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SYMPOSIUM ON THE LOG DUTY.

SHALL LOGS BE FREE ?

FIRST PAPER.

THE reference made by the Finance Minister in his budget speech as to the export duty on sawlogs has caused a feeling of great uneasiness among the lumbering community; not so much from a fear of anything being done in the matter as from the tone of uncertainty which it gives to the security of the lumberman's property.

It is only right that a clear statement should be made giving the views of the majority of the men who have very large interests at stake in this business. Sometime ago a Toronto daily paper sent a representative up to the Georgian Bay to interview mill owners and others and ascertain their views on the question of the re-imposition of the log export duty. Many of the large manufacturers were not seen at all and the men who did express their views on the question were for the most part small mill owners who had worked out their timber, and who were anxious for the re-imposition of the log export duty in order that they might be able to acquire logs at a low figure. But these very same men would be the first to want the export duty taken off after they had acquired standing timber, in order that they might have the largest possible market for their timber, whether in the form of sawlogs or lumber. Apparently there is now an impression abroad that the manufacturers of the Georgian Bay are anxious to have the duty on sawlogs re-imposed, and that those on the Ottawa valley alone are opposed to its re-imposition. This is far from the facts. Lumbermen all over Canada are opposed strongly to the export duty being again levied, or to any talk of it, with the exception of those who have no limits and who can therefore hardly be called lumbermen.

If the export duty on sawlogs sent to the United States were re-imposed, the import duty on lumber shipped thither, now \$1 per M. feet, would by the provisions of the McKinley Act be at once doubled, or raised to \$2 per M. feet, and as the price paid for Canadian lumber is governed by the United States market, Canadian lumber would be worth \$1 per M. less, entailing a loss of over a million of dollars annually, in the shape of additional duty, paid into the United States treasury. This state of things could not last, and the result would be that many lumbermen now working their limits would be forced to discontinue doing so, thus throwing a large number of men out of work and depriving the settlers in the back country of the only market open to them for the produce of their farms.

In an article in the LUMBERMAN of last month Mr. Little stated that the American buyer paid the import duty on lumber collected by the United States, when he purchased Canadian lumber. This is hardly borne out by the facts. Mill culls, for instance, which are to a large extent what might be termed a standard article, are to-day selling in Bay City at \$7 per M., and on the Georgian Bay they only fetch \$6, while the freight rates to the eastern markets are the same.

If Mr. Little's theory were correct the Canadian manufacturer should get the same price for his lumber as the American now does, but as the American buyer remarks: "Mill culls from Bay City cost me \$9 in Buffalo. I will buy Canadian mill culls if I can get them at the same cost, viz., \$6 at the mills, to which add freight \$2, and duty \$1, bringing it up to \$9 at Buffalo. This applies in exactly the same way to all other grades of lumber."

How badly the American lumberman must have our lumber, and have it now, can be judged from the fact

that last year the States of Michigan and Wisconsin alone produced about 9,000,000,000 feet of pine lumber, and that the total export of forest products of all kinds for the whole of Canada does not exceed 2,000,000,000, about one-half of which went to the United States. The Canadian pine is such a mere fraction in the American market that it is a matter of small importance whether it goes there or not, and it cannot possibly affect the price of lumber on that market.

After limits are once sold by the Crown the quicker they are worked the better for the country, because when work commences fire almost invariably follows and destroys much good timber, causing severe loss to the country by loss of dues, as well as to the lumberman in the destruction of his timber. Many experts state that there has been more timber burnt on the north shore of Lake Huron than has been cut.

There is no doubt that those United States mill owners who have come to this country and invested their money in good faith would be much incensed and undoubtedly obtain legislation at Washington to add the export duty on logs to the import duty on lumber, thus paralyzing the whole lumber business of the Dominion. On the other hand, everything now points to a strong probability on the part of the United States taking off the present import duty on lumber, and as soon as that is done almost all Canadian logs will undoubtedly be manufactured in Canada, as on the same basis it will be cheaper to manufacture here (in Canada) than to tow to the other side.

The loss of the sawing of logs is not so severe as some people appear to think. On an average it costs \$6 to take logs from the stump to the water when they are ready for sawing or towing. Add to this \$3 for timber and dues and the total is \$9, the approximate cost of average logs on the Georgian Bay. It will cost from \$2 to \$2.50 to saw, pile and load this lumber, which is the only portion of the operation lost to Canada, by towing the logs out of the country instead of sawing them, or less than one fourth of the expense of the operation.

