

venience sake, that a cord of wood is worth \$3.50. When this is exported out of the country all the benefit Canada derives from it is the amount of labor expended in cutting this cord of wood, and the stumpage, if any, which is paid the Government. By converting this cord of wood into mechanical or ground wood pulp, it means an expenditure in Canada of at least \$7.00 per cord for both labor and material, and all of which can be obtained and produced by Canada. By converting a cord of wood into chemical or sulphite pulp, it means that an expenditure of at least \$15.00 per cord is made for both material and labor. All of this, with the exception of the sulphur, which has to be imported from Sicily, can be produced in Canada. In the conversion of these pulps into paper, it means that a cord of wood, originally costing \$3.50, is manufactured into a finished product worth about \$40.00 per cord, all of which is for material and labor, the most of which could be produced and manufactured in Canada if the business were sufficiently large. At the present time there are over one million cords of pulpwood exported to the United States annually, worth, we will say, three and a half to four million dollars. If this quantity of one million cords of pulpwood was converted into pulp, and then into paper in Canada, it would mean that an expenditure for labor and material in Canada would take place of over thirty millions of dollars annually. For the manufacture of this large quantity of pulp and paper it would require, however, several times this amount for permanent investment in the limits, water power, mills and machinery, and this in itself would mean a huge thing for Canada.

It therefore seems to me that the principal question before the Dominion and Provincial Governments is, first, how to accomplish the manufacture of this large quantity of paper in Canada, and secondly, how to dispose of it after it is manufactured. At the present time the United States exacts a duty of \$1.67 per ton for mechanical, or ground wood pulp, and \$3.33 per ton for chemical, or sulphite pulp, and has a duty on newspaper that is prohibitive. The effect of this policy is apparent on the surface, as it provides the manufacturers in the United States with their raw material in a partly manufactured state at a low cost, and prohibits the competition of foreign paper. In addition to this, Canada seems to be the ally and friend of the United States manufacturers, as it allows them to come into Canada and procure their raw material, in the shape of pulp wood, with little, if any charge, and the United States government allows it to enter into the United States free of any duty. The effect of this policy on Canadian manufacturers is, to say the least, very unfair. The Canadian manufacturer of both kinds of pulp has to compete with the American manufacturer of both kinds of pulp at a disadvantage, by the amount of the duty imposed by the United States government on the pulp. This competition at certain times has been ruinous to the Canadian manufacturer. As an example, during the summer of 1901 the paper market was very dull, and as a consequence the amount of pulp consumed by paper manufacturers diminished considerably. The over-production of pulp in Canada and the United States was very large, and the prices dropped until they reached a point where a loss was incurred. The over-production was caused absolutely by the American pulp mills that procured their supply of pulp wood from Canada, and as a consequence, owing to the protective duty the United States pulp manufacturers had, the Canadian pulp manufacturers were obliged to curtail their manufacturing operations until such time as prices reasserted themselves. This state of affairs would not have happened had not Canada allowed her pulp wood to go out of the country for a mere song.

As mentioned before, the overproduction of pulp was caused by the pulp manufacturers of the United States, who procured their supply of wood in Canada. If these mills had been out of the market, it would not have been necessary for Canadian manufacturers to have curtailed their operations last summer. It is true people say Canada has the world for its markets in pulp and paper, but I am afraid that too many people hazard this opinion without giving it the consideration it demands. In England, where our principal market at present for both pulp and paper lies, we have the serious competition of Norway and Sweden, and it is

no mean competition. Whilst I do not believe that either Norway or Sweden have as good wood for manufacturing pulp or paper as Canada has, still they have many advantages that we have not, and as a consequence they are able to sell their pulp and paper in England at a very low cost, and which Canada is obliged to meet in order to procure business.

It certainly seems absurd that Canada should allow her pulp wood to be exported from the country for a very slight charge, and that the American manufacturers, who use this wood, do not have any competition in the finished product, paper, from Canada in the United States: but when Canada exports her paper to England or any other foreign country, she not only has to compete against paper and pulp manufactured in Norway and Sweden, but also comes into competition with paper and pulp manufactured in the United States from Canadian wood obtained from Canada almost for nothing. In addition to all this, the Canadian manufacturer to-day labors under great difficulties. He has to import from the United States the greater portion of his machinery and clothing of his paper machines, consisting of felts and wires, which amount to many thousand dollars a year; he has to use coal that is protected by the Canadian government to the extent of 60 cents per ton, he has to import his china clay from England, and the best grindstones also from the same place; he has to bring his sulphur from Sicily, and his chemicals from various countries of the world; he has to employ his expert labor from the United States, and which is controlled by a union which curtails the production, and which union, while enforcing this rigidly on Canadian manufacturers, makes exceptions in the United States. We are also handicapped in our export trade during the winter months by the long haul to our winter ports.

