

In many important cases commodity allocations and production regulations are subject to the jurisdiction of the Controllers in the Department of Munitions and Supply, and some action has already been taken along the lines suggested. The Wartime Industries Control Board can make a major contribution to the workability of the price ceiling policy if it takes further vigorous steps to cut down non-essential production, not merely in those cases where striking scarcities have appeared but in every sector of those industries over which it has control.

External Price Problems

The prices which Canada must pay to obtain supplies from abroad cannot, of course, be fixed at a given level by our own action. We must therefore be prepared to pay the market price for our imports and seek to cushion the effect of a rise in such prices on the domestic price structure by making such economies in distribution or processing as may be feasible, by duty or tax adjustments, or by subsidies if such payments prove preferable to allowing higher prices to the consumer.

Export prices should be permitted to advance in line with world markets -- with the exception, of course, of prices negotiated between ourselves and the U.K. Government. In the event of an appreciable spread developing between the maximum domestic price and the export price, it might become necessary to establish export quotas or take other action to protect domestic supplies, but exporters should be left with as much incentive as possible to swell Canada's foreign exchange receipts by getting the best price they can in the foreign market.

It is possible that external price problems will not, in fact, develop on such a formidable scale as we may now fear. There are grounds for hoping that if Canada sets a good example in the matter of price policy, the United States may, within a reasonable time, follow our lead. This would, incidentally, be of real benefit to the Allied cause, through helping to increase the efficiency and rate of acceleration of American war production.

It should also be noted that by maintaining the present wage and material cost structure of our export industries, the