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Mr. Sim's letter (attached) shows precisely what the effect would be of reducing supplies to the 1939 level. He is working on a different approach which would enable a greater percentage reduction of spirits than of beer or wine, and would have the effect of producing any reduction desired in each category. This approach would conform more closely to the United Church suggestion of 2/3 to 1/2 reduction from present levels, and would be fairer as it would take account of shifts in population from one province to another since 1939.

Mr. Sim reports that Mr. Ilsley believes a reduction to the 1939 level would necessitate an immediate conference with Provincial Treasurers to work out financial re-adjustments.

The suggested formulae for reduction of supplies and definite suggestions regarding advertising will be submitted on Monday.

J. W. P.