

# Monetary Times

Trade Review and Insurance Chronicle  
of Canada

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## OUR NEXT WAR LOAN

The results of Sir Thomas White's conferences this week with Mr. McAdoo, secretary of the United States treasury, are being awaited here with considerable interest. There is a strong feeling that so far as war loans are concerned, the Canadian market well deserves a rest. We have oversubscribed such loans aggregating \$350,000,000. A short six months' period separated the second and third loans. By the time the fourth loan is due, another six months will have elapsed. This is a comparatively brief period, considering that the third loan is only just about properly distributed. We have not large accumulated funds for investment as in older and wealthier countries.

That the third war loan should be issued simultaneously in Canada and the United States was suggested to the finance minister in March. After various conferences, it was decided that a domestic issue should be made. That was done and with great success. It can be done again, if absolutely necessary. But with the heavy trade balance against us, so far as the United States is concerned, and the prevailing conditions in the Canadian investment market, a well-deserved respite would be given, could arrangements be made to finance our next war loan in the United States.

We are one of the best customers of the neighboring republic. Our purchases there during the ten months ended April 30th were valued at \$602,209,543, while their sales to this country during the same period were valued at \$236,829,775, leaving a balance of trade against us of \$365,377,768. This unfavorable trade balance has been redressed to a considerable extent by Canadian borrowings in New York by the sale of Canadian securities, as well as by our favorable trade balance with European countries. We can continue to purchase in such large measure from the United States only if a reasonable degree of borrowing there is allowed our governments and municipalities. Sentiment in both countries is in favor of this financial assistance. The business situation makes it desirable. Money market conditions here, in New York and in London, appear to make it the proper thing at the present time.

## COLD STORAGE PROFITS

Until the complete report of Cost-of-Living Commissioner O'Connor is available it is not possible to analyze fairly its statements. In the meantime, press synopses from Ottawa have stated that the big packing establishments "profiting by war-time conditions, made huge profits," and sums in millions were mentioned. In a telegram on Monday to the Montreal Star, Mr. O'Connor said that "much confusion has resulted from inaccurate and necessarily incomplete newspaper summarizations of a hundred-page document which is practically half statistics." He added: "While I have no doubt that excessive profits have been levied, and so find, my report does not even mention the figures of profit as quoted in the press."

Opinion is practically unanimous that, in war time especially, undue profits should not be made on the sale of foodstuffs and other necessities of life. The packing companies which buy in the open market and perform a work of distribution which no other organization is doing, will probably be found to take the same view. A certain amount of capital has been invested in the business. The shareholder expects to obtain a fair interest return upon his invested funds, just as the wage-earner expects a fair price for his labor. While we have not before us the O'Connor report, the telegraphic extracts seem to indicate that the commissioner has used in his report many phrases which will strike the popular ear. Regarding a butter transaction in the West, he says it was not illegal but he does not consider it respectable. He asks whether the transaction is a respectable way of doing business, and adds: "Mine may be a voice of one crying in the wilderness, but I have to register in the negative." If Mr. O'Connor's facts and figures are correct, then his conclusions may be also. One packing company says that the statement (press or otherwise) that it made profits in 1916 on bacon of five cents per pound is untrue. Its manager states that the company's actual profits were two-thirds of a cent per pound. This company, the William Davies Company, Limited, frankly admits that it "does not challenge either the legal or moral right of the government to investigate business enterprises when public interest directs such an investigation should be made," and adds: "If an investigation of the packing and meat business is ordered, the company will place at the disposal of the government not only the data it would be required to supply under order-in-council directing that inquiry be made, but will place the experience of its officers at the disposal of the investigating committee, if it is considered they can render any service which will be of value. The company has not now—nor at any time during the fifty years of its operation—anything to conceal in method or practice of carrying on its business. It does, however, claim the right to conduct its export business without abusive comment from government civil servants—especially when the conclusions drawn from the data asked for are improper and false."

Whatever the technical wording of the O'Connor report is, the effect of the telegraphed synopses has been to lead the public to believe that millions of dollars of profit have improperly been made by the packing houses. No attention was paid in the early despatches to the item of overhead expenses, which must be deducted from the "margin" or gross profits, to know what is the net profit. A small profit per pound on these products amounts to a large sum when the volume of business is as large as that of the packing concerns. When it is said that such and such a company "made millions of dollars," one must