THE LUMBER INDUSTRY OF THE OTTAWA VALLEY.

The following report, written by United States Consul Hotchkiss, a press edition of which was recently issued by government, is an able exposition of the subject on which it treats. At this juncture it will be read with profit by both Canadian and American operators who are interested in the question of free lumber. The report bears date February 2:

In previous annual reports the fact has been stated that the Ottawa district was a manufacturing and not an agricultural district. The exportations of agricultural products are merely nominal, deserving of little attention through their insignificance. The all-absorbing industry is that of lumber, which is, as a specialty, not equaled in its extent and value at any other point in the Dominion. Such being the situation, my report will be confined mainly to facts and figures which are incident to the prosecution of the lumber business, not only of this district, but of the locality of country known as the Ottawa valley, through which, by means of the Ottawa river, this locality is drained of its forest products, and which river also furnishes the magnificent power to operate the saws which reduce the logs to shapely lumber.

The business of the past year has moved steadily onward. No difficulty has been experienced in readily marketing the output, and at prices fully equal to that of any preceding year. All desirable lots, meaning those lots especially known for their desirable qualifications, either sawed American style, viz: boards and plank, or English style, three-inch "deal," were principally sold before any of the season's logs were sawed. In this connection I may add that probably 50 per cent. of all the stock which will be sawed at Ottawa and vicinity in the season of 1888 is already sold, even while the trees are yet standing in the forests. The yearly output of the Ottawa city lumber mills will approximate 350,000,000 feet. The product of mills tributary to Ottawa and its agency, Grenville, will aggregate 250,000,000 feet, making 600,000,000 feet for the Ottawa valley district.

These aggregate figures to those unacquainted with lumber, or unaccustomed to lumber figures, will appear enormous; but when I say that these figures, multiplied by three, will not represent the full sum of the yearly requirements of the lumber trade of Chicago alone, their insignificance will be apparent.

A false impression too generally prevails in regard to the importance and the influence on the American lumber markets of the pine lumber produced in Canada, as also the quantity of her available pine and the general quality thereof. In regard to the production of sawed pine lumber of a quality available for the United States market, and suitable for the demands of the English market, I firmly believe that the yearly aggregate will not exceed 1,000,000,000 feet. This quantity must be doubled to supply Chicago, and is but a fair supply for the little village of Tonawanda, N.Y., while Buffalo would simply view this quantity with complacency as bidding fair for her one year's necessities.

This quantity, however, must be divided between the United States and England with other foreign markets, while Canada, for her own requirements, must, of necessity, reserve a portion. As it is with the United States alone I have to deal in this report, I have made great efforts to obtain reliable figures, both in feet and values, of the trade of this section with the United States for the calendar year 1887. I have carefully compiled from the 2,875 certificates which have passed through this office for the year a table of the quantity of sawed lumber, with other forest products and the values thereof. Through the kindness and courtesy of the consuls at Prescott and Brockville, I am also enabled to give the amount in feet and value which has been declared through these consulates, which combined with Ottawa, embrace the total exports of forest products of the Ottawa valley. In my judgment the quantity indicated by the figures is a reasonable approximate to one-half of the amount of sawed pine lumber which is exported from Canada to the United States.

The unprecedented drouth of the past year, during the sawing season and until very late in the fall, undoubtedly curtailed the cutting capacities of the mills at Ottawa, specially and to a degree that of all the mills located on the Ottawa river, and which likewise extended to the log supply. The winter opened with a shortage of lumber on the docks for drying, estimated to be fully 50,000,000 feet. This shortage will be shown in the business of 1888, that of 1887 being merely nominally affected thereby.

The important question now so widely agitating the American people, that of free lumber, and I may add free logs—for free lumber to the Canadian should mean free logs to the American—is one on which I may not be expected to venture a personal opinion, but I may be permitted, from the standpoint of a lumberman of over 45 years active experience in the lumber business in Canada and the United States, to review the situation as it appears to exist, and permit others to draw such conclusions therefrom as may enlighten them toward reaching a just termination of a complicated question.

