

ORAL HISTORY INTERVIEW

MARC L. FLEISHEL

with

ELWOOD R. MAUNDER

(APRIL 4, 1960)

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MAUNDER: This is a tape-recorded interview with Mr. Marc Fleishel, being made by Elwood Maunder at the Roosevelt Hotel in New Orleans. The date is April 4, 1960. Mr. Fleishel, you are considered the senior statesman of the American lumber industry, and you come by this honestly, having been active in more trade associations and lumber businesses than pretty nearly anybody else in the whole industry. Mr. Fleishel, you were born where?

FLEISHEL: Tyler, Texas, in the piney woods of the old Tyler Tar and Lumber Company.

MAUNDER: And was your father before you in the lumber business?

FLEISHEL: He had a small sawmill in connection with a big merchandising company. It was located down near Lufkin and Diboll. We shipped that rough lumber up over this narrow gauge railroad to Tyler, put it through the plane mill, and then loaded it into standard gauge boxcars.

MAUNDER: What education did you have over in Texas?

FLEISHEL: Didn't have much. Never got beyond the sixth grade in school.

MAUNDER: Is that right? And you went to work then as a young boy in your teens?

FLEISHEL: Yes, sir.

MAUNDER: Had you done any work before that for your father?

FLEISHEL: No, but I had for the other company up there, Tyler Tar and Lumber Company. In 1898 when I was 17 years old I went to Harvey, Louisiana, right across the river from here, to the Old Louisiana, to the Old Louisiana Cypress Lumber Company. Old man Joseph Rathburn was the head of that company--an old white pine operator on the docks in Chicago when they used to bring it down there on the Lakes. The stalwarts in the cypress business then were old man Coopers; old man Frederick Wilbert of Plaquemine; and old man Bowie, George Bowie, of White Castle (you know the White Castle Lumber and Shingle Company); and then old man William McCameron on the Southern Pacific west of New Orleans here; and F. B. Williams of Patterson (he was supposed to be King Bee in the cypress business down here in those days); and old Captain John Dibert of the old Lutcher-Moore Cypress Lumber Company. They all operated in what was a big way in those days, had sizable mills. They were typical lumberjacks of the old school. They weren't modern-day economists, in other words, and they wanted to hire a secretary to work in the field of trade promotion. Well, old man Rathburn was chairman of this committee that was supposed to hire a secretary for all the cypress mills. It was on a pretty light scale at that time, and the old man talked with me for a couple of days, and then he said, "You know, I need a fellow like you. This secretary business, I don't know whether you like it or not, but I'll give you a job over there at my mill. "Well," I said, "all right, I'll take it." Well, the old man said, "Well, I didn't say how much I was going to pay you." I said, "I don't care much about that if I can have a future in front of me."

MAUNDER: Was that principally a correspondence job or did you do a lot of traveling in connection with it?

FLEISHEL: No, I did no traveling.

MAUNDER: Did you have a salesman?

FLEISHEL: No. Oh, we did have at the Cypress Selling Company, which we organized a few years later.

MAUNDER: How, then, did you promote trade?

FLEISHEL: We put up \$1 a thousand for advertising. I recall we were getting a \$17 average for cypress lumber F.O.B. at the mill. You talk to these boys now, you know, about putting up 15 cents, 20 cents, and 25 cents a thousand, and they nearly drop dead. In those days we were getting \$17 and put up \$1 a thousand. That was the first real advertising campaign. Our competitors--redwood and poplar in those days--claimed it was monkey business two or three years after we had done this active campaigning, that we were really getting \$10 or \$15 a thousand more than cypress was worth. And maybe we were, comparable to what the redwood and poplar fellows were doing.

MAUNDER: Was that the beginning of the cypress trade association?

FLEISHEL: Yes.

MAUNDER: How many members did you have in this association?

FLEISHEL: About six.

MAUNDER: And who were they?

FLEISHEL: F.B. Williams Cypress Company, White Castle Lumber and Shingle Company, Bowie Cypress Company, Lutchter-Moore Cypress Lumber Company, and the [?] Lumber and Shingle Company. There, that was the group. Of course, they are all cut out here and gone.

MAUNDER: And the association faded out with them?

FLEISHEL: Well, no. The Southern Cypress Manufacturers' Association is still in existence; I've been Chairman of the Resolutions and Nominations Committee. But it's not a selling company, it's just an association for grading rules and things of that kind. The old thing was a selling company--the Cypress Selling Company, as we called it.

MAUNDER: I want you to tell me about the Cypress Selling Company, but first would you describe your job and the operations at the Louisiana Cypress Lumber Company?

FLEISHEL: I was shipping clerk for the Louisiana Cypress Lumber Company when I was 21 years old, shipping three million feet of lumber a month. We had three ten pot machines and four or five hand machines, and we made a million shingles a day. We brought a log into the mill, and if it had any shake in it or anything like that, we cut off a five-inch flitch and lay it down and into shingles. In those days all these houses were covered with shingles--all over the United States. We used to ship them by barge up the Mississippi River to East St. Louis and distribute them all through the country.

MAUNDER: Was there much poor quality wood or was it almost all good, clear lumber?

FLEISHEL: The finest logs that ever grew. We didn't look at a log but what it was a masterful piece of timber. It didn't have many knots in it, very little knots. Of course, we made several grades--we started out with what we called tank lumber. It was thicker lumber, clear, hard lumber. Then first and second clear; then select, that was the sap type of lumber; and then we had number one and two common; and then we had a shop type of lumber because there was more shake in this big old cypress and we had to cut around those defects, you know. They were supposed to cut out about 60 percent of clear lumber--we put it in a grade we called shop lumber. And the white pine fellows used to make that type of lumber, too. But their defects in their species was not shake, but it was knots. With us it was largely shake. Some of these trees had been there for four hundred years, you know.

