

Errata - Page 11, eighth last line should read: "ship our live stock to  
the United States" instead of "to the United Kingdom."

Page 13, 16th line should read: "886,000,000 lbs" instead of  
"869,000,000 lbs."

Page 15, fourth last line should read "Cocoa .....2.9....3.5"  
instead of "Coffee .....2.9....3.5".



# REFERENCE PAPERS

WARTIME INFORMATION BOARD, OTTAWA

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## SOME POINTS ABOUT THE CANADIAN AND UNITED STATES CIVILIAN SUPPLY SITUATIONS

**Note:** This background material on Canada's General Supply Situation was prepared to fill requests for facts from publications in the United States. Although not intended as a complete examination of the whole Civilian Supply and Price Control picture in Canada and the United States, the material was designed to explain certain points concerning the relative Canada and United States Supply positions.

**Two Countries -** At times Americans and Canadians have been puzzled to discover in a report from an international agency such as the Combined Food Board that Canadian and United States consumption of a particular commodity is about the same, and yet in some big American cities the commodity will seem to have almost disappeared. Meanwhile they will read in their newspapers reports from roving American journalists that there appears to be no scarcity of this particular thing in Canadian stores.

There are different reasons for this strange situation, differing of course for various commodities. But common to almost every case of this kind is a factor which was mentioned in a statement to the Canadian House of Commons by the Minister of Agriculture, Hon. J.G. Gardiner on March 27, 1945:

"....on the other side of the line they have a greater difficulty in equalizing the distribution than we have on this side."

There are several reasons why Canada has been in a position to effect a more balanced distribution of her civilian supplies; among them are these:

1. Canada introduced over-all control of prices and distribution earlier--a most important factor in the science of price control. Canada declared war against the Axis on September 10, 1939, and in October of 1941 her policy of over-all price control was announced. Although the U.S. did not enter the war until December 7, 1941, increased war production in the United States during 1940 and 1941 pushed wages and prices up. The U.S. over-all price freeze was not introduced until May, 1942, and in some instances not even then. The freeze on farm products, for example, was not imposed until October, 1942. Once inflation gets a head start, it is difficult to stabilize prices and distribution.

2. Canada has a much smaller population -- eleven and one-half million as against 130 million. Obviously, this makes the Canadian job of price and rationing easier to handle. Also, Canada has only one big city of over 1,000,000 people, and one almost a million where the United States has about a dozen that size and many others almost as big. And it is in the complicated distribution economy of a big city that most complaints arise. Canada is predominantly a rural



country, which eases food distribution. The smaller population also makes for greater ease in co-ordinating production and distribution. In the case of meat, for example, a Prices Board official in Ottawa can pick up his telephone and within half an hour reach the three meat packing houses which do 70% of the business in Canada. This enables Canadian government officials to work out a co-ordination with the trade which would be out of the question in the U.S.

3. Canada has not had much difficulty with panic buying, hoarding or black marketing.

4. Canada has not suffered to an equal degree the great wartime shifts in population which have complicated the U.S. distribution task.

Combined Boards -- Canada is a full member of both the Combined Food Board and the Combined Production and Resources Board. The other two members of these boards are the United States and the United Kingdom. Canada has always pooled her resources with the other two countries for the benefit of the United Nations war effort. The Canadian production economy is closely integrated with those of her Allies, and especially with that of the United States. Certain joint committees have been set up to synchronize the economic workings of the two countries into what is virtually one economy. There is a constant interchange of information between Canada and the United States, and a constant adjustment of policies of production and distribution in accordance with the conclusions drawn from the information interchanged. Besides this, the Combined Food Board, top food agency of the United Nations, keeps under continuing review the rationing systems of the three nations.

Canada has co-operated in keeping her controls at the U.S. level. For example, Canada has plenty of copper. Yet she has controlled copper very strictly. Copper wire has been and is hard to get in Canada. Such projects as the extension of rural power lines have been postponed in Canada during the war for that reason. But copper was shipped to the U.S. as required.

