SURVEY OF THE WEEK

The Sugar Situation.

The event of the week in commercial circles has been the sugar situation and the order of the Board of Commerce which was designed "to save Canadian refineries from threatened ruin" by prohibiting wholesalers, manufacturers and retailers from purchasing sugar elsewhere than from the refineries, and by fixing the price at which the commodity must be sold to the consumer, at 21 cents plus freight. The Board of Commerce Commissioners issued a long statement giving their reasons for the order and in justification of their action. The Board of Commerce are of opinion that the situation confronting Canadian refineries is not the result of the break in prices in the United States or of recent importations of cheap sugar from that country. They see in the Canadian sugar refiners victims of circumstances over which they had no control. They point out that, in 1919, Canadian sugar men, estimating the general situation, "more accurately perhaps than did the refiners of the United States, bought heavily of low-priced sugar, buying more than the Canadian market seemed to justify and expecting to market the surplus profitably by export."

Blame Embargo on Export.

Just then, however, the Government stepped in and placed an embargo on the export of sugar in view of the apprehension of a sugar shortage, and when this embargo ceased to exist as such, the refiners, at the request of the Government, still refrained from exporting sugar "though the price in the United States remained, for some time, several cents above the Canadian price." Credit is given to the Canadian sugar refiners for having saved this country from the degree of sugar shortage experienced in other countries and at a cost below that prevailing elsewhere. Having reviewed the situation, the Board of Commerce Commissioners, taking their cue from their predecessors, that it is their duty, not the less to protect the trader on a falling market than to protect the consumer on a rising market, decided that to allow the price of sugar in Canada to fall to the present United States level, would induce a loss to the refiners of such mangnitude, that its effects would not be limited to sugar refiners and the resultant commercial disaster might be serious.

Government Suspends Order.

As was to be expected the publication of this sugar order was immediately followed by a chorus of strongly worded protests, and before it had been a day in operation it was suspended by the Government pending a public hearing which is to be held by the Cabinet on October 20. The action of the Government in suspending the order is based on a report by the Minister of Justice in which he expresses the opinion that the Board of Commerce had no statutory power to promulgate such an order, and that the powers conferred on the Board were never intended to be exercised to restrain for the purpose of enhancing or maintaining prices, buyers or sellers of commodities from dealing with the public at large with the effect of practically prohibiting importation into Canada.

Delay in Marketing Wheat.

Mr. C. A. Bogert, general manager of the Dominion Bank and president of the Canadian Bankers' Association, who has just returned from the west, found that an excellent demand had sprung up for our hard wheat from millers in the Western States because of the greater percentage of gluten it contains. In Mr. Bogert's opinion this market was a fortunate one because the overseas' demand for Canadian wheat up to the present, had been disappointing. In the general interests of the community Mr. Bogert thinks the request for the resumption of control is not justified, nor does he approve of the suggestion that the banks should come to the rescue of the farmers by carrying them over the period of low-priced wheat. His solution is to sell the wheat and get cash for it. The delay in marketing wheat is already affecting western collections and will have its effect on business in the East, one result of which, Mr. Bogert imagines, will be to expedite the lowering of prices of commodities because of the lessened demand.

Sugar Price Balloon Burst.

The bursting of the sugar price balloon is the most sensational that has occurred since the period of deflation commenced. The suspension of the International Bank of Cuba, points out the Boston News Bureau, and the proclamation of a fifty-day moratorium on the island, represents the denouement of a situation which has been approaching the breaking point for several weeks. Perhaps, nowhere in the world, did war and post-war inflation exceed in relative volume that which has taken place in Cuba, based on the unprecedented flight of raw sugar from 4 to 23 cents. The subsequent drop to 6.21 cents has left some of the banks with loans on sugar and cane lands at high figures. The collapse of the speculative orgy resulted in panicky conditions, intensified by the withdrawal of bank deposits, and there is now a heavy pressure to realize on the stock in hand which is still much larger than published figures indicate.

U. S. Prices Affect Canadian Market.

Quite a lot of American cotton and woollen goods are coming into Canada at lower prices than those quoted by Canadian manufacturers, says Bradstreets weekly trade report. The decline in prices in the United States is having its effect on prices in the Canadian market. The wholesale trade rules quiet and retail buyers are studying their stocks much more carefully, and are only buying in sufficient quantities to fill immediate wants as they are afraid of being stocked up with high-priced goods.

