western Lumberman, Vol. 11, No. 9, Sept. 1914, p. 33.
86 See Appendix I.
87 Western Lumberman, Vol. 11, No. 9, Sept. 1914, p. 33.
type of lumber the Washington lumbermen held a $7 per thousand price advantage over B.C. lumbermen.

There were, however, other reasons advanced to support the view that B.C. was in fact quite dominated by her American neighbour. Henry Pearse pointedly described B.C.'s position in these words: 89

"British Columbia is a young commercial exporting country. It is to a certain extent ignorant of the timber exporting trade. Its competitor and neighbour has a lot more experience and has greater shipping and broking facilities. Its timber is known and all government tests are available. The bureau controlling the British Columbia export trade is of the United States, the timber brokers are the same, and most of the available shipping freight is controlled from south of the line".

The plain fact was that the export lumber trade of the Pacific had its beginning in San Francisco, and although the manufacturing had been done in the north, the selling part of the business had been retained almost entirely by the San Francisco timber brokers, who had the trade so well in hand that it was exceedingly difficult to divert any portion of it. The carrying trade also was to a very large extent in the hands of American owned vessels. It was only natural that owners would charter more readily with fellow merchants in San Francisco than with shippers in British Columbia, the more especially as there were some expenses that they could avoid by loading at the home ports. 90

When one considers that it was full ten or twenty years after the forest industry was well established on the Puget Sound area that B.C. began to be developed, it comes as no surprise that the American

89 Western Lumberman, Vol. 11, No. 9, Sept. 1914, p. 32.
90 Western Lumberman, Vol. 11, No. 11, Nov. 1914, p. 18.
lumbermen were in control of the export trade in lumber. They had a headstart in establishing foreign connections and in building their own fleets and these lines of trade once established are not easily disturbed. The development of the Prairie market in the early 1900's hampered the export trade of B.C. During the settlement of the Prairies the B.C. coast mills were tempted to neglect their water-borne trade for the more insistent and temporarily higher priced trade coming from the other Provinces to the East. At this time there was no such extraordinary demand from the U.S. so the lumbermen of Oregon and Washington in a condition to export were able to step in and take much of the trade which B.C. mills were neglecting in favour of the home market.  

To cope with the situation of an insufficient share of the export market, B.C. made some bold moves in 1915-16. The lumbermen's associations and the boards of trade of the Province after petitioning the Federal Government in Ottawa were allowed to elect a representative who was to travel to various world markets at Federal Government expense to seek their interests. The unanimous choice was for Chief Forester Harvey Reginald MacMillan. MacMillan, naturally, was to concentrate primarily on the markets of the British Empire rather than the markets like Japan. His first task was to go to Australia to secure a preference for Canadian forest products in that market. His first hand observations of operations in the Australian market gave him an indication of how the Americans were

---


doing business in all foreign markets. Practically everywhere he saw that lumber was sold almost entirely through U.S. firms, and this included the product of B.C. The importers did not know that any of it came from B.C. He observed that in the 12 years prior to 1916 B.C. lumber exports had fallen from 32% to less than 3% of total Australian imports. His explanation for this was that whereas in the early days the business was done by schooners and B.C. mills could take the risk of chartering such vessels, in 1916 steamers operating by the trip or time charter and carrying a large shipment on each trip, became the norm. The American Pacific Coast exporters studied the situation and came to control the charters of steamers and consequently what business B.C. could get.  

MacMillan proposed the idea of a single agency, established by B.C. lumbermen and designed to act as a broker for all export lumber sales from the Province. This agency, as was originally proposed, was to charge the B.C. manufacturers a commission identical to that which was paid to American brokers, with all revenue in excess of expenses to be expended in the promotion of B.C. lumber. The first agency to be established in B.C., however, was the Canadian Trading Company Ltd., a subsidiary of an American brokerage organization. It was not until


94 This organization was identified as the Douglas Fir Exploration and Export Co. by John G. Argue in his B.Com. Thesis entitled: "An historical economic analysis of channels of distribution and markets for British Columbia softwood lumber and plywood." He inferred that the organization existed back to before 1914. Other sources date the
1916 that the first move towards MacMillan's idea of a single agency was made and he himself was the protagonist. He left the service of the Canadian Government in order to put into practice some of the plans that crystallised on his world tour. He became Assistant Manager of the Victoria Lumber Manufacturing Company and shortly after founded his own firm, the H.R. MacMillan Export Company.

The Company was incorporated in 1919 and started its life as a sales agency, selling B.C. lumber in foreign markets. It owned no stands of timber, no lumber mills, no logging camps and it had less than $10,000 in assets. But practically all lumber production from B.C. mills was sold through the MacMillan firm. From the start the new company conducted a vigorous sales campaign for export markets and the two principals, MacMillan and W.J. Van Dusen, travelled the world to search out customers. Another move was made following a conference of the managers of Coast export mills held at Victoria in November, 1917. The mills not associated with the H.R. MacMillan Export Company agreed to pool their output for establishment of the organization back only to 1916. The truth seems to be that the Canadian Trading Company was very closely allied to "powerful selling agencies in London, San Francisco, Sydney and elsewhere". (B.C. export mills to pool output," Western Lumberman, Vol. 14, No. 1, Jan. 1917, p. 12)

95 Lawrence, op. cit., p. 108.
96 Ibid., p. 125.
export purposes and to place the business in the hands of the Canadian Trading Company. This company served the export requirements of several coastal mills until soon after the outbreak of World War I, at which time the operation of the agency ceased to be profitable, and the American parent withdrew from B.C. operations. It was not until 1919 that the first successful large-scale attempt at co-operation between the non-MacMillan mills took place with the formation of the Associated Timber Exporters of British Columbia Ltd. This formation only took place because the British Government placed a huge order of 70 million board feet of railroad ties with the B.C. mills, none of which was big enough to handle the order singularly. The successful execution of this order more than any other factor, served to give self-assurance to the industry in its determination to trade in the markets of the world as an industry independent of its American counterpart.

The B.C. Provincial Government was also to make its contribution towards fostering the export lumber trade. In 1915, the Hon. W.R. Ross

99 Lawrence, *op. cit.*, p. 123.
stated that the estimates of that year included a sum of not less than $50,000 which was to be devoted largely toward the effort to secure shipping facilities, or to forward the general object of extending and increasing most materially the export lumber trade of the Province. Later on, Premier W.J. Bowser spoke at greater length on the problem:

"Ocean transportation must be provided for the tidewater capacity of our mills, now about 700,000,000 feet per annum, so that we may secure and enjoy our proper share of the world's trade. As the matter stands today, we have surpassing wealth of timber, an immense investment in manufacturing plants and every facility, save one, for large development. We have no shipping and overseas markets. We must have vessels operating directly in the interests of our own industries and also to carry our natural products. Only thus can the province market its own timber wealth, and so dissipate the depression that has hung over the industry so long. Recognising the vital importance of this matter and the paramount need of a strong commercial policy to end the shipping crisis, the government will submit decisive legislation at the following session of the Legislature."

On May 3rd, 1916, Premier Bowser introduced into the Provincial Legislature a Bill entitled "An act respecting shipping and to make provision for aid to the shipbuilding industry in the Province of British Columbia." The Bill provided for aid to the aggregate amount of $2 million to shipping and the shipbuilding industry.

100 Western Lumberman, Vol. 12, No. 4, April 1915, p. 13, op. cit.

Institutional Changes in American Northwest Marketing

No sooner had the B.C. lumbermen begun to solve their problems when in the spirit of competition their counterparts south of the border instituted significant changes. Forbidden by the Sherman Anti-Trust Act to consider the factor of prices in its associated activities in the domestic trade, the American lumber industry with its high production costs was at a distinct disadvantage in its export trade. Accordingly, the Pacific Northwest lumber industry, sensing the beneficient provisions of the Webb-Pomerene Act passed by Congress, decided in 1916 to form the Douglas Fir Exploitation and Export Company. It has been claimed that the appointment of H.R. MacMillan as Special Trade Commissioner following close upon the efforts of the Dominion Government to secure a preference for Canadian forest products in Australia, and the example of a slight preference already given to B.C. lumber by the South African Government, partly inspired the formation of the Douglas Fir Exploitation and Export Company under the Webb-Pomerene Act of the U.S. Provisions of the

102 Vinnedge, *op. cit.*, p. 17. Julian Bass, Forest Products Export Counsel, Seattle, in a personal interview with the author on March 28, 1968, claimed that it was not long before the organization dropped the word 'Exploitation' from their title because of the unsavory connotation that it carried.

Webb-Pomerene Act allowed more freedom from anti-trust restrictions to firms that wished to join together to pool selling resources, establish export pricing policies, and allocate foreign business. The Douglas Fir Exploitation and Export Company acted as the sole representative for the export business of a great number of mills and contracted with the buyers to supply their needs. The company allotted the orders it received to the various mills according to their capacities or as previously agreed upon. While it solicited some of its orders direct, it did not attempt to do away with the various middlemen engaged in the lumber export business.  

At one time the company handled the marketing of 111 mills which were responsible for 80 per cent of the production of the American Northwest.

A certain Franklin H. Smith has been credited with spearheading the formation of the Webb-Pomerene Corporation. Around 1915 he was appointed by the U.S. Bureau of Foreign and Domestic Service to study the Orient and Australia as markets for American lumber. After about fourteen months in this region he returned to the U.S. and submitted a


report which figured in a brief on behalf of the National Lumber Manufacturers Association before the Federal Trade Commission in 1916. Smith's report contained the following remarks:

"An organisation of lumber export mills on the Pacific coast of the United States would unquestionably be of great advantage to both producer and consumer with an efficient selling agency, and by the apportionment among the mills a standard price could be maintained. This price could and should be fixed at a figure that would give a living profit to the mills and at the same time eliminate the shopping around for export orders and the constant bidding of one mill against another for the business offered....

An organisation of offshore mills would be in as fair a position to undertake its own chartering at favourable rates as would the individual shipping concern. Better still it would have its own fleet of lumber carriers, if necessary or desirable, and be able to ship as occasion demanded or even to load and ship subject to diversion if required."

The days of preoccupation with the domestic market seemed to be slipping away and the opening of the Panama Canal in 1914 and the consequent accessibility of more world markets certainly had something to do with this change of attitude.

Renewed interest in Japan was brought no closer by the construction of the canal but that other epic occurrence of 1914, the outbreak of World War I, was not without effect on her lumber position. The financial

107 Teal, et. al., op. cit., p. 160-162.
prosperity of Japan which was caused by the outbreak of the European War increased the demand for lumber and caused a boom of such an extent that owners of domestic timber felled trees at random with a consequent decrease of Japan's forest resources. Canadian and American lumbermen looked at the Japanese market with renewed interest. Indeed, the B.C. lumbermen knew that the Americans desired the lumber trade of the Pacific and the Orient and were getting the lion's share of it.

To reverse this situation, the Canadian Government in 1919 offered subsidies to various lines carrying Canadian goods from West Coast ports to points in the Orient and South Pacific. By 1922, the Canadian Robert Dollar Lines, the Canadian Pacific Steamship Company Lines and the Canadian Merchant Marine Lines, as well as many smaller companies had availed themselves of this opportunity. The Canadian Government Merchant Marine became the cornerstone of B.C. shipping facilities.

There was optimism within B.C. that with the scheduling of regular sailings to ports in Japan and China by the Canadian Government Merchant Marine around 1921 that B.C.'s proportion of the Oriental lumber trade would

108 "Notes from Japan," Pacific Coast Lumberman, Vol. 6, No. 11, Nov. 1922, p. 55.
111 Unterreiner, op. cit., p. 98.
then be on the increase. Indeed, with the settlement of the Prairies and the slackening off of the lumber market there, Canada's Pacific Coast lumber shifted its position from that of a support of wheat production for Great Britain to that of a support of industrialism in Japan. By 1921 Japan was buying more lumber from B.C. than the British Empire countries of Australia, New Zealand and South Africa.

Japanese Usage of Timber

It is appropriate at this juncture of the narrative to elaborate on Japanese usage of timber for it was in the 1920's that the first detailed reports of the idiosyncracies of the Japanese in this regard appeared. In this elaboration will be found the real reasons for America's failure in today's Japanese lumber market. The fastidiousness of the Japanese about the use of wood necessitated a unique structure to their local sawmilling industry and this in turn dictated the type of lumber that they sought from the Pacific Northwest. Mechanically, the

112 W.J. Van Dusen, "Export trade is important stabilizing factor," *Western Lumberman*, Vol. 18, No. 8, August 1921, p. 70.


Japanese lumber industry presented the curious phenomenon of primitive methods of manufacture, employing the tools and methods of hand production of centuries past, competing successfully with modern plants employing the most advanced machinery and mass production methods of operation. The slower hand methods were generally used for the production of lumber of the highest quality, while the quantity production of the modern sawmills produced mainly, low-grade, common product. So rigid were the panel and board requirements both in colour and grain harmony, that the hand sawyers with their ability to lay out the log carefully to produce the desired effects and their ability to keep successive boards with harmonizing colours and designs together until they reached the hands of the carpenter, had an advantage which could not be overcome by the power sawmill where such extreme care would be impossible, and where variations in the mixed products from different logs and cants were inevitable.  

These were the primary reasons why the Japanese preferred to buy his logs and do his own sawing. It was not so much a matter of costs or the desire for home employment as it was a necessity in order to secure the desired product. It was often a fact that the Japanese

---

lumber buyer could secure from abroad sawn lumber at a much cheaper cost than he could buy the same grade of logs and cut them in his own plants. However, the sawn imported material, regardless of the basic quality of the logs, could only meet his specifications in less important items of width, length, thickness and percentage of clear. Grain width and design, colour and harmony of grain design and shade were entirely impossible under Western methods of mass-production. The Western high-speed production mills with their coarse, imperfectly set saws that literally tore the log to pieces, necessitating the carpenter to laboriously plane away half the thickness in order to secure an even surface, was no competition to the Japanese whip-sawyers.\(^{116}\)

The Japanese desire to import logs or large squares was justified not only on aesthetic but also on practical grounds. A Japanese house was a highly individualistic phenomenon. The sizes of framework members such as beams, posts and joists differed according to each individual house. Not only did each individual house demand different framework

\(^{116}\) Ibid.

specifications, but the specifications of each community in Japan constituted a problem by themselves. The practice of buying large squares and resawing to order for special sizes and length overcame this problem. Consequently, the importation of large timber was facilitated by duty-free entry into Japan of unfinished timber 65 millimeters or more in thickness. Another reason for buying large timber was that finished lumber was liable to crack, warp, stain, or be damaged in other ways during the long trans-Pacific voyage and trans­shipment to the mills. The large "Jap squares" suffered less damage in this process.

It was the lack of big dimension and long length timber in the otherwise considerable Japanese forest resources that drove the Japanese to Pacific Northwest lumber. Formerly, domestic pine and spruce were used for framework in Japanese house construction, but since there was a limited supply of timber more than 20 feet in length, the contractor had to pay a large price for them. Consequently, they used to join short members to meet these purposes. When Pacific Northwest wood began to be

imported at a relatively low price, the Japanese builders began to use exclusively imported woods for framework. Usually the Japanese buyer specified timber not less than 18 inches square and 24 feet long. Hitherto Pacific Northwest lumber had been considered unfit for Japanese architectural purposes and it was used only for the construction of bridges and piling in connection with harbour improvements. But the regular grains and the cheaper cost of PNW lumber recommended its use in Japanese house construction. PNW lumber supplanted considerable Japanese lumber because it offered better quality at the same price, but the native woods were still used for the fine joinery work and for the interior finishing of houses.

The Japanese ceilings and those of North America were not the same due to the difference in construction between the countries. In Japanese ceilings strips being barely seen, the grains and soft surfaces

---

120 "Notes from Japan," *Pacific Coast Lumberman*, Vol. 6, No. 8, August 1922, p. 25.

121 Cameron, *loc. cit*.


were of great importance. So much so that the planks for Japanese ceilings were still sawn by hand. For this purpose they used their own red cedar or sugi extensively. They thought well of red cedar from the Pacific Northwest for the same purposes but they felt that it was not as strong. For the finest finishing lumber they used their white cedar, their highest priced wood. They were partial to Port Orford cedar (Chaemacyparis lawsoniana) for the same uses and imported it extensively on that account. But Port Orford cedar was expensive and for that reason the Japanese were importing large quantities of Washington and Oregon red cedar in the log.

The American Vice Consul stationed at Kobe, Japan, E.R. Dickover, observed that by far the greatest part of the timber imported from the Pacific Northwest consisted of Douglas fir. These were shipped principally in the form of large "Jap squares". Small squares, 4\(\frac{1}{2}\) inches x 4\(\frac{1}{2}\) inches or 5" x 5", were also imported and these were used in the

124 Pacific Coast Lumberman, Vol. 6, No. 8, August 1922, p. 25, op. cit.
126 Dickover, loc. cit.
original size, without resawing in most cases, for posts, joists and other members. These were principally of Douglas fir and hemlock, and the latter was to become so popular that the Japanese demand for it was to cause a phenomenal disruption of the PNW trade in the 1960's. The Japanese first showed an interest in hemlock around 1920. They investigated the possibilities of this species when cedar logs became scarce on account of heavy buying previously. The initial shipment of hemlock was made by a Tokyo firm in 1920 when it was said that the total imports of hemlock amounted to about 2 per cent of the imports of Douglas fir lumber. The proportion of hemlock imported continued to increase yearly, both in the number of pieces and the total board footage. Hemlock was bought by the Japanese simply because it was always about $1 per thousand cheaper than the corresponding cut of fir. The only advantage that hemlock had over fir was that it contained no pitch pockets and for this reason it was very suitable for inside work in Japanese houses. Hemlock flitches were sometimes used for beams for cheap buildings where most

127 Pacific Coast Lumberman, Vol. 6, No. 8, August 1922, p. 25, op. cit.

128 "Notes from Japan," Pacific Coast Lumberman, Vol. 6, No. 1, January 1922, p. 19.
of the baby squares were put into temporary or low-priced houses. The hemlock baby square was to become the most important unit in Japanese house construction.

