

trivial or unimportant to most consumers or producers, and from all items which are in such ample supply that price ceilings are no longer needed to keep prices within reasonable bounds. The present measure recognizes this and has the effect of removing from control a substantial number of individual items. This measure has the further merit that, by concentrating its attention on those things which matter most, the prices board will be able to make more effective use of the staff at its disposal.

The list of goods and groups of goods and services still under control is very large, so large that some may feel it should be further reduced. It is intended to cover virtually all of the items which are of everyday importance in the household budget, and many more; and also all the items of chief importance in costs of production. In general, basic materials are included and almost all parts and components of consumer goods. So far as the consumer is concerned, practically all food, fuel, clothing, textiles and leather goods remain under control, as well as the significant items under the headings of kitchenware, hardware, household appliances, radios, automobiles, furniture, house furnishings and building materials. The farmer or fisherman will observe that most of the goods he needs to purchase to assist him in production are also included. The control of rents, I should add, remains unchanged.

At this point I want to emphasize that no increase in the ceiling prices of domestic goods remaining under control is involved in this step. The basis of price control continues to be the prices already authorized by the wartime prices and trade board. Demands for price increases will continue to be resisted, except in cases where the financial need of the producer concerned make some upward adjustment imperative.

The second step which the government has authorized the prices board to take, that relating to prices of imported goods, is one which has been forced by external circumstances over which we have no control. The new system may be briefly described as follows: an order of the prices board will be issued establishing maximum mark-ups over landed costs for a wide list of imported consumer goods. The mark-up will be somewhat less than normal, in order to minimize any adverse effect on consumer prices in Canada, prevent pyramiding of foreign price increases, and remove any temptation to handle imported goods rather than domestic goods if domestic goods are available in adequate quantity.

[Mr. Hilsley.]

It will be recalled that, commencing in February last, the prices board has been permitting imports from the United Kingdom and those war-ravaged countries which were so recently our allies to enter this country on somewhat the same terms as those now extended to all countries. It is expected that as a result of this action, goods which were in danger of being excluded from Canada in the operation of our own price control policy will begin to be imported more freely as conditions of supply improve. We are taking the view that it is better to get the goods, even at a higher price, than to insist that domestic price ceilings must be maintained on imports, which in many cases makes importation impossible. In so doing we are taking a step towards decontrol and providing for an extension of a two-way system of trade without seriously endangering our price control programme at large. Needless to say, this decision will also assist considerably in easing the administrative burden of the prices board. Applications for specific price increases on imported goods, with the exceptions noted, will no longer be necessary. The general law applicable to such goods is simple and clear, and provides for automatic flexibility in accordance with movements of foreign prices whether up or down.

It should be noted, however, that the new system does not apply to imported foods or to imports of goods eligible for subsidy. Existing price control orders will continue to apply to such goods. There are also a number of other classes of goods such as imported motor vehicles, farm implements and household appliances, which will not be in this list because they are already controlled by specific board orders on a somewhat similar basis, or will be so controlled upon application and investigation.

The adjustment in the exchange rate will help to offset the effect of high and rising prices in other countries. It will mean that the cost of imports will be 10 per cent less, in Canadian-dollar terms, than would otherwise have been the case. This is important in respect of machinery, equipment and supplies, and a wide variety of consumers' goods. In fact, we may hope that in some cases there will be an actual decrease below present costs of imports. In any event, as a result of the movement of the rate, actual or prospective increases in other countries' prices of such items as coal, crude oil, gasoline, farm implements, sisal for binder twine, clothing and textiles, citrus fruits, bananas, coffee, tea, sugar, etc., will be restricted in their effect upon Canadian prices, and the task of hold-