MAUNDER: What were your major problems in the cypress industry in those early days, as you recall?

FLEISHEL: Well, of course cypress lumber grows in the swamps and we had to log it either by what we call pull boats--that is, a big steam winch on a barge and drag it through the woods. Then later we put in these overhead skidders and hauled them out overhead. Later, when I started the Putnam Lumber Company over in Florida, the timber didn't grow in solid swamps over there like it does here, nothing like it. There was twice as much cypress on the ground here per acre as there was over in Florida. And it takes four hundred years to grow a big old cypress tree. It grows about 14 or 15 rings to the inch--very slow growing and it doesn't reproduce itself at all.

MAUNDER: Was there any considerable activity back 50 years ago by the unions to unionize labor?

FLEISHEL: No. Labor was about 10 cents to 12 cents an hour then, but everything else was relative, like it is today. Way back around in 1908, '09, '10, the depression, when lumber was selling for about \$11 a thousand, we had a strike. The International Woodworkers of America came down here to Louisiana. We set up an organization called the Southern Lumber Operators' Association, and these mills put up \$1 a thousand, and everybody agreed if they had a strike and shut down the other fellows would pay part of the expense. And we had a big barbecue one time down on Long-Bell lands in the most beautiful long leaf piney woods with not a sprig of undergrowth, just beautiful long leaf pine trees about 25 or 30 thousand feet to the acre. R.A. Long, Bill Pickering, John Henry Kirby, and I were down there with that crowd. Old man John Henry Kirby--he was a man, he was a real man, he was a he-man, that man. And they had Eugene V. Debbs up there making this big, impassioned speech. He ranted, you know, and he pointed to those beautiful trees and said, "Did you plant these trees out there?"--talking to these natives, you know, the laborers. "No, you didn't plant them. Did the Long-Bell Lumber Company plant them? No, they didn't plant them. Well, why are they theirs any

more than they are yours?" Of course they'd all say, "No, they don't belong to them. They belong to the people." "God planted these trees. Long-Bell Lumber Company didn't plant them. You didn't plant them. Why are they Long-Bell's property any more than they are yours? Never paid a damn nickel of taxes in their life, you know." That kind of talk, you know. But John Henry Kirby really put him in his place.

MAUNDER: What did he say?

FLEISHEL: Well, I don't know. He answered him, though, in a very forceful way.

MAUNDER: Now what were you starting to tell me about the Cypress Selling Company?

FLEISHEL: By 1901 or 1902 conditions had improved a little. We had gotten paid up a good deal more money on an old debt to the Continental National Bank of Chicago than we ever thought we'd pay, so the old man decided to go to Europe. Charles Patterson, who was then general manager here of the old C.T. Patterson Company, which was a whole-sale mill supply outfit--we bought a lot of stuff from them--was a great friend of old man Rathburn's, and he said to old man Rathburn one day, "You're going to Europe now to be gone about three months, aren't you, Mr. Rathburn?" He said, "Yes." "Well," he said, "who's going to be the boss over there when you are gone?" "Well," he said, "I have Fleishel - he will be. The only job I ever gave him was checking lumber on the rafts out there. But when I'm away from here he's the boss, though I never gave him the job!" Well, then those fellows decided they'd set up the Cypress Selling Company. And I told them I wanted one of those jobs. They'd have one man in St. Louis and one in Cincinnati and one in Chicago. I didn't want to go to Chicago. I wanted to go to St. Louis or Cincinnati because I thought I saw a good deal better market. They sent me up to St. Louis, and I traveled selling in Indiana, Illinois, and Ohio.

MAUNDER: That would have been about what time?

FLEISHEL: That was along in about 1900. I can visualize that condition in those days because we had a lot of activity down here in connection with the Spanish-American War and Cuba.

MAUNDER: Your business was stepped up a good deal by the Spanish-American War?

FLEISHEL: No, I wouldn't say that so much, but there was quite a bit of tree activity down here in New Orleans. All of these mills were in reach of the Mississippi River here. All the mills, every one of them, could ship lumber by barge. The average on lumber in those days was about \$10 or \$12 a thousand, and then we shipped it up there for \$3 by water. These covered barges came down with wheat--the old Mississippi Valley Transportation Company they called it. And they had nothing going back, so they took our cypress. Of course we couldn't ship dressed lumber in those days because it was too much handling and too much damage, so it was all rough lumber.

MAUNDER: And then it was remanufactured in the Midwest?

FLEISHEL: Yes. I sold to planing mills up there and sash and door companies and people like that.

MAUNDER: Who were your best customers up there?

FLEISHEL: Well, the old Hampton- [?] Manufacturing Company, Druey Hardwood Lumber Company, and Steel [?] Lumber Company. Most of those outfits are out of business now. That assembly yard business, the [?] Company up there, they used to carry 25 or 30 million feet of cypress lumber and pile that. That was a hell of a lot of lumber in those days, you know, and it represented an awful lot of money as money went in those days. We didn't kiln-dry it, and cypress lumber takes a year to the inch to air-dry. Green cypress lumber weighs six pounds to the foot. Dry cypress lumber weighs three pounds to the foot. It's 50 percent moisture. In other words, it was customary to hold cypress lumber 2" thick before you were supposed to send it out. So you couldn't go into the cypress business on a shoestring. When you spent some money to pile up cypress lumber, you know, you had some money tied up for a long time. You had to have some capital to go into the cypress business. We owed the old Continental Bank of Chicago, which is now Continental Illinois, more money than we ever expected to pay.

MAUNDER: What was the big market for cypress up there?