Historic Increase in the Japanese Market

Towards the end of the period covered by this chapter the Japanese market was beginning to consume significantly more lumber. Total exports from the PNW to Japan jumped from 79 million board feet in 1921 to 591 million board feet in 1922. Of this latter quantity, Washington and Oregon claimed the lion's share, namely, 519 million board feet. This increase resulted from brisk activity in the building of small houses on the outskirts of Tokyo, and also because of the large demand caused by the construction of the Tokyo Peace Exhibition.

There were other favourable signs regarding the future of the Japanese market. There were indications that the demand for imported timber was going to be a permanent thing. A number of large Japanese firms were making capital investments in forests and mills in America.

---


130 See Appendix I

131 "Notes from Japan," Pacific Coast Lumberman, Vol. 6, No. 2, February 1922, p. 52.
and especially in B.C. Furthermore, the Japanese government had removed the duties on all timber over 2 3/8 inches in thickness. This was to encourage the import of timbers which could be cut to the required specifications in the Japanese mills. When there were signs of a slackening in the market, ironic words of optimism were expressed by an anonymous writer in the Pacific Coast Lumberman:

"A reactional liveliness is expected in June or July this year improving considerably the lumber trade of the latter half of 1922. Judging by past facts, there always has been, strange to say, a big destructive fire somewhere in Japan about that time of the year, causing a large demand for wood with consequent rise of price."

There was indeed a big destructive combination of fire, earthquake and tidal wave in Japan, but it came the following year and left behind a terrible devastation that became one of the most important landmarks in the development of the Japanese market for Pacific Northwest Lumber.

B.C. was about to enter an era of great activity in the

---

132 "Notes from Japan," Pacific Coast Lumberman, Vol. 6, No. 3, March 1922, p. 52.

133 "Notes from Japan," Pacific Coast Lumberman, Vol. 6, No. 7, July 1922, p. 23.

134 "Notes from Japan," Pacific Coast Lumberman, Vol. 6, No. 6, June 1922, p. 52.
Japanese market which, once the peak was passed, was to be of similar magnitude only much later in 1963. For Washington and Oregon, the aftermath of the earthquake meant even greater activity than B.C. on a scale that they have never been able to repeat. The following chapter traces the fortunes of the Pacific Northwest lumbermen in this period of Japanese disaster and reconstruction.
CHAPTER IV

THE BULGING YEARS: 1923 - 1940

If the time series graph of PNW shipments to Japan can be likened to the surface of the earth then the period covered by this chapter would represent high ground. B.C.'s contribution to this topography would compare as a hill to the mountain of Washington and Oregon. These were indeed the bulging years for the PNW, for the lumbermen of this region were to ship over the years a quantity of lumber that they could never approach in subsequent periods. Washington and Oregon still dominated B.C. in this market supplying in 1923 756, million board feet as compared to 106 million board feet from B.C. but as time passed B.C. stumbled on to what has been referred to as the international marketing orientation - a philosophy which they later used to get the better of the Americans. By the end of the period in 1940 the combined market for Washington, Oregon and B.C. had dwindled to less than 100 million board feet. This chapter will attempt to explain how this diminution

135 See Appendix I.
occurred.

Disaster and Reconstruction

The cause of the bulge is now a landmark in Japanese history. The island Empire was hit on September 1, 1923 by one of the worst earth tremors that the world has experienced. The great earthquake accompanied by conflagrations that broke out almost simultaneously reduced to ashes in a single night the greater portions of Tokyo and Yokohama. Some 100,000 persons perished in the catastrophe and nearly 2 million people were rendered homeless. A tremendous task of resheltering the homeless lay before the afflicted Japanese. In the very month of the disaster the Government took the first step towards recovery by constituting by Imperial Ordinance a metropolitan reconstruction board. The board was charged not merely with restoring Tokyo to what it was before the catastrophe but to build a new capital with an aspect entirely new and quite different from the old Tokyo. It was a situation tailormade for enterprising suppliers of building materials.

136 Bureau of Reconstruction, Japan - The Outline of the Reconstruction work in Tokyo and Yokohama, (Tokyo, 1929), Preface.


138 Bureau of Reconstruction, loc. cit.
There was a feeling in certain quarters that during the period of reconstruction the highly progressive Japanese might seize on the opportunity to elaborate their former ideas and introduce some Western methods into their construction. Some PNW lumbermen went so far as to suggest that the influence of America and Europe might become more and more apparent in the laying out of Tokyo and Yokohama, and with new styles of construction would come the demand for different lumber specifications. They seemed to believe that the "Jap square", the most popular form of Japanese lumber imports, would be relegated to a place of lesser importance in their acquisitions. North American influence on Japanese town planning was not long in coming. Before the end of 1923, Viscount Gato, Minister of Home Affairs of the Japanese Government, selected one Charles Beard, Member of the New York Municipal Bureau, to come to Japan to suggest ways and means to rebuild the Empire's premier cities. It was an opportunity for the Americans to blitz the Japanese market with their lumber, and what was more, with their common American specifications. The evidence of the time indicated a decided reluctance on the part of the Americans to supply Japan with


large timber when with some persuasion they might be able to dispose of the more convenient American standards on the Japanese market. Such a prospect, however, was not as simple as it seemed. The Japanese were expected to import a certain amount of lumber manufactured to American standards but it was argued in realistic quarters that this was only natural in view of the considerable curtailment of their own manufacturing capacity because of the disaster.\(^{142}\) The factor that really militated against Japan's acceptance of American standards was a law that was promulgated in Japan around 1920 providing that within ten years Japan would adopt the metric system of standards. With this possibility before them it was hardly likely that the Japanese would easily adopt American standards.\(^{143}\)

The Americans had previously considered supplying Japan with lumber ready cut to fit the standards of the Japanese houses. It was doubtful, however, whether this work could be done to advantage in America. The principal objection was that such cut and finished lumber

\(^{142}\) *Pacific Coast Lumberman*, Vol. 7, No. 12, December 1923, p. 21, *op. cit.*

\(^{143}\) *Timberman*, Vol. 25, No. 2, December 1923, p. 107, *op. cit.*
was classified as building materials which were subject to an import
duty of 25 per cent *ad valorem*. Another objection was founded in the
design of Japanese houses. Owing to the prevalence of earthquakes,
individual house members were not nailed but mortised together and it
would have been impractical to form the tenons and mortises before
shipment. Such work required a large amount of hand labour which could
be more cheaply done in Japan.\(^\text{144}\)

An afflicted country desperately short of reconstruction material
cannot afford to be too particular about their precise requirements.
Recognising their dire need for wood, the Japanese Government suspended
import duties on all foreign lumber. This largely benefited the PNW
lumber producers since countries other than the U.S. and Canada could
not produce lumber in large quantities with any degree of rapidity due
to limited facilities.\(^\text{145}\) Realizing the difficulties of obtaining their
full requirements of Pacific Coast lumber in their own particular speci-
fications, Japanese buyers began to purchase in sizes that could be
more readily supplied by the exporting mills. There seemed to be little

\(^{144}\) *West Coast Lumberman*, Vol. 40, No. 473, June 15, 1921, p. 28, *op. cit.*

doubt that the demand from Japan would be the most important factor in the Pacific Coast lumber export trade for some considerable time.\textsuperscript{146}

But there was to be a momentary drop between 1923 and 1925, the sort of drop that is usually part and parcel of the chaotic business conditions that accompany natural disasters.

The heavy imports of lumber in the latter part of 1923 and the beginning of 1924 are now a matter of history. Immediately after the catastrophe firms jumped in and bought heavily knowing that prices would be bound to advance sharply. The Fukkoin or Reconstruction Bureau was formed under Government auspices with a view to ensuring adequate supplies, not only of lumber but of all building materials for reconstruction purposes. Very few at the time, even the most conservative traders, estimated that there was going to be an over-importation and that within only a few weeks the market would be glutted, with the result that the bottom would fall out of prices. Everyone was too occupied worrying about new sources of supply to fill the increased demands from both old and new firms. Prices on the Canadian side kept advancing, but day by day fresh orders were being cabled across the Pacific, some by firms who had never traded in lumber before and did not know a Douglas fir "baby" from a cedar flitch or their relative value. Nevertheless

\textsuperscript{146} Pacific Coast Lumberman, Vol. 7, No. 12, December 1923, p. 21, \textit{op. cit.}
the banks, who were encouraged by the Government, rendered all the assistance to finance these extravagant purchases.\textsuperscript{147}

The \textit{Fukkoins}, having laid out their programme, decided to buy a large amount of lumber and Canada had the honour of making the first sales of something over 30 million board feet to the \textit{Fukkoins} about the end of November. They also placed large orders with the United States mills through the medium of the Japanese Embassy in Washington. Soon the harbours became congested and it was difficult to handle the lumber - often as many as fifteen or twenty cargo ships would be waiting outside the breakwater for their turn to come in and discharge. The authorities then realised how the thing had been overdone with the result that money soon became tight and credit difficult to arrange, especially in lumber business. Lumber dealers found themselves in trouble.\textsuperscript{148}

The Government which at first intimated that large sums would be forthcoming for building, to be advanced to those who would require it through the medium of certain banks, finding that cost of building

\textsuperscript{147} A.E. Bryan, \textit{The Lumber Market of Japan}, (Ottawa; Dept. of Trade and Commerce, Commercial Intelligence Service, 1926), p. 32 - 33.

\textsuperscript{148} Ibid.
materials was beginning to go down, withheld the helping hand in order to economize on its advances. The result was that many who would have otherwise bought lumber and built could not do so, consequently the importers could not dispose of their stocks while fresh shipments were arriving daily. Then the Fukkoin's own purchases began to arrive on an already falling market: all concerned wondered how the authorities were going to sell their stock. They did not dispose of it all but stored it - over 100 million feet - thinking perhaps that prices would advance again and they would be able thus to recoup their apparent loss. This added fury to the already inflamed conditions, prices continued to drop, many dealers short of cash sold at any price, a panic of price-cutting ensued, fresh imports dropped entirely and the market became stagnant with low prices and heavy stocks.\footnote{Ibid.}

The aftermath was even more disastrous than immediate losses. Several of the largest, and formerly the most important lumber dealers failed, causing much confusion and bringing losses to a number of foreign houses who had, as formerly, sold them large parcels on promissory notes. Other concerns had to take over shipments from their clients on
arrival, store the goods at great cost and sell them as best they could at spot market rates, with much loss to themselves. This drove two or three of the large foreign houses out of the lumber business, and by 1926 there were only about half the number of recognised lumber importers in Japan as compared with before the earthquake.  

A degree of stability was to bless the Japanese market with the formation of the Japan Foreign Lumber Import Association in May 1926. The thing that really spurred this move was Japanese dissatisfaction with the untenable situation of too many grading rules for American red cedar. The leaders of this syndicate movement claimed that American grading rules were no longer suitable for the Japanese market. They also expressed disenchantment with the wide diversification in trading methods and believed that with proper financing they could adopt grading rules acceptable to all and could organize careful inspection and regulation of imports.  

It is clear, therefore, that less than three years after the great earthquake, the Japanese were prepared to organize themselves so as to obtain the type of lumber that they wanted.

---

150 Ibid.

The Japanese were still sensitive about the disinterest of North Americans relative to supplying specific Japanese requirements. The Tokyo manager of the Douglas Fir Exploitation and Export Co., Mr. R.D. Horning, was often asked by the Japanese the reason why PNW lumbermen were reluctant to visit Japan to study their requirements and to produce the specifications and grades suitable for their market. The Japanese were apparently frustrated by the hundred or more grading rules for red cedar and suggested that the American lumbermen should find out the material suitable for the Japanese market and evolve a grading rule that would ensure their receiving what was suitable. To the Japanese it was a mystery that there was not a closer working arrangement between American sawmillers and Japanese dealers and they failed to see why American sawmillers could not take a cedar log and cut it into satisfactory Japanese specifications as easily as the Japanese themselves could. R.D. Horning noted these Japanese sentiments during his 19 month sojourn in Japan and upon his return to America uttered some pointed words that shook contemporary lumbermen and which should enlighten their present-day counterparts:

152

"All of these things lead me to believe that the Japanese lumbermen, unless we awaken to the situation, will be forced to buy cedar logs and cedar logs alone, in order that he may secure satisfactory specifications for his trade, and for general high grade construction material he will be forced, years before it would be otherwise necessary, into that vast untouched forest of the Russian maritime Province of Siberia."

Vis-a-vis the Japanese preference for logs, Horning's words were terribly prophetic. With regard to Siberia, his remarks inspired an era of serious assessment of Russia as a competition in the Japanese market.

The Ogre of Russian Competition

Japanese lumbermen began to wonder whether it was possible for Russia to prove to be as good a friend to her as America and whether she could afford to give Russia a trial. The menace of Russian competition in the Japanese market had arrived and this was to be one of the most talked about topics of the 1920's.

In 1923, Japan's lumber imports came principally from the U.S.A. (71%), Siberia (15%) and Canada (5%). Although dominated by the


Americans, Japan was Canada's second largest market both for sawn lumber and round logs during the 1920's.  

Siberia too was dominated by the Americans and this state of affairs probably led to a certain complacency on the part of the Americans. The day before the great earthquake, Mr. H.A. Butts, the U.S. Trade Commissioner in Japan went on record as fearing little competition from Asiatic Russia because of the unstable political climate there. He did acknowledge however, that Siberia would in time supply Japan with a large amount of softwood timber but not in the lengths and sizes possible to be obtained in America. The same was true for the Japanese colonies of Sakhalin and Hokkaido. After a first-hand look at conditions in Japan, Major Everett G. Griggs, President of the Douglas Fir Exploitation and Export Company, agreed that more lumber would enter Japan from Siberia but added that this material could not be compared with the American product.

PNW lumbermen boasted that their red cedar, fir and hemlock possessed qualities which were superior to Japan's commonest species.

---


and to the general run of Siberian timber. The Siberian lumber seemed to be good only for pulpwood and also for making boards. It was much smaller than the Pacific Coast lumber, particularly in length, and this was a heavy handicap for the former in competing with the latter as a building material. By far the greater part of Russian lumber reaching Japan was of the coniferous species. One of the large Japanese firms doing a regular business in Siberian lumber was advertising Siberian Kedar (benimatsu) as a substitute for Pacific Coast lumber. But the mills were only cutting it into cheap panels and 1½ inch planking. Its strength and durability were a matter of doubt in the minds of the saw-millers and little or no uprights were being made from it. There seemed to be no immediate likelihood of this species crowding North American timber on the Japanese market. But Kedar was already competing directly with Port Orford cedar and although the Japanese had not begun to use the wood for the same purposes as Douglas Fir, it was possible that they might get educated to its use, even for the same purposes for which Douglas fir was used.


159 B.C. Lumberman, Vol. 10, No. 4, April 1926, p. 25.


Among the PNW lumbermen there were the cautious ones who felt that the inferiority of Russian timber to North American timber was not to be taken for granted. They argued that the apparent quality differences between Russian and American material in the Japanese market did not necessarily reflect the quality differences between the forest stands of the two regions. This opinion was justified in the absence of sophisticated grading methods in the Russian export trade. Lumber and logs that were exported to Japan from the West Coast were carefully inspected under the supervision of the PLIB, and hence this graded material was expected to appear better than the mill-run grade of Russian forest products.  

Whether or not Pacific Coast lumber was of higher quality than Russian lumber seemed to some lumbermen of the time a meaningless question on its own. The important things was not quality but quality at a particular price. Herein lay the real threat of Russian competition. As long as the Russians needed foreign exchange, they were

prepared to work their forests to the point of exhaustion and take whatever price they could get for their products. There was indeed some evidence to show that the price of Russian lumber in the Japanese market was much less than that of North American lumber though the quality of the former averaged out to be much lower than that of the latter. The question that the North Americans had to put to themselves was how far the Japanese were prepared to sacrifice quality for the advantage in price.

