

LUMBER, PULP AND PAPER

HEADS OF CANADIAN PAPER MILLS INDICTED.

Charged With Violation of Sherman Law.

Six paper manufacturers, three of them Canadians, and a banker prominent in financing newsprint paper companies were indicted by the federal grand jury in New York, last Thursday, April 12, charged with controlling 55 per cent of the newsprint paper production of the United States and using their power in restraint of trade in violation of the Sherman anti-trust law. Five of the manufacturers constitute the executive committee of the Newsprint Paper Manufacturers' Association, whose secretary, George F. Steele, the indictment says, was not named as a defendant in view of the fact that he appeared as a witness by the grand jury. The members indicted are Geo. H. Mead, Philip T. Dodge, Edward Backus, George Chahoon, jr.; G. H. P. Gould, Frank J. Sensenbrenner and Alexander Smith, a Chicago banker.

Chahoon is president of the Laurentide Company and manager of the Canada Export Paper Company, a selling company, alleged to control the sales between the Dominion of Canada and the United States, with an aggregate output of 800 tons a day.

Mead is chairman of the executive committee of the Newsprint Paper Manufacturers' Association, and president of the Spanish River Pulp and Paper Mills, and Lake Superior Paper Company, and of the G. H. Mead Co., of Dayton, Ohio. The concerns of which Mr. Mead is president, or of which the G. H. Mead Company is selling agent, have a daily output of approximately 670 tons of newsprint paper, it is alleged.

Dodge is president of the International Paper Company, with a daily production of 1,300 tons, and an unused capacity of 500 tons more.

Backus is president of the Minnesota and Ontario Power Company, and the Fort Frances Pulp and Paper Company, with a capacity of 350 tons.

Gould is president of the Gould Paper Company, the Donnanona Paper Company, a Canadian concern, and formerly of the St. Regis Paper Company, controlling an output of 330 tons a day.

Sensenbrenner is vice-president of the Kimberly Clark Company, said to control an output of 81 tons daily and facilities for 145 tons more.

Smith is described as a "leading banker in the United States in the flotation and sale of the securities of newsprint manufacturing companies" interested largely in the Minnesota and Ontario Power Company, the Spanish River Pulp and Paper Mills, Limited; the Lake Superior Pulp and Paper Company and the Abitibi Power and Paper Company. He is vice-president of the last-named company.

All but Messrs. Smith and Sensenbrenner are members of the Newsprint Manufacturers' Association's executive committee. Bench warrants for the defendants were issued and bail fixed at \$5,000.

The investigation, it was stated by Bainbridge Colby, who served as special assistant to the United States Attorney-General in association with Mark Hyman, Assistant Attorney-General, was undertaken by the Department of Justice in February "at the request of the Federal Trade Commission." Subsequently the commission and the manufacturers reached an agreement in respect to prices.

"The Federal Trade Commission in its preliminary report to Congress declared that there existed in the newsprint industry a combination in restraint of trade, and that while there was no actual shortage in newsprint paper, a very delicate equilibrium between the available supply and the demand had been brought about artificially in the trade," Mr. Colby said. "The grand jury as the result of its independent investigation has in effect reached the same conclusion, and has indicted the men whom it regards as responsible for these conditions, brought about, in its opinion, through a violation of the federal anti-trust laws.

"The prices charged by members of the association are greatly in excess of prices which independent producers even under war conditions are content to receive. There has been a relatively slight advance in the cost of materials entering into the manufacture of newsprint paper, but nothing comparable to the advance in prices which has been made through the concerted action of the members of this combination, and under restricted competitive conditions brought about by the association, whose purposes

and methods are now directly challenged by the action of the federal grand jury."

The indictment states the inquiry covered the period since December, 1914. The total daily output of newsprint paper, chiefly used by newspapers, is put at 6,300 tons in Canada and the United States, with a value of \$250,000. Of this amount, it is alleged, 5,600 tons were controlled by 45 specified companies, whose trade the defendants are accused of engaging in a conspiracy to restrain.

The association is described in the indictment as a voluntary trade association, composed of 45 firms, and having "no constitution, by-laws nor minutes of proceedings." The defendants and Steele, the association secretary, it is alleged, through the association and the firm they controlled, carrying on 55 per cent of the newsprint trade and having facilities to carry on 65 per cent, were able to dominate the business.

UNION BAG & PAPER CO.

At the annual meeting of Union Bag & Paper Corporation President Wallace said the year had been one of the most important in history of the company. Recapitalization was effected and rehabilitating of properties completed. Directors inspected all plants a short time ago and found them in excellent working condition.

The new mill of St. Maurice Paper Co. (three-quarters of stock of which is owned by Union Bag & Paper) is about completed. One paper machine has been operating some time and the other will be turning out paper in a day or so. The sulphite mill is running half capacity and sulphate plant will be running about May 1, and as St. Maurice Paper Co. during 1916 earned \$306,767 from pulp and lumber operations alone, Union Bag holdings should prove very valuable.

