

**CANADA'S PRICE CONTROL POLICY
UNDER THE
WARTIME PRICES AND TRADE BOARD**

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INTRODUCTION

The waging of war has been long since but a battle of armies fighting only with their own personal weapon. History has recorded the development of fighting, from that common to the nomadic tribe in which each member prepared himself sufficiently for war, to that seen during 1914-18 when the industrial might of all belligerents was harnessed and arrayed in support of the fighting man. "When a Tartar or Arab actually goes to war he is maintained by his own herds and flocks which he carries with him, in the same manner as in peace." (1)

Warfare has developed through many forms, until today we see the almost complete mobilization of man power for industry and the armed forces, with their allied services (eg. transport etc) with all that goes to make up the economic structure of the country, along with the concentration of the best brain power of the people, all coordinated by necessity in the effort.

The first great war was without exception the first occasion when the majority of people realized wars were won primarily in the factories and fields. With due justice to the fighting men, praise for the supplier and organizer of materials has been neglected. Again the airman, we are told, has five men supporting him, conditioning his aircraft before

(1) Clark Harold Moulton - Readings in the Economics of War
- Chicago, Illinois. 1918. p.95.
By Adam Smith - Adapted from "An Inquiry into the Nature
and Causes of the Wealth of Nations (Wakefield Ed.)
Book V Chap. 1. pp 1-12

battle. War no longer consists merely of fighting armies coming into immediate contact.

Total war demands coordination of all forces. With war comes expansion of output, absorption of the labour reserve into industry, agriculture and the army. After expansion comes conversion of industry from non-essential production to that of war materials, which strains the country's economic equilibrium. Civilian consumption is necessarily curtailed or reduced, and inflation or taxation, saving, rationing and borrowing tend to establish a new equilibrium. The latter is desirable, the impact of inflation being much greater and more devastating.

Mr. Spiegel speaks of the production of munitions by expansion and later by conversion as the "positive efforts". "If the positive efforts of war so attained, civilian consumption has automatically been reduced without requiring any further action. On the other hand, policies designed to stimulate the negative effort (by reduction of civilian consumption) are in no way sufficient to secure the positive effort and must be supplemented by deliberate action in order to bring about the latter."(1) The job of the Wartime Prices and Trade Board was to accentuate the "Negative effort" at the same time as the Department of Munitions and Supply and other Departments governed the increase in the "positive

(1) Henry William Spiegel, *The Economics of Total War*
- New York 1942. P 109.

efforts."

In this thesis it is my intention to deal with the "negative efforts" as dealt with by the W.P. & T.B. We wonder why the "positive efforts" alone could not have governed our war production. The answer is simply that we in a Democracy cannot move quickly and effectively as can a Totalitarian State. Such action would not be politically or psychologically feasible in a country conditioned by a laissez-faire and an individualistic tradition. The only alternative has been "negative efforts" adopted by the Government and accepted by the populace on the conviction of the existence of a national emergency.

CHAPTER I

"THE ORGANIZATION"

(1)

Upon the outbreak of war, immediate concern was shown by the Federal Government to prevent the disastrous rise in prices which so seriously dislocated the Canadian economy during and immediately after the last war. On September 3, 1939 the Government, by Order in Council established the Wartime Prices and Trade Board and invested it with extensive powers over price and supply of food, fuel and other necessities of life and charged it with ensuring adequate supply and equitable distribution of such commodities.

Fortunately the laws of Canada permitted the immediate establishment of controls - No special Act of Parliament was necessary. Under the War Measures Act of 1914,(1) the Governor in Council had the power to act as he deemed necessary to regulate and control "trading, exportation, importation, production and manufacture" in a period of war. Under this authority, P.C. 2516, and such subsequent orders were issued.

This prerogative was immediately put into effect and agencies were established. During the former war, it was not until November 10, 1916, that an Order was passed making it illegal to profit by the abnormalities caused by war. The initial Order in Council governing the Wartime Prices and Trade Board placed final responsibility in the office of the Minister of Labour. Subsequent orders enhanced the Board's Powers and scope, and direct responsibility was thrown on the Minister of

(1) Canada, The Revised Statutes of Canada. Ottawa, 1927.
Chap. 207.

Finance to relieve the pressure on the office of the Minister of Labour.

The powers of the Board were only partially exercised in the first administrative period (September 1939 to November 1941). The main emphasis centred on suggestions rather than direct controls, and policies were implemented with a minimum of government intervention in trade and with the fullest co-operation of existing governmental bodies (1). The establishing of a homogeneous smooth working organization was central in the minds of the Cabinet members. A sound foundation was built. The Board was organized in departments, each responsible for some specific portion of the Board's work. These departments corresponded with Government departments and worked with and under them. In anticipation of a short supply of wool, sugar, hides and leather and coal, Administrators were appointed to govern the price and distribution of these products. With the life of the Board, progress of the war and demand on Canada's economy, the appointments of Administrators increased. "Appointed by Order in Council, these Administrators were given power to act under the direction of the Board and subject to the approval of the (Cabinet) ministers," (2) in whose department the control of the good existed.

Orders in Council P.C. 6834 and 6835, August, 1941, more

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- (1) Dominion of Canada - Report of W.P. & T.B. September 3, 1939, to March 31, 1941. P.6.
(2) Dominion of Canada. Report of W.P. & T.B. September 3, 1939, to March 31, 1943. P.5.

(3)

closely coordinated the control of price and supply. These had for some products been divided between the W.P. & T.B. and the Wartime Industries Control Board.(1) The former was given "broader authority in the field of price controls"(2) the latter control over "supply and allocation of all materials essential to the war effort."(2) These orders also broadened the field of control from "necessaries of life" to "goods and services." The chairman of each Board was also a member of the other, giving a homogeneity. The Board was, as it were, the "switch-board" through which followed the Government policies issuing from the offices of the Cabinet ministers, and in turn were transmitted into actual orders and regulations. The Board departments had limited powers to draw up regulations. The Ministers formed the policies; but were obliged to answer for and defend the policies before parliament. This organization cut out much overlapping and made use of expert personnel (3) (eg. Dominion Bureau of Statistics, Weights and Measure Service of the Department of Trade and Commerce.)

These newly created departments constituted integral parts of the price ceiling plan. For example, the task of mobilizing and controlling resources, providing munitions and essential supplies was placed under the Department of Munitions

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- (1) The Wartime Industries Control Board was established under the Department of Munitions and Supply charged with supply, in order to control prices of goods under its jurisdiction its officers were made Administrators of the W.P. & T.B.
- (2) Dominion of Canada. Report of W.P.&T.B. September 3, 1939 to March 31, 1943. P.5.
- (3) Jules Backman - The Price Control and Subsidy Program in Canada. Brookings Institute Washington D.C. P.15.

and Supply. This later developed into the Wartime Industries Control Board as its duties broadened. The provision of war materials and supplies was carried on by the W.I.C.B. Supply and distribution were independently dealt with; but the W.P.T.B. governed the price policy. As seen above the W.I.C.B. worked hand in hand with this Board, the principle of "locked directorates" being skilfully applied. The officials of related Boards were members of each body, thus "through reciprocal representatives the Board had liason with the control authorities in the field of labour, exports, agriculture supplies, priorities and war supply."(1)

By November, 1941, the Board consisted of representatives from six Governmental Departments - Finance, Agriculture, Labour, Munitions and Supply, National Revenue and Trade and Commerce. In addition to their permanent officials, eleven prominent outside men had been appointed to the Board between 1939 and 1941.

These "outsiders" were requested to accept their duties as a service in a time of national emergency. University professors, lawyers, manufacturers, bankers and chartered accountants accepted the invitation giving their professional knowledge and expert advice to this new Government Service.

This Board so composed found it necessary to establish regional offices in the provinces. The personnel numbered 150 persons in August 1941 and increased to 5,447 in December 1943.

(1) K. R. Wilson - Price Control in Canada. Ottawa 1941. P.35.

By the end of 1943 the organization had been well filled out. Each province in the Dominion except Ontario and Quebec, set up one Regional office. Ontario required four; located centrally in Toronto, London, Brockville and North Bay. Quebec set up two such offices. The Wartime Industries Control Board used this same organization and the same offices.

It was the duty of the Board's Representatives in the Regional Offices to handle all the local price and supply problems. As their duties increased and their powers were enhanced, the Regional Offices found it necessary to open sub-offices in all the important cities and leading towns throughout the country.

The W.P.T.B. and W.I.C.B. then, controlled price and supply respectively and were responsible to the Minister of Finance. The Boards had their Administrators drawn from permanent government officials and specialists called in from civilian posts. The main policies were issued through the Administrators to the Regional and sub-offices and thence to the general public. The Board was assisted in their work by Associated Crown Companies mainly the Commodity Price Stabilization Corporation Limited, Food Corporation Limited, Canadian Wool Board Limited and Wartime Salvage Limited. Such was the framework of a great organization built in Canada, whose one objective was to reduce and minimize the ill effects produced on the economic structure of a country engaged in a struggle for its life.

Minister of Finance

W.P.T.B.

Management Committee

Administration	Associated	Administrators	Regional
of Commodities	Crown	of Trade & Services	Offices
by Controllors	Companies	Retail	Sub-Regional
and Coordinators		Wholesale	Offices
		Services	
		Rentals	

For the first few months of its existence the Wartime Prices and Trade Board gathered and compiled data on the distribution and sales of some forty different commodities. Details on sugar, textiles, butter, leather, fuel, beans, flour, mill feeds and other necessities came first.

Not until December, 1941, did the Board effect the overall "price-freeze" which was announced by the Prime Minister in a radio broadcast October 18, 1941. Between September 1939 and September 1941 prices were fixed for only a few selected products, eg. butter, wool and sugar. The necessary statistical knowledge was not available at the earlier date nor was it then considered necessary to make an overall ruling.

On January 19, 1940 the Wartime Price and Trade Board set a maximum price of forty-five cents per pound on quarter-blood fleece and pulled wools of a specific quality. This order however was revoked shortly as its purpose had been fulfilled, "mainly that of maintaining the flow of these wools into manufacturing channels and at the same time safeguarding the majority of the trade which had previously released extensive holdings at prices suggested by the Wool Administrator." (1)

During the Board's embryo stage, excellent cooperation between the Dominion and the provinces existed. Such provincial measures as Alberta's order establishing a maximum wholesale and retail price of sugar and butter is typical.

(1) Labour Gazette - Department of Labour. Ottawa. February 1940. P.96.

CHAPTER II

"THE ADOPTION OF THE OVERALL PRICE CEILING"

From September 1939 to December 1941 the visible action of the Wartime Prices and Trades Board was very limited. This period was spent convincing the manufacturers and distributors of the need for their cooperation. The success of this phase later meant the success of the whole plan. The degree of cooperation was increased by frequent conferences between manufacturers, distributors and Board members. The Board was open and frank in its dealings. The cards were laid open and face up. The great majority realized the problem to be faced and were anxious to see and accept their responsibilities.

The Government solicited the aid of the manufacturers and received it. The Board acted as a liason between the Government and the individual producers with respect to wartime commodity controls. Wool, sugar and other import commodities necessitated international cooperation. "The co-ordination of its (the Board's) policies with certain of the United Kingdom and other Empire Controls is particularly close." (1) The Administrators distributed the supplies secured through these agencies. (2)

In this early period the Board's controls were handled through six Administrators namely, wool, hides and leather, sugar, coal, rents and animal and vegetable oils. Immediately on the outbreak of hostilities the memory of the sugar shortage

(1) The Canada Year Book 1941. Dominion Bureau of Statistics. Ottawa. P. XXXVII.

(2) For a detailed treatment of the Board's activities and actions of Administrators up to December 1940, vide thesis presented by Norman M. Ward entitled "Wartime Control of Necessities with Special Reference to Canada." McMaster University, Hamilton.

during 1914-18 induced the housewives to lay in supplies of sugar against future requirements. In short order, retail food merchants found it necessary to limit sales to five pounds per customer. Nevertheless the public contrived to circumvent this "rationing by distribution" and liberal and often excessive supplies found storage space on pantry shelves. The Sugar Administrator took action, and sought the cooperation of the United Kingdom Sugar Controller. Great stocks were released thus defeating the threatened shortage caused by abnormal purchasing.

And so up until the end of 1941 "the principal activities of the Board have been concentrated more on the provision of adequate and regular supplies (of necessities) rather than a widespread price fixing or rationing (programme). On occasion maximum prices have been set for wool, bread and flour and butter." (1) These were immediately withdrawn as the situations warranted such action.

Price Control 'en masse' was introduced by the Board in October of 1941 and became effective December 1. It was in the summer of this year that it became apparent that production for civilian consumption was beginning to fall behind civilian demand. If continued, this could mean only one thing that inflation, that wartime menace, would take command of the country's economy. There was evidence of this encroachment.

(1) The Canada Year Book. Dominion Bureau of Statistics, Ottawa. 1941 P. XXXVII

From April to November 1941, a seven months period, the cost of living index rose by 7 percent which was equal to the increase during the nineteen months, August 1939 to April 1941. The effective demand for commodities was far greater than the supply. The depletion of purchasing power through taxation and borrowing was not strong enough to stem the mounting tide of "effective demand."

The Board was unable to secure the supply of all necessary non essential goods and so set up an overall price ceiling to prevent inflationary prices of scarce products. For example, in 1942 the production of automobiles was all but discontinued in favour of military trucks, tanks and cars. Ceiling prices were placed on motor cars even before the order to cease production. A comprehensive schedule of ceiling prices for all second hand cars also was made law. The Government through the Minister of Finance also did all possible to drain off the increased purchasing power, in that way relieving the supply problem considerably. Other methods of counteracting the threats on supply are treated at length in the following chapters.

Retail prices were frozen at the level of those prevailing in the period September 15 - October 11, 1941. Mr. Donald Gordon, Chairman of the W.P. and T.B, referring to the adoption of the price ceiling in a radio speech November 21, 1941, said "this is our policy, on that we are resolved. To that line we will hew." Difficulties challenged this line but the records show the effectiveness of the scheme. The index (cost of living) rose 2.7 points in 1940 - 9.6 points in 1941

(11)

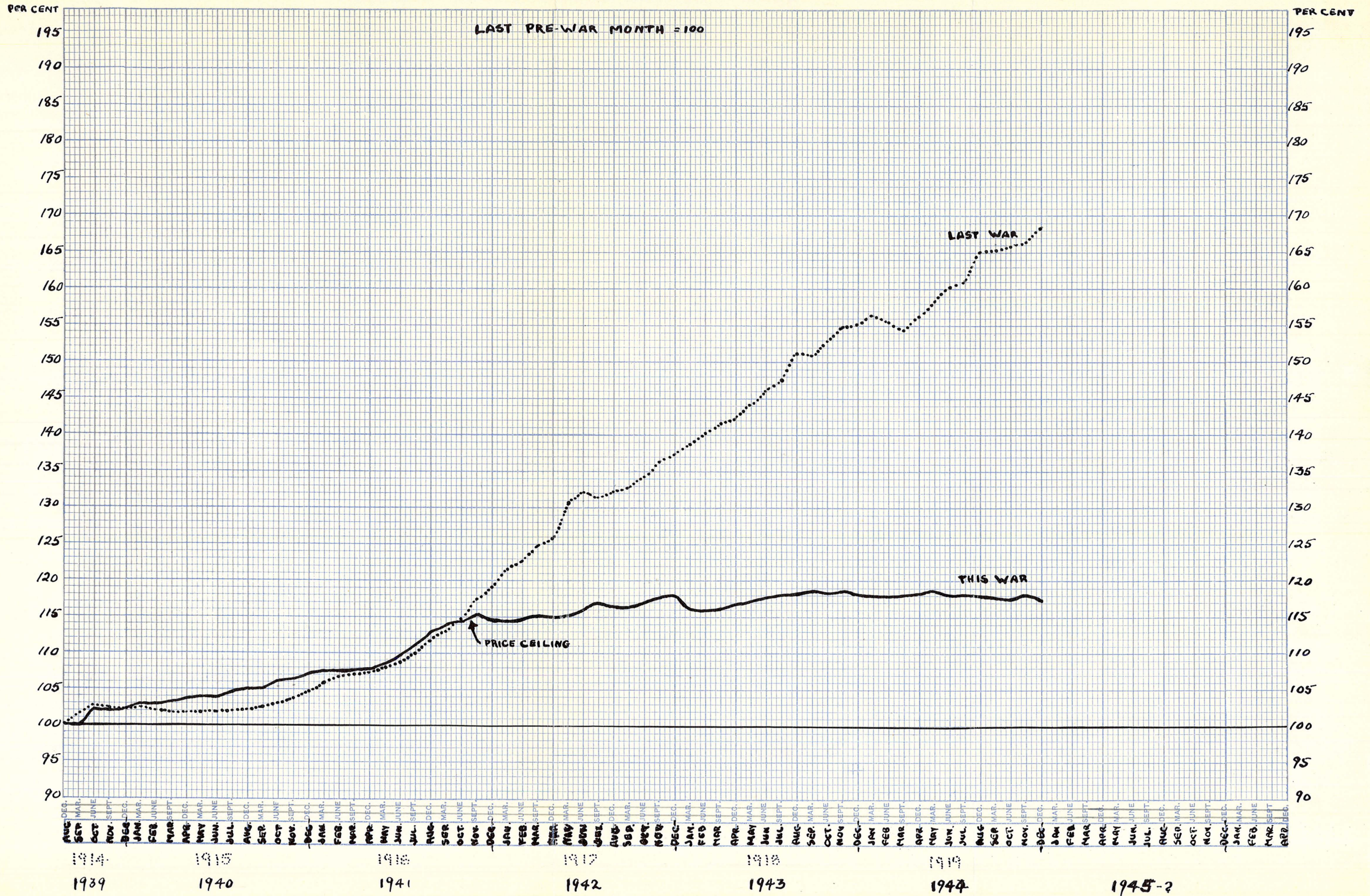
and in 1942 only 2.5 points.