PNW lumbermen, however, could count one significant blessing. They had in common with the Japanese a social and business system that was compatible one with the other. Because of the different ideologies, great difficulty and risks accompanied the importation of Siberian lumber into Japan. Logging operations in the Russian Far East had been unsatisfactory chiefly because of the Russian fight with private capital. Two or three Japanese companies had been formed for the purpose of negotiating with the Soviet authorities for the privilege of

164 Bryan, op. cit., p. 18.
165 B.C. Lumberman, Vol. 10, No. 4, April 1926, p. 25.
166 B.C. Lumberman, Vol. 9, No. 8, August 1925, p. 57, op. cit.
cutting in Siberian forests and transhipping the timber to Japan. In every case the negotiations fell through due to the high revenue which the Soviet officials wished to exact, and to other onerous conditions. These, together with the high rate of handling charges and the high cost of labour in Siberia made it impossible for any company to build up a profitable business.\textsuperscript{167} Operators either became bankrupt or withdrew from business. The majority of the timber operations became concentrated in the hands of the "Dalless" (a Russian Government institution) and a few corporate organisations. These organisations were backed by a number of Japanese, American and British financiers who took heavy losses due to violation of contracts by the "Dalless".\textsuperscript{168} PNW lumbermen were assured that the hampering conditions imposed by the Soviet Government formed a good reason why Japan would not increase to any extent her shipments from Russia.\textsuperscript{169}

Even the signing of the Russo-Japanese basic treaty between 1924 and 1925 caused little consternation in North America. It was

\begin{itemize}
\item \textsuperscript{167} Bryan, \textit{op. cit.}, p. 18-19.
\item \textsuperscript{168} \textit{B.C. Lumberman}, Vol. 9, No. 8, Aug. 1925, p. 57, \textit{op. cit.}
\item \textsuperscript{169} Bryan, \textit{op. cit.}, p. 18.
\end{itemize}
true that by the treaty Japan obtained certain rights to develop the
natural resources of Siberia, including timber, but the optimists felt
that it would be difficult to implement the intent of the treaty. The
outstanding feature of the treaty was that it dealt only with generalities
and the specific details were left to the private Japanese concerns to
negotiate with Soviet authorities. One expected that the fundamental
differences in the business methods and the social and political ideals
of the respective countries presented an almost insurmountable obstacle
in the way of reaching an agreement.  

It was felt, however, that
whatever might have been the effects in their selling methods, the
Russians might reasonably be expected to adapt them to the requirements
of Japanese purchases, if the trading offered fair prospects of either
commercial profit or political advantages. Certain adaptations were
made indeed, not by the Russians but by the Japanese who smote PNW
lumbermen with that most lethal of international trade weapons — the
tariff.

---

170 S. Kikuchi, "Japan and Soviet timber," B.C. Lumberman, Vol. 9,
No. 6, June 1925, p. 38.

171 B.C. Lumberman, Vol. 9, No. 6, June 1925, p. 19.
prices below manufacturing cost not only disorganized the whole water-borne trade in Douglas fir but also seriously antagonized the better class of overseas importers.174

There was another angle to the imposition of the Japanese tariff and this related to the Japanese concessions in the Russian Maritime Provinces. While it was true that any Japanese tariff would theoretically apply equally to lumber from Siberia and the Pacific Coast, the opinion was held that it would be farcical for the Japanese concessionaires to pay duty to the Japanese Government. If for diplomatic reasons they were forced to pay duty the Japanese Government could resort to subsidizing the concessionaires for each unit of timber imported. Precedent had already been set in the case of pig iron from Manchuria, the subsidy being more than sufficient to cover the duty.175 The duty was in fact set at such a rate to favour the Siberian timbers. B.C. lumbermen were outraged. The low tariffs that were applied to Siberian timbers also applied to the minor B.C. species. But there were

175 Timberman, Vol. 28, No. 9, July 1927, p. 199, op. cit.
Tariff Difficulties

On April 1, 1929, a new Japanese tariff on lumber became effective. PNW lumbermen were convinced that the whole purpose of enacting a new tariff was to discriminate against PNW lumber in favour of Siberian lumber. Most Japanese lumbermen supported the move if only because of enlightened self-interest. They had been able in the past to make tidy profits on domestic and Siberian lumber because the quantity produced was known and held in strong hands thus making it possible to stabilize the market and control the price. On the other hand, they found that they had been unable to make a profit on American lumber due to the large quantity imported which resulted in periodic market depressions when the losses far exceeded the profits of good times. Colonel Greeley, whose name has been associated with American forestry since the earliest times, suggested that the low price of West Coast Lumber was an important cause of the adverse Japanese tariff. He reminded the Douglas fir shippers of the U.S. of the evils of indiscriminate dumping and added that the dumping of this valuable species at


prohibitive charges on such unique and versatile woods as Douglas fir, red cedar and western hemlock, in the possession of which B.C. excelled and the export of which the bulk of the lumber trade to Japan consisted.\textsuperscript{176}

The Japanese Consulate in Vancouver endeavoured to quieten the B.C. lumbermen. They maintained that the Japanese Government carefully designed the new tariff so as not to give the Northwest lumber business any serious blow. They claimed that the ultimate aim of the tariff revision was to help the Japanese forest industry out of its miserable condition, a condition that had arisen because of the phenomenal increase in foreign lumber imports and the depressed market for Japanese lumber. It was hoped that the effect of the new tariff would be to regulate the importation of lumber, thus bringing about stability of lumber prices in Japan. Finally, they insisted that the new tariff was designed not to apply to lumber by country of origin but rather by species of lumber and that it was a mistaken idea to think that Japan was especially favouring Siberian lumber. \textsuperscript{177}


The Japanese in setting the new tariff overlooked one loophole. They underestimated domestic reaction to the favourable conditions brought about by this protective wall. For one thing, the tariff revision induced an excess of output.\textsuperscript{178} The measure encouraged the Japanese forest owners to increase production enormously with the result that the domestic market was simply flooded with a surplus supply thereof. The consuming demand on the other hand sharply declined because of the completion of circles.\textsuperscript{179} During the five months immediately following the enforcement of the new tariff rates, domestic lumber depreciated by about 15 per cent all around, and Northern Island lumber, especially Karafuto pine, declined by about 50 per cent.\textsuperscript{180} In the circumstances, the Japanese producers had no choice but to restrict the felling of standing trees, particularly when money began to get tight due to outflow of gold subsequent to the removal of the embargo on gold exportation.\textsuperscript{181} Forest owners sustained enormous losses as they were unable to dispose of their increased holdings. There was no denying that the tariff


\textsuperscript{179} E. Kusano, "Latest trade news from Japan," \textit{B.C. Lumberman}, Vol. 14, No. 9, Sept. 1930, p. 34.


\textsuperscript{181} E. Kusano, \textit{op. cit.}, \textit{B.C. Lumberman}, Vol. 14, No. 9, Sept. 1930. The embargo on gold exports from Japan, imposed during World
revision was a failure. The fact that the increase in duties was absorbed by the shipping concerns that were primarily Japanese also contributed to the mis-firing of the Government plan. Up to 90 per cent of the Pacific Coast lumber exported to Japan was transported in Japanese tramp ships. As these shipping concerns were unable to get contracts for future delivery at the time of the tariff revision, they gradually brought down the freightage and this meant that CIF quotations were that much smaller. 182

Yet there was some effect on the quantity of lumber shipped to Japan. For B.C. alone, exports fell from 219 million board feet (64% of exports) in 1928, the peak year of the period, to 192 million board feet (51% of exports) in 1929. For Washington and Oregon the fall was even mightier - from 776 million board feet in 1928 to 475 million board feet in 1929. From 1928 to the end of the period in 1940, exports of lumber from the PNW to Japan showed a steady decline. 183 The decline in exports to Japan was most noticeable in the baby squares as the demand for larger squares kept up well for a time. 184 It would

---

War I, was lifted on January 11, 1930. (Z. Kuruda, op. cit., B.C. Lumberman, Vol. 14, No. 7, July 1930, p. 18.)


183 See Appendix I and Figure I.

be inaccurate to attribute to the Japanese tariff revision the brunt of the decline in PNW lumber exports. The whole world was in trouble at the time of its enactment for the year 1929 heralded the Wall Street Crash and the beginning of the great World Depression.

Under the pressure of the world depression, the structure of world commerce fell to pieces. The financial crises which started in the summer of 1931 led to the collapse of the world monetary system. The effect of the financial catastrophe on merchandise trade led countries to adopt a restrictive trade policy of an extreme measure in emergency efforts to improve their financial condition. But the situation had only become worse in an ever growing vicious circle of high tariff barriers and low trade volumes. The lumber trade was not exempt from the world depression. United States firms based in Japan received frequent enquiries from buyers but the financial conditions did not warrant going into the risk of selling on promissory note terms. Those who bought on direct letter of credit freely picked up the sellers who sold at "disposal price", and no seller who quoted his price on legitimate calculations could secure business. There was the prospect that future

individual transactions would be limited in small parcels, making it difficult to do full cargo business, and that buyers would become more particular about quality with more tendency of buying on specified mills. 186

While the timber trade between the PNW and Japan was declining with the depression, that between the Soviet Union and Japan seemed to be increasing. Timber imports into Japan from North America fell from 95 million cubic feet in 1929 to 67 million cubic feet in 1930. In this same period imports from the Soviet Union increased from 92 million cubic feet to 99 million cubic feet. 187 Colonel Greeley explained away this Soviet success by their organized dumping practices. 188 But the Soviet Union was to run headlong into yet another Japanese tariff. In mid-1931, the Government of Japan increased the duty on lumber made of Siberian Kedar, northern and white fir, spruce and larch. The legislation placed the import tariff on Russian Kedar on about the same


bas" as Japan's duty on Douglas fir. This unhappy situation was further aggravated by squabbles that were taking place between the Japanese concessionaires in Siberia and the Soviet authorities. The import from the Soviet Maritime District was expected to decrease because of the demands made by the Soviet trade representative on the Mitsubishi Trading Company which had been disposing of the Soviet government's consignments.  

(In 1930, the Mitsubishi Company was awarded a contract by Soviet Russia for the delivery of 240 million feet of Siberian logs into the Japanese and Korean markets). The Soviet trade representative demanded that the Mitsubishi Company should make an advance equivalent to the price of lumber and that Japanese buyers should send vessels to the port of shipment to take away the lumber. This meant that transactions were then to be conducted on an FOB rather than the accustomed CIF basis, an arrangement which the Japanese did not relish since handling lumber shipments on the buyer's side meant considerable sacrifice.

190 Ibid., p. 36.
These difficulties stood the PNW lumbermen in good stead for at this very time Russian timber was becoming increasingly competitive on the Japanese market. The Yokohama correspondent of the British Columbia Lumbermen felt that the competition from the Soviet Union was formidable and that the strength of the Russian position was likely to increase as time went on. The Siberian species seemed to be of equivalent quality to such well-known North American species as California White pine, balsam, fir and larch, and this indicated their value for general utility purposes. North Americans had to realize that it was only by intensive trade extension work that they could expect to maintain their dominant position in the Japanese lumber business. 193

The threat of even heavier tariffs still hung over the heads of all Japan's trading partners and this threat was to become an ugly reality in the chaotic condition of the 1930's. Much of the chaos has been blamed on Japanese expansionism in the Far East. It all began with the historic "Manchurian Incident" when, in September of 1931, the young officers of Japan's Kwantung army stationed in Manchuria for the protection of the South Manchuria railroad claimed that Chinese troops

tried to sabotage the railroad and used this alleged incident to occupy the whole of Manchuria.\textsuperscript{194} Because of the "Manchurian Incident" foreign pressure upon the Japanese economic entity was greater than ever.\textsuperscript{195} The gold embargo that was re-imposed in 1931 enabled Japan to achieve a remarkable trade expansion in dwindling world markets.\textsuperscript{196} The yen had been depreciating and this reacted favourably on Japanese manufactured goods whose export price became cheaper.\textsuperscript{197} Japan had to encounter many kinds of stringent trade barriers in a large number of countries. The trade barriers in the main markets for Japanese goods before 1932 or so were not specifically designed to check Japan's advance, but merely consisted either of the general tariff increases of a protectionist character due to the world depression, or of the control of foreign exchange. But after 1933, one country after another resorted to high tariffs, import quotas or import-licensing regulations or exchange-control with the specific objective of excluding imports.

\begin{itemize}
\item[196] Tokyo Assoc. for Liberty of Trading, The Trade agreements between Japan and some other countries, (Tokyo, 1937), p. 5.
\item[197] Kawashima, loc. cit.
\end{itemize}
from Japan. These measures followed accusations of "exchange dumping" and "social dumping" that were hurled at the Japanese. 198

Among the discriminatory tariffs against Japanese goods the most notable were the exchange compensation duties (aimed at the depreciated yen) and dumping duties (aimed at low Japanese wages.) 199 Japan retaliated by enacting a "Trade Adjustment and Safeguarding Law" in April 1934. This law was designed to adjust and safeguard the country's trade interests in response to such restrictive steps as any foreign country might either have had already taken or was taking against Japan. It was also designed to vest the Government with a power to prohibit or restrict imports of any specific goods, or to levy additional duties. 200 Canada was one of the first countries to suffer at the hands of this law. The Dominion Government had imposed on Japanese goods a dump duty based on the difference between the current value of the yen which then stood at 28 to 29 cents, and its former value of 49½ cents. Japan naturally protested this system of valuation. 201

198 Tokyo Assoc. for Liberty of Trading, loc. cit.

199 Ibid., p. 6.

200 Ibid., p. 15-16.

It seemed unfair to them since Canada was enjoying a very favourable trade balance with Japan. The Japanese Government consequently imposed additional import duties of 50 per cent ad valorem on eight items of import from Canada among which was timber.

The Canadians were already undergoing acute frustrations from the heavier duties which were imposed upon the entire list of lumber and timber products in June 1932. Table V on the following page details the increase in the Japanese lumber tariffs.

---

202 Tokyo Assoc. etc., op. cit., p. 69. In 1933 Japan imported 46.9 million yen's worth of goods from Canada while Canada imported 6.6 million yen's worth of goods from Japan.

203 Ibid., p. 15-16.

<table>
<thead>
<tr>
<th>Species</th>
<th>New Duty (Yen per thousand board feet)</th>
<th>Old Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Douglas Fir</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium and big squares</td>
<td>8.023</td>
<td>4.96</td>
</tr>
<tr>
<td>Small squares, flitches</td>
<td>13.215</td>
<td>9.21</td>
</tr>
<tr>
<td>One-inch boards</td>
<td>16.282</td>
<td>10.75</td>
</tr>
<tr>
<td><strong>Port Orford Cedar</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logs and bolts</td>
<td>17.202</td>
<td>12.80</td>
</tr>
<tr>
<td>Small squares</td>
<td>31.36</td>
<td>23.30</td>
</tr>
<tr>
<td><strong>Red Cedar and Hemlock</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logs</td>
<td>10.05</td>
<td>7.80</td>
</tr>
<tr>
<td>Medium and big squares</td>
<td>11.78</td>
<td>8.80</td>
</tr>
<tr>
<td>Small squares</td>
<td>17.51</td>
<td>13.00</td>
</tr>
<tr>
<td>One-inch boards</td>
<td>19.89</td>
<td>14.80</td>
</tr>
<tr>
<td><strong>Noble fir, spruce, white pine, larch</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logs</td>
<td>8.59</td>
<td>6.40</td>
</tr>
<tr>
<td>Small squares</td>
<td>14.15</td>
<td>10.50</td>
</tr>
</tbody>
</table>

As a result of industrialisation and a high tariff policy, a remarkable change took place in the structure of the Japanese timber trade with both the U.S. and Canada sharing losses. 205 With lumber prices increasing following the tariff application many construction and engineering projects were postponed. Domestic boards and baby squares were used to replace imported specifications to a considerable extent. Importers began to show a decided preference towards purchasing common in place of the better merchantable Pacific Coast grades. 206

In retaliation to Japan's Trade Safeguarding Law, Canada lost little time in lowering the legal Canadian equivalent of 100 yen to $41.51 and also, according to article 7 of the Tariff Act of Canada, in proclaiming an Imperial decree placing an addition duty of 33 1/3% ad valorem on every item of goods originally produced in Japan, irrespective of whether it was a dutiable or duty-free article. Canada and Japan were now engaged in a regular tariff war, and no further effort on either side to improve this unfortunate state of affairs were to bear

205 Elchibegoff, op. cit., p. 219.

any fruit until the end of the Conservative Government in Canada. 207

With the victory of the Liberals over the Conservatives in the Canadian General Elections of 1935, negotiations were at once restarted between the two countries. 208 At the time of the opening of conversations regarding a more balanced trade, enquiries for B.C. logs and lumber were practically at a standstill. 209 From about May 1935, Japan had ceased to buy B.C. lumber. This stoppage was attributed to a command from the Tokyo Government. B.C., at a time when it could ill afford to do so was losing about $6 million worth of trade in timber products. It could not be denied, of course, that Japan had a certain trade grievance against the Dominion but the virtual embargo placed on the Canadian imports by the Japanese Government was pretty hard on B.C. which was a fair buyer per capita of Japanese goods. A situation had arisen at Ottawa in which Eastern and Western Canada were at loggerheads. 210 Commercial peace was to come only when the negotiations between the Japanese and Canadian Governments were concluded. An exchange of notes

207 Tokyo Assoc. etc. op. cit., p. 68.

208 Ibid., p. 70.


between the two governments resulted in the decision of the Japanese Government to cancel as from January 1, 1936, the surtax of 50 per cent ad valorem levied on certain Canadian goods.211

The Conception of the International Marketing Orientation

The problem of tariffs during the bulging years was not confined to the Japanese arena. The issue was much more serious between Canada and the United States and it qualifies for discussion here because of the consequences which were pertinent to B.C.'s attitude towards other export markets, including Japan. In the early 1930's the American Government, like most other Governments, was desperately wrestling with the economic havoc wrought by the depression. Their remedy for the situation was the passage of the National Recovery Act which fixed minimum prices for goods and minimum wages for labour. The National Recovery Act forced a substantial rise in American Oriental markets.212 It may be assumed that a similar price differential existed in the American market for the American Government produced the celebrated Smoot-Hawley


tariff of 1932. Canadian lumber was affected to such an extent that B.C. operators felt that the duty deprived them of a natural market for their output. Thus deprived, B.C. Lumbermen were compelled to concentrate on markets elsewhere and they naturally turned to the British Empire. At the Imperial Economic Conference held in Ottawa in 1932 Imperial preferences were revived at the instance of Canada rather than Great Britain. Canadian lumber was given an advantage of 10 per cent ad valorem. The bulky cheap character of the commodity increased the effectiveness of governmental policy in tilting the preference for lumber to B.C. away from the adjacent areas of Washington and Oregon. The effects of the Imperial preference were startling. Shipments of lumber from B.C. to the U.K. jumped from 81 million board feet in 1931 to 271 million board feet in 1933. It is possible that this shift in market emphasis partly accounted for the fall in shipments from B.C. to Japan from 139 million board feet in 1931 to 61 million board feet in 1933. This fall would have hardly ruffled the B.C. lumberman who felt secure in the great prosperity of the U.K. market. But B.C. lumbermen, thanks to the leadership of Harvey Reginald MacMillan,

were beginning to understand, what has been called in the introduction to this thesis, the international marketing orientation. The U.K. market was a well-woven basket, as it were, into which the B.C. lumbermen could deposit their eggs, but it was only one.

