times. It concluded: (*a*) general price control should not be relied upon for stabilizing prices, and (*b*) "price control in any form is no substitute for action designed to bring over-all demand into line with over-all supply. It disguises inflation and fails to remove the cause of the trouble".

External Influences. — "Foreign prices" the Commission noted "affect Canadian prices most directly through the purchase by Canadians of goods produced outside the country and through the impact on domestic prices of the prices received by Canadians for the goods they export." The import content of goods purchased by Canadians is about 30 p.c.; for capital goods and equipment the percentage is possibly higher. The United States lifted controls in the summer of 1946 and the wholesale index in the United States rose by 35 p.c. in the period May, 1946-March, 1947, the consumer price index rising by 19 p.c. In the same period the Canadian wholesale index rose by 10 p.c. and the cost of living by less than 6 p.c. These Canadian advances would have been higher had it not been for the action of the Government in appreciating the Canadian dollar to parity, in retaining price controls and subsidies on imported and domestic commodities, and in retaining embargoes. Imports also showed a much lower rate of price advance than did United States prices generally and, as a result of the use of bulk contracts with the United Kingdom, export prices rose by only 14 p.c. The Commission was convinced that "in view of the intimate relationship between the economies of the two countries, prices in Canada could only have been insulated by an elaborate and continuing system of export controls or by a government monopoly of selling and by a very complicated system of import subsidies and import allocations or by a government monopoly of buying".

The dollar shortage also contributed to rising prices by the use of domestic substitutes or similar goods obtained from other countries. Larger exports to the United States to improve the dollar position resulted in many instances in increased prices in Canada.

Finally, the decision to extend loans and credits to other countries added to demand without adding to supply, thereby contributing to inflationary tendencies.

The Investment Boom.—Post-war capital expenditures have been larger in both dollar amounts and in physical terms than in any other period of Canadian history. Investment expenditures by government did not account for much of this expenditure despite the construction of schools, hospitals, etc. The chief elements were the high level of housing construction and of business investment expenditures to make good deficiencies of the depression and war periods, to enlarge productive capacity and to take advantage of favourable financial conditions, but it is very difficult to determine how important the making of investment expenditures, at the same time as Canada was bidding for resources for other purposes, has been in relation to other price-raising factors.

Fiscal and Monetary Policy.—While Canadian fiscal policy during the inflationary period was similar to that followed in the United States and the United Kingdom, the Commission felt that it probably reflected public thinking and discussion, which seemed more concerned about recession than post-war inflation. Nevertheless, the Government "made a determined effort to pay for a high proportion of the costs of the War out of taxes and to finance the rest by methods calculated to reduce the volume of spending". There remained in the hands of the public a large volume of liquid savings which added to the difficulty of keeping the post-war inflation