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American Newsprint Paper Industry

CANADIAN and United States Producers Have Intimate Relations—Costs of Production — Proposal of Manufacturers — Findings of United States Federal Trade Commission as to Fair Prices—Recommendations of Commission.

NEWSPRINT paper is produced in North America by approximately 80 manufacturing plants, of which, in 1916, 63 were located in the United States and 17 in Canada. Approximately 75 per cent. of the Canadian production is consumed in the United States.

These figures are contained in the summary of facts, with conclusions and recommendations, printed in the report of the Federal Trade Commission of the United States on the newsprint paper industry. Officials of the Dominion government are at present investigating conditions in regard to the Canadian paper industry and have conferred with the United States authorities. The report continues:—

The costs of producing newsprint paper depend upon varying factors, to wit, the size and integration of the plant, its access to supplies of wood, the character and cost of its water power, and the efficiency of equipment and management. The large mills, which generally are the most efficient, usually make contracts for their entire output for a year in advance with the large metropolitan papers for the bulk of their tonnage. Some large contracts have been made for periods of from three to five years. The smaller mills, and those which are operating at higher costs, usually supply the smaller publishers and sell a larger proportion of their output in the open market, through jobbers, at higher prices.

For the first six months of the year 1916 average costs of production had not increased over the last half of the year preceding. For the next four months, up to October 1st, 1916, the average increase of costs in the chief American mills was about \$1.50 per ton. By December of 1916 and January of 1917 average costs in these mills had increased \$5.52 per ton over the costs of the first six months of 1916, the increase in particular mills ranging from \$1 to \$19 per ton. It has been estimated that the average advance for the first half of 1917 would be between \$5 and \$10 per ton. Informal estimates made by the officials of the Canadian government placed the maximum increase in cost of production at \$10 per ton for Canadian mills, and prices were agreed upon with the Canadian government by which publishers were furnished with newsprint paper at the following prices: \$2.50 per 100 pounds for rolls and \$3.25 for sheets in car lots and \$3.50 per 100 pounds for sheets in less than car lots. These prices are subject to revision after June 1st, 1917.

Conditions in the newspaper publishing business were

reported by the commission in March as serious and they continue to be serious. Within the year prices to large consumers of print paper have been advanced from about \$40 per ton to over \$60 and \$70 per ton, and in some cases even up to \$90 per ton. Also, by concerted action the terms of contracts have been so changed as to shift a considerable financial burden from the manufacturers to the publishers. To some of the larger newspapers of the country this price increase means, in some instances, an increase in paper cost of hundreds of thousands of dollars. This, in many cases, will not only cause the loss of profits for the year, but a serious financial embarrassment of the publication itself.

The smaller publishers have been forced to pay prices as high as \$150 and \$180 per ton. In addition to the above increase of prices among publishers of minor dailies and weeklies, it is complained that they found great difficulty in getting paper at any price, and to a large number of such publishers in the country the increase in the price means the difference between a living margin and the complete ruin of their business and the suspension of their publications.

The financial strength of great daily publications may enable them to survive; it is the smaller newspapers that will probably suffer the most seriously if these conditions continue. The small weekly and daily publications of the country particularly serve a great and useful purpose in the dissemination of facts and in the creation of an intelligent public opinion, and such disaster as impends by reason of this increase in the price of newsprint paper makes the question one of great public concern.

The existing situation is partly due to conditions of supply and demand. On account of the increase in advertising and news matter, there has been an increase in the demand for newsprint paper. The supply of newsprint paper available for domestic consumption increased from 1,644,000 tons in 1915 to 1,816,000 tons in 1916, an increase of 172,000 tons for the year 1916 over the year 1915. On January 1st, 1916, the stocks of newsprint paper carried by manufacturers were about 69,000 tons. At the end of 1916 these stocks were reduced to approximately 42,000 tons. While during 1916 prices advanced to an extraordinarily high level and there were difficulties in procuring paper, it is nevertheless a fact that newspapers were generally able to secure newsprint paper for their reasonable requirements if they would pay very high prices. The quantity manufactured during the year was