H.R. MacMillan buckled himself down to some shrewd analysis. He noticed that of the chief non-Empire importing countries, Japan, China and South America were the most important, and that in 1933, B.C. supplied only 24 per cent of their imports from the PNW. This quantity was less than 3 per cent of their total timber consumption and about 11 per cent of their total imports.²¹⁶ B.C.'s position had to be assessed in the light of the existing competition. He felt that Washington and Oregon by reason of lower costs and a larger domestic consumption sold abroad at lower prices than B.C. could meet.²¹⁷ He recognized that in Japan and


²¹⁷ MacMillan's assessment was in contradiction to what has been said earlier about price differentials between Canadian and American lumber as a result of the National Recovery Act. The important point, however, was that regardless of the accuracy of his assessment, the fact remained that he did not take for granted B.C.'s advantage in the non-Empire markets. This attitude was complementary to the International marketing orientation.
China, in addition to American competition, there was an increasing volume of competition from Siberia and the neighbouring large forested island of Saghalien (Sakhalin). He advocated co-operation between all classes in British Columbia to restore and maintain B.C.'s ability to produce lumber competitively for outside markets where they sold over 90 per cent of all lumber manufactured. 218

Even before MacMillan made his plan, there was already a cooperative movement underfoot. The enterprise of the B.C. Lumber and Shingle Manufacturers Association coupled with the splendid help of the Federal and Provincial Governments by way of financial assistance enabled B.C. to increase world markets. The Provincial Government had included in the Department of Lands estimates for 1934, a budget of $80,000 for market extension work. 219 The B.C. Lumbermen and those from Eastern Canada sent abroad a lumber specialist who devoted a great deal of time and effort to the education of the foreign customers in regard to Canadian woods. The Canadian Trade Commissioners stationed in the principal markets of the world also received significant support. It

218 MacMillan, loc. cit.

was a matter of perfect team work between the lumber exporters and the Provincial and Federal officials. The trade promotion activities involved technical engineering service, the working with architects and artisans, builders and industrialists.

It would be unfair to suggest that American lumbermen were totally apathetic to markets other than their own domestic one. Some were indeed perturbed by the sales promotion efforts of the B.C. lumbermen. Their volume of export business compared with Canada was steadily declining and they felt that this should be met with aggressive merchandising policy in foreign countries such as Canada was employing. They referred to the zeal with which B.C. products were being pushed in England, the high class personnel of its timber department and the consistent broadsides of advertising and literature that were pouring out of that office. 221

The U.S. Department of Foreign and Domestic Commerce responded to the situation by promising that everything would be done to co-operate with the manufacturers and exporters of American lumber in opening up closed


markets and developing new outlets. Hitherto, all promotional efforts had been undertaken by the lumber exporters at their own expense. The Douglas Fir lumber manufacturers were to continue to bear the brunt of any practical trade promotion campaign.  

222 In this respect the American campaign was less satisfactory than the Canadian. Co-operation between the private lumber interests of the American Northwest was a difficult proposition.  

Internal Disorders in Japan

So much for PNW trade promotion of the 1930's. But the most important result of the U.S. tariff enactment of 1932 was not so much the volume of business that B.C. lumbermen secured by their market extension efforts. Of paramount significance were their awaking to the possibilities of world trade, their enlarged knowledge of the rules of give and take that governed this trade, the fine advertisement they gained both for their product and the land of its origin, the development of their seaports and the increase in shipping that resulted, and


finally, the valuable connections they had formed abroad. Still as the 1930's were drawing to a close in spite of a sound world-wide promotional campaign, the Japanese market for PNW lumber continued to decline. Internal disorders rather than disenchantment with Pacific Coast lumber was the reason. Evidence of Japan's expansionist ambitions has already been noted in the "Manchurian Incident" of 1931. In a near repetition of this event, a new provocation was manufactured in 1937 by Japanese army extremists on the outskirts of Peking in North China. Japanese troops seized large parts of North China, including the cities of Peking and Tientsin. Chinese resistance was great and the incident was escalated into a full-scale costly war which meant the maintenance of a large army in the field. The policies of territorial expansion and vast expenditures on armaments disturbed the stability of the Japanese financial structure. The unparalleled increase in the obligations of the leading banks, the 50 per cent drop in gold reserves, the sharp fall in bank rates, and the rise in commodity prices were creating a difficult situation.


Tokyo Government was indeed sensitive to the unhappy economic situation and attempted to curtail the rising trend of commodity prices. But in the political unrest, the Tokyo Government fell. From then on the situation was to deteriorate even more.

Lacking foreign assets or credit standing abroad, Japan was forced to husband her financial resources and rigidly control imports. Peace commodities had borne the brunt of the restrictions but raw materials eventually were affected. Lumber exchange was soon exhausted by the Japanese lumber importers and this fact handicapped sales and shipments of West Coast lumber. By November 1937, the demand for B.C. lumber from Japan was practically at a standstill.

Another important change induced by the Japanese war effort was the complete Japanese monopolization of softwood imports from North America through the organization of the Japan-American lumber imports company. The Japanese monopoly of timber imports was an exaggerated


version of the general trend in the country where restrictive legislation such as the American anti-trust laws was unknown. Indeed, in Japan it was the Government itself, through the Department of Commerce and Industry which had created this monopoly and practically handed it over to the four giant industrial and trading concerns which maintained branch offices in North America - the Mitsui Bussan Kaisha, the Mitsubishi Trading Co., Yamacho Lumber Co. and Tamura Shoten. This was in part a reaction against the American policy of creating huge export corporations through consolidation of various lumber exporting units specifically exempted from the operation of anti-trust laws.\textsuperscript{231}

The Pacific Coast producers saw this monopoly development as a hindrance to their trade. In spite of the fact that there was a known shortage of timber in Japan, the market for B.C. wood in that country remained dormant. All the lumber orders in Japan were passed through the hands of the Japan-American importing company and were re-routed by it to four other Japanese companies which acted as the actual buying agencies. These concerns received bids from the mills and placed all orders. While this arrangement worked smoothly prior to the war

\textsuperscript{231}"Japanese competition in the Oriental lumber trade",\textit{B.C. Lumberman}, Vol. 23, No. 9, Sept. 1939, p. 28.
when prices and freights were more or less stable, the central control now complicated the business of negotiation between the importers and the mills as the former were without authority to pay more than the fixed price, and all new business had to be referred back to Japan for final acceptance. 232 In October and December of 1939, there were no lumber shipments to Japan by B.C. exporters, the only business done being in small log parcels. 233

The Japanese market was slipping away completely from the PNW lumbermen. The 1911 Treaty of Commerce and Navigation between Japan and the U.S. was formally abrogated on January 26, 1940. 234 At the end of the following year, on December 7, 1941, Japan's zest for territorial expansion culminated in the surprise bombing of Pearl Harbor, the stronghold of the American Pacific Fleet. For the world, the Pacific War had begun and for PNW lumbermen the dark ages of the Japanese lumber market had arrived. The following chapter traces the emergence of the market from this darkness and its development up to the present time.


CHAPTER V

THE PACIFIC WAR AND ITS AFTERMATH: 1941 - 1968

The Hiatus

The years 1941 to 1948 represent a hiatus in the export of PNW lumber to Japan. During the greater part of these years Japan was at war with the Allies which included the United States and Canada. Understandably, there was no trade of any kind between North America and Japan as long as there was no peace and when peace did come it took Japan a few years to recover from the devastation that the war left in its wake and to renew the import of PNW lumber. When the lumber trade was renewed in 1948 it assumed the magnitude of that of the first decade of the present century. It was back to square one for PNW lumbermen. The market was to continue at a modest level until 1961 when Japan's imports of PNW lumber suddenly shot up and when for the first time B.C.'s share of the supply surpassed that of Washington and Oregon. Since that year B.C. exports of lumber to Japan have been increasing while those of Washington and Oregon have been on the wane. This chapter examines the reasons for and the implications of these trends.
During the war, Japan did engage in some foreign trade with the less unfriendly nations and this trade was handled by the Foreign Trade Management Corporation which the Government established in July of 1943. The body was authorized to control imports and exports and was responsible for purchasing and warehousing materials such as lumber, galvanized iron, nails and medicines needed for emergency relief. Japan underwent the sort of hardship that a country at war was expected to suffer, especially in the area of obtaining essential raw materials. There were all sorts of shortages which ran the gamut from steel plate and pipe to wire, copper, nails, cement and lumber.

To stabilize the lumber situation the Japan Lumber Company was set up by the Japanese Government in February 1941. It was authorised to regulate production and sale of domestic lumber and timber and to fix reasonable prices. Some of its specific jobs were to boost production in Japan and the Japanese dependencies (Lumber trade in Japan was then closely tied up with the Japanese program in Manchuria and China.), to exercise control over imports and have power to buy and

---


236 Ibid., p. 138.
sell imported forest products at prices deemed reasonable by the authorities, and to determine resale prices and policies and to control exports.

There is no doubt that lumber was an essential and strategic war material and cut off from external supplies by such things as lack of shipping, trade breakdowns with foreign suppliers and conservation of foreign exchange, the Japanese were forced to exploit their own forests more heavily. During the war, land was devastated and forests were overcut destructively and drastically. Even so, lumber was still in short supply. This shortage was due not to the lack of wood, for Japan was well forested, but to lack of able bodies to cut it. Particularly in the last year and a half of the war when the demand for lumber was the greatest, the supply of men to cut it was the shortest. So acute did the problem become that the army purchased or seized stands of timber in the hills and used its forces to cut, log and deliver the lumber. Sawmills had difficulty getting maintenance parts and retaining


238 Japan Lumber Journal, Inc. op. cit., p. 19.
labour and the Japan Lumber Company declared that by the end of the war half the mills were out of operation.  

The Pacific War ended, as it had begun, with the surprise bombing of enemy territory. This time, however, they were nuclear bombs which were dropped by the U.S. on Hiroshima and Nagasaki in August 1945. They were very persuasive indeed for very shortly afterwards Japan's unconditional surrender was announced by the Emperor himself in an unprecedented broadcast to the nation. History was to repeat itself when the Japanese opened their doors again by signing a treaty on an American gunboat in the very waters where Townsend Harris dropped anchor. On September 2, 1945, representatives of the Japanese government signed the surrender documents aboard the U.S. battleship "Missouri" in Tokyo Bay and Japan entered a period of six and one-half years of foreign occupation by the United States and her Allies. The occupation of Japan was supposed to be an allied venture but it was predominantly planned and executed by Americans under the leadership of General Douglas MacArthur, the Supreme Commander for the Allied Powers (SCAP).

---


At the end of World War II in 1945, the Japanese economy along with a major proportion of its industrial plants was in a state of ruin. Materials and power facilities required for industry as well as the basic necessities were exceedingly scarce. In addition, the scarcity of transportation equipment and evacuation of the industrial centers brought confusion and breakdown of the production and distribution sectors of the economy under the direction of the SCAP, attention was given in the period from 1945 to 1957 to social and political reform for the annihilation of the material basis of imperialism and the encouragement of democratic institutions, rather than to the recovery of the economy.  

The Allied authorities considered the "Zaibatsu", the group of family-owned companies that controlled a large part of Japan's industry, trade and finance, to be a deterrent to the reconstruction of the country with democratic institutions and a competitive economy. Therefore, to redistribute wealth and economic initiative, the SCAP adopted a policy of dissolution of the "Zaibatsu", which it carried out rigorously until 1948. Not only were the gigantic industrial empires  

divided into numerous smaller concerns, but also the wealth of the major "Zaibatsu" families was curtailed and the introduction of a relatively stable free enterprise economy was made. 242

The order of SCAP on July 3, 1947 to Mitsui and Mitsubishi to dissolve came like a clap of thunder. In view of the predominant role of these organizations in the Japanese economy in the past, their disbandment was a matter of the greatest concern not only to the "Zaibatsu" themselves but to the country's economy as a whole. 243 Even though the dissolution of the "Zaibatsu" had political and social merit, it rather inhibited economic recovery instead of stimulating it. 244 Though not particularly concerned with the economic recovery at first, the SCAP were forced eventually to adopt a policy of strengthening Japan economically.

The United States had to re-examine its position around the world in general and in the Far East in particular. China was in the throes of civil war and the Communist ideology which was undesirable to the

242 Ibid.


244 J. Dryburgh, op. cit., p. 4.
Americans seemed to be taking hold of the people. The United States began to see the need for a strong Japan, willing to serve as a partner of the West in the fight against Communism. 245 The SCAP enacted a Nine Points Stabilization Program which provided for the stabilization of the economy in general, and in particular, for expansion of trade and production. Despite official restrictions, the companies formerly associated with the "Zaibatsu" were allowed to regain leading positions in the principal branches of industry. After April 1952, when the Peace Treaty became effective, these restrictions were removed or moderated, and following the lifting of the ban on the use of former company names, trademarks and such-like, the former names were revived again. 247

The development of the Japanese economy in the early post-war period was unprecedented. The Korean War which exploded in 1950 gave sudden spurt to the industrial activities of Japan. Situated as she

246 J. Dryburgh, op. cit., p. 4.
was right next to the field of conflict, Japan became a convenient base of operation for the United Nations (U.N.) forces and she naturally received all kinds of orders related to the prosecution of war. 248

The demand for Japanese goods for the UN forces stimulated production and export. By 1955, the post war reconstruction allowed economic conditions to surpass the prewar 1934-1936 level with a Gross National Product of 8.235 million yen. 249

Even before the outbreak of the Korean War, Japanese foreign trade had been restarted. Immediately following the cessation of hostilities trade between Japan and the rest of the world was carried out on a government-to-government basis. In August 1947, the SCAP permitted a limited amount of private foreign trade to occur. 250 With the arrival of Senator Dodge in Japan in 1949 came further measures to promote the economy. Under his guidance legislation was introduced in the form of a foreign exchange and foreign trade control law. This allowed more exporting by private companies in December 1949 and more importing


249 J. Dryburgh, op. cit., p. 17.

250 Ibid., p. 11.
by private companies in January 1950.\textsuperscript{251}

Compared with Germany, Japanese trade had been somewhat slower to develop internationally because United Nations purchases in the Orient for the Korean action took a substantial part of what Japan could produce and lessened the need to sell abroad. By the early 1950's Japan was shipping an almost amazing assortment of well-made items, very low in price, to Southern Hemisphere countries outside the Commonwealth, and was earning dollars with which to buy Canadian raw materials, semi-processed items and some manufactured goods.\textsuperscript{252} In the Western World there was a lively awareness of the fact that if the Western Nations did not make room for Japanese participation in the commerce of nations, then Communist markets and Communist supply would look good to them and they would lose Japan from the Western group of nations economically.\textsuperscript{253}

\textbf{Rebirth of the Japanese Lumber Trade}

Pacific Coast lumber exporters were particularly gratified with the liberalization of trade. They had been receiving optimistic letters

\textsuperscript{251} Ibid., p. 4.


\textsuperscript{253} Ibid., p. 66.
from Japan with respect to revival of the lumber trade but they felt that no private business could be conducted until the SCAP had been eliminated as trader between the U.S. and Japan. The apparent growth of the Japanese national income and the expansion of production had been partly brought about at the sacrifice of the national resources. The forestry resources, for instance, were diminishing year after year. In 1951 the forest laws were entirely revised to ensure continuous care of the forest and increase forest production by the establishment of a system for plants and forest owner associations. These newly established forest plants imposed on owners of forests the obligation of afforestation and restrictions on cutting trees and also indicated standards for forest management.

