

THE STUMPAGE QUESTION IN NEW BRUNSWICK

Prominent Lumbermen Talk Over the Situation with Members of the Provincial Government.

During the early part of January a committee representing the lumber interests of the North Shore had a conference with the Attorney-General and several members of the local Government, at Fredericton, on the question of high stumpage dues exacted in that province. Owing to the crowded state of our columns last issue we were compelled to hold over the report of this meeting until the present, but it will not be of less interest on that account. This is the first occasion on which the lumbermen have been able to lay their claims before the proper authorities, and no time was lost in going thoroughly into the subject at issue. The proceedings lasted from eight p. m. to two a. m., and the discussion was of the most animated description. The arguments brought out by the various speakers was convincing proof of the hardships under which the lumbermen—especially in the South Shore of New Brunswick—were laboring, owing to excessive stumpage dues.

The grievances spoken of are concisely but thoroughly enumerated in the following memorial to the Government which was read at the meeting:

"In the interest of the North Shore of New Brunswick, the prosperity of whose people generally depends mainly on that of the lumber trade, the facts and conclusions set forth in the following memorial are respectfully submitted for the consideration of His Honor the Lieutenant Governor and the Hon. the members of the Government.

The unprofitable and discouraging condition of the lumber business on the North Shore, which was the stumpage conference between members of the Government and representatives of the trade, at Fredericton early in 1886; of a resolution of the Municipal Council of Northumberland, addressed to the Lt. Governor-in-Council in January of the same year; and subsequently, of a memorial appealing for the relief in the form of a rebate in the stumpage charges imposed under the Crown Lands Regulations,—still continues, and imperatively urges another call upon the Government for the consideration which has, up to the present, been withheld.

Those actively engaged in the business submit, that for the past six or seven years, they have continued their operations in the face of the discouragements and reverses which have been marked features of the trade during that period. They have been impelled to this course by the fact that many of them had every dollar they were worth, and even more, invested in mills and other property, to prevent which from lying idle, going to decay and becoming valueless, they had no choice but to continue business, even at a loss.

They were, however, not without hope from year to year that the business would regain some of its former activity, but in this they have been disappointed, the result being that although the greatest economy has been practiced in all departments of their operations, the outlook affords no hope of the trade continuing, in this section of the province, to exist in even its present condition, unless such reductions are made in the stumpage charges as will place the North Shore operators on Crown Lands nearer on an equality than they are with their Quebec and Nova Scotia competitors in the British and continental markets.

The statistics of the lumber trade between Great Britain and the countries from which she draws her wood supplies, show results which suggest that the excessive stumpage impost of the New Brunswick Government is having a very damaging effect on this the most important industry of the Province. They show that while the Baltic ports are increasing their output for the British market and Nova Scotia and Quebec are about holding their own, the imports from New Brunswick are sharply declining, the relative decrease of trade from the North Shore being much greater than from St. John and other Bay of Fundy ports.

The fact that the shipments of the Miramichi have steadily declined since 1883, when they were 149,000,000 superficial feet, until they were only 68,000,000 less than one-half—last year, and that a corresponding decline has taken place in Bathurst, Dalhousie, Richibucto and other North Shore ports, is proof of the startling wane of this important industry, and of the necessity for special effort to avert its gradual extinction.

We submit that the importance of this industry as a contributing factor in the maintenance of the general business of the country, demands for it fostering regard and treatment, rather than excessive taxation, at the hands of the Government. The supplies which go so largely into the production of our lumber are furnished very evenly all over New Brunswick and if—owing to the fact that lumber can be obtained as a mercantile commodity more cheaply in Quebec and Nova Scotia than in this province—such capital now employed here as is floating, be transferred to those provinces or elsewhere, it follows that the whole of New Brunswick must suffer. In these days of easy and rapid communication and transit and of keen competition, no business that is fettered by state restrictions or handicapped by discriminating, excessive or special government imposts, can hope to survive. It is for this reason that protection of manufactures has become a recognized policy of both the great governments of the North American continent. Not only so, but in Germany, France and other leading countries in Europe, the attention of their statesmen is

occupied with fostering and protecting every industry within their boundaries. Those that are threatened with competition from abroad are protected; others that are weak and struggling are encouraged to continue and extend by bounties and having extra facilities afforded to them. May we not urge, then, that the lumber industry of the North Shore, which is being paralyzed by the enormous burden of the Crown Land tax, is worthy of the prompt and considerate attention of the Government.

