in check. Special tax concessions to business to encourage capital expenditures, low interest rates and a high rate of spending on current consumption made some inflation inevitable. The Commission was of the opinion that taxes might have been maintained at a somewhat higher rate, though prices would doubtless still have risen albeit at a lower rate of increase.

Prices and Wages.—The Commission observed that wages are, in truth, a varying part of total costs of production but higher wages do not necessarily mean higher labour costs per unit of output. Much depends on productivity. "When prices and wages were decontrolled after the War, the average rate of increase in wage rates roughly paralleled the increase in the cost of living, so that real wages changed but little." Taking into account the post-war reduction in income taxes the Commission thought it "probable that most workers are as well off as they were in 1945".

Prices and Corporate Profits.—The Commission found that profits reported by Canadian corporations, though somewhat larger in recent years, "contain an element of what is essentially an inventory profit arising from the particular method commonly used in valuing inventories". They also tend to be somewhat overstated because the allowances made for depreciation are probably insufficient to replace, at to-day's cost, the capital which has worn out during the year. Corporate profits have also been increased by extremely profitable sales abroad, and to that extent do not form part of the domestic price. Looking at corporate profits as a whole the Commission did not conclude that "the raising of prices to earn exceptionally high profits was general, or played a major part in the rise in prices since the end of the War"

Agricultural Prices.—Agricultural prices have risen more rapidly than prices in general since 1939 but, since the end of the War, farm products prices have risen less than prices of most other groups in the wholesale index. The chief explanation for this lies in the removal of food subsidies which kept food prices down during the War. Farm prices moved upward in response to the acute world shortage of food, an aftermath of the War. Food contracts with the United Kingdom and restrictions on exports to the United States kept Canadian prices from rising to the levels prevailing in export markets.

The Effect of Mark-ups and Margins on Prices.—It was general for the distributive trades to maintain the same fixed percentage mark-ups on their various lines of merchandise as their costs rose. This, the Commission felt, increased prices to the consumer much more than a dollar and cent mark-up would have done. One reason given for this was that it is a convenient and quick pricing procedure. The claim was also made that other operating expenses rise in a period when the cost of merchandise is rising and that this procedure is used as a hedge against inventory losses when prices decline. The Commission found it "difficult to justify the augmented dollar profits made by distributors who invariably maintain the same percentage mark-up as when their rate of stock turnover was lower . . . . The increased rate of stock turnover during the War and post-war years, combined with a comparatively small number of mark-downs, would" the Commission felt "have made it possible for the distributive trades to take a lower percentage mark-up and still realize larger net profits in dollar terms".