FLEISHEL: Pattern lumber for foundries, sash and doors, and tanks. There was a world of small tank buildings here in the South because in those days all the water was cistern water in the city. And they were down here in the old French Quarter of New Orleans.

MAUNDER: And they built the tanks out of cypress.

FLEISHEL: Oh yes.

MAUNDER: Because cypress was particularly suited for that kind of moisture.

FLEISHEL: Oh yes, it didn't rot. Hard cypress lumber didn't rot. We sold all the wholesale yards up there. And I traveled in southern Illinois and southern Indiana selling mixed cars and shingles. We used to ship a world of shingles up there. We used to make a million shingles a day over here at the mill. Hell, there isn't a million made in five years now.

MAUNDER: That was roofing shingles, wasn't it?

FLEISHEL: Oh yes. Now up until about ten years we sent a world of cypress lumber, thick lumber, 3 inches thick, up to Philadelphia and Boston. They were big markets for that. It was largely used for these big tanks to put on top of buildings. Of course, they don't do that any more.

MAUNDER: How did you ship your lumber to the East Coast? By water?

FLEISHEL: Yes, some. By sailing vessels. And the old Morgan Line, which was a steamship line that used to run regularly between here and New York.

MAUNDER: Was there any considerable export market?
FLEISHEL: No.
MAUNDER: None at all.
FLEISHEL: Well, I wouldn't say none at all, but practically none, very little. Cypress was never exported to any extent.
MAUNDER: You had all the market you could fill right here.
FLEISHEL: It wasn't that so much, but we never did get it introduced over there.
MAUNDER: What were you getting your competition from in those days?
FLEISHEL: Cypress was a competitor of white pine and poplar. There was a great deal of white pine coming into St. Louis in those days. Now that's where Chicago, of course, was a big lumber market. They had that transportation across the lake into Chicago, you know. But they had to bring it down to St. Louis by river--used to lead some up at Stillwater, Minnesota, the headwaters of the Mississippi. That fact made St. Louis a better cypress market than either Cincinnati or Chicago. St. Louis had lower freight rates on our species and had higher rates from the North on white pine. And of course poplar was down in the hardwood area, and that didn't enjoy any freight advantage. Redwood had not gotten down in this country at all.
MAUNDER: You weren't yet in real competition with the West, were you?
FLEISHEL: No. Their rates were much higher. That came along later.
MAUNDER: How much did they pay you for this work in the Cypress Selling Company?
FLEISHEL: I started out getting six percent on the gross sales. I paid all my expenses.
MAUNDER: Your office expenses and all that?
FLEISHEL: Everything. But I made so damn much money that they kept cutting my commission. The first year they paid me six percent on the invoice value of the lumber. Then the next year they cut me down to five percent. And the next year four percent, and when they cut me to three percent, then is when I stepped out for myself.
MAUNDER: How about the other salesmen for the company?
FLEISHEL: Well, they had a fellow by the name of Rolland in Cincinnati, and a fellow by the name of Clarence Cross in Chicago. They also worked on a commission. I don't know exactly what happened to them, but they didn't cut them much. You see, I had the volume because I had the best location. St. Louis was the gateway, you know, and we had that river transportation there, which we didn't have at Chicago. Of course we had it at Cincinnati through the Ohio River, but it wasn't as satisfactory nor as low a rate as we had at St. Louis. There were five or six big sash and door plants there in St. Louis, and quite a few wholesale hardwood yards that handled cypress lumber along with

the hardwood. You see, we'd spread out into Ohio and Indiana and Missouri and to the west, you know. We had a salesman out in Wichita, Kansas, a man by the name of H.W. Darling, who operated there for 30 years or more. He was on a commission basis. But that lumber was well sold.

MAUNDER: Well, to what extent did they let you run the affairs of the company?

FLEISHEL: They didn't. They were the top-flight men. They had it over yes and no men. Whatever they decided to do, that was what we did. They made the price--we didn't have any monopolistic legislation in those days, you know. I would make out a price list, and they would either approve or disapprove of it and say, "No, you're too high on this," or "You're too low on that."

MAUNDER: How often did these men meet to determine policy?

FLEISHEL: Well, they used to get together most any time. They were a small group, and everybody knew each other by their first name.

MAUNDER: Did they mostly live in New Orleans?

FLEISHEL: Oh no, but they all lived close to New Orleans - Plaquemine, Louisiana; White Castle, Louisiana; Bowie, Louisiana; Jeanerette, Louisiana; and Lutcher, Louisiana. They were all right here within 50 or 100 miles of New Orleans.

MAUNDER: What was your first enterprise with your own capital?

FLEISHEL: When those fellows kept cutting my commission down every year, I finally decided to go into business myself after about four or five years. And I set up what was known then as the Colonial Lumber and Timber Company.

MAUNDER: Did the war have anything to do with influencing you to go into business for yourself?

FLEISHEL: No.

MAUNDER: You just saw an opportunity and went for it.

FLEISHEL: Yes. Well, they kept cutting my commissions down, and that was the main reason.

MAUNDER: What sort of plant did you have?

FLEISHEL: I built two steel sawmills in Franklinton, Louisiana, and they were the first steel sawmill that ever operated in the South. That was 1906 and '07. We had two big mills there running day and night, whaling big mills.

MAUNDER: And where did you get your logs?

FLEISHEL: There was so damn much timber we used to pay 50 cents a thousand for this stumpage and pay for it when we cut it. We wouldn't take the land, which is now selling for \$1200 an acre, at all. We just bought the timber and wouldn't have anything to do with the land. We didn't want to pay taxes on it. At one time there was 35 million acres in the state of Florida, and 17 million acres of that land was off the books, off the tax rolls. Wouldn't pay taxes on it. There was no money for us to buy land. Hell, lumber was selling for about \$11 or \$12 mill average in the days of the Colonial Lumber and Timber Company.