Ogilvie Flour Mills.

The annual report of the Ogilvie Flour Mills Company, for the year ended August 31, discloses a substantial decline in net revenue, yet the result is equivalent to 32.36 per cent on the $2,500,000 outstanding stock, compared with 59.7 per cent last year and 72.6 per cent in 1918. In the report, profits from milling operations and profits from investments, are shown in the aggregate so that it is difficult to judge with any degree of accuracy what the industrial conditions have been, although it may be taken for granted that the profits from the industrial operations of the enterprise were lower than last year, as was the case with the Lake of the Woods and the St. Lawrence Milling companies, whose statements were published last week. Mr. W. A. Black, managing director of the company, blames the control of the the Wheat Board for the less satisfactory state of affairs and says that during a considerable portion of the year, the prices fixed by that body had resulted in a positive loss to the mills. Fortunately, he adds, the interests of the Ogilvie company are not confined to flour mills and satisfactory profits in other branches of its activities had been made.

PRINCIPAL CONTENTS

Effect of Price Reduction on Credits.

The effect upon credits of the price reductions that have been so marked in the United States, is very likely to be a movement toward increases in loans according to the Reserve Agent of the Federal Reserve Board in New York. After pointing out that credit requirements are usually at their peak at this season of the year, he says of a period of transition to lower prices:

"Such a period calls for a credit policy on the part of the banks looking to conservation of sound business. Such additional credits as are required are not for further expansion, but are for the protection of industry. They are to enable business men to undertake in an orderly manner the reduction of inventories and the descent to lower price levels. That the readjustment, which has been quite radical in many industries, has proceeded quietly and confidently, has been due in very large part to the helpful and constructive attitude of the bankers who, in spite of the heavy withdrawals of their deposits and the unusual movements of funds have not hesitated, if necessary, to increase their borrowing from the Federal Reserve Bank to furnish such credits for production and distribution as conditions have required."

The Hog Crisis.

This fall's swift, marked drop in the price of coarse grains will bring home the wisdom of a steadier policy in livestock farming, says a bulletin issued by the Industrial and Development Council of Canadian Meat Packers. The lack of a steady policy has just brought about a crisis in the hog industry which is almost tragic and may have a far-reaching effect on our export bacon trade built up through thirty years of careful effort. During the comparatively short period when, in relation to grain prices, production was in an unfavorable position, farmers, especially in the West, by wholesale disposal, almost depleted the country of breeding stock. The tragedy of this action lies in two things. During the war we had built up a great name and a keen demand for Canadian bacon. We secured a position overseas which would have been assured if supplies had been kept up. Our real danger now is the loss of that market due to the more rapid recovery of other countries where farmers were far-sighted enough to get back into the hog business after the war in spite of high feeding prices. To-day the Canadian farmer is faced with having on his hands a big crop of coarse grains at a comparatively low price. It could be very profitably fed to hogs. Yet the hogs are not in the country to be fed.

And the Remedy.

Immediate action may yet save the situation. In every litter of hogs now being prepared for market there are two or three sows that would make excellent mothers. It is in this that the remedy may be found. 1. Let every farmer who wishes to bring his hog herds back to normal, breed some of these this fall; 2. Let every farmer who depleted his breeding stock go to his neighbors and shipping stations where hogs are being located and pick out suitable sows for breeding this fall. If this is done promptly and widely, losses will be rapidly replaced. This foresight will result in small pigs next spring being restored to something approaching normal numbers.

Influence of Canada's Wheat in U. S.

Demand for flour is still very black with merely incidental buying for urgent needs, says the Northwester Miller, of Minneapolis. Prices have steadily fallen and wheat and patents are nearly $5 per barrel below the high point reached last spring, but the fluctuations in wheat have deprived buyers of all confidence as to future values. Canadian wheat and flour continue to influence the U. S. market, but to a smaller degree, owing to the drop in prices on the other side of the border. Reports indicate that the U. S. Shipping Board will reconsider its decision fixing ocean freight rates on wheat relatively far below flour rates which is considered to be necessary if the export flour trade is to be saved from extinction. The flour mills in the States are running about 60 per cent of capacity.