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The Sugar Question

There is but one ground, if indeed there is one, on which the Government or the Board of Commerce might possibly justify interference at this time with the law of supply and demand in relation to the trade in refined sugar. According to the published reports the refiners approached the Government with a request for aid on three grounds. The first was that the case was one in which the provisions of the anti-dumping clause in the Customs tariff should be applied, to prevent the importation of cheap sugar from the United States. This claim apparently did not hold good. In another article we have stated the intent and meaning of the clause, and it does not appear that the enactment can properly be applied to the present situation. The second ground was that on a previous occasion the Board of Commerce fixed prices for sugar to Canadian consumers which were below the prices in the United States, and that the Board, having done that for the protection of the consumer, should now take steps to protect the refiner by assuring him of higher prices than those current in the States. It is not easy to see the force of this argument. It is reasonable to assume that, in fixing prices on the previous occasion, the Board made a fair allowance of profit to the refiner, on the basis of the current prices of the raw material, and that the order then made merely guarded against the taking of an excessive profit. The third ground on which Government aid was sought is one which may well be the subject of independent investigation. It is claimed that at a time when the refiners could have sold their sugar at a profit in the United States they were prevented from doing so by the

Government action in placing an embargo on exports of sugar to that country. If the refiners were in this way prevented from selling their sugar, in the ordinary course of their business, to the United States when the market was favorable, and consequently are now caught with large stocks on a falling market, they may fairly claim that they have been subjected to hardship. But before the Government could acknowledge any liability on that score there would have to be a very thorough inquiry into the facts. Refined sugar is not usually an article of export from Canada to the States. In the ordinary course of the trade the Canadian refiners do not manufacture for export to the States. The Canadian market is their field. How did it happen that in this case they produced large quantities for export to the States, from which market they were later excluded by the Government's embargo?

The sugar refining interest in Canada is a large and important one, important as a home industry, and important also in its relation to our trade with the West Indies. That the refiners may reap a fair return for their enterprise and their investment must be the desire of every citizen. It is generally believed that they had a fair measure of success during the war and for considerable time later. If the market has now turned against them and they stand to suffer loss, the fact will be regretted. But such a consideration does not in itself form a ground for Government interference. In every department of finance, industry and commerce, the trader must take the risk of gain or loss, reaping the profit when it comes and submitting with all possible cheerfulness to the loss when it has to be met. Such are the laws of business. It is not easy to see how an exception can now be made in the case of any commodity in general use, for the purpose of making the consumer in Canada pay a much higher price than that at which the article is commonly sold in the neighboring country.

The Board of Commerce

The latest move of the Board of Commerce has a queer look. The Board was created in a moment of panic, when the members of Government and many members of Parliament failed to understand the delicate and difficult piece of machinery that they were setting up. When one remembers the haste and lack of deliberation which marked the passage of the legislation, there need be no surprise that ere long the operation of the Act was paralyzed by disputes and decisions in the courts. The members of the Board resigned. No regular appointments of successors were made. The Board has for some months had but a nominal existence. When attention was called to the fact that the Board was doing nothing, the explanation offered

was that until the powers of the Board were settled by the highest court, to which an appeal had been made, little could be done. It was a case of "wait and see". To keep the Board nominally alive the Secretary of the former Board was asked to act as Chairman, and for colleagues he was given, not independent members, but two gentlemen of the Civil Service, officials, serving under the ministers of the Departments. This Board, after slumbering peacefully for months, suddenly awakened last week to pass an elaborately written order, restraining dealers in sugar in their methods of buying and selling, placing an embargo on imports of sugar from the United States, and allowing dealers in Canada to charge as high as 21 cents per pound for an article that consumers across the border were getting at 11 cents.

The sugar refiners had a day or two before made representations to the Government seeking some such action. According to the reports of friendly journals at Ottawa, the Government had "referred the matter to the Board of Commerce". This, however, is now denied in Government circles. What is being suggested, with, it must be admitted, some apparent ground, is that members of the Government encouraged the Board of Commerce to take this step and then, when a storm of protest came from the public, turned round and blamed the Board for its action!

The order of the Board has been suspended and Wednesday 20th inst. has been fixed for a hearing before the Cabinet of all parties interested. The statement is made on behalf of the Government that they had no communication on the subject with the Board before the promulgation of the order. If this is insisted on one is bound, of course, to accept the statement of the Ministers. But the fact that the proceeding is a very strange one remains. If the members of the Board of Commerce, two of them Government officials working in the offices of Ministers, after a lengthy period of dormancy suddenly awakened and made this order of immense importance without any consultation with the Ministers sitting in the adjoining offices, it certainly is a remarkable occurrence. If the members of the Board were not moved by anything from the Ministers what happened to awaken them at that moment? What representations were made to them? By whom were they made? When and where? Was there public notice of a hearing of the application? Was the hearing public? Was any representative of the consumers present? Who advised concerning the legal questions involved? Who prepared the remarkable argument in favor of the refiners that forms the Board's decision? All these are interesting questions and fair questions concerning which the public, at present somewhat excited in the matter, will desire information before reaching conclusions as to the Board's action.