

Ten Millions Lost to Canada

New American price for paper will hurt Canadian Manufacturers

In a statement issued to the press, Mr. F. J. Campbell, president of the Canadian Pulp and Paper Association, said:—

"The Canadian paper-making industry will lose \$10,660,000 a year, and Canada's foreign trade balance will be that much worse off, as a result of the findings of the Federal Trade Commission on the price of Canadian newsprint paper sold in the United States as compared with what the price should be, if the findings are allowed to stand."

"Canada exports to the States about 575,000 tons of newsprint paper annually," he continued. "On the basis of \$80 a ton, which the manufacturers urged as a fair and reasonable price for their product sold in the States, this should bring into this country \$46,000,000 a year. Instead of this amount, however, under the price fixed by the commission, we shall get at most only \$35,340,000, a difference of \$10,660,000."

"The manufacturers contended, and their contentions were based upon ample evidence and supported by uncontroverted facts, for a price of \$80 a ton for newsprint paper in rolls shipped in car-load lots. The commission has fixed a price equivalent to \$62 a ton. It is true that this is an increase of \$2 a ton over the price arbitrarily fixed by the United States Government for the first three months of this year, but the increase has been absorbed, and more than absorbed, by the increased cost of production. Under the conditions at present prevailing, newsprint paper cannot profitably be produced in Canada and sold at \$62 a ton. The findings will work a special hardship upon the so-called high-cost unbalanced mills, such as the Brompton Pulp and Paper Company, the E. B. Eddy Company, the Canada Paper Company, the News Pulp and Paper Company and others. The investigation included ten companies, of which three were American and seven were Canadian. Of the latter only one, the Brompton Company, belongs to the category mentioned, and of this the commission says in its report, that it was not allowed to control in the determination of the price fixed. That is, the commission considered only the mills most favorably situated with regard to economical manufacture, the inference being that the less favored mills can either manufacture paper at a loss or go out of business."

RIGHT OF APPEAL.

"The manufacturers are not obliged to accept the findings of the commission. They have the right to appeal them to the United States Circuit Court. Whether such an appeal is taken or not depends in part upon the attitude of the American manufacturers who are concerned, with our own, in the proceedings. An appeal is not unlikely."

"It is probably not within the province of the Canadian manufacturers to question the motives which impelled the Federal Trade Commission to fix such an extremely low price, nor to impugn their good faith. It is singular, however, that the price fixed figures out at just \$5 a ton more than the price arbitrarily fixed by our own government for the sale of newsprint paper made in Canada and sold to Canadian publishers. In an earlier report, based on conditions in 1896, the Federal Trade Commission declared that it cost the United States mills \$4.50 a ton more to produce paper than it cost the Canadian mills. This is a statement never admitted by the Canadian manufacturers and is regarded by them as a fallacy. But had the Federal Trade Commission taken this as a basis, and ignored all of the evidence recently submitted to them, and added the alleged difference in the production costs of the two countries to the price now prevailing in Canada and arbitrarily fixed by the Canadian Government, they would have reached approximately the same result as they did reach."

"If, in fact, they did resort to this method of disposing of a troublesome issue, the result would show that the Canadian Government's interference with the paper-making industry of Canada has reduced the value of this particular export trade by just \$10,660,000 a year, at a time when we are bending every effort to increase that trade, even going to the length of shutting off various importations in order to help to readjust our trade balance."

MANUFACTURING COSTS.

"But, if the prices fixed for Canadian paper in the States, are disappointing to the Canadian manufacturers, they at any rate vindicate the stand taken by

these manufacturers in regard to the prices charged for paper sold to Canadian newspaper publishers. Although it costs just as much to manufacture a ton of paper in Canada for consumption in Canada, as it does to manufacture one for consumption in the United States, the manufacturers are compelled under Government order to sell their product in Canada at \$5 a ton below even the low price fixed by the Federal Trade Commission. The investigation in Washington was a very thorough one. It consumed several months' time and the American Newspaper Publishers' Association, with which the Canadian newspaper publishers are affiliated, left no stone unturned to bring down the price of paper."

"No evidence tending to justify the present Canadian price can be produced that was not produced at the hearing in Washington. No logical reason exists for compelling Canadian manufacturers to supply anyone with paper at a loss and none why their product should not be sold in the two countries at the same price. The Canadian price has been regarded by both manufacturers and publishers as a temporary one pending the outcome of the Federal Trade Commission's hearings. It remains for the Government and for Commissioner Pringle to decide whether the Canadian investigation should now proceed to a finish. That would entail much additional expense and trouble upon all parties concerned and the result, so far as the publishers are concerned, could not be any better than that obtained in Washington. The situation calls for an acceptance by the Canadian Commissioner of the American price and his making it retroactive from May 1st and that is what ought to be done. In justice to the manufacturers, the Government should at once revise the

price in Canada at least to meet that fixed by the Federal Trade Commission."

