NEWSPRINT PRICE APPEAL

Manufacturers Want Prices Raised to $80—Publishers Think $50 Sufficient—Long Argument Before Tribunal

The Paper Control Tribunal resumed its sittings on January 8th, to hear the appeal from the award of $69 per ton fixed as the price of newsprint in Canada by Commissioner Pringle last September. This price was retroactive to January, 1918. The manufacturers maintained that a price of $80 per ton, retroactive to January, 1918, is necessary to provide a reasonable profit to mills operating at high cost, while the publishers argued for a price of $50 per ton, contending that this would give the manufacturers a larger profit than they realized before price fixing was adopted.

Mr. W. N. Tilley, K.C., council for the publishers, presented his case for three consecutive days, January 8th, 9th and 10th. The tribunal then adjourned until Monday, January 13th, when Mr. Tilley concluded his arguments. Figures were produced by the publishers to support their claim that at the price awarded by Commissioner Pringle, some companies made exorbitant profits. They mentioned the Laurentide Co. as making a profit of 86 per cent. a ton; the Booth Co., 89 per cent., Price Brothers, Ltd., 76 per cent.; Donnacona, 74 per cent. and Fort Francis, 68 per cent. Mr. Tilley maintained that the companies had exaggerated their costs through the inclusion of items such as stumpage, sinkage and so forth, by charging a profit on various stages of the process of making wood into newsprint, and by averaging costs over articles of different prices so that a price unfair to one or both of them was sure to result. With regard to the $8 per ton increase in cost allowed the mills by Commissioner Pringle from January 1st, 1918, the publishers made a comparison using the Laurentide Mills as an illustration. They stated that the average cost for the first six months of 1918, as found by Mr. Pringle, was $44.98; the July cost as per report from government auditor Clarkson, was $59.44; the August and September costs, as derived from the same source, were $44.06 and $46.74, respectively.

Claim Profits Too High

The publishers also opposed the manufacturers' claim that from 15 to 20 per cent. should be allowed as a return on capital investment. It is pointed out that the business is not a hazardous one and if large profits remain in the business, the value of the shareholders' investment is correspondingly increased.

Mr. Pringle had allowed the Fort Frances Mill a special price because of its unusually high costs. The publishers claim that no such an allowance should be made as this mill is owned by an American company and its high costs, they say, are due to the diversion to the American mills of this company of power and water which should have been used on the Canadian side.

Manufacturers' Case

The case for the newsprint manufacturers was commenced on Monday, the 13th inst., by Mr. Victor E. Mitchell, K.C., and was continued by Mr. G. H. Montgomery, chief council for the paper mills. The manufacturers entered the plea that export trade makes the business one of great importance to Canada, and asked that Mr. Pringle's price be increased rather than reduced. In this connection they point out that Commissioner Pringle, in fixing the price of $69, declared that he had not made it as high as he might have on the evidence before him and before the United States Federal Trade Commission. The cost reported by the commissioner is average cost not actual cost, and the result is that some of the higher cost mills are obliged to sell their product at a figure which is commercially impracticable and they would not be able to stay in business were they not engaged in the manufacture of products other than newsprint. They also object to the action of the United States court in refusing to allow for stumpage in respect to wood from leased Canadian crown lands, although $2 per cord is allowed for wood cut on owned land. As to depreciation, the manufacturers asked that the United States accountants' method of charging $3.20 per ton of newsprint paper be accepted. Canadian manufacturers have inaugurated this system of charges in recent months.

The hearing continued until Wednesday, January 22nd, when the enquiry came to an end. The decision of the tribunal has not as yet been announced.

IMPERIAL GUARANTEE AND ACCIDENT COMPANY

The following is a comparative statement of the business of the Imperial Guarantee and Accident Co., of Canada, Toronto, for the years 1917 and 1918:—

	1917.	1918.
Balance brought forward	$ 86,031	$ 87,560
Number policies issued	18,096	18,626
Amount of new business	$35,165,701	$37,174,370
Premiums (new and renewed)	310,657	362,785
Interest earnings	19,539	20,516
Assets	478,031	481,584

The available security for all contracts is now $1,098,139, as compared with $1,112,560 last year. The contingent reserve fund which was formerly $25,000 has now been reduced to $10,000. The government reserve for unearned premiums and the reserve for filed and unfiled claims, however, have increased by over $17,000.

GUARANTEE COMPANY OF NORTH AMERICA

Results for the year 1918 of the business of the Guarantee Company of North America, Montreal, as compared with those for the previous year are as follows:—

	1917.	1918.
Premiums	$ 379,307	$ 374,634
Interest and rents	119,562	117,714
Income for year	498,870	492,349
Expenses, reinsurance and losses	301,664	332,074
Dividends to stockholders	36,260	36,552
Net expenditure	338,216	368,626
Balance	2,247,690	2,291,582
Assets	2,166,859	2,292,497

The company has adhered to its policy and methods in underwriting fidelity bonds and some classes of surety bonds. This company, as is well known, continues to be independent of the tariff combination and associations in United States and Canada, and is guided entirely by its own experience. The net amount of risk in force at the end of the year was $130,281,526, and the total claims paid since the establishment of the company in 1872, amounts to almost $3,000,000.

TRUSTS AND GUARANTEE COMPANY

The following comparative statement of the principal figures in the profit and loss account of the Trusts and Guarantee Company, Toronto, illustrates the result of the company's business in 1918 as compared with the previous year.

	1917.	1918.
Balance brought forward	$416,370	$441,141
Net profits after deducting cost of management, etc.	107,966	107,543
Dividends	83,195	83,441
Balance carried forward	441,141	465,244

The net profits are, it will be observed, slightly lower than in the case of the previous year, but the balance carried forward is substantially greater. The company's assets now total $20,473,199, of which $2,507,000 are on capital account, $5,182,000 guaranteed trust account, and $12,783,000 estates and agencies account. During the year the volume of estates and agencies increased over three and a half millions of dollars. The company's 22nd annual meeting will be held at the head office in Toronto on Friday, January 31st.