

17. While corporations were required in peace times to make reports of their annual statements and these were open to public inspection, private partnership firms have only been required during war time to make these returns to the Cost of Living Commission and the Food Board. Prior to making any such returns satisfactory examination of the internal trade of the country was impossible.

18. It cannot be said that the higher price level has become fixed. All the evidence is to the effect that under the present circumstances prices are unstable. Whether they will go higher, stand where they are, or fall, has not and apparently cannot be determined.

19. The truth is that the adjustment of the changed conditions has not yet been achieved and any weighing of the factors affecting it in advance is impracticable. So many factors operating can only find their true adjustment in the actual operation of business.

20. While individual prices of the present as compared with 1914 appear extravagantly high, comparison of the price of any commodity to-day with prices of other commodities of to-day presents through all classes a uniformity of increase.

21. While the underlying conditions above referred to have increased prices the close attention and control by Government agencies over the country's trade has been a large factor in preventing exceptional rises in some commodities and in securing the uniformity referred to.

22. The Committee's investigation has shown that many of the companies engaged in trade have increased their capitalization during the past five or six years very largely. Before the war, there had been many mergers, and very considerable stock-watering and a steady increase in prices have enabled corporations to make large profits and bring inflated issues to the dividend-bearing stage. Some of the profiteering was inevitable through the increase in value of stocks held, and justifiable in view of subsequent expected depreciation of the value of stock when adjustment takes place. Those companies which have built up reserves without capitalizing their earnings may justify upon the course they have followed. Yet with this allowance, the fact remains that in many businesses the profits have been very high, and required that the Government should take cognizance of the situation. Your Committee in their second report therefore recommended to the House the establishment of a Board of Commerce having powers of regulation and control of the present abnormal situation.

23. Individual cases of high profits have been discovered, but these are probably no more numerous or excessive than during ordinary times of peace. In some cases these are due to war orders, in other cases to speculation and efficiency, and again in other cases to a favored condition and greed.

24. The Committee desire to point out that some of the responsibility for higher living costs, in their opinion rests upon the consumer's wasteful buying, as for example, in the case of meats. The ordering of household supplies by telephone where the usual habit is to order the best may be mentioned as another case; and this has a distinct relationship to the third, namely, delivery, costs. These are no doubt run up by an indiscriminate use of the telephone in making several orders to the retailer in the course of a day. During the period of high wages which attended the increase in prices the public has been demanding a high class of goods of all descriptions, which is a matter entirely within the control of consumers. Lack of diligence in buying is also a factor in increasing living costs.

25. The Committee feel that the industrial expansion due to munition making in Canada is another cause of high prices. The big wages offered drew large numbers of people from the rural districts to the cities. This movement in Canada had been in progress for some time before the war, but was then accelerated. The result has been a scarcity of labour on the farms, and some very considerable reduction in the production of the farms. Many of these people are loth to return to farming and there is consequently labour congestion in the cities. There may be no way to correct this condition, but the stern alternatives presented by a business depression.