With these restrictions on domestic supply, the need for foreign sources of timber became acute. Japan, then with a population of 80 million needed a minimum annual lumber supply of 8½ billion feet, of


which a maximum of 6 billion feet was to be expected from the native forests.\textsuperscript{257} It was estimated that this deficit of 2.5 billion feet had to be made up over a period of 30-40 years. Japan needed mostly the so-called Jap squares in sizes 12" square to 24" square, in lengths from 20 to 40 feet. The material was badly needed for renovation of bridges, wharves and shipways, as well as for the construction of schools, hospitals, and other welfare institutions.\textsuperscript{258}

The Americans were the first to book an order of lumber in the post-war period. This was in 1949 when the firm of John P. Therber and Co. Inc. took an order for Douglas fir clears and squares totalling approximately 6 million board feet. The lumber was to be supplied by the mills of the Weyerhauser Timber Co.\textsuperscript{259} The Canadians sent their first post-war lumber shipment to Japan in 1950.\textsuperscript{260} It was only in September 1949 that the Canadian Government regulation of lumber exports through quotas was discontinued.\textsuperscript{261} There was great optimism that Japan would again be buying large quantities of softwoods from the Pacific Northwest. There was also the feeling that the Japanese would have to

\textsuperscript{258} loc. cit.
\textsuperscript{259} "Japanese order booked," \textit{Timberman}, Vol. 50, No. 5, March 1949, p. 126
\textsuperscript{260} See Figure 1.
make some slight adjustment in the pattern of their demand. Whereas in
pre-war times it was relatively easy for the Japanese to procure logs
or large squares, the development of the plywood industry both in the
U.S. and Canada had changed the picture radically.262 The great domestic
demand for large timber in North America had forced up the ruling price
for forest products in the North Pacific area at the very time when Japan
needed large quantities of Douglas fir and other softwoods for reconstruc-
tion.263 No one imagined that the Japanese had the ability to pay for
their timber needs from the PNW. But the boom brought about by the
Korean War enabled them to sustain their demand for large timber,
especially logs, the logs that were necessary to feed her large sawmill
capacity.264

In 1954 Japan required over 3 million housing units to ease the
housing shortage.265 The generally buoyant state of the Japanese
economy in 1957 resulted in an upswing in the demand for construction

262 "Seaboard Salesmen seek Far East markets," B.C. Lumberman,
Vol. 36, No. 8, Aug. 1952, p. 76.

263 Robert C. Hill, "New shipping priority policy," Timberman,

264 J.C. Britton, Foreign Trade, Vol. 13, No. 319, Feb. 7, 1953,
p. 46.

265 "Commodity notes - Japan," Foreign Trade, Vol. 14, No. 369,
lumber. A substantial percentage of the Japanese demand for West Coast timber was for Douglas fir and this explained Washington and Oregon's still dominant position in the Japanese market.  

The forests of B.C. contained a much smaller proportion of Douglas fir than those of the American Northwest. Furthermore, the Douglas fir in B.C. contained a very much smaller proportion of peeler and high-grade sawmill logs than the average in the U.S. The long lengths and clear cants which used to win new markets for Douglas fir were no longer available from the Interior of B.C. and most of the highest quality Coastal Douglas fir logs were ending up in plywood mills.

The Ascendancy of B.C.

The time series of Figure I, p. 178, reveals how meagre B.C.'s share of Japan's lumber import from the PNW was during the 1950's. Suddenly in 1961 something phenomenal occurred. For the first time in its history the volume of lumber shipped to Japan from B.C. surpassed


268 J.H.G. Smith, from an address contained in "New Marketing Insights for Forest Products Companies", (Univ. of Oregon, 1964), p. 78.
that from Washington and Oregon. The 1961 B.C. figure was 9,510 per cent over 1960 and up 12,000 per cent over 1959. American lumber shipments rose only slightly from 1959 to 1960 and although there was a significant increase from 1960 to 1961 it was only 157 per cent compared with the B.C. increase of 9,510 per cent. The table on the page following shows the absolute increases in lumber exports. It also shows the absolute increases in log exports and these statistics provided the lumbermen of the American Northwest with their excuse for B.C.'s success.

The table reveals that whereas Washington and Oregon were sending many logs and little lumber to Japan, B.C. was sending few logs and much lumber. The American Northwest lumbermen argued that this was due to the fact that the U.S. exported logs freely while in B.C. certain restrictions applied to the export of logs. Restrictions on B.C. Log exports commenced in the early 1900's when the mills of Washington and Oregon were competing with B.C. mills for B.C. logs. Today, B.C.

---


270 Bob Christopher, Personal Interview, April 5, 1968.
<table>
<thead>
<tr>
<th></th>
<th>LOG EXPORTS</th>
<th></th>
<th>LUMBER EXPORTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S. West Coast</td>
<td>B.C.</td>
<td>U.S. West Coast</td>
<td>B.C.</td>
</tr>
<tr>
<td>1959</td>
<td>48,000</td>
<td>28,535</td>
<td>45,769</td>
<td>1,200</td>
</tr>
<tr>
<td>1960</td>
<td>92,000</td>
<td>40,311</td>
<td>46,883</td>
<td>1,607</td>
</tr>
<tr>
<td>1961(^3)</td>
<td>300,000</td>
<td>60,000</td>
<td>117,957</td>
<td>155,550</td>
</tr>
</tbody>
</table>

1. B.C. Log exports are totals including those sent elsewhere than Japan.
2. U.S. West Coast lumber export figures differ only insignificantly from those in Appendix 1. Probably, California figures are included here.
3. 1961 log export totals are estimated.

will export logs only after a prescribed legal procedure has been followed. This requires an applicant for an export permit to submit *bona fide* statements from three local lumber manufacturers refusing to buy his logs. The application is then examined by an advisory board consisting of loggers, exporters, shingle and lumber manufacturers, and representatives of the Provincial Forest Service. This group then recommends to the Minister of Lands and Forests in Victoria as to whether the permit should be granted and in practice the recommendation generally carries. Some Washington and Oregon lumbermen felt that had the U.S. adopted a log export policy similar to that of B.C., its shipments of job-creating finished lumber products would have benefited accordingly. That this was a classical *non sequitur* is made evident upon close examination of the historical record.

Japan at the edge of the sixties was a country that was about to go on a spending spree for wood. The national needs of a burgeoning population in a tiny area with a rising living standard and great purchasing power has proved difficult to meet. In 1960 alone, Japanese
consumption of wood products rose by three billion feet. Plant capacity and employment in the wood converting industry were expanded accordingly and expanded despite the full knowledge of the degree to which their own resource was being overcut.\(^{272}\) Timber production in Japan had not been able to meet the changes and increases in demand, with the result that timber prices had continued to rise steadily reflecting the unbalanced demand and supply which accelerated rapidly in 1961.\(^{273}\) It was in 1960/61 that the Japanese realized that their forest resources were in poorer shape than they had imagined. Consequently, the Government put a ceiling on the timber cut and this coincided with a period of prosperity in Japan when the demand for timber shot upwards.\(^{274}\) Fortunately for Japan, she had accumulated sizeable quantities of foreign exchange through trade in the 1950's so that she was in a position to buy logs and lumber in increased quantities in 1961. Trade became completely free in 1961 when importers found less difficulty in obtaining dollar allocations from the banks.\(^{275}\)

\(^{272}\) *loc. cit.*


\(^{274}\) Jan Solecki, Personal Interview, April 2, 1968.

\(^{275}\) Hisashi Tanoi, Personal Interview, March 28, 1968.
The West Coast of North America was the obvious source of soft-wood logs and protected Japanese markets made it possible for their traders to pay whatever price was necessary to obtain the U.S. logs. Apparently, however, there was a sudden shortage of logs all over the world and because of this the Japanese were forced to take more of their timber needs as lumber. Table VII following details the increase in import of PNW lumber and logs by species and specification for the years 1959 - 1963. Although there are discrepancies between this table and Appendix I there is one important and undisputable feature and that is the phenomenal increase in the import of hemlock baby squares from about 1 million board feet in 1960 to about 60 million board feet in 1961. The evidence suggests that most of this increase was supplied by B.C. The type of lumber that the Japanese most demanded was these very baby squares which the U.S. mills were not prepared to cut because of the troublesome Japanese specifications. Japanese lumbermen did


278 loc. cit., The American mills were more interested in setting up standard lengths, thicknesses and widths for their domestic market and producing in great volume and great speed to these specifications. Because the Japanese specifications were odd in the American market, it
## TABLE VII

**JAPANESE IMPORTS OF PNW TIMBER: 1959 - 1963**

(1000 board feet)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hemlock Log</td>
<td>1,153</td>
<td>1,210</td>
<td>204,460</td>
<td>200,443</td>
<td>579,258</td>
</tr>
<tr>
<td>Mixed Log</td>
<td>-</td>
<td>-</td>
<td>111,402</td>
<td>102,623</td>
<td>144,112</td>
</tr>
<tr>
<td>D.F. Log</td>
<td>8,840</td>
<td>27,904</td>
<td>120,003</td>
<td>74,029</td>
<td>125,361</td>
</tr>
<tr>
<td>P.O.C. Log</td>
<td>56,232</td>
<td>56,597</td>
<td>66,562</td>
<td>66,713</td>
<td>87,665</td>
</tr>
<tr>
<td>Spruce Log</td>
<td>5,171</td>
<td>11,986</td>
<td>41,625</td>
<td>46,106</td>
<td>68,185</td>
</tr>
<tr>
<td>Firs Log</td>
<td>12,972</td>
<td>16,764</td>
<td>32,038</td>
<td>33,836</td>
<td>8,505</td>
</tr>
<tr>
<td>Noble Log</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>47,566</td>
</tr>
<tr>
<td>Calif. Fir &amp; Pine Log</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,375</td>
</tr>
<tr>
<td>Y.O.C. Log</td>
<td>4,347</td>
<td>1,203</td>
<td>39,295</td>
<td>9,184</td>
<td>21,143</td>
</tr>
<tr>
<td>R.C. Log</td>
<td>6,046</td>
<td>7,236</td>
<td>8,100</td>
<td>7,898</td>
<td>28,551</td>
</tr>
<tr>
<td>Pines Log</td>
<td>502</td>
<td>15,709</td>
<td>33,202</td>
<td>6,044</td>
<td>15,291</td>
</tr>
<tr>
<td>Alaskan Log</td>
<td>7,197</td>
<td>8,310</td>
<td>5,292</td>
<td>3,791</td>
<td>-</td>
</tr>
<tr>
<td>Cottonwood Log</td>
<td>2,784</td>
<td>5,576</td>
<td>8,551</td>
<td>4,178</td>
<td>2,100</td>
</tr>
<tr>
<td>Others Log</td>
<td>48</td>
<td>139</td>
<td>1,480</td>
<td>8,745</td>
<td>-</td>
</tr>
<tr>
<td>P.F. Piling</td>
<td>15,638</td>
<td>22,162</td>
<td>28,751</td>
<td>25,171</td>
<td>21,358</td>
</tr>
<tr>
<td>Hem. Baby Sqr.</td>
<td>-</td>
<td>1,023</td>
<td>57,923</td>
<td>90,906</td>
<td>146,457</td>
</tr>
<tr>
<td>Alaskan Lumber</td>
<td>18,279</td>
<td>21,339</td>
<td>43,693</td>
<td>34,938</td>
<td>21,245</td>
</tr>
<tr>
<td>Mixed Spcs. Lbr.</td>
<td>-</td>
<td>-</td>
<td>25,681</td>
<td>27,742</td>
<td>-</td>
</tr>
<tr>
<td>D.F. Square</td>
<td>37,021</td>
<td>33,498</td>
<td>51,434</td>
<td>27,485</td>
<td>37,083</td>
</tr>
<tr>
<td>Hem. Square</td>
<td>1,144</td>
<td>1,198</td>
<td>23,889</td>
<td>21,153</td>
<td>69,929</td>
</tr>
<tr>
<td>Hem. Fitch</td>
<td>-</td>
<td>-</td>
<td>8,646</td>
<td>18,500</td>
<td>-</td>
</tr>
<tr>
<td>Hem./Bal. Lbr.</td>
<td>-</td>
<td>-</td>
<td>5,639</td>
<td>8,889</td>
<td>-</td>
</tr>
<tr>
<td>R.C. Baby Sqr.</td>
<td>-</td>
<td>-</td>
<td>13,806</td>
<td>4,436</td>
<td>6,737</td>
</tr>
<tr>
<td>D.F. Fitch</td>
<td>1,586</td>
<td>1,875</td>
<td>6,697</td>
<td>3,930</td>
<td>3,148</td>
</tr>
<tr>
<td>R.C. Fitch</td>
<td>-</td>
<td>-</td>
<td>3,492</td>
<td>3,469</td>
<td>-</td>
</tr>
<tr>
<td>Spruce Fitch</td>
<td>-</td>
<td>-</td>
<td>1,399</td>
<td>2,724</td>
<td>24,694</td>
</tr>
<tr>
<td>Y.C. Baby Sqr.</td>
<td>-</td>
<td>-</td>
<td>174</td>
<td>1,936</td>
<td>5,273</td>
</tr>
<tr>
<td>Y.C. Fitch</td>
<td>-</td>
<td>78</td>
<td>1,433</td>
<td>1,368</td>
<td>-</td>
</tr>
<tr>
<td>Spruce Square</td>
<td>-</td>
<td>-</td>
<td>150</td>
<td>450</td>
<td>-</td>
</tr>
<tr>
<td>P.O.C. Fitch</td>
<td>-</td>
<td>121</td>
<td>187</td>
<td>201</td>
<td>15</td>
</tr>
<tr>
<td>D.F. Baby Sqr.</td>
<td>-</td>
<td>-</td>
<td>2,081</td>
<td>359</td>
<td>-</td>
</tr>
<tr>
<td>R.C. Square</td>
<td>-</td>
<td>-</td>
<td>222</td>
<td>297</td>
<td>-</td>
</tr>
<tr>
<td>P.O.C. Baby Sqr.</td>
<td>-</td>
<td>-</td>
<td>868</td>
<td>89</td>
<td>-</td>
</tr>
<tr>
<td>Spruce Baby Sqr.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>178,961</td>
<td>233,928</td>
<td>948,103</td>
<td>871,056</td>
<td>1,497,118</td>
</tr>
</tbody>
</table>

approach the Americans with orders for particular Japanese specifications — special lengths of 10 ft., 13 ft., and 20 ft. — but they were prepared to supply only random lengths because their mills were geared to produce in this fashion. The Japanese buyers got a much better reception from the Canadian mills which, in keeping with the international marketing orientation, were prepared to supply the specifications that they desired.\(^\text{279}\) The B.C. giant, MacMillan Bloedel Ltd. got back into the Japanese trade in 1961 when they decided in principle to cut to Japanese specifications and turned to producing hemlock squares since fir was no longer easily available.\(^\text{280}\) Akira Saheki, a prominent Japanese timber importer, summed up the situation thus:

"As long as U.S. mills desire to take the position of Canada in today's export market to Japan, I must say their failure to do so is entirely the U.S. mill's fault. They have failed to meet Japanese specifications and have failed to compete with Canadian products in price."\(^\text{[Sic]}\)

\(^{279}\) Akira Saheki, Personal Interview, March 27, 1968.

After a year's experience of buying baby squares from the U.S. and Canada further purchases were restricted to the latter country because the price and quality were more to Japanese liking. Two facts are now abundantly clear, firstly that the increased consumption of B.C. lumber had nothing to do with B.C.'s log export policy and, secondly, that the U.S.'s refusal to cut Japanese specifications rather than their liberal policy on log exports accounted for their being surpassed by B.C. in lumber shipments to Japan. Notwithstanding this, the forest products industry associations of Washington and Oregon claimed that where log exports had been permitted, they had increased sharply and steadily, and lumber exports had been very small in comparison.

281 A. Saheki, "Lumber and log trade with Japan," *Western Forester*, Vol. 13, No. 5, Feb. 1968, p. 4. Saheki was trying to say that the U.S. Mills by their unpreparedness to cut Japanese specifications allowed the Canadian mills to consolidate their position in the Japanese market.

On the other hand, areas where log exports had been restricted, such as Alaska and Canada, had shown sharp and steady increases in lumber exports. To make the broad statement that B.C. was exporting more lumber than the U.S. without specifying the type of lumber tempts one into arriving at the wrong conclusion. It must be admitted, however, that because of their liberal log export policy, Washington and Oregon did, in fact, export more logs than lumber to Japan, but this comes out as only a partial truth when one becomes more specific. Table VII showed that the increases in log imports between 1960 and 1961 from the PNW were primarily in hemlock (16,797%), Douglas fir (330%) and Spruce (247%). It is safe to assume that most of these increases were borne by the U.S. The increase in hemlock log imports were astounding. Of course, the liberal U.S. log export policy was partly responsible for this in the sense that it facilitated Japanese purchases of the material in the U.S. rather than in B.C. One could not deny, however, that the refusal of the U.S. mills to cut their own hemlock logs to Japanese specifications had a lot to do with their impasse. In this respect the B.C. mills showed more enlightened marketing ability.

