

New Frontier Era in the South

The Southland has been blessed with a new bounty. Dr. Charles Holmes Herty, the distinguished chemist who more than any other man was responsible for the creation of the paper industry, with a \$100,000,000 investment, in the waste lands of the Southern pine belt, has announced perfection of a process for the manufacture of newsprint from black gum wood.

Black gum wood is a characteristic tree of Atlantic and Gulf Coast river swamps. The paper produced from it, tested on the presses of The Savannah Evening Press, is said to be superior to the average of seventeen commercial varieties in tensile strength, burst and wear, to be bright in color, smooth-surfaced and opaque with good body, printing well.

To the South, according to the chemist who perfected the earlier process for making newsprint, book-papers, writing papers and cellulose products as well as kraft paper from Southern pine pulp, the development of the process "means the addition of 40 per cent more to the already vast resources for the manufacture of paper."

Truly the South has been blessed. The swamplands, formerly accounted as waste land, prove to be a rich natural resource. Once dependent upon cotton and tobacco production, it now finds acres of free land—swamp land must be free—opened to its labor and capital. The bounty should benefit other sections as well; the pine pulp industry's record indicates there should be opportunity here for labor and capital from other sections also.

But is it truly a bounty for all the people of the Southland? The short history of the pine pulp industry does not bear this out. About six years ago a group of enterprising businessmen gathered capital to finance Dr. Herty's work. He set up a labora-

tory in Savannah and began experiments. Four years ago a commercial experimental run was made with pine pulp at Thorold, Canada. It proved that Southern pine made a grade of newsprint capable of competing with the foreign product in quality and price.

The makers of Southern kraft, brown wrapping paper, doubted that there was enough forest resources to support the new industry. Dr. Herty's campaigning helped to yield the national survey of forest resources, which dispelled all doubt. Forestry experts showed how the wood's fifteen-year maturity period, comparatively short, could be shortened further.

The new industry had tremendous advantages. Turpentine was a profitable by-product. Cutting can be carried on all year. Mill supplies need safeguard only a week's production, against the heavy yard inventories of Canadian mills. The product yield from the raw material is higher and labor costs are lower. Mills, accounting for the \$100,000,000 investment in plant and equipment, have sprung up throughout the section.

One unfamiliar with the resource policy of the United States would assume that all America would benefit from this; in that land which once had no economic value now has high economic value to the country which, by its demand for paper and cellulose products, by the level of its technological development, and by its creation of adequate capital resources as well as human resources—to say

the least—created that value. But not even do all the people of the South share in that benefit.

The mills have been buying up pine lands to be able to cover, from their own holdings, about half their estimated wood requirements. The pine forests, although waste land of no economic value, had had "owners" nevertheless; title to them was held by farmers who enjoyed absolute ownership of the fields surrounding them. Some were willing to part with their titles for what seemed to them ridiculously high prices, but which now appear unbelievably low. Thus the rising economic value of these lands—and eventually, no doubt, a monopoly value as well—will accrue in most part to the mills.

But some of the mills are showing the shrewdness of the old timber pirates and are not cutting their lands, but are holding them in reserve. All of the mills are purchasing wood supplies from farmers, who now get \$4 a cord for wood that once was not even the best of firewood. Since his average family income was formerly \$200 a year, the farmer need only sell fifty cords to maintain his present standard of living, and only 100 to double it, while he sits back and lets the speculative value of his waste land rise.

Truly the South has been blessed with a new bounty. But instead of the bounty accruing to the people of the region, who in large part created the rising value of the waste land, and to the people of the country, who in some part did so, the major benefit seems to be going to the farm land owners of the South who happened to have taken title to the resource without suspecting its existence, and to the mills shrewd enough to take advantage of the inability of some of those owners to engage in the growing speculation.

Shortly it will be discovered that



even the black gum swamps have "owners" with legal title. They will turn out to be surrounding land owners, politicians, or far-sighted monopolists. Shortly it will be discovered that even worthless swamps have land value—as they certainly have in Louisiana—and the rapidly expanding paper industry will have to support a horde of parasites. The value will zoom and the industry which now seems to be solving the social problems of the South will create new ones; its expansion will be checked, its employment opportunities curtailed, its rising wage scales lowered,

its present premium return to capital reduced.

But if the United States had had the foresight to apply the principle of social land value taxation in its natural resource policy the result would have been different. As before, so long as the forests and swamps remained waste land they would yield no rent for socialization. Once economic rent appeared, it would be collected and applied to public purposes. Speculative monopoly rent, then, would not appear. The forest would be open to all entrepreneurs on an equal footing.

Capital, which now must be diverted into land purchases, could be used for productive purposes. The farm land owners, instead of being parasites upon industry, would be induced by their needs and by the proffered opportunities to engage in useful work. Labor, with vast new natural opportunities opened to it, would command its full wage, a high one.

One day the South will rue its lack of foresight.

—W. L.

See: "Progress and Poverty," pp. 242-249; "Teachers Manual (P. & P.)," L. V, Q. 16, 17, 18.