

Monetary Times

Trade Review and Insurance Chronicle
of Canada

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THE TARIFF AND LIVING COSTS

AFTER investigations into numerous branches of industry, extending over several months, the Board of Commerce will now turn its attention to the tariff and its effects on the cost of living. No matter to what field the Board turned, producers appeared ready and able to show that they were not making undue profits. The farmer even maintained he was putting some products on the market at a loss; manufacturers showed that prices had not been raised out of proportion to labor, material and other costs; wholesalers and retailers proved the usefulness of the part they play in distribution, and undue profits were not found to be general. While high profits are made in the most successful concerns in all lines of industry, the Board was unable to specify any line as being subject to general "profiteering." Some attempts have been made to reduce profits by limiting the "spread," or profit, realized. This cannot succeed, however, as a market price must rule, and profits be determined by the difference between cost and this price. This spread must vary in proportion to the ability of a concern to produce cheaply, but by taxation at least a part of the profits of success may be appropriated for the public benefit.

While the tariff is an impersonal object of investigation, many will arise to defend it, because some measure of protection is necessary to Canadian industry in its present form; for most industries which have been built up within the tariff wall could certainly not be maintained without it. The needs for national revenue is another weighty argument in favor of the tariff. If the Board of Commerce chooses to include this subject within its field, special sessions are not necessary, for the effect of the tariff in increasing living costs is undisputed. No more effective method could be adopted, for reducing prices in Canada, than an "immediate and substantial" reduction in the tariff, but the advantages gained in this way would be more than offset by the hardship caused in manufacturing centres, which could not fail to react upon the country as a whole.

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The announcement of H. A. Robson, chief commissioner of the Board, made on December 10th, is as follows:—"The cost of necessities of life is enhanced in many cases by the customs tariff. This tariff may be protective or revenue-producing. If merely protective, it is a question whether an increase in cost of necessities thereby is, in present circumstances, warranted. If a particular duty is revenue-producing, then it is a question whether that revenue cannot otherwise be raised and necessities to that extent relieved. The Board of Commerce can inquire into all items making up cost. It is specifically authorized to see if the tariff is made use of to unreasonably enhance prices.

"In the course of inquiries, instituted by the Manitoba and Saskatchewan governments through J. F. Frame, K.C., it has appeared that there is reason to investigate further into the cost item brought about by the payment of customs duties and into cost enhancement by reason of tariff protection. The board is therefore instituting inquiries in this direction. It is accumulating information, and it is fully expected that early in the new year public meetings will be held at appropriate points to go fully into these questions. This information is given so that any person may make representations who desires to do so on any phase of the question.

"Necessaries of life are defined as any staple and ordinary article of food (whether fresh, preserved, canned or otherwise treated), clothing and fuel, including the products, materials and ingredients from or of which any thereof are in whole or in part manufactured, composed, derived or made, and such other articles of any kind as the board may, from time to time, by special regulations, prescribe. This now also includes drugs and medical supplies. The matters to which Mr. Frame particularly devoted attention were boots and shoes and textiles; that is a wide field, but it will be seen that there is even wider ground that may be covered."

The tariff, in fact, is an issue the settlement of which must remain in the political field in Canada. A special commission might appropriately investigate it, or work out in detail a plan specified by the government, but numerous questions, such as national finances, the relative merits of different methods of taxation, and the extent to which a diversification of industry is desirable, must be considered, which questions lie outside the work of the Commerce Board.