Canadian Cost of Living Index (1939-41)

(September 1, 1939 = 100)

Items	Oct.2/39	Sept.2/40	Apr.1/41	Oct.1/41
Food	107.0	106.0	110.9	124.1
Rent	100.6	103.0	103.8	107.1
Fuel and Light	105.5	109.9	110.0	113.2
Clothing	99.5	112.8	114.2	119.5
Home Furnishings and services	100.2	108.1	110.9	116.3
Total Index	102.7	105.6	107.7	114.6

CANADIAN COST OF LIVING IN TWO WARS



In the seven months prior to November 1941, the cost of living index rose by 7 points. Properly to understand the situation we must investigate the reasons for this sudden rise at this particular stage of the war. A general price rise in our economy immediately suggests a change in the demand or supply, or in both the demand and the supply of commodities in the market, or change in the volume of currency. This latter may be disregarded as figures show no appreciable change took place. We must, therefore, look to the composition of our economy and to the demands placed on the various production groups, which constitute that economy, for the explanation. Two phases are seen in the first two years of the war.

Early in the war, Canadian production went on almost as before. The Canadian Government had not begun its great war financing scheme. The British Government had only placed orders for Bren guns and minor machine parts in Canada. A few planes were assembled: orders for uniforms were small. Canadian manufacturers were called upon to follow meticulous British army specifications which were diametrically opposed to Canadian methods of production and so large orders were not sought. Manufacturers accepted the orders that came reluctantly and because of patriotism.

Producers well remembered the lessons learnt in the first World War. Many business men had found themselves without a peace-time clientele at the end of that war. They had concentrated on war orders, and when these had been filled they found

great difficulty in winning back their former business. The leaders of industry cannot be accused of being unpatriotic when they did not clamour for war orders and awaited Government action. The Canadian Government waited for word from Britain as to her needs. The reply was that Canada need only supply raw materials and primary products from her "excess capacities" in the mining, lumbering and farming industries.(1) Beyond these requests modest outlays for coastal defense and rifle ammunition were made.

And so we see that in the first nine months (the first phase) of the war no great transfer of production took place. "For six (sic) months Canada marked timeit was England's War. Toronto industrialists went to London but got only a few educational orders for shells, military clothing and powder. They were pointedly told that the production of planes, tanks and guns was well provided for in England."(2) So Canadian production maintained its peace time gait.

The unemployed however were employed in the expansion of established industry and by entry into the armed forces. More money was in circulation but the increased purchasing power of the new money had no appreciable effect on the economy until peace time (supply) commodity production was drastically cut and overloaded inventories worked off.

Britain's leaders had not, up to that time, summed up

(1) A.F.W. Plumptre - Canadian War Finance - Washington, D.C. 1941 P.2.

(2) Fortune New York, N.Y. November 1940. P.57.

the vast war production that was required to defeat Germany, and when this became apparent demands on Canadian industry steadily increased. This resulted in a wholesale conversion from peace time production, the second phase, which was accompanied by a rise in the cost of living. By the end of 1940 the change took place. This conversion can be best illustrated by an example. Orders for planes, ships, tanks, ammunition, bombs and guns of every description necessitated a great reduction of civilian goods. The automotive industry cut its peace time production and early in 1941 completely discontinued its civilian production so that all its facilities could be devoted to war production. A number of the 1942 supply of autos were kept in reserve for high priority drivers eg. doctors and Government officials. The one other industry best equipped for conversion was ship building. Following the demands of government orders, that industry ceased pleasure boat construction. The smaller industries lost their labourers and skilled technicians to the new war plants constructed in 1941 and after. All this expansion and reconversion meant only one thing to the price control authorities - their job was beginning in earnest.

The effect of the increased purchasing power and its counterpart, the contracting supply of civilian goods, far exceeded the draining effect of government borrowing and taxing. The rise in the cost of living started in May 1941 and as noted above, by September the cost of living index had risen as much as in the preceding year and a half.

The Board was forced then to proclaim an over all ceiling on prices and wages. As was expected many adjustments had to be made on the basic period September 15 - October 11, 1941. Had this period been one of perfect equilibrium no such adjustments would have been necessary. However no given time can be expected to be "typical" and this was no exception. The Board then set out to bring certain prices and wages into line with the general ceiling prices.

The sudden upswing of living costs during the spring of 1941 necessitated immediate government action, which we have examined. The overall price ceiling, coupled with the ceiling on wages and salaries, became the objective. The problem lay in the existing disparity between the costs of production and the selling prices of products during the basic period.

The sudden increase in prices between April and September caused many complications in the Administration of the ceiling. However, if this rise had not developed, the adoption of the ceiling on December 1, 1941, would not have been necessary. A general rise in price of raw materials and finished goods was due mainly to labour shortage and increased demand for goods. A greater amount of money and a greater velocity of circulation brought on this increased demand for goods.

The raw materials purchased, before the ceiling was imposed, were to become products to be sold after the ceiling was put into effect. Here we see the essence of the time lag problem. Goods to be sold after the ceiling was imposed were made from materials purchased, perhaps, several months before, during the pre-ceiling period.

Board order #116 covering manufacturers' maximum prices for certain groceries described in the schedule to that order are not to exceed the prices charged during the month of June, 1941. "Maximum prices at which any manufacturer may sell or supply or offer to sell or supply any specified grocery....are hereby varied and shall be determined as though(they) referred not to the basic period from September 15, 1941 to

CHAPTER III

"TIME LAG PHENOMENA AND NECESSARY PRICE ADJUSTMENTS"

October 11, 1941 but to the month of June 1941."(1) Some of these articles are baking powder, breakfast cereals (cooked or uncooked) roasted coffee, packed coffee, prepared coffee and coffee substitutes, bottled maple syrup, jam, jelly, marmalade, canned soup, table salt, bar soap, corn syrup, etc. Such steps were taken for other than groceries, to ensure that replacement costs of wholesalers and retailers would be held at a level which would enable them to sell their manufactured articles to the consumer at ceiling prices.

On examination, we find that industries are reluctant to raise their selling prices and often hesitate to do so. They even absorb small losses in the hope that an increase in prices of materials will be followed by a decrease. This action saves their clientele and, if their reserves will allow, is very good business. In this case, however, prices did not drop and just at the time when many firms felt it necessary to increase their prices, the ceiling was imposed.

Another phase of the time lag problem is seen in the distribution of goods. For many products the period of distribution from producer and manufacturer, through wholesaler and converters, to the retailer takes several months. The manufacturer in many cases had raised his price to the wholesaler and, when the latter delivered the goods to the retail store, the government had set the price in accordance with the previous

(1) Canadian War Orders and Regulations 1942 - W.P. & T.B.
1939-42 Office Consolidation P.70.

delivery, on pre-ceiling costs.

The "retail squeeze" - the pinch between the rigid ceiling on retail prices and the increasing costs of production - was anticipated by the Board. The original suggestion of a "horizontal" ceiling: "that is, to apply the price ceiling rigidly at every stage of production and distribution"(1) was found to be impracticable. The Board did not expect the ceiling to be an impervious one, impenetrable at any point. The necessity of constant watch and price adjustment was foremost in its mind.

"The original maximum Price Regulations exempted exports; sales to the Department of Munitions and Supply and its agents; isolated and personal sales; sales by auction; real estate and title deeds."(2) Fresh fruits and vegetables subject to wide seasonal fluctuations were exempted on November 21, 1941, by the preliminary statement of Policy issued by the W.P.T.B. and later by Board Order #189. Shortly after "livestock, poultry, eggs, milk, cream, dairy butter, farm-made cheese, honey and maple syrup and fish, when sold by primary producers to dealers or to processors, were exempted."(2) A subsequent order classed raw and dressed fur skins with the seasonal goods and so exempted them from the ceiling. The Board did stipulate however that domestic prices must "bear the usual relationship to export prices."(2)

(1) K. R. Wilson, Price Control in Canada. Ottawa 1941 - P.13.

(2) Wartime Prices and Trade Board - Quarterly Summary, 1941.
October 1 - December 31. P.3.

The modifications of the overall price ceiling regulations may be grouped generally under four headings. The general exceptions have been noted above, and to these can be added a few non-essential seasonal goods such as "fresh fruit (other than bananas) and greenhouse productsflower seeds, bulbs, hay and strawChristmas treesraw and wholly or partly dressed fur skinslive animals, birds, fishsales by philatelists or collectors of new or used postage stampsthe sale by any person of his personal or household effects."(1)

It was necessary to allow for fluctuations in seasonable goods. Fresh fruits early on the market cannot be sold at a constant price during the whole season. Tomatoes and strawberries, for example, cannot be sold at the same prices the year round. While the Board did not set specific prices for these seasonal goods they did keep them under close scrutiny and issued regulations concerning them from time to time. Under Order #76 of the W.P. T.B., the Administrators concerned, in consultation with the manufacturers, set prices for seasonal goods not sold during the basic period. A certain "mark-up" was allowed in individual cases, where the ceiling price set was lower than that common when such goods were last sold. These prices set were, more than often, in keeping with the general retail price structure of frozen maximum prices. "The list of seasonal goods includes: beachwear and accessoriesmen's and boy's sportswear; summer furnituresporting goods and seasonal novelties."(2)

(1) Canadian War Orders and Regulations 1942 -W.P.& T.B. 1939-1942.
Office Consolidation P.144-5-6.
(2) W.P.& T.B. - Quarterly Summary 1942 - January - March 31 P.6.

The Board played the part of guardian for both the general public and manufacturers. It was a wartime necessity, set up to do a job, not to exert influence one way or another for one interest or another. Price adjustments were made in hardship or "anomaly" cases. The general freeze having pegged individual prices to those prevailing in the basic period, caused some prices to be pegged unduly low. If a merchant up the street had failed to raise his price, when his competitor did so, during the basic period, and found that he had, by his inaction, prejudiced all future sales, the Board came to his rescue.

Certain such cases, where the retailer's prices were abnormally low, were cited. On May 1, 1942 Order A 117 permitted the price of Oka Cheese to be increased 2 cents per pound by all retailers in Ontario who had not previously so increased their price between August 1, 1941 and October 11, 1941.(1) The Maple Leaf Ice Cream Limited and Davies Dairy Products Limited by order of the W.P. & T.B. # A 203 June 2, 1942 were permitted to set a "maximum price of sixteen cents per pint brick of ice-cream soldto any retailer. Retailers may not charge more than twenty cents for the same bricks."(2) Like concessions were made to the Hudson's Bay posts. Order A 166 on May 18, 1942, provided for "changes not greater than maximum of basic period plus increase in laid-down cost from the spring season of 1941 to the basic period."(3)

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- (1) Canadian War Orders and Regulations 1942 - W.P. & T.B. Office Consolidation Administrator's Orders - To December 31, 1942. P103.
 (2) W.P. & T.B. Quarterly Summary 1942-April 1-June 30 Appendix F P.27.
 (3) W.P. & T.B. Quarterly Summary 1942-April 1-June 30 Appendix F P.28.

Prices of certain new goods or goods off the market during the basic period, were established by special orders. Canadian Cheddar Cheese was not being sold on the consumers market during the basic period. All such cheese was being shipped to the British Isles. However, in May, 1942, it was back on the market. "In setting a new maximum pricethe order established a ceiling pricewhich would provide a total return of 23 cents per pound on first grade Cheddar cheesethe new domestic price was, in effect, five cents per pound lower than the ceiling price for the winter established, November 12, 1942."(1)

The Board found it advisable in certain cases to do away with the individual price ceiling and establish a "uniform maximum" or "formula price" system. Order # 212 set down an extensive formula price system for eggs "Grade A large, Grade A medium, Grade A pullet," etc., in different cities across Canada. For towns and cities not mentioned, in the formula, the price to prevail was that common "in the nearest of such cities, plus the lowest normal transportation charges from such city to the point of delivery"(2) Order # 404 set down a formula of maximum prices to be paid for Brazil Nuts. Maximum prices were established according to the type of imported nut and the size.(3)

(1) W.P. & T.B. Quarterly Summary 1942 - April 1-June 30 P.7.

(2) Canadian War Orders and Regulations 1942 - W.P. & T.B. 1939-1942. Office Consolidation P.186.

(3) Canadian War Orders and Regulations 1942 - W.P. & T.B. 1939-1942. Office Consolidation - Administrator's Orders to December 31, 1942. P. 432-3.

Maximum processor's prices per case were specified for pilchards, frozen salmon, fresh and frozen soles, Atlantic tuna-fish etc. Standard maximum prices covered tin, "critical" steel, oak flooring, pulpwood and fuelwood orders. Clause two of order A 330 reads "No distributor shall sell or offer for sale any critical steelat a price in excess of the highest lawful price at which he soldduring the basic periodexcepting that maximum price for hot rolled carbon steel barsshall be \$3.25 per one hundred pounds, base, F.O.B. Montreal."(1)

In order to reach a suitable ceiling price for pulpwood of spruce, balsam, jack pine or poplar the Board set July to December 1941, as the basic period. This was an important concession when it is remembered the pulpwood industry is one of the first three Canadian Industries marked according to Gross Value of Products.(2)

The expert handling by the Board of a great number of adjustments kept the ceiling intact. These consisted of certain pressures exerted on it some from the beginning and others which formed and exerted their strength as the war was prosecuted. All adjustments were not handled by individual overt action of the Board. Many were made before visible influence was exerted on the price ceiling. This was done through standardization and simplification of products as is examined and explained in Chapter V. Before proceeding to this it seems desirable to look more closely at the "squeeze" and how different industries were affected.

(1) Canadian War Orders and Regulations 1942-W.P. & T.B.-1939-1942 Office Consolidation-Administrator's Orders to December 31, 1942. P.335.

(2) Canada Year Book. 1943-44.Ottawa.Dominion Bureau of Statistics P.386.

CHAPTER IV

"THE SQUEEZE"

The upward spiral of prices was well under way by the fall of 1941. Control had to be imposed on a dynamic phenomenon rather than on a static one. Already the costs of production had risen and in most cases retail prices had lagged. The Government and Board, to achieve their purpose, could not allow retail prices to jump. Obviously the adjustments had to be carried back, from the retailer, to the wholesalers and manufacturers.

The onus was placed on the primary stages of production and distribution. The methods employed to reduce and minimize this squeeze were many. No one Board Order contained the solution. Each industry required individual attention and invariably an individual method. Some industries were required to standardize their products, others simplified products or reduced the number of varieties.

Help could be given by subsidy, remission of import duties or government bulk purchasing of raw materials; a price increase could be permitted; or the company could cease production of the commodity.(1) The method of attack depended primarily on the essentiality of the product being supplied by individual producers.

A cost reduction drive (2) was part of the Board's programme. The orders of the Board and Administrators showed signs of their desire to cut out all non-essential expenditures in production.

(1) Dominion of Canada. Report of the W.P. & T.B. - April 1, 1943 - December 31, 1943 - P.6.

(2) W.P. & T.B. - Quarterly Summary 1942 - January 1 - March 31 - P.16.

Any costs which did not directly add to the serviceability of the goods was to be dropped. This attitude was voiced in the first statement of policy issued November 21, 1941 by the Board. Advisory Committees were established to cooperate with the Administrators to aid in their work with industry.