We earnestly desire to impress upon the Government the fact that the natural and geographical disadvantages against which the North Shore counties have to contend are not recognized in the present, even to the meagre extent they were in the earlier stumpage regulations; not only so, but it has, unfortunately for us, been the practice and policy of Provincial administrations in the past, while they were ever ready to meet the demands and facilitate the operations of the trade in other sections of the province, to withhold from the North Shore equally fair consideration. The effect of this policy is seen today in the fact that while the North Shore Crown Lands are held and administered as if all the Province were equitably entitled to a common interest in them, those of the Central and Southern counties have, for merely nominal considerations, and to aid local enterprises, been transferred to private and corporate owners who, in turn, have influenced public sentiment in favor of excessive Government stumpage rates, in order that their own cheaply-obtained areas might have imparted to them a high value, which is acquired almost entirely at the expense of the Northern section of the province, paralyzing its most important industry, destroying the investments embarked in it, and giving the people cause for discontent and despondency which are gradually leading to the depopulation of the country.

Even if it were not true that the Crown Lands of the Central and Southern portions of the Province had been transferred as stated, and that the Government parted with the greater portion of them avowedly for the purpose of promoting the local interests of the counties in which they are located, the fact that the northern ports are closed to navigation for seven months of the year, while the great Atlantic port at the mouth of the St. John is open all the year round, ought to entitle the northern counties to compensating consideration at the hands of the Government. Atlantic freights from our Northern ports are from 5 to 7 1/2 per standard higher than from St. John and Nova Scotia, while we are practically shut out of the great American market for our small lumber, because coastwise freights are from \$2 to \$2.50 per M higher than those ruling from the Southern ports.

Instead of these adverse natural and geographical conditions being recognized and acted upon by the Government in our behalf, the hardships of our position have been intensified by our being forced to bear the burden of the revenue necessities of the whole province, which the Government would be in a position to so adjust as to make the necessary taxation fall more equitably, but for the discrimination that has always been made in favor of the south and central sections, to the prejudice of the north.

As an illustration of the trend of governmental policy by which the North Shore lumber interest has been most unfairly prejudiced, we beg to remind you that when the Export Duty of 20 cents per M was levied, that impost bore equally upon the trade throughout the Province, the four Northern counties contributing about one-third of the revenue under that head. By pleading the interests of the lumbermen of the Province at Ottawa the Dominion Government—largely with a view of relieving the trade—was induced by the New Brunswick Government to grant to this Province an additional subsidy of \$150,000 a year in perpetuity, in lieu of the export duty, and the local Government of that day is on record as having claimed the abolition of the export duty as a boon to the lumbermen, obtained by their efforts. Subsequent events, however, have proved that only the corporate and private holders of provincial lumber-lands outside of the North Shore were benefited, and while the Government continues to receive the export subsidy, it has laid upon the North Shore trade alone a new burden in the form of the stumpage tax greater in amount than that of which the whole lumber interest of the Province was relieved with the implied understanding that it would never be re-imposed in any form.

We also beg to direct attention to the fact that while nearly \$2,000,000 of provincial money has been given in aid of merely local railways in other sections of the Province—without at all reckoning the aid given to such important lines as Eastern Extension, Western Extension and New Brunswick and Canada Railways—only about one quarter of the sum has been expended in like manner in the four Northern Counties. Interest on the enormous cash subsidies, and stock subscriptions paid by the province in aid of many of the roads named, and stumpage derivable from the land grant of over 1,700,000 acres of Crown Lands to the New Brunswick Railway—in the benefits of which works the Northern Counties in no way participate—were available for the public services of the whole province, as the revenue derivable from the stumpage tax is, the lumber industry of the North Shore would not now be threatened with extinction by reason of the excessive taxation placed upon it under the plea of the revenue necessities of the province; and we respectfully but firmly state our conviction that so long as the relative positions of the two sections of the province, in this regard, are ignored, and the injustice of the treatment accorded to the North unrecognized, we will feel that the central and southern counties—because they are numerically the stronger, and against right and equity—are abusing their constitutional privileges by working wrong and oppression upon the people of the North.

We recognize the fact that the revenue of the provinces is not as large or elastic as full justice to all the public services requires, but we claim that it is unjust to impose upon one industry alone the burden of making up for all the deficiencies in the various sources of income. Moreover, may we not fairly suggest that, in view of the new and extraordinary expenditures recommended by the Government and authorized at the last session of the Legislature, the revenue of the Province is sufficient to maintain its ordinary services, without the

excessive stumpage-tax being continued.