MAUNDER: When did you begin to feel an interest in forestry as a practical venture for lumbermen?

FLEISHEL: Well, I didn't do it soon enough, I'll tell you that.

MAUNDER: Do you know anybody who did?

FLEISHEL: No. Except old man Weyerhaeuser. The old man always had a trite saying. He used to say, "The only timber on which I ever lost money was that I didn't buy." They used to quote the old man on that. Mr. William O'Brien told me the old man told him that one time.

MAUNDER: How long did you stay in this operation of your own, the Colonial Lumber and Timber Company?

FLEISHEL: After about five or six years, maybe eight or ten years, I merged the company into the old Chicago Lumber and Coal Company. I bought a tract of timber over in Florida in connection with Sam Carpenter, who is Leonard Carpenter's uncle. Sam Carpenter and I were going to build a mill over there in West Florida, but these widows and orphans I had in there for stockholders wouldn't put up any money to build a new plant. About that same time these Minnesota fellows down there, William O'Brien from St. Paul and old man Putnam, an old land agent for the federal government in Eau Claire, and a grain man by the name of George Howe, owned a big tract of timber over there in Florida. This fellow Jim Bronson, who will probably be president of the National this next time, his father was in on that deal with the group, too. They were all loggers and timbermen, but they didn't have any know how in the way of manufacturing. They couldn't sell the timber at a price they were willing to take. So old man Ike Perry, who was at that time president of the Continental Bank in Chicago, and old man J.D. Lacy, the biggest timber manufacturer we ever had, said, "We know a young fellow that you ought to have to do this thing. You fellows are timbermen and loggers, and you don't know anything about a sawmill, but you bring this chap Fleishel over here." So Sam and I went over there, and I took charge of that thing for them. They made a deal with me when I leased their mill whereby we'd figure their timber at \$4 stumpage, which was the price at which they were willing to sell the timber. They'd get that first \$4, and then I got 12 percent of the profits after they got their \$4. Then it accelerated at the rate of interest, that is, based on 6 percent interest, you know, 2 cents a month on whatever we cut. We had all this timber and didn't owe any money, but we didn't have any money to develop it, and the stockholders wouldn't put up any new money. So we borrowed a good deal of money, one million, from the First National Bank of St. Paul. Old man George Prentiss was the president of it, and the First National Bank of St. Paul would lend any amount of money the law would allow to that group of men. So they endorsed the paper, and we borrowed the money and paid interest on it, and that was the entire financing of the operation. Carpenter and myself built two steel sawmills, one pine, one cypress, at Eastpoint, Florida,

just 10 miles out of Jacksonville on the river north. We had two bands and a horizontal saw in the pine mill and a band and sash gang cutting cypress. I cut two billion feet of timber while I was operating in Florida, and I later built a mill over at Fort St. Joseph, alongside the Dupont paper mill, and I cut the timber off their lands. I operated those mills until 1945. I was vice president and general manager.

MAUNDER: And this was the Chicago Lumber and Coal Company?

FLEISHEL: No. This was called the Putnam Company, Putnam Lumber Company. Old man Putnam was not a lumberman, but he had money which few men had in those days. Mr. O'Brien was one of those plain old timey woodsmen who didn't care about publicity for anything, and to get old man Putnam to put his money in there, why, they called the company after him, though O'Brien was the controlling stockholder.

MAUNDER: Tell me a little bit about Billy O'Brien. What sort of man was he?

FLEISHEL: He was an uneducated man. He started out driving a team for a living. And he used to cut ties by contract for old man Weyerhaeuser, and he'd load those ties by himself--he told me this many times--and haul them in to the railroad. He was an uncanny judge of timber, and he began to buy little lots of timber. He sold old man Weyerhaeuser a lot of timber at different times. He knew the old man very well. But he had no education. He could hardly write his name. He would take a crew of men and go up into the woods in the winter and log white pine on the ice and snow. He'd write checks all winter--he'd hire and fire these old woodjacks, but he never kept a stub of any check. Old Rock Bronson of the National Bank of Stillwater would pay any check he sent up there. Then O'Brien would drive his logs down to the assembling point at Stillwater on the spring thaw, and when he sold his logs he'd take his checks and give them to Rock Bronson and say, "Give me my part of it." He didn't know what it was going to be. He didn't have any money in the bank. Oh, he was a great old fellow? I contracted millions of dollars worth of business with that old man, and I've yet to see the first letter he ever wrote on any subject to anybody. But he was a grand old man in every way. He was a typical woodsman. But he could walk through a tract of timber and come nearer telling than any other cruiser could tell you by measuring it. He was an uncanny judge of timber. And he bought all his timber for nothing, and he bought timber. He bought about 400,000 acres at one time, then sold off about 150,000 acres to Brooks-Scanlon which paid off what money they did owe, and the balance of it was profit. Old man O'Brien told me one time, he said, "If you ever go out to the Pacific Coast I'm going to fire the hell out of you. You'll have no sense at all. You'll get out there and see those big trees and lose your head." He never was out there. He never went out there. And he said, "They never will be worth anything," that is, he

didn't figure that in his lifetime the timber would ever have any value, there was so much of it.

MAUNDER: And he meant it.

FLEISHEL: He did, sure. And I never did do it till after he had passed away.

MAUNDER: Can you tell me anything more about the operations of the Putnam Lumber Company?