The Log Export Controversy

The sawmillers of the American Northwest were not really disturbed about their shrinking share of the Japanese lumber market as such. They still had their very viable domestic market to supply. They were concerned, however, with their increasing share of the Japanese log market, a trend which was damaging their own sawmilling industry. The U.S. sawmills were caught in a squeeze between the plywood industry which outbid them for the better Douglas fir sawlogs and the Japanese who outbid them for the white woods (hemlock, white fir, balsam and spruce). 284

Plywood was oriented not to western softwoods but to Douglas fir since virtually all of the softwood plywood was made from that species. 285

The American Northwest sawmillers saw the solution to their problem in the passage of legislation to restrict the export of logs to Japan. It should be added that pressures on the State Governments to restrict the export of logs did not arise solely from the desire of Washington and Oregon sawmillers (particularly the smaller ones) to get cheaper logs. There were a complex of factors that gave rise to this situation most of which are beyond the scope of this thesis. The question of log exports to Japan is dealt with here only insofar as it related to the

---


Japanese lumber market.

Nature postponed any serious consideration of such legislation when October 12, 1962 (Columbus Day), a series of severe storms did widespread damage to the forests of the Pacific Northwest. In all, the storms affected some 30 million acres of commercial timberlands and levelled an estimated 17 billion board feet of timber. It was necessary to salvage the blown down timber so as to forestall the development of serious bark beetle infestations that could destroy standing timber. There seems to be general agreement among all parties that Japanese activity in the Pacific Northwest log markets did much to finance and expedite the cleanup from the 1962 blowdown. Viewed from the other direction, it might well be that the blowdown accelerated Japanese purchases of U.S. logs. The facts that the salvaged logs were coming to market, many of them in the species desired by the Japanese, and that the sellers were in a hurry to dispose of them, might have been major factors in generating the rate of export now being treated as a threat by the domestic manufacturing industry.\textsuperscript{286}

The Japanese claimed that the U.S. government requested Japanese lumber firms to import wind-thrown timber. The Japanese trade periodical, the Japan Lumber Journal, reported the following to be the thought

\textsuperscript{286} W.H Fisher, \textit{op. cit.}, p. 14 - 16.
expressed by the American Embassy officials:

"America welcomes export of timber to Japan, and some conflicting problems in America will be gradually solved by increasing exports. The U.S. government has already held talks with Japanese lumbermen on these problems.

We have pleasure in informing Japanese lumbermen that there is every possibility of exporting the fallen timbers to Japan from the Pacific Coast. Any questions on this problem will be welcome."

The sale of surplus logs to the Japanese naturally led to fewer purchases of lumber from the Americans.

No sooner had the debris from the Columbus Day blowdown been cleared up when the question of restriction on log exports raised its head again. But the Japanese were already thinking of counter-measures. Opposition to the import of logs into Japan by the Americans was met by demands by Japanese sawmillers for barriers to the imports of lumber. Japanese wood converters had asked their government to apply severe restrictions on the import of North American sawn lumber and to encourage the import of logs. The American Lumber Sawmiller's Association


(a Japanese association of mills sawing imported logs) presented the position to the Forestry Agency and to the Ministry of International Trade and Industry and to the Japan Lumber Importers Association. Some duty was already imposed on and more fully sawn items with the purpose of discouraging lumber and encouraging log imports. To make matters worse, Japan's demand for logs was accentuated by the modernizing of the lumber industry in Japan. For the first time the Japanese Government was lending heavily to its own lumbermen for expansion and modernization of their mills.

The Japanese were very clear in their own minds about what they wanted by way of timber from the PNW. They needed a certain minimum quantity of logs to feed their sawmills. Norio Tanaka, Secretary General and Managing Director of the Council for Forest Resources, Tokyo, had earlier expressed the opinion that Japanese imports of U S. wood fibre would remain at about the ratio of three-quarters logs to one-quarter


lumber and added that this would be subject to the free play of economic forces and not artificially pegged by the Japanese Government.  

The PNW sawmillers were disenchanted with "the free play of economic forces" for it was crippling them. On the contrary, they were for artificially pegging the ratio of logs to lumber. Senator Warren Magnusson urged the Secretaries of State and Commerce to negotiate an agreement with the Japanese whereby they would have to import lumber and plywood as a condition of continued import of logs. He urged establishment by trade agreement of a "mixed export trade" consisting of proportionate log, lumber and plywood exports. This is how he rationalised the small export of lumber to Japan from the American West Coast:

"Clearly, there exists a substantial and growing market in Japan for lumber and plywood - a market being supplied in part by the lumber mills of British Columbia, which prohibits the export of logs. Because the Japanese are

---


eager to continue purchasing logs from us, it is reasonable to assume that they would also be willing, as a condition of continued log purchases, to agree to take a specified proportion of lumber and plywood purchases by the Japanese, to be tied to a progressive decline in Japanese purchase of uncut logs. The intense pressure on the log market would be relieved, while a firm export market was being established for lumber and plywood."

This plan was not without its practical problems. John Hampton, a Portland lumberman, provided an able rebuttal to this suggestion.

"It would not appear to be desirable to tie together log exports with lumber volume. With a sensible limit on log export volume, the Japanese could be free to obtain their lumber to their best advantage whether here, Canada, Siberia or elsewhere. Without a specific commitment to furnish lumber to Japan, U.S. production would be available for domestic consumption when needed."

Hampton was quite confident that the Japanese would buy American lumber once a restriction on log exports was exercised. He felt that the Japanese understood that they had to take more lumber if they wanted to get logs. He was convinced that the only reason they had not bought

lumber in the past was because of the ease with which they could get logs. He did concede, however, that the American lumbermen had to find a practical means of selling lumber to the Japanese. Western lumbermen had to deliver the lumber that the Japanese were willing to take or risk having the Federal Government term restrictions on log exports a failure.\textsuperscript{294} Hampton was confident that the American lumbermen could find a way to produce Japanese specifications which would be compatible in manufacture with items which they were cutting for the domestic market. The American millers had to be prepared to take some sacrifice in the inconvenience of changing their methods to cut to Japanese requirements rather than have their business exported to Japan in the form of logs.\textsuperscript{295}

As late as March 1967, there were only 10 mills in Washington and Oregon that had established a good reputation in Japan and were willing to cut to Japanese requirements. Akira Saheki felt that the number of mills for cutting hemlock baby squares could be greatly increased but that this would be limited to those mills which were able

\textsuperscript{294} "We must deliver lumber Hampton warns export men", Western Timber Industry, Vol. 19, No. 3, March 1968, pgs. 1, 8.

\textsuperscript{295} John Hampton, Personal Interview, March 27, 1968.
to cut Cascade type hemlock logs, the type which the Japanese preferred. Saheki came to the conclusion that the U.S. Lumber export to Japan would not be increased by the stoppage of log exports. He was sure that if Japan could increase her lumber import, the majority of increase would benefit Canadian mills as long as the U.S. mills kept the same policy as before without adjusting to the new structure of business. With reference to Senator Magnusson's plan, he felt that the idea of allowing export logs to Japan, combined with lumber orders was impractical since, generally, log wholesalers and lumber wholesalers were operated separately in Japan and also some U.S. lumber suppliers were not in a position to supply logs to Japan and U.S. log suppliers could not furnish lumber.

Saheki, the practical timber trader, found learned support for his views in Dr. John Zivnuska, the scholar:

"(Log) exports have been blamed for various ills of the forest industries of Oregon and Washington, which in reality seem to reflect a complex of forces. Some lumber manufacturers in the PNW apparently believe that if log exports were restricted, 

---


lumber exports to Japan would expand with the advantage of additional economic activity in the Northwest. The extent to which any enforced reduction of log exports to Japan would be picked up by expanded lumber imports by Japan is a debatable point, as is the question of whether any such increase in lumber imports would come from the U.S. or from other nations."

**Russia and Alaska to the Rescue**

There was a great deal of speculation as to which other nations could supply what particular types of material to Japan should restriction on log exports be fully adopted. Siberia, the great competitive threat of the 1920's, was to be hotly discussed again. With softwoods, American logs had been playing the major part with Siberian logs in a supporting role, but in August of 1964 the Japanese began to talk about a turning point in foreign timber imports. Some importers recommended that more attention be paid to the import of Soviet logs which were in a far better position than American logs in respect of price and transport. They held that the supply of Soviet logs was inexhaustible and added that the Soviet Government was looking to Japan for the development and use of these resources. These logs were the best goods in the Soviet-Japanese two-way trade and the U.S.S.R. wanted to expand trade with Japan. As far as these business interests were concerned, Japan and the Soviets were in complete agreement and there
was every possibility that the import of Soviet logs would greatly increase.

The U.S.S.R. trade representative in Japan, Boris V. Ivanov, was also supporting closer relations between Japan and the Soviet Union in the timber trade. He spoke of the almost unlimited reserves of the far east area of the Soviet Union and the short distance between this area and Japan. The insinuation was that any restriction on log exports from Washington and Oregon would be met by increased log imports from the Soviet Union so that the lumber purchases from the U.S. Pacific Northwest would not necessarily be stepped up. John Hampton was not convinced that Russian sources could satisfy Japan's log requirements should the U.S. impose restrictions. He was of the opinion that the Japanese still had great difficulty in dealing with the Russians and to get any significant increase in softwood from this source would be impossible from physical limitations as well as from trading relationships. He cited Japan's large deficit trade balance with Russia, the


difficulties attached to Russia expanding her softwood production because of climatic and labour factors, the problem of transporting timber to the Russian ports and the problem of getting the timber loaded in increasing quantities. 301 To all these arguments was added the fear that the Soviet Union was cutting down on their logging because they were becoming skeptical about the extent of their forest resources. 302 The available evidence suggested that the U.S.S.R. would be facing a tight wood supply and relatively high-cost production and in the long run rising domestic consumption would tend to keep up with the expanded output. 303

Still, it was felt that the Japanese could get as much as they wanted from Russia, but at a price. Although the timber stands of Eastern Asiatic Russia were fairly extensive there were large costs standing in the way of their exploitation. If the Russians had other natural resources in this area, they probably could have spread the development costs to mining industries, tourist industries and

301 John Hampton, Personal Interview, March 27, 1968.
302 Jan Solecki, Personal Interview, April 2, 1968.
303 J. Zivnuska, op. cit., p. 95.
others. But the whole cost of opening the territories had to be attributed to the Forest Industry and this meant that the prices of forest products would be driven upwards.\textsuperscript{304} As far as Russian lumber was concerned, some of this was already marketed in Japan but there were numerous complaints about such things as quality and uneven dimensions. There was also much dissatisfaction with the species mix received from Russia.\textsuperscript{305}

Alaska was another source of supply to which the Japanese gave consideration. The Japan Lumber Journal of February 1968 carried an article which referred to an announcement by Walter J. Hickel, the Governor of Alaska. He claimed that Japan's lumber industry had undertaken to buy all the lumber that Alaska could produce, and that he had received a letter of commitment to this effect from four major Japanese trading companies - Mitsubishi Shoji, Mitsui Bussan, Ataka Sangyo Co. and Marubeni-lida. These four importers hastened to comment that Hickel's statement was rather exaggerated. They added the following

\textsuperscript{304} Jan Solecki, Personal Interview, April 2, 1968.

The four member companies of Alaska Hinoki-Kai including Alaska Pulp Company have submitted a letter of commitment to the Governor at his request, stating that companies would purchase entire quantities of the production of primary processed lumber, mostly in the form of cants if the prices are reasonable.

...it will not be realized in the near future as the Governor states that imports of substantial quantities of the products can be more." (sic)

The long-term supply position of Alaska was deemed to be a powerful force in the Japanese market since the increasing industrial demands on the forests of Washington and Oregon continued to improve Alaska's competitive position. Moreover, Alaskan Coastal forests were becoming increasingly valuable as Canadian mills utilized more remote timber stands. Charles Young of the WWPA was dubious about Alaska's ability to meet Japanese demands since this market required so much more than Alaska's potential shipments. But John Hampton added that

306 "Japan to buy all lumber that Alaska can produce," Japan Lumber Journal, Vol. 9, No. 3, Feb. 30, 1968, p. 1. The last sentence of this quotation seems to mean that the Japanese, in spite of the Governor's remarks, could not substantially increase their imports from Alaska.


308 Charles Young, Personal Interview, March 26, 1968.
Alaskan resources would in the future be very much needed and very much appreciated in view of the increasing demand for timber, not only in Japan, but all over the world.  

As things stood, Japan was the most important foreign market for Alaska's products, receiving 76% of the total exports in 1962, 82% in 1963 and 89% in 1964. The best Sitka spruce logs were cut into cants and graded in various export grades and shipped to Japan. Timber sale contracts by the forest service required primary manufacture of western hemlock and sitka spruce logs in Alaska. However, because there was no market for cedar logs, in Alaska, the better logs were exported to Japan rather than left in the woods. Alaska became the focus of attention for the Treasury Department of the U.S. Federal Government in 1968. This northernmost State of America was seen as the means to solving the log export problem of the Pacific Northwest. The gist of the Treasury Department plan was to shift some of the drain on logs onto Alaska which had hitherto restricted log exports.

309 John Hampton, Personal Interview, March 27, 1968.

The Japanese were then to be persuaded to take part of their growing wood needs in the form of sawn lumber from Alaska, and this sawn lumber purchase was to be a quid pro quo for the continuation of log exports. The WWPA endorsed the participation of Alaska in the Japanese market when they recommended that the bulk of the baby square business should be left to this state and B.C. They figured that the U.S. mills would be better to concentrate on supplying medium and large size squares. There were important reasons for this suggestion, not the least of which was some evidence that the Japanese were attempting to show the inability or disinterest of American producers in supplying the smaller and less profitable specifications. Presumably, the Americans were prepared to cut the large and medium squares to Japanese specifications for they knew that the Japanese sawmilling industry had geared itself to timber and not to resizing or refinishing lumber imports. Moreover, they had been warned earlier that Canada


313 "The export log jam - is diplomacy the answer?" Forest Industries, Jan. 1968, p. 69.
was the only country in a position to supply Japan with lumber in substantial quantities because the production situations in Canadian mills were applicable to Japan.\textsuperscript{314} The Americans, however, still had their trump card.

For as long as they could, the Federal administration had taken no positive action on the question of log exports because the joint decision of the Departments of State, Treasury, Commerce, Agriculture and Interior and the Council of Economic advisors had been that other national affairs would not permit the imposition of restrictions on Japanese trade.\textsuperscript{315} But the squeeze came on Thursday, April 18, 1968 when the U.S. Secretary of Agriculture, Orville L. Freeman, announced that log exports from Washington and Oregon would be cut by half. The restrictions became effective on April 22, 1968, and were to last, for the time being, until July 1969. Naturally enough, the Japanese Government decided to lodge a protest with the United States against these restrictions.\textsuperscript{316} The showdown had arrived and interested parties


\textsuperscript{315} Pacific Power and Light Co., op. cit., p. 10.

waited to see whether logs would start flowing into Japan from other sources. Pertinent to this thesis, however, the more important focus was the attitude of the Japanese lumber buyers. Would they or would they not buy more lumber from Washington and Oregon? Could the American Northwest ever regain their dominant position in the Japanese lumber market, a position which B.C. then held and still does hold, so strongly? Speculation on these questions has been reserved for the concluding chapter.
CHAPTER VI

CONCLUSION

The study of history is justified not so much because the past was eventful and exciting as because the future needs direction. The past is important only insofar as it instructs us for the future, and if we are to travel towards the horizon with sound philosophies and clear objectives we would be better to search the past to find the rules for future conduct. The last five chapters have attempted to reconstruct the past about the Japanese lumber market by piecing together information and opinions from several published and unpublished books and monographs, periodicals, newspapers, and personal interviews with knowledgeable men. The message that stands out in high relief upon a perusal of the history is the contrast between B.C. and the American Northwest in their attitudes towards export markets. B.C.'s low population: forest resource ratio was the basic compelling reason for her interest in export markets where she had to sell the bulk of her output. The American Northwest lumbermen on the other hand, protected by various tariffs at various times had a good strong "basket" in their own domestic market and they did not hesitate to "put all their eggs in it." But the value of researching the history of the Japanese
market does not end with the transmission of this fairly obvious message. It rather begins with it, for it is in the practical manifestations of the international market orientation that a country builds the "infrastructure" that strengthens her against her competitors.

It would be an over simplification to say that B.C. overtook Washington and Oregon in the Japanese lumber market merely because she decided to cut hemlock baby squares to Japanese requirements while the Americans could not be bothered. History reveals that there is more to the story than that and part of the function of this chapter is to elaborate on this basic issue. It was not mere apathy on the part of the American Northwest lumbermen that caused them to ignore the Japanese requests. It was a matter of dollars and cents. They simply could not manufacture to Japanese specifications and deliver to Japan at a price as competitive as that of B.C. Several reasons accounted for this but they all had their root in B.C. being geared to the export market as a result of the international market orientation. What did this mean in practice?

