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NOTE: Open market wheat prices rose by 40%, but in August, 1939, the Wheat Board minimum price was above the open market price; the increase from Wheat Board prices in August, 1939, to the open market prices in September, 1941, was 8.1%.

4. The Present Situation

As the second year of war closed, changes which were reflected in the above record of prices had culminated in a very different situation calling for new positive policies.

(a) The pressure of our own and British war demands had mounted to new peaks as new war plants came into production, and had exhausted our surplus capacity;

(b) The rapid expansion of the U.S. defence program and the shortage of shipping had completely changed the easy supply position of a great many materials and manufactured goods. The extension of priorities and curtailment of civilian production, which had at first affected only a few materials, had now permeated the whole industrial and trade structure of North America, so that very few products remained in plentiful supply;

(c) In the United States the dominant shortages were of materials and capacity rather than of labour. In Canada, shortages of technical and skilled labour had become very acute and while there were some local surpluses of unskilled labour, yet, in the main, such available supplies represented in fact high labour turnover and a serious stripping of agricultural and other seasonal industries. Not only has the shortage of labour affected all industries, but inadequacy of transportation and power have re-inforced the spread of shortages into all industries;

(d) The above might have been true of any all-out war effort, but the record of retail sales had shown that, while fiscal measures had prevented such great increase in consumer spending as had taken place in the United States, they had been inadequate to restrain consumers from competing with the Government for scarce materials and labour and thus intensifying shortages, and needed to be re-inforced by direct controls over production and prices as well as by further fiscal measures.