I think I am warranted in presupposing that the desired object to be attained in the remission of the duty on lumber is an anticipated benefit to the American consumer at large, both by cheapening the market price now, as well as tending to prolong the existence of American forests by the substitution of Canadian lumber and logs—the only other country which has white pine timber.

Will the remission of the $2 duty have the desired effect? I think not, and will give my reasons for the conclusion that no appreciable benefit will transpire to the American consumer, and why and how the advantage will accrue to the Canadians. The control of the prices of lumber in the United States is certainly and absolutely in the hands of the timber owners and large mill men. The standing timber is held in large bodies by heavy capitalists, who, owning the mills, can govern the supply of manufactured lumber, and this element of first control is the chief factor in making yearly market values, it being influenced only by the probable demand, present or prospective.

I assert that in the making of prices the American lumbermen have never been controlled or scarcely influenced in any degree by the competition of Canadian pine lumber. I confine my remarks to pine lumber, and have nothing to offer in respect to the spruce and hemlock of the eastern portion of Canada tributary to the eastern states, or to the lumber of the northwest provinces, tributary to the United States territories and far western states; but to the white pine sawed lumber, the produce of the middle part of the provinces of Quebec and Ontario, lying between Montreal on the east and Lake Superior on the west, within which bounds is produced the only quantities of white pine worthy of any consideration, and which embraces the Ottawa valley, the chief outlet of this immense district or pine belt lying north of the Ottawa river.

The fact that pine trees are not reproduced enters largely into the question of possibility of control of the timber. The question how, as well as by whom, are the pine forests of the United States and Canada owned and controlled is a factor in determining the future of prices and of the possible advantages to be derived by the proposed legislation.

The manner in which the United States Government has disposed of its timbered possessions is well understood, and that individual purchasers have come into possession of them in fee simple at a fixed price per acre; that having thus obtained absolute control and ownership they can and do manage their own business affairs in connection therewith without let or hindrance from the government as grantor, such lands, subsequent to purchase by individuals, being subject only to local and state taxation. The timber thereon is cut at will or left standing, as the necessities or inclinations of the owners may compel or induce.

Turning now to the Canadian timber we find a widely different practice. The forest possessions are not sold by the governments which are the owners. The lands in Quebec are controlled by the provincial government of Quebec, while those in Ontario are controlled by the provincial government of Ontario. The Dominion government owns and controls but a limited area in the northwest. The forest possessions are not sold in fee simple, but are leased for a term of one year, under certain conditions and regulations, the *modus* of doing which is by public auction. Whenever the government may deem it judicious or opportune to dispose of certain areas of timbered lands it gives public notice of the time and place, with a description of the lands to be disposed of, and the privilege of leasing is put up for the highest attainable sum, which sum is to be paid simply as a bonus for the privilege of being the lessee of the lands offered, under conditions of lease or license which are statutory, and, of course, well understood by the bidders. The chief conditions of the lease, termed a "timber license," are that the lessee shall (additional to the first "bonus" paid), on the first day of May, pay into the crown land office a certain sum per square mile (640 acres), which sum was originally $1; then it was advanced to $2, and is now fixed at $3. If any trees have been cut on lands covered by the license, such cutting shall be duly reported under oath, and crown dues paid therefor according to the tariff schedule, as given below:

