

THE Canada Lumberman

MONTHLY AND WEEKLY EDITIONS

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ADVERTISING RATES ON APPLICATION.

THE CANADA LUMBERMAN is published in the interests of the lumber, wood-working and allied industries, being the only representative in Canada of these important interests. It aims at giving full and timely information on all subjects touching these interests, and invites free discussion by its readers.

Special pains are taken to secure for publication in the WEEKLY LUMBERMAN the latest and most trustworthy market quotations throughout the world, so as to afford to the trade at home and abroad information on which it can rely in its operations. Subscribers will find the small amount they pay for the CANADA LUMBERMAN quite insignificant as compared with its value to them. There is not an individual in the trade, or specially interested in it, who should not be on our list, thus obtaining the present benefit and aiding and encouraging us to render it even more complete.

Advertisers will receive careful attention and liberal treatment. For manufacturing and supply firms wishing to bring their goods to the attention of owners and operators of saw and planing mills, wood-working factories, pulp mills, etc., the CANADA LUMBERMAN is undoubtedly the cheapest and most profitable advertising medium. Special attention is directed to "WANTED" and "FOR SALE" advertisements, which are inserted in a conspicuous position on front page of the Weekly Edition.

CURTAILMENT A WISE POLICY.

It is only natural that a manufacturer of lumber should endeavor to secure a return as large as possible from his invested capital. If he did not aim at so doing, he would be neglecting the essential point for which all business exists. The methods adopted to obtain the most remunerative results are in some instances questionable, and perhaps the most common mistake is the idea that a mill must at all times be operated to its maximum capacity. Quality is too often made subordinate to quantity, with the result that much badly sawn lumber is put upon the market and the producer realizes a smaller sum for his raw material in manufactured condition than if the same material had been carefully sawn.

Granting that the quality of the lumber can be maintained when the mill is operated to its utmost, it does not follow that a restriction of the output is not often a wise policy to be pursued. The manufacturer who adopts such a course will seldom be found with heavy stocks which he cannot dispose of, nor is he likely to feel the effects of the periodical depressions in the trade as keenly as his confrere who has been forcing the capacity of his mill. He may not make as much money in times of abnormal prosperity, but at all other times the financial balance is likely to be in his favor. His policy will sustain the stability of the market for a longer period, while at the same time conserving his timber supply.

The British lumber market, which has been in a depressed condition this year, would probably have weakened to a much greater extent but for the policy of curtailment which has been adopted by the exporting countries. Holders of lumber have thus been assured that no large surplus stocks would be dumped upon the market next year, and have therefore been

encouraged to sustain prices. Canadian manufacturers have been among the leaders in this movement and are to be strongly commended for their action. If we might offer a word of advice, it would be that they adhere strictly to their agreements and curtail the production of logs as much as possible. In this respect they cannot be too sincere for the good of the trade.

Unfortunately, the situation in British Columbia has not improved, and the solution would seem to lie in limiting the production and in co-operative effort towards the regulation of the future output. The closing down of all the mills for a brief period at least would probably be a wise step.

THE DEALER A NECESSITY.

The dealer in lumber—whether wholesale or retail—is not as a rule given as much credit for his work as he is entitled to. That his position has been improved as compared with earlier days is quite true, but there is still a disposition to regard him as existing in some measure for the purpose of usurping the profits which would otherwise go to the manufacturer. This is far from the real facts, and the sooner the idea is entirely dispelled the sooner will the relations between buyers and sellers of lumber become more harmonious and the business proceed along more natural lines.

The dealer is a very necessary agent between the manufacturer and the consumer, and, if given opportunity, is likely to be of assistance to both. It may be possible for the manufacturer to do a successful business by selling direct to the consumer, but his annual inventory is likely to show heavy losses by reason of extending credit to persons of whose standing he had little or no knowledge, and it is very doubtful that a lumber business could be conducted on a strictly cash basis.

In addition to seeking to develop new markets for the mill product, the dealer assumes the position of financial guarantor to the manufacturer. He pays the manufacturer cash in, say, sixty days, whereas he may be obliged to carry the consumer's account for six months or a year. The manufacturer is therefore able to do business on a smaller capital than if he were extending credit to a large number of customers. Besides, the dealer is acquainted with local conditions in a manner that the manufacturer could not possibly be, and, knowing the doubtful accounts, will exert his best efforts to prevent loss.

It is true that a dealer may become involved and a loss be thus incurred by the manufacturer, but with the number of his customers circumscribed the danger is greatly minimized.

It is not easy to indicate the line which should mark the legitimate field of the dealer. This has been under discussion for some years in the United States and has not yet been satisfactorily settled, but there is a growing disposition there to protect the dealer as far as possible, experience having proven that nothing is gained by passing him by.

The withdrawal of the Mountain Lumber Manufacturers' Association of British Columbia from the honorary membership list of the

Western Retail Lumbermen's Association was followed by rumors that the manufacturers had decided to ignore the retailers as a body and sell direct to consumers. The difficulties which such a plan would involve are very apparent, especially when it is considered that the settlement of the North-West is of recent development and that new comers are daily being added to the list of lumber consumers. It is therefore very satisfying to be assured by the Secretary of the Mountain Manufacturers' Association that the rule generally recognized throughout all manufacturing industries in Canada, to sell to the trade only unless perhaps in some exceptional cases, will still be observed.

ADVANCE OF THE MUTUAL INSURANCE MOVEMENT.

The decision of the Canadian Manufacturers' Association to establish a fire insurance department covering mercantile risks is but an outcome of the growth of popular sentiment in favor of mutual insurance. The Canadian insurance companies having made a material advance in their rates, and this additional expense having borne heavily upon the manufacturers, a committee was appointed to make an exhaustive investigation into the causes for such increase and to suggest some means of securing relief. The finding of this committee, in the opinion of the members of the Association, warranted the organization of an insurance department, which is now in process of formation.

The investigations of the committee seem to show that the old line companies are doing a profitable business notwithstanding that they are operating under excessive fixed charges. The premiums on fire insurance in Canada have been steadily increasing and are now very high. The average rate on all policies written by the companies doing business in 1898 was 1.26 per cent., and in that year 34.91 per cent. of the premiums was distributed for expenses of management, reserve fund and dividends. In 1902 the rate of premium had increased to 1.47 per cent., and 61.74 per cent. of the premiums went for the purposes above named. For thirty-four years the companies collected in premiums \$62,250,192 more than they returned in losses, which amount is 32.5 per cent. of their total premium income. For the last eight years the percentage was 36.34 per cent.

The figures obtained by the committee do not show that insurance in Canada has been unprofitable, as in 1902 the dividends of the ten companies doing the largest business ranged from 5.9 per cent. to 90 per cent. on the paid-up capital, the average dividend paid by these companies being 26.43 per cent.

The weakest point in the methods employed by the regular companies is stated to be their system of inspection, which is little more than a name. The person with a good risk is compelled to help pay for his neighbor with a poor one, which is doubtless a very wrong policy, as it does not encourage as it should the protection of property.

The Association will endeavor to have each