FLEISHEL: We got into a row with the Atlantic Coastline Railroad over there. [?] built a logging railroad out of Jacksonville, and he sold it to the Atlantic Coastline Railroad. We had a contract with the railroad, an agreement for them to haul logs in solid train loads to Jacksonville at \$10 a car per 100 miles. And after we had been operating there for several years the Interstate Commerce Commission said, "You can't do this. You can't make a contract covering freight rates, and we are going to cancel it if you are going to haul logs for this bunch of rich old lumbermen at \$10 a car. You've got to haul it for everybody for \$10 a car." So they canceled it, and we had a big lawsuit and went all the way to the Supreme Court of the United States with it. But we lost, because there was man that wanted to ship a carload of lumber to Jacksonville, 115 miles, and he paid four times as much freight on that as we did. Well, of course that just didn't make sense, you know. They said, "The railroad can't contract with you to make the freight rates. We make the freight rates or approve them, and we don't approve of yours." So we had to wreck those mills, and both Brooks-Scanlon and ourselves had to move out to west Florida. So they built that plant out at Perry, Florida and we built ours at Shamrock, Florida. And I operated that. After I took up the operation I paid \$17 or \$18 million in dividends. Of course, I got 12 percent of that myself. I made a great deal of money out of that thing.

MAUNDER: What could you or did you do about your cut over lands at that time?

FLEISHEL: I cut the timber awfully clean, because in those days nobody ever dreamed that these cut over pine lands would be worth what they are. We had no taxable income, and it took \$300,000 a year to pay taxes and build fire roads and provide fire protection. And I had nobody but widows and orphans and minor children and trust companies for stockholders--all my old partners had died off--and all they wanted was dividends. I laid the cards on the table and told them, "Now listen, this is not the time to sell this timber. But we haven't any money. We have no taxable income. You people want a dividend, well, all right, you've had them. You've had far more than almost any other lumber company that I know of. Now you don't want to put up a couple hundred thousand dollars here to take care of this property, therefore, we've got to sell it." So we agreed to sell it. We sold it for \$18.50 an acre, 262,00 acres. I could sell that timberland if I had it today for \$100 an acre.

MAUNDER: What was your first interest and activity in the N.L.M.A.?

FLEISHEL: Well, I was, for ten years, chairman of the Transportation Committee, and I never held a meeting of that committee, and I did a fine job, because to get the West and the South to agree on anything relating to freight rates in those days was just like borrowing another man's wife. It just wouldn't work. And old George [?] told me one day (old George was head of the [?] Lumber Company), "Do you know, that's the smartest damn thing you ever did." I said, "George, I think so, too."

I've served on every damn committee they've ever had up there, and then I was vice-president, for two or three years, and then they made me president and I've had a hell of a time ever getting out of the job, and then I was on the Lumber Code Authority and on the N.L.M.A. The Emergency Bureau that the Southern Pine fellows set up there--I was chairman of that bureau in Washington during the First World War and buying lumber for the government.

MAUNDER: You've had to be a sort of mediator between these different regional groups in a way, haven't you?

FLEISHEL: I have, but I've been in this fortunate position, that I've known them all. I know relatively as many lumbermen on the West Coast as I do in the South, and I know hardwood fellows.

MAUNDER: That isn't true of a lot of men who live down here, either, is it?

FLEISHEL: No.

MAUNDER: You enjoy a rather unique position in the whole situation.

FLEISHEL: Yes. and this is not ego at all, but I believe most of these fellows will tell you that I probably know more lumbermen personally than any other man in this country, because I knew them all in cypress, and I knew them all in pine, and I knew them in hardwood, and I knew them in the National, I knew them on the West Coast, and I knew them in Western Pine. And I've had some pretty heavy rows with some of them, but I've always gotten along with them. The worst row I've had was about that building in Washington, 1319 18th Street. Well, my portrait is in that building, and it's the only one in there. The others are just little photographs. Well, it's just because I bought that building. The association didn't pay for that building; it was paid for by the individuals. John Watzek was chairman of the group to raise the money, and he said he'd send them back 60 percent of all the money that they ever sent in. I paid \$6000 for that portrait.

MAUNDER: How long ago did they get into that building?

FLEISHEL: Twenty years ago. We ran TECO for 20 years and made \$250,000, and I'd be ashamed or afraid to say how much we milked that company for the benefit of the National, which was a non-

taxpaying corporation. Wilson Compton and I really organized that company ourselves. Wilson can give you that dope better than I can. He's the finest man that ever walked.

MAUNDER: Wilson Compton came along to head the National when you were very much involved in its affairs.

FLEISHEL: He was John Henry Kirby's protégé. Old man Kirby found Wilson and put him in there. And Edward Hines was another. Old man George Gardner from [?] Mississippi was another one. But Wilson can give you the chronology of that thing lots better than I can. There's not another man in the United States that can give you the data that he can give you. Wilson and I have been very warm friends, and I've fought his battles up one side and down the other to get some of those damn hyenas in the Western Pine--

MAUNDER: There was a great deal of antagonism between Compton and the Western Pine, wasn't there?

FLEISHEL: It was largely personal between Van Fullaway and Compton, because Wilson had fired Van. Van used to hate my insides, but he doesn't any more. He is very friendly to me now. But at one time...it was born of my devotion to Compton.

MAUNDER: Did he and Compton ever come to a peace treaty?

FLEISHEL: Almost. They were very bitter, both of them. Wilson was a fair-minded man. He would never have done the dirty, low-down things that Van did.

MAUNDER: What did Van do?

FLEISHEL: Oh, everything he could, underhanded. He bucked every move that Wilson tried to make. In the first place he wanted Wilson's job. As I told you, unfortunately, he had that Western Pine group, and they were a strong force. They had more production, and they had more members and more everything else than Fir or Yellow Pine or any other association. Now I'm not bitter against Van except with the way he treated Compton. Personally, Van and I are good friends yet.

