

U.S. Newspaper Strikes Hit Newsprint Industry

By RUCK STOVEL
MONTREAL (CP)—Canada's largest industry, newsprint manufacturing, has lost about one-eighth of its business because of the current newspaper strikes in New York and Cleveland.

The worst effects of the strikes are yet to be felt, says Murray Savage, secretary of the Newsprint Association of Canada.

He estimates the strikes are costing Canada "easily 65,000 tons a month" in newsprint sales. Average monthly production in 1962 was about 520,000 tons. The New York strike, now 11 weeks old, causes a 10 or 11 per cent drop in Canadian sales alone.

Although most Canadian newsprint producers in eastern Canada have already cut their production rate substantially, Mr. Savage lists several reasons why the worst effects of the strike are yet to come.

Though the Cleveland strike, now more than 12 weeks old, shows some prospects of an early settlement, there is no such prospect in the bitter New York struggle.

TWO PAPERS SHAKY
 At least two of the New York newspapers are to shake financial condition and are considered uncertain to resume publication when the strike is solved. This would reduce Canada's sales to the large New York market.

The newspapers are likely to have smaller circulations, at least temporarily, when the strike is settled. People will have formed patterns of living without newspapers, and the man who bought two a day may not find he could get along on one.

Advertising revenue will have gone to other media, and newspapers will have to fight to get their advertising space back.

Since newspapers vary their number of pages in accordance with the amount of advertising space, newspapers will tend to be smaller after resuming publication, at least for a while. The amount of newsprint sold is the product of the circulation times the number of pages, which is proportionate to advertising space, and therefore newsprint sales in these markets will be lower.

FELT NEXT FALL
 Even if the strikes are solved tomorrow, Mr. Savage says about half the effect of the labor force won't be felt until next fall's wood-cut is under way.

About half the labor cost of a ton of newsprint is in manufacturing, the other half in wood-cutting.

Wood for the mills is cut in the fall, and left sitting by streams until spring. When the wood cut last fall arrived at the mills this spring, it will amount to more than can be handled under curtailed production schedules.

"So next fall, there will be a surplus of cut wood at the mills reducing the amount that needs to be cut in the woods. So far, the strikes have reduced next fall's wood-cut by at least 150,000 cords."

Many mills have cushioned the effects of the strike on production by producing newsprint for storage. For example, the Quebec North Shore Paper Co. mill at Bas-Comeau, which is owned by interests operating the New York Daily News, now has no market for its production.

CUT WORK WEEK
 But rather than stop production entirely, the company has cut the work week to five days from six days, and put the production into storage.

"But there's only so long you can do that," says Mr. Savage. In the case of North Shore Paper, the company has set March 20 as the date when production will have to be severely curtailed because of lack of storage space.

Large and small newsprint companies have been affected. "That's one good thing about it," says Mr. Savage. "We're all in the same boat. Newsprint makers try to spread their customers for stability, and publishers try to spread their source of supply."

Canada's largest newsprint manufacturer, Canadian International Paper Co., has cut its three mills with their 4,000 employees down to a four-day week from the former level of five and six days a week. The company has lost more than 20 per cent of its sales, a company spokesman said.

LOSES IN PAPER
 Consolidated Paper Corp. and Dominion Tar and Chemical Co. Ltd. each lost about 10 per cent of their sales. The biggest losers are companies with contracted obligations to supply certain newspapers, such as the Spruce Falls Paper and Paper Co. Ltd., which has stopped two of its four newsprint machines because the New York Times buys about 7 per cent of its production.

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Mr. Savage adds the losses newsprint suppliers now extend to those who transport print manufacturers, such as

chemical companies, and many cities.

The monthly report of the association for January showed a 1 per cent decline in newsprint shipments to the United States, and a six-per-cent drop in overall production, a direct reflection of the strike, says Mr. Savage.

"I can't predict precisely, but it's certain the February results will be at least slightly worse," he said.

U.S. Manufacturer Demands Sharp Whisky Tariff Boost

WASHINGTON (CP) — are attempting to create a monopoly in the U.S. and that the U.S. treasury department is helping them.

United States whisky manufacturer, demanding that the tariff on Canadian whisky be quadrupled, charged here that two Canadian whisky makers

before the tariff commission that the U.S. market expansion for Seagram's V.O. and Hiram Walker's Canadian Club is being aided by the treasury department's rule that competitive U.S. whisky must bear the label stored in "retained cooperage"—a description repugnant to whisky buyers. Imports from Canada don't require this label.

Publisher is demanding that the existing tariff of \$1.25 a gallon on Canadian whisky be raised to the original pre-war

tariff of \$3 a gallon. The company's secretary, Leo Vernon said unless the commission supports this request, "the greater part of the American industry will surely be absorbed completely by the Canadian distillers over the next decade."

He claimed Canadian whisky makers get about three times the profit of their American competitors and that the Canadians—particularly Hiram Walker and Seagram—have used these profits to set up big plants

in the U.S., importing their quality Canadian whiskies on a monopoly basis to the detriment of their American competitors.

FLEE HOMES
ATHENS, Greece (Reuters)—Two villages were evacuated Tuesday because of the down heavy rains. Other communities also were threatened. Residents abandoned the village of Komis, in central Greece, and a southern village, South.



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