

*By the Chairman :*

Q. Was that demoralization not on account of Mr. Whyte's action?—A. Well, I was coming to that a little later, but I am very glad you mentioned it. The reason that took so serious a phase was this, that the honorary members withdrew from the association absolutely. They announced that they would sell lumber to any man who was a dealer in lumber and I think that they have carried that announcement out from that day until this. I think that they can sell, or do sell, to any lumber dealer and the strongest evidence of that is that the independent yards that are in existence buy lumber just as easily as we do ourselves. Now the reason that the honorary members had for grievance was because the association had absolutely no control over its own members. It did not pretend to be able to control them, so far as their purchase was concerned. According to the bylaws under which they were working, they were obliged to buy their lumber from honorary members only and the honorary members were obliged to sell to active members only. Well, now they had no control over them. The result was they bought, I think, in one year about 40,000,000 feet of lumber from the United States. The manufacturers of course thought that was simply replacing a certain amount of lumber that was manufactured in Canada that should have found a sale in our market. Now the manufacturers thought it necessary, notwithstanding their honorary membership, notwithstanding the restrictions it was supposed to have for them and for the active members, they felt called upon to form a company of their own. That company was for the purpose of protecting themselves from the retailers.

Q. What about this list of manufacturers that are in harmony with the Retailers' Association up to date?—A. I will come to that. That appears to be a very serious organization. When one party or one side of the outfit or the association—the honorary members—felt called upon to form a company to protect themselves against the other that does not look as if they were exceedingly harmonious at that particular time.

*By Mr. Crocket :*

Q. That is to protect themselves against the retail dealers?—A. To protect themselves against the retail dealers who were disregarding all the rules of the association and buying the lumber from anybody they could get it from cheaper, which was at that time from the United States. Now, Mr. Thompson gave evidence in regard to the Manufacturers' Company. I think he said it was for the purpose of protecting themselves against the retail dealers, but one of the schemes that the manufacturers had, or contemplated, was to put in a line of yards themselves all through the country. Now that is the state of the association at the time that the honorary members withdrew, and practically at the time that Mr. Whyte's announcement was made to which the chairman has just referred. I have Mr. Whyte's announcement here.

Q. Before you enter into that, upon the withdrawal of these honorary members from the association, was there not a circular issued by the Retailers' Association containing a list of manufacturers who were said to be friendly to the association?—A. Yes.

Q. Was that done simultaneously with the withdrawal?—A. It was some little time after. The honorary members when they withdrew wished to be in harmony, or wished to have friendly relations with the members of the Retail Lumbermen's Association. Why should they not.

Q. I think you said they withdrew in order to protect themselves against the retailers?—A. I will just come to that point.

Q. You put it in that way, as a protection against the retailers?—A. That is what they did exactly.

*By Mr. Crocket :*

Q. How do you explain this circular setting forth the names of the manufacturers who were friendly to the association?—A. Well, the retail dealers—apart from adopting the policy suggested of putting in line yards all over the country in their own behalf—are, naturally, the customers of the manufacturers, and, of course, they would desire