Wages dropped drastically, but sawmill people were more fortunate than most

Temple empire almost folded during the Great Depression

By ELLEN TEMPLE

The Great Depression of the early 1930's was a dramatic, difficult time for Southern Pine Lumber Co., now known as Temple-Eastex. Up until the stock market crash in October 1929, which ushered in the Depression, Southern Pine Lumber Co., and Temple Lumber Co., under the leadership of T.L.L. Temple Sr., had been running "full steam", acquiring land, expanding retail operations, investing.

Temple headquarters were in the Texarkana National Bank Building in Texarkana, Texas. Operations included Temple Lumber Co. with mills in Pineland and Hemphill and retail lumber yards throughout Texas with division headquarters in Houston; the Southern Pine Lumber Co. with mills in Diboll. Southern Pine owned 90% of the stock in Temple Manufacturing Co. which operated box factories in Diboll and Dallas.

Some of the leading characters in the 1930 Depression drama were Arthur Temple Sr., T.L.L.'s son, who served as president; L. D. Gilbert, general manager in Texarkana; P. H. Strauss and John J. O'Hara, co-managers in Diboll, with Strauss in charge of logging, including log ponds and machine shop and the office while O'Hara was in charge of mill operations and the Company dwelling houses; Henry G. Temple, vice president of the mill division and manager of Temple Lumber Co., headquartered in Pineland; I. B. MacFarland, general manager of the retail yard division; E. C. Durham, who ran the T.S.E. Railroad; plus all the employees who struggled and sacrificed to keep these corporations running.

The setting in the U.S.A. in those days was grim. By 1930 six million citizens were jobless and twelve million had no work by the following year. More than 5,000 banks had failed and 32,000 businesses went bankrupt. With the exception of his Reconstruction Finance Corp., designed to lend businesses and railroads money at low interest rates, President Herbert Hoover's Administration adopted a hands off policy while the country sank deeper into the Depression.

There were plenty of goods, forests full of timber, but no money for folks to buy lumber. Southern Pine was not diversified as Temple-Eastex is today. It was strictly a lumber operation, and when folks had no money to build, it suffered. Timber became less than worthless; its manufacture couldn't bring enough to pay production costs. The Company was "in the red" in 1931 and 1932. Many other small mills and some large ones were shutting down.

Clyde Thompson says, "Mr. Temple had lots of headaches then." Southern Pine was making no profit, and the banks began demanding payment of notes.

Arthur Temple Jr., Arthur Sr.'s son and Chairman of the Board of Temple-Eastex, recalls that in 1931 the Company owed a lot of money — $4 million to banks including Republic National Bank and Trust Co. of Dallas, South Texas Commercial National Bank of Houston, Texarkana National Bank, First National of Dallas and Boatmen's National of St. Louis, Missouri.

In 1931 the banks had a creditor's meeting in the Texarkana National Bank to discuss putting Southern Pine Lumber Co. into bankruptcy. Arthur Temple Sr., Company president, made a speech explaining that the Company was doing all it possibly could and would try to pay back the banks as soon as possible.

Mr. Waggonfuer of Boatmen's Bank of St. Louis insisted on declaring Southern Pine's bankruptcy. Mr. Fred Florence, a great banker and head of Republic of Dallas, joined by Mr. Gossett of South Texas Commercial in Houston, persuaded the majority of the banks involved to agree not to take any action. Mr. Florence argued: "We don't know anything about the lumber business; they know their business. We know they're honorable people and will do all that's possible to repay the banks."

T.L.L. Temple died in 1935.

Arthur Jr. reports: "Dad liquidated assets and scrounged enough money to pay off the banks — an effort which impaired his health, in my opinion. To this day Republic is our lead bank because of the loyalty and faith that they demonstrated."

Arthur Sr. told his son that he vowed to keep the Company going for the people who worked in it; he knew they could find no other jobs.

He set out to liquidate assets to pay off the bank notes. According to W. Aubrey Canon, long time employee, former Secretary-Treasurer of Temple Industries and now Assistant Secretary-Treasurer of Temple-Eastex, Southern Pine liquidated timber rights on more than 15,000 acres in Red River and Bowie Counties, sold off real estate in Houston and Dimmit County.

In 1934 Temple Lumber Co. sold 80,974 acres of cut-over timberland to the National Forest Service. In Pineland with Arthur Sr. present, L. L. Bishop of U.S. Forest Service offered the Temple Lumber Company negotiator D. C. Kenley $2.75 an acre. Kenley tried to hold out for $3.00 but finally settled for $2.75. That 80,974 acres is now part of the 179,000 acre Sabine National Forest.