Timber is strictly controlled in Canada, although Canada is one of the world's greatest timber producers. Controls have been co-ordinated with those in the U.S. Chiefly for this reason no structure costing over \$500 can be built in Canada without a permit from the Construction Controller of the Department of Munitions and Supply. And a good reason must be shown why the structure needs to be built. But Canada has exported great quantities of timber during the war.

Wartime Prices and Trade Board -- Canada's price control agency is the Wartime Prices and Trade Board. The Prices Board has been called the "Canadian O.P.A." This is not a strictly accurate description while the United States Office of Price Administration controls, for example, the rationing of food, the War Food Administration is responsible for control of food distribution and total supply. The Canadian Prices Board has control of civilian supply, distribution and rationing. The Prices Board can decide that a certain item should be rationed, and proceed to do so. The OPA can only ration on a directive from the War Food Administration or some other organization. The Prices Board has set up a system of administrators of particular problems, and the administrator takes upon himself the whole problem of equitable distribution.



All suppliers must distribute goods in short supply to their trade customers in proportion to their sales to these customers in 1941, the base year. It is up to the Administrator to see that the goods are delivered on that basis. Exceptions are permitted in special cases, as when substantial shifts in population have taken place. But if an attempt is made to evade the regulations, the Administrator has ample means of enforcement at his hand. Also, if necessary, the goods may be rationed; if necessary subsidies will be introduced.

Following is a table of price indexes in Canada, the United States and the United Kingdom.

	<u>Canada</u>	<u>U. S.</u>	<u>U. K.</u>
August, 1939	100.0	100.0	100.0
January, 1940	103.0	100.9	112.3
January, 1941	107.4	102.2	126.5
January, 1942	114.5	113.6	129.0
January, 1943	116.2	122.4	128.4
January, 1944	118.1	126.0	128.4
January, 1945	117.7	128.9	130.3

When Canadians refer to the Wartime Prices and Trade Board, they generally have in mind the large organization with many branch offices which is concerned with the day-to-day business of price control, supply and rationing. But the "Board" itself is a group of representatives of departments of the Canadian government -- the Departments of National Revenue, Labour, Agriculture, Finance, Trade and Commerce. These men lay down Canada's price control policy, and each can indicate what effect such a policy might have on his own field. This has made for close co-ordination, tying in price control and civilian supply very closely with the other parts of Canada's wartime economy. The members of the Board are all senior civil servants, which has resulted in the Board's being free from even the suggestion of political leanings. The Chairman of the Board is responsible to the Minister of Finance, and if necessary, Canadian price control policies can be fitted in with the rest of the war effort in meetings of the Canadian cabinet. Comments and questions concerning the activities and policies of the Prices Board may be asked on the floor of the Canadian House of Commons, and are answered by the Minister of Finance, who is responsible to the Canadian people through parliament for those activities and policies.

Because Canadian government departments have such an opportunity for close integration of their work, Canada has been able to distribute her civilian supplies and her manpower in a satisfactory way. For example, Canada has by far the largest exportable surplus of pulp and paper in the world. But cutting pulpwood requires labour, and labour was being drained away from the Canadian pulp-cutting industry by the needs of war. Pulpwood cutting is mainly a winter business. Accordingly the Canadian government worked out a scheme to encourage farmers to go into the bush and cut pulpwood in the winter. The farmers co-operated, and Canada was able to keep up her pulpwood and paper shipments -- which supply about half of the paper consumed in the United States.

In the case of food production this close integration and co-operation has been particularly outstanding. The planning of food production during the war has been done by agricultural conferences



attended by representatives of the federal and provincial departments of agriculture and by delegates from farm producer organizations (among them the Canadian Federation of Agriculture and the Dairy Farmers of Canada, the United Farmers and the Canadian Wheat Pool). The first of these conferences was called in Ottawa on September 27, 1939, just 17 days after Canada had entered the war; the 12th was held December 4 to 6, 1944. These conferences have given direction to the farmer in connection with the production of food in most demand.