MAUNDER: Did Compton finally resign because of him?

FLEISHEL: Yes, they made it so hot for him that he wanted to get out. And as far as I'm concerned, I was glad he did, because they were knifing him all the time. The Western Pine opposed every move that he made. They went out of their way to find fault and criticized everything he did. You know, you get a homogeneous outfit like that, and it's a pretty tough thing. You'd be amazed at the difference of opinions that creep into most every question that comes up. But I used to get those fellows in pretty good. After they got so damn hot I used to tell them a Jew or nigger story or something like that, you know, to relieve tension. You know, I've presided over a great many meetings, and I've always found that a very helpful thing. When everybody gets mad at the same time, you tell them a story that's apropos of the question you've got under discussion, and it relieves a good deal of tension. They always said, "Let's quit talking about that and let Fleishel tell a story."

This is the second in a series of interviews with Mr. Mark Fleishel. This is April 5, 1960 in New Orleans at the Roosevelt Hotel.

MAUNDER: When did you first become associated with the Southern Pine Association, in what year?

FLEISHEL: Well, I figure it was [?] or '05, something like that.

MAUNDER: Now what prompted your becoming as active as you did in all these various trade associations?

FLEISHEL: I don't know. I had a feeling that we had to intelligently market this product--there was too much of it. A.F.P.I. tried to get me to take the presidency of that thing, you know, after I got out of the National. I wouldn't do it. I said, "Hell, that's a paper mill job. They're going to own all this land, they own most of it now. Pretty soon they're going to own it all." And that's exactly what happened. They've got old John H [?]-I don't know how in the world they ever got that old devil in there? He was an old woodsman, you know, but he's president of A.F.P.I. now. He wouldn't contribute a dollar to it when it first started.

MAUNDER: Who were some of the other people down here in the lumber industry who began to see the future a little more clearly than the others?

FLEISHEL: Well, that's a rather difficult question. There was none of them ever thought we'd...Charlie Keats used to tell and figure out a beautiful statistical analysis, whereby all his timber would be gone in seven years. And in a certain number of years there wouldn't be any, but [?] haven't come along yet. His land wouldn't be selling for one-fourth of what they are today, but none foresaw it, there had never been any paper produced in the South by chemical process, you know. But they developed a stronger type of kraft paper and carton business. They put \$200 million into paper mills in the South here in a period of two years. Just like they are doing today. They are just crucifying themselves today and they are smart men with a lot of money and a lot of know-how. But they just build it far faster than the population is increasing or than research has provided new markets for. That's what they've done.

MAUNDER: Would you tell us a little something about the days of the--leading up to the Depression and the conditions of the lumber industry at that time and what steps you and others within the industry, in concert with the government, took to try to rectify the economic ills?

FLEISHEL Well, of course, we tried to do that under the N.R.A. largely. Of course that was an unholy thing and of course it was knocked out.

MAUNDER: How did you get into it?

FLEISHEL Well, I go into it on account of my relationship with National. We were invited in there as an industry to help them

work out these problems and naturally I'd sit in on them from the very beginning. And as I say, I chaired on every committee we ever had in the National. But Wilson is the boy that can fill those things in, lots better than I can. I was trying to run three or four sawmills day and night in those days and he was up there doing nothing else but this.

MAUNDER: He conceived or roughed out the details on a lot of that legislation...

FLEISHEL Oh, a great deal and he had the utmost respect for the powers that-be over there. [?] Carl Compton, his brother, president of M.I.T., and Arthur was a famous scientist, the first split atom, you know, and then he was later chancellor of Washington University in St. Louis and Wilson was chancellor of Washington University, you know. Now Wilson Compton is a man that you want to get this information from.

MAUNDER: Now you were operating several sawmills down here in the South at this time and this was at a time when industrial forestry was just beginning to take effect in the South. Who were some of the companies that first took action, in your recollection, in this field?

FLEISHEL: Well, I know that anybody took any action, but men like John Blodgett and J.D. Lacy and the old Lyon-Gears Company, which is now making fences.

MAUNDER: How about Hardtner?

FLEISHEL Well, his brother is here now, Quincy. He was president of this organization for a while, you know, Quincy. He started this sustained yield thing. Henry, his brother, way back yonder.

MAUNDER: Wasn't that his father? Or an uncle?

FLEISHEL No, it was his brother.

MAUNDER: This man's brother was Henry?

FLEISHEL Yes.

MAUNDER: Oh, I didn't realize they were brothers.

FLEISHEL Yes, his son and also his grandson here--I don't think he's here now. But Quincy was president of the Southern Pine Association just a few years ago. But Henry was the first man that was recognized as applying scientific treatment to forests to create a sustained yield. But, of course, we had taxes to consider and all those...and there was not much profit in the manufacturing of lumber.

MAUNDER: Well, what was Hardtner's angle then?

FLEISHEL He wasn't such a big operator, you know. He didn't have such a big operation. He didn't own a great deal of land, but he had an obsession that he could raise timber and he could run a sawmill forever and he started out to do it. And did a pretty good job, too. But he never was a great big operator, nor a rich man nor anything like that. He wasn't a big man like Edward Hines and R.A. Long and John Henry Kirby and Charlie Keats and all of those big shots. But they have a well-sustained outfit and they raise timber and they don't cut any more timber than they raise.

