

HIGH PRICES NOT DUE TO HIGH PROFITS

Commerce Board Points Out General Rise in Costs to all Producers—Farmers Have Had Best of It

IN a further statement in explanation of its objects, after three months of experience, the Board of Commerce emphasizes that high costs are unavoidable. The statement says:—

"It is thought desirable that this board should once more point out that its functions under the fair prices part of the acts establishing it are principally to consider whether profits made on the sale of the necessities of life are excessive. It is entirely erroneous for anyone to suppose that the function of the board is to reduce legitimate costs. The high cost of living is not necessarily made up of excessive profits. That cost is necessarily high because of the extraordinary demand there has been for all commodities during and since the war, and particularly because of the extended foreign demand.

"As is readily seen, the costs of all our imports are extraordinarily higher. Our wheat and the numerous products based thereon have been and are at high figures. Animals and animal food are affected accordingly and the prices thereof likewise keep step therewith. The scarcity and high price of certain classes of labor play their own part in all this. It must not be overlooked that in a certain sense the foreign demand is beneficial to the extent of any surplus that the country may have to spare. The trouble is that we have been shipping more than our legitimate surplus and that the home consumer has been forgotten in the endeavor to take advantage of the foreign demand. The foreign demand, of course, benefits Canadian trade and production. The Dominion government has set up agencies whose special object is to encourage to the utmost the supplying of the foreign demand and thereby improving the Dominion's financial position and the position of its manufacturers and producers. These strong agencies of the Dominion government are insistent in season and out of season in promoting the export of our natural products, including all the things which are known as necessities of life.

"The result inevitably is to force up the price of supplies to the home consumer. The producer wants the high price, and if he does not get it at home he will get it abroad. So far the consumer's position has not been such that an embargo would be placed upon any commodity merely to keep down price for the home consumer. When embargoes have been hinted at there have been outcries from the manufacturing and producing elements.

"This board has not the power to place a general embargo upon necessities of life, even those of the most ordinary type of which there should in this country of agricultural effort be ordinarily a superabundance. The very suggestion on one occasion from an outside source that the board should embargo a certain class of farming product met with denunciation.

Can't Bring Prices Down

"One of the difficulties that the board faces is that if it fixes profits on native products such as those of the farm and dairy there will be a rush of these goods to the seaboard and the local demands may not be met at all or may be so reduced that distress will be caused. So what with the high prices of foods and the existence of the foreign demand, it is unreasonable to expect this board to do very much in keeping down prices of anything that may be shipped abroad, which, as a matter of fact, includes everything that comes under the head of necessities. Almost everything that is made in Canada to-day can be shipped out at a high price to foreign markets. It is largely because of that that we at home have to pay so high.

"The huge loans that have been floated in this country by the government have had their effect on prices in a way that perhaps has not been recognized. One of the chief inducements in the canvass for subscriptions was that every dollar would be spent in Canada. That can be read together with the Canadian trade commission's efforts. Huge credits

have been extended to foreign countries by the Dominion on the terms that they would spend the money in Canada. This meant that these countries were buying from Canada the very products that are to us necessities of life, and so we have, in the interest of our producers, in fact, created the foreign demand which has made living so costly to the Canadian citizen. It is not at all presumed to find fault with this condition, but this board points to this material fact as constituting a very strong factor in the increase of prices to the home consumer at the present time.

"What with the high price of wheat and of mill feeds and the creating of the foreign demand for all products it is hopeless for some time to expect any relief from present price conditions. The cost of labor which enters into all production is itself made exceedingly high because of its own cost of living, which cost is forced up in the same way. Our manufacturing, distribution, and producing classes are benefiting from this state of affairs. The farming producer should have the least objection to make. He has had for years now unequalled high prices. His purchases for necessities are, in the nature of things, lower than those of the citizen in other walks of life. He has been the least affected by the war in any of its phases, yet when the slightest approach has been made to touch upon the price of commodities which originate with him, there is an immediate outburst of protest. In the history of the board of commerce so far, these protests have been based upon imaginary facts. There have been absolutely no foundation for them. The board has been charged by the farmer representative with doing things which were never in its mind, but these are merely indicative of the attitude of producers in that direction. Distributing classes at home, e.g., retailers, are not profiting by the conditions of things, but the manufacturer and exporter who can take advantage of the foreign demand is greatly benefited. The only benefit to the state is heavy taxation of the law."

"In view of all these circumstances it will be seen that the causes of present high prices are in present conditions natural and that these prices will be stable until radical economic changes take place both at home and abroad. It is the policy of this board, however, that whenever it is found that advantage is taken of any of the aforesaid conditions to demand extortionate prices there shall be a drastic application of the law."

BANK OF TORONTO STATEMENT GOOD

In keeping with the growth registered by other banks, the financial statement of the Bank of Toronto for the year ended November 29th, 1919, shows an increase of \$9,000,000 in assets. Net profits for the year were \$1,011,359, compared with \$844,402 last year, a gain of \$166,957. Total deposits have increased from \$79,039,274 to \$86,712,997. This increase was about evenly divided between interest-bearing and demand deposits. Immediately available assets have risen from \$47,018,174 to \$49,911,625, and are now 51 per cent. of the bank's liabilities to the public. Last year the percentage was 53, the large increase in deposits slightly changing the ratio. Cash and gold reserves have grown from \$13,922,182 to \$14,705,222. Commercial loans have kept pace with other forms of expansion, and reflect participation in the country's active business conditions, the figure now being \$54,077,641, compared with \$49,168,819 a year ago.

There are few changes of importance in the profit and loss account apart from the larger profits and increased dividend. Early in the year the bank increased its dividend from 11 to 12 per cent., hence the distribution to shareholders for the year amounted to \$600,000 instead of \$550,000. The sum of \$100,000 is reserved for federal tax. The amount for officers' pension fund stands unchanged at \$25,000. Patriotic subscriptions were \$18,000, compared with \$36,200 last year, while the amount written off bank premises is \$100,000 as against \$110,884. There is a good increase in the amount carried forward to next year, which is \$793,983, compared with \$625,623.