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The advance in transportation rates by the Railway Board of Canada to bring Canadian railway rates in line with those obtaining across the international boundary line with the advance in wages which have been similarly effected in Canada, is a step in the direction of maintaining the high cost of living in the face of receding tendencies elsewhere. We think that it is evident that transportation costs will never reach the low level of pre-war times and that the Canadian producer and consumer will have to make a greater allowance for the item of transportation than formerly. We think, however, that the present rates have about reached their maximum, although it is a long look ahead before one can see how there will be any reduction in these charges.

The increase in rates was ostensibly for the purpose of absorbing the increased labor costs of operation, but as far as the Canadian National Railway exists, which now includes the Canadian Northern and Grand Trunk systems, increased revenues were undoubtedly necessary. New railways have to await the development of the territories which they serve to bring them onto a profitable basis of operation, and with the present railway situation, especially with regard to the Government, it is easy to see why the Government should so willingly grant an increase in rate when the operations of the railway and capital expenditures required are proving a serious drain on the taxpayers of the Dominion.

It must not be expected, however, that the increase in freight rates should give any special opportunity for the advance of prices to consumers, with the exception of heavy freights like lumber, coal, wheat, etc. The increase in freight rates has a practically negligible effect on prices of general commodities to the ultimate consumer. The increase in freight on a pair of shoes or suit of clothes or any of the standard necessities of life is almost negligible, and one in which the manufacturer, jobber, wholesalers and retailer could readily absorb among them in the process of distribution, rather than be made the excuse, during the profiteering days now happily drawing to a close, of raising costs to the consumer.

It remains to be seen just what these successive rises in railway rates will cause in the way of water transportation. The freight rate in the deep-sea trade is steadily going downward, and if the United States Shipping Board gets into any controversy with British and Japanese shipping concerns, rates are apt to go to something approximating pre-war levels. In British Columbia and in territory closely contiguous to it, there is apt to spring up the competition of the water haul.

Eastern Canada and the United States, which are the great manufacturing centres serving the Pacific Coast, may

The services of this journal are offered through an inquiry column, which is open to subscribers and the public generally without charge, for detailed information or opinion as to financial or industrial affairs or institutions throughout the Province of British Columbia. Wherever possible the replies to these inquiries will be made through this column. Where inquiries are not of general interest, they will be handled by letter. We think that we can assure our readers that the opinions expressed will be reliable and conservative, and that all statements will be as accurate as possible.

possibly ship via the Panama Canal great quantities of goods because of the cheapness of transportation, as compared with the new rail rates. If this sets in to any marked extent it means the growing up of the Pacific Coast ports of both the United States and Canada as distributing centres to a very marked extent, and would induce much more competitive conditions on the Prairies for business that obtains from the Pacific coast to Prairie points as compared with the manufacturing East. Still this is a matter of a long look ahead, and of slow growth and certainly within the next few years will not prove of very serious importance in the internal Canadian trade, but is at least one of the possibilities of the future. Before the advent of the Dominion Government into railway operation, rail rates were made on the basis of the greatest good to the Eastern manufacturer.

Some public interest is being taken in the approaching hearings of the Dominion Government Tariff Board, which will soon be held in Western Canada, and ultimately reach the Pacific coast. It is a very good thing for the Dominion Government to take up the question of tariff at a time when the tariff issue is not occupying as strong an influence in the press and in public discussion as it formerly did, and will again in the future.

The question of tariff and tariff rates is a permanent question and should be handled on the basis of permanency by a technical board, independent if possible, of Government Order-in-Council, and of all but control by the Government of the day. While it cannot be denied that the tariff is one of the greatest inducements for the industrial development of the country, the United States being always pointed to as supreme example of the protection idea and Canadian fiscal history seems to bear out this same conclusion, yet there is a wide, permanent and deep-seated public revolt by the consumers against being exploited by the protectionist manufacturers, not so much for the benefit of the industries that were established by the system of paternalism but by the great profit which inured to the owners of industry during the period when the protective system enjoyed its greatest vogue and power.

The work of the tariff board is to determine not as to free trade and protection but as to the amount of protection to be given domestically manufactured articles. The policy of the Canadian manufacturer has been to manufacture an article similar to that manufactured in the United States and to charge the same price as charged in the States plus freight and duty. If this policy of the Canadian manufacturer is to be continued then it calls for the revision of the tariff at periodical intervals under scientific examination and investigation, so that the Canadian manufacturer may be forced to efficient operation and reasonably skilful handling of his affairs so that he does not become a charge upon the consumers of the country for private gain. It is only in the realm of scientific investigation that any progress can be made on the tariff issue, and that so long as it remains a political issue the situation will be confused by the manufacturer in order to hide from the consumer the actual condition of affairs with regard to manufacturing costs of production.