Like an experience that I had up on Quebec. I went up a few years ago to Newfoundland on a cruise and I wanted to go across to that [?] over on Lake Ontario to see that big sawmill, that big paper mill over there. And I got up there in that bleak country, you know,--they don't raise anything up there but blueberries and codfish. A narrow-gauge railroad and the finest equipment you ever laid your eyes on, went across there. But the people were poor! I said, "Why in world don't they build another paper mill, give these people something to do?" "Well," he said, "the Crown owns all the land and they will not permit them to cut any more timber than they raise, and it takes 80 years to raise a tree in Newfoundland pulpwood size. And by the time you pay the compound taxes and compound interest on an investment for 80 years, you know, no telling how much money you'd have to have." But they won't let them do it. Now then, down here we raise timber to pulpwood size down here in 20 years, but they are planting a world of trees down here now and we are producing more wood--I'm not talking about saw logs now--and we are using-- notwithstanding this big, heavy production of paper--and they are building more, and they are building it faster than the population is increasing or than the research is developing. And there's a world of it on the drawing boards right now. And I'm concerned a little bit about how much profit outfits like Crossett and Weyerhaeuser, Southern Pine Lumber Company, and Diboll, in which I am also interested--like Crossett to own an amount of timber at a very low price that they inherited it. I don't think there's going to be any money made in this paper business for quite a while the way they are going [?] whole production. And they're smart men. You won't find a paper man and talk to him but what he will tell you the same thing, and yet they don't do a thing about it. Now the company in which I am pretty heavily interested, Southwest Lumber Mills out at Phoenix Arizona...

MAUNDER: Maybe they are not interested in making profits in the same way they used to be.

FLEISHEL: Yes, they are. Of course these men who own this timber, like these old companies we are talking about, they've got it on their books "no value." You take Crossett. Crossett today has got that timber on their books for less than \$3 million, and based on two or three of the large sales that were made right in their immediate territory, whose timber doesn't compare with Crossett because it hasn't had the care that Crossett's has had. All the roads through Crossett's timber are just like Canal Street down here--perfect. But those fellows, now they've got this big cash flow through there, cash drawer, four and a half million dollars a year of depreciation. And hell, they could pay three times as much dividends as they are paying if they didn't make a dime, just out of the cash flow. But John, they all tell me, "Why, hell, we've got too much timber. We've got to build another paper mill. We don't want to build another paper mill." All have one foot in

the grave, you know, those old fellows and they don't want anything to end the income. And sitting there with current assets of \$20 million and owe nothing. Now they are building, spending \$14 or 15 million each year and borrowing money. I said, "Hell, you oughtn't to borrow any money. Pay your debts. I don't want it. I don't want dividends. I'm not quarreling because I think you ought to pay more dividends, but I think you ought to quit spending money sometime." Now some stockholders could give them hell if they wanted to, you know. Anyone who owns much stock could just give them hell!

MAUNDER: But there probably aren't very many that have much [?].

FLEISHEL: No, no, they couldn't do it. But it doesn't make sense. You know...

MAUNDER: To what extent are they receptive to complaints of the little stockholder, the medium-size stockholder? Do they pay any attention to his grumbles at all?

FLEISHEL: No. I don't know that they make them. I don't know that they have any, but they could. In fact, all these things you see in the paper every day on these proxy fights, you know. And Uncle Sam wants them to pay out this money to the stockholders so they can collect the tapes on it.

MAUNDER: You knew Dr. Herty, didn't you?

FLEISHEL: Oh, yes.

MAUNDER: Tell me a little bit about Dr. Herty.

FLEISHEL: I don't know that I can tell you much about him. I met him two or three times, but I didn't know him intimately. I was never a paper man, you know. I was very much interested when he began to run that pilot plant up there and started making paper and showed me how he did it and what it was. I have no education and I have no technical knowledge at all, but I went through that plant with the old doctor one day and he showed me--he [?] me right through and I saw he actually took these old pine trees and got rid of the rosin and turpentine and pine oil and made paper. And I had the paper in my hands and I saw it myself, and then I began to get sold on it. Now whether he could do it in competition with mills that have cheap water power like old Chippewa Falls up there used to have, and people like that that had lots of water power that didn't cost anything, I don't know. You were stepping into a chemical process then; you had to buy fuel to do this thing with--and what the fuel was going to cost. Of course oil was awfully cheap in those days. And of course we didn't have all this gas down here that we have, in those days.

MAUNDER: Do you know Capp Eldridge?

FLEISHEL: Oh, I knew old Capp well, yes sir.

MAUNDER: What can you tell me about Capp Eldridge?

FLEISHEL: Well, I don't know too much about him, except that I've visited with him lots of times. He is a very interesting devil. You know, old Damtoft of Champion Paper and Fiber? He's a great friend of old Capp's.

MAUNDER: Yes, I know Dammy. I interviewed Dammy last winter up in Asheville.

FLEISHEL: He's a damn bright smart chap. He's all right.

MAUNDER: Then I interviewed Elwood Demmon.

FLEISHEL: Demmon used to be down here. I knew Demmon very well.

MAUNDER: All those fellows played a really important role in the settlement South.

FLEISHEL: Yes, sir, they certainly did!

MAUNDER: Of course, you've seen the basis of this South's whole economy change in your lifetime, haven't you?

FLEISHEL: I certainly have.

MAUNDER: What can you tell us about that?

FLEISHEL: Well, I don't know how I could put it into language. There has been a complete evolution of the thing in my days. But I've been here a long time, you know.

MAUNDER: It wasn't principally a wood economy though when you started out, was it? It was what, cotton economy then?

FLEISHEL: Yes, I would say yes. But we never realized by keeping the--we've always known that if we keep the--you see, there's an old habit among the natives that own cattle. They always ran cattle on the other fellow's land. They paid no taxes on the cattle or the land either one. But they burned these woods, and of course they stopped the growth of the little timber and killed most of the real young timber, but stopped the growth of the other. But they never considered the timber worth anything, it wasn't worth trying to save. But they'd burn the grass in order to get early grass for the cattle. It's a good deal like a story.

