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Solid Wood Products Industries —
How Important Are They In Mississippi?

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What are the "solid wood products" industries and how important are they in Mississippi? First, consider the list of solid wood industries that are present in Mississippi — it includes sawmills, plywood mills, reconstituted product mills, wood preserving plants, and firms manufacturing hardwood dimension stock and flooring, millwork, wood containers, wood pallets and skids, and prefabricated wood buildings.

What impact do these industries have on Mississippi’s economy? Their total impact was nearly $5 billion in the state in 1993 — the most recent year for which complete information is available. To appreciate the sheer magnitude of this total impact, consider how long it would take to spend $5 billion ... to equal this sum you could spend $15,000 every day for nearly 1,000 years.

A very important aspect of lumber and other solid wood products industries in Mississippi is the number of jobs they provide. These industries employed over 22,500 people and paid $530 million in wages in Mississippi in 1993. When you consider the multiplier effects of these industries, however, the total impact on the economy was nearly 53,000 jobs and over $1 billion in wages and salaries. The average wage in solid wood products industries in Mississippi in 1993 was $23,500 — $3,500 higher than the statewide average.

"Value added" is a useful measure of the income actually created by an industry in a region. It’s the difference between the total value of outputs and the cost of purchased inputs. In Mississippi in 1993, the solid wood products industries produced $904 million in value added directly, but when you consider the spinoff effects, total value added was over $2 billion.

Background
This is the third in a series of articles on the economic contributions of various segments of the forest products industries to Mississippi’s economy. Previous articles emphasized the logging industry,¹ and the pulp and paper industries,² and a summary article (in this issue) highlights the total impact of all of the wood-based industries, together with wood furniture industries. These articles report findings of an analysis of the state’s economy conducted by members of the Department of Forestry at Mississippi State University. In the present article, "solid wood products industries" includes sawmills, plywood mills, veneer mills, reconstituted wood product mills and firms manufacturing articles made primarily of wood.

How the analysis was done
IMPLAN—an input-output computer model for IMPact PLANning developed by the USDA Forest Service—was used to assess the economic contributions of various industries in Mississippi. The most recent data available was for 1993, and more recent changes in the forest products industries in the state are therefore not reflected by the results. For each industry segment examined, "direct," "indirect," and "induced" effects were estimated. Their combined impacts on the state’s economy are reported here.

This is the third in a series of articles on the economic impact of the forest product industry in Mississippi. Look for a complete summary in the fall, 1997 TREE TALK.

(continued on page 20)
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The total effects of the solid wood products industries are more than double the direct effects alone in value added, employment, and wages and salaries.

### Direct Effects (the solid wood products industry only)...

- **Total Output Value** = $2.63 billion
- **Value Added** = $904.9 million
- **Employment** = 22,549 (full and part-time jobs)
- **Wages and Salaries** = $529.9 million

In 1993, the 22,549 employees in solid wood products industries in Mississippi received an average wage of $23,500. As shown below, however, the total number of workers and the total impact on wages and salaries is more than twice the direct effect alone.

### Total Effects (direct effects + indirect effects + induced effects)...

As shown above, these include only firms directly involved in solid wood products.

- **Total Output Value** = $4.93 billion
- **Value Added** = $2.01 billion
- **Employment** = 52,841 (full and part-time jobs)
- **Wages and Salaries** = $1.10 billion

Indirect effects take into account the industries’ purchase of fuel, raw materials, etc., from firms in Mississippi.

Induced effects are generated by the increased consumer spending made possible by the wages associated with wood products’ direct and indirect effects.

Solid wood products industries impact many industries in Mississippi. Examples are construction, petroleum, and utilities industries. Many other industries are also affected by the wages and salaries earned in solid wood products industries. Examples include service industries, financial and real estate industries, health services, and wholesale and retail trade.

Another important aspect of the solid wood products industries in Mississippi is that they obtain a very high percentage of their raw materials from Mississippi forest landowners. The lumber and wood products sector used over 1.3 billion board feet of pine stumpage and 400 million board feet of hardwood stumpage in 1995, for example, resulting in payments to Mississippi landowners of over $590 million dollars.