

**Restrictive Business Practices.**—Among the industries examined, the Commission found a number where conditions were highly competitive. There were a few where there was little competition. "More significant is the growing tendency towards monopolistic competition through brand names and special advertising, price leadership by a few large firms . . . and resale price maintenance (by the manufacturer) . . . The experiences and influences of the war period created conditions conducive to the spread of patterns of behaviour from which active price competition is excluded." The Commission did not find monopolistic practices, however, to be a major factor in the recent rise in prices.

**Prices of Individual Staple Commodities.**—The following ten commodities were those in which "some substantial price increases took place during the past two years":—

*Bread.*—"The tendency among large multiple bakeries has been to minimize price competition and to use expensive sales promotion and advertising". Many of them use retail price maintenance. Margins guaranteed to retailers seemed to the Commission to be out of proportion to the margins that would exist under competitive conditions. "If retailers had greater freedom to compete . . . lower priced bread might have a . . . significant effect on the general price level". The Commission questioned whether the removal of the price ceiling and delayed adjustments in other costs justified increases in prices.

*Butter.*—The removal of the subsidy in 1947 brought about an expected increase of about 10 cents per lb. The lifting of the subsidy on coarse grains also caused a rise in prices but the predominant factor in the price rise was consumer demand.

*Live Stock and Meat.*—The sharply increased prices of pork and beef in 1948 were found to be due largely to external influences. The price of pork was almost entirely determined by United Kingdom contracts and the lifting of the embargo on the export of cattle to the United States strongly influenced the price of beef. The Commission found the primary live-stock industry and retail meat trade very competitive but three large firms control 60 p.c. of the total inspected slaughtering. The three largest packing firms made a net profit of \$4,300,000 in the four months following the removal of controls compared to less than \$1,000,000 in the corresponding period of 1947. Substantial profits were made on holdings in cold storage as a result of inventory appreciation when prices advanced with the changes in United Kingdom contract prices.

*Fruits and Vegetables.*—With the imposition of import restrictions in November, 1947, curtailed supplies and high consumer demand brought about a rise in prices. There was evidence that some wholesalers increased their gross margins to compensate for decreased volume of sales. These enhanced margins did not appear to the Commission to have been altogether necessary.

*Primary Textiles.*—Cotton fabric production, which in 1948 barely equalled the 1939 level, together with high consumer demand caused shortages. Primary cotton manufacturers attributed this to labour difficulties but the Commission thought that it may also have been "due to the fact that they operate with some degree of monopolistic advantage behind a heavy protective tariff".

The concentration of business in the primary wool industry is less than in primary cotton and there is less similarity in the fabrics produced. Operating income as a percentage of sales increased considerably for most firms between 1936-39 and 1947.

The synthetic fibre industry is conducted by three large firms, each occupying a monopoly in its own field. The returns of two of these firms were regarded by the Commission as "very high indeed".

*Secondary Textiles.*—The chief factors in the price rise in the clothing field were found to be increased cost of materials and labour, and the fixed percentage mark-up system.

*Chemical Fertilizers.*—"Prices of chemical fertilizers increased much less than the average of all price rises since the pre-war period." World prices are well above Canadian prices. Rises in domestic prices may be attributed to higher costs for imports and manufacturing. Generally speaking, individual producers have kept their prices at a reasonable level.