	QUEBEC	ONTARIO.
Oak and walnut, per cubic foot	$0 04	$0 03
Maple, elm, ash and tamarack, per cu. ft.		02
Norway and white pine, birch, basswood, cedar and other square timber, per cubic foot	02	02
Pine saw logs, including culls, each ...	22	(*)
Spruce saw logs, 13½ feet long, each	05½	10
Hemlock saw logs, 13½ feet long, each	06	10
Hardwood saw logs and tamarack, round	22	25
Balsam saw logs, 13½ feet long, each	05	10
Pipe staves, per 1,000	7 00	7 00
West India staves	2 25	2 25
Cordwood, hard, per cord of 128 feet	16	20
Cordwood, soft, per cord of 128 feet	08	12½
Cedar rails, 10 to 12 feet long, per 100	25	01
Cedar pickets, per 100	15	01
Cedar or pine shingles, short, per 1,000	08	01
Cedar or pine shingles, long, per 1,000	15	01
Cedar telegraph poles, each	06	01
Cedar fence posts, per foot in length	00½	01
Cedar hop poles, per 100	20	01
Rails, other than cedar, per 100	10	01
Pickets, other than cedar, per 100	05	01
Railway ties, any timber, each	02	(†)
Hemlock lath wood, per cord	15	01
Hemlock bark, per cord	32	30
Birch sticks, 28 feet long, each	25 to 30c.	1c. per cu. ft.
Knees, according to size, each	5 to 25c.	(†)
Futtocks, according to size, each	10 to 25c	10
Cedar for shingles, per cord	16	12½
Pine for shingles, per cord	20	12½
Boom timber, round spruce, per lineal ft	00½	01½ cub.
Boom timber, pine or tamarac, pr lineal ft.	01	01½ cub.
Small round spruce spars, under ten feet, per lineal foot	00½	......
Birch, per cord of 128 feet	30	......

(*) $1 per 100 feet. (†) 15 per cent *ad valorem*

ADDITIONAL EXPORT DOMINION CUSTOMS TARIFF

Pine and Norway saw logs per 1,000 feet, board measure	$2 00
Spruce and hemlock saw logs, per 1,000 feet, board measure	1 00
Shingle bolts, per cord of 128 feet	1 50

By the character and sum of the annual land dues ($300) and the nature and amount to be paid as timber dues (per tariff), a full appreciation of the position of the lessee will be had, while the lessor, the government, it will be also observed, continues its sole control over the timber. The only right which the lessee possesses is to cut the timber on his licensed lands and annually pay the government its demands, and when promptly paid the continued right to renew the license yearly.

It is likewise the right of the government to change the terms and conditions at will, taking effect after the first of May of the following year. I will refer to the last order making such changes, by which it will be seen how absolute is the government control and their disposition in the premises.

DEPARTMENT OF CROWN LANDS, TORONTO, April 29, 1887.

Public notice is hereby given that, by order in council of 27th instant, the rate of ground rent on timber limits or berths is increased from $2 to $3 per square mile per annum, and the dues on square and waving pine timber are increased from 1½ to 2 cents per cubic foot: and the dues on pine saw logs are increased from 75 cents to $1 per thousand feet, board measure.

The increased ground rent to be payable on licenses to cut timber granted and renewed on and after the first day of May, 1887; and the increased dues on pine timber and pine saw logs to be payable on such pine timber and saw logs as may be cut after the date last above mentioned.

(Signed)

F. B. PARDEE,
Commissioner.

It will be observed that this order is dated April 29th, to take effect May 1st, and that without any prior notification of intention being given. This order means an additional tax upon limit holders varying in its effects upon licenses according to their holdings, but in sums ranging approximately from $1,000 to $80,000 individually on the annual dues to be paid on the lands, in addition to which comes the further advance on the timber cut.

I have been thus explicit in describing the systems of the two countries, for to my mind they are the key by which the situation and effect may be safely prejudged in case free lumber becomes a reality.

There is no dispute that the American manufacturer controls the making of prices. In doing this he is not influenced by the Canadian supply in any degree. If the duty of $2 is removed it will not affect the American price, because it has never been a factor and will still be unfelt. No lower price will prevail in the United States than heretofore, and no different net results will be experienced by the manufacturer. The Canadian, on the contrary, will lay his timber down in the American market at $2 less per thousand, and will obtain for it the same as the American does, so that the net result to the Canadian manufacturer will be a clear gain of the $2 which the American government has remitted. *This additional net* result to the Canadian manufacturer will, however, be of very brief duration.

