

# Monetary Times

Trade Review and Insurance Chronicle  
of Canada

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## LIMITING INDUSTRIAL PROFITS

The Wall Street Journal, which has given close and friendly attention to Canada's industrial development during the war, had another appreciative editorial last week dealing with our trade outlook when peace returns. It refers particularly to the jump in value of our exports to the United Kingdom from \$215,000,000 in the fiscal year ended March, 1914, to \$800,000,000 in the fiscal year just ended, and remarks that comparison of the figures will show greater relative gains in percentages than, perhaps, in any other country. Our foreign trade last year was only \$21,000,000 less than the foreign trade of the United States in 1904. Commenting thereon, this friendly observer ascribes it to "capacity to utilize every opportunity to the utmost," and it continues as follows: "This ability to make the most of the work of the day, in foul weather as well as fair, is a trade asset which may be stimulated by war, but cannot be stolen or impaired by peace. A people so enterprising and spirited may be relied on to do their utmost to hold the pace they set in securing a share of the war trade."

The business community in Canada, however, begins to think that if our government follows a policy of discriminating against Canadian industries and organizations that have taken a conspicuous part in building up this vast war export trade, and which have set an excellent example for the whole country in regard to efficient and conservative management, our chances of holding the pace after the war will be lessened. Throughout the whole Dominion there is no business or industrial organization that has excelled the Canadian Pacific Railway in efficient, careful, conscientious management, in patriotic endeavor, and in the upbuilding of Canada and of Canadian credit. Nevertheless, it has been subjected to discriminatory taxation. The Railway Commission, after careful and impartial examination, decided that the 15 per cent. rate increase was fully justified by the great increase of railway operating costs. Assuming that this

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finding was right and proper, it certainly appears to be discrimination to lay the tax of \$7,000,000 and more upon Canadian Pacific Railway earnings, when neither the excess profits tax nor the increased 6 per cent. income tax on corporation net profits, as applied to the Canadian Pacific, would produce even half of that sum.

The packing industry is another that has been instrumental in greatly expanding Canada's export trade. Large profits were made, and, although much hostility was created by the high prices charged, it appears that the main source of the increase of profits was in the great volume of business done, much of it being business that would have gone to United States packers but for the energy of the Canadian packing houses. In response to popular demands, the government not only limited the margin of profit on packers' turnover, but also put a strict limit on the rate of profit on their capital. This is the only Canadian industry to which such measures apply. Despatches this week from Ottawa intimate that as a result of a special report on the profits of the Canadian milling companies, prepared under the supervision of Mrs. George Hambleton, the government is now considering the taking of discriminatory measures against the flour milling industry. It will be remembered that the milling companies are now limited to a profit of twenty-five cents per barrel on flour; also the maximum selling prices for bran, shorts and other by-products have been fixed. So the interests of consumers are already adequately protected. But, according to the despatch to a leading Toronto daily, "Most of the companies have continued to make big dividends, add large amounts to reserves, and otherwise greatly increase their liquid assets." They have been able to do this because of the immense volume of business done. Their management is capable and honorable, the industry is indigenous to the country, and, if allowed to develop and strengthen itself, its operations will be of great value in enabling Canada to carry the heavy war burden. But, notwithstanding that the milling industry is now subject, like all other industries, to the excess profits and income taxes, and notwithstanding that prices to consumers