

sult of war conditions. The food purveyor has not. He has seen to it that he has been well and sufficiently paid. Accordingly, while yielding well-deserved credit to the cold storage companies of Canada for the capable manner in which they have grappled with the problem of supplying the needs of the armies and people of Great Britain and the Allies, it will be well to remember that the performance has been upon strictly business and not upon patriotic lines. The consumer, who alone has suffered for his country in the process, is the patriot."

Mr. O'Connor finds that the operations of cold storage companies generally have been fairly conducted and that there has been no illegal combination nor any excessive accumulation on the part of any company. His other conclusions are:—

"Individual instances of profiteering occurred during the year 1916. These I have already identified. If they had occurred during the present year, since the provision of the order-in-council under which I am acting in the making of these investigations, I would consider it my duty to recommend that the facts be laid before the proper attorney-general for his consideration as to their criminality.

"A tendency has become apparent during this present year, on the part of a few companies, to exact seemingly excessive margins upon beef and butter. Whether these margins are in fact excessive only a criminal prosecution or a declaration on the part of the food controller as to what shall be a fair price or a fair margin can determine.

"While, since the coming into force of the order-in-council concerning the cost of living, the margins of the companies referred to in conclusion No. 2 have not ruled as high as during 1916, they are, in my judgment, yet too high; but I have to make concerning them the same observation as made concerning the companies referred to in conclusion No. 3. Perhaps the mere mention of the matter may lead to a desirable change in conditions.

"As concerns the business of most other cold storage companies, I consider that their profits on certain lines, while not high as compared with before-the-war prices, might well be less. Their business has so immensely extended during the war period that the before-the-war margins of profit ought not to be considered now fair tests of fair profits.

"Any reductions securable by the lessening of the margins of the cold storage companies will go only a short way towards reduction of prices to the consumer. The margin of the cold storage companies is, per pound or per dozen, relatively small; the profits of the cold storage companies are made on the enormous turn-over.

"The farmer, the cold storage operator, the wholesale produce merchant, the retailer and the consumer, indeed every person who in any manner has come into relation with the commodities covered by this report, including the farm laborer whose wages have been increased, the carter whose charge has been increased, the miller whose shorts and bran command higher prices, the employees of wholesalers and retailers whose salaries are higher, the consumer who requires delivery under a more expensive system, and who, besides, is on his own part as master or employee a link in an independent but connecting chain of causation of high prices in some other commodity the price of which reacts upon the price of the commodities covered by this report, have all contributed with a multitude of unmentioned others to produce such prices as prevail. We cannot have peace prices in the midst of war conditions. As conditions change price levels will change—upwards or downwards. Prices de-

pend upon costs. If certain costs must be paid certain prices must be charged. If the farmer can be enabled to produce cheaply and will sell at a reasonable price to a distributor or distributors who will resell at a fair profit all that is possible to be done will have been done. Eliminate the profit and you eliminate the enterprise. Substitute the State and it too must regard costs and earn sufficient profit to make the enterprise pay its way. Any other course leads towards State bankruptcy.

"In connection with conclusion No. 3, I refer to the preceding figures for April, 1917. Replacement costs may have tended towards enhancement of the margin on beef during that month. The farmer or producer was charging more for the product. As respects butter, a western company sold over 200,000 pounds of butter at a margin of ten cents per pound. The selling price, notwithstanding, was but one cent above the average price ruling at the time. An explanation was demanded. It transpired that the butter had been bought at a price very much below the market rate. My conclusions concerning this case, based upon the law, were as follow: The transactions were isolated. One who buys low, as one to whom an article is gifted, may, so far as the law is concerned, sell at the prevailing rates. A temporary fluctuation of a cent or two in price is common and unavoidable, so that it cannot be said of one who (unless consistently) sells a cent or so in advance of the prevailing price, that he is necessarily an extortioner. So I make no recommendation concerning the case but exhibit it as an example of an opportunity that came to a firm to share with the public a 'good thing' but which opportunity the firm overlooked. Its action was not, in my judgment, illegal, but was it respectable? Likewise as to the more aggravated, because continuous, exaction of excessive profits by another firm, on bacon: aside from the matter of illegality, is this sort of thing to be considered respectable? Mine may be as the voice of one crying in the wilderness, but I have to register in the negative."

The commissioner makes the claim that the figures in his report are "highly reliable." On this point he says: "For the six months last past I have maintained a close and persistent scrutiny over the operations of these companies. Without exception they report to me monthly, with items, their stock on hand, their receipts, their costs, their sales, their prices realized and the quantities sold for export and for home consumption respectively. In the beginning the necessary information, covering a four-year period, year by year, 1913 to 1916, inclusive, was obtained under oath. The monthly reports are by cards not under oath, nor need they be for the present purpose, because they connect with the basic information originally obtained. Nor have I omitted to check the returns as to exports by the customs figures, nor to check those given from time to time as to domestic sales by examination of the actual invoices of purchasers, extraneously obtained. Further, in response to many suggestions from such companies that I personally attend and examine their books, I have caused it to be known that in due course an expert accountant will in all likelihood attend for this purpose. You will be aware that I have already recommended such action, for the purpose of verification and especially of securing an accurate computation of the profits upon by-products. I make the preceding statements to justify the claim that the figures hereinafter appearing may be accepted as highly reliable."

After analyzing the table showing the business done by the cold storage companies (and printed on the following page), Mr. O'Connor says: "It is possible now to see the real character of the work of the cold storage com-