Ration List - The fact that some commodities are rationed to the consumer in the United States and not in Canada should not be taken as an indication that there is no control in Canada. Very often controls are imposed on other levels with less administrative difficulty and the consumer and retailer co-operate to prevent hoarding. For example, canned vegetables have been rationed in the United States since the beginning of 1943 but they are not rationed in Canada. But Canada does have a quota system in effect for both wholesalers and retailers which ensures equitable distribution.

Also, when comparing supply and rationing circumstances in the two countries, it should be remembered that 90% of the Canadian population live in an area which forms a geographical band 200 miles wide stretching across the country along the American border.

As a result, Canada does not have the wide divergence in climate and food habits in different parts of the country which exists in the United States. What may be a large item of diet in one part of the United States is comparatively small in another section of the country. Since there was no alternative to federal rationing, the United States ration list for the whole country was bound to be long. This circumstance is also responsible for the fact that the United States introduced the point system, which allows a wide variety of consumer choice, in preference to the direct quantity rationing system which is in operation in Canada.

### Meat

When an American traveller makes a trip from New York to Montreal there is a good chance that he will find at the end of his journey, something that he has not seen in a long time -- a steak. If he looks around Canadian butcher shops he finds that there is apparently no difficulty in buying meat in Canada-- yet he knows that in the United States his wife has not been able to purchase anything but calf's liver and frankfurters for many days. He finds that meat is not rationed in Canada, while he is well aware of the consumer rationing of meat in the United States. He is puzzled and, very often, annoyed. What is the answer to this strange situation?

The first thing to consider (although it won't actually put any meat on his plate when he gets back home) is the relevant statistics. The figures following are taken, in the case of Canada, from the most recently revised statistics prepared by the Canadian Dominion Bureau of Statistics for the information of the Combined Food Board in Washington; the U.S. figures are taken from the "Report on the National Food Situation" -- a publication issued in January, 1945 by the Bureau of Agricultural Economics, United States Department of Agriculture.

These figures show apparent civilian consumption of fresh meat in the United States during the year 1944 to be 147 pounds per person; the comparable figure for Canada is 138.8 pounds per person.



At the end of 1944 United States food authorities estimated that in view of probable domestic consumption and exports of meat during 1945, U.S. civilian meat supply would amount to 132 pounds per person during the year; Canada's estimate of her civilian supply was almost identical - 131.9 pounds per year (since the two countries are making every effort to hold their civilian consumption as close to the same level as is practicable). However, on March 17, 1945 the Office of War Information in Washington announced on behalf of U.S. government agencies in the food field that a reduction would be made in the second quarter of 1945 from the amount of meat allocated to U.S. civilian supply amounting to about 12% of the meat available in the first quarter of the year. This brings civilian supply of meat in the United States to a rate of about 115 pounds per person per year. Reaction of the Canadian government to this move has not yet been made clear. However, it should be kept in mind that at the beginning of this year the two governments (and the Combined Food Board, on which both are represented) had expected that the Canadian and the U.S. civilian should get exactly the same amount of meat in 1945, and also that in 1944 the American civilian ate more meat than the Canadian civilian. Caution should be exercised in passing judgment on the basis of a comparison of the Canadian estimated civilian supply for 1945 (which estimate was made in the summer of 1944) with U.S. estimate of civilian meat supply in 1945 as revised during the past few months.

Following are some further U.S.-Canadian meat consumption figures in 1944, taken from the sources mentioned above:

<u>Meat (Dressed weight)</u>	<u>Canada</u>	<u>U.S.</u>
<u>1944</u>		
Beef	61.7	53.0
Veal	11.0	12.0
Lamb and mutton	4.8	6.2
Pork (excluding lard)	61.4	75.8
Chicken	23.7	23.0
Other Poultry (Turkeys, ducks and geese)	3.9	3.1
Eggs	36.2	43.6

These figures indicate that actual meat available for civilian consumption during 1944 was about the same proportionately in both countries. If there was any difference, it was that the United States civilian consumer had a slight edge. But it should be remembered that the distribution of food on such a gigantic scale, and even the gathering of statistics, is a highly complicated business, and a small variation one way or another has little significance.

