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Epreuve illisible

W. E. CLARK, Aug 7/1941

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each Minister on
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Report of the Economic Advisory Committee
on
Possible Policy of Restricting Instalment Sales

At the request of the Minister of Finance the Committee has considered whether it is desirable for the Dominion to restrict instalment sales. The Committee understands that the purpose of such control would be (1) to prevent civilian demand from keeping resources away from war production, and (2) to prevent the accumulation of a large volume of such credit based upon abnormally high wartime earnings which might cause difficulties to debtors at the end of the war, and which would be a mortgage on purchasing power after the war, at a time when our economy will require a high level of purchasing.

The Situation:

Retail sales have increased very substantially during the war. The general index of retail sales compiled by the Bureau of Statistics was at 103.0 in May, 1939, 113.7 in May, 1940, and 134.5 in May, 1941, and sales during the first five months of this year were 19% greater than in the same five months a year before. Retail prices were about 5% higher, on the whole so that the physical volume of goods sold must itself have been about 14% higher. It may be noted that the value of sales of grocery and meat stores was up by about 15% in the first five months of this year over the similar period a year before, while the sales of Department stores were up more than 19%, women's and men's clothing store sales were up by 23% and 27% respectively, and sales of radio and electrical stores were up 26% (part of which would be the increase in price due to excise taxes). The Committee is impressed with this evidence of increased civilian consumption at a time when it is necessary to devote as much as possible of our resources to war purposes. It is realized that