

ets or low water. All these are contingencies which are likely to arise and the cost of which cannot be accurately estimated.

'Decline and rise in prices. The sharp decline in prices which occurred at a period within the last three years or so, was due to the foreign competition from the United States, owing to the demoralized condition of their own market and the resultant sharp competition and cutting of prices between the Canadian manufacturers themselves. Shiplap from the Mountains and Vancouver at one time selling in Winnipeg f.o.b. cars as low as \$17 per thousand feet. In the case of the Coast carrying a 40-cent rate and in that of the Mountains a 33-cent rate, this lumber could not have netted the mills more f.o.b. cars at points of shipment than \$7 and \$8.50 respectively, per thousand feet, and which I would regard as much below cost to the manufacturer. The commencement of the advance in price was due to the foreign demand and the improved conditions prevailing in the home market in the United States. The demand had increased and they were able to get a better price in their own market than by dumping it in the Canadian Northwest, as I will show later from figures submitted to the Hon. the Finance Minister in December, 1905.

'In order to show the committee that the price of lumber all over the world is governed by the general condition of the trade and is not governed by local or provincial conditions, I would point out what I believe to be a fact that deals manufactured in Nova Scotia, the natural market for which is London, Manchester and Liverpool, where they can be shipped at a freight rate of about four dollars per thousand feet, are being shipped up the St. Lawrence to Buffalo, and that several million feet have been shipped to that city all rail during the past winter, and also that a large quantity of lumber cut on the Rainy river in Ontario has been profitably shipped during the past year to Chicago and this notwithstanding the cry of excessively high prices prevailing in Manitoba and the western provinces in comparatively close proximity to the mills.

'Combination of manufacturers. There can be no combination in the manufacture of lumber affecting the three western provinces which does not include the British Columbia Coast Mills, the British Columbia Mountain Mills, the Northern Spruce Mills, the mills in the State of Washington and Minnesota and all the mills in western Ontario from Port Arthur to Kenora, Keewatin and Rainy River, as they all compete for practically the same business.

'The committee will readily see that such a combination is well nigh impossible, and I am firmly convinced that there can be no combination among the six or seven hundred dealers at present engaged in distributing lumber to the consumers in these provinces, and the hundreds of others who will engage in the business as the country is opened up and developed, so long as they are making a living from the business and are out, as most business men are, for what trade they can get. There may, of course, be local instances, such as the dealers at Pense, who must have combined to illegally enhance prices in order to get 45 to 80 per cent profit, if the facts are true as given in evidence by Mr. Wilkinson before your committee. The parties thus combining are, I am advised, amenable to the law and liable to be prosecuted, and if the lapse of time is not a bar to proceedings being instituted, should still be proceeded against if the statement made is correct. The committee can, in this one case at least, justify the necessity for its appointment.

I am of the opinion that lumber prices in the west will generally rule higher instead of lower than at present. There is nothing that I can see in the whole lumber situation, assuming that anything like the present development continues in the future, which will justify any other view.

Lower prices in lumber would result from a period of depression or stagnation in business, a falling off in immigration and consequent check in development. Under such circumstances land worth thirty dollars per acre would be worth probably fifteen, horses worth five or six hundred dollars per pair, would be worth three hundred to three hundred and fifty, wages which now rule at from thirty to forty-five dollars per month, would likely be twenty to twenty-five dollars, as they were a few years ago. Stumpage