Having shown how the governments in Canada continue their control of the timber lands and their disposition to tax them to the utmost, I am confident that not a May pay-day will pass before a public notice will issue in effect that a further increase in annual and timber dues has been made an order in council, in sums sufficient to absorb the $2 per thousand into the provincial treasuries.

Some may question the light treatment which I give the production of Canada lumber exported to the United States, but I believe the statement to be sound and reliable that the Canadian sawed pine lumber sent to the United States for consumption is not sufficient in volume to affect prices by being a factor in any degree.

The following table, showing in feet and value the declared exports of sawed lumber and value only of other forest products for the calendar year ending December 31st, 1887, will be proof positive to experienced lumbermen of the soundness of my conclusions. This table embraces the declared exports of pine at the ports of Ottawa, Grenville, Brockville and Prescott, and is a fully reliable statement of the exports to the United States of the Ottawa valley section.

Location.	For consumption	Value.	In bond for export	Value.	Value, all other wood products.
	Feet.		Feet.		
Ottawa	150,195,285	$2,017,648.47	33,698,348	$610,795.71	$155,489.36
Grenville	30,695,339	263,393.21			30,465.84
Prescott	9,497,803	116,513.23			4,191.60
Brockville	36,747,472	429,079.64			33,151.94
Total	227,139,939	$2,827,234.55	33,698,348	$610,79[illegible]	[illegible]23,298.74

The following shows the exports from Canada (customs returns) of pine boards and plank from all of Canada to the United States for the fiscal year ending June 30:

	FEET.	VALUE.
1884	557,206,000	$7,056,508
1885	562,542,000	6,956,248
1886	514,985,000	5,853,021
1887	508,304,000	6,209,023

The following shows the export of pine saw logs to the United States in the following years:

	FEET.	VALUE.
1884	974,000	$ 8,012
1885	350,000	2,300
1886	6,350,000	49,242
1887	2,869,000	24,452

By comparing the quantities shown in the first table, being the amount exported from the Ottawa valley with the amount shipped annually from all of Canada, it will be found that the first bears a percentage to the total exported in 1887 of 50 per cent., showing the important position which the Ottawa district holds in this industry.

The second table will show also the correctness of my statement that the volume of pine lumber exported to the United States from Canada is too insignificant to have any influence in the making of prices in the United States. The figures show that if all the lumber sent into the United States from Canada was placed in the Chicago market it would supply but one-quarter of the requirements of that market alone, and but one-half of the quantity handled in either Tonawanda or Buffalo.

Regarding the few logs shown to be exported to the United States, they are of no account whatever, nor do I believe that if "free lumber" were to prevail that any appreciable increase of log exports would be seen, for the logs would, to a large extent be manufactured into lumber at the place of growth or approximately so, as long as the lumber was admitted free. This course presents very many palpable advantages as against the expense of the transfer of the mill.

A few mill owners on the shores or adjacent to the shores of Lake Huron and Lake Michigan, having exhausted their available timber, would make a few spasmodic attempts to import logs from Canada, but a very brief attempt to handle logs across the lakes would develop the superiority of the location nearer the timber. In addition to this, by operating their mills in Canada they would find the English markets open to them, for it is in Canada that the English buyer of pine lumber always has and undoubtedly will continue to look for his stock. This advantage to the manufacturer is one which will not be lost or disregarded, for the English market requires from Canada pine lumber (mainly cut into "deal") in volume about half as large as is sold to the States. The English demand also is gradually changing in the character of its requirements of "deals," sawed boards and plank.

That the character and volume of the English trade demand for sawed pine lumber from Canada may be appreciated, and its relative importance to the Canadian as compared to his trade with the United States, I append a