The sum up the whole matter, it appears very much as if the Canadian Government did not want to increase the manufacture of pulp and paper in Canada, but rather would prefer to supply American manufacturers with their raw material and be satisfied with a small revenue derived from the same. In conversation with a capitalist in New York two or three weeks ago, one who is largely interested in Canadian timber limits, I used the argument that if Canada prohibited the exportation of pulp wood until such time as the American government abolished, or diminished its duty on pulp and paper, the American manufacturers would in a very short while remove their mills to Canada. This gentleman, after arguing this point for a long time, said: "I believe that what you say is correct, but I cannot understand why you, representing a large manufacturing concern, should wish to make this fact prominent, as it would only invite competition for the company you represent. My answer to this was, that we would prefer all the competition that would take place, and having the United States market open to us, rather than have less competition and our present markets. In conversation with another United States manufacturer within the last few days, he made the same statement, and from my own personal knowledge, I feel quite certain that it would not be long before a certain proportion of the United States manufacturers would be obliged to remove their mills to Canada if they wished to compete with Canadian manufacturers when the United States market was open to them.

It is true that the United States is not wholly dependent upon Canada for its supply of pulp wood, as is evident by ex-Governor Powers' remarks at the Paper Trade banquet in New York, two or three weeks ago. Ex-Governor Powers made the statement that in Maine alone they had 12,000 square miles of territory, containing five hundred million feet of spruce, and which in his judgment, if properly handled, would be an inexhaustible supply for American paper manufacturers. I do not agree with ex-Governor Powers in this statement, as five hundred million feet is a mere bagatelle to United States manufacturers of pulp and paper.

In addition to this, the Canadian Government saw fit a short while ago to reduce the duty on newspaper entering into Canada. The Canadian market is so small that this only interferes with the smaller mills, who are dependent on the Canadian trade for their existence, but it certainly seems unfair that the Canadian Government should do this, as it will enable the

United States paper mills, when their production is greater than the demand, to dump their surplus in Canada. As long as the United States have a prohibitive duty on paper, Canada should do the same, but an abolishment of both would be the best.

I ask you also, why is it that American capitalists have to-day invested in Canadian timber limits and Canadian water powers, without developing the powers and cutting the limits. Why is it, I ask, but to prepare for the time when Canada will come to her senses and they will be obliged to manufacture in Canada, or otherwise get out of business. These men are not short-sighted, and although they did procure a promise from the Quebec government that no extra stumpage over and above 25 cents per cord would be charged by them for the next ten years, they still feel that it is necessary to look farther ahead than this. I ask you also why it is that the Quebec government a short while ago raised the stumpage on pulp wood cut from Crown timber limits for export into the United States to \$1.90 per cord, thus giving a preference to the Canadian manufacturer of \$1.50 per cord—why is it that they reduced this later on to 65 cents per cord without any advance notice of what their intentions were? Why is it that they reduced this to 65 cents per cord, thus reducing the preference in favor of Canadian manufacturers to 25 cents per cord? Would it not be better for the Quebec government, instead of selling its timber limits with a guarantee of this kind, to assist in building up Canadian manufactures of pulp and paper, which would necessitate their purchasing further timber limits from the Quebec government, and in the development of these the stumpage to the Quebec government would increase, and be a regular source of revenue, rather than to continue its present policy.

The Laurentide Pulp Company to-day manufacture about 100 tons of paper and cardboard per day; 125 tons of ground wood pulp per day; 70 tons of sulphite per day, and cut from ten to fifteen million feet of pine lumber each year. To do this, it has required an investment of nearly four millions of dollars, and the annual payment in wages of about one million dollars, and as a result of this the town of Grand Mere, wholly and absolutely dependent upon the Laurentide Pulp Company, has sprung into existence, and to-day has a population close on to five thousand. In addition to this, the villages adjacent to Grand Mere have all grown, and the rural population in the vicinity of Grand Mere are thriving and doing well. Canada could have twenty such mills as these in a short time if she would come to her senses and adopt the proper policy. Would it not be better for Canadians to have a permanent advancement of this kind, even though it did take a few years to obtain?

Possibly the question might arise as to the Canadian farmers who dispose of their pulp wood at the present time. These farmers would have a better market with just as good prices as they have at present, if their purchasers were Canadian manufacturers instead of American manufacturers. Whilst on this subject, I might make mention of the fact that the so-called farmers of Canada who dispose of their pulp wood to American manufacturers do not deserve all the sympathy and support that one would think. In our own district, I know several instances where these men obtained lots from the government, presumably for settling purposes, but who, when the timber was cleared off, obtained another lot in somebody else's name. These men are doing more damage to Canadian forestry than any one else, and it is the duty of the present government to give this special attention, and see that it is stopped as soon as possible.

Canada has an opportunity to-day to show her wisdom and her foresight. If the government would take up this question as seriously and as vigorously as the Department of Public Works has taken up the question of river and harbor improvements, we might hope in the near future to see the paper industry of the world centered in Canada. At present Canada is floundering in the dark, and her wide-awake competitors are taking advantage of this. Nothing in this world is gained without a struggle, and a struggle cannot take place unless the parties are determined. Canada should be determined to make the most out of her timber assets, and should not fear to take a decided step in this connection. The trouble is that Canadian politicians do not study the question sufficiently, and are too easily swayed by outside influences. I do not say that it would be a wise thing for Canada to always have an export duty on her pulp wood, but I do say that there should be a sufficiently high export duty on pulp wood so as to make it practically prohibitive until such time as the United States government open their market for the finished product to Canadian manufacturers. This is only fair and just, and I cannot see why any hesitation should take place in adopting it. Canada has an opportunity now that should be taken advantage of. If she does not do so quickly, it simply means that she is not only losing an opportunity, but is losing time that cannot be recalled.