"One thing is certain, and that is that the Canadian paper-making industry cannot achieve its full and necessary development if it continues to be handicapped in the future as it has been for many months past by unjustifiable Government interference."

"No other Canadian industry has been subjected to such interference and regulation and no reason exists for singling out this industry except that to be found in the political influence wielded by the newspaper publishers. The present situation affords the Government a favorable opportunity to adopt a new policy, either of leaving the industry to carry on, untrammelled, its affairs, or to fix the price at which its products shall be sold in Canada on a par with that obtainable, notwithstanding Government pressure, in the United States. There is no other logical course."

TO APPEAL DECISION.

New York, June 25.

Dissatisfied with the price of 3.10 cents a pound for newsprint paper, set recently by the Federal Trade Commission, the manufacturers will appeal soon to the three circuit court judges to review the record of the case, according to an announcement by Claude Thompson, an attorney for the manufacturers. Mr. Thompson said he did not expect that new evidence would be introduced at the hearing, which he thought would be held next month. He added that the proceedings would consist of a detailed statement by attorneys for the manufacturers in an effort to show that their clients should receive nearly four cents a pound for their products.

The judges, he said, would act not as Government officials, but in the private capacity of umpires, and their decision would be considered binding by both sides.

PRELIMINARY STATEMENT OF THE TRADE OF CANADA FOR MAY.

Prepared by Trade Statistics Branch, Department of Trade and Commerce, Ottawa.
One Month, Two Months, and Twelve Months ending May, 1916, 1917 and 1918.

	Month of May.			Two Months ending May.		
	1916.	1917.	1918.	1916.	1917.	1918.
Imports for Consumption.						
Dutiable goods . . .	\$ 39,840,167	\$ 56,479,482	\$ 48,047,486	\$ 321,635,047	\$ 494,205,075	\$ 533,694,012
Free goods	29,857,645	51,116,897	41,761,597	243,211,508	425,684,374	402,856,671
Total imports (mdse) . .	69,697,812	107,596,379	89,809,083	564,846,555	919,889,449	936,550,683
*Coin and bullion . . .	632,369	1,123,489	428,993	34,129,108	28,609,813	11,517,073
Total imports	70,330,181	108,719,868	90,238,076	598,975,663	948,499,262	948,067,756
Duty collected	13,089,872	17,082,823	14,987,151	113,570,816	155,694,401	159,454,535
Exports						
Canadian Produce—						
The mine	6,299,546	6,323,572	6,025,915	68,727,974	85,838,699	74,746,939
The fisheries	1,478,734	1,105,506	1,080,134	23,103,465	24,334,846	33,061,197
The forest	4,174,038	5,007,147	7,015,582	52,316,834	56,913,691	55,048,022
Animal produce	6,287,620	11,376,808	6,607,272	107,482,272	133,287,242	168,845,086
Agricultural products	47,433,750	71,793,023	24,053,989	299,035,751	387,910,153	538,749,337
Manufactures	27,734,477	52,949,635	33,953,359	261,999,746	521,901,392	600,440,529
Miscellaneous	1,244,973	501,555	265,788	7,917,394	5,646,252	5,038,684
Total Canadian produce	94,653,133	149,057,236	79,002,049	820,583,436	1,215,833,280	1,475,988,794
Foreign produce	1,175,211	3,233,110	2,428,440	35,648,585	30,879,984	44,528,284
Total exports (mdse)	95,828,349	152,290,346	81,430,470	856,232,021	1,246,713,264	1,520,517,078
*Coin and bullion	10,814,936	479,477	109,514	108,022,829	186,208,571	3,163,873
Total exports	106,643,285	152,769,823	81,539,993	964,254,850	1,432,921,835	1,523,680,951
Aggregate Trade.						
Merchandise	165,526,161	259,886,725	171,239,562	1,421,078,576	2,166,602,713	2,457,067,761
Coin and bullion	11,447,305	1,602,966	538,507	142,151,937	214,818,384	14,680,946
Total trade	176,973,466	261,489,691	171,778,069	1,563,230,513	2,381,421,097	2,471,748,707

*Note—It will be noted that the figures relating to the imports and exports of coin and bullion for the twelve months ending May, were: imports, 1916, \$34,129,108; 1917, \$28,609,813; 1918, \$11,517,073; and exports, 1916, \$108,022,829; 1917, \$186,208,571; 1918, \$3,163,873. Although it has been customary to include these figures in trade returns, the total trade figures are seriously disturbed by them in this instance and they should not be taken as an indication of the trade of Canada.