

DOES LUMBER COMBINE EXIST IN THE WEST?

Statement issued by Mr. D. E. Sprague with Reference to Recently Published Interview with Vice-President Whyte, of the C. P. R.

In a recently published interview, Mr. William Whyte, second vice-president of the Canadian Pacific Railway, is reported as saying that "the owners of saw mills, and retail dealers in lumber, are endeavouring to maintain high prices for lumber and to surround the retail business with restrictions which tend to influence the market," and that while "it may be possible that there is no combine among the mill owners," yet "there is certainly an arrangement with the Retail Dealers' Association under which that association dictates as to the location and number of retail lumber yards, and thus practically controls the market and dictates the selling price."

With reference to this matter, Mr. D. E. Sprague, of Winnipeg, gives out the following statement:

There has from time to time appeared in the press much unfavourable and unjust criticism of the Lumbermen's Association, sometimes by politicians, whose motives it may fairly be assumed were not any philanthropic desire to protect the public, but for reasons of a much more personal nature, either political advantage or personal gain. Other criticisms have been by those originally members of the association who did not consider the rules and regulations sufficiently rigid to meet their views, and therefore sought such advertising as opposition to the association would give them. All such criticisms I have considered were not entitled to either answer or explanation. Now that a prospective competitor has appeared in no less a company than the C.P.R., through its manager, Mr. Whyte, who gives a lengthy interview in the press, not complimentary to the association, it is only fair that the public should be given the facts. Mr. Whyte's unjustifiable statements may be due to the fact that for the past year or so he has not been so intimately connected with the operation of the C.P.R. as formerly, and in consequence would not have so great a knowledge of the conditions obtaining throughout the country regarding the lumber supply, or the very unsatisfactory service provided by his company for the transportation of the necessary supplies, or it may be that Mr. Whyte has been misinformed by some of the other officials since assuming the active management of the road.

I agree with Mr. Whyte to this extent, that next to the continual agitation in connection with the exorbitant freight rates and inefficient transportation facilities generally, there is nothing probably which tends more to retard immigration than the bugbear of high-priced lumber and the difficulty in securing building material at a reasonable price. That it is a bugbear and not a condition can be easily established.

C.P.R. AS MANUFACTURERS.

The Canadian Pacific Railway or any other railway company receiving government aid by grants of timber or other lands, has no right to enter into competition with private individuals, in either manufacturing or business enterprises. This principle is generally recognized by governments, by refusing to grant permission in their charters. The manufacturers of lumber, I am sure, would cheerfully welcome as brother lumbermen any C.P.R. men who would invest their own capital and do business under the same conditions that the present lumbermen have to meet. This would be a very different proposition to C.P.R. officials conducting a lumber business with C.P.R. funds, and finally losing sight of the profit or loss in a general round-up of the C.P.R. profits.

REASONS FOR ASSOCIATION.

Previous to the year 1890 or 1891, the lumber manufacturers sold direct to the consumers throughout the country. This naturally took from the retail dealer the most desirable trade in his territory, and in many cases rendered it impossible for him to make a living. The trade generally was in a most unsatisfactory condition. The dealers realized that something must be done to save the capital invested, and protect them from the unfair competition referred to. The manufacturers

were in sympathy with the dealers in this movement, inasmuch as it improved the condition of the retailer and enabled him to more promptly meet his bills. The association was, therefore, organized to protect its members from unfair competition, to collect and distribute among its members such information as may be of service to them, and generally in the interest of the retail lumber trade to watch carefully the probable public requirements, and endeavour at all times through its members to have at all points a sufficient stock of lumber to meet the demands.

Among the first public services rendered by the association may be mentioned a reduction of 5 cents per 100 pounds on the then existing rates on lumber, secured through a letter dated about ten years ago, and addressed to the General Passenger and Freight Agent of the C.P.R., which letter was presented by a deputation of the dealers urging action thereupon, and a further reduction was at the same time obtained by the dealers from the manufacturers, both of which reductions were given to the consumers.

The following is a copy of the letter referred to:

WINNIPEG, Feb. 13, 1894.

R. Kerr, Esq., Gen. Freight and Pass. Agent, Western Division of C.P.R.

Dear Sir—At the annual meeting of the Western Retail Lumbermen's Association, having a membership of 150 and comprising all the retail yards of this province and the eastern part of Assiniboia, held here on the 12th inst., the question of the existing freight rates was discussed, and a committee appointed to bring under your notice that the rates charged by your railway are excessive and burdensome.

