

not be laid to the charge of the board as an indication of its failure.

Government Encouraged Exports

Those who are familiar with trade conditions and the activities of the Dominion government with regard to these conditions, have been fully aware that there have been governmental agencies in Ottawa, supported by the people, which have been doing their utmost to encourage exportation from this country in order to get the highest prices for Canadian products in the world's markets. Even embargoes placed by the government upon the exportation of certain commodities, and supposed by the people to be effective for keeping these commodities at home in order to reduce or keep down the prices of them to domestic consumers, have been largely paper embargoes, for at the same time licenses have been freely granted for exporting these goods. The fact is that every effort has been made to encourage the export trade, with the ostensible purpose of changing an adverse to a favorable balance of trade and thus helping to correct our international exchange situation. With high prices prevailing abroad, it was inevitable that business men should seek the foreign market and send their goods where the highest profits were to be secured. It is clear, therefore, that the governmental policy has helped to perpetuate high prices; and any body that attempts to bring down prices will soon find itself working at cross purposes with the government.

Profits Not a Factor in Prices

Much the same thing must be said regarding the control of profits by the board. To endeavor to control prices by trying to control profits is futile, for there is no direct connection between these two, except in unusual circumstances where a dealer or an association of dealers uses a strategic position, economic or social, to unduly enhance prices with the consequent increase of profits. Profits are not determined by the same forces as those which fix prices, except in the case of a more or less complete monopoly. Profits arise from the character of the management and from ability to take advantage of market conditions. If the conditions in the foreign market offer a profitable field in which to make sales, the business judgment of the commercial man will lead him to ship as largely as possible to that market in order to augment his profits from legitimate enterprise; and any attempt by the Board of Commerce to limit his profits is fore-doomed to failure. Restriction of his profits upon domestic sales will be all the greater inducement for him to export to the limit in order to make up for the curtailment of his profits on the home trade. And let it be noted here again that the government not only sanctions but endeavors to stimulate exports to the greatest extent.

In nearly every instance in which the board has undertaken to limit profits this possibility of exportation has been in foreground. We have only to mention the cases of sugar, newsprint paper, flour, mill feeds, shoes, meats, clothing and milk to show how important a factor the export trade is in the adjustment of the domestic prices and profits.

Selling Below the Export Price

If, then, the home prices of these and other necessities of life are determined by conditions in the international markets over which the Board of Commerce can have no control, one is tempted to ask what the board can do about it. There is a sphere of activity even in these cases for this governmental body, and it was well exemplified in the settlement of the sugar situation in Montreal, the first case which the board handled. Through the influence of the chairman of the board, the sugar refiners were induced to get together and take care of the domestic requirements at a price which was well below the export price. The same effects of mediation were seen in the determination of the price of milk for the city of Toronto last September, when the producers were induced to accept for their milk less than their organization had fixed as their selling price for the winter. It requires service of a high order to bring harmony out of

discordant interests as in these cases; and it is no wonder that the Minister of Trade and Commerce, Sir George Foster, at an important gathering in Ottawa, when the board was being organized, said, "The board itself will be a success in proportion based on its personnel. No matter how good the theory in that Act is, the result will depend absolutely upon that personnel." The truth of this assertion will be universally accepted. Certain it is that there has been nothing but praise and respect for the chairman of the board.

Partial Regulation is Unfair

To those who are acquainted with the labours of the board it is manifest that most of the work done that has come to the attention of the public is in connection with the distributors of the necessities of life—fixing the profits of the dealers in clothing, sugar, meat, etc. As a consequence, several very important questions arise. In the first place, why should the personal services of many mechanical and a few professional workers, which are just as truly "necessaries of life" as are articles of food or clothing, be allowed to proceed without any attempt to restrain them from excessive charges? In the second place, there is the landlord class who are permitted to go on unhampered, as at present, in making unreasonable and sometimes even extortionate, demands upon those who must have the "necessity" of shelter. In the third place, apparently, nothing has been done to curb the greed of some manufacturers who are making extravagant profits on such "necessities" as woollens, cottons, flour, etc.

It does not seem consistent with justice that some necessities should be singled out for regulation or control and others, which are equally important, should be left without regulation. Equity demands that similar treatment should be meted out to all in the same class. If the present conditions were allowed to continue for some time, those who are engaged in the regulated industries would tend to leave these and go into the unregulated, and, consequently, those who are employed in the distribution of foodstuffs and clothing would transfer their interests to other lines, with the effect of discouraging men from entering into the production and distribution of food supplies.

The Hamilton Grocers Case

While speaking of the relation of the board to the distributors, it will be appropriate to refer to the recent investigation and decision of that tribunal in regard to the Hamilton grocers' combine as a type of what may be expected in similar instances. I am not going to enter into the relative merits of the two sides of the case, but shall refer to certain things which may have a bearing upon the decision rendered regarding some points of the case.

In the report which was issued on sugar in 1917 by Mr. O'Connor, who was then Acting Commissioner of the Cost of Living, we find his opinion stated thus: "I believe that in most cases the interposition of the wholesale grocer or jobber tends towards economy in distribution." What was true of sugar, we should infer naturally, would be true of other things; so that, at that time, he was convinced that the wholesaler was necessary to the most economical distribution. Leaving aside entirely the question of the reason for this faith, which is very inconclusive, and which is nullified by the opposite practice in many instances, we may refer to another statement which he made after his appointment to the board, when, alluding to the results of his earlier work, he said: "I can say broadly, as I have stated before, that I found little wrong with their profits, and I became convinced that what trouble did exist was further back." Again in his decision regarding the York Trading Co., he speaks of the wholesaler in the following terms: "I am very clearly of opinion that he performs for the community a very valuable service, so valuable indeed, that 'if he did not exist it would be necessary for us to invent him.'"

In considering all the pronouncements of the commissioner from various sources and at different times it becomes