

A moment's consideration will show the importance of the central authority dealing with this matter. In 1890, when the McKinley Bill was before the United States Congress, the duty on Canadian lumber going into the United States market was a specific one of \$2 per thousand feet board measure, without respect to the quality of the lumber. This was a heavy charge even on good lumber, but it completely shut out the lower grades, which caused large quantities of sawlogs to be left in the bush to waste, and quantities of the inferior grades of lumber to lie rotting in the mill yards for want of a market.

While the McKinley Bill was under consideration, and the policy of the Dominion Government was to prevent the export of logs, the Ontario Government, in line with that policy, placed a condition in a small sale of timber berths in the Rainy River District, requiring the logs to be sawn in Canada. The United States Government having put a provision in the McKinley Bill to reduce the import duty on sawn lumber to \$1 a thousand feet provided the Government of Canada would remove the export duty on logs; the Dominion Government, after careful enquiry, becoming satisfied that such action would be in the public interest, passed an Order in Council five days after the McKinley Bill became law, removing the export duty, and the clause of the McKinley Bill took effect. When, however, the United States lumbermen found that the Ontario Government had placed this condition in a small timber sale, deputations immediately proceeded to Washington, magnified the action of the Ontario Government, and made it the ground of urging upon Congress that the duty on sawn lumber should be again increased, but Congress, relying that the policy of the Dominion Government would be carried out in good faith, took no action in the premises.

Under the operation of this system of reciprocity the money gain to Canadian lumbermen on lumber sent to the United States in 1892, including shingles, by reason of the reduction of the duty, would be \$1,000,000, but this is only a small part of the gain. The rougher grades of lumber were now capable of being marketed there at a profit, and it has been estimated by Col. O'Brien, M. P. for Muskoka, and other competent authorities, and corroborated by the reports of the Crown Timber Agents and rangers of the Government, that from 30 to 50 per cent. more pine timber is cut and marketed from the same area of licensed territory than was formerly the case. This means a large increase in the revenue of the Province for material which had formerly gone to waste. It also means a large increase in the employment of labor and markets for produce.

Now it is contended by the Opposition that the Ontario Government should have put a condition in its last timber sale (that of 1892) requiring the timber on the territory sold to be sawn in Ontario, thus practically nullifying the action of the Government of Canada. Such a course would have been imprudent and disastrous—imprudent because there were only 427 miles of territory then sold from which logs could be taken to the United States, while there were nearly 20,000 miles previously under license as to which no restriction could be made. It would have been disastrous because the United States would have regarded it as sharp practice and would have resented it by the immediate re-imposition of the old duty on sawn lumber or perhaps an increased one. As it turned out, only 78 miles of the territory sold were purchased by Americans, so that the action would have caused the loss of at least \$1 a thousand on our exports of lumber, which for the year 1893 alone would have aggregated over a million dollars, and the market opened for our coarse lumber would have been destroyed, for the bagatelle of keeping the sawing of 78 miles of timber in the Province. If any loss should be calculated at all it should be only on the logs cut on the limits sold in 1892 and exported in the log, not on the entire export cut elsewhere, but as a matter of fact there were none cut on these limits for exportation and not a log went out of the country. The re-imposition by the United States of the old duty on sawn lumber or an increased one would have paralyzed the lumber trade of the Dominion, have ruined many of our largest employers of labor, and induced such a financial crisis as we have not yet seen in this country.