

Wartime Prices and Trade Board

WARTIME PRICES AND TRADE BOARD

STATEMENT AS TO RELATIONSHIPS WITH DEPARTMENTS OF AGRICULTURE, FISHERIES, AND MUNITIONS AND SUPPLY

On the orders of the day:

Hon. J. L. ILSLEY (Minister of Finance): The other statement I wish to make is with regard to the wartime prices and trade board.

There has in recent months been some discussion in the press on relationships between the wartime prices and trade board and the Department of Agriculture and during the past ten days the subject has been raised in the house. It seems desirable, therefore, to make a statement regarding these relationships. The occasion also presents an opportunity for announcing certain other changes in jurisdiction affecting relationships between the Department of Finance and the Department of Munitions and Supply.

The wartime prices and trade board was created by the government on September 3, 1939, with the responsibility and the necessary powers to control prices and under wartime conditions to ensure adequate supply and equitable distribution of civilian goods and services.

During the earlier stages of the war the frequent exercise of its mandatory powers was not warranted by the circumstances, and the board in respect of the commodities under its jurisdiction was able effectively to control prices and ensure adequate supply by anticipating and preventing distribution shortages with the minimum use of formal orders.

As the war progressed, as we approached the stage of total mobilization, the board's powers were further extended and it became more and more necessary to exercise its formal powers of regulations. Fifteen months ago the stage was reached when far-reaching and almost universal controls of prices and of other aspects of our economic structure became necessary, if we were to avoid inflation and secure, so far as war conditions permit, adequate supply and equitable distribution.

In the development of these controls and of other controls in other government departments, it was inevitable that some overlapping should occur and some uncertainty of jurisdiction arise. Such a situation began to develop in 1941 between the wartime prices and trade board and the Department of Munitions and Supply, and this was clarified by arrangements made and announced in August of that year.

I think quite a number of hon. members still may not realize the tremendous inflationary pressure that has been developing in Canada during the past eighteen months

[Mr. Ilesley.]

and how severe and complicated a task it is to prevent these pressures breaking out into a violent and uncontrolled price inflation that would jeopardize our war effort. In spite of what we have felt to be very severe taxation, in spite of the tremendous and gratifying success of our loan and savings campaigns, the pressure of free consumer purchasing power on the necessarily limited supply of consumer goods shows few signs of diminishing.

During the complicated period of organization of these new price and supply controls in the past year, things have had to be done quickly, and one result has been a blurring of the lines of responsibility between the wartime prices and trade board and the Department of Agriculture. Let me say at once that there have been frequent and detailed consultations between the departments concerned, but time has not always permitted either party to assess all the implications of the actions of one upon the other.

In recent weeks this matter has been fully reviewed by the Minister of Agriculture and myself with the result that a full understanding has been reached between the wartime prices and trade board and the Department of Agriculture, overlapping has been eliminated and clear-cut responsibilities established.

The new definition of functions presents no substantially new alignment of authority, but clarifies the basic considerations which have always applied, but which under the pressure of events have at times become confused. Such clarifications of relationships are a frequent, almost continuous, aspect of governmental administration and do not normally warrant a statement to the house. In this case, however, there has developed a good deal of speculation in the press and in some instances this speculation has given rise to greatly exaggerated ideas of the administrative difficulties which have arisen. It, therefore, seems appropriate to advise the house as to what the relationships between the Department of Agriculture and the wartime prices and trade board are.

The wartime prices and trade board is responsible to the Minister of Finance and, subject to that responsibility:

1. It is responsible for estimating and defining the over-all domestic needs for food. Such estimates will be prepared and from time to time revised in consultation with the other departments or agencies concerned.

2. It is responsible for food imports and their distribution subject to existing laws and regulations.

3. It has the final responsibility in all matters of price.

4. It is responsible for all consumer rationing of foods.