

articles, namely, the price paid to the farmer, is from 100 per cent to 115 per cent greater than it was five years ago. The prices of hogs have increased by 125 per cent on an average; beef cattle, 110 to 125 per cent; dairy products on the butter fat basis and eggs from 100 to 110 per cent above normal. Your Committee have considered the possibility of effecting some relief at this point, either (a) by fixing a price or (b) by placing an embargo on the export of foodstuffs. After most careful consideration your Committee are of opinion that to do either of these things would result in most disastrous effects, because, any effort on the part of the Government or Parliament at price fixing or at attempting reductions in sale prices which the farmers are receiving, would only intensify the present difficult situation for the reason that it would tend to dry up the source of supply by directing the productive energy of those now engaged in this industry into other channels; on the other hand, were the Government to place an embargo upon exports of any class of foodstuffs it would not only have the same effect, but the policy would be unsound on economic lines. It would have the effect of discouraging productive industries by restricting and limiting markets,—and surely there is nothing more obvious than the necessity of encouraging to the greatest possible extent every class of production in order that through Canada's exports we may be enabled to meet our world obligations and pay for the commodities that we must import. Moreover, the inquiry of your Committee, supported by most reliable evidence, shows if one considers labour conditions and the cost of stock feed, that those engaged in the production of these lines of foodstuffs are not making an undue profit.

4. One notable factor—in fact the most important in the opinion of your Committee is the present price of wheat which has not been inquired into with sufficient thoroughness. For many years the Department of Agriculture has been pursuing inquiries as to the cost of grain production, and these will be found in certain annual reports from the Illustration and Demonstration Stations and Experimental Farms. One witness alone, a practical farmer, upon being sworn and examined, stated that wheat production cost \$2 per bushel. An examination of Government results leaves the amount very much in doubt; indeed, but your Committee have felt obliged to accept the price fixed during the past two years as final, trusting that due inquiries were made when this price was fixed. If means existed for a precise finding on this point, your Committee feel that they should have exhausted this question, because all other food prices in a measure are determined by the price of wheat. Your Committee have to rest upon the authority above stated, and do not attempt to say whether that price is fair and just although they would add that the price as fixed was intended to be high enough to encourage production. While this level continues not only will the prices of bread and all cereals continue as they are but the base cost of all the other food products must continue to remain high, the reason being that wheat prices regulate, in a degree, the prices of staple commodities.

5. Passing on to the spread between the base cost and what the consumer pays, your Committee finds that while there may have been isolated cases of undue profits and other cases where poor business methods have resulted in high prices, on the whole the business has been carried on a margin of profit reasonably close to actual cost.

6. In the abattoir and packing house business, we find that while without question the large companies are making a lot of money in the aggregate, they are doing this because of the efficiency of their methods and their large turnover, and not because of excessive profits on the commodities themselves.

7. In the milling industries the same conditions prevail. The gross margin covering cost of milling and the profits made is about four-fifths of one cent a pound of flour while the net profit averages about one-tenth of one per cent. To illustrate what this means it has been shown that a reduction of ninety cents on a barrel of flour would make possible a reduction of one-half cent a loaf on a one and one-half