CORRESPONDENCE.

Export Duty on Saw Logs.

Editor Canada Lumberman:

There is, perhaps, no subject which deserves greater consideration at the hands of the lumbermen of Ontario at the present moment than the possible, or perhaps more correctly, the probable, effect on the trade of the recent action of the Federal Government in increasing the export duty on saw logs from $2 to $3 per thousand feet.

Without stopping to consider the right of the Federal Government to depreciate the value of timber limits, the property of the Ontario Government, and those to whom they have sold them, by putting an export duty on the products of the forest, it is sufficent to show what results may be expected to flow from the action, to prove that it is unwise. It may be safely assumed that the small additional income to be derived from the extra duty is not the moving cause o the increase, as that would be no justification for a step which may produce dire results to an industry, next to agriculture, by far the most important to the prosperity of Ontario. What then is the motive? That generally stated is to force the sawing of the logs into lumber in Canada, and thus provide occupation for an additional number of working men. This, if there was a market for the additional quantity of lumber to be manufactured, might have weight; but there is far more lumber already made in Canada than can be sold there, or exported to England. It is evident that the closing of the United States market, by an increase in the duty on sawn lumber, which will probably follow the rise in the export duty on logs, would cause a glut fatal to the interests of those engaged in the trade, and instead of giving additional occupation to workmen, would throw many out of employment.

The Georgian Bay is the locality more immediately affected by the action lately taken, and it is to prevent lumbermen owning mills in Michigan, who have in good faith purchased extensive limits in that section, with the avowed purpose of towing the logs to their mills at Bay City, Saginaw, and other points, from carrying out their intention, that this export duty has been imposed. So long as the export duty did not exceed the duty levied by the United States on sawn lumber, there was nothing manifestly unfair in the impost, but when that duty is increased 50 per cent., and amounts to over 40 per cent. on the value of the raw material, whilst the United States duty is only 20 per cent. on the manufactured artice, it would not be surprising if the duty on lumber was doubled as a sort of retaliatory measure, for what will be considered an unjustifiable act.

The effect of this must be patent to every one connected with the business. A large proportion of the lumber manufactured on the Georgian Bay is of a grade, which might at the present rate of duty, be exported to the United States without loss, if without profit. If the duty is raised a loss to the extent of the increase in duty must inevitably be incurred, a loss which the lumberman, burdened as he is by heavy taxation, causing a large increase in the cost of production, without one counter-balancing advantage, is unable to bear.

But the disastrous effects of an increase in the duty levied by the United States would not rest here. Although the Georgian Bay district might suffer the most, every lumberman would participate. The United States market being closed to the lower grades of lumber, Canada must be made the sacrifice market for what would otherwise have been turned into American gold. Its very limited market would be at once glutted, values demoralized, credit shaken, and ruin overtake many who have been for years toiling for a livelihood, mills would be shut down or run on half time, and a large number of men dependent on this industry for the support of themselves and their families would be driven to seek employment elsewhere, and swell the numerous and ever-growing colony of Canadians, now resident in the United States.

That the trade with our neighbors is of vast importance to Canada is shown by the published returns, and any blow aimed at the lumber trade would be felt all over the Dominion. During the seven years ending in 1887, the exports of the products of the forest amounted to no less than $162,642,015, being more than one-fourth of the whole exports of the Dominion for the same period. The lumber represented by nearly one-half of this large sum was exported to, and paid for, by the U. S. whither, in spite of a duty averaging 20 per cent. it was sent as being the best market to be found. Any interference with or additional obstacles thrown in the way of such a trade, must be fraught with disaster to the lumberman, and through him to every other industry of the country.

It has been suggested that instead of an export duty on logs, the Ontario Government should pass a regulation requiring the manufacture within Dominion territory of all pine timber cut on the Crown domain in the province, but this would manifestly be a breach of faith with those to whom they had sold limits without any such condition attached, and could not be supported on any principle of law or equity, whilst any appearance of unfairness in dealing with American purchasers, would only have the effect of intensifying the feelings of bitterness which at present, unhappily, exist. This might be made a condition of sale when any new limits are offered to public competition, but cannot be put in force against those already licensed.

Let not Canada be accused with truth of sharp practice in this matter. Her action, if persisted in, will be detrimental both to her character for honesty and to her commercial interests. It is earnestly hoped that the Order-in Council increasing the export duty will be rescinded and the rate left as it has been for the past. The United States will not be driven into admitting lumber free by Canada levying export duty on logs. They can do without our lumber far better than we can do without their gold, and instead of throwing difficulties in the way of trade with the South, it is Canada's interest to clear away every obstacle which prevents the fullest and freest interchange of commodities between the two countries.

A. H. CAMPBELL.

TORONTO, Jan. 10th, 1889.

New Brunswick Matters

Editor Canada Lumberman.

DEAR SIR,—Every number of your independent and valuable journal demonstrates your untiring watchfulness in the interest of our Dominion, and the lumber trade in particular, which is so much exposed to foreign capital and influence. I note your remarks in the last issue of THE LUMBERMAN regarding the export duty on logs with pleasure.

Mr. Edward Jack's communication to a New York journal reminds me of Oliver Wendall Holmes' remark. "Good feeling helps society to make liars of most of us—not absolute liars; but such careless handlers of the truth that its sharp corners gets terribly rounded." Mr. Jack has rounded the sharp corners of truth so much that our imagination need not be stretched to think he is mistaken, for a gentleman and a scholar will not lie. He says that he "is not sufficiently well acquainted with the state of matters in Ontario to discuss the question of the propriety of the export duty, or impropriety, levied there on Canadian logs; but so far as this duty effects the St. John, full acquaintance with the situation and circumstances enables me to say that it has been a great injury to the people residing in New Brunswick adjacent to its banks, as well as the railway and other interests of the province of Quebec."