In view of the experience of our operators, mill owners and shippers during the last six or seven years, we are impressed with the conviction that the question of the continued existence of the lumber business of the North Shore must be settled by the inexorable laws of demand and supply, and it is being settled to our loss and that of the whole country. True wisdom suggests that threatened extinction can only be averted by the Government assisting the natural tendency of business to advance in the direction of the least resistance. If, however, the alleged necessities of revenue are superior to the claims and demands of our commerce in this competitive age, we shall see in the end of the conflict, what is rapidly coming to pass, that both trade and revenue, so far as lumber is concerned, will disappear together; for with a mileage tax of \$4 on New Brunswick Crown Lands, against \$3 in Quebec, a stumpage tax of \$1.25 per M on spruce logs in New Brunswick against only 65 cents in Quebec while the Nova Scotia trade pays neither, but claims its logs at a cost of about 40 cents per M., coupled with the fact that the Quebec scale is fully ten per cent. more favorable than that of New Brunswick to the operator, no result other than a gradual decline and final extinction of the business of those depending on our provincial Crown Lands for their logs can be reasonably expected.

We beg, in conclusion, to appeal for relief because the excessive stumpage rates of the Crown Lands Department are more than double those in competing provinces. We urge the claims of the large capital invested in mill and other property connected with the working of the lumber industry at the North Shore representing, in many cases, the results of years of industry and self-denial on the part of the investors, many of whom, we regret to know, have been forced to go out of the trade, having lost all they had in it, while others are engaged in a constant struggle to avoid being driven into actual bankruptcy, and others are obliged to introduce new branches of business in connection with their lumber operations to make up for the losses they sustain in the latter. We claim that the investment of this capital has imparted to the lumber lands of the Crown a value that they would not otherwise have acquired. We direct attention to the comparatively large number of our idle and decaying, or only partially worked mills as proof of the position to which the trade at the north is driven. We appeal for the consideration asked in the interest of a population that is waning, not only because the accustomed work of the lumberman is diminishing, but also because the decline of the trade affects the usual employment of the agricultural and laboring classes—especially of our young people, who have no other recourse but to leave the Province and seek, beyond its borders, the means of livelihood which they have ceased to find within them. We ask for relief, not only because we are handicapped by ice-closed ports for the seven months, while St. John and other ports of the south side of the province are open all the year round, and have at all times, the advantage of us in Atlantic freight-rates; but, also, because, for the same reason, we cannot at all compete in the American market, even during our short shipping season, with those ports. We appeal for consideration in order that the feeling that we are oppressed because of the undue influence and in the interest of other sections of the province, which have already secured the lion's share of our common revenue and public heritage, may not continue until it becomes a serious element of discord, bitterness and strife between the two great sections of the Province. We claim that we have, in the past, given the Government of the day no reason to complain of our attitude towards it, notwithstanding its having failed to give tangible effect to the friendly assurances and implied promises, with which it has met our former appeals. We therefore, again present our case, relying on its justice for the favorable consideration heretofore denied us, and earnestly expressing the hope that immediate relief from the existing excessive stumpage impost will be granted.

This memorial was signed by the committee representing the North Shore lumbermen consisting of Messrs. Geo. Burchill, (Chairman), J. B. Snowball, K. F. Burns, H. S. Miller, Allan Ritchie, Scott Farley, J. D. McKay and D. G. Smith (Secretary).

From the very exhaustive discussion which ensued after reading the above memorial our space will only permit of our dealing with a few of the principal arguments adduced.

Mr. K. F. Burns, M.P., was the first speaker. We extract the following from his remarks:

The average difference between the New Brunswick and the Quebec scale on spruce lumber is at least 15%. A log 11 inches by 20 feet, which by the N. B. scale measures 100 feet only measures 83 feet by the Quebec scale. The Ontario scale is even more favorable to the lumbermen. The average size log in N. B. would be about 16 feet by 12 inches.

Not only is the Quebec rate 60 cents per M. less than that imposed by the Government of New Brunswick, but the scale is about 15% less on the average. That would reduce the actual amount paid when comparing it with N. B. to about 55 cents as against \$1.25. It is therefore impossible for the New Brunswick operator on the North Shore, where the trade has so many difficulties to contend with, to compete in the markets of the United Kingdom or the Continent with the producer and exporter in Quebec.

In Quebec lands are held in perpetuity. There the operator can improve his streams, can build his roads, can improve his property in any way he pleases and he is not at the mercy of any competitor who may choose to put in an appearance at an annual sale or sale at any stated time. So that not only in respect of the amount of stumpage levied is the Quebec operator in much the more favorable position, but also in the matter of the tenure of his lands, which are a remarkable commodity, which can be sold outright, passing from one to another, or which can be pledged to a bank or any other monetary institution for the advance necessary to carry on the business incidental to the operation or establishment.

New Brunswick has also to compete with Nova Scotia, where the lands were acquired some years ago at almost nominal prices, which rarely exceeded 60 cents an acre. Most of the lands which are now being operated in Nova Scotia were purchased at about 40 cents an acre. There, then,