

APPENDIX No. 6

which it has been sold in recent years to the price that obtains at present. The extremely low price prevailed within the last three or four years.

'It is a question in my mind whether the price generally charged in the Northwest is higher or not, considering the existing conditions governing the production and transportation of lumber and the high values obtaining in all other lines.

'I am informed that lumber in Ontario sells at about the same price as in the west, and that the lumber generally sold to the consumer is not of as good quality, consisting of the lower grades of pine and hemlock, a timber which a few years ago was considered of little use and does not compare in quality or value with the pine, fir and tamarack sold in the west.

'The price charged by the manufacturers to the retail dealers in the west appears to have been justified as not excessive.'

That is what they think.

'The increase or reduction in the price of lumber, as with any other staple, depends upon the supply and demand, the general condition of the trade in all producing and consuming countries and the direction in which the trade trends, provided there are no artificial or illegal means or methods employed to increase or reduce it. The cost of production, except when normal conditions prevail, does not regulate the price at which an article is sold. Lumber might be low in price, even if cost of production had been high, if the supply exceeded the demand, and particularly if the market from which competition came in that line was disturbed, or it might be high if the demand exceeded the supply or if the market from which competition came was good, even if the cost of production had been low. This principle governs the price of every commodity, the subject of purchase and sale, whether the product of the forest or farm, so the cost of production is not always the ruling or only factor in the price obtained by the producer.

'It may be pointed out that in the case of lumber there is no artificial barrier to prevent competition from the foreign market, from which competition naturally would come, viz.: The United States, whose manufacturers have as good, and in some instances, better facilities for manufacturing lumber than that enjoyed by Canadian millers.

'While not material, the cost of production may be considered pertinent to this inquiry, and I may be permitted to mention a few things which enter into it and which vary largely from time to time.

'Cost of raw material in this instance, stumpage or timber, which varies greatly. For example, about six years ago I bought timber at one dollar per thousand feet with one dollar crown timber dues and ground rent at two dollars per square mile. Very recently I bought timber less favourably situated for logging, for which I paid \$6.55 per thousand feet, with \$2 per thousand feet timber dues and \$5 per square mile ground rent.'

By Mr. Lancaster :

Q. What is the total difference there between the two?—A. Well, the total difference is a little over \$6. Cost of plant employed in the manufacture of lumber, which varies to a considerable extent, depending upon whether suitable machinery is procurable at home or if it has to be imported at increased cost. Whether good or hard times prevail; if good, the cost of erecting a mill and installing the machinery is greatly enhanced as mill wrights and men employed in this class of work are high-priced men. In good times this class of work is very expensive.

'Cost of taking out the logs and manufacturing them into lumber is governed also by the rate of wages paid, depending upon whether times are good or bad, whether men are plentiful or scarce and very materially upon the class of labour procurable, the cost of horses, sleighs, food supplies and the other equipment necessary for logging camps and mills. The cost is also at times largely increased by unfavourable climatic conditions, such as an unusually deep snowfall, which prevailed the past winter, fresh-