If the production of an article was not considered necessary for the prosecution of the war, or for the good morale of the country as a whole, and increasing costs could not be dealt with, no subsidy was paid; thus some few industries producing such were financially unable to carry on and discontinued production. Let us here consider the more obscure and lesser precautions and adjustments taken by the Board to insure absorption of the squeeze. Standardization and simplification will be treated in the next Chapter. Subsidies, including import and general, will be dealt with subsequently.

The problem of meeting increased costs was often dealt with simply by "sharing the squeeze" - dividing the increased costs among producer, distributor and retailer. The percent increase cost shared by these three groups, varied with the industry. The general plan followed was a voluntary one, often undertaken by the industry on its own volition. These groups met, discussed and set down the plan to be followed with respect to the increased costs.

The rising costs were sometimes offset by economies hitherto not practised. Cost investigations were carried out by Administrators and where necessary, the "backing-up" of prices

apportioned equitably. Greater efficiency in the use of machinery, labour and materials were studied. Industries in many cases found that new economies resulted and real costs decreased. A special Industrial Division was established in the Wartime Prices and Trade Board to reduce costs. The problem was referred, through the office of the Administrator concerned, to the Industrial Division. These Retail Administrators were invested with the authority to work out equitable adjustments.

Where costs could not be decreased the loss was shared by manufacturer, wholesaler and retailer. This minimized the pressure on the retailer. "Adjustments were made for primary cotton textiles, shoes and tea."(1) "In the cotton industry primary textile manufacturers have agreed to keep their prices at the level of cotton prices prevailing in February of 1941, to allow all secondary manufacturers producing cotton goods and clothing to maintain their prices to retailers under the ceiling level."(2)

The shoe industry was faced with a fifteen percent increase in costs. The Administrator and Industrial Division of the Board solved this problem in the following manner. The wholesalers and retailers agreed to accept a 4 percent increase each in price and the remaining 7 percent was met by a government subsidy to the manufacturer. The cost of chocolate bar production rose 2 cents per box, the manufacturer absorbed 50 percent of this

(1) W.P.& T.B. Quarterly Summary-1941-October 1-December 31. P.5
 (2) W.P.& T.B. Quarterly Summary-1942-January 1-March 31. P.6

increase, the wholesaler and retailer shared the remainder equally. The increase of 1 cent in the retail price of the bar was caused by the imposition of a government tax. "In a number of other cases businesses are absorbing cost increases. A manufacturer of hosiery is meeting a 20 percent increase in the cost of Bemburg yarn and a large rayon manufacturer is absorbing a cost increase of 2 cents a yard."(1)

The "check on consumer credit" introduced by order number 75 of the Wartime Prices and Trade Board, effective December 29, 1941, and later adjusted by order number 225 (2) did much to lighten the pressure on the price ceiling. Generally speaking sales can be placed under three main classifications - cash sales, short period charge account and instalment buying. Canada had, in the last decade, become accustomed to instalment purchasing on a large scale. Data supplied by the Statistics Branch of the Board, gathered from some five hundred retail outlets extensively engaged in instalment selling, presented the following comparisons. In 1942 some \$250,000,000. of sales were made on instalment buying. The decrease in the proportion of instalment sales to total sales which was the direct result of the introduction of the "check on consumer credit" orders is shown as follows.

(1) W.P. & T.B. - Quarterly Summary 1942 - January 1 - March 31
P.7.

(2) Order #225 revoked orders # 75, 87 and 161 and amplified and consolidated such restrictions contained therein.

<u>Type of Store</u>	January-June, 1941	January-June, 1943
Department	15%	8%
Clothing	18%	13%
Furniture	61%	40%
Jewellery	22%	9%

The volume of instalment accounts fell by: (1)

Department	62%
Clothing	35%
Furniture	62%
Jewellery	71%

There was no apparent change in the proportion of charge account sales to total sales. The proportion of cash sales to total sales of course increased.

Order number 225 relaxed restrictions somewhat over previous orders on "farmer, fisherman, prospector, hunter, trappers or other person engaged in a primary or extractive industry"(2) The sections of the order cover -Sales of Goods - Loans - Renewal, Revision, Consolidation - "Lay Away" Plans - Advertising - and General Provisions. With these restrictions imposed by this order much extravagant, unwise, and uneconomic buying was prevented.

(1) Dominion of Canada Report of W.P. & T.B. - April 1, 1943 to December 31, 1943. P.44

(2) Canadian War Orders and Regulations 1943 - W.P. & T.B. Office Consolidation. Volume II P.9.

CHAPTER V

"STANDARDIZATION AND SIMPLIFICATION"

The primary steps taken to combat increase of costs which threatened the price ceiling during 1941, have been dealt with and explained in the previous chapter. Where continued production was desirable, and in most cases it was desirable, as very few industries closed down, the "squeeze" brought about by pegged retail prices and increased costs had to be met.

In the fall of 1941 the Board announced the policy which was to be the "yardstick" of simplification orders. As the Board expected, the price fixing measures resulted in a review of production, marketing and administrative methods with far-reaching and beneficial economies. The elimination of "frills" was the primary action taken by manufacturers but it is interesting to note that the Board required that the utility and quality of the goods be unimpaired through the elimination of such "frills." The Administrator of Retail Trade suggested many items which should receive the attention of manufacturers and producers, eg. fancy stitching, range of colours and patterns in socks, ornate and multi-coloured bread wrappings. (1)

Where it was clear that the burden in a particular industry was too great after all adjustments and economies had been made, the Board was prepared to investigate and alleviate the burden by subsidy, bulk purchase, reduction of import duties or like measure.

Investigations were carried out by the Industrial Division of the Board and, when necessary, Board action was implemented mainly through an Order-in-Council or by authority granted to

Administrators by such Orders. If an industry was not of complex organization, the Board, through its Industrial Division merely pointed to the path to be followed. In this way much administrative work was saved and no Order-in-Council was passed. When the Board was satisfied that an industry needed help, it was given. The Board, then satisfied itself that the help given was not extravagant. It immediately took steps to reduce the necessary expenditure through subsidy or other financial aid. In the case of the shoe industry we remember, that, of the fifteen percent increase seven percent was met by subsidy. A simplification and standardization programme was initiated by the Board and on July 1, 1942 the rate of subsidy was reduced to four percent.

In this industry the reduction of operating costs was made possible by the following steps. The high costs were eliminated by a drastic reduction in the number of styles. Shoes were to measure up to provisions set down in order number A 478.(1) The kinds and number of stitchings were reduced and the number of colours; sizes were set forth and type of heels, heel pads, shanks, linings, soles threads, etc., designated. "All Men's Leather Footwear shall be constructed within the following size limits, provided that where a manufacturer has been, prior to the date of this order, supplying wholesalers or retailers with size ranges which do not conform to the following he may continue to

(1) Canadian War Orders and Regulations - W.P.T.B. Office Consolidation. Administrators Orders.
To December 31, 1942 P.564.

do so"(1) Colour and dyes were much reduced. After November 20, 1942 no white shoes were manufactured and, in consequence, after early summer of 1943 white shoes were a rarity. Schedule "B" of the order covered the production of Women's Leather Footwear, schedule "C" outlined standards for leather slippers and Schedule "D" limited the sizes of packaging - all formed part of order number A 478.

This order greatly reduced the cost of production of a highly specialized industry. This and the elimination of certain wasteful sales practices allowed the lowering of the seven percent subsidy to four percent.

It is significant to note that the Board permitted the retail price of shoes to rise four percent and then when the three percent reduction of cost was effected, they decided it wise to reduce the subsidy by the same amount rather than apply it to a reduction in the retail price. The increased price to the consumer, of course, had been absorbed by the time the savings in production had been effected. The administrative costs of reducing retail prices instead would have far exceeded the costs of reducing the subsidy payment.

The restrictions on the production of clothing were better known to the people as a whole. Every man who bought a pair of trousers was conscious of the order eliminating cuffs, pleats, etc. The debutante found it almost impossible to purchase a new

(1) Order # A 478 Schedule "A" parag. 11.

evening gown in 1943. In such industries as knit goods, work clothing, fine clothing, men's and boy's furnishings, women's, misses' and children's wear, etc., a large number of extensive conservation and simplification regulations were required. Many luxury items such as men's and women's evening clothes, women's ski suits, jodhpurs, parkas, etc., were temporarily out of production. The orders eliminated many conventional but wasteful and unnecessary features of clothing. A reduction of man hours and a great saving of material resulted.

Order number A 207 "respecting economies, simplification and conservation in the production of men's, youths' and boy's outer wool clothing and men's, youths', boy's and ladies' woollen sportswear"(1) outlined to the clothing manufacturers steps to be taken. Lengths of suit-coats were set down, eliminations covered pleated backs and fronts, patch pockets, cash pocket on outside and on inside facing, buttons on sleeves, double breasted suit-coats or double-breasted tuxedo coats. Usual accessories in vests were eliminated (eg., pencil pockets, back straps, etc.) while men's trousers were remodeled without cuffs, pleats, "extension" waist bands, "full top pockets", flaps on back pockets, "tunnel loop" for belts, High English back, "open lap" seams, etc. The new-modeled suits became common and popular after an early reluctant acceptance on the market. Manufacturers were not allowed to make up a suit with two pair

(1) Canadian War Orders and Regulations 1942. W.P.T.B. Office Consolidation Administrator's Orders To December 31, 1942. P. 209.

of trousers between May 1942 and May 1943. The Board realized that its policy of no cuffs and one-pant suits was a short sighted one but the low stocks and serious threats to our supply lines made a long term policy impossible at the time.

Order number A 174 "respecting certain economies and simplifications in the production of work clothing, leather garments, and cotton sportswear"(1) was issued in May 1942. Here again extensive details of economy were passed on to manufacturers after careful study.

One of the most difficult situations of clothing supply arose in the knit industry. With a nation operating and moving at a high pace, hitherto not dreamt of, the demands for clothing increased greatly. The shortage of civilian cotton clothing was most acutely felt in children's clothing. Infants and children's wear were in unusually heavy demand. This increase coincided with a loss of labour in the trade, this loss however was alleviated somewhat in October 1943, when the trade's priority was raised.

Early in 1943 yarns from Great Britain were not forthcoming in the same quantities. Shipments from New Zealand and Australia were maintained only after great exertion. The Canadian Wool Board continued importation of large amounts of raw wool from Australia and New Zealand for emergency stock-pile purposes. Purchase of yarn in the United Kingdom was

(1) Canadian War Orders and Regulations 1942 - W.P.T.B. - Office Consolidation Administrators Orders. To December 31, 1942. P. 170.

effected after 1942 by "bulk purchased by the Canadian Wool Board Limited, thus obtaining our quota at moderate prices and using it for the purchase of the most essential lines." (1)

Order No. A 438 (2) issued October 4, 1942 set down the conditions for manufacturers of Men's Washable Cotton Apparel. Schedule "A" lists the restrictions and eliminations of the production of aprons used by clerks, butchers, bakers, waiters, etc; "sack style" suit coats; frocks used by dentists, barbers, etc.; vests used by barbers, bar tenders, soda dispensers, etc.; pants used by waiters, stewards, bus boys, chefs, etc.; plain overalls and combined overalls.

In the primary cotton yarn field two main developments resulted. In July, 1943, it was agreed by Canadian and United Kingdom authorities that the former supply of yarn would be mainly supplied by the United States rather than the United Kingdom. The imports of British fabrics were cut from between five to ten million pounds per annum to 675,000 pounds. In order to coordinate Canadian demand and United States' supply, much work resulted. The work was eased by the cooperative assistance of the Canadian Division of the United States War Production Board, and also of the Textile, Clothing and Leather division.

The second main development in the Cotton Yarn and Cloth Industries, took the form of an announcement to the effect that

(1) Dominion of Canada - Report of W.P.T.B. April, 1943-December 31 1943. P.29.

(2) Canadian War Orders and Regulations 1942 - W.P.T.B. Office Consolidation. Administrators Orders To December 31, 1942. P.504

on January, 1944 "Canada will be assured that her requirements of woven cotton fabrics which are approved by the Textile Requirements Committee of the War Production Board, will be procurable."(1) Up until this time the United Kingdom had shifted the lead to the United States, the Canadians having had only tacit assurance that their requirements would be met.

In the paper industry increased costs had to be met. A variety of simplification orders were issued. Specifications for folding-boxes, cartons of all descriptions, scribblers, napkins, notebooks, etc. were included in the orders. Control over all stocks of paper in the hands of printers was obtained. Grades, sizes, colours and weights of paper for all job printing were set down.

In these many ways simplification and standardization of products led directly to cost reductions, thus relieving to some degree the pressure on retail prices. As we have seen, some articles disappeared from the market due to both the inability to reduce production costs, which would have forced prices through the ceiling, and because of the scarcity of the raw materials.

(1) Dominion of Canada Report of the W.P.T.B. - April 1, 1943 - December 31, 1943, P.29.

CHAPTER VI

"CONSERVATION"

Conservation was a "co-partner" of simplification. In most cases, however, conservation was not proposed in order to reduce costs, but simply to save precious materials, while simplification was primarily a cost-reduction programme. We have seen that, when simplification and standardization were carried out, conservation of raw materials, and sometimes labour and overhead resulted. This conservation was a by-product, a very desirable one certainly, while the product was cost reduction.

Hydro Electric Power

It was not inappropriate that the pulp and paper industry should be one of the first whose output suffered from conservation orders. In 1941 this was Canada's second greatest single industry in gross production figures. (1) The 1941 figure was 160 percent of the 1939 gross total. During the fall of 1942, the demand for Hydro-Electric power in the St. Lawrence and Southern Ontario regions necessitated certain reductions. Order number P C 5, (2) issued by the Department of Munitions and Supply, in the name of the Power Controller on September 20, 1942, set down the 'power shortage areas' and outlined the restrictions imposed. The 'shortage areas covered roughly the whole of the Province of Quebec, with a few exceptions, and regions of Ontario lying south of a line from Parry Sound to Huntsville and from Huntsville to Pembroke including the municipalities on this line. This order prohibited the use of electricity in the power shortage area for

(1) Canada Year Book 1943-44 - Dominion Bureau of Statistics, Ottawa. P. 385.

(2) Canadian War Orders and Regulations 1944 - War Industries Control Board - P. 331.

interior or exterior sign lighting (commercial or non-commercial), excepting doctors signs at the office or residence; any ornamental lighting, or lighting for advertising purposes; outdoor lighting or flood lighting with certain exceptions and qualifications. It was unlawful to operate an electric-air heater or electric grate in a store or office building.

Street lighting was reduced considerably - according to law by 20 percent, while some municipalities turned off every third or every second street light thus reducing the consumption by 33 or 50 percent. The conservation provisions thus ordered by the Wartime Industries Control Board did not apply to, "construction, operation or repair of war plants airports and air-fields, military training or other military purposes; hospitals or schools; railways, terminals or related facilities; generation, transmission or distribution of electric power; shipping on inland waters, including locks and terminals post offices, radio communication, telephone and telegraph news dissemination (but not for any advertising purposes, etc.)"(1)

When the Pulp and Paper industry was ordered to cut their hydro consumption by 10 percent, and thus their production, no real objection was voiced. The Wartime Industries Control Board had already reduced non-essential power consumption as outlined above. "Until recently, such measures as inter-connection of (hydro) systems, the cutting down of peak loads, and withdrawal

(1) Canadian War Orders and Regulations 1944. War Industries Control Board. P.332.

from secondary uses had met the situation."(1) It became apparent, however, that this alone would be insufficient as an estimated deficiency of 400,000 horse power existed and only 240,000 horse power could be saved by curtailment of domestic and commercial uses. Thus industry, and especially the Paper Mills, were called upon to reduce their consumption. The power saved was turned into the power lines of new war plants.

Rubber Products

The conservation of rubber and rubber products likewise was of vital concern to the war effort. The curtailment of domestic manufactured civilian goods brought about various simplification orders. With the cutting off of natural-rubber supplies a serious shortage resulted. The greatly increased domestic transportation demand was only partially taken care of by reduction of non-essential driving brought about by gas rationing. Canada's civilian non-essential drivers got no new tires during the crisis, while essential civilian drivers were allotted new tires or "regreads" on a priority basis. War Workers and other drivers high on the priority scale, were able to procure new tires, when necessary, on request to the Transit Controller. Each large industry employed an executive as a Transit Controller Representative.

A summary of the uses to which rubber has been put in making the articles of war can not be related here. It will

(1) Dominion of Canada Report of W.P.T.B. September 3, 1939 - March 31, 1943. P.49.

suffice to say that industries on war production required and received the greater proportion of all available rubber and that rubber for civilian consumption was cut to a minimum.