His efforts to reduce Company debt in the 1930's influenced Arthur Sr.'s Company policies for the rest of his life. He operated on a conservative basis and didn't seek any notable expansion or growth.

He made his economic philosophy clear in a May 23, 1951, letter to Latane Temple concerning a proposed expansion of Temple Cotton Oil Co.: "I went through hell in the early '30's paying off debts which had been made through expansion policies in the '20's, and I resolved never to get caught in any such a tight spot again."

And he wrote again in June 16, 1951, concerning a new yard at Port Lavaca: "On the other hand, I have been opposed to expansion generally because we have been spending so much money in so many directions that our position has not been too good, and I have a dread of owing money if and when another depression sets in; a burned child dreads the fire, and I would not go through what we went through in the 1930's again for anything in the world."

Company commissary was a complete general store for employees

Leaders became conservative to avoid further troubles

Arthur Sr. wrote in Sept. 22, 1951, shortly before his untimely death, about a proposed timber purchase: "I would like to consider these purchases a little further in my own mind...Generally speaking, I think the best time to buy young timber, or anything for the long pull, is during depressions, and my thought has always been that we should accumulate cash to be prepared to take advantage of such opportunities. During the last depression, you will recall, we were over-expanded, were hard pressed for cash, and instead of being in a position to take advantage of bargains were forced to sell a lot of our cutover land to the Government at a price which now appears ridiculous. If we had had the money during the last depression, just think of what we could have done with it. Another depression is coming just as surely as God made little apples, and it is apt to make the last one look like a boom."

The Depression left deep scars.

Besides paying of debts to meet the crisis, the Company had also to reduce costs. It therefore determined to reduce production, to cut wages as much as each man could stand and to attempt to get by under strict economy.

Correspondence among managers in the fall of 1931 reveals the agony that accompanied the need to cut wages. Mr. Gilbert, the general manager, wrote: "God knows this (wage cuts) is no pleasant matter to deal with, but it is either that or close down, which you know we can't do."

E. C. Durham, T.S.E. Railroad Manager at the time, painted a poignant picture in his worry over wage cuts. He wrote from Diboll on Oct. 31, 1931: "How some of these men can pay rent, hospital, etc., feed and clothe their families on what they earn is a mystery difficult for me to solve. The fact is, in many cases they are not doing it. The number of under-nourished children to be seen at the school is almost unbelievable and the teachers report that some of their lunches are so meager as to make one doubt they are living in a land of plenty. Some of those children are from the country but we have ample quota right here in town. I am not reciting these things as sob stuff – they are grim facts which should not be lightly considered. Of the men who are making the best wages and salaried it must be said that they have given generously and helped in many ways to relieve suffering and to hold the community together."

In his letter, Mr. Durham continued on about some of the employees' wage cuts. He noted that P. F. Sullivan, a shop man, earned $52.95 a month in 1911 but dropped to $29.27 a month in 1931. A log train engineer in 1931, making 200 miles per day besides switching, earned $69.11 or about 70% of what he earned 20 years before.

Pay cuts were drastic. Folks didn't quit though; they were just glad to have a job. This was a time when unemployed men were riding the freight trains and walking the highways, moving from town to town looking for any kind of work.

The Dallas Lumber Yard manager's pay was cut from $200 to $140 a month. A bookkeeper in the Houston yard dropped from $135 to $90 a month in 1931.

A. F. "Lefty" Vaughn, who had worked in the drugstore here and then the Commissary, started at $60 a month in 1929 and dropped to $43 a month in 1930. By 1932 he was back to $60. Beginning in 1929, Southern Pine stockholders, mainly Temple family members, received no dividends for a number of years. Arthur Sr. drew no salary.

Fortunately living costs were low at the time. Southern Pine Commissary sold all kinds of goods. W. P. Rutland, later a director of the Company, managed all commissaries, meat markets and drug stores, including those in Pineland and Hemphill. Will Agee ran the drugstore, Jim Fuller and Lefty Vaughn were in "gent's furnishings" in Diboll.

According to Lefty Vaughn, the best Nunn-Busch shoes went for $7.95 to $8.95 a pair; Arrow shirts were $1.95 to $2.95 and Test overalls went for as low as $1.50 to $1.95 during the depression.