Firstly, it meant that they possessed more export finesse than the Americans and this showed in the way they organized themselves for selling abroad. Once committed to supplying the Japanese market, the two main agencies in B.C. responsible for marketing lumber in the
Japanese market, MacMillan Bloedel Ltd. and Seaboard Lumber Sales Ltd. (formerly Associated Timber Exporters of B.C.) could put together shipments in such a way that they had maximum advantages from economies of scale. MacMillan Bloedel could put a couple of mills on the coast into doing nothing else but supplying customers in Japan, Seaboard could do the same with two or three of their small member mills. They could work the year round cutting Japanese specifications and they could promote sales through established outlets in a very efficient manner. 317

Up to 1962 the Seaboard organization supplied the Japanese market primarily through the branch offices of Japanese trading houses. Thereafter they adopted a policy of selling through an appointed agent who gathered orders from large trading houses as well as smaller companies. Aall and Co. was the natural choice for the appointed agent since they had hitherto been shipping agents in Japan for Seaboard. 318 MacMillan Bloedel went one better. Previously they had been operating through their agents in Japan, Jardine, Matheson and Co. Ltd., an old distinguished company that had been established in the Far East as merchants

317 Les Reed, Personal Interview, March 18, 1968.

and shipowners for over a century. In view of the recognized growing importance of the Far Eastern markets and after a visit to these areas by the Chairman of MacMillan Bloedel, arrangements were made with Jardine, Matheson and Co. to enter into a joint enterprise for the marketing of forest products in the Far East. The result was a MacMillan subsidiary, MacMillan Jardine Ltd., which was incorporated in Hong Kong. With this subsidiary company based in Japan, MacMillan Bloedel no longer needed to cut Japanese specifications to order for they could cut at will and keep an inventory in their yards in Japan. The most important result of this new marketing policy, however, was the integration that MacMillan Bloedel realised. More than control of the bottoms carrying the lumber, they shifted to control of the off-loading facilities which control could stand them in good stead in solving distribution problems during periods of congestion in the Japanese ports.

The lumber companies of the American Northwest never approached

320 John Hampton, Personal Interview, March 27, 1968.
321 Bob Christopher, Personal Interview, April 5, 1968.
the degree of sophistication that the B.C. companies displayed in their altered channels of distribution. But the distressed domestic market around 1957-58 suggested to them the folly of placing all their eggs in one basket. They consequently adopted a broader outlook and began to recognise the value of cultivating export markets even when there were good times at home. In other words, they began to understand the international marketing orientation. Becoming more interested in selling all their production in the best markets, be they domestic or export, they thought it wise to keep one foot in the door of the most promising export markets. For the first time the American companies became committed to doing business permanently and regularly in Japan. The Weyerhauser Company, in keeping with this new philosophy, assumed the role of manufacturer as well as exporter. To this end the company abandoned the practice of dealing with American middlemen and dealt primarily with the branch offices of Japanese trading companies. This was still a far cry from the distribution systems that the B.C. companies had adopted.

---

322 Charles Young, Personal Interview, March 26, 1968.

323 loc. cit.

Being geared to the export market meant, secondly, that most of the large B.C. mills were at tidewater and this made them not only export oriented but ship-export oriented. The mills were committed to produce in bulk for Japan and if they were not loading directly from their own docks, they were loading at central points where as many as ten different mills could be delivering lumber for quick loading on bulk carriers. Usually, the B.C. mills could load a ship for Japan with about 10 to 12 million board feet at one or two pick-up points like Port Alberni or Harmac. Whereas the Canadians had built up a market in Japan in sufficient volume that they could ship full loads on chartered vessels on either a short-term or a long-term arrangement, the quantities involved in U.S. sales to Japan had been generally less than shipload and therefore went at much higher rates. To fill a vessel for Japan, part of a load had to be picked up in Longview, part in Coos Bay and part in Puget Sound. If some small mill in the lower mouth of the Columbia River wanted to sell half a million board feet to Japan, it was necessary to charter a

325 J. Miyazawa, Personal Interview, March 14, 1968.
326 Les Reed, Personal Interview, March 18, 1968.
327 Charles Young, Personal Interview, March 26, 1968.
ship and get it in there to pick up a small parcel at a regular
expensive conference rate.\footnote{328} One substantial difference between
shipping from B C. and shipping from the American Northwest lay in
loading time, a crucial factor in the waterborne market since charter
hire costs were of the order of $2,500 to $3,000 (U.S.) per day.\footnote{329}
H.R. MacMillan reminded this writer of the cold hard fact that today
lumber is never sold by itself: it is always sold in conjunction with
freight.\footnote{330}

These then were the real reasons behind America's bankruptcy
in the Japanese lumber market. It was not merely a question of the ease
with which the Japanese could purchase their logs. The Japanese pref-
erence for logs over lumber was understandable but it went further
than the common desire to import raw materials and to do the manufactur-
ing at home. By doing the sawing themselves, they could get the
dimension they wanted and the better rough finish that they preferred.\footnote{331}
The B.C. mills certainly compensated for their restriction on log

\footnote{328} Les Reed, Personal Interview, March 18, 1968.
\footnote{329} F.W. Dasch, Personal Interview, March 28, 1968.
\footnote{330} H.R. MacMillan, Personal Interview, April 1, 1968.
\footnote{331} G.S. Crawford, \textit{op. cit.}, p. 32.
exports by agreeing and being able to cut their logs economically and in a fashion that the Japanese themselves would have employed. The overt reason for America's loss was the lack of the international marketing orientation which came naturally to H.R. MacMillan in the 1930's and which equipped B.C. for supplying Japan when she went on her spending spree in the early 1960's.

Once the lumbermen of B.C. recognized their dependence on foreign markets they made sure that their production and distribution facilities gave them advantages over their competitors. In fairness to the Americans it must be admitted that in view of B.C.'s compulsion to foster markets other than her small domestic one, the international marketing orientation came easier to her. B.C. Lumbermen traditionally had to traverse the Continents in search of outlets for her forest products. They simply did not have the population in Canada that could support the potential capacity of the forest industry. Washington and Oregon lumbermen on the other hand flourished in the United States market. They had in the possession of vast Douglas fir resources a great advantage over other American producers and the healthy domestic demand for this species distracted the American Northwest lumbermen from other markets. It is precisely in these conditions that it pays
to adopt an international marketing orientation. Unless the Americans fully grasp this philosophy and alter their production and distribution conditions as B.C. did then no amount of restriction on log exports could guarantee them a decent share of the Japanese lumber market.

This writer has at last arrived at the unavoidable stage of indulging in the hazardous business of didactic prediction. The lessons of the history just covered are so clear, that B.C. Lumbermen can rest assured that they will command the major portion of PNW lumber shipments to Japan for some time to come. Even if the Americans decided to cater fully to the needs of the Japanese, they could not change their production and distribution methods overnight. This is not to say, however, that the B.C. lumbermen could "rest on their oars". They still have a great deal of promotional work to do in Japan, not so much against American lumber as against non-wood substitutes for lumber.

Studying the history of the Japanese market has driven home one important point to this writer. This world is frighteningly dynamic and enterprising businessmen have to conduct their business with almost clairvoyant dynamism if they are to succeed in it. The American lumbermen never believed that the Japanese lumber market would come to
mean so much to them. Thanks to the international marketing orientation, B.C. is now comfortably installed in the Japanese lumber market, just as Washington and Oregon are comfortably installed in their own domestic market. The dynamic clairvoyant will see, however, that just as the international marketing orientation was appropriate for 1934, a new orientation may be appropriate for 1968. What this may be is anybody's guess but this writer would imagine it to be something of an extension of the old philosophy in which the producer deliberately cultivates a sub-optimal market. Having decided to go in, and having committed himself to supplying a particular product, he must continue to improve his goods to the point where at a moment's notice he could stave off the threat not only of competing countries but of competing products. Unless B.C. producers understand this point then, as sure as Japan is the land of the rising sun, the sun will set on B.C.'s prosperity which clearly arose from the intelligent utilization of her forests and the dynamic and opportunistic marketing of their products.
BIBLIOGRAPHY
BIBLIOGRAPHY

A. BOOKS AND MONOGRAPHS


**B. GOVERNMENT PUBLICATIONS**


**C. COMPANY PUBLICATIONS**

Clyne, J.V. *What's Past is Prologue - An Address by the Chairman of the Board and Chief Executive Officer.* MacMillan Bloedel Ltd., Undated, pp. 20.


Pacific Lumber Inspection Bureau. *Annual Reports 1916 - 1966*
D. UNPUBLISHED THESES AND MANUSCRIPTS

Andrews, L.R. Post war export markets for Canadian lumber, B.C. Lumber and Shingle Manufacturers Association, 1944.


E. NEWSPAPERS AND PERIODICALS


" " " Vol. 15, No. 3, Mar. 1931, p. 12.
" " " Vol. 16, No. 7, July 1932, p. 7.
" " " Vol. 37, No. 9, Sept. 1953, p. 39.
" " " Vol. 39, No. 1, Jan. 1955, p. 35.


"Export trade is important stabilizing factor". Western Lumberman, Vol. 18, No. 8, Aug. 1921, p. 70.


Ivanov, Boris V. "Closer relations in Japan--Soviet timber trade" 


"Japan may adopt American standards". Timberman, Vol. 25, No. 4, Feb. 1924, p. 48.


"Japanese log buying crisis return mulled as '62 season nears". 


"Japanese sawmillers demand barriers for lumber imports--none on logs". 


"Lumber, ply exports in ratio to Jap logs urged by Magnusson". *Western Timber Industry*, Vol. 15, No. 8, Aug. 1964, p. 3.


"Notes from Japan". Pacific Coast Lumberman, Vol. 6, No. 1, Jan. 1922, p. 19.

"Notes from Japan". Pacific Coast Lumberman, Vol. 6, No. 2, Feb. 1922, p. 52.

"Notes from Japan". Pacific Coast Lumberman, Vol. 6, No. 3, Mar. 1922, p. 52.

"Notes from Japan". Pacific Coast Lumberman, Vol. 6, No. 6, June 1922, p. 52.

"Notes from Japan". Pacific Coast Lumberman, Vol. 6, No. 7, July 1922, p. 23.

"Notes from Japan". Pacific Coast Lumberman, Vol. 6, No. 8, Aug. 1922, p. 25.

"Notes from Japan". Pacific Coast Lumberman, Vol. 6, No. 11, Nov. 1922, p. 55.


"Notes from Japan". Pacific Coast Lumberman, Vol. 7, No. 9, Sept. 1928, p. 63.


"The export log jam - is diplomacy the answer?" Forest Industries, Vol. 95, No. 1, Jan. 1968, p. 69.


West Coast Lumberman, Vol. 19, No. 223, April 1908, p. 471.

" " " " Vol. 20, No. 236, May 1909, p. 596A.

Western Lumberman, Vol. 11, No. 4, April 1914, p. 35.

F. PERSONAL INTERVIEWS

Christopher, R., Robert Christopher Ltd., April 5, 1968.
Haley, D.A. Faculty of Forestry, U.B.C., March 12, 1968.

Young, C.E., Western Wood Products Association, March 26, 1968.
APPENDIX
# APPENDIX I

WATERBORNE MOVEMENT OF LUMBER TO JAPAN FROM B.C., WASHINGTON AND OREGON

1895 - 1966

(Millions of Board Feet)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>B.C.</th>
<th>WASH</th>
<th>ORE</th>
<th>TOTAL</th>
<th>TOTAL PNW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>4.9</td>
<td>-</td>
<td>-</td>
<td>12.6</td>
<td>17.5</td>
</tr>
<tr>
<td>1896</td>
<td>15.6</td>
<td>-</td>
<td>-</td>
<td>22.5</td>
<td>38.1</td>
</tr>
<tr>
<td>1897</td>
<td>13.0</td>
<td>-</td>
<td>-</td>
<td>36.0</td>
<td>49.0</td>
</tr>
<tr>
<td>1898</td>
<td>7.8</td>
<td>-</td>
<td>-</td>
<td>17.9</td>
<td>25.7</td>
</tr>
<tr>
<td>1899</td>
<td>14.9</td>
<td>-</td>
<td>-</td>
<td>34.7</td>
<td>49.6</td>
</tr>
<tr>
<td>1900</td>
<td>4.1</td>
<td>-</td>
<td>-</td>
<td>33.4</td>
<td>37.5</td>
</tr>
<tr>
<td>1901</td>
<td>12.7</td>
<td>-</td>
<td>-</td>
<td>46.8</td>
<td>59.5</td>
</tr>
<tr>
<td>1902</td>
<td>4.6</td>
<td>-</td>
<td>-</td>
<td>48.3</td>
<td>52.9</td>
</tr>
<tr>
<td>1903</td>
<td>7.0</td>
<td>-</td>
<td>-</td>
<td>70.3</td>
<td>77.3</td>
</tr>
<tr>
<td>1904</td>
<td>5.7</td>
<td>-</td>
<td>-</td>
<td>39.0</td>
<td>44.7</td>
</tr>
<tr>
<td>1905</td>
<td>4.8</td>
<td>-</td>
<td>-</td>
<td>80.3</td>
<td>85.1</td>
</tr>
<tr>
<td>1906</td>
<td>2.3</td>
<td>-</td>
<td>-</td>
<td>2.6</td>
<td>4.9</td>
</tr>
<tr>
<td>1907</td>
<td>2.1</td>
<td>-</td>
<td>-</td>
<td>9.3</td>
<td>11.4</td>
</tr>
<tr>
<td>1908</td>
<td>2.1</td>
<td>-</td>
<td>-</td>
<td>10.5</td>
<td>12.6</td>
</tr>
<tr>
<td>1909</td>
<td>1.6</td>
<td>-</td>
<td>-</td>
<td>1.8</td>
<td>3.4</td>
</tr>
<tr>
<td>1910</td>
<td>1.4</td>
<td>-</td>
<td>-</td>
<td>3.5</td>
<td>4.9</td>
</tr>
<tr>
<td>1911</td>
<td>2.0</td>
<td>-</td>
<td>-</td>
<td>9.8</td>
<td>11.8</td>
</tr>
<tr>
<td>1912</td>
<td>2.7</td>
<td>-</td>
<td>-</td>
<td>14.0</td>
<td>16.7</td>
</tr>
<tr>
<td>1913</td>
<td>4.7</td>
<td>-</td>
<td>-</td>
<td>16.5</td>
<td>21.2</td>
</tr>
<tr>
<td>1914</td>
<td>2.1</td>
<td>-</td>
<td>-</td>
<td>8.9</td>
<td>11.0</td>
</tr>
<tr>
<td>1915</td>
<td>1.6</td>
<td>-</td>
<td>-</td>
<td>5.9</td>
<td>7.5</td>
</tr>
</tbody>
</table>
## APPENDIX I - Cont'd.

### WASHINGTON AND OREGON

<table>
<thead>
<tr>
<th>YEAR</th>
<th>B.C.</th>
<th>WASH.</th>
<th>ORE.</th>
<th>TOTAL</th>
<th>TOTAL PNW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1916</td>
<td>1.6</td>
<td>-</td>
<td>-</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>1917</td>
<td>3.0</td>
<td>-</td>
<td>-</td>
<td>11.4</td>
<td>14.4</td>
</tr>
<tr>
<td>1918</td>
<td>1.5</td>
<td>-</td>
<td>-</td>
<td>34.0</td>
<td>25.5</td>
</tr>
<tr>
<td>1919</td>
<td>19.8</td>
<td>-</td>
<td>-</td>
<td>30.9</td>
<td>50.7</td>
</tr>
<tr>
<td>1920</td>
<td>4.7</td>
<td>-</td>
<td>-</td>
<td>34.7</td>
<td>39.4</td>
</tr>
<tr>
<td>1921</td>
<td>6.0</td>
<td>-</td>
<td>-</td>
<td>72.6</td>
<td>78.6</td>
</tr>
<tr>
<td>1922</td>
<td>72.3</td>
<td>360.1</td>
<td>158.5</td>
<td>518.6</td>
<td>590.9</td>
</tr>
<tr>
<td>1923</td>
<td>105.9</td>
<td>499.2</td>
<td>256.6</td>
<td>755.8</td>
<td>861.7</td>
</tr>
<tr>
<td>1924</td>
<td>79.1</td>
<td>442.0</td>
<td>170.8</td>
<td>612.8</td>
<td>691.9</td>
</tr>
<tr>
<td>1925</td>
<td>67.7</td>
<td>389.8</td>
<td>125.9</td>
<td>515.7</td>
<td>583.4</td>
</tr>
<tr>
<td>1926</td>
<td>177.2</td>
<td>550.6</td>
<td>175.3</td>
<td>725.9</td>
<td>903.1</td>
</tr>
<tr>
<td>1927</td>
<td>191.6</td>
<td>571.0</td>
<td>170.4</td>
<td>741.4</td>
<td>933.0</td>
</tr>
<tr>
<td>1928</td>
<td>219.4</td>
<td>593.3</td>
<td>183.1</td>
<td>776.4</td>
<td>995.8</td>
</tr>
<tr>
<td>1929</td>
<td>192.4</td>
<td>356.1</td>
<td>118.8</td>
<td>474.9</td>
<td>667.3</td>
</tr>
<tr>
<td>1930</td>
<td>150.9</td>
<td>257.6</td>
<td>57.9</td>
<td>315.5</td>
<td>466.4</td>
</tr>
<tr>
<td>1931</td>
<td>138.9</td>
<td>261.6</td>
<td>64.2</td>
<td>325.8</td>
<td>464.7</td>
</tr>
<tr>
<td>1932</td>
<td>60.0</td>
<td>183.5</td>
<td>50.2</td>
<td>233.7</td>
<td>293.7</td>
</tr>
<tr>
<td>1933</td>
<td>60.7</td>
<td>179.0</td>
<td>33.4</td>
<td>212.4</td>
<td>273.1</td>
</tr>
<tr>
<td>1934</td>
<td>80.3</td>
<td>146.5</td>
<td>29.9</td>
<td>176.4</td>
<td>256.7</td>
</tr>
<tr>
<td>1935</td>
<td>43.1</td>
<td>137.5</td>
<td>48.0</td>
<td>185.5</td>
<td>228.6</td>
</tr>
<tr>
<td>1936</td>
<td>33.1</td>
<td>133.8</td>
<td>41.8</td>
<td>175.6</td>
<td>208.7</td>
</tr>
<tr>
<td>1937</td>
<td>30.7</td>
<td>128.0</td>
<td>50.3</td>
<td>178.3</td>
<td>209.0</td>
</tr>
<tr>
<td>1938</td>
<td>6.0</td>
<td>21.7</td>
<td>9.1</td>
<td>30.8</td>
<td>36.8</td>
</tr>
<tr>
<td>1939</td>
<td>5.6</td>
<td>42.3</td>
<td>6.0</td>
<td>48.0</td>
<td>53.6</td>
</tr>
</tbody>
</table>
### APPENDIX I - Cont'd.