Order "No. Rubber 3" established a Rubber Conservation and Technical Committee to confer with and advise the Rubber Controller.(1) This committee was to aid in the planning of future synthetic production and rubber substitutes to replace crude rubber, the stocks of which were fast being depleted and new stocks being unobtainable.

The Controller by Order-in-Council PC 9995 of November 1942 as amended by PC 3 January 1944 had almost dictatorial powers.(2) His orders were absolute in their relations with the Rubber Industry. His authority allowed him "to take possession ofany Rubber and/or any equipment wherever found and generally to deal in Rubber and/or equipment of any kind; to enter on any land or into any plantby himself or by any person duly authorizedfor the purpose of inspecting or searching for any Rubber; to enter on, take possession of and utilizeany land or premises or any plant used or capable of being used for making and/or dealing in any Rubber and/or any equipment."(3)

The Controller was to prohibit or regulate any practice which in any way influenced the price of Rubber or rubber

(1) Canadian War Orders and Regulations-1944-Wartime Industries Control Board - P. 380.

(2) *ibid* P. 371.

(3) *ibid* P. 373.

products. Subject to the approval of the Minister of Munitions and Supplies, the allocation of all Rubber was under the guidance of the Controller. The quotas delivered in a given time, the using of these quotas in production and the distribution of rubber goods was rigidly controlled. He could prohibit or direct the building of plant and equipment for the use of, or manufacture of, rubber. When the Controller saw the need for structural changes or additions to existing plant and equipment the ordering of the same was under his jurisdiction.

The control of the possession of all scrap rubber was in his hands. Proper accounts and records of all business transactions (of rubber firms) must be kept, audits made and open for inspection. Subject to the approval of the Governor General in Council monies could be advanced to any engaged in the making or dealing in Rubber and Rubber Equipment.

The granting of such broad comprehensive powers to individual men and committees was the policy generally followed by the Government during wartime. These dictatorial powers were, in the main, wisely administered by the Controllers. They realized the extent of their powers and what the consequences of an abuse of these would be. This greatly aided their administration. It cannot be denied that bureaucratic methods result in some instances, but, generally, an atmosphere of seriousness and urgent sincerity pervaded the orders and regulations that were issued from the offices of the Controllers. In some cases certain manufacturers were known to have exerted

great pressure upon the Controllers. Cabinet members and even the Prime Minister were asked to intervene, but where the controller had the confidence of the Board (W.P.T.B., W.I.C.B.) he was allowed uninterrupted authority in the execution of his duties.

Metal Products

Canada, during the first two and a half years of the War, was not producing on an all out scale. Her mineral wealth was known and recognized but not harnessed. It was not thought necessary to expend the time, labour and money to convert the lighter secondary industries, or to develop heavy, primary industries until early in 1942. Throughout the First World War, 1914-18, our ship building yards were small and their importance had diminished in the interim of peace. At the beginning of the second war tank and airoplane production was not thought of in Canada. With an awakening to the Country's productive capacities and the realization of these abilities a comprehensive control of basic metals was necessitated.

Simplification and priority orders for steel and non-ferrous metals were issued as early as February 1942. The Steel Controller, like the Rubber Controller, was invested with almost unlimited power and control over the dispersion and use of mines, plants, factories, mills, refineries, smelters, foundries, warehouses, buildings and places where steel or equipment are produced or dealt in. "Enormous war demands for many of the metals compelled the Board to impose a number of restrictions on their

use for civilian goods."(1)

On February 28th, 1942, the Controller set up maximum prices to be paid for scrap iron and scrap steel in the various provincial groups (eg. New Brunswick, Nova Scotia and Prince Edward Island).

By April 19, 1942, restrictions on the production of farm machinery, attachments and repair parts; on tin-plate and on the production of cast iron boilers and radiators had been imposed. The production and import of farm machinery and allied materials had been set out in a schedule based upon the quantities produced, imported and used during 1940. Under order number 192 of the Wartime Prices and Trade Board dated October 1, 1942, every person selling new farm machinery or equipment was accountable to the Administrator for the distribution of this equipment.

On the 16th of January 1942 the Administrator (2) of Farm and Road machinery and Municipal Services issued an order covering farm machinery and equipment. It listed Canadian Requirements, Export Requirements, New Machines (i.e. new types of machinery) which might be manufactured or imported by permission of the Administrator), Scheduling (viz. each producer must plan his production in accordance with the relative urgency and national needs), Repairs, conservation of materials, Standardization and Simplification, Records, Audits and Inspection, Reports, Sales, etc.

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- (1) W.P.T.B. Quarterly Summary 1942. January 1-March 31. P.13.
(2) An Administrator of the W.P.T.B. in respect to the commodities under his control is a Controller in the Dept. of Munitions and Supply. The Controller is responsible to the Wartime Industries Control Board.

Schedule "A" of this Farm Equipment Restriction Order set out quotas for production and importation of farm equipment, machinery, attachments and repairs therefor. Quotas were based on manufacturer's and Importer's sales for 1940 as reported to the Dominion Bureau of Statistics at Ottawa. Some of the quotas were, "potato planters 50 percent; ploughs - walking one furrow 80 percent; ploughs-riding two furrows and over 60 percent; ploughs-tractor 85 percent; binders-corn 125 percent; cream separators and milking machines-each 200 percent; wagon boxes 75 percent; sleighs 90 percent; grinders and feed cutters 150 percent; windmills 80 percent; pumps 90 percent; fruit sprayers 90 percent; all other sundry farm equipment not itemized 90 percent." (1) This order applied to the period November 1, 1941 to October 31, 1942.

In April of 1942 further restrictions were imposed in order to conserve certain metals and rubber. Only where the efficiency of the implement would be reduced could these materials in question be used. In many cases wood replaced metal. A month later a prohibition was placed upon the exhibiting of farm equipment at fairs. For the year November 1, 1942 - October 31, 1943 another order was issued adjusting the quotas somewhat. With this order it was estimated that machines available in 1943 from Canadian production would only be 25 percent (tonnage) of the 1940 volume; repair parts would be 150 percent and attachments

(1) Canadian War Orders and Regulations 1942 - W.P.T.B.-Office Consolidation Administrators Orders - To December 31, 1942. P. 7 and 8.

40 percent.

Soon afterwards, however, steps were taken to raise Canadian manufactures to 32 percent and repair parts to 165 percent. This brought the Canadian quota more in line with the United States programme.(1) The second report of the Board (2) related that in July 1943 production and import quotas for farm machinery and equipment were raised substantially, quotas being, on the average, set about 130 percent higher. This brought the supply up to approximately 77 percent of the 1940-41 level. As the demand on Canada's dairy products and livestock was increased so the implements for their production by necessity was increased.

The reduction of heating and plumbing equipment resulted in a considerable saving. Very strict production quotas were established and priorities governed their distribution. The use of copper and brass in plumbing equipment was confined to specified types, grades and sizes. Simplification orders covered "Cast iron boilers and radiators, boilers, heaters and hot water tanks; pumps, fittings, accessories and parts; cast iron soil - pipe and fittings; and surface heating coils."(3) Much metal was saved by the enforcement of these orders. Some one thousand varieties of radiators were eliminated and cast iron soil-pipe and fitting varieties were reduced in number from one thousand two hundred

(1) Dominion of Canada-Report of W.P.T.B.-September 3, 1939-March 31, 1943. P.51.

(2) Dominion of Canada-Report of W.P.T.B.-April 1, 1943-December 31, 1943. P. 27.

(3) Dominion of Canada-Report of W.P.T.B.-September 3, 1939-March 31, 1943. P.50.

and fifty to three hundred and sixty.

Control over the use of metal containers saved much tinplate. Restrictions on tinplate used mainly for tobacco, paints, varnishes and canned food stuffs effected a great saving. Food stuffs that could be packed in other containers, such as beans, carrots and apples, were packed in substitute containers of glass, wood etc. Composite containers of fibre or wood with metal tops and bottoms were widely used and plastic closures replaced metal. Sizes of cans that did not give a certain cubic capacity per area were discontinued.

Non essential product containers were discontinued and those of articles whose disappearance for a short time would not cause serious hardship, were not manufactured. This was the situation in 1942 and early 1943. By November 1943 supplies of certain steel plates and scrap aluminum had become so plentiful that freer use could be allowed. The Board reviewed its quota restrictions and made necessary changes in the light of the situation. The removal of restrictions on the use of scrap steel, steel plate and secondary aluminum was not as important as might have been thought. The steel plate available was not of a thickness that could be used for much civilian production nor was the aluminum in the form required for civilian goods. Also the dairies, coal yards or mines, or an industry handling treated materials, got first call on the available supplies.

The demand for electrical supplies reached a new high in 1941 and 1942. Residential lighting fixtures were the first to

be controlled. The manufacturers were issued simplification orders, thus eliminating 95 different varieties of sectional switch and outlet boxes and covers. Fixtures were sold only on a "certificate of need basis." "In addition, the Canadian Engineering Standards Association has approved the use of one gauge lighter steel for all electrical enclosures, resulting in a saving of about three hundred tons of steel per year."(1)

In April, 1942, the Board introduced strict control over the use of telephone equipment and services, and made certain metals used, available by priority only. "The armed services, munitions plants, government and other services related to the war programme"(2) had first call on telephone equipment, while public health and safety rated second in importance. The Board's Order (# 119) covered this and also placed the dispersion of the services in the hands of the local telephone managers.

Coal and Coke

As in the First Great War coal and coke were vital products. These heating products, unfortunately, were not as plentiful as was desired.

The Coal Controller of the First War Administration did a very good job of keeping Canadian houses warm and Canada's factories operating. Again in this war the Board realized the importance of these services. The first Order issued, the 7th of November, 1939, was one respecting coal and coke. Coal

(1) Dominion of Canada-Report of W.P.T.B.-September 3, 1939 to March 31, 1943. P.50.

(2) Ibid. P.50.

included anthracite, bituminous and lignitic coals, domestic and imported, including briquettes or other processed forms of such coals. "'Coke' means all cokes, whether domestic or imported, including those known commercially as 'beehive coke', 'by-product coke', 'gas coke' and 'petroleum coke'."(1)

The Order respecting the use of these "black diamonds" applied to "each manufacturer, importer, exporter, producer, jobber, wholesaler and retailer."(2) Each year a license had to be secured from the controller in order that he might keep a check of the supplies and demands. In the winter of 1941-42 the greatest fuel difficulty hinged on the transportation of coal. The cars were not available for the haul from the mines to the consumer. The slowdown strike in certain of the Cape Breton mines resulted in a 443,000 ton decrease for the five months ending August 31, 1941 over the same period in the previous year. An increase in production of 340,000 tons in the Albertan fields helped somewhat to nullify the Cape Breton production deficit. To meet the Eastern Canadian demand with the Western Canadian supply involved a transportation problem which could not immediately be solved. An important factor in the Cape Breton "slowdown" was the enlistment of considerable numbers of skilled miners and the consequent of hire of unskilled workers.

During the summer of 1942 an extensive propaganda programme was carried out. Newspapers and radio advertisements did much

(1) Canadian War Orders and Regulations 1942. W.P.T.B. 1939-1942 Office Consolidation P.1. Order #1.

(2) Ibid P.1. Order # 1.

to educate the public to the coal shortage and transportation difficulties and carried on a "Buy now" campaign. By these means the Board encouraged users to fill their bins in August and September. A credit program was set up allowing consumers to get in their winter coal early and make payments in the winter. The Chartered Banks as bankers for the coal dealers, advanced them money on their customers notes. The strikes in the Pennsylvania Coal mines made the coal shortage very acute during the winter of 1942-1943. Fortunately, however, this winter was very mild in the most populous part of Canada, Ontario, and many difficulties that might have arisen were frustrated by mild weather.

Similar accounts of how the Board coped with supply problems through conservation programmes could be related under the headings of "Edible Oils and Fats", Fertilizers, Wire products, etc. The above examples, however, will serve to show the methods of attack used by the Wartime Prices and Trade Board and the Wartime Industries Control Board. The job undertaken was anything but easy or simple but these successes were broad and were instrumental in helping to maintain the price structure of the Country. The conservation programme was an important link in the Overall Price Stabilization programme.

CHAPTER VII

SUBSIDIES

- 1. GENERAL REGULATIONS AND DOMESTIC SUBSIDIES**
- 2. IMPORT**

1. General Regulations and Domestic Subsidies.

Subsidies, applying the term in its broadest meaning, have been well known as a government instrument for many centuries. "Subsidies were a frequent requisite of economic policy under Mercantilism and were still used well into the eighteenth century." (1) The motives for subsidies differ greatly between governments. They have been granted for economic, military 'national' and social purposes.

While "subsidy", when used loosely, covers any government or state aid to another state or corporation or organization within its borders, it has come to be used more specifically to denote financial or other aid given without equivalent recompense. Subsidies have been given to government agencies or government owned corporations which promoted or preserved private enterprise in industry, trade, commerce and agriculture. A Crown Corporation, "The Commodity Prices Stabilization Corporation" was set up by the Canadian Government as the official agency for the regulation of subsidy payments to producers and distributors during World War II. This Corporation acted under the direction of the Wartime Prices and Trade Board and was responsible to the Minister of Finance.

The subsidy payments made by the Commodity Prices Stabilization Corporation were not strictly subsidies in the narrowest sense of the world. It may even be arguable whether the programme

(1) Encyclopaedia of Social Sciences, New York, N.Y.-Vol.XIV.P.431
"Subsidies" by Otto Nathan.

carried or falls within the dictionary or encyclopaedic definition. Be that as it may, subsidies or not subsidies, Canada's programme in pecuniary outlay to maintain its price ceiling during this War was a very important one.

To understand the subsidy programme it is necessary to trace price and supply problems encountered by the Board from the inception of the overall ceiling. Serious problems were anticipated early in the fall of 1941 and many were forecast in the Prime Minister's speech of October 18. Evidence of the awareness were also prominent in the Board's Statement of Policy of November 21, 1941. The difficulties rose out of the continued rise of prices and wages which were reflected in the rising costs to the producers, manufacturers and retailers.

The more important causes have already been examined. In Chapter III the "time lag phenomenon" of prices was analysed, and the effect it had on the "squeeze" was pointed out. Higher import prices constituted a threat to the ceiling. Many of the goods used daily in our homes and at work are imported from the United States. Imports also consisted of raw materials for industry and semi-finished goods for the manufacture of finished goods. Unfortunately the prices in United States were still rising in 1942 after a halt had been brought about in Canada. This meant higher costs for distributors of imported goods and for manufacturers using raw materials or parts imported. The lack of an effective control in the United States during 1941 and 1942 caused much concern to the Board. Later it will be seen that the

United States tried to control prices without controlling wages. It was generally felt in Canada that the price ceiling could not be maintained under this pressure from our neighbour's economy. However, the Board strictly controlled the importation of goods and many were prohibited.

The German submarine warfare in the Atlantic coupled with the blow delivered by the Japanese navy at Pearl Harbour in December 1941, after the introduction of the ceiling, resulted in an increase of shipping costs, hence increased costs to certain manufacturers.

Higher wages in some industries, especially in agriculture and fishing, both of which were exempt from wage ceiling orders, were reflected in higher costs. An increase in the labour turnover rate also impeded the actions of the Board, since this meant reduced efficiency which in turn gave rise to increased costs. We have seen the effect of labour turnover in the Nova Scotian coal mines, and it could be seen in practically all industries employing large numbers of skilled labourers.

Some industries experienced higher operating costs as available raw materials for production were cut by priority ratings. This reduced production and resulted in increased unit cost. Costs also rose in some industries due to the necessity of using substitute materials selling at a higher price, to obtaining materials from greater distances, or by land instead of water transportation, to the difficulty of keeping properly balanced inventories and to irregularity in the flow of needed

supplies."(1)

Costs also rose above the ceiling because certain seasonal products could not be pegged. The Board allowed a certain degree of fluctuation for these products in order to "do right by" the producers.

All these factors, the time lag in prices, higher import prices, shipping costs, labour turnover, wages, operating costs and seasonal prices, were vital in the fight against high prices. As we have seen, these were dealt with in part by comprehensive simplification and standardization orders, by prohibiting manufacture of non-essential products which met with cost increases, by substitution, by sharing the "squeeze" between producers, manufacturers and retailers and by the closest cooperation between industry and the Board. Where these methods left something to be desired and production was essential to the war effort and well being of the civilian population, other measures were perforce resorted to. These took the form of subsidies, domestic and import, reduction or withdrawal of import duties and bulk purchasing by the Commodities Price Stabilization Corporation.