Canadians ate more beef. Americans ate slightly more veal, lamb and mutton. Americans ate more pork. Both ate about the same amount of chicken and poultry.



These are the statistics, gathered from official government sources. But try to tell the traveller from New York that Americans have had more meat to eat than Canadians. The American knows that he hasn't seen steak in many days. And the statistics are no answer to his problem.

Here are some factors to consider which may throw some light on the puzzle:

1. In the same O.W.I. Press Release which announced the cut in the estimated civilian meat supply and the reduction of lend-lease meat exports is the following paragraph:

"Nearly half the total civilian meat supply (in the U.S.) at present is non-federally inspected. Inasmuch as no meat except federally-inspected may be sold across state lines, this results in relatively large supplies of meat in surplus producing areas, while acute shortages are felt elsewhere."

(OWI-4173)

Canada has a similar ruling, that unless meat is federally-inspected it cannot be sold outside the province in which it is produced. But the regulation does not work the same hardship in Canada.

Consider first the case of the United States. The most thickly populated area--hence the heaviest meat-eating area-- is in the east. The chief producing area is in the mid-west. These concentrations of population are about 1,000 miles away from the source of food production. In Canada there is nothing like these population concentrations. As has been pointed out there is only one city in Canada of more than a million people - Montreal. There are many of these cities along the east coast section of the United States, and many others almost as big. And around all these cities are other, smaller towns, which add up to great masses of population. Greater New York City alone has a population of 11,700,000 without including other cities situated close to New York. This all adds up to a concentration of population in the New York area considerably larger than the population of the whole of Canada, which is only eleven and a half millions.

The two largest Canadian cities are Toronto and Montreal. Toronto has a population of 900,500, Montreal of 1,140,000. And they are about 340 miles apart. These two cities are in a far different position from the cluster of big cities on the American east coast, where Boston is about 225 miles from New York, Atlantic City about 125 miles from New York, Philadelphia 95 miles from New York, Albany 147 miles from New York and so on. While Canada also has a rule that only government-inspected meat can be sold outside the province where it is produced, Canada is still a rural country in the sense that it has few large cities, and the area around the large cities can do much to ease their meat supply. There is actually enough meat produced and slaughtered within a radius of 150 miles of Toronto to feed Toronto. A fair amount of Alberta beef might be sold in Toronto butcher stores. This is a matter of preference. Alberta beef is, generally speaking, the best in Canada.

In the United States the situation is far different. For example, the amount of meat produced in Massachusetts would not feed Boston. Boston must rely on meat produced outside the State ; in other words, on meat from inspected plants.



Another point which may have some bearing on this particular aspect of the problem is that Canadian provinces are generally speaking much bigger than American states. This is not to suggest that all the area of the nine Canadian provinces is capable of economic production of food. But the larger size of the provinces does give a city a greater area to draw on for meat which has not gone through a government inspected plant, and therefore has an influence in making the rule about shipping meat across the provincial line less onerous than in the much smaller American states.

The great wartime shifts of population to congested war production areas, where there is a deficiency of meat production, have further aggravated the problem in the U.S.

(Map on the following page will indicate to some extent the different distribution problems faced in Canada and in the United States. Concentration of large cities in the east is shown. In the case of the largest cities in Canada and the U.S., the population figure for the metropolitan area has been used.)

2. Also to be considered is the fact that somewhat more meat goes through inspected plants in Canada than in the United States. Nearly half the total civilian meat supply in the United States at present is non-federally inspected. In Canada, out of the total civilian meat supply in 1944 of 1,564,000,000 pounds, 657,000,000 pounds, or about 40% was not killed in inspected plants. Canadian meat policy encourages the farmer to sell in inspected plants. For example, bonuses are paid on Grade A and Grade B1 hogs by the federal government. But to obtain the bonus the hogs must, of course, be government graded and inspected. Consequently the plants where meat is government inspected can pay more. The local butcher could not pay the bonus.

