

PACKING COMPANIES' PROFITS

Report of Investigating Commission Proves Post Cure Charges Incorrect

That the profits made by the William Davies Company, Limited, and Matthews-Blackwell, Limited, more particularly the former, were high during the war period and yielded "an extraordinary return upon the capital invested" is one of the statements made in the report of the commission appointed to investigate further the businesses of these two companies.

The commission, which consisted of Mr. G. F. Henderson, K.C., chairman, and Messrs. A. B. Brodie and G. F. Clarkson, has made a unanimous report to Hon. T. W. Crothers, minister of labor. This report, after being under review by a sub-committee of the Cabinet, of which Hon. N. W. Rowell, president of the Privy Council, is chairman, has been made public in its entirety.

The commissioners, in closing their report, draw attention in concise form to its salient features. They say:—

"A.—That the profits made during the war period were exceptionally high and yielded an extraordinary return upon the capital invested. In the year 1916 the trading profits of the Davies company were equal to 80 per cent. on its investment in packing house plants and retail stores. War taxes, however, are repayable out of these profits.

"B.—That these exceptionally high profits were due to an extraordinary expansion in the volume of business done, as well as to an increase in the percentage of profits earned upon sales.

"C.—That the increase in the volume of business done was almost entirely attributable to export sales, principally to the British War Office. These sales yielded a high percentage of profit.

Fixed Minimum Prices.

"D.—That in respect of its export business with the British War Office, the Davies company, for a considerable period of time, enjoyed the advantage of a fixed minimum selling price, a concession granted, so far as we could learn, to no other packer. It was suggested during the enquiry that this concession might have been obtained by Sir Joseph Flavelle, whose occupancy of a public position would facilitate his so doing. The evidence of Sir Joseph is that he took no part in the negotiations which resulted in the granting of this concession, and the cabled correspondence indicates that it resulted from a business negotiation influenced only by business considerations.

"E.—That the present high price of hog products in Canada is primarily due to the high prices paid by packers for live hogs in Canada; that this in turn is the result of aggressive competition between the packers to fill the insistent demand for hog products created by the war.

"F.—That upon the sale of hog products to retail stores and distributors in Canada the Davies Company in 1916 made a profit of three-fifths of a cent per pound, and in 1917 a profit of two-fifths of a cent per pound. The actual profits

per pound of the Matthews-Blackwell Company are not ascertainable, but, having regard to its earnings, they could not have exceeded these figures.

"G.—That out of every dollar paid by the public in the purchase of hog products in the Davies company's retail stores, nineteen to twenty-one cents represents the costs of operating such stores and the expense of delivery to the customer.

Public Demand Best Cuts.

"H.—That in considering the present price of bacon in Canada, it must be remembered that the packer has to dispose of the whole animal. During the period of the war it would seem that there has been a larger domestic demand for the choicer cuts, such as bacon. As the demand for bacon has increased, the demand for the other parts of the animal has lessened in proportion, thus throwing upon the parts from which bacon is manufactured an unusual proportion of the cost of the whole. A careful study of the statements already given is necessary to a proper appreciation of this fact."

While during the whole of the period in question the main object of each company appears to have been to do as large an amount of business as possible, and to obtain for itself the profits upon it, no effort would appear to have been made by either, at any time, to come together with a view to keeping down the price of live hogs in Canada.

Post Cure Not Fraudulent.

Dealing with the statements made by a former employee of the Davies company to the effect that the company adopted a fraudulent system of keeping bacon intended for shipment to the War Office, known as the "post cure," the commissioners say that after a thorough investigation into this subject no evidence has been adduced which warrants such a suggestion. The commissioners add:—

"The Davies company had, as far back as 1902 adopted a new and secret process whereby their product could be sufficiently cured for shipment in the short space of two weeks, the completion of the cure taking place while the product was in transit. In view of the fact that the process customarily adopted in Chicago and other packing house centres would seem to require a period of one month, the Davies process obviously gave the company a great advantage over its competitors. The new process, however, had a disadvantage in that it was of such a nature that it required prompt delivery to the smokehouse after arrival in Great Britain. Failing prompt delivery, deterioration would set in, with consequent loss to the company.

Mr. Alfred W. Smithers, chairman of the Grand Trunk, who has just returned to London from Canada, stated that the difficulties of the railways of Canada and the United States are not realized by either the public or the authorities, as, owing to the increase in prices of everything required by the railways, it is impossible to carry at pre-war rates. He hopes that after the elections the government will find time to attend to their difficulties, and also expresses the hope that, as the services of the mercantile marine have been appreciated, so those of the railroads will be.

UNLISTED SECURITIES

Quotations furnished to The Monetary Times by A. J. Pattison Jr., & Co., Toronto
(Week ended Nov. 21st, 1917.)

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Abitibi Power.....com.	40	46.50	Continental Life.....	18	25	Imperial Oil	340	385	Rosedale Golf Club.....		340
.....pref.	80	87	Cockshutt Plow....pref.	67	77	Imper. Steel & Wire pref.			South Can. Power...pref.	35	45
Alberta Pac. Grain...pref.	84	91	Crown Life.....	90		(with bonus com.)...	2	50	Std. Rel'ce. Loan (par 50)	47	50
Atlantic Sugar.....pref.	26	29.50	Crossen Car Bonds.....	95	100	Lambton Golf Club...	325	375	Sterling Coal.....com.	8	12
.....com.	9	12.50	Dominion Glass.....com.	24	27.50	Maritime Coal & Ry.com.	16	20	.....bonds	69	73.50
Belding Paul.....pref.	70	79	Dominion Linseed Oil...	70		Massey Harris.....	115	130	St. Lawrence Sugar...6's	92	95
Brand-Henderson.....com.	40	50	Dom. Permanent Loan	64	70	Mex. Mahogany...bonds		55	Sterling Bank.....	84	89
.....6's	97		D. Po'er & Trans...pref.	91	96.50	.....com.		11	Sovereign Life.....	10	17
Can. Marconi.....	1.50	2.75	Dom. Iron & Steel's 1939	75	80	Mississauga Golf Club...		60	Temple (Allen) Thea.com.	35	
Can. Mort. & Investment	82	90	Dominion Sugar.....com.	100	125	McDonald.....pref.	80	86.50	Toronto Paper.....6's	84	88.50
Canada Machinery...pref.	44	52	Dunlop Tire.....pref.	89	95	Morrow Screws.....6's	85	92	Trust & Guarantee.....	83	87.50
Collingwood Ship...com.		77.50	Eastern Car.....6's	91	95.50	Monarch Life Assur. Co.	12	18	Universal Steel.....		20
Can. Oil.....com.	35		Ford Motor.....	150	200	National Life.....	30		West Can. Flour.....5's		60
Can. Salt.....6's	94	100	Great West Permanent..		70	National Telephone...5's	45	55	.....com.	95	115
Can. Paper.....pref.		87	Goodyear Tire.....	160	195	Ont. Pulp Bonds.....	79	83	National Drug.....pref.	85	
Carter Crume.....pref.		70	Home Bank.....	64	67.50	Peoples Loan & Savings.	85	92	National Brick Bonds...	20	25
Chapman Ball Bearing..	25	33									

Statistics relating to Dominion Savings Banks, Post Office Savings Banks, National Debt, Building Permits Compared, Index Numbers of Commodities, Trade of Canada by Countries, and Preliminary Monthly Statement of Canada's Trade appear once a month as issued by the various Government departments.