

Secret

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Major Problems involved in a Price Ceiling Policy

This memorandum is designed to indicate in broad outline the major problems involved in making a price ceiling work, and the way in which they could be dealt with.

Administrative Problems

The implementation of a Price Ceiling Policy will undoubtedly involve major problems of administration and organization. Control of the retail field in particular will present considerable difficulties because of the large number of merchants throughout the country and the great variety of goods which they sell. An adequate organization will have to be set up with a view to controlling retail prices, particularly of staple goods. Some measure of supervision will also be necessary over style goods and specialty merchandise, but it may be desirable to exempt entirely certain novelty and seasonal products. The retail control organization will have to include offices in all the larger centres of population, but to begin with this might be limited to cities and towns of over 10,000 people. It will be important to recruit the support of the large merchandising organizations whose co-operation and assistance will be required and whose organizations must be drawn upon for a considerable number of the senior members of the staff which will be needed.

As time goes on, one of the major duties of the retail control organization will be the introduction and supervision of a system of rationing essential consumer goods as the shortages of materials become more manifest. If the price ceiling policy was not adopted, some measure of rationing the limited quantity of essential goods available would be effected by the increase in prices which would automatically occur. To this extent the price ceiling policy will result in a more equitable distribution of necessary staple goods as their supply is curtailed by war requirements.

Wholesale and manufacturers' prices could be controlled through some 30 or 40 Controllers or Administrators (including