MAUNDER: One of the big problems of this industry has always been a regional factionalism, hasn't it?

FLEISHEL: Yes. Of course it's just born of that natural factor of competition. If they had something to sell, we had something to sell; they had a different labor situation--West Coast had union labor, we didn't have it. They had it--on the other hand it took three and eight-tenths men to produce a thousand feet of lumber against their one man on the Coast. And you built a sawmill on the Pacific Coast and a band mill there would cut four times as much lumber in an hour as one will down here, due to the size of the logs. That was in our favor. All right, against them they had their high labor costs. They had these union laborers out there, and they had the long freight rates. And we got to overcome those things. It's sort of like mixing oil with water.

MAUNDER: But, do you think that the industry is undergoing a substantial change or moderation in its character?

FLEISHEL: Oh yes, in this way there isn't a sawmill now that is operating today--in fact, I was talking with Raymond White just a little while ago. Raymond White was telling me about what they've been doing up there in Longleaf in rebuilding that old plant that's been there for 50 years or more. I said, "Raymond, do you believe that any sawmill, big or little, can operate in the South

without a chipper?" He said, "No, I don't." And I'm pretty sure that's a fair statement. " Kirby, the enormous amount of lumber they produce, the biggest sawmill we got in the South. Large as any sawmill out on the Pacific Coast. Made all that lumber and making money, but they had good management and everything else. But there is just no money in this lumber business, these competitive materials, that's what we are spending on. We are spending \$1,200,000 this year for trade promotion, the "W.P.P." thing we got going. But I am out of that part of the business now.

MAUNDER: Do you feel that the industry is going to have to spend an even greater amount of money?

FLEISHEL: I do. And they are going to have to do far more research work than they have ever done. And even when they do, remember, you've got some smart competitors that are doing the same thing and where we are a great big outfit here, they get the figures down there, one of them did this morning. [?], who is chairman of the Trade Promotion Committee--I've forgotten just what figures he used, but the aluminum company alone spends more money than the whole damn lumber industry, to promote their product.

MAUNDER: Well, this industry has always been a little backward in that regard, hasn't it?

FLEISHEL: Oh, yes. It has, that's true. [?].

When times were hard lumber was hard to sell. Everybody cussed those people to beat the band, but they made a lot of lumber, they had a lot of overhead and far more expenses than the little pecker wood mill had that could shut down and blow the whistle and not carry any insurance maybe, and start up the next morning six o'clock--they didn't figure expense. And a big outfit has to do that. He's [?] so he can borrow money to operate on, he's got to have some facilities. Well, they always cussed Long-Bell. Long-Bell and I worked right in the middle of all their operations. They were good neighbors, they were good competitors, they were fine people. So was Great Southern. But the average sawmill man didn't look on them like that, but I did. I thought I could see their problem. They've got to move this lumber.

MAUNDER: Well, the little sawmill man and the big sawmill man are still miles apart, it would appear, down here.

FLEISHEL: Yes. Of course here's the thing about it now. The little sawmill man, who has nothing to sell but a rough two-by-four and a one-by-six, he can't operate and compete with the other fellow who, for instance, molded base boards and things like that, he can't do it. And these damn paper fellows have got that same thing in their business today. These paper mills are not integrated. They can make only one item, like [?] Paper Company, the Dupont's [?]. They've got a great

big plant over there, and [?] got one bigger than theirs right close to them there and they run full time. Why? Because they're integrated. They make white paper and they make kraft paper and they make paper bags and all those kinds of things. And that's what you've got--you've got a bargaining problem far more today than you ever had before. But these damn paper mill fellows--I tell you I'm ashamed to say it because I'm interested in seven of them--but they are just building these damn plants so much faster. And they've all got high-priced timber and they've all got higher taxes. Hell, I don't know. I'm sometimes glad I'm out of the picture. I can just sit around and criticize them--they can't [?].

MAUNDER: Have you got any personal papers of your own that you might consider placing somewhere in a good library?

FLEISHEL: Oh, I don't know.

MAUNDER: Or a library.

FLEISHEL: I've got a lot of stuff, trash, that I've saved.

MAUNDER: Where is it, down in Jacksonville?

FLEISHEL: Yes. I've got pictures of a lot of groups that I think you might find interesting--old Cal Coolidge in 1921, Wilson Compton, Henry Kirby and I got it on my wall down there. I got some timber pictures that may be interesting.

MAUNDER: What about your own personal file, your correspondence and things like that? Have you got any of that?

FLEISHEL: Well, I don't know that I have. I'm not an educated--

MAUNDER: You are what we know as a self-educated man, Mr. Fleishel.

FLEISHEL: Well, a lot of fellows do. I've always been given credit for being an amusing, entertaining type of a presiding officer. I keep the thing, I kept the thing going like that pretty well. That's the reason they kept me on that job so damn long, which I didn't want because I spent more money going to--I made 42 round trips to Washington in 1942.

MAUNDER: That must have kept you away from home a good deal of the time.

FLEISHEL: It did. But of course I could get up there over night, so it wasn't so bad. But I was a hired man and I was getting a big salary. I had no business giving my time to it, but I was interested and wanted to do things. I was just one of that kind of cusses that did, that was all. But I've been called the "Number One Lumberman"--that's what I was known as in lumber journals, you know. I don't know why, I never was entitled to that tribute.

MAUNDER: They don't usually dole those titles out without there being a little thought and consideration behind it...

FLEISHEL: I'll send you some trash some day and you can throw it in the wastebasket or send it back to me if you don't want it.

End