

While subsidies designed to reduce costs to consumers are the responsibility of the Wartime Prices and Trade Board, any such subsidies relating to agricultural products produced in Canada are the subject of consultation with the Department of Agriculture.

In World War I unchecked prices imposed considerable hardships on Canadians. By the end of the war the cost-of-living had risen 57.6% above the pre-war level. In this war to December, 1943, it showed a total rise of 18.4%. In this ascent the dominating influence of food prices is apparent. Foods accounted for 56% of the jump.

To prevent the tendencies toward higher costs from forcing a widespread penetration of the price ceiling, four types of action have been taken by the Prices Board:

1. Reduction of costs where possible
 - (a) by modifying or remitting the payment of import duties and taxes;
 - (b) by the adoption of simplification, standardization and other measures to affect cost economics.
2. The sharing of "the squeeze" - dividing the increased cost among the producer, manufacturer and distributor.
3. The payment of subsidies.
4. Government bulk purchasing.

The Commodity Prices Stabilization Corporation, which was established by the Prices Board, operates much of the bulk purchasing and subsidy programs, except for subsidies paid to agricultural producers.

Three other subsidiary corporations have been organized: Wartime Food Corporation (to supervise or handle trading in certain foods and live cattle); Canadian Wool Board and Wartime Salvage Corporation (salvage waste materials).

Bulk purchases of several products, particularly imports, are made by the Commodity Prices Stabilization Corporation which distributes these products, when possible, through the normal channels of trade at prices commensurate with the retail price ceiling. Any trading losses involved in these operations are borne by the government.

Subsidies are paid in one of two ways:

1. The financing of trading losses incurred by the Commodity Prices Stabilization Corporation on some of its bulk purchases.
2. Direct payments to producers, importers or distributors. To simplify the task of administration, direct subsidies usually have been paid at the stage of production or distribution where there are the fewest firms. The milk subsidy, for example, is paid to distributors, who in turn pass it on to the milk producers.

The Department of Agriculture is responsible for any necessary diversion of meat products, poultry products and fresh or dried fruits or vegetables to the armed forces and other users with priority, in accordance with approved allocation schedules. Distribution to retailers and civilian consumers is the responsibility of the Wartime Prices and Trade Board.

The closest co-operation between these two organizations exists, and wherever possible the use of existing machinery and mutual use of employees and offices is arranged.