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M. WWII —— TBR. CON.: 1944

FOLDER No.
100-6

MacMillan, H.R.

SPECIAL COLLECTIONS

PLEASE RETAIN
ORIGINAL ORDER

1940

D I A R Y

May 31 Honourable C.D.Howe telephoned me at Alberni asking me to go to Ottawa.

June 5 Arrived in Ottawa by plane. Howe asked me to become Steel Controller for Canada. I suggested someone acquainted with the steel business.

June 6 Howe suggested I might take charge of the projected aeroplane factory in Vancouver, which I was willing to do if I had complete control of it.

June 13 Howe telephoned me at Gaspe asking me to come to Ottawa.

June 14 Howe asked me to become Timber Controller for Canada. He said there were some matters respecting aeroplane spruce which required attention, but as to further duties he had no definite ideas at the moment. I agreed to accept the position. He expected that I would be able to handle it from Vancouver.

June 15 I asked Mr. Bell, in charge of aeroplane production for information as to the Department's probable wood requirements, but no one then in Ottawa had any knowledge of this. Bell promised information would be in Vancouver by June 17th.

June 16 Arrived home. Discussed situation with Scott and VanDusen.

June 17 Arranged with Mr. J.G.Robson,president of the British Columbia Lumber & Shingle Manufacturers' Association, with Mr. W.J.VanDusen,president of the Western Lumber Manufacturers' Association, and with Mr. R.V.Stuart, secretary-manager of the British Columbia Loggers' Association (President Anderson being absent) that they would give advice when called upon concerning problems that I might put before them. They all seemed very agreeable to assist all possible.

Discussed matters with Chief Forester Manning with Mr. Brian Gattie, of the British Supply Board in Canada and the United States (Timber Control). Manning gave me considerable information respecting aeroplane spruce problems to date and Gattie gave me details respecting his prospective requirements and shipments to date.

Telephoned the Provincial Minister of Lands, the Honourable A. Wells Gray.

Flew to Victoria in the evening and had dinner with the Honourable A. Wells Gray and Chief Forester Manning. Mr. Gray had discussed the situation with Premier Pattullo, as a result of which Mr. Gray authorized Mr.Manning to act as my assistant in charge of aeroplane spruce production in British Columbia, and Mr.Manning agreed to accept the position without remuneration - ordinary expenses as foreseen at present to be assumed by the Provincial Government.

Authorized Manning to negotiate purchase cutting rights for 1 and 2 spruce on water-front licences owned by Japanese, for whom Mr.J.H.Lawson is solicitor, and for which immediate cutting rights are required by the J.R.Morgan Logging Company. This was one question which had been put before Mr. Howe by the British Columbia Government. Mr. Lawson agreed to Mr. Manning's proposal and said he would immediately telegraph it to his clients in Japan with his recommendations.

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June 18 Called meeting of those interested in aeroplane spruce production. It was attended by:

Mr. Brian Gattie
Mr. E.C.Manning
Mr. F.R. Anderson (J.R. Morgan's lawyer)
Mr. Eustace Smith
Mr. Doug Allison (of the Allison Logging Co.,Ltd)
Mr. T. Kelley (" the Kelley Spruce Limited)
Mr. A.W. Deland (" " Powell River Company Ltd)
Mr. Denman (" " Pacific Mills Limited)

Explained to them situation so far as I understood it and said I desired to get everything on commercial lines to make timber available without delay at fair prices to both consumer and buyer, and to secure the advice, best intentions and help of everyone in the industry.

I explained that 23 years ago the Imperial Government had paid for spruce cutting-rights $6.00 for #1 grade and $2.50 for #2 grade and that now, after twenty-three years' carrying charges, with spruce scarcer now than it was in the Great War, it might, in cases of exappropriation or the bringing of pressure on people to make them sell, be necessary to pay somewhat higher prices than in 1917 and 1918.

June 19 /21 Manning attending to details and studying situation.

