

July Trade Returns Analysed

Adverse balance of trade against Canada steadily increasing —
Rapid expansion of certain industries shown —
People have plenty of money to spend

By OUR OTTAWA CORRESPONDENT

The preliminary trade returns for July, as they show an excess of imports over exports for the month amounting to over \$20,000,000, thus bringing the total adverse trade balance since the beginning of the year up to \$148,000,000, are not as agreeable reading as they might be; but they do contain evidence of the continued rapid expansion of Canadian lumber, pulp and paper industries. While the details are not yet available, the total figures show the total value of these exports for the month to have been \$28,825,000, or a little over \$11,000,000 in excess of those for July, 1919. For the last four months the total value of these exports was \$95,000,000, as compared with \$51,700,000 for the same period last year. As yet it is impossible to say what the exports by countries were.

The pulp and paper exports for the month have not been returned; but it is fair to assume that a large, if not the greater part of the increase has been due to this industry. For one thing, the production of both pulp and paper is increasing, while outward shipments of newsprint have also shown an increase. In addition, the price of both newsprint and pulp has been advanced, the July trade returns containing the first evidence of this. On the other hand, while shipments of lumber have been heavy, there is a tendency in the direction of lower prices.

That lumber, pulp and paper are among the country's most important exports is to be seen in the fact that during July they were only \$5,000,000 in value below Agricultural products mostly foods, which was the leader among the exports. Indeed, the value of lumber, pulp and paper exported was equal to over twenty-five per cent of the value of all exports for the month.

The imports for the month were again large, amounting to \$127,268,811, as compared with \$84,281,499 for the same month last year. They were however, approximately \$7,500,000 below those for June. As two and one-half months have now passed since the tariff changes were announced, it is possible to draw conclusions as to the effect of these changes. There is no doubt but that the removal of the 4½ per cent customs war tax has stimulated strongly the importation of commodities from the United States. What the value of these imports was during July it is as yet impossible to say, but the nature of the imports indicates that the value of those brought in from the United States continues to increase.

Coming to the classification of imports, fibres, textiles and fibre products led with approximate-

ly \$27,500,000, or nearly double the figures for July of last year. The greater part of these came from the United Kingdom. Iron and steel and its products came next with \$24,695,000, or \$9,000,000 more than for July, 1919. The greater part of these imports came from the United States. Non-metallic minerals, which includes coal, are credited with \$18,500,000, which is equal to a seventy-five per cent increase over the imports for the same month last year. This is an evidence that imports of coal during the month were large.

That the people have the money to buy is to be seen in the circumstance that the value of dutiable goods imported was \$85,000,000, or double the value of the free goods brought in; it was also equal to more than double the value of dutiable goods imported during the preceding July. Even with the 7½ per cent customs war tax off, the amount of duty collected during the month was about \$3,200,000 greater than during July, 1919.

During the last four months the value of the total imports was \$473,572,000, as compared with \$284,897,000 for the same period in 1919. The value of the total exports for this period was \$351,695,000, as compared with \$373,890,000. The total trade figures for these periods were \$825,267,000 and \$658,787,000 respectively.

For a country that is supposed to be very largely under a prohibitionist regime the Dominion is importing a very large amount of liquor. Of course, there is no ban on imports of liquor; but for all that the imports are very large. During the first four months of the present year, the value of the imports of intoxicants was \$6,210,931 as compared with \$747,435 for the same months in 1919. In values the imports by months in 1920 were as follows: January \$1,738,615; February, \$1,027,396; March, \$2,256,878; April, \$1,188,042. In 1920 the imports were: January, \$163,053; February, \$157,288; March, \$220,756; April, \$206,388.

It will not do to say that these increases are to be attributed to increase in price. In January 1920, the imports were 412,836 gallons; in 1919 they were 49,959 gallons. In February, 1920 the imports were 290,104 gallons, in 1919, 44,723 gallons. March 1920, imports 454,957 gallons, 1919, 76,848 gallons. April, 1920, imports, 243,293 gallons, 1919, 60,170 gallons. Under the existing conditions the trade in intoxicants is merely being transferred from the home manufacturers to manufacturers abroad.

America's Timber Problem

The amount of timber cut each year from the forests of the United States is about three times the annual growth, it is declared by the National Bank of Commerce in New York in a review of the American lumber industry published in the August number of its magazine, Commerce Monthly. Lack of an adequate national forestry policy, together with speculation in privately owned timber lands and the absence of co-operation within the industry itself, have all combined rapidly to reduce the country's timber resources. Provisions for reforestation up to the present have been entirely inadequate and the oncoming growth is ordinarily of in-

ferior species and grade.

"It is estimated that the United States originally possessed 850,000,000 acres of timberland, of which only about 545,000,000 acres remain," Commerce Monthly says. "The original forest acreage contained approximately 5,200 billion board feet of merchantable timber. The latest estimate of timber remaining is 2,826 billion feet. Of this difference, about one-third has been lumbered, one-third destroyed by forest fires and one-third wasted."

"The most striking characteristic of the American lumber industry has been its lack of cohesion. This has led to a maladjustment of

lumber production to the requirements of its market. Though the industry is at the present time prosperous, it contains elements of instability. It has been dominated by a strong individualism, and though it has been very American in a way, it has been backward in developing common ideas about its products. Co-ordination has been made difficult by the fact that it is not economically feasible to assemble the raw material—timber—at a few points where manufacturing may be concentrated, as is possible in the iron and steel industry and others.

"The principal handicap of the lumber industry as it exists in the Pacific Northwest, and also to a great degree in the South, is the burden of timberland investments. In the last quarter of the nineteenth century lavish grants of public lands and loose, poorly defined and ill-enforced land laws allowed the concentration of timberlands in private ownership. A rapid and enormous capitalization of stumpage took place, largely with borrowed funds. The result of these conditions has been that the lumber cut has tended increasingly to be governed by financial requirements instead of demands of the market. This movement to unload stumpage while the opportunity for profit exists is the most serious cause of over-production in the West.

"Violent and destructive competition exists between different regions and between different mills in the same region. The lumber industry is equipped to produce at least 50 per cent more lumber than it has so far in any year, and probably about twice the present consumption. There has been a lack of sensitive adjustment of supply to demand, and of co-operative effort among lumbermen. Naturally, this loose and haphazard structure of the industry has operated with the speculative character of timber ownership to produce violent fluctuations in output and prices."

The Government's policy of alienation of its timberlands, the bank points out, has resulted in only about one-fifth of the present stand being publicly owned, whereas in 1870 the Government owned approximately three-fourths of the country's timber.

"The opinion has been expressed in the lumber trade that it may be desirable ultimately to double the present acreage of the public forests," the article continues, "so that they would amount to from 40 to 50 per cent of the total forest area. This could be done by the extension of the national forests, by purchase, by exchange of stumpage for land and by placing under permanent administration the forest lands now in the unreserved public domain. State and municipal forests might also be established. Some depleted and wasted cut-over and burned lands should be rehabilitated. Protection against fires, insects, and disease should be made effective both for public forests and for privately owned timber.

"Tax accumulations, the fire menace and the fact that timber takes generations to mature, all tend to discourage reforestation by private owners who too often take a short-sighted view of their functions. The responsibility for reforestation, however, rests upon them as well as upon the public at large.

"According to Henry S. Graves, formerly Chief of the United States Forest Service, if we began at the present time to protect our cut-over lands from fire and use wholly practical forestry methods to insure reproduction after logging, we could secure in the next fifty to sixty years an annual production of over 60,000,000,000 feet of lumber per year, without lessening our forest capital."