Folks who earned $1 to $1.50 a day spent about all of it on food. They could buy beans, sugar, corn meal, peas for 10c per two pounds. Bacon which was kept in a screened room in back of the Commissary went for about 12-15c a pound. Tobacco that bore such names as Day's Work and Black and Brown Mule would go for 10c on up, depending on the size of the plug. Sunset coffee sold for 35c a pound can and Early Bird went for 25c.

Most everybody in Diboll had his own vegetable garden and cows, sometimes chickens and hogs, at his house. So folks were pretty self-sufficient.

Della Lewis remembers that, "There were cows walking around here just like people." Lefty Vaughn said he used to milk his two cows before work in the morning, then get off at 5:30 for a supper break when he'd milk them again, then go back to work until 7:30 or 8:30.

According to Clyde Thompson, Company employee since 1916, and now a Temple-Eastex Vice President, who in the early 1930's served as assistant to co-managers Strauss and O'Hara, insurance manager and purchasing agent, conditions in Diboll and its lumber camps such as Fastrill were much better than in most logging communities. In fact, he says, Fastrill was the best place for work in the country at that time. Della Lewis, who in 1931 was a child in Fastrill, remembers that work was regular for her father and food and water were never scarce.

Meanwhile around the U.S.A. in 1931 the twenty millionth Ford rolled off the assembly line; the Empire State Building opened; farmers burned corn and grain because it was sheaper than coal; in South Dakota the cost of corn listed as minus 3c.

And Southern Pine Lumber Co. continued to watch every penny spent. Arthur Sr. took the Company out of the Southern Pine Association in 1931 because it couldn't afford to spend funds on dues. And he recommended that the Company not buy advertising in a special 1932 Edition of the *Lufkin News* so as to save money.

Calvin Lawrence, now Company accountant, was time keeper in Hemphill in 1930. He recalls Southern Pine's efforts to economize. "Everyone in Hemphill was in the hole. At that time they developed a system known locally as 'white horses'." A Commissary customer would list the items he needed on a white slip of paper. The commissary clerk would then send these "white horses" to Lawrence whose job it was to okay, reject or change requests. He would try to save the Company owned commissary money by approving requests for essentials only.

One man who drove a mule on a dollyway started his "white horse" with a request for a 10c box of snuff, then went on to list such essentials as beans and bread. Lawrence always tried to cut off all but necessities, so he scratched the snuff order. The customer urged him to scratch the beans instead! "I can go a day with snuff, but not without it," he said.

At one point, Lawrence called Henry Temple and asked for a Company policy statement on just how much he should let the folks have. There was a long silence; finally Henry said, "Just use your own judgment."

Those "white horses" were usually for only 50c or 75c worth of goods.

An economy practice that developed in Diboll was known as "trade acceptances". Clyde Thompson recalls that because the banks couldn't take more notes, the Company would issue "trade acceptances" to its suppliers for merchandise purchases. The "trade acceptances" were then discounted by the suppliers at the bank and after a certain number of months were paid by the Company. The Company bought from the few supply companies that would deal this way: "Nacogdoches Grocery Co., Norvell-Wilder Hardware Co. in Beaumont, Woodward-Wright Co. in New Orleans, Peden Iron and Steel Co., Houston, Lufkin Foundry and Machine Co., among others.

Clyde Thompson borrowed $25,000 cash from Sam Hyman

Money was tight. Banks were limited in the amount they could loan. Clyde Thompson tells a story about borrowing money from Lufkin's Sam Hyman. Clyde served as the Southern Pine emissary and agreed to meet Hyman at the Angelina Hotel to accept the loan. He was expecting a check for the agreed upon $25,000. But instead Hyman summoned Clyde to the men's room where he promptly pulled out a money belt bulging with $25,000 cash! Clyde was astounded. He said he wasn't about to carry that money around, so he marched into Lufkin National to make the deposit for the Company. Roy Kurth Sr., Bank Vice President, saw him coming and laughed, "Well, been borrowing from Sam, haven't you?"

