

behaviour of the general lumber price index during the period of greatest building activity. In July, 1940, the index stood at 105·8 and in November had reached a peak for the year at 109·2, an increase of only 3·4 points. During the corresponding period the increase in the price index of construction lumber in the United States was seven times as great.

Increases in wages and other operating costs during the logging season of 1940-41 and higher prices obtainable in the United States combined to force prices upward in the first half of 1941. In the month of June a more effective price control, based on a series of official timber-control orders, was made applicable throughout the country. The prices set, however, were determined only after extensive consultation with the industry and their enforcement is administered by regional committees responsible to the Controller but made up of members of the industry within the region. Since Dec. 1, 1941, the lumber industry has been subject to the general rules governing price-ceilings throughout Canada.

In order to conserve stocks of fir logs and hardwood lumber urgently needed in connection with Canada's own war effort, it has been necessary to place these products under Export Permit Control. Similarly, the War Exchange Conservation Act passed in December, 1940, restricts the importation into Canada of hardwoods, railway ties, veneers and plywoods, and requires the importer to make application for a licence in each case, and to show cause why the goods in question should be admitted.

**Pulp and Paper Industry.**—Products of the pulp and paper industry play an important part in the war effort. Increased business activity has resulted in large increases in the demand for many kinds of paper, and vast quantities of paper of many different grades are needed by the fighting services for purposes of record. Such products as paper board are extensively used in new offices, military hutments and other buildings, and both wrappings and board are in great demand for packaging goods ranging in kind from food to munitions. Certain pulps are used in the manufacture of explosives and for other purposes, and newsprint paper, the chief product of the industry, continues to provide the principal medium through which the public can be informed of the progress of the struggle and the problems it entails.

Although the use of papers and pulp for purposes directly connected with the war effort is great, the most important war function of the pulp and paper industry of Canada is that of supplying foreign exchange in large volume for the purchase of war supplies of classes and kinds not available in this country. In this connection the pulp and paper industry has played a part far greater than that of any other industry. Exports of pulp, paper and paper goods in 1940 were valued at \$231,809,675, of which \$151,360,196 was attributable to newsprint. Imports of similar products were relatively small and the balance obtained from trade in these commodities amounted to \$222,137,108.

The value of production of the industry in 1940 amounted to \$298,034,843, an increase of 43 p.c. over the previous year, and of 22 p.c. over the previous record established in 1929. The increased demand for pulp in the United States has necessitated the installation of additional pulp-making plants. During 1941 excess newsprint capacity was utilized largely in the production of so-called "nine point" wrapping papers for export.