The subsidies in theory were paid to the consumer. However, the ordinary consumer received no direct monetary aid from the Government and often was unable to see just how subsidy payments bettered his own financial well being. The subsidy was paid to

(1) Dominion of Canada - Report of the W.P.T.B.-September 3, 1939-March 31, 1943 - P.21.

the industry itself. It must be remembered they were not paid for the continued production of non-essential products but only for essentials, and when all other means of reducing costs within the industry had been tapped. The subsidy cheques were distributed "at the level of the trade (industry) at which there was the fewest firms." (1) That is to say, it was distributed over the industry as a whole but was paid to this one division of it, thus minimizing administrative costs.

For example, if the fluid milk industry was made up of 100,000 primary producers (farmers), 5,000 distributors and 1,000,000 consumers the C.P.S.C. paid the subsidy to the distributor and he turned part of it back to the farmer and forward to the consumer. The farmer received a better price for his milk in accordance with the rise in his production costs and the consumer received his share in the form of a lower cost price. In this way the price of milk to the consumer was reduced by two cents. In the shoe industry for example, subsidies were paid to the manufacturers. This method of payment reduced to a minimum the cost of administration.

It was in accordance with the Board's general policy that the three types of aid were given. These were domestic and import subsidies, reduction or cancellation of import duties, tariffs, or taxes and bulk purchasing by the corporation of raw materials and semi-finished goods on behalf of industries. These were given in order to maintain essential supplies at prices

(1) Dominion of Canada Report of W.P.T.B. September 3, 1939-
March 31, 1943. P.22.

below the price ceiling. The assistance was accorded, in the words of the Minister of Finance, "in the interests of the consumerwhen there is no other way of ensuring adequate supplies of a particular product for the consumers at prices permitted by the price ceilingThe subsidy in conjunction with the special conditions attached to it, should leave the industry in a worse, not a better profit position than before the price ceiling was imposed."(1)

The Minister's last statement must be further explained. With the inception of the price ceiling the selling price of goods which had been computed on costs of raw materials bought several months earlier were inadequate. They were inadequate because the price of raw materials had risen but in many cases the selling prices of finished goods had not (i.e. the time lag phenomenon). Subsidies hence were paid, but were paid with reservations and certain stipulations. Subsidy rates were so constructed so as to leave as small a margin of profit as possible and still make it profitable for the industry to operate at maximum efficiency and output. If through certain improvements an industry was able to raise its rate of profit, above $116 \frac{2}{3}$ percent of standard profits (2) then the subsidy was immediately reduced. Thus an industry receiving subsidy payments could only realize $116 \frac{2}{3}$ percent of standard profits.

(1) House of Commons Debates, Canada - April 23, 1942-Mr. Ilsley P.

(2) "Standard profits normally refer to average profits after taxes for the four prewar years 1936 to 1939. If the profits in one of these years were less than half of the average for the other three years, the latter average becomes the standard profit". Footnote from Jules Backman "The Price Control and Subsidy Programme in Canada - P. 42 - Note 58.

The establishment of the price ceiling and the announcement that subsidies would be paid to deserving producers and manufacturers was simultaneous. It was understood from the beginning that if the "squeeze" affected the output of essentials, the Government through the Board, would step in and give aid. "If the total burden is too great, in fairness to the industry as a whole, the Board will investigate and if it is found necessary will recommend that the Government representing the people as a whole, should also taste a share of the burden by way of a subsidy, or controlling the price of raw materials, or reducing import duties, or in some other appropriate way."(1)

The "appropriate way" was to aid the producers and manufacturers of domestic products mainly through subsidy payment. In the odd case bulk purchasing was the method employed. It was one thing to agree that an industry needed subsidy payment but another to decide the basis of payment. Applications for subsidy were made on special forms prepared by the Commodity Prices Stabilization Corporation, so constructed that very careful check could be made of profits, production, costs, prices and other relevant data. These forms were forwarded to the appropriate Administrators, there to be examined as to the amount of the "squeeze" shared by the trade and as to the reasonableness of that absorbed. The information derived from

(1) W.P.T.B. Preliminary Statement of Policy. November 21, 1941.
P. 5.

the application forms gave the Board a general picture of the help needed by individual firms within a trade.

For the sake of simplicity and economy the Board through the C.P.S.C. fixed subsidy formulae. These were general for the various trades. "A formula devised to allow adequate returns at 100 percent of capacity might result in very heavy losses if changing conditions (of production) reduced the scale of an industry's operations to 50 percent of capacity. On the other hand, a formula which would enable an industry to continue to operate at 50 percent of capacity might result in excessive profits if changed conditions allowed production at 100 percent of capacity." (1)

Many industries agreed with the C.P.S.C. on a scheme of subsidy limitations. A general subsidy was then set up for the industry, qualified so that if excessive profits in the firm occurred the subsidy would be reduced. If a subsidy contributed to profits over and above standard profits (2) the subsidy was reduced by the amount it contributed to profits which were taxable at the rate of 100 percent. In most cases this subsidy formula based on normal operations was set up subject to such safeguards as were deemed necessary to prevent the industry from realizing excessive profits if a drastic change in operations took place. Subsidy limitations were also written into the agreement between the industry and the C.P.S.C. because different operating

(1) Dominion of Canada Report of W.P.T.B. - September 3, 1939 -
March 31, 1943 - P. 23.

(2) See note (2) Page 54.

conditions of individual firms within a trade would have caused discrepancies of adequate returns. An unqualified formula would have meant adequate returns to one firm and to another bankruptcy.

When a formula was worked out in advance between the Corporation and the appropriate Administrators the payment of subsidies was greatly simplified. In this way the payments were specified and the time spent on investigations was reduced. Where formulae were not prepared and applications were on hand, the C.P.S.C. was, for some commodities, authorized to pay up to 90 percent of claims for subsidies prior to investigation and could demand return of amounts if over that finally authorized by the Board. "Many of the subsidy payments are treated as 'accountable advances' subject to final determination and reduction where there are excess profits. In such cases recipients of subsidies are required to submit statements of their taxable income to the C.P.S.C. at the end of each fiscal year."(1)

So with the freezing of prices the Government prepared to thwart the breaking of this ceiling and to ensure the supply of desired commodities. Subsidies have also been used to increase supplies of strategic commodities as well as maintain the supply of domestic goods. Payments in some cases have been of a temporary nature relieving the pressure in certain seasons; others have been permanent subsidies paid to offset increased costs which

(1) Jules Backman - The Price Control and Subsidy Program in Canada - The Brookings Institute - Washington, D.C. P.42.

appeared in the "time lag" and could not be entirely met by the industry.

One of the first domestic products to draw a subsidy was fluid milk. "Effective December 22, 1941, a subsidy of 30 cents per hundred pounds above the prevailing lawful price, was made payable to producers of fluid milk sold in all areas where no increase in price had taken place since August 1, 1941, and a subsidy of 40 cents"(1) over and above the minimum price of \$1.70 per hundred pounds. If the prevailing price, at the time, was higher the subsidy was applied to it. This payment was made "to producers of milk sold to manufacturers of concentrated milk products."(2)

The subsidy to milk going into the production of concentrated milk thus was ten cents higher per one hundred pounds. Payments were made to producers by manufacturers or distributors respectively who were reimbursed by the C.P.S.C. at the end of each month after clearance through the provincial milk authorities.

The Board was concerned with the production figures and did all in their power to increase milk production across the country. By April, 1942 the low production period for the year was passed and for a period of four months, May 1 to August 31, the above mentioned subsidy was discontinued. "The subsidy was discontinued on May 1st because effective on that date the Board established a new scale of maximum milk prices and made provision

(1) W.P.T.B. Quarterly Summary 1941 - October 1 to December 31.

P. 6.

(2) W.P.T.B. Quarterly Summary 1941 - October 1 to December 31

P. 6.

for other adjustments in milk distribution practices, so that adequate prices may be paid to producers to enable them to continue production."(1) On September 1st a new subsidy was authorized and paid until the Department of Agriculture took over the milk problem on May 1, 1943. In the interim (May 1st to August 31st 1942) the Board reviewed the whole price structure of the dairying industry. The new subsidy was 25 cents per hundred pounds payable on milk purchased only for distribution as fluid milk. The Board transferred the payment of this subsidy to the Department of Agriculture on and after May 1, 1943. "In October (1942), this subsidy was raised in certain areas to 55 cents per hundred pounds. On milk used in concentrated milk factories a subsidy of 25 cents per one hundred pounds was paid during March and April 1943 and was resumed at the rate of 30 cents in October 1943 to continue to April 30, 1944."(2) Thus after May 1, 1943 primary producers received payments, not as part of subsidy expenses but as expenses of the Department of Agriculture. The payment of subsidies for butter fat was also turned over to this department at this time.

Fluid milk was also the occasion of another type of subsidy paid after December 3, 1942. This was a move by the Board to bring the price of certain basic foods (mainly milk, tea, coffee, oranges) down to about the level prevailing on July 1, 1942. "Milk, a significant item in the average consumers budget (hence

(1) Debates of House of Commons - Session 1942 - Mr. Ilsley
P. 2909

(2) Dominion of Canada Report of W.P.T.B. April 1, 1943 - December 31, 1943 - P. 23-24.

significant in the cost of living index) because of its nutritional value and its importance in children's diets, had increased in price only in a few markets"(1) and so a decrease in its price served to offset increases in price of other goods less easily controlled. The payment of this "consumers subsidy" meant a reduction of two cents per quart to the consumer. The producer's and manufacturer's position was not changed by this subsidy. The subsidy was paid monthly to the producers through the Branch banks as agents of the Corporation.

The problem of coordinating subsidies to the dairy industry for the production of fluid milk, condensed milk, butterfat and cheese was a difficult one. This inter-relation of supplies necessitated the coordination of supply, price and subsidy policy. The Department of Agriculture, in whose hands this problem had been placed after May 1, 1943 "after consultation with the Board, adopted a production programme for butter and fluid milk involving, among other measures, some increased subsidy payments to producers."(2) It is significant to read of the demand for such action on behalf of British Columbian dairymen in February of this year.(3)

On July 6, 1942 butterfat was subsidized at a rate of six cents per pound (equivalent to five cents per pound on creamery butter). Due to the ceiling, the selling price of butter remained almost unchanged (2 - 3 cent fluctuation) during the winter months.

(1) Dominion of Canada -Report of W.P.T.B. September 3, 1939-March 31, 1943 - P. 46.

(2) Dominion of Canada Report of W.P.T.B. April 1, 1943-December 31, 1943 - P. 23.

(3) Debates of House of Commons Session 1943. Mr. Cruickshank - P. 528-29.

However, had prices not been controlled the producer would have benefited by increased seasonal prices and so between December 21, 1942 and April 30, 1943 the Board compensated producers by raising the subsidy from six to ten cents per pound on butterfat. During the months May to December 1943 inclusive the Department of Agriculture paid eight cents per pound of butterfat. The policy of supporting minimum prices of first grade creamery butter which was begun in 1942, was continued. This policy made provision "for seasonal changes in the wholesale price ceiling by allowing a graduated increase up to $3\frac{1}{2}$ cents over the basic ceiling of 35 cents during the winter months of low production and by placing a "floor" under prices at a level of 3 cents below the maximum price established for any month."(1)

It can be seen how this programme, by necessity, was changed as circumstances varied. It was not a static programme comprising a set of rules that were laid down and then left to be obeyed. The entire plan was a dynamic one. We need only read some of the debates in the House of Commons to realize that there was certain opposition to the method of arriving at maximum ceiling prices.

The time lag problem experienced in the grocery business necessitated action. The problem was to "roll back the squeeze" by means of price reductions at the manufacturing level or price increases at the retail level in order to distribute the "squeeze"

(1) Dominion of Canada - Report of W.P.T.B. September 3, 1939-March 31, 1943. P. 32.

equitably. The latter was undesirable, the former desirable and it was along this line that action was taken. Subsidy payments supported price reduction. Subsidies were paid by the C.P.S.C. to manufacturers based upon the difference between the former maximum price and the new maximum price for each product but reduced by the amount by which the manufacturer's profits from his entire business, after taxes, are greater than his standard profits (1) after taxes paid in the standard period.(2)

The new maximum manufacturers' prices were based upon prices during June 1941. Board order # 116 defined the basis for the maximum manufacturers' prices to be charged. These were no longer computed from the general base period September 15, 1941 to October 11, 1941 but from June of that year. Some of the grocery articles covered by the order were baking powder, breakfast cereals (cooked or uncooked), roasted coffee, packaged coffee, prepared coffee and coffee substitutes, bottled maple syrup, jam, jelly and marmalade, canned soup, table salt, bar soap, corn syrup, etc. No subsidy was paid on the 1943 Maple syrup crop through the grocery subsidy scheme. The processors, however, were not able to pay the minimum prices for the primary product set by the Board at a level of 18 cents per pound for fancy grades. They required a subsidy to sell the maple syrup products at the maximum retail prices. This subsidy was paid out

(1) See footnote #2 P. 54.

(2) W.P.T.B. Statement re "Manufacturers' prices of Specified Groceries and Subsidies Payable." P. 1.

of receipts collected by the C.P.S.C. on a sur charge levied on exports of maple syrup and sugar.

"The Corporation shall make accountable advances to manufacturers amounting to ninety percent of the maximum amount of the subsidy with respect to goods invoiced on and after April 13, 1942 with the following exceptions which shall not be eligible for subsidy (a) export sales: (b) sales to the Department of Munitions and Supply or any agency thereof."(1) The remaining ten percent or less was paid after the Corporation investigated the financial position of the individual applicants. The list of groceries of schedule A of Order # 116 on which subsidies were paid was greatly reduced as it became apparent that the time lag difficulties could be met by other arrangements.(2)

The reasons underlying the need for subsidy payments on canned goods were the same as encountered before, but in this case they were complicated somewhat by seasonal variations. The retailers' ceiling prices for canned fruits and vegetables were based on the cost of stocks purchased early in 1941. The costs for the 1941 pack to the canner had risen before October, and even after all savings had been practised within the industry the goods could not be sold without a loss under the price ceiling. On March 24, 1942 an order # A-44, was issued "respecting prices of Domestic Canned Fruits and Vegetables."(3) This regulation

(1) W.P.T.B. Statement re Manufacturers' Prices of Specified Groceries and Subsidies Payable P.1.

(2) Board Orders 125 (April 21, 1942) 128 (May 5, 1942) 156 (July 1942) 201 (October 20, 1942) 250 (March 16, 1943) 254 (March 30, 1943)

(3) Canadian War Orders and Regulations 1942-W.P.T.B.-Office Consolidation Administration Order - To December 31, 1942. P. 39.

covered some thirty six fruits and vegetables, many more than subsequent orders #148 and #301 which covered 24 and 14 respectively. In order to cut retail replacement costs to the wholesaler and retailer the Food Administrator, working with the Board, required that the canner cut his prices for the 1941 pack. After April 1, 1942 this price must correspond with the "lowest f.o.b. cannery price actually charged by him prior to October 12, 1941 for the same kind, brand, grade and quality of product of the 1941 pack in the same size and kind of container"(1) A detailed listing of stocks in the hands of canners, wholesalers and retailers and on order was required. These returns were forwarded to the C.P.S.C. and were later used to pay subsidies to those requiring them.

The canner was obliged to supply to each person who had bought any of the canned products of the 1941 pack from him prior to April 1, 1942, a list of revised maximum prices f.o.b. Where the costs were reduced by this order, or by subsidy payment below the cost on which he based his maximum selling price during the basic period, the canner was required to reduce his maximum selling price proportionately.

Since retail prices were established on advance prices of the 1941 pack and by the end of the season canners' costs had risen, subsidies were paid. Wholesalers were subsidized to the extent of the difference between the original costs and the new lower canners' price, and the canners to the extent of 80 percent

(1) Canadian War Orders and Regulations - 1942 - W.P.T.B. Office Consolidation - Administrators Orders To December 31, 1942.
A 44 - P. 39.

of the difference between their highest prices in the basic period and the new low prices.(1)

Effective July 1, 1942 the W.P.T.B. issued Order # 148 (2) complete with schedules of canners' prices for the 1942 pack. This order did not revoke order # A-44 but made it applicable only to products described therein and "packed and preserved prior to January 1, 1942." The order also stipulated retailers' and wholesalers' prices. The wholesalers' price was limited to the actual price paid by him to the canner (ie. not exceeding canners' price as laid down in schedules appended to the order) plus the transportation costs if these were not included, plus a "mark up" not greater than that normally used during the basic period, September 15 to October 11, 1941. If such a product was not used during that period the "mark up" was to correspond with that of a similar product sold during the basic period. In no case was it to exceed ten percent of the wholesalers' selling price. A similar arrangement based on wholesalers' prices prevailed for retailers' prices.