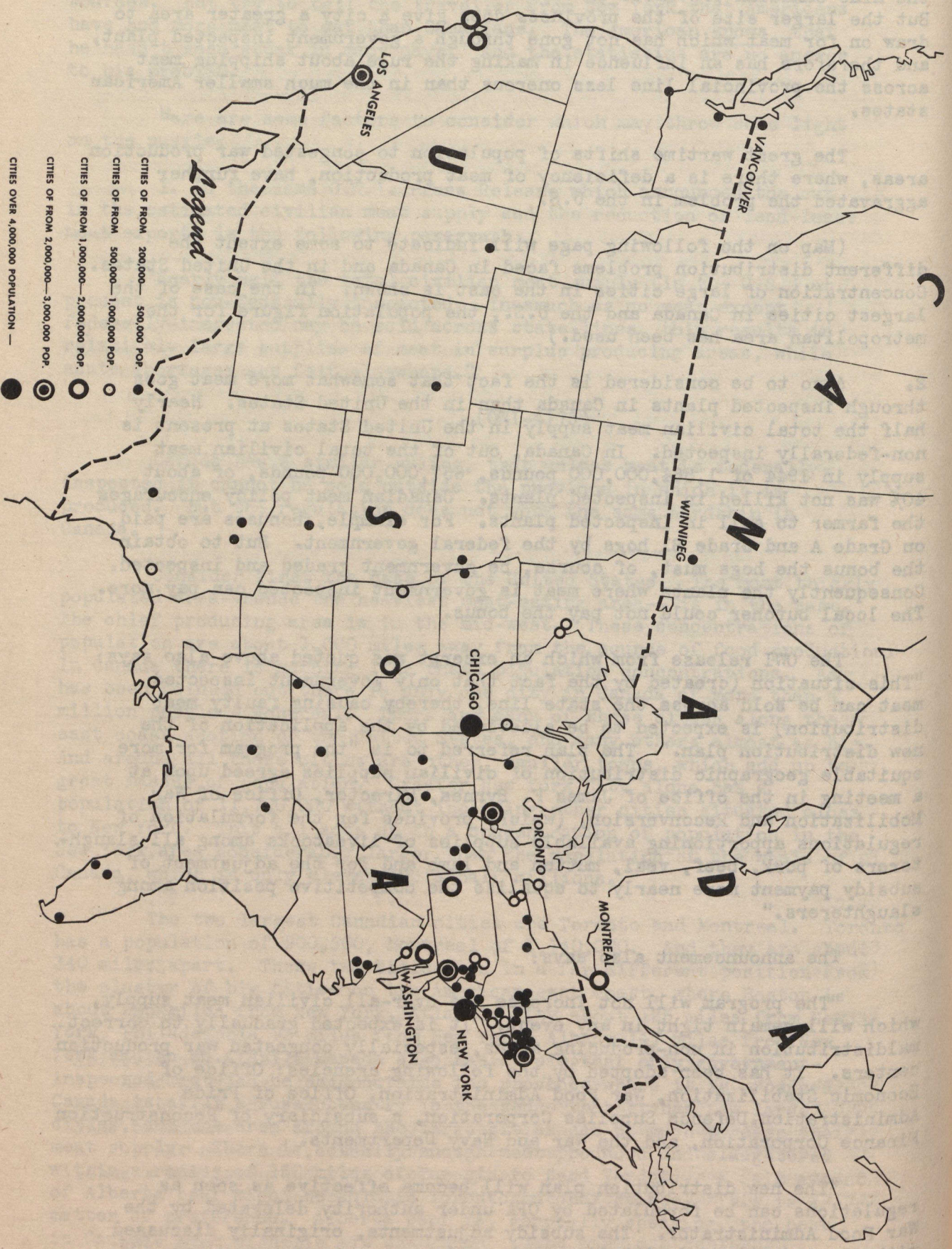
The OWI release from which an excerpt was quoted above also says: "This situation (created by the fact that only government inspected meat can be sold across the state line, thereby causing faulty meat distribution) is expected to be alleviated by the application of the new distribution plan." The plan referred to is "the program for more equitable geographic distribution of civilian supplies agreed upon at a meeting in the office of James F. Byrnes, Director, Office of War Mobilization and Reconversion, (which) provides for the formulation of regulations apportioning available supplies of livestock among all slaughterers of pork, beef, veal, mutton and lamb and for the adjustment of subsidy payment more nearly to equalize the competitive position among slaughterers."