During early part of 1916 paper bags sold at their lowest price, due to keen competition and trouble among manufacturers, but before latter part of the year they reached the highest price in history of the industry. Although it has been exceedingly difficult to keep plants running, due to lack of raw materials and high prices, the only shutdown was due to freight embargoes during March. Although the company expects trouble during the current year, it hopes to have enough raw materials and wood supplies to fill requirements.

Mr. Wallace said that although he considered price paid for Cheboygan Paper Co. slightly in excess of real value, he considered the purchase a good move in view of high price of paper.

On balance sheet for January 31, properties, including operating plants, water power, etc., are appraised at \$9,130,436, whereas President Wallace points out real value is easily \$10,900,000, or approximately \$1,800,000 greater. Inventories of pulpwood, supplies, merchandise on hand, etc., were drawn up at or below cost.

DE-INKING OLD NEWSPAPERS.

Extensive experimental tests are now being made at the Riverside Paper Company, Number Two divisional mill at Holyoke, Mass., of the American Writing Paper Company, on the manufacture of de-inking news print paper.

The experimental tests which have been going on for a number of weeks, are under the direct supervision of Thomas Jasperson, who has a process for de-inking news print, a product that is equal to the present news print paper. He is now offering the local paper trade samples of the new paper in any quantity desired, either on rolls or flat. This new paper appears to be of an exceptionally good quality, and if the final experiments develop to be successful, the manufacture of this paper will doubtless be continued, and on a broad scale.

JAPAN PAPER CO. GROWS.

The Japan Gazette reports the increase in capital stock of the Fuji Paper Manufacturing Company from \$3,234,250 to \$10,468,500. The shareholders are permitted to subscribe for as many shares as they hold of old shares. The new fund will be used principally for extending the plants. The Company makes news print.

SPRUCE CUT IN THE MAINE WOODS.

It is estimated that of the total cut of spruce in the Maine woods during the season just ended, 700,000,000 feet, more than half, perhaps about 450,000,000 feet, will go to the pulp mills, beside some poplar.

Maine's log cut was formerly estimated at about 800,000,000 feet, but with the coming of the pulp industry and its countless small operations for pulp wood, the state has entered the thousand million class.

The logging season has not been quite as satisfactory as expected, due to the fact that men have been scarce, snow came before the swamps were frozen over, making early hauling hard, and heavy snowfalls in quick succession entailed much loss of time in breaking roads.

The largest log cut of the year was on the Kennebec, where a total of 237,905,000 is reported. The cut on the Penobscot is about 182,500,000, of which nearly 100,000,000 was cut on the West Branch and 47,500,000 on the East Branch, including 15,000 cords or 7,500,000 feet of four foot pulp wood. The remainder of Maine's cut is furnished by the St. John, St. Croix, Machias, Narraguagus Union and Androscoggin rivers, and the vast number of small operations far from driving waters for the supply of local mills.

P. E. I. PROSPEROUS.

(Special Correspondence).

Charlottetown, P.E.I.

"The year 1916 will go down in history as one of almost unparalleled prosperity for the Prince Edward Island farmers."

This is the opening sentence of the Report of the Department of Agriculture, recently tabled in the Legislature.

A decided improvement in the sheep industry, a big increase in the production of poultry and eggs, a lively interest in the maintenance and improvement of dairy herds, (stimulated by the abnormally high prices of butter and cheese) more interest in raising beef cattle, and a movement to secure more pure bred boars of approved back type were among the satisfactory features of the situation.

The yield of field crops for the year was estimated as follows:

Hay and clover, tons	298,500
Oats, bushels	6,567,000
Potatoes, bushels	6,200,000
Spring wheat, bushels	603,750
Mixed grains, bushels	320,000
Barley, bushels	97,200
Buckwheat, bushels	66,250
Turnips and mangolds, bushels	3,800,000
Corn, tons	2,375
Peas, bushels	1,320

Investigations were undertaken by the Department into the possibilities of glass making. Samples of Island sand analyzed at Ottawa compared favourably with any being used in Canada.

Farm drainage received some attention last year. An Act, modelled on the Ontario Drainage and Watercourses and Ditches Act was passed, empowering the Government to loan money to farmers, on the security of their lands, in order to procure tile drainage. A farmer can borrow the money, instal the tiles, grow the crop and market it before the first call for interest, plus a part of the principal, is made. A company, with a capital of \$25,000 was organized to manufacture tiles from Island clay. The plant, with a 40,000 tile kiln, and a 80,000 tile drying shed is now complete.

Surveys for drainage have already been made upon 100 acres. Many enquiries are on hand for drainage in 1917.

GERMAN INVESTMENTS IN CHINA.

According to statistics supplied by the Far Eastern Bureau the total amount of German capital invested in China is \$256,760,000. There are 244 German companies operating in the republic, and the Germans residing there number about 3,740. Germans operate a coal mine at Fantze, iron mines at Kinglingcheng, as well as the northern section of the Tientsin-Pukow Railway, and the Kia-Chow-Tsinanfu Railway with a total trackage of 869 miles.