After December 1, 1942 any wholesaler was allowed to increase his price of any fruit or vegetable of the 1942 pack, as set forth in the Order, by $\frac{1}{2}$ cent a dozen beginning in the month of December and ending when the next year's pack of that product is available for distribution.

In cases where the canner had bought fruit and vegetables

(1) Dominion of Canada-Report of W.P.T.B.-September 3, 1939-March 31, 1943. P. 24.

(2) Canadian War Orders and Regulations - 1942 - W.P.T.B. 1939-42. Office Consolidation P. 103.

at prices above those set out in this order they could pack or can the goods according to laid down specifications and sell them to the C.P.S.C. The prices paid by the Corporation were above the retail prices in order to compensate the said canner for his increased costs. For example, while the retail price for a 28 oz. can of choice quality tomatoes was 98 cents in Quebec and \$1.08 in the Western provinces the Corporation paid \$1.10 and \$1.20 respectively. A subsidy was paid in this form, as a trading loss of the Corporation since the Corporation then sold to shortage areas at ceiling prices or to the Department of Munitions and Supply.

Order # 148 also set out the following subsidy payments paid by the C.P.S.C. to the canners on sales of the following products of the 1942 pack, in cents per dozen.(1)

	20 oz.	26 oz.	28 oz.	48 oz.	105 oz.
Tomatoes, fancy, choice and standard	nil	nil	.12¢	nil	.42¢
Tomato juice - fancy and choice	.03¢	.04¢	.04¢	.06¢	.12¢
				16 oz.	20 oz. 105 oz.
Peas - all sieves and ungraded - fancy choice or standard			.08	.08	.36
Corn, fancy, choice or standard			.08	.08	.36
Green and wax beans, fancy, choice or standard			.17½	.17½	.77
Peaches - fancy choice or standard			.12	.12	.50
Bartlett Pears, fancy, choice or standard			.20	.20	1.00
Kieffer Pears, choice or standard			.10	.10	nil
Plums, choice or standard			.10	.10	nil

(1) Canadian War Orders and Regulations 1942 - W.P.T.B. 1939-1942. Office Consolidation - P. 110.

"Subsidies were not payable on sales to the Corporation, for export, to the Department of Munitions and Supply or any agency thereof or on sales by any canner who has refused to do business with the Department of Munitions and Supply."(1)

For the 1943 pack of canned fruits and vegetables the subsidy payments varied little. However, a new subsidy was paid on the year's pack of tomatoes and tomato juice as an "incentive". On tomatoes 3 cents per dozen cans was paid and 2 cents per dozen on the same size cans of tomato juice. The overall subsidy payment on these goods was reduced from \$1,736,837.78(2) in 1942 to \$377,399.55(2) in 1943. This drastic reduction was due to stricter administration in the granting of subsidies to those applying for them. The 1943 figure being slightly higher than the 1941 subsidy payment.

Occasionally temporary subsidies had to be paid to overcome inadequate production or local supplies of rationed articles. For example, in British Columbia before 1942 the Japanese Canadians farmed large acreages devoted to strawberries. After the removal of these labourers from the coastal area the industry could not operate under the retail ceiling. To offset this and maintain the supply a subsidy of \$63,997.14 was paid to growers and retailers to market the berries and pay increased costs.

The peach crop of 1942 was a very good one both in quality and quantity and a wastage threatened. The lack of a ceiling on

(1) Canadian War Orders and Regulations 1942. W.P.T.B. 1939-1942. Office Consolidation. P. 110.

(2) See Appendix A. Canned Fruits and Vegetables.

fresh fruits allowed prices to increase greatly. The consumer in many cases could not afford to take advantage of the fine crop due to high prices necessitated in most cases by increased costs. In order not to lose the crop the Board authorized a subsidy of \$5. a ton on fresh peaches processed in Ontario during the canning season. This enabled processors who purchased peaches at growers' prices to sell the canned fruit under the ceiling. (1)

In some areas butter shortages developed. The Board took steps and ordered butter into these areas. Subsidies for transportation of butter amounted to \$44,484.38(2) up to the end of 1943. Another temporary subsidy was paid on the transportation of coal brought from Nova Scotia to Ontario. On March 4, 1943 a subsidy of \$1. a cord was made payable on wood fuel. The Board in this way was doing its best to supplement the use of coal as a domestic fuel and also paid a transportation subsidy where extra transportation costs were encountered.

Oils and fats were strategic goods whose production had to be maintained for domestic and war needs. Supplies were cut due to shipping space and the capture of certain sources of supply. About 50 percent of Canada's oil and fat had been imported prior to the war. The production of vegetable, animal and fish oils was stimulated and various conservation orders issued. Prices of domestic oils and fats increased to such an

(1) Dominion of Canada Report of W.P.T.B. September 3, 1939 - March 31, 1943. P. 25.

(2) Figures from Dominion of Canada Report of W.P.T.B. April 1, 1943 - December 31, 1943. P. 60.

extent in 1941 that manufacturers of soap and shortening, despite grocery subsidies and import policy were unable to sell under retail ceiling prices. A plan was worked out whereby the Corporation took over inventories as of December 31, 1942 and assumed forward commitments. "Oils and fats are sold to the industry at appropriate prices and direct importation and domestic purchases are adjusted by subsidy to the same level." (1) These subsidies paid for the production of soap and shortening materials amounted to more than 1 1/3 millions.

The "time lag problem" in the case of glove and garment leather necessitated Board action early in the price stabilization war. Increased costs were met by a temporary subsidy which enabled tanners to operate on the basis of the reduced prices. "The Hides and Leather Administration with the assistance of a committee of the trade worked out two schedules, one a schedule of 'Tanners' maximum standard prices' representing approximately the tanners' basic period prices for leather, and the other a schedule of lower agreed prices (equivalent to those ruling in January, 1941), to be paid by manufacturers for their purchases of leather." (2) In February, 1942, the arrangements were announced and payments made on the basis of the schedules. These were retroactive on all leather delivered after December 1, 1941. On August 1, 1942 the subsidy rate payable was reduced.

Holders of large stocks of tea and coffee were compensated

(1) Dominion of Canada Report of W.P.T.B. April 1, 1943-December 31, 1943. P. 26.

(2) Dominion of Canada Report of W.P.T.B. September 3, 1939 to March 31, 1943. P. 24.

(70)

according to their stocks on hand at December 5, 1942 for the price reduction ordered by the Board on December 3, 1942. This reduction of retail price was ordered to reduce the cost of living and hence prevent the necessity of an increase of wages. This subsidy cost the Corporation and hence the people of Canada, over three million dollars up to December 31, 1943.

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2. Import Subsidies

The subsidies paid by the Commodity Prices Stabilization Corporation Limited for the importation of domestic necessities included a greater variety of products but the total subsidy payment was greater on domestic goods.

In the preliminary statement of policy (1) the Board stated that they recognized the peculiar difficulties importers would meet with rising costs in other countries. Such conditions in other states were not to interfere with the flow of necessary raw materials, semi-finished or finished goods needed in Canada. The war programme was not to be jeopardized by rising costs.

On November 25, 1941 a more detailed statement concerning imports was issued, quickly followed by another on December 2, 1941 which superseded it. This latter announcement distinguished between imports directly used for the war effort or those entering indirectly into the production of war supplies and goods destined for domestic use. Since the former were not subject to maximum prices no aid was given to them by the Board. Importers and others concerned were assured by this statement that goods liable for subsidy would receive such as of December 1 until changes in policy were announced.

"The general principle is that imported goods will, in general, cost the importer no more than is appropriate in relation to retail ceiling prices." (2) Subsidies were paid until

(1) W.P.T.B. Preliminary Statement of Policy - November 21, 1941.
(2) The W.P.T.B. Import Policy December 2, 1941.

investigations were made and imports brought under further supervision of the C.P.S.O. After the Corporation got payments up to date and planned ahead, future methods of handling payments were made. From time to time duties and taxes on imported goods were reduced in such a way as to make subsidies unnecessary. Importers were also aided by the Corporation by bulk purchasing. The Corporation, when feasible, went into the foreign markets and brought the required goods for the individual manufacturers and producers. Certain saving resulted from these bulk purchases. The buying channels formerly used by the larger of individual buyers, were used by the Corporation thus capitalizing on existing business connections. The goods so purchased were then resold to the parties concerned at prices that would allow resale under existing ceiling prices. Subsidizing thus took the form of trading losses of the Corporation.

The December 2nd statement declared the following goods not eligible for subsidy:

- (a) "Goods imported for resale to the Canadian consumer in condition as imported, if not subject to a retail ceiling price." (1) i.e. fresh fruits, vegetables and garments wholly of fur;
- (b) "raw and semi-finished goods which are not subject to ceiling prices, or which are imported for manufacture into goods which are not subject to ceiling prices." (1) i.e. raw and dressed skins;

(1) W.P.T.B. Import Policy December 2, 1941. P.2.

- (c)"production goodsimported for use by manufacturers, millers, mining companies, lumbering companies...."(1); implements, tools and supplies imported for sale to farmers or fishermen are not included in this category as the latter are looked upon as consumers;
- (d)"passenger cars, trucks and other motor vehicles;"(1)
- (e)"goods imported and re-exported whether in the same form or in a finished form;"(1)
- (f)"any good where the amount of the subsidy is trifling in relation to the amounts involved"(1) or where the total claim is less than \$25.00 a month;
- (g)"goods imported direct by consumers;"(1)
- (h)"goods for which import entry was passed prior to December 1, 1941;"(1)

The method of payment varied with the articles concerned. The above list of non-eligibles varied greatly over the months, mainly by addition to the list rather than subtraction from it. The statement concluded with a plea to all concerned to co-operate to the fullest extent, to consult and aid their respective administrators in their industry and to keep down subsidy payments to a minimum in the national interest.

Between the issuance of the first statement of policy and August, 1942 the Board did much to reduce costs to the importers and allied industries. Through standardization and simplification a certain portion of the increased costs of imports was absorbed

by the importers, processors, manufacturers and wholesalers. On August 1 another statement of import policy was published stating that "the conditions under which subsidies are payable have been made progressively more exacting, while the number of goods excluded from eligibility for subsidy payments, because they are not essential or on other grounds, has rapidly increased." (1) The amount of the subsidy payable was limited to the excess of laid down costs over those appropriate to ceiling prices. We see here the reflection of greater organization and increased statistical data in the hands of the Board and its interested agents. These principles were applied in some cases to individual importers or by "estimating average or appropriate costs or selling prices for a number of importers and thus determining a specific subsidy or a maximum subsidy," (2) for an industry.

On February 10, 1943 another statement on Import Policy was issued by the Board which was not in any great detail different from former statements. It included two schedules listing a much greater number of articles for which subsidies would not be paid. Schedule "A" of this policy listed goods eligible for subsidy only in cases where, prior to importation, an arrangement respecting subsidy had been made with the C.P.S.C. The other ("B") listed goods specifically excluded from subsidy. The Board's intention was as before "to ensure a continued flow of necessary imported goods, especially those which are to be

(1) W.P.T.B. Quarterly Summary 1942-July 1 to September 30. P.11
 (2) Ibid. P.12.

sold in Canada under the retail price ceiling."(1) As formerly, the Board decided whether or not a subsidy should be paid and recommended to the Minister of Finance such payments. It also asked for cancellation or reduction of import taxes and tariffs on certain articles. The payment of subsidies was not obligatory but discretionary. Every effort was to be made by importers to make purchases abroad on as favourable terms as possible and if the Board felt this was not being done by individual importers, subsidies were not paid.

An Order in Council, P.C. 9888, December 19, 1941, suspended all dumping duties except on fresh fruits and vegetables. The determination to help was shown by another order, P. C. 9889 of the same day, which stated that the Minister of National Revenue was to accept export selling prices as the basis for valuation for duty purposes. Under the authority of this order the selling price was to be taken as the actual invoice value rather than a "fair market value as sold for home consumption."(2) In addition certain import duties and excise taxes imposed by other countries were subtracted from the export selling price when estimating the value for duty of imports.

Concerning bulk purchasing "the commodity Prices Stabilization Corporation Limited has been and will be from time to time authorized to buy from other countries certain goods in short supply."(3) In order to prevent duplication of purchasing

(1) Canadian War Orders and Regulations (Extract)-W.P.T.B. Statement of Import Policy-February 11, 1943. P.1.

(2) The items especially referred to for such consideration are listed in appendix "C" - P.104.

(3) Canadian War Orders and Regulations (Extract)-W.P.T.B. Statement of Import Policy-February 11, 1943. P.3.

machinery the Corporation used the trade channels which were already in operation when it was considered advisable for the Corporation to do the buying. The Corporation also had the right to recover trading losses on goods purchased by imposing surcharges on such goods sold to the Department of Munitions and Supply or the Government or on goods exported or re-exported from Canada or delivered as ships' stores(1) or equipment.(2) We have seen as an example the surcharge imposed on the export of maple syrup products which left a balance of some six thousand dollars over and above the subsidy paid on such products.

During the first five months (December 1941 to April 1942) only \$154,219. had been paid out on import subsidies while after thirty months (to December 31, 1943) \$53,568,887.01 had been distributed. Bulk purchases of currants and raisins from Australia and bristles from Asia were made by the Board early in 1942. Such purchases by the Corporation were insured against shipping losses and other maritime risks at the Corporation's expense. With respect to rice, a committee of inspection controlled the import of uncleaned and paddy rice. Subsidies after June 1942 were paid only on such rice and no import subsidy was paid on rice for malting purposes. Bulk purchases of cocoa and coffee were made for domestic use and grapefruit.

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- (1) The equipping of all convoys leaving Canadian ports drew heavily on our resources. Revitalling orders called for food supplies adequate to enable the ship to make the longest possible trip to allied ports and return without taking on additional provisions. A ship was thus able to be rerouted in mid-Atlantic from Britain to Murmansk, ports in the Mediterranean area, even to the far east around the Cape of Good Hope.
- (2) Ibid. P.3.

juice and other commodities were purchased by the Corporation for the Department of Munitions and Supply.

Coffee, despite increased costs and a four cent a pound reduction in selling price(1) was sold at appropriate ceiling prices. This has been done by cancellation of the special war duty. "Despite increased costs the selling prices of other bulk purchases among them, beans, beeswax, spices, dried fruits, fertilizers, pesticides, oils and fats and certain types of cotton fabrics have also been set in appropriate relation to retail ceiling prices."(2)

Purchases of tea have been obtained through the British Ministry of Food, the sole buyer of Indian and Ceylon teas. Allotments were agreed on by the United Nations. Canada paid over a million dollars, to the end of 1943, in subsidies in order to sell tea under the ceiling. This subsidy was in addition to consumer subsidies paid to lower the selling price of tea which in turn lowered the cost of living. Oranges, an important nutritional product were also highly subsidized by both import and domestic payments. On January 12, 1945 the Board announced that import subsidies were cancelled on oranges due to new United States price ceiling orders.

The Canadian Wool Board made arrangements to ship Canadian and imported wool to United States spinners and weavers for processing and the finished piece goods were purchased from them.

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- (1) Lowered, December 3, 1942 to offset rising cost of living, along with selling prices of butter, milk, oranges and tea.
 (2) Dominion of Canada Report of W.P.T.B.-September 3, 1939 to March 31, 1943. - P.30.

The Corporation then paid the necessary import subsidy to allow the piece goods to be sold at ceiling prices. Other forms and grades of wool were purchased by the Wool Board in bulk and losses were met by the C.P.S.C.

During 1942 the supplies of African sisal fibre used in the manufacture of bindertwine and ropes were cut off. The Corporation stepped in and bought Mexican fibre as a substitute. This necessitated a much higher subsidy although bought in bulk by the Corporation. The threatened shortage of bindertwine for the farmer's 1943 crop was alleviated.

The Corporation did not lose any opportunity of buying goods cheaper. Certain agricultural prices were found to be lower in Argentina than in United States and full advantage of such conditions was taken.

The general rule of payment included goods for domestic consumption only. Certain goods imported are used for both the manufacture of production goods and consumer goods. Chemicals of many kinds typify this case. The Board ruled no subsidies on such goods, with provision for a purchaser to file a "protest against increased price" which he is unable to meet. The Administrator of chemicals was to consider the case and grant or refuse aid. "Similar arrangements have been made with the Oils and Fats Administrator covering imports of naval stores such as resin, pine oil, tar and pitch, etc."(1)

The greatest single subsidy payments went to petroleum

(1) W.P.T.B.-Summary-October 1, 1943 to March 31, 1944. P.5.

products due to the tremendous increase in shipping costs and insurance charges on the Caribbean and Atlantic routes. After April 1, 1942 subsidies were paid on petroleum imports into the Maritimes and Quebec. Subsidies were also paid on crude oil imported from the United States, to meet increased demands on the Prairies. The Turner Valley crude oil production was subsidized 15 cents per barrel after April 1, 1943 in order to increase production.