The committee chosen desire to submit for your consideration the cost and charges on lumber to the consumers; the price paid for rough lumber at the mills being the grade largely used by farmers per 1,000 feet on cars is, at Rat Portage, \$12; Fort William, \$10; and British Columbia, \$8. The average freight thereon is, from Rat Portage, \$6; Fort William, \$10; and British Columbia, \$1. The terms upon which lumber is sold are 60 days, with freight as cash. Add to the wholesale cost at the point of sale the retail dealers' charge, say, \$3, and it will be readily seen that the cost of lumber is more than the consumer can afford to buy it at, and, as a matter of fact, so much so is this felt that very many farmers throughout the country continue to live in sod houses, and in more than half of the country a few miles distant from the railway the outbuildings are sod. In order to overcome this disability and improve the existing state of matters, we ask you to make a considerable reduction in the freight rates charged upon lumber, and while we do so it is our opinion that a reduction in the price of lumber will vastly increase the demand for it, and to such an extent, that in a short time the increased hauling of it will more than compensate your company for the lowering of rates. Following such increase in business the retail dealer will be enabled to sell the lumber at a less percentage than possible at present.

We, as residents of this country and having an established business in it, are greatly interested in its welfare, and knowing that the advancement and development of the country is of paramount importance to your company, seek to impress upon you the unfortunate position and the hard times now prevailing, and so much to be deplored; and while we may not claim to be worse off than the world generally, this is the position of it that more closely affects our well being. We feel with the natural advantages of the country and the assistance you can so readily extend in the way of cheaper freight, matters can be much improved.

There can be no doubt that high cost of lumber is of great consideration with the farmers in locating settlements, and the incoming stranger is most likely to at once feel the depressing influence upon him in the lack of proper buildings so general throughout the country, and which are so essential in good farming.

We as a retail association feeling a like interest with your railway company in the advancement and settlement of the country, are prepared to guarantee any reduction made by you (which we feel sure will be made upon giving this matter your valuable attention) in freight rates that the consumers shall receive the full benefit of such reduction in the cost of lumber to them.

At present we are withholding all orders for lumber that can be avoided and should your decision in the matter be against the lowering of the freight rates, it will be necessary to continue the curtailment of our trade.

Hoping to have an early reply from you.

Yours respectfully,
President.

It may be interesting to the public to note that ten years ago the association was as alive to the public requirements and necessities as the C.P.R. appears to be to-day, and strangest of all were appealing to this same C.P.R. to reduce rates, which seemed to be excessive and which were in consequence retarding the progress of the country, and this, too, without prospect of profit to themselves, except in the advancement of the North-west.

QUESTION OF SUPPLY.

About a year ago the C.P.R. imagined they saw impending disaster unless they undertook to see to it that a stock of lumber was forthcoming sufficient to supply the incoming settlers, as set forth in the following letter written by Mr. Peters, Assistant Freight Traffic Manager, and addressed to Isaac Cockburn, Secretary.

WINNIPEG, Jan. 16, 1903.

Isaac Cockburn, Esq., Secretary Western Lumbermen's Association.

Dear Sir—Referring to our general conversation on the subject of the movement of lumber into the North-west Territory before trails break up so as to enable newly-arrived settlers to obtain immediate supply of lumber, and get it out to their locations without delay.

I am glad to learn that your association has realized the importance of this, and that you have decided to make an extended trip through the district referred to, for the purpose of meeting the dealers at all points and impressing upon them the necessity for immediate action. I will have our travelling freight agent accompany you and render all the assistance in his power.

The position this company take, is that the early movement of lumber as above explained is a necessity, not only in our interests, but in that of the country at large, and we feel that should the dealers at the different points decline to order for immediate shipment from the different mills for reason that the lumber may not be sold immediately on its arrival, that we would be compelled to take some other means to get the lumber into the district. We do not desire to interfere in any way with the arrangements of your association, or the business of your members, and I sincerely hope that we will not be compelled in any way to do so, but as I have already said, the lumber must be moved at once. I need not say to you that on the opening of navigation our power and rolling stock will be severely taxed to handle the large movement of grain to the lake front, and it will then not be so easy for us to supply cars at the different lumber mills as it is at present. This is a further reason why lumber should move immediately.

You brought up the question of whether this company could offer any inducement for this early movement in the matter of freight charges, and I have said to you, while we do not want to change our regular system in that respect, we would be prepared to consider a reasonable proposal in that direction, provided satisfactory protection would be afforded us, and that we should not lose our lien upon the lumber. In other words, at points where large quantities are required and the dealers are not financially able to immediately pay our charges, and take delivery of the lumber, we might devise some means of allowing them to unload the lumber on our property to remain in control of our agent on the understanding that charges would be paid within a period of 30 days after arrival, if delivery was not taken and charges paid prior to that period. Our travelling freight agent, Mr. Miles, will consider any