The announcement also says:

"The program will not increase the over-all civilian meat supply, which will remain tight in any event. It is expected gradually to correct maldistribution in non-producing areas, especially congested war production centers. It has been adopted by the following agencies: Office of Economic Stabilization, War Food Administration, Office of Price Administration, Defence Supplies Corporation, a subsidiary of Reconstruction Finance Corporation, and the War and Navy Departments.

"The new distribution plan will become effective as soon as regulations can be formulated by OPA under authority delegated by the War Food Administrator. The subsidy adjustments, originally discussed with the industry and with livestock producers -- in January, are effective April 1.





*Legend*

- CITIES OF FROM 200,000—500,000 POP.
- CITIES OF FROM 500,000—1,000,000 POP.
- CITIES OF FROM 1,000,000—2,000,000 POP.
- CITIES OF FROM 2,000,000—3,000,000 POP.
- CITIES OVER 4,000,000 POPULATION —

Another point which may have some bearing on this particular aspect of the problem is that Canadian provinces are generally speaking much bigger than American states. This is not to suggest that all the area of the nine Canadian provinces is equally densely populated as the area of the larger states of the United States. But the larger size of the provinces is a factor to be considered in any study of metropolitan areas in Canada. The concentration of population in the largest cities in Canada and the metropolitan areas is a factor to be considered in any study of metropolitan areas in Canada.



"It may be some time, officials stated, before operation of the program effects a more even flow of meat supplies, but without it, they said, there would be very little for some areas. It is inevitable that those deficit areas still will feel the pinch of the shortage, it was announced."

Why is it that the United States has meat rationing, and Canada has not? Here again the answer to the question requires that one step back and look at the broad picture. The military, munitions, production, transport and feed resources of the United Nations are controlled by a number of organizations meeting in London and Washington known as the "Combined Boards." These Boards do not operate separately. The grand strategy of the Allies is laid down by the Combined Chiefs of Staff organization, and the other Combined Boards work together to implement this strategy. The activities of all the Boards are integrated so as to bring to bear against the enemy the maximum strength of the Allies. Canada is a member of two of these boards -- the Combined Production and Resources Board and the Combined Food Board. The other members are the United States and the United Kingdom. Besides these there are several other Boards-- Combined Chiefs of Staff, Combined Munitions Assignment Board, Combined Raw Materials Board, Combined Shipping Adjustments Board.

Canada introduced meat rationing on May 27, 1943. (U.S. meat rationing was introduced March 29, 1943.) Canada has always produced more than enough meat for domestic consumption but the rationing was begun to provide an increased exportable surplus to meet the needs of the United Kingdom and Canadian forces overseas. And besides introducing control measures, the Canadian government carried out a vigorous campaign to increase meat production. Bonuses were offered through various means. Farmers in the great wheat-producing provinces of the Canadian west were encouraged to grow coarse grains -- livestock feed -- instead of their traditional wheat. Canadian farmers were told of the urgent need for meat in the United Kingdom. And they cooperated to such an extent that at the end of February, 1944 there were 102,000,000 pounds of meat in cold storage in Canada -- nearly twice as much as at the end of February, 1943.