Subsidy payments, an integral part of this price control, cost the country relatively little when compared to the benefits. While it is impossible to say dogmatically what the effects would have been had prices been allowed to rise by non payment of subsidies, it can be estimated that the cost to the general public would have been many times 115 millions(1) measured in spiralling prices.

(1) Total to December 31, 1943.

CHAPTER VIII

"CONSUMER RATIONING"

Consumer rationing was not introduced immediately as a necessary component of the price control policy. The Board's preliminary statement, however, made mention of rationing. It and the Department of Munitions and Supply had control over the supply of all materials and products. Very little time elapsed before rationing of certain domestic goods was necessary. Before consumer rationing and with the inception of the ceiling the Board required suppliers to make equitable distribution amongst their customers. So as with standardization and simplification, control over prices and wages, payment of subsidies, remission of duties and bulk purchases, now came the need for controlled distribution, allocation and rationing. All these were necessary cogs in the complicated machinery set up to prevent inflation.

During the war periods of 1939 to 1941, before the overall ceiling, much centralization of control over raw products had been necessary and had been effected. The supply problem was essentially a rationing problem. So long as an adequate supply existed, no rationing was necessary. However, this did not maintain for long. Shortage of labour, machines and materials due to enlistment, and a general increase in domestic demand and war production all affected the supply problem. The condition of insufficient domestic goods was attributable to conversion from peace to war Production and to a reduction of imports. The Board did its utmost to allocate properly the major factors of production. The labour problem is a topic in itself which will not herein be dealt with. The distribution

of machines and raw materials were major problems also and have only been referred to.

Domestic licensing control, introduced to control the supplies of coal, hides and leather, was extended in September 1, 1941 to all manufacturers and dealers in foods, feeds, clothing and footwear and after December 1, 1941 to all engaged in the production and distribution of goods and services under the Board's jurisdiction. This licensing enabled the Board and its Administrators to enforce orders dealing with the use of materials and the type, quality and quantity of goods produced. As with the whole general structure of commodity control in Canada, so rationing by distribution was initiated with the inception of the price ceiling. Consumer rationing followed within a year. This took several forms mainly equitable distribution, permit and coupon rationing and rationing on the "honour system".

The equitable distribution policy outlined in the Fall of 1941 was enlarged and further explained in a statement dated October 13, 1942. Suppliers were to distribute to their regular customers (retailers) their supplies in proportion to former purchases. In few cases could the required supply be met consequently proportionate supplies were distributed. In areas of large population movements, distribution on a 1941 basis was unreasonable. To rectify this the Administrator of Retail or Wholesale Trade had the authority to adjust the quotas. In order to allow for such quota increases as might be permitted the suppliers were to set aside a small reserve.

"Certain areas in British Columbia, Alberta, Quebec and the Maritimes have been allocated extra supplies to take care of new developments resulting from war conditions."(1) These emergency conditions received their supplies from common reserve pools built up by the suppliers.

Suppliers were prohibited from taking on new customers unless by special instruction from the Administrator concerned. "A supplier who has his own retail stores must consider these stores as one customer and therefore cannot give them any special treatment."(2) Here again the Board orders necessitated the utmost cooperation of all concerned. The general rules were easily set down but carrying them out was a more difficult problem. Supply records of 1941 (the base period) were in many cases not available and the retailer and supplier had to satisfy each other as to amounts. Provisions were made for new businesses. "Retail businesses opened in 1941 or 1942, where consumers are not adequately served by other retail outlets, may be assigned quotas irrespective of the supply situation for such goods at the time of the business opening."(3)

We now have the consumer goods in the hands of the retailers in quantity and as fairly distributed as the orders will allow. Distribution to the consumer took the form of chance, permit, honour system and coupon rationing. Some

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- (1) Marketing (Weekly Newspaper for Canadian Advertisers and Sales Executives) Toronto Canada. July 31, 1943. P.12.
 - (2) Dominion of Canada. Report of W.P.T.B. September 3, 1939 to March 31, 1943. P.58.
 - (3) Marketing (Weekly Newspaper for Canadian Advertisers and Sales Executives) Toronto Canada. July 31, 1943. P.12.

canned goods that were not on the daily diet of the population as a whole, were not directly controlled. These were mainly regulated by supply between canner and retailer and by chance between retailer and consumer.

Board Order # 301 (1) issued on July 26, 1943, effective the following day, controlled the sale and distribution of canned fruits and vegetables. This was a step to secure for essential needs an adequate supply of certain goods. These were - fruits - apricots, cherries, peaches, pears and plums - vegetables - green beans, pumpkin, spinach, tomatoes and tomato juice. The canners were compelled to hold 38 percent of the total quantity (by volume of pack) of canned tomato juice; 50 percent of total quantity of canned tomatoes and 25 percent of all other goods mentioned above in reserve.

This was a rationing by distribution by the canners. The retailers did their best to distribute the goods over the periods so at all times to have supplies on their shelves. This was hampered by favouritism shown to regular customers and the run on scarce commodities once their existence was known.

Permit rationing in the case of certain desirable goods was a convenient device. Such articles, essential to certain groups in the community or which are purchased infrequently, were rationed in this manner, eg. small arms ammunition, tires, telephone service, electrical supplies, farm machinery, office

(1) Canadian War Orders and Regulations 1943. W.P.T.B.
Office Consolidation Vol. III P.30.

supplies, typewriters and standard railway watches. The distribution of new telephone service was by priority and regulated by the telephone company.(1) The provisions regulating agricultural equipment has also been outlined in the chapter on "conservation", page 42. Small arms ammunition rationing began in March, 1943. To those who depended upon it for their livelihood or protection of crops and livestock could draw rations through the local ration boards or branches of the Ration Administration. Due to different local conditions the decisions were made by the local offices. Tires were rationed after the spring of 1942 under the Rubber Controller in the Department of Munitions and Supply.

The "honour system" of rationing was introduced on January 24, 1942 when the Board made it illegal for any person to purchase sugar in quantities above $\frac{3}{4}$ pound per person per week. Special provisions was made for home canning. On May 19th the per capita ration was reduced to $\frac{1}{2}$ pound per week, the same ration later distributed by coupon. On the same date of the reduction in sugar, tea and coffee were so rationed. Citizens were required to cut consumption of these two commodities in half. The "honour system" worked with fair success but even with the cooperation of the people, coupon rationing became necessary in the fall and winter of 1942. The expense of administration saved in this "honour system" period was offset

(1) See page 46 - "Electrical Supplies".

by the expense of wide publicity and propaganda campaigns. Such a system was found to be feasible only when the ration was not greatly below the normal consumption.

During the life of the honour system rationing there were many grievances voiced by those who pretended to be obeying against those they thought were not. Rationing by coupon is certainly a more equitable method of distributing life's necessities when it can be highly effective. However there were many drawbacks to the system. There was the increased cost of administering it and also the enforcement problem. Administration and enforcement also had their influence on the manpower shortage. Black markets, especially of agricultural goods met with in many areas, could not be entirely stamped out. Unless those being rationed agreed in principle to rationing the enforcement problems were found to be enormous.

Coupon rationing of sugar was announced in June and became effective on July 1, 1942. Temporary cards had been distributed on application and were valid for a ten week period. Ration book #1 was issued in September. The sugar ration remained at 8 ounces a week and each coupon was worth 1 pound, a two weeks supply. A month's supply could be purchased at one time and from any retailer. The tea and coffee coupon ration was introduced on August 3, 1942, butter, December 21, 1942, and meat May 27, 1942.

Tea and coffee were rationed as one commodity. Each week 1 ounce of tea or 4 ounces of coffee could be purchased for all above eleven years of age. These two commodities were looked on

as nearly complementary. The demand for each was practically the same. Later on, in September, 1943 when improved shipping conditions allowed, the ration was increased to 1 1/3 ounces of tea or 5 1/3 ounces of coffee by making the coupon cover a three week period instead of a four week period.

During this time coffee stocks had increased considerably more than tea. It was felt however, that if the rationing of coffee was not continued, tea supplies would soon be depleted. Since some families preferred one or the other rather than desiring both in the rationed quantities, those who would not have bought tea and would have purchased unrationed coffee might transfer their tea ration to friends. It would not have been fair to those who drank only tea then, to reduce the tea ration or ration it and not coffee. It was felt that a joint coupon would be the most equitable means of distributing both. In the fall of 1944 the ration was entirely discontinued on these two products.

Meat, the first commodity rationed by coupon by the Board, was distributed at about two pounds per week. "The various types and cuts of meat are grouped, for the most part, in accordance with their edible meat content. The coupon values of the four groups range from 1/2 pound per coupon for the all edible meats to 1 1/2 pounds for cuts with high bone content." (1) This meat rationing was also discontinued in the fall of 1944.

(1) Dominion of Canada. Report of the W.P.T.B. April 11, 1943 to December 31, 1943. P.17.

The Board found it necessary to ration butter late in December, 1942. During the fall the consumer public heard rumours of a butter shortage and immediately proceeded to produce one by buying. During the first half of 1942 butter production was down 6 percent and consumption up 10 percent over similar periods of 1941. The Board encouraged production with a 6 cent per pound subsidy on butterfat beginning July 6th and by the end of the year, production was up to normal. However, consumption was above normal hence the ration in December. A half pound per week per person was the quantity allowed. Early in the new year, it was necessary to reduce the ration to 1/3 pound per person per week. At this time the Board took steps to facilitate better distribution methods. They cancelled all future contracts held by wholesalers and distributed stocks by permit.

The Board met a moral obligation, to purchase excess butter production induced by subsidy payments. They did this through the C.P.S.C. and distributed these quantities for use in manufacturing.

"In September 1943, a group rationing scheme for 'preserves' was introduced covering canned fruit, jams, jellies, marmalades, molasses, honey, maple syrup and other sweeteners." (1) Supplies of these products had been, at different times and in certain areas, short, but since all are comparatively substitutable they

(1) Dominion of Canada. Report of W.P.T.B. April 1, 1943 to December 31, 1943. P.17.

were not rationed individually. The ration constituted one coupon per two weeks with the coupon being adjusted according to the supply of the various articles. "Coupon values for the various foods in the preserves scheme must be calculated to balance the total supply and the total demand for all items on an annual basis"(1) In the periods of seasonal peak production, the ration was raised to forestall any wastage of such goods. This coupon could be exchanged for a $\frac{1}{2}$ pound of sugar if desired thus allowing the housewife sugar to preserve with if she preferred these to the canned or bottled goods. Gasoline was rationed to motorists across Canada beginning April 1, 1942. The overall ration varied with the available supplies and the individual ration by category. This was a Department of Munitions and Supply measure with the enforcement under Board control.

The number of goods rationed in Canada was considerably less than in Great Britain or the United States. The methods used by the Board were as simple as could be devised. The violations were few at the beginning, increased after a year or two of rationing but at no time was the system endangered by black market operations. Generally the more isolated areas presented the greatest enforcement problem. However, the rationing by planned distribution of all consumer goods was instrumental in preventing widespread black markets and inflationary tendencies in the isolated areas. Violation centred round gasoline, potatoes, butter, meat and to a lesser degree tea

(1) Dominion of Canada. Report of W.P.T.B. April 1, 1943 to December 31, 1943. P.17.

and coffee but the Board's enforcement agencies kept the violations well in check.

Products that were almost entirely imported, such as tea, coffee and sugar could be controlled more easily than meat and butter for example, because of the many primary producers, the large portion of rural population and the great distances in Canada. The above general methods of distribution were not quite so rigid as outlined. If for reasons of diet an individual needed more butter or sugar etc. a doctor's signature presented to the Ration Board for approval, procured them. As mentioned, the rationing of gasoline was on a priority basis with "special category" forms being submitted to the District Oil Controller for consideration.

The system was simplified as much as possible. The housewife played a very important enforcement role in connection to prices and the Board did its best to educate Canadians to the need for rationing. The lessons in propaganda learnt from the Germans were used to a lesser degree and in a constructive manner.

CHAPTER IX

"CONCLUSION"

To write finis to this thesis without explaining more fully the enforcement provision might convey a wrong impression. The Board did find it necessary to "put teeth" into their orders, as has every society attempting to administer justice.

The policy of the Board was to impress upon the whole population the need for cooperation. The Board rules and orders were simple and well publicised. The public was informed and educated. All branches of the Board did enforcement work by "explaining the purposes and effects of the regulations to people affected by them." (1) During the first few months only obviously wilful infractions were prosecuted. In this period the public was given ample time to realize the true significance and need for the rules.

The enforcement organization itself consisted of fourteen regional counsels with inspectors and investigators. A limited staff was employed and source information was mainly obtained from the cooperation of housewives and women's organizations. Liason officers appointed by these organizations cooperated with the enforcement counsels. The Board kept them fully posted on all orders and changes and on means of aiding enforcement. Women were encouraged to report price ceiling violation. The Board did not require citizens to prove infractions but only requested a report when such were thought to exist. The Board's inspectors then investigated and reported to the Enforcement Administration

(1) Dominion of Canada. Report of W.P.T.B. April 1, 1943 to December 31, 1943. P.45.

at Ottawa. Ottawa reviewed the cases and prosecution took place only on authorization of the Board. The Board in the early periods did all in their power to solicit cooperation of all groups rather than prosecute.

Critical fields of price administration required periodic inspection eg. prices of short supply food stuffs and rationed goods. From December, 1941, to December, 1943, approximately 6,084 prosecutions had been completed. The majority had to do with rentals and prices of goods and services, only some 461 being for violation of rationing. It is difficult to draw conclusions from these figures, as it is impossible to calculate what percentage of violations were brought to the attention of the Board's agents. It is safe, however, to say, since practically every individual, business and organization was affected by W.P.T.B. orders and only some six thousand prosecutions completed, that the initial desire of the Board was fulfilled. This was to acquaint thoroughly the public with the importance of price control and to solicit their aid in maintaining it. The great majority of the people obviously was in sympathy with the regulations and agreed that the restrictions and controls were wartime necessities.(1)

At this point, if we have not done so already, we begin to ponder the results and effectiveness of standardization, rationing, enforcement and the books of orders issued in

(1) Dominion of Canada. Report of W.P.T.B. April 1, 1943 to December 31, 1943. P.46.

connection with price control. We know it was necessary and for our good - the W.P.T.B. told us so. Facts and figures also proved it. The democratic strain of our nation would not have allowed such "goings on" without ample proof of their necessity. During the first Great War no price control existed, the cost of living index stood at 155 (1) after 53 months of toil and combat. With the base of 100 at August, 1939, the cost of living index stood at 117 on October 1, 1944 after 61 months. In the table we see the main divisions and changes in the cost of living index for this war (1939 -).

(1) Dominion of Canada. Report of W.P.T.B. April 1, 1943 to December 31, 1943. P.48.

