The Pulp and Paper Industry

Questioning the Future

Paper men are undecided about the immediate future — Will the increase in railway rates mean an increase in the cost of paper or will paper prices be determined solely as the result of supply and demand?

The consensus of opinion among paper men generally is that the mills will have to protect themselves against the increased freight rate of forty per cent and that this and other circumstances will cause a stiffening of prices a little later on. There is, of course, the other view that the price is going to be regulated in the old way according to the law of supply and demand and that with the closing down of factories and the laying off of hands which is being done at the present time, the demand will mean lower prices. It is not held, however, that any slump in prices is coming. The fact appears to be that there is a decided slackening off in orders at the present time. But the quiet time among the printers and less enquiries for paper among the jobbers, have had no effect on prices and the fact remains that stock is just as hard to get and the warehouses are just about as low in stock as they ever have been during the recent rush years of the paper trade.

Box Makers are Quiet.

In one department of the paper industry at least a distinct lull in business is discernable. The closing of a number of the boot and shoe factories and other institutions using paper boxes has had a marked effect on the paper box trade and this is said to be showing some signs of reacting on the manufacturing end of the box board industry. Despite the fact that most of the mills report business good, the users of board in Toronto and district say that they are experiencing nothing like the difficulty in getting supplies of board now, while a few weeks ago it was almost impossible to get sufficient to keep the box manufacturers working. While this is so there does not appear to be any indication of any slackening of business as far as the box board manufacturers go. Mills are just as busy as ever and they have all the orders they can handle, although it is predicted by some that sooner or later the industry is going to be affected by the slackening of demand for paper boxes.

Bristols Going Up.

While prices in Canada have been holding firm, local jobbers have been advised of increases on American lines not made in Canada. Index Bristols, for instance, is a line extensively imported into this country and the records among the jobbers in Toronto show that from July 25th to August 30th there was an increase of 1c a pound. When the increased freight rates are considered and allowance made for the difference in exchange, it is reckoned that the Canadian jobber has to pay at least a cent and half a pound more for his index Bristols. In the same period Bristol board for shipment in September went up a cent a pound which indicates that there is no weakening of prices in these lines across the border.

After Canadian Business.

It has developed during the past week that both English and American houses have been after Canadian business and some jobbing houses are said to have made purchases of English book papers, although immediate shipment of course was not promised. The English paper bought is about the same price as the Canadian No. 1 but the purchaser has the benefit of the exchange and is able to make a fair profit on the imported article. In this connection it is worthy of note that a Scotch paper seller who has just reached Edinburgh after a visit to Canada states in a letter to a Toronto jobber that on his return he found paper prices to have advanced from two to three cents a pound during his absence and that it was being predicted that the autumn would see a further advance. In the meantime supplies were not any more plentiful than they were a year ago in that country. It is known also that the week saw American salesmen in Ontario endeavoring to place orders for sulphite bonds from the mills in Maine. They quoted a price of 18c, but that didn't include duty and exchange considerations which would make the price higher than the goods can be obtained for in Canada where the price is 22½c per pound. While no business was done with the Canadian dealers as far as can be learned the fact of the American mills seeking a market in Canada is taken as an indication that the American manufacturers have an eye to the future when the demand for their product on their own side of the line will not be so great as it is at present.

Pulp Still High.

The manufacture of paper is still being carried on under the greatest difficulty as far as the scarcity and high price of raw material are concerned. One Toronto mill this week paid as high as $170 for ground wood pulp and the buyer did not secure it without considerable combing. Other lines of pulp and ingredients are proportionately high and much of it is almost unobtainable, particularly groundwood pulp.

Rag and Paper Stock.

The waste paper market as a whole has been quieter the past two weeks, with practically no changes in prices except on hard and soft white shavings which showed a slight advance under renewed inquiries from consuming sources. Dealers as a general rule look optimistically to the future and higher prices are still talked of in the trade. One dealer reports having received $6.00 per cwt. for No. 1 kraft but this is considered an extra quality packing. Mixed papers are moving in usual quantities and some of the mills report good stocks on hand. There are enough orders in the market however, to keep the price firm. Most paper stock dealers are watching the pulp situation closely as they feel that this will be the determining factor in the mixed and newspaper market this fall.

The Passing of the Gold Reserve.

These are the days when all the long-established convictions of economists are exposed to question. There need therefore be no surprise that Mr. George Koehler, until lately connected with the United States Treasury Department, in "The Passing of the Gold Reserve," has set himself to question the doctrine that a Gold Reserve is necessary as a basis for a sound national currency. Most economists will admit that a Gold Reserve could be dispensed with if we could eliminate the requirements of international trade, and if we could set up some method of limiting the amount of currency in circulation as effectively (and perhaps somewhat more elastically) than by the provision that paper currency shall be converted into gold. Mr. Koehler thinks he has provided for the second requirement by limiting his currency issues to the amount of revenue which his Government budgets to collect during the ensuing year; which is an interesting proposal, but seems to make the amount of money in the country depend less upon the activity of business than upon the activity of the tax-collector. His suggestion for dealing with international trade is even more astonishing. Realizing that trade balances must in any event be adjusted in gold, he proposes that his Government shall buy and sell bar gold for purposes of international trade only, at prices which shall be raised or lowered according to the state of the balance of trade of the country. He claims for this system that it is analogous to the system of the Bank of England, under which the raising or lowering of the bank rate, i.e., of the price at which the use of gold may be obtained, has the effect of inducing gold to flow in or out of the country. To our mind there seems to be a good deal of difference. It is one thing to say that a pound of English currency will purchase the use for three months of a greater or less amount of gold. It is quite another thing to say that an American dollar (if Mr. Koehler's views are to prevail in the United States) shall purchase the ownership of a greater or less amount of gold. This latter process seems to be nothing more nor less than an official depreciation or appreciation of the country's currency, as measured by the only effective test that can be applied to it, viz.: its purchasing power on the world's markets. It would presumably have the effect of increasing very largely the international movement of gold which ought, for the sake of economy, to be kept within the narrowest limits; for no foreigner would be likely to accept a promise to pay in American dollars if the amount of gold obtainable for those dollars was liable to be reduced at any moment by the action of the American government. Mr. Koehler's book is published by Importers First Aid Service, Washington, D.C., of which he is director. Price $3.00.