to agriculture, producing the commonly known 'cost-price squeeze' for farmers . . . It would appear that inflation has caused the agricultural industry to receive less than a reasonable share of the national income."

Important parts of the vital Canadian mining industry have been similarly affected. Mr. V. C. Wansbrough explained in his brief on behalf of the Canadian Metal Mining Association that "The mining industry affords an interesting example of how inflationary trends operate, because within the industry we have two types of operation, one type of operation where the price of the product is fixed, and has been fixed, not only for the ten-year period under review but for the past twenty-five years, viz., gold mining, and a type of operation where, as is most general in industry, the price of the product fluctuates with market conditions of supply and demand . . . vast sums of risk and development capital are constantly required and constantly at work. . . . what at a lower level of operating costs is profitably minable ore has, under the impact of inflationary cost trends, to be written off as waste rock, and usually for good. Both these factors render the mining industry highly susceptible to inflationary pressures. . . . From the point of view of the mining industry, the important factor is rather the steady trend of cost increases over the last ten years."

Chart VIII illustrates the substantial decline (nearly 40%) which has taken place over the post-war period in real value of incomes and investments which were fixed in money terms in 1946. The groups affected by this loss in real value, averaging 3.8% per year, include bondholders, owners of mortgages, pensioners, owners of life insurance policies, owners of savings accounts in banks etc. The number of persons included in these groups is very large. The Committee was informed in the submission of the Canadian Manufacturers' Association that there are "between 1.75 million and 2 million persons covered by employee pension plans; 9.5 million individual savings accounts in the chartered banks; over 2 millions owners of Canada Savings Bonds." Mr. A. R. Poyntz, President of the Canadian Life Officers Association, told the Committee that "More than eight million Canadians owned $38.6 billion of life insurance at the end of 1958." The Investment Dealers Association in their submission to the Committee estimated that "At the end of 1958 there were outstanding some $24.1 billion of Canadian bonds, an estimated $9 billion of mortgages, and $6.8 billion of personal savings deposits . . . a total of $39.9 billion . . . " The size of these figures serves to give some indication of the substantial losses which are brought about by the decline in the real value of money, and of the large number of people who are affected. Of course, the losses of the investors accrue to the benefit of the debtors. The difficulty is that in large part these are not the same persons. In other words the erosion in the real value of money has, over a period of years brought about a very considerable re-distribution of income, not as the result of deliberate policy, taxation, or productive effort, but, as the silent outcome of the subterfuge of inflation.

Another effect of the post-war inflation most frequently mentioned by witnesses before the Committee was the impact of rising prices and costs upon Canada's competitive position in the international trading world. A number of important Canadian exporting industries have, for one reason or another, found it difficult or impossible to adjust their export prices in line with rising prices and costs at home. The Canadian Chamber of Commerce described the position to the Committee in this way—"Thus import competition has been accentuated by costs rising more rapidly in this country. Moreover, some of our exporters are meeting increasingly stiff competition, in part from countries where the tempo of inflation has been less pronounced, thus weakening our terms of trade."