

At the beginning of 1942 there were some doubts whether production of pulpwood could be maintained at the rate of the previous year, and meanwhile the outflow to the United States was greater than ever before. Production and distribution of pulpwood were, therefore, placed under direction of the Timber Controller and all exports to non-Empire countries were made subject to permit. Arrangements were made, however, whereby United States mills, which normally depended on Canadian wood, would receive enough pulpwood to meet their ordinary requirements. During the year all business in wood-pulp and papers was brought under the control of Administrators of the Wartime Prices and Trade Board. The first Newsprint Administrator was appointed in December, 1941.

Newsprint mills are very large consumers of power and Canada is outstanding among nations as a producer of hydro-electric power. Nevertheless, during the latter part of 1942, the needs of munitions industries and other direct war production were so great that restrictions had to be placed on the amount of current available to newsprint mills in parts of Ontario and Quebec. This inevitably resulted in reduction of the quantities of newsprint paper manufactured.

To meet this situation plans were made on a continental basis for curtailment of operations in the newsprint industry. In Canada a pooling scheme was planned whereby mills that had been compelled to surrender business through lack of power would be compensated from a fund to be built up from contributions by mills that were able to maintain or increase their output. This fund is administered by the Commodity Prices Stabilization Corporation of the Wartime Prices and Trade Board.

At the beginning of 1943 a quota arrangement covering 25 mills was put into effect. Nevertheless, the reduced rate of operation of the industry as a whole placed Canadian manufacturers in a very difficult position because there had been no increase in the standard price of newsprint (\$50 per ton at New York) since 1938 and during the intervening period costs of operation had risen steadily. A price increase of \$4 per ton was authorized in February, effective Mar. 1, 1943.

In the early summer of 1943 newly developed hydro-electric projects came into operation, substantially easing the power situation but no considerable increase in the output of paper then seemed possible because of shortage of labour and consequent shortage of pulpwood. The increasing difficulties of the newsprint industry were recognized by authorization of a further price increase of \$4 per ton effective Sept. 1, 1943. In the fall, however, the labour priority rating for pulpwood cutting was raised to "B" and National Selective Service, in co-operation with other Dominion, Provincial and Municipal authorities undertook an intensive publicity campaign and other measures to obtain more labour for work in the woods. In January, 1944, the supply of wood-pulp for newsprint was extended by the use of clay filler, waste paper, etc. At the end of 1943 the Wartime Prices and Trade Board introduced new restrictions on the manufacture and use of pulp products, and tightened those already in effect. Among these were the elimination of many non-essential products, maximum manufacturing specifications for others, quota rationing of newsprint and other products. As a result of these measures it was possible in December, 1943, to set production quotas for the first six months of 1944 higher than would have been considered possible a few months earlier. Newsprint production will be at a monthly rate of 252,000 tons of which 200,000 tons will be available for the United States, which is 9 p.c. more than in 1939. Exports of wood-pulp to the United States during the first half of 1944 will be at the rate of 1,100,000 tons per annum and, under an arrangement made by the Timber Controller and United States authorities, the United States will receive one-half of Canada's production of "purchased pulpwood".