June 20 Robson and Grinnell called to offer the services of their organizations and discuss specifications for roofing and side walls hangars, suggesting modifications in interests of both buyers and sellers.

June 24 Matt Sutton, Sitka Spruce Lumber Company, called to discuss his manufacturing and inspection difficulties with specifications for Canadian aircraft factories.

Northern Wood Preservers Limited and Canada Creosoting Company appealed for aid in getting hangar material. Mr. Johnston, local representative for Northern Wood Preservers Limited, also called.

Took up supply and specifications for hangar material with leading lumber people.

Visited Sitka Spruce mill with Manning and observed inspection which appears costly and slow. Inspection costs are said to exceed over $100 per M. Sitka Spruce are very worried on loss they said to be incurring with present orders for Massey Harris and Boeing.

Apparently inspection method requires further consideration.

Had conversation with Stanley Burke, Brian Gatti, Manning, and Boeing's inspector in evening. Burke wanted my advice respecting placing further orders for aircraft spruce. I told him seemed best to develop more than one supply and to negotiate best he could respecting prices and to place order immediately. Manufacturers are in course of learning how to meet this specification and any examination of their costs at present would tend to produce high result.

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June 25 Gattie called to discuss future spruce log production policy and to express his readiness to help maintain the supply for Canadian factories.

Further communications respecting supply.

Discussed specifications and supply aeroplane hangars with persons in the lumber industry.

Manning has been discussing and studying inspection and considers supervision could be improved.

June 26 Discussed grading rules and lumber for hangars with members of the lumber industry.

Discussed form of organization with Manning and others and arranged to set up certain Committees.

Howe told me on the 'phone he wished me to take over all responsibilities of timber controller job.

Arranged that Manning take over duties beginning next Tuesday, July 2nd,1940....keep separate files, keep separate office alongside his forest branch office in Marine building, and call upon Committees for advice when needed.

Advised Manning would require precis of accomplishments and larger problems to take to Ottawa. Told him desired establish organization with least possible extra men and expense, but that for such travelling expenses and communication expense as is not paid for by the Forest Branch, also rent of extra office, if any, or such small expenses, I would arrange reimbursement by Ottawa.

June 27 Gave press line up of the organization in British Columbia and also gave them background of what the programme appears to be at the moment.

June 28 Sutton and McEachren,of the Sitka Spruce Lumber Company, called to explain their problems which are:

1. Difficulty in naming a price because the manufacture of Lamena is in the experimental stage.

2. Not enough logs are in sight to run their present mill full time for the next 12 months.

3. Inspection wtill seems wasteful of labor and there is a possibility that some good material is not being utilized.

4. They are considering expanding their productive capacity and asked if they did so would they be given any capital help.

5. I think an examination might disclose that they are likely to be late in the delivery of the orders that they already have in hand.

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June 28 They seem to be ready to give all possible help.

I told them that in my opinion sufficient logs will be got for them and that the inspection will be studied with a view to improving it and reducing costs, and that possible capital help would be given to expand production if production could not be expanded satisfactorily in any other direction without capital help.

June 25 Burke of Boeing Aircraft telephoned saying proposed purchasing Lamena from Sitka Spruce Lumber Company, who asking price $724 per M. I said I had no opinion what price should be - believed anyone could have an opinion - thought examination to find proper price would take several weeks therefore if he needed goods believed should place order immediately for requirements for short period after having negotiated best price possible. He said he wanted me back him up in buying on this policy, which I agreed to do.

June 28 Discussed with Flavelle examination of manufacturing methods, recovery of aeroplane spruce, and inspection methods at Sitka Spruce Lumber Company, which Flavelle agrees undertake immediately.

July 2 A.P.Allison and son discussed with Manning and me their views of operations on logging on Queen Charlotte Islands. Allison stated has made extensive increase his output latter part 1940 and 1941. States he will get 40 to 50 million spruce logs 1940. Restlessness of foreign labour is chief problem. He favours registration and visits by men in uniform. He stated some spruce logs being exported which recoverable aeroplane.