#### WASHINGTON AND OREGON

<table>
<thead>
<tr>
<th>YEAR</th>
<th>B.C.</th>
<th>WASH.</th>
<th>ORE.</th>
<th>TOTAL</th>
<th>TOTAL PNW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>0.8</td>
<td>43.0</td>
<td>3.5</td>
<td>46.5</td>
<td>47.3</td>
</tr>
<tr>
<td>1941</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1942</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1943</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1944</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1945</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1946</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1947</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1948</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1949</td>
<td>-</td>
<td>5.9</td>
<td>-</td>
<td>5.9</td>
<td>5.9</td>
</tr>
<tr>
<td>1950²</td>
<td>0.1</td>
<td>3.4</td>
<td>3.6</td>
<td>7.0</td>
<td>7.1</td>
</tr>
<tr>
<td>1951²</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
<td>17.0</td>
<td>17.1</td>
</tr>
<tr>
<td>1952</td>
<td>0.1</td>
<td>4.9</td>
<td>5.7</td>
<td>10.6</td>
<td>10.7</td>
</tr>
<tr>
<td>1953</td>
<td>20.7</td>
<td>22.4</td>
<td>32.7</td>
<td>55.1</td>
<td>75.8</td>
</tr>
<tr>
<td>1954</td>
<td>8.2</td>
<td>10.9</td>
<td>6.4</td>
<td>17.3</td>
<td>25.5</td>
</tr>
<tr>
<td>1955</td>
<td>1.6</td>
<td>13.9</td>
<td>8.6</td>
<td>22.5</td>
<td>23.7</td>
</tr>
<tr>
<td>1956</td>
<td>5.9</td>
<td>20.2</td>
<td>10.1</td>
<td>30.3</td>
<td>36.2</td>
</tr>
<tr>
<td>1957</td>
<td>2.3</td>
<td>22.0</td>
<td>21.1</td>
<td>43.1</td>
<td>45.4</td>
</tr>
<tr>
<td>1958</td>
<td>1.0</td>
<td>10.6</td>
<td>14.1</td>
<td>24.7</td>
<td>25.7</td>
</tr>
<tr>
<td>1959</td>
<td>1.2</td>
<td>14.5</td>
<td>31.2</td>
<td>45.7</td>
<td>46.9</td>
</tr>
<tr>
<td>1960</td>
<td>1.6</td>
<td>18.0</td>
<td>28.6</td>
<td>46.6</td>
<td>48.2</td>
</tr>
<tr>
<td>1961</td>
<td>155.6</td>
<td>61.6</td>
<td>55.3</td>
<td>116.9</td>
<td>272.5</td>
</tr>
</tbody>
</table>
APPENDIX I - Cont'd.

WASHINGTON AND OREGON

<table>
<thead>
<tr>
<th>YEAR</th>
<th>B.C.</th>
<th>WASH.</th>
<th>ORE.</th>
<th>TOTAL</th>
<th>TOTAL PNW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>107.4</td>
<td>40.2³</td>
<td>18.7</td>
<td>58.9</td>
<td>166.3</td>
</tr>
<tr>
<td>1963</td>
<td>278.2</td>
<td>80.8³</td>
<td>19.8</td>
<td>100.1</td>
<td>378.3</td>
</tr>
<tr>
<td>1964</td>
<td>204.4</td>
<td>83.3³</td>
<td>18.3</td>
<td>101.6</td>
<td>306.0</td>
</tr>
<tr>
<td>1965</td>
<td>207.8</td>
<td>70.6³</td>
<td>16.7</td>
<td>87.3</td>
<td>295.1</td>
</tr>
<tr>
<td>1966</td>
<td>277.8</td>
<td>13.8</td>
<td>6.7</td>
<td>20.5</td>
<td>298.3</td>
</tr>
</tbody>
</table>

Sources: PLIB Annual Statements, Council of Forest Industries Files.
1. Includes shipments to China.
2. Includes shipments to Korea.
3. Includes lumber originating in Alaska.
APPENDIX II
WATERBORNE MOVEMENT OF LUMBER TO ALL EXPORT DESTINATIONS FROM B.C., WASHINGTON AND OREGON, 1895 - 1966

(Millions of Board Feet)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>B.C.</th>
<th>WASH.</th>
<th>ORE.</th>
<th>TOTAL</th>
<th>TOTAL PNW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>40.7</td>
<td>-</td>
<td>-</td>
<td>131.1</td>
<td>171.8</td>
</tr>
<tr>
<td>1896</td>
<td>62.5</td>
<td>-</td>
<td>-</td>
<td>145.2</td>
<td>207.7</td>
</tr>
<tr>
<td>1897</td>
<td>62.3</td>
<td>-</td>
<td>-</td>
<td>153.7</td>
<td>216.0</td>
</tr>
<tr>
<td>1898</td>
<td>55.1</td>
<td>-</td>
<td>-</td>
<td>106.9</td>
<td>162.0</td>
</tr>
<tr>
<td>1899</td>
<td>49.1</td>
<td>-</td>
<td>-</td>
<td>137.2</td>
<td>186.3</td>
</tr>
<tr>
<td>1900</td>
<td>75.0</td>
<td>-</td>
<td>-</td>
<td>159.9</td>
<td>234.9</td>
</tr>
<tr>
<td>1901</td>
<td>67.5</td>
<td>-</td>
<td>-</td>
<td>198.4</td>
<td>265.9</td>
</tr>
<tr>
<td>1902</td>
<td>55.7</td>
<td>-</td>
<td>-</td>
<td>190.2</td>
<td>245.9</td>
</tr>
<tr>
<td>1903</td>
<td>62.2</td>
<td>-</td>
<td>-</td>
<td>279.8</td>
<td>342.0</td>
</tr>
<tr>
<td>1904</td>
<td>33.2</td>
<td>-</td>
<td>-</td>
<td>215.3</td>
<td>248.5</td>
</tr>
<tr>
<td>1905</td>
<td>49.8</td>
<td>-</td>
<td>-</td>
<td>258.9</td>
<td>308.7</td>
</tr>
<tr>
<td>1906</td>
<td>77.5</td>
<td>-</td>
<td>-</td>
<td>93.5</td>
<td>171.0</td>
</tr>
<tr>
<td>1907</td>
<td>65.3</td>
<td>-</td>
<td>-</td>
<td>102.0</td>
<td>167.3</td>
</tr>
<tr>
<td>1908</td>
<td>56.4</td>
<td>-</td>
<td>-</td>
<td>109.7</td>
<td>166.1</td>
</tr>
<tr>
<td>1909</td>
<td>79.1</td>
<td>-</td>
<td>-</td>
<td>100.1</td>
<td>179.2</td>
</tr>
<tr>
<td>1910</td>
<td>73.2</td>
<td>-</td>
<td>-</td>
<td>131.6</td>
<td>204.8</td>
</tr>
<tr>
<td>1911</td>
<td>50.1</td>
<td>-</td>
<td>-</td>
<td>109.1</td>
<td>159.2</td>
</tr>
<tr>
<td>1912</td>
<td>51.5</td>
<td>-</td>
<td>-</td>
<td>161.8</td>
<td>213.3</td>
</tr>
<tr>
<td>1913</td>
<td>47.3</td>
<td>-</td>
<td>-</td>
<td>233.5</td>
<td>280.8</td>
</tr>
<tr>
<td>1914</td>
<td>33.2</td>
<td>-</td>
<td>-</td>
<td>178.9</td>
<td>212.1</td>
</tr>
</tbody>
</table>
### APPENDIX II - Cont'd.

#### WASHINGTON AND OREGON

<table>
<thead>
<tr>
<th>YEAR</th>
<th>B.C.</th>
<th>WASH.</th>
<th>ORE.</th>
<th>TOTAL</th>
<th>TOTAL PNW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1915</td>
<td>56.7</td>
<td>-</td>
<td>-</td>
<td>71.6</td>
<td>128.3</td>
</tr>
<tr>
<td>1916</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>1917</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
<tr>
<td>1918</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
<tr>
<td>1919</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
<tr>
<td>1920</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
<tr>
<td>1921</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
<tr>
<td>1922</td>
<td>189.2</td>
<td>579.1</td>
<td>311.0</td>
<td>890.1</td>
<td>1079.3</td>
</tr>
<tr>
<td>1923</td>
<td>268.7</td>
<td>761.4</td>
<td>425.8</td>
<td>1187.2</td>
<td>1455.9</td>
</tr>
<tr>
<td>1924</td>
<td>218.0</td>
<td>778.2</td>
<td>427.6</td>
<td>1205.8</td>
<td>1423.8</td>
</tr>
<tr>
<td>1925</td>
<td>216.5</td>
<td>771.2</td>
<td>380.3</td>
<td>1151.5</td>
<td>1368.0</td>
</tr>
<tr>
<td>1926</td>
<td>312.2</td>
<td>1010.8</td>
<td>471.3</td>
<td>1482.1</td>
<td>1794.3</td>
</tr>
<tr>
<td>1927</td>
<td>346.4</td>
<td>1153.1</td>
<td>443.1</td>
<td>1596.2</td>
<td>1942.6</td>
</tr>
<tr>
<td>1928</td>
<td>381.4</td>
<td>1137.4</td>
<td>492.1</td>
<td>1629.5</td>
<td>2010.9</td>
</tr>
<tr>
<td>1929</td>
<td>399.5</td>
<td>1066.4</td>
<td>546.7</td>
<td>1613.1</td>
<td>2012.6</td>
</tr>
<tr>
<td>1930</td>
<td>380.0</td>
<td>757.0</td>
<td>354.2</td>
<td>1111.2</td>
<td>1491.2</td>
</tr>
<tr>
<td>1931</td>
<td>358.5</td>
<td>622.3</td>
<td>294.1</td>
<td>916.4</td>
<td>1274.9</td>
</tr>
<tr>
<td>1932</td>
<td>367.2</td>
<td>382.6</td>
<td>154.4</td>
<td>537.0</td>
<td>904.2</td>
</tr>
<tr>
<td>1933</td>
<td>633.1</td>
<td>477.1</td>
<td>167.9</td>
<td>645.0</td>
<td>1278.1</td>
</tr>
<tr>
<td>1934</td>
<td>830.7</td>
<td>509.3</td>
<td>210.5</td>
<td>719.8</td>
<td>1550.5</td>
</tr>
<tr>
<td>1935</td>
<td>792.0</td>
<td>378.4</td>
<td>185.6</td>
<td>564.0</td>
<td>1356.0</td>
</tr>
<tr>
<td>1936</td>
<td>1041.0</td>
<td>324.8</td>
<td>173.5</td>
<td>498.3</td>
<td>1539.3</td>
</tr>
<tr>
<td>1937</td>
<td>998.7</td>
<td>362.4</td>
<td>247.5</td>
<td>609.9</td>
<td>1609.6</td>
</tr>
<tr>
<td>YEAR</td>
<td>B.C.</td>
<td>WASH.</td>
<td>ORE.</td>
<td>TOTAL</td>
<td>TOTAL PNW</td>
</tr>
<tr>
<td>------</td>
<td>------</td>
<td>-------</td>
<td>------</td>
<td>-------</td>
<td>-----------</td>
</tr>
<tr>
<td>1938</td>
<td>1036.4</td>
<td>153.1</td>
<td>131.5</td>
<td>284.6</td>
<td>1321.0</td>
</tr>
<tr>
<td>1939</td>
<td>1284.5</td>
<td>263.4</td>
<td>138.8</td>
<td>402.2</td>
<td>1686.7</td>
</tr>
<tr>
<td>1940</td>
<td>1187.2</td>
<td>267.7</td>
<td>93.7</td>
<td>361.4</td>
<td>1548.6</td>
</tr>
<tr>
<td>1941</td>
<td>590.8</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>-</td>
</tr>
<tr>
<td>1942</td>
<td>454.2</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>-</td>
</tr>
<tr>
<td>1943</td>
<td>638.3</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>-</td>
</tr>
<tr>
<td>1944</td>
<td>676.3</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>-</td>
</tr>
<tr>
<td>1945</td>
<td>678.3</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>-</td>
</tr>
<tr>
<td>1946</td>
<td>741.2</td>
<td>85.1</td>
<td>213.9</td>
<td>299.0</td>
<td>1040.2</td>
</tr>
<tr>
<td>1947</td>
<td>1109.0</td>
<td>244.2</td>
<td>501.1</td>
<td>745.3</td>
<td>1854.3</td>
</tr>
<tr>
<td>1948</td>
<td>723.7</td>
<td>90.3</td>
<td>216.2</td>
<td>306.5</td>
<td>1030.2</td>
</tr>
<tr>
<td>1949</td>
<td>614.2</td>
<td>115.9</td>
<td>205.8</td>
<td>321.7</td>
<td>935.9</td>
</tr>
<tr>
<td>1950</td>
<td>492.5</td>
<td>82.9</td>
<td>186.3</td>
<td>269.2</td>
<td>761.7</td>
</tr>
<tr>
<td>1951</td>
<td>1062.5</td>
<td>-</td>
<td>-</td>
<td>650.9</td>
<td>1713.4</td>
</tr>
<tr>
<td>1952</td>
<td>900.5</td>
<td>108.4</td>
<td>317.8</td>
<td>426.2</td>
<td>1326.7</td>
</tr>
<tr>
<td>1953</td>
<td>818.7</td>
<td>193.7</td>
<td>294.0</td>
<td>487.7</td>
<td>1306.4</td>
</tr>
<tr>
<td>1954</td>
<td>1030.4</td>
<td>168.9</td>
<td>287.1</td>
<td>456.0</td>
<td>1486.4</td>
</tr>
<tr>
<td>1955</td>
<td>1016.8</td>
<td>119.1</td>
<td>260.6</td>
<td>379.7</td>
<td>1396.5</td>
</tr>
<tr>
<td>1956</td>
<td>645.8</td>
<td>91.5</td>
<td>207.8</td>
<td>299.3</td>
<td>945.1</td>
</tr>
<tr>
<td>1957</td>
<td>749.1</td>
<td>88.0</td>
<td>238.0</td>
<td>326.0</td>
<td>1075.1</td>
</tr>
<tr>
<td>1958</td>
<td>656.8</td>
<td>76.9</td>
<td>150.3</td>
<td>227.2</td>
<td>884.0</td>
</tr>
<tr>
<td>1959</td>
<td>527.0</td>
<td>80.2</td>
<td>199.8</td>
<td>280.0</td>
<td>807.0</td>
</tr>
<tr>
<td>1960</td>
<td>876.8</td>
<td>114.3</td>
<td>247.8</td>
<td>362.1</td>
<td>1238.9</td>
</tr>
</tbody>
</table>
### WASHINGTON AND OREGON

<table>
<thead>
<tr>
<th>YEAR</th>
<th>B.C.</th>
<th>WASH.</th>
<th>ORE.</th>
<th>TOTAL</th>
<th>TOTAL PNW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
<td>856.1</td>
<td>119.0</td>
<td>184.3</td>
<td>303.3</td>
<td>1159.4</td>
</tr>
<tr>
<td>1962</td>
<td>875.4</td>
<td>123.7</td>
<td>199.7</td>
<td>323.4</td>
<td>1198.8</td>
</tr>
<tr>
<td>1963</td>
<td>1115.2</td>
<td>180.0</td>
<td>229.3</td>
<td>409.3</td>
<td>1524.5</td>
</tr>
<tr>
<td>1964</td>
<td>1252.9</td>
<td>162.5</td>
<td>222.5</td>
<td>385.0</td>
<td>1637.9</td>
</tr>
<tr>
<td>1965</td>
<td>1193.9</td>
<td>141.7</td>
<td>225.5</td>
<td>367.2</td>
<td>1565.1</td>
</tr>
<tr>
<td>1966</td>
<td>1099.3</td>
<td>116.6</td>
<td>250.3</td>
<td>366.9</td>
<td>1466.2</td>
</tr>
</tbody>
</table>

Sources: PLIB Annual Statements, Council of Forest Industries Files.
Million fbm

WORLD WAR I AND

THE MEIJI ERA

AFTERMATH

THE BULLION YEARS

INTERWAR

AFTERMATH

GREAT YEARS

Washington & Oregon

British Columbia

1895-1905: Includes shipments to China.
1950 & 1951: Includes shipments to Korea.

Sources: