

the uses of oils and fats; and controlling the commencement or expansion of civilian business enterprises. The first decontrol move in September, 1944 took the form of the revocation or relaxation of scores of metal control orders, and by the end of 1945 the great majority of restriction orders had been rescinded. On the supply side the Wartime Prices and Trade Board at present retains in effect only the tin controls and the oils and fats controls.

Elimination of subsidies was a necessary prerequisite to the decontrol of prices. Subsidies on commodities without control of their prices would be financial irresponsibility. Certain subsidies could be and were reduced or eliminated by reason of the removal of their cause, e.g., high ocean transport costs in the cases of petroleum, tea, sugar, cocoa, etc. But after hostilities ceased the impact of demand from Europe, and a breaking down of the international machinery for the allocation of supplies, resulted in a steady rise in the open market prices of a great many essential Canadian imports; and changes in the status of United States controls during the second half of 1946 set off a series of violent and erratic price movements. It became clear that there was little hope of subsidies being eliminated by external prices moving down to the Canadian level and that as the remaining subsidies were withdrawn most of them would have to be translated into price. The problem of subsidy removal, therefore, became one of timing in relation to estimated trends in world market prices, to seasonal factors and to consumer and producer psychology. The more important steps taken in 1946 were the reduction of raw cotton subsidy by 4 cents a pound in March, the removal of the consumer milk subsidy of 2 cents a quart in June, the elimination of a long and varied list of import subsidies in July, and the withdrawal of the producer milk subsidy of 1½ cents a quart in October.

During 1947 the removal of subsidies was accelerated to keep pace with price decontrols. Subsidies on textiles were reduced in two stages and finally eliminated in September. Butter subsidies were discontinued in June, wheat and flour subsidies in September, and feed grains in October. At present the only subsidy we are still operating is on oils and fats.

Actual decontrol of prices began in February, 1946 when a list of several hundred items was decontrolled. This list included such things as jewellery, cosmetics, a few exotic foods, tobacco, toys and books. The list was cautious and it included chiefly items where the supply position appeared to make any price increase unlikely, or luxury items where the administrative problems of control were out of proportion to results achieved. At the same time the board withdrew from control over those services (except freight rates) where there was in existence another established governmental body, federal or provincial, having price jurisdiction (e.g., passenger transportation, gas, water, electricity, and telephone rates).

In April, 1946 several hundred additional items were included in the decontrolled list, but none of them were among what could be described as staple necessities of life. In May we decontrolled the prices of all capital equipment (machinery and apparatus), but not including articles normally sold only for household use or for use by farmers and fishermen. In June, 1946, the board withdrew from all controls over fluid milk sales, returning them wholly to the regularly established provincial milk boards.

The next decontrol step in July, 1946, represented a major change in the form of control. It had become clear that frequent additions to long and detailed lists of items removed from control were creating uncertainty in business and bewilderment among consumers. There was building up in the public mind a feeling that all price control was rapidly dissolving, and this feeling was greatly enhanced by the course of contemporary events in the