

The Truth About Sugar

The Sugar Industry of Canada is confronted with a serious situation and has appealed to the Government to come to its assistance.

Ignorance of the circumstances leading up to this situation has led many people to enter objections to the measures of relief that have been proposed.

The purpose of this statement is to put the plain facts before the people of Canada, in the belief that at heart they want to play fair and are willing to accord a square deal to everyone.

The present upheaval in the world's sugar trade has been brought about by enforced liquidation of some large stocks of raw and refined sugars held by American and Cuban interests. Its effect in Cuba, where some of the native banks have been forced to suspend payments and where the Government has put into effect a sixty-day moratorium, are of common knowledge.

A feature of the disturbance has been the dumping upon the American market of a quantity of so-called "distressed" sugar, in amount relatively unimportant to the whole supply, but sufficient, nevertheless, temporarily to disorganize the trade.

Part of this "distressed" sugar, forced into the market under conditions of practical bankruptcy, has found its way into Canada where it has, temporarily, upset trading conditions and made it impossible for Canadian Refineries to market their product except at a ruinous loss.

It is pertinent to observe that the low prices quoted for this "distressed" sugar now being dumped in Canada, by no means reflect the true market price in the United States. Only a day or two ago the newspapers announced that the American Sugar Refineries Company, the largest sugar refiners in the States, and who control some 40 per cent. of the production of that country, are selling sugar on the basis of 22½ cents a pound, equivalent to 25 cents in Canada, at the present rate of exchange, several cents a pound higher than that contemplated for Canada in the order made by the Board of Commerce, and since set aside.

At the present time the plants of four of the largest Canadian Refineries are closed; thousands of men are out of employment; millions of capital are temporarily inactive and unproductive.

The refineries have bought or are committed to buy raw sugars to the value of over \$60,000,000. Their sales in Canada, due to the conditions before stated, are at a standstill. It follows that the financing of the raw sugar already under contract, should these conditions continue indefinitely, will be an impossible task for the refineries with all their resources. The burden will devolve upon the banks if a critical situation comparable to a panic is to be avoided.

The question naturally arises, Why have the Canadian Sugar Refineries allowed this situation to develop, and what justification have they for appealing for public support of their industry in this crisis.

The Refineries disclaim responsibility for the situation.

They maintain that if they had been left to shape their own course the situation, so far as they are concerned, would not have developed.

They frankly admit that had control of their business not been taken out of their hands by agents of the Government, they would now have no shadow of excuse for appealing for protection.

What are the facts?

For over a year the Board of Commerce, created by the Government, exercised absolute control over the prices at which sugar could be sold in Canada, and fixed the price, from time to time, on a basis contrary to all established commercial usages.

At the same time the Trade Commission, another agency of the Government, refuses permission to the refiners to export sugar, which they might have done and thereby reduced their liabilities very materially without injury to the domestic market.

Government control went further and even prevented the resale abroad of raw sugars not necessarily needed in Canada.

The refiners do not believe, when the situation is fully and fairly analyzed, that their request involves any serious hardship upon the Canadian public. On the contrary, taking into account the benefits the public have already enjoyed in having been enabled to purchase sugar in Canada for months at a time at a price materially lower than the price prevailing in the world's market, amounting, at times, to 10 cents or more a pound; having regard for the national interests involved in keeping the sugar industry actively operating and preventing the loss occasioned by unemployed labor and unproductive capital; considering, furthermore, the strong advisability of keeping trade within the national boundaries instead of sending it abroad where a Canadian dollar is regarded as being worth only 90 cents or less; and having regard, above all, for the very grave necessity of maintaining Canada's industrial, financial and commercial equilibrium in these trying days of world-wide readjustment, the Sugar Refineries of Canada believe that both the Government and the people will admit the justice and fairness of their position and will afford them the temporary consideration necessary to meet the situation.

Government control caused the refineries to lay in additional stocks of raw sugars after the price had advanced and when it was economically less desirable to buy.

Throughout all these transactions, the refineries vigorously protested against the invasion of their rights and frequently gave warning as to what the ultimate result would be. They were met by assurances that their rights would be fully protected.

In meeting their objections the Board of Commerce promised that the refiners would be protected in a falling market to the same extent that they had been deprived, by the Board, of their opportunity to take advantage of a rising market.

The Board of Commerce, in a ruling dated June 11, 1920, laid down this principle:

"The Board will not recognize prices based on replacement values on a rising market. It will be its duty in good time, as it hopes, to as carefully protect the trader on a falling market by permitting him to average his cost down as it must now carefully protect the consumer in compelling the trader to average his costs up."

The present appeal of the refiners to the Government and to the Board of Commerce is merely a request for a fulfilment of the pledge thus given.

