

CONSERVATION AND PRICES.

Sir Robert Borden Refers to Important Measures.

Speaking in Ottawa on December 13, Sir Robert Borden referred, among other things, to measures which already had been taken to conserve food and to regulate profits in the handling of food. He said in part:

"About four weeks ago we provided by Order in Council under the War Measures Act that no article of food, grain, sugar, molasses or anything else capable of being used for food in Canada shall be used for the manufacture or production of spirituous or intoxicating liquors.

"We expect, as soon as we can gather around the Council Board of Canada again, after the people of Canada shall have given us their mandate on Monday next, to take up some matters in that connection more fully, and announcements will undoubtedly be made in the not distant future with regard to the result of our deliberations.

"There is just one more matter that I would like to mention, and it is the question that has arisen in this country with regard to the cost of the necessaries of life. I want to be perfectly frank with you. I do not propose to stand on this platform and make any promise to you that I do not believe the Government is capable of carrying out. In time of war the cost of the necessaries of life almost invariably advances. In a war like this, it inevitably must advance, because you cannot take 30,000,000 or 40,000,000 men—I suppose 40,000,000 men—from productivity and increase, as you do increase in this war, the consumption of the necessaries of life, and have them produced at the same cost or sold at the same price. But the Government can do certain things. This Government has done certain things. A Government can prevent combination to raise prices. A year ago this month we passed an Order in Council which prevents that. A Government can prevent hoarding. There is always a tendency towards hoarding the necessaries of life in time of war. We passed an Order in Council in December, 1916. I have not heard of any hoarding since.

"A Government can do one thing more. It can prevent any man receiving excessive profits out of the purchasing and the sale of the necessaries of life. It has been said that packing houses in this country have made excessive profits. It has been brought out, I believe, in investigation that one great packing house made a profit of about

eighty per cent in one year upon its invested capital. Bear in mind, in all fairness to those who made this profit that it was made by an enormous turnover, and by a profit of three-fifths of a cent per pound on bacon sold overseas, and two-fifths of a cent per pound on bacon sold in Canada. If the Government could confiscate every bit of that profit, it could not give to the public of this country the relief which it would desire, and the relief which the Government would desire to give. Yet eighty per cent profit derived from the necessaries of life in time of war disturbs the public conscience, and it becomes necessary for the Government to take up that question, which is a very difficult and complicated one. A Committee of the Cabinet was formed. Mr. Rowell was Chairman, and Mr. Carvell was a member of that Committee, to study the question, to investigate it, and about three weeks ago they announced the result of their deliberations, which had in the meantime been confirmed by the Government as a whole.

"I am glad to say that the Government of the United States, in dealing with precisely the same problem which has arisen on their side of the line, have followed exactly the same principle which was reported by the Committee of which Mr. Rowell was Chairman, and which was confirmed by the Government as a whole.

"What we did was this. We said in the first place to the packing houses: 'You shall not retain a profit in excess of two per cent on your annual turnover, that is, your total sales within one year. Two per cent on that shall be your maximum.' In the United States they made it two and one-half per cent. But two per cent on an annual turnover, if it were an enormous one, might mean a great percentage on invested capital, so we provided another limitation. We said: 'Up to seven per cent on invested capital you may retain. Between seven per cent and fifteen per cent, you may retain one-half, the State will take the other half for the benefit of the people as a whole. Therefore your maximum profit will be eleven per cent. But out of your eleven per cent you shall pay, under the War Profits Act, one per cent, as a tax, and therefore your net maximum profit upon actual invested capital, not watered stock, shall be ten per cent. Over and above fifteen per cent all your profit shall go into the Public Treasury, and you shall not retain any of it.'