If Mr. Jack has any proof of the above assertion he should show it by some facts and figures. To my certain knowledge no export duty has ever been exacted above Grand Falls, consequently it will be difficult for him to show where any injury has been sustained. But if he had said that a very great injury had been sustained to this Province by the present unfair system of allowing aliens to cross the lines, rob our forests and float the logs therefrom past our own mills to build up American capital and labor instead of our own, then he would be stating facts which we can prove. He further says: "Commencing at a point three miles above the Grand Falls of the St. John for nearly seventy miles the center of that narrow river is the boundary between the United States and Canada; above this, in Maine, as well as in Quebec, there are vast forests, the timber from which must be driven down the St. John. For thirty-three miles of this distance, where the St. John is the boundary, the New Brunswick railway skirts its shores, and there would be no difficulty in this railway crossing into the State of Maine, to carry manufactured woods sawn from lumber cut in the Province of Quebec, did not this unwise law virtually forbid it."

Mr. Jack seems to be well posted as to the bounds of our country and the line of the New Brunswick railway, but he does not seem to know that the Messrs Merchies have laid out many thousands of dollars in the erection of extensive mills on the Little Madawaska, at Edmunston, the terminus of the New Brunswick railway, with the express intention of manufacturing this same Quebec lumber he speaks of. In addition to this I may say that from Edmunston to St. Francis, all along the boundary line on the New Brunswick side, more or less mills are built on streams draining the Quebec lands, and the lumber can be manufactured on these streams equally as well as on the American side. Perhaps Mr. Jack's drift is to kill the milling industry on our own streams and play into the hands of American capitalists and the monopolists of our wild lands, the N. B. R. R. Co. It is easy to see through Mr. Jack's veil and perceive the effort he is making in favor of American capital as an offset to that of Canadian enterprise. The New Brunswick Railway Co. own nearly all this upper country bordering the State of Maine for nearly seventy miles. Some of its stockholders have invested about $30,000 in erecting saw and shingle mills on the American side with the object of manufacturing Provincial logs into lumber. They have done this in order to avoid paying the import duty on manufactured lumber, and also, if possible, the export duty on the logs. The railway stockholders referred to and the members of our Provincial Government seem to have worked together admirably, and as a result the little scheme has worked to a charm. The average cut of shingles annually shipped is in the neighborhood of from 25 to 30 millions, as well as a large output in all kinds of lumber. This is a rough estimate of the amount of timber taken out of one parish in this province to feed American mills. Presuming that the Dominion Government charged but 35 cents per M. feet on the shingles manufactured yearly out of Canadian timber by the Vanburin Mill Co. it would amount to about $9,500 export duty, and that would only be equivalent to what Americans charge as import duty on a similar quantity of shingles.

But few are really aware of the loss to this province through the failure of the Government in enforcing the export duty. What is wanted is the active interest of an independent press to bring this matter home to the Government, but unfortunately it seems as if capital not only holds the press by the throat, but the members of the House of Assembly and the Legislative Council as well.

P. O. BYRAM.

MADAWASKA, Jan. 19th, 1889.

The Duty on Lumber and Logs.

Editor Canada Lumberman.

"During the last quarter of 1888 the Ottawa Mills exported over 35,000 feet of lumber, for consumption, to the United States. The American duty on this shipment amounted to $70,000; but the duty not only takes money out of the pockets of the Canadian lumbermen, but injures the industry by rendering the export of a great deal of lumber unprofitable. None but the best lumber can stand the import of $2 per thousand; the inferior grades are shut out and become a drug on the home market. The Americans obtain about 1-20 of their gross annual consumption of lumber from this country." —*Mail*, Jan. 9, 1889.

"The local consumption in Montreal in 1880 was about 45,000,000 or about 20% of the cut of all mills in Ottawa and vicinity."—CANADA LUMBERMAN, Jan., 1889.

In the whole history of the agitation for Commercial Union, Reciprocity or Annexation, the terms are covertable, not a more complete answer is to be found to the arguments set forth by the advocates of this transparent fraud.—C. U.

The whole force of the arguments used by the promoters of this impracticable scheme lies right here, that it is not profitable to ship the poorer grades of lumber paying the $2 per M. duty, and, as a consequence, these become a drug on the home market.

A more misleading statement cannot be made, equalling that made by Mr. Campbell in his speech to the C. U. Club, Feb. 8, 1888. Read: "Since the abrogation of the treaty (reciprocity) until the end of 1886, a period of 20 years, Mr. Campbell paid about $350,000 to place his goods upon the American market." Vide *Mail*, Feb. 9, 1888. Query: Has Mr. Campbell a yard or yards in the United States, or is he directly or indirectly interested in one or more? Is not Mr. Campbell an exporter in Canada and an importer in the United States?

The extract from H. H. Cook's speech in parliament:— "The U. S. will also be gainers thereby, because at present they have to pay very high prices for coarser grades of lumber. If we were at liberty to ship the coarser grades of lumber, the Americans would be benefited by that to a greater extent, and then our lumber coming into competition with theirs, the prices would be somewhat reduced." See *Globe*, May 11, 1888.

At present the Yankees are paying very high prices for coarse grades, but the moment the duty is taken off by means