

During the latter part of 1942, the hydro-electric power needs of munitions industries and other direct war production were so great that restrictions had to be placed on the amount of electric current available to newsprint mills in parts of Ontario and Quebec. This inevitably resulted in reduced output. To meet this situation a national plan was devised for curtailment of operations in the newsprint industry. A pooling scheme was planned whereby Canadian mills that had been compelled to surrender business through lack of power would be compensated from a fund to be built up from contributions by mills that were able to maintain or increase their output. This fund is administered by the Commodity Prices Stabilization Corporation of the War-time Prices and Trade Board.

In March, 1943, a joint statement was released in Washington by the United States Office of Price Administration and the Canadian Wartime Prices and Trade Board which pointed out that newsprint is one of the few commodities which had not, up to that time, increased in price since the outbreak of war. The standard price of newsprint had remained at \$50. a ton since 1938.

Quota arrangements covering operations of 25 newsprint manufacturers were put in effect in September 1942. The reduced rate of operations of the industry placed Canadian manufacturers in a difficult position, and they could no longer absorb the increased costs which war conditions brought about. As a result, in March, 1943, the ceiling on the selling price of newsprint in Canada was raised \$4 a ton, which conformed with an increase of the same amount concurrently announced in the United States. Donald Gordon, chairman of the Canadian Wartime Prices and Trade Board, pointed out that the increase of \$4 was much too small to cover increased costs in order to place the Canadian newsprint industry in a position to carry on at normal levels. Consequently an additional increase of \$4 a ton, effective September 1, 1943, was announced jointly by the Wartime Prices and Trade Board and the Office of Price Administration, Washington. This established a new ceiling for newsprint of \$58 a ton (U.S. funds at New York) which is the present ceiling.

Newly developed hydro-electric projects came into operation in the early summer of 1943, and these substantially eased the power situation, but no considerable increase in the output of paper seemed possible because of the shortage of labour and consequent shortage of pulpwood.

At the end of 1943 the Wartime Prices and Trade Board introduced new restrictions on the manufacture and use of pulp products and tightened those already in effect. Among these were the elimination of many non-essential products, maximum manufacturing specifications for others, quota rationing of newsprint and other products. As a result of these measures it was possible in December, 1943, to set production quotas for 1944 higher than would have been considered possible a few months earlier.

Newsprint production in 1944 is at a monthly rate of 252,000 tons, of which 200,000 tons are available to the United States. This is 9% more than in 1939. Exports of woodpulp to the United States during 1944 are at the rate of 1,100,000 tons a year. Under an arrangement between the Canadian timber controller and United States authorities, the United States receives one-half of Canada's production of pulpwood purchased outside of the timber interests of the pulp and paper companies. Exports of pulpwood to the United States in the past five years have been as follows:

1939	1,076,761	cords
1940	1,376,977	"
1941	1,649,537	"
1942	1,805,040	"
1943	1,408,363	"

POST-WAR TRADE POSSIBILITIES

The continued prosperity of the pulp and paper industry is dependent on export markets. The Canadian federal and provincial governments recognize