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ARTHUR H. ROWLAND,
Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,
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"PROFITEERING."

The Government has acted promptly in its appointment of a commission to investigate further the operations of cold storage companies accused of "profiteering." It is to be hoped that this commission, which includes two expert accountants, will get to work quickly and that their conclusions will not be delayed longer than is necessary for the most thorough-going investigation. The sooner this matter is cleared up, the better for the whole country. It is necessary to look no further afield than Great Britain to see the bad effect upon national morale of grave suspicions of "profiteering" which goes unpunished. It is now conceded that much of the labour unrest in Great Britain, which hitherto has had no satisfactory explanation, has arisen through the high cost of living, and the discovery by the labouring classes of the fact that this high cost has been contributed to by "profiteering"—sometimes on a large scale, sometimes on a small. For Canada, the most critical days of the war still lie ahead, and it will be a very foolish Government which allows itself to be handicapped in its fight through them by "profiteers" dragging at its tails.

At the same time, we are bound to say that the statistical methods used by Mr. O'Connor in his report which precipitated the present trouble, leave a great deal to be desired. They are much too "fancy" for their purpose. What Mr. O'Connor calls a "margin" is a sort of gross profit. Of what use are figures merely of gross profit in an investigation of this kind? By themselves, they may mean anything or nothing. What is wanted are figures of both gross and net profit as shown in the books of the companies examined, and exact details showing how these figures are arrived at. It is a pity that Mr. O'Connor did not adopt this direct method of reaching reliable conclusions, instead of merely playing with figures, and expressing his conclusions in terms which he should have known, could be only too easily distorted in the newspapers. Probably 95 per cent. of those who read the first newspaper synopses of the cold storage report, acquired the impression that the William Davies Company had sold during 1916, 97 million pounds of bacon at an average profit of 5.05 cents per pound. What was really asserted was that they had sold the bacon at an average "margin" of 5.05 cents, this "margin" representing gross, not net profit, on the commodity

from the time it is laid down, all costs and expenses paid, in the storage warehouse. That is to say, out of this "margin" of 5.05 cents per pound had to come all operating charges, labor, refrigeration, etc., cost of transportation and insurance to England and selling charges there. According to the William Davies Company, these charges absorbed 4.10 cents of the "margin" of 5.05 cents, leaving a real profit of 0.95 of a cent per pound, which the William Davies Company claim has still to be reduced, because of the error of premises in Mr. O'Connor's arguments, and because of further factors which have to be considered to determine net profits.

Whatever the exact facts of the case may be, and no doubt the new Commission will ascertain them, the Canadian consumer has undoubtedly suffered—in some cases suffered severely—as a result of the tremendous export business done by the cold-storage companies and others during the war. Living in a land of plenty, he has been made a competitive buyer against a hungry world. Under these circumstances, the least that the Government can do is to give him some assurance that he is not being bled by greedy traders, simply because hungry Europe is willing, and in fact compelled, to pay a high price for food. The instruction to the new commission to recommend a standardised system of cost accounting applicable to the cold storage business, by which the net profits of cold storage companies within Canada may from time to time be easily ascertained, is therefore important. It suggests a permanent check upon the profits of an industry, which could easily be run on lines of rank "profiteering." According to Mr. O'Connor, the cold storage industry is very free from this practise; he has only found two or three isolated instances which might be included under this heading. So much the better. But the public now is not likely to be satisfied with general assurances on this question; it wants exact facts—whether in reference to cold storage products or anything else—and, if necessary, decisive action by the Food Controller.

SCOPE FOR WIDER DISTRIBUTION OF WAR LOANS.

One in every 200 of the population subscribed to the last Canadian War Loan. In the United States 4,000,000 subscriptions were received for the Liberty Loan, or one subscriber in every twenty-five of the population. To the last British loan the subscribers numbered 8,000,000. In view of the general employment of the people and of the high prices for the products of their industry, especially for those of agriculture, there can be but few who are unable to set aside for national purposes a portion, however small, of their income. If the response to the call for funds is more general, the nation as a whole need have no fear of being able to maintain its share in the war.—*Canadian Bank of Commerce.*

From the outbreak of the war to the middle of last month, total borrowings of Great Britain, at home and abroad, amounted to \$19,000,000,000 according to a London compilation. Loans and advances granted in the United States aggregated \$1,500,000,000.