In the same judgment, as illustrating the powers of the Board, it says:

"The Board will prohibit all refiners from selling to other than wholesalers. It will prohibit wholesalers from buying from other than refiners. It will prohibit speculators from buying or selling at all."

In other words, the Board assumed full power to control the price as well as the conditions under which sugar was marketed in Canada.

The ruling recently made by the Board and suspended by the Government, pending a further hearing, was in strict conformity with the principles the Board had laid down and is in no sense an innovation.

Sugar control and restrictions on exports were finally lifted July 1st, 1920, but with the order revoking the restrictions a letter was issued from the Department of Trade and Commerce which practically once more tied the hands of the refineries so that they were not free even then to sell their products in the world's markets, where the price was still some six cents a pound higher than the prevailing price in Canada.

Had they been left entirely free, even at this late date, to adjust their trade to the new conditions, Canadian refiners could have sold their products abroad at a price that would have protected them against the slump which has since ensued, and enabled them to meet later conditions without serious loss. Again, they were prevented from doing so.

The actual cost of Government control to the Sugar Refineries of Canada, irrespective of the losses which now confront them in the disposal of their present stocks, is conservatively estimated at from twenty to twenty-five million dollars.

The refiners have facts and figures to prove that their losses, if compelled to sell in competition with "distressed" sugar dumped into Canada from the States, will run into many additional millions.

The sugar refineries are in a different position from any other class of manufacturers in Canada, whose products have not been under Government control, and who have not been denied the right to a free market.

COTTON MEN ARE FACING A BIG LOSS

Washington, Oct. 16—The South is facing a loss of more than \$500,000,000 on its cotton crop, according to J. J. Brown, Agricultural Commissioner of Georgia. Brown is attending a general conference of farmers from all parts of the country held under the auspices of the National Board of Farm Organizations.

Wheat growers of the West and Central West are face to face with a similar probable loss due to the fall in the price of wheat, according to John Tromble of Beloit, Kan., another delegate to the conference.

"It costs 38.1 cents per pound to produce it," said Commissioner Brown. "We're going to lose \$50 on every bale we sell at 21 cents."

"To produce wheat costs \$2.77 a bushel," said Tromble. "A price of \$2.14 therefore represents a loss of 63 cents per bushel."

DISCUSSED THE LUXURY TAXES

Winnipeg, Oct. 15—Wholesale grocers, merchant tailors, and furriers at an informal tariff inquiry meeting here today met Sir Henry Drayton, chairman of the Commission, and discussed the sales and luxury taxes to which their business are subject. They claimed that in certain instances, the act imposing these taxes is burdensome and suggested means by which they might be relieved.

Because of the increased cost of fruit, the wholesale grocers held that the ad valorem duty is at present too high in proportion to the excise duty.

The commission leaves at 9.30 p. m. for Fort William where a session of the inquiry will be held on Saturday.

PARIS IS LIT UP ONCE MORE

Paris, Oct. 16—Paris is all lit up tonight. For the first time since the Germans made their aerial raid in 1914 the French capital has a full illumination of 2,500 electric arc lights, in addition to its many gas lamps. During the war the city was darkened every night as a measure of safety and since the war because of the scarcity of coal. The darkness afforded protection to criminals in the streets and was held partly responsible for the crime wave which gave the police ceaseless trouble. Now M. Autrand, Prefect of the Seine, has decided that there is plenty of coal to light the city.

BREWERS WERE FINED HEAVILY

Bridgeport, Oct. 16—Fines of \$750,000 in the aggregate have been levied on breweries and ten saloon keepers in Bridgeport by the Internal Revenue Department as a result of recent raids by members of the prohibition enforcement staff, it was announced here today.

The Connecticut Brewery has received a bill of between \$400,000 and \$500,000, the Home Products Company a bill of \$100,000, and the Eckart Brothers a like sum. The ten saloon keepers were fined a total of \$75,000.

It is understood that the bills have not been paid as an effort is under way to secure a readjustment.

SMUGGLERS ARE BUSY

Berlin, Oct. 16—The smuggling of Dutch commodities has assumed such dimensions that a special police force has been established at Cologne Central Station, which arrests dozens of smugglers every day. The smuggling of cigarettes means a loss of millions, both to the Exchequer and to the German cigarette industry. During one day 40 smugglers were arrested; truck loads of smuggled goods are seized every day.

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CANADIAN PACIFIC

Change Time AUGUST 29.

TRAIN No. 112 leaving Fredericton at 5.35 p. m.

TRAIN No. 111, arriving Fredericton at 5.30 p. m.

CANCELLED.

TRAIN No. 110 will leave Fredericton at 4.55 p. m. instead of 3.45 p. m. as at present.

For other details of train changes apply to Local Agent.

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