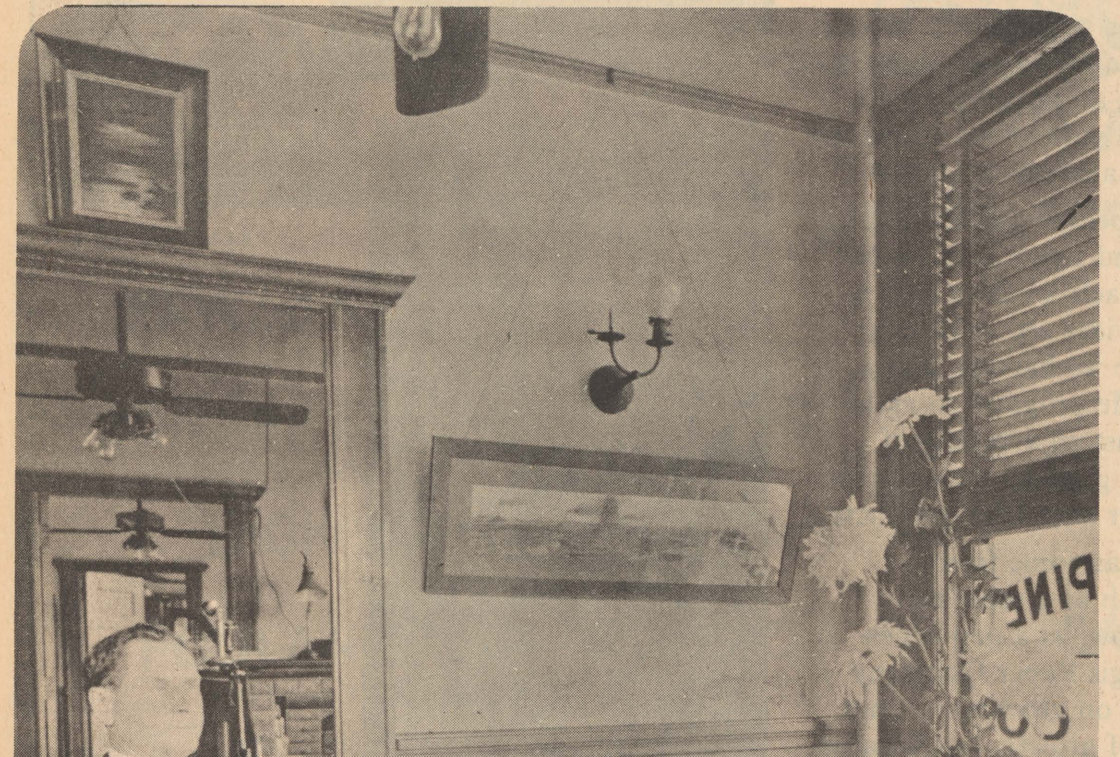
Franklin D. Roosevelt was elected in 1931, and with his inauguration in 1933, the New Deal was launched. The Democrats took steps to restore confidence in the banks; they started the FDIC in 1935; they began the Social Security System in 1936; then instituted the minimum wage of 25c an hour in 1938. The country was on the move again.

And Southern Pine was moving again too. By 1933 it once again realized a small profit. In 1934 profits were approaching levels realized back in the 1910's. And by 1935 wages were rising once again.

The new East Texas oil field was in full swing and lumber orders from that field pumped new life into the Diboll mills as trucks ran day and night carrying rough and finished lumber to the boom towns.

Southern Pine also got numerous orders from a new coffee company, Duncan Coffee, for billboards.

One good thing came out of the dreadful Depression years. Employees, managers, owners all developed a fierce loyalty and pride in their Southern Pine Lumber Company — a spirit that's still strong today.



Southern Pine founder T.L.L. Temple in 1907

This article originally appeared in the 1976 Diboll Day edition. But we have had so many requests for copies that we are reprinting it. The essay is one of the best ever published on Diboll. During the Depression, our industry — and thus or town — came very close to going down the drain. —Editor.

Old Airdome was Diboll's first theater

Diboll Mayor Clyde Thompson, a Diboll resident since 1916, reports that the Diboll history printed in this week's Free Press incorrectly states that the Timberland Theater was the first theater in Diboll.

Mayor Thompson says that the Airdome Theater was built here in 1914 by E. W. Rutland, Jane Newsom's father, and by B. F. Tucker, grandfather of Jack Tucker.

It was originally an open theater, but a roof was later added, as was a balcony for blacks.

The Airdome was located just off what is now Mill Street, across from the Temple Truck shop. In 1919 it was purchased by Frank Farrington, O. H. Weise and Clyde Thompson and was operated by them until late 1921 when it was sold to M. R. "Pete" Hendrick, who converted the building into a restaurant.

According to Mayor Thompson, the only Airdome proprieter still living, some of the popular pictures around 1915-20 were Fatty Arbuckle and Charlie Chaplin.