Discussed with Manning and Flavelle methods of examination Sitka Spruce operation which Flavelle undertakes tomorrow, July 3, 1940, will impress upon them importance this project.

Discussed with Burke of Boeing and McEachren of Sitka Spruce placing next order for Lamena for Boeing and Massey Harris. I made it clear to Burke that it was his responsibility to buy and get his goods but that I would help him, and I made clear to McEachren that he must get on top of his job and perform his contracts satisfactorily as to date and price, or authority must be used to secure the services required.

Discussed with Manning chief problems, namely:

Study of manufacturing and inspecting spruce
Location of next bodies of spruce to be logged
Preparation of logging programme to meet next year's requirements.
Keeping on top of other lumber problems that properly arise.

Peto Bennett called respecting shortage of box shooks for the U.K., on which I told him I would try to help him.

Telegraphed to Timber Controller, Bristol, suggesting use of fibre boxes.

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July 3 Arranged with Cherry to help with developing increased production of box shooks.

Discussed with Flavelle and Manning preliminary survey of Sitka Spruce Lumber Company, which indicates that competent independent inspector is desirable to survey inspection.

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December 7,1942.

Inspector of Income Tax,
Winch Building,
Vancouver, B.C.

Dear Sir:

Re expenses received by Mr. H. R. MacMillan from the Dominion Government during the year 1941:

Mr. MacMillan has served the Dominion Government in three capacities -

as Timber Controller from July 7,1940 to November 5,1940
" Chairman, Wartime Requirements Board from November 17,1940 to April 12,1941
" President, Wartime Merchant Shipping Ltd from April 12,1941 in which capacity he is still serving.

During the period which Mr. MacMillan was Timber Controller his Living Expenses totalled $2,595.75 (see Schedule "A"), which were borne by him.

During this period his Travelling Expenses totalled $975.97 (see Schedule "B"), for which he was reimbursed by the Dominion Government on September 24,1941.

During the period which Mr. MacMillan was Chairman of the Wartime Requirements Board, his Living Expenses totalled $3,116.67 (see Schedule "A"), which were borne by him.

During this same period his Travelling Expenses totalled $827.34 (see Schedule "C") for which he was reimbursed by the Dominion Government on November 20,1941.

During the period April 13,1941 to November 29th 1941, Mr. MacMillan's Living Expenses totalled $2,963.64 (see Schedule "D"), of which $2,933.39 was paid by Wartime Merchant Shipping Ltd (see Schedule "E").

During this same period his Travelling Expenses totalled $1,423.98 (see Schedule "F"), which amount was paid by Wartime Merchant Shipping Ltd.

Living Expenses and Travelling Expenses from November 29, to December 31,1941, were not paid until January,1942.

I trust the above gives you the information you require.

Yours sincerely,

Secretary to Mr.MacMillan.

ENCLOSURES

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M. WWII — TBR. CON.: 1944

OTTAWA, Ontario,

April 12, 1944.

Mr. J. C. Patteson
British Ministry of Supply
227 Sparks Street
Ottawa Ontario

Dear Mr Patteson:

I am authorized to advise you that the Canadian Government are agreeable to purchases of lumber and other lumber products being made in Canada for shipment during the two years following the cessation of hostilities in Europe to the total amount mentioned in the letter from Mr. C. U. Peat of the British Ministry of Supply to the High Commissioner of Canada dated January 10 1944.

I am also authorized to state that the Canadian Government will attempt to facilitate shipments and completion of contracts with respect to this business in the same manner that we have cooperated with the British Government in the securing of its lumber requirements for war purposes. This may necessitate continuation of restrictions on shipments of lumber to other markets, and assistance by us with individual shippers.

As Timber Controller I am not in a position to state the Government's policy with respect to maintenance of price ceilings, but I have no reason to believe that any change is contemplated for the duration of the global war and probably for some time afterwards. As far as lumber is concerned, I am attaching copy of a letter that we wrote to the entire Canadian industry last October, which sets out in detail our policy with respect to lumber prices for domestic market.

