

people somewhere who are actively interested in developing Labrador?

Mr. Cashin I think so.

Mr. Smallwood Would they be Canadian or American?

Mr. Cashin Both. Outside interests.

Mr. Smallwood I wonder if Major Cashin would tell us a little more about this statement here — the third last paragraph of your supplementary report, page 2: "We understand that recently 320 square miles of timber area have been granted to the Three Rapids Estate...." That's the survey containing 20-odd million cords of wood. Do you know the terms on which they were granted this?

Mr. Cashin We did not get the terms.

Mr. Smallwood Do you suppose that would be the normal \$2 per square mile?

Mr. Cashin Yes, and possibly a special stumpage. I am just figuring on what some people who were negotiating some years ago did get, and I don't see why the government would give them anything less than 75 cents a cord under these circumstances.

Mr. Smallwood Would Major Cashin tell us *who* the Three Rapids Estate are?

Mr. Cashin Mr. Grieve, and some English capital I believe it is Pierce and Price, timber dealers in Great Britain.

Mr. Smallwood I have no wish to delay anything or talk too long, but this is really important, and I don't feel like being rushed in the matter. Mr. Lewin appeared before the Forestry Committee and gave an estimate of what they have been paying out in wages, and what they will be paying out say in 1948 and maybe 1949, which is very encouraging. He also makes the statement in your original report here, that they had sold their newsprint output for the next ten years in advance.

Mr. Cashin Yes.

Mr. Smallwood I suppose the same thing applies to Grand Falls?

Mr. Cashin I think so. I think they sell it one to the other at market price.

Mr. Smallwood Therefore the question we have to ask ourselves in trying to look ahead is what is the newsprint and woods industry generally going to be worth to us in the next eight or ten years. It is all sold, and is there any indication of the terms on which it has been sold?

Mr. Cashin At the present time, as far as I know, the rates or prices paid for newsprint are based on a price fob New York, and that is at present \$84 a ton. If they send it to South America they pay more for it, but the basic price is \$84 per ton fob New York, and the prospects for the next few years are that it will not go below that price. I don't know what the Bowaters contract calls for, but the price is the usual market price. Sometimes they get more than market price and sometimes less.

Mr. Smallwood I understand that the output is sold for the next ten years to come, but at market price. In other words it will be at the 1947 market price, and sometimes if they want to bootleg a bit, they might get a bit more?

Mr. Cashin Yes.

Mr. Smallwood I think it is only fair to touch on that for a moment. I have here a copy of *World Reporter* which is a very well known publication, for November 5, and there is an article here called "Newsprint still fails to meet the world's need." They are running short in the world at the rate of 1,200,000 tons a year. Canada will turn out 4,200,000 tons this year, setting a new record. Three quarters of that goes to the United States, and the Canadian plants have reached their capacity. Perhaps 250,000 tons could be squeezed out of the Canadian mills by speeding up their machines, but it says "widespread expansion is not planned because the industry regards the present market as a passing phase." This present world wide shortage, and the high price based on that shortage, is, they think, a passing phase. Newfoundland produces 350,000 tons a year, but most of it goes to the United States and Great Britain. Expansion of capacity by 75,000 tons will be completed by 1948. That's the Bowaters expansion is it not?

Mr. Cashin Yes, that will be by 1948.

Mr. Smallwood It speaks of Finland, Scandinavia, Germany, Poland, etc., and it winds up by saying, "Regardless of price, however, there is ample evidence that the current shortage of newsprint on a worldwide basis will carry through 1947 and may reach 1948." The indication is that the worldwide shortage will be overtaken in 1947 or 1948, they will catch up with the need. Bearing on that also, the January 25 issue of the *Financial Post* has this on newsprint: "pulp and fine paper price up", did you read that?