

under wartime policy.

In some cases controls have even had to be intensified as the needs of the Japanese war are considerably different from those of the war against Germany. One of the materials which was freely available in years past but has now become short because of military needs is hydrogen peroxide which was placed under control at the end of March, 1945. Another example of the changing needs is in the materials used for packaging. Requirements of tropical packaging have placed additional demands on several types of materials which were not in short supply during the European war. Also in the field of certain food and textile products, the combined needs of the Japanese war and of European countries will cause world shortages to persist.

Controls on a large number of other items will be required during the period of the Japanese war. Controls on tin will have to be maintained until the mines in the Far East are liberated from the Japanese. Quinine will be short until imports can be resumed from the East Indies. Rubber must remain under control so long as eastern sources of supply are in Japanese hands, and possibly longer if the plantations have been destroyed or allowed to deteriorate. On the other hand, Canada's synthetic rubber position is highly satisfactory, and plants developed during the war are now producing enough for all Canadian needs with some available for export.

Coal will continue to require strict measures for conservation and equitable distribution. Sheet steel is scarce and will be so for considerable time. Lumber and timber will also have continuing controls. Close to 50% of Canada's lumber output is being exported to meet essential needs of various allies and with continued large demands, it is unlikely that any substantial relaxation in timber controls can be effected before Japan is defeated.

In the field of prices, controls will be maintained during the Japanese war or until the supply of consumer goods can keep up with Canadian purchasing power. The worst part of the inflationary rise in prices during and after World War I occurred during the 18 months immediately after the armistice in 1918, and in 1920 the cost of living was nearly double what it had been at the beginning of the war in August, 1914. The inflationary period was followed by a deflation which sent prices tumbling even faster than they had mounted. In the war against Japan and in the reconversion period, the price ceiling will be maintained until the danger of inflation ends.

MUTUAL AID

Not only will Canadian men go to fight the Japanese and Canadian factories continue turning out war equipment for use against Japan, but increasing amounts of war supplies will be sent under Mutual Aid to countries at war with Japan.

Mutual Aid is Canada's way of providing necessary war supplies to allied countries who are not in the financial position to pay Canada for them. The Mutual Aid Act was passed on May 20, 1943, but before that time Canada had already extended more than \$2,700,000,000, credit to the United Kingdom to enable it to pay for goods and services in Canada. Many of the supplies of war so obtained were then used by other British Commonwealth countries.

Under Mutual Aid, Canada has negotiated and signed separate agreements with seven allied countries. Under these agreements provision was made whereby Canada would supply certain goods and services necessary to the country concerned to enable it to carry on a maximum war effort against the common enemy until the cessation of hostilities or for as long as the need existed.

Supplies sent to the countries receiving Mutual Aid have been directed against Germany and Japan, but by far the larger part was sent to the European