

1881 five mills were in operation, with a total capital of \$92,000, 68 employees and an output valued at \$63,000. In 1891 there were 24, and in 1901, 25 mills. Since that date the advance in this industry has been still more rapid. At the present time there are in existence in Canada about 50 pulp-mills, 35 combined pulp and paper mills and 40 mills making paper only, although not all of these are operating at present. This development is due chiefly to the existence in Canada of abundant water powers adjacent to extensive forest resources of pulpwood species. The importance of this combination is evident from the fact that energy to the extent of practically 100 h.p. is necessary for the production of one ton of paper.

The industry in Canada includes three forms of industrial activity, the operations in the woods with pulpwood as a product, the manufacture of pulp and the manufacture of paper. These three stages cannot be treated as entirely distinct nor can they be separated from the different stages of the lumber industry. Some of the important pulp companies operate saw-mills to utilize the larger timber on their limits to the best advantage, and many lumber manufacturers divert a proportion of their spruce and balsam logs to pulp-mills. As far as operations in the woods are concerned, it is often impossible to state whether the timber being cut will eventually be made into lumber or pulpwood.

On account of legislation already referred to, pulpwood cut on Crown lands in every province but Nova Scotia must be manufactured into pulp in Canadian pulp-mills. Pulpwood cut on lands held in fee simple may be exported, and a large proportion of it is sent to the United States. Raw or unmanufactured pulpwood has therefore a definite market value. Table 7 and the diagram show the annual production of this commodity from 1908 to 1923, together with the quantities used by Canadian pulp-mills and the quantities exported.

7.—Production, Consumption and Export of Pulpwood, calendar years, 1908-1923.

Years.	Total Production of Pulpwood.			Used in Canadian Pulp-mills.		Exported Unmanufactured.	
	Quantity.	Total value.	Average value per cord.	Quantity.	Per cent of total production.	Quantity.	Per cent of total production.
	Cords.	\$	\$	Cords.	p.c.	Cords.	p.c.
1908.....	1,325,085	7,732,055	5.84	482,777	36.4	842,308	63.6
1909.....	1,557,753	9,316,610	5.98	622,129	39.9	935,624	60.1
1910.....	1,541,628	9,795,196	6.35	598,487	38.8	943,141	61.2
1911.....	1,520,227	9,678,616	6.37	672,288	44.2	847,939	55.8
1912.....	1,846,910	11,911,415	6.46	866,042	46.8	980,868	53.2
1913.....	2,144,064	14,313,939	6.67	1,109,034	51.7	1,035,030	48.3
1914.....	2,196,884	14,770,358	6.72	1,224,376	55.7	972,508	44.3
1915.....	2,355,550	15,590,330	6.61	1,405,836	59.7	949,714	40.3
1916.....	2,833,119	19,971,127	7.05	1,764,912	62.3	1,068,207	37.7
1917.....	3,122,179	26,739,905	8.56	2,104,334	67.4	1,017,845	32.6
1918.....	3,560,280	37,886,259	10.64	2,210,744	62.1	1,349,536	37.9
1919.....	3,498,981	41,941,267	11.99	2,428,706	69.4	1,070,275	30.6
1920.....	4,024,826	61,183,060	15.22	2,777,422	69.0	1,247,404	31.0
1921.....	3,273,131	52,900,872	16.16	2,180,578	66.6	1,092,553	33.4
1922.....	3,923,940	50,735,361	12.93	2,912,608	74.2	1,011,332	25.8
1923.....	4,654,663	57,119,596	14.42	3,270,433	70.3	1,384,230	29.7

Since 1902 the exports of raw pulpwood have gone exclusively to the United States and have amounted annually to about 1,000,000 cords. The exportation of raw pulpwood, as shown in the accompanying diagram, has remained practically constant since 1912, while the quantity consumed in Canadian pulp-mills has increased almost fourfold during the same period. In 1908, almost two-thirds of