As a matter of fact the only place that has been apparently hurt by taking off the export duty is Midland, but all of Midland's trouble is not directly traceable to the removal of the export duty. The mill of the Ontario Lumber Company has been closed down because they find it more convenient to manufacture their stock at the French river than to tow it down the Georgian Bay to Midland. Peters & Cain have stopped sawing. Another firm has not cut any stock this year, as they found it more profitable to sell their logs and get paid in cash for them than to saw them and sell their lumber on time. The mill belonging to the Saginaw Salt & Lumber Company has been closed, and they towed their logs over to Saginaw and manufactured them there, but this is the only mill of the lot that has stopped sawing owing to the export duty being taken off logs, and it is more than doubtful whether the re-imposition of the duty would induce the owners to again run this mill where it now is. There is also one mill shut down at Parry Sound owing to its owners having sold their timber. As against this it is to be noted that one of the largest purchases of pine recently made was that by Merrill, Ring and Co., of a large property on the Magnetawan River. This concern has increased the capacity of this mill and is sawing all its timber on this side, and they are of opinion that many other American purchasers will soon do likewise. This firm has also within the past month purchased another mill on the Magnetawan River in order to increase their sawing capacity, and probably with an eye to the import duty being removed in a very short time by the United States.

The fishermen of the Georgian Bay are complaining that the bark of the logs is destroying the fish. We are inclined to doubt this, but if it is true the difficulty would not be got over unless limit holders were also prohibited from towing logs from the north to the south end of the bay, which, while it might prevent bark from getting into the lake, would not suit Penetanguishene, Midland, Victoria Harbor and Waubesa-hene, all of which draw their stocks from the north.

The re-imposition of the log export duty by Canada would undoubtedly result in retaliatory measures by the United States, in addition to doubling the duty on lumber, and the whole of the large mills on the Georgian Bay, which are entirely dependent on the United States for their market, would simply have to shut down, as there is only a small margin in manufacturing lumber to-day, and an additional import duty on lumber would turn this into a loss. In fact there is at present a bill before the United States Congress, introduced by Congressman Weedock, of Michigan, providing that the import duty be increased on lumber imported from any foreign country which collects an export duty on sawlogs by the amount of such export duty. There appears to be every probability of this bill becoming law, and in that event it is easy to see what the result would be to the Canadian lumber business. If Canada imposes an export duty on sawlogs, ipso facto, under the McKinley Bill the import duty is \$2 per M.; if that export duty on sawlogs is \$2 per M., under the Weedock Bill the import duty on lumber would be \$4 per M., which could have no other result than to close all the mills in Canada manufacturing for the American market.

If the raw material of lumber is to be taxed so as to prevent its export from the country, why should other products not also be taxed on the same principle? For years large quantities of square and waney timber have been shipped to England, to be there sawn into boards and planks, but it has never been suggested to put an export duty on this class of timber to force its being manufactured here. Why not place an export duty on wheat sufficient to force its being ground in Canada, and thus give large employment to flour mills, barrel factories and the weaving of seamless cotton bags? The reason is simply that it would bring down the value of wheat and make it unprofitable for the farmers to grow it, and the case of lumber is exactly similar.

The imposition of an export duty would shut off the only market for at least seventy-five per cent. of all the lumber manufactured on the Georgian Bay and a very large proportion of that sawed on the Ottawa, or in other words close half the mills of the country and throw thousands out of employment. To produce the lumber now exported to the United States an expenditure of \$6,000,000 has to be made each winter in wages and supplies, a large amount of which goes to enrich the country stores and farmers in the lumbering districts. Any stoppage of the operations would bear heavily on the storekeeper, the farmer and the shantyman. The former could not sell their goods and farm produce, whilst the latter could find no work during the long winter months.

The fact of the matter is that at present the lumber business is in a good condition, and all it asks is to be left alone and not be interfered with, and while it may seem a loss to allow these logs to go out of the country unmanufactured, if the matter is left to itself there is every indication that the difficulty will be solved satisfactorily to everyone by the United States Government removing the import duty on lumber. As soon as this is done the logs will be manufactured in Canada.

With regard to the contention that the Canadian shipping business is being ruined by the logs being