It is understood that you will endeavour to secure the supplies you need for the period indicated by individual negotiation of contracts with Canadian suppliers in the same manner that has been in operation for the past several years. We would like to have an opportunity of approving of the form of contract before it is finalized, and we would also like to be kept informed of the detail of all contracts or amendments to contracts on this business, as has been your custom with respect to war orders.

Yours very truly,

TIMBER CONTROLLER

AHW MBC

FOLDER No. 100-6

RHM DD

June 14, 1944.

MEMORANDUM TO BRITISH TIMBER SUPPLY DELEGATION, HOTEL VANCOUVER, VANCOUVER, B.C.

(A) Selling forward two years is not attractive to us because -

(1) some very important factors might be overlooked
(2) our competitors may remain free and establish themselves in other export markets .
(3) commercial conditions for the next two years depend greatly upon human behavior which cannot be foreseen and valued in an index.

(B) Only our high regard for our customers in the U.K., leads us to make the following proposal -

(C) PROPOSAL:

(1) Price base to be that in effect for specifications on order when contract becomes effective.
(2) Quantity-
(a) 40% of our owned production which totals about 275 million annually at full rate of production.

(b) all that we can buy for the U.K., from about 50 mills producing about 300 million yearly.

These mills have sold their production through our firm for years. They will not contract forward beyond one or two months.

(c) Any quantity we contract to sell is subject to the Canadian Government directing to the U.K., 40% of the lumber output of this region.

(D) The base price defined in C (1) is to be increased as follows:

(1) Increased labour cost due to wage increases or decline in per man-day performance, records of which in our operation have been uniformly maintained by us for several years.

(2) Higher cost due to changed specifications involving more waste, fall downs saleable only at lower prices, higher degree of manufacturing or higher quality.

(3) Delivery F.A.S. instead of F.O.B. cars at inland mills if buyer desires production from such mills.

(4) Increase in cost of mill supplies.

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(D) continued

(5) Increase in open market log prices.

(6) Increase in average lumber sale prices of several representative large mills.

(7) The adjustments outlined above -

(a) are based upon the factors we consider dominant,
(b) would only become operative when the increase totalled 50¢ per thousand over the preceding base,
(c) would be according to records to be maintained by by Messrs. Price Waterhouse & Company.

(E) There would be no penalty for non-shipment -

(1) if the seller has not sold elsewhere over 60% of his owned production,

(2) if the seller has exercised due diligence in buying for the U.K., the utmost from the 60 non-owned mills whose names can be given to you.

(F) Plywood -

(1) We are willing to contract 40% of our production of 100 million yearly -

(a) prices to be adjusted to the foregoing formula,
(b) specifications not to be changed from those now current without our consent.

(G) Arbitration -

We prefer Messrs. Price Waterhouse & Company.

President.

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FOLDER No. 9-C11

June 13, 1944.

(1) PRESENT PRICE AND PRESENT SPECIFICATION

(2) QUANTITY

(a) 40% our output
(b) 40% output other named mills
(they not buy these through others)
(c) Can't guarantee quantity unless Canada directs 40% to U.K.
(d) Quantity reduced pro rata if necessitated by days lost, strikes, fires, unusual winter.

(3) ADD TO PRESENT PRICE

(a) Increase in labour cost by higher wages on lower per man day performance
(b) Cost due more difficult specifications arising from more labour, more waste, or higher quality.
(c) Delivery FAS over FOB cars where exists
(d) Higher per M cost supplies
(e) Increase in depletion or depreciation
(f) Rise in open market log prices
(g) Rise in Canadian lumber price levels

(4) PENALTY

No penalty non-shipment if Seller has shown due diligence and not sold elsewhere his own produced goods.

(5) ARBITRATION BY MINISTER of T&C

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HRM DD

– same free all sellers –
– 2 contracts
1 our own
1 what we buy –

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