COST OF LIVING INCREASES IN TWO WARS

LAST WAR

JULY, 1914 - DEC., 1918

53 MONTH PERIOD
WITHOUT PRICE CEILING

THIS WAR

AUG., 1939 - DEC., 1943

INC. SINCE BASIC PERIOD
(B.P. SEPT. 15, 1914)
INC. BEFORE BASIC PERIOD
26 MONTH PERIOD
26 MONTH PERIOD

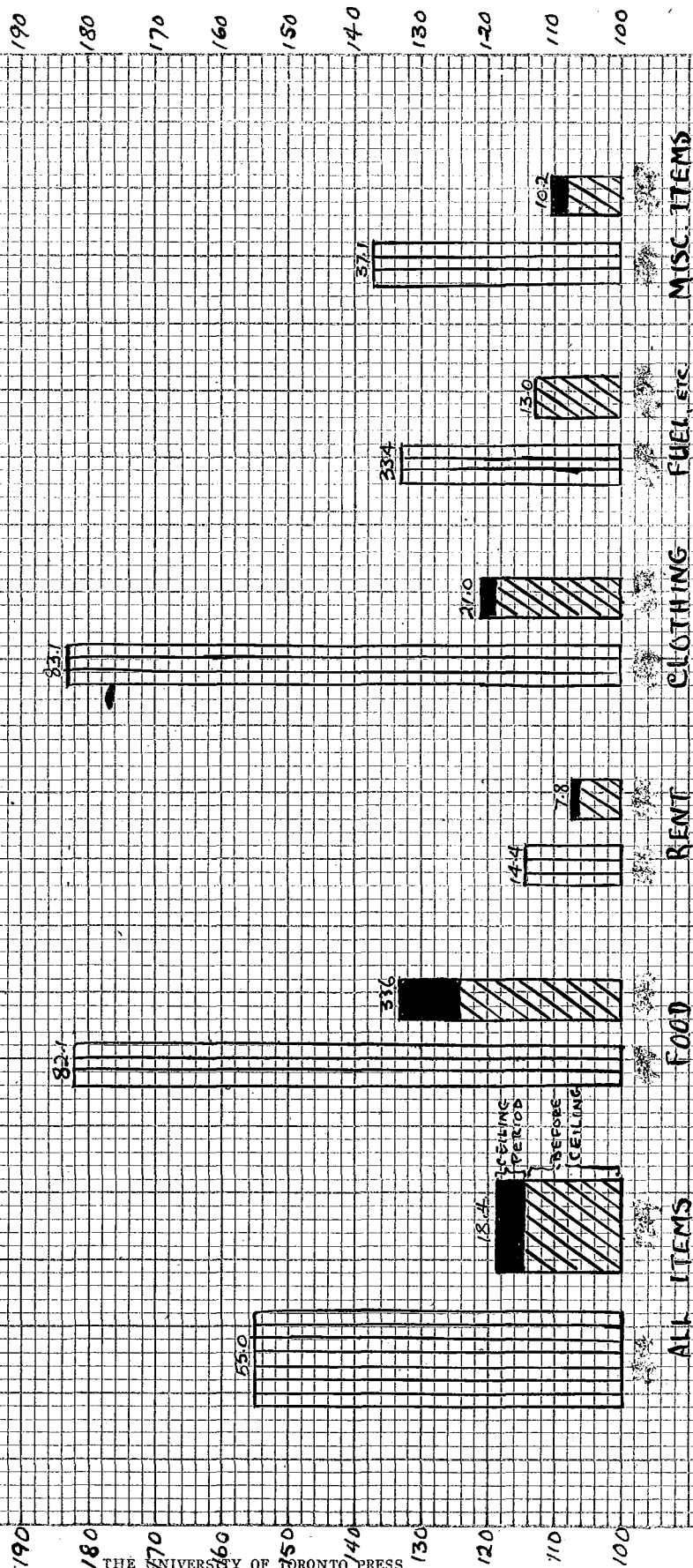


CHART FROM DOM. OF CANADA - REPORT OF W.P.T.B. APRIL 1943 TO DEC. 31, 1943, P. 18

Contribution of Budget Groups to Changes in Cost-of-Living
Index.(1)

Changes are expressed as points added to the Total Index
(August 1939 = 100)

<u>Group</u>	<u>Period change</u> August 1939-October 1944
Food	+ 9.64
Milk	+ 0.24
Other Dairy Products.....	+ 1.61
Eggs	+ 0.89
Beef and Veal	+ 2.79
Other Meats and Fish	+ 2.00
Cereals	+ 0.46
Dry Groceries	+ 0.87
Vegetables	+ 0.23
Fruits	+ 1.03
Fuel and Lighting	+ 0.59
Rents	+ 1.56
Clothing	+ 2.58
Home Furnishings	+ 1.58
Miscellaneous	+ 1.75
Total Change	+ 17.7

The changes in the wholesale index startle us when we compare them to the cost of living indexes.

Point Changes in Wholesale Indexes (2)

(August 1939 = 100)

<u>Products</u>	<u>August 1939-September 1944</u>
Vegetable Products	+ 60.8
Animal Products	+ 52.1
Textile Products	+ 38.2
Wood Products	+ 50.6
Iron and Qts Products	+ 20.5
Non-Ferrous Metals	+ 14.0
Non Metallic minerals	+ 21.6
Chemicals	+ 29.0
Total Wholesale Index rise	+ 41.5

(1) Table from W.P.T.B. Quarterly Summary July 1-September 30, 1944
P.16.

(2) Table from W.P.T.B. Quarterly Summary July 1-September 30, 1944
P.17.

How can the wholesale price index rise 41.5 points and the cost of living index rise but 17.7 points? This may be attributed to two main factors. The cost of living index was computed on 45 representative items (in Great Britain 14) while the wholesale group includes items generally. Many non-essentials (eg. luxuries) greatly increased in price but the necessities were held down. The second factor was this holding down of the price of necessities, both by the closest watch over price and supply and by the payment of subsidies. Few concessions in the way of price increase were allowed on goods making up the cost of living index. Canada may well be proud of her record, leading the Allied Nations as she did in price control. It is interesting to compare the cost of living indexes of these countries although comparisons are dangerous due to the different methods of computation and the amounts of data available. However, a general view may be had without examining minutely the statistical composition.

Cost of Living Index (1)
(First 6 months of 1939 = 100)

<u>Country</u>	<u>Index</u>	<u>Date</u>
1. Argentina (Buenos Aires)	109	April '44
2. Germany	112	May '44
3. Uruguay (Montevideo)	113	March '44
4. New Zealand	115	March '44
5. Canada	118	August '44
6. Australia	122	February '44
7. U.S.A.	127	July '44
8. South Africa	129	April '44
9. United Kingdom	131	August '44
China (Chungking)	21,000 .	July '44

Where index covers but one city the name of the city is given

(1) Figures from W.P.T.B. Review of World Inflation - Economics Branch, Research Division - July 1944. P.3.

Argentina and Uruguay are shown in first and third place in the table. This might well be explained in that these countries were non-belligerent, and had not had to combat the economic effects of a large war effort. In fact, both these indexes cover only the capitals of the countries. Germany's cost of living index may be discounted as it was not honestly calculated. It includes articles that were not available or were available in terribly short ration supply. New Zealand's index may also be questioned as in 1942 "the new wartime index was adopted" Few indexes "reflect the actual rise in prices nearly as accurately as does the Canadian index. Taking into consideration the commodities included, the price data collected and the methods of calculation, the U.S. index is probably the one which compares with the Canadian in accuracy." (1)

The fundamental policies outlined in the Board's statements have been closely and rigorously followed. The Board had to fight an uphill battle against increasing purchasing power concentrated in the hands of the general public. Increased taxes, forced savings and huge victory loans tapped this dangerous surplus quite effectively. In 1939 a national income of \$4,300,000,000 (2) was reduced to a surplus of \$650,000,000 (2) by deductions of \$3,500,000,000 (2) in goods and services purchased and taxes of \$150,000,000. (2) In 1943 the national income was estimated at \$7,600,000,000. (2) Taxes of

(1) Dominion of Canada. W.P.T.B. Review of World Inflation. Economics Branch - Research Division, July 1944. P.2

(2) Figures from Business Week-New York, N.Y. June 5, 1943. P.70.

\$950,000,000.(1) and available goods and services of \$4,100,000,000.(1) when deducted left a surplus of \$2,450,000,000(1) which the Government had to draw out of the hands of the public in order to prevent inflation. The 4th and 5th Victory Loans floated during the year realized approximately \$2,691,000,000 thus more than accounting for the surplus calculated to exist. This excellent job of financing was but a cog, as was the price ceiling, in the great machine of winning the war.

The Cabinet was able under the War Measures Act of 1914 to proceed with dictatorial powers "to provide safeguards under war conditions against any undue enhancement in the prices of food, fuel and other necessities of life and to ensure an adequate supply and equitable distribution of such commodities."(2) Thus Canada was favoured with an early start and proceeded without major political encumbrances. The Board did not have to play politics to implement overall control of the economy as did our Southern neighbour. Control of wages and prices was co-ordinated. The countless factors affecting price control were studied and held in balance. When this balance was disturbed, the reasons for it were analysed and the necessary steps taken. When available purchasing power threatened to break through the ceiling, taxes were greatly increased, excess profits drained off, compulsory savings enforced and huge loans successfully floated. Short supplies brought, first subsidies to increase

(1) Figures from Business Week-New York, N.Y., June 5, 1943, P.70.
 (2) Preamble of Order-in-Council P.C. 2516. September 3, 1939.

necessary production and then rationing distributed equitably the supplies available.

The Board extensively used the Dominion Bureau of Statistics, the Audit Staff of the Excise Division of the Department of National Revenue, the Dominion Fuel Testing Laboratories, the Weights and Measures Service of the Department of Trade and Commerce and the Royal Canadian Mounted Police.(1) The principle of interlocking directorates was everywhere employed, thus facilitating economy of effort and time.

The cooperation achieved by the Board between producer, wholesaler and retailer and consumer and supplier was commendable. It is quite reasonable to evaluate the wartime record of price control. The Board met all types of problems and situations with success. The real trouble comes during the transition period and immediately following the end of hostilities. Early in 1944 the Board began relaxing controls by releasing metal supplies etc. for civilian production. Their intention was gradually to make the "change-over" and thus minimize its evils. It was unfortunate however that the transition was begun a little early and greater quantities of war materials were needed in the European campaign than was anticipated. This necessitated, during the summer of 1944, reversion to production of certain war materials. However, the Board and Government offices were able to continue the change over with some success.

The Board, if allowed to function for some time after the

(1) Dominion of Canada, Report of W.P.T.B. September 3, 1939 to December 31, 1943. P.6.

cessation of hostilities, will be able to guide the economy from a total war to a peace time production. Restrictions will have to be removed gradually. It is doubtful whether the general public will accept and endure these dictates in peace time, however. Much will depend on the persuasive ability of the Board through its publicity and propaganda in support of the continuance of the programme. Demand for discontinuance will no doubt be more vociferous than that for its continuance. The unrest during the transition period will be great, while service men return, population redistributes itself and labour and management demand fewer taxes and greater shares in earnings.

Regardless of the ensuing difficulties faced by the Board in 1945 and perhaps 1946, its history in the eyes of Canadians and friends has been commendable. "The general control over prices and wages and the subsidy plan which has been carried out with a resolute will and unflinching purpose, together with an effective fiscal policy, has been the major reasons for this fine record." (1) The Canadian Government was not afraid to embark on and pioneer in this great regulating plan so foreign to any of its previous policies. The eclectic practices brought efficiency and a broadness of design. The cooperation of the public, signified approval of the plan. The results indicated its worth.

(1) Jules Backman - Price Control and Subsidy Program in Canada - Brookings Institute Washington, D.C. P.64.

Appendix A

Subsidies or Reimbursements on Domestic Products

to December 31, 1943

Description of Products	Amount Paid \$	cts.
Butter -		
Butterfat	12,977,776	59
Inventories	582,778	66
Transportation.....	44,484	38
Canned Fruits and Vegetables -		
1941 Pack	260,715	25
1942 Pack	1,736,837	78
1943 Pack	377,399	55
Coal -		
Cost of living Bonus	2,245,224	98
Emergency Diversion	69,810	88
Transportation, Maritimes	5,145	91
Pre - ECPB Assistance.....	394,595	08
Wagon Mines Transportation	606	16
Eggs -		
Frozen	87,066	12
Feeds -		
Fishmeal	19,595	99
Fertilizers -		
Eastern Canada	134,619	46
Footwear -		
Subsidy to July 15, 1943	4,289,716	68
Fruits Fresh -		
Strawberries, B.C. 1942	63,997	14
Peaches, Ont. 1942	66,594	35
Tree Fruits 1943	597,930	07
Groceries Order # 116 -		
Standard	2,298,632	48
Cereal Products	32,884	99
Jam and Jelly	68,263	45

Responsibility for the payment of milk and butterfat subsidies to primary producers was taken over by the Department of Agriculture on May 1, 1943. The amounts here listed, therefore, apply only to production before that date.

APPENDICES

- A. SUBSIDIES OR REIMBURSEMENTS ON DOMESTIC PRODUCTS
- B. SUBSIDIES PAID
- C. VALUATIONS FOR CUSTOMS PURPOSES

Appendix A cont'd

Subsidies or Reimbursements on Domestic Products

to December 31, 1943

Description of Products	Amount Paid \$	cts
Leather -		
Footwear, Sole and Upper	54,915	16
Glove and Garment (including shearlings) ..	1,937,047	61
Harness	3,527	34
Lumber -		
Pit Props and Mine Ties	19,858	52
Pit Wood - U.K.	279,759	92
Consumer, Softwood	276,563	08
Producer, B.C. Coastal Lumber (including lath) ..	368,191	78
Retail, Prairie	620,156	87
Maple Products (net)	6,443	56
Meat -		
Beef, Transportation	257,086	16
Bologna and Weiners	74,318	28
Milk -		
Primary Producers 1941-42	2,907,247	95
Primary Producers 1942-43	3,182,972	61
Consumer	19,009,699	67
Flin Flon Transportation	287	37
Oils and Fats -		
Linseed Oil, Transportation	19,487	07
Soap and Shortening Materials	1,393,566	29
Paper Products -		
Scribblers and Counter Cheques	2,473	07
Rubber -		
Scrap Tires	39,520	78
Rye Grain	9,165	24
Tea and Coffee Inventories, December 7, 1942	3,048,638	62

This figure (\$6,443.56) indicates the amount by which receipts from surcharge on exports exceed disbursements by way of subsidy.
See page

See Note on preceding page.

Appendix A Cont'd

Subsidies or Reimbursements on Domestic Products

To December 31, 1943

Description of Products	Amount Paid \$	cts
Vegetables -		
Beans, White and Yellow Eye	196,264	36
Potatoes:		
New	706,200	52
Transportation, Old	15,320	79
Transportation 1943 Crop	137	21
Woodenware -		
Cheese box materials, 1942	6,158	76
Fruit and Vegetable Containers	141,455	16
Apple Barrels and Parts, Ont. and Que.....	12,612	95
Powdered Milk Barrels and Nail Kegs.....	30,918	50
Oars	288	54
Special Arrangements	273,255	85
Wood fuel -		
Cordwood \$1.00	446,155	27
Transportation	123,452	30
Vancouver	4,412	57
Total	61,809,348	56

Note

Figures in Appendix - from Dominion of Canada, Report of the W.P.T.B. April 1, 1943 to December 31, 1943 P.60 and 61.

Appendix B

Subsidies paid from December 1, 1941, to December 31, 1943 by
the Commodity Prices Stabilization Corporation Limited on
Imported Goods

Animal, Agricultural Products, Fish and Provisions ..	6,718,456	48
Sugar Molasses and Manufactures thereof	208,133	37
Spirits, Wines and Other Beverages	217,917	68
Pulp Paper and Books	92,791	72
Chemicals Drugs Oils and Paints	26,598,072	63
Earths, Earthenware and Stoneware	167,814	28
Metals and Manufactures thereof	65,315	69
Wood and Manufactures thereof	22,690	17
Cotton, flax, hemp, jute and other fibres and silk, wool and manufactures thereof	10,615,643	65
Miscellaneous	6,247,301	31
Accountable advances (not allocated to tariff items..	1,827,629	78
Rubber, synthetic and crude	987,120	25
	53,568,887	01

Note

Figures above from - Dominion of Canada, Report of W.P.T.B. -
April 1, 1943 to December 31, 1943. P.55-60.

Appendix C

Valuations for Customs Purposes

Under the authority of this order in council selling price (actual invoice value) is accepted as the basis for valuation for duty purposes instead of "fair market value as sold for home consumption" in respect of the items listed below.

Commodities	Effective Date
Automobiles, passenger	Mar. 19, 1942
Barrels, wooden, used or second hand	Jan. 2, 1942
Bristles, dutiable under Tariff item 654	April 1, 1942
Broom Corn	June 1, 1943
Chinese Menthel	Jan. 8, 1942
Cotton, raw	Dec. 19, 1941
Dried fruits	
Dried prunes and plums	Dec. 19, 1941
Evaporated or dried apricots	Feb. 16, 1942
Raisins and currants	Apr. 15, 1942
Dried fruits of all kinds	Nov. 2, 1942
Essential Oils, specified in Tariff Item 264 ..	Jan. 2, 1942
Ether, sulphuric, and preparations of virgl	
ether for anaesthetic purposes	Feb. 16, 1942
Feeds animal or poultry (ex. Tariff Item 45)...	Apr. 1 to June 30/42
Galatest	Sept. 1, 1942
Hollow ware, of iron or steel, dutiable under	
Tariff Item 432 B	July 2, 1942
Metal caps for bottles or jars	July 2, 1942
Rice, cleaned and uncleaned, or paddy	Dec. 19, 1941
Soya beans, etc. dutiable under Tariff Item	
663 C	Feb. 2, 1942
Tools, hand, of all kinds	July 2, 1942
Vegetable Oils as specified in Tariff Items...	May 1, 1942
Waxes, vegetables and mineral as specified in	
Tariff Item 225	Dec. 19, 1941
Pentanol amyl xanthate and sodium ethyl	
xanthate	Dec. 19, 1941
Xanthates for use in process of concentrating	
ores	Apr. 1, 1943

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