Record quantities of meat were proceeding overseas, but even so, there was not enough shipping available to take care of the meat being produced. As we pointed out above, Canada is allocated shipping through the Combined Shipping and Adjustment Board in Washington, and in the allocation of such shipping the other needs of the Allied war effort had to be weighed. This was in February, 1944. The buildup of supplies before D-day was in progress. There were many demands on the Allied shipping pool.

That was the situation in February, 1944, when Canadian meat rationing was temporarily suspended. There was no shipping available. Cold Storage facilities could hold no more meat. There was obviously nothing to do but to suspend the rationing. But it should be well noted that the Canadian ration was only suspended temporarily. The Canadian government has always emphasized that the rationing of meat has not been abandoned, and may be resumed when it is considered helpful to the cause of the United Nations. At the time that the rationing was discontinued, Mr. D.C. Abbott, Parliamentary Assistant to the Minister of Finance told the House of Commons (February 29, 1944):

". . . it has been decided to suspend meat rationing, including meatless Tuesdays, until the congestion in both storage and



transportation is cleared up. However, government is fully determined that to the extent of our ability the essential requirements of the United Kingdom and our overseas forces shall be met and it is, therefore intended that meat rationing be resumed as soon as such a course will be helpful. I want to make it perfectly clear that meat rationing is being suspended, not abandoned."

In fact, in order to facilitate the resumption of rationing, the system of slaughter permits and the requirements that all carcasses be stamped with the permit holder's license number have remained in full effect.

An examination of the meat situation in Canada reveals that there is more than one way to control meat supply to the civilian consumer. As we have seen, Canadian consumption without rationing has at times been lower, and never much higher than U.S. consumption with rationing, prior to the recent reduction in U.S. allocations. While there is now no rationing of meat in Canada, the Canadian government has been taking all Grade A hogs slaughtered in inspected plants for export. The government is also requisitioning all Grade B1 hogs slaughtered in western Canada, and 65% of the Grade B1 hogs slaughtered in eastern Canada. A and B1 hogs make up 75% of the slaughter of hogs in Canadian inspected plants. That means that in western Canada the government is commandeering for export up to 80% of the hogs slaughtered in inspected plants and in eastern Canada up to 66% of the hogs slaughtered for export. In addition to this Canada is shipping overseas all the surplus beef she has available.

Some U.S. journalists visiting Canada have written of seeing complete lines of all grades and types of meat on sale in the stores. This is an error of observation which may well be excused in a man who has seen empty shelves in the butcher shops in his own cities for some time. But it is still not an accurate statements. The best of Canadian meat is commandeered for shipment overseas. The only bacon on sale in Canadian stores (and it is difficult to find) is of poorer grades. The better grades are shipped to the United Kingdom. The same thing applies to beef. Canada is shipping overseas all the surplus beef she has available.

Rationing is not needed to improve the distribution of civilian supplies in Canada, because the distribution is good. The object of re-introduction of rationing would be to make available still more food to the United Nations food pool.

It must be remembered that because of Canada's small population a per capita saving on civilian consumption which would yield in the United States an enormous volume of meat for export would yield only about one-twelfth as much in the case of Canada.

Unless the ration was very restrictive in Canada, it would not provide any worthwhile quantity of meat for export. There is a limit to what could be produced by rationing, because if it were very restrictive it might foster the black market, from which Canada has been remarkably free. A black market in meat would be hard to control in Canada, especially in the Canadian west, where small slaughterers are scattered over vast areas.

If Canada has a surplus of meat, why does she not ship it to the United States?

Perhaps the best way to answer this question is to quote from a speech made by Hon. James G. Gardiner, Canada's Minister of Agriculture



in the Canadian House of Commons on March 3, 1944, the time of the temporary suspension of meat rationing:

"That decision (to ship beef to the United States) was not reached as a result of a discussion which took place on this side of the line only. It was a decision which resulted from discussions between the government of Canada and representatives of the government of the United States. It was thought inadvisable for example, that the United States should import cattle from Canada and then lend-lease on equal poundage of beef to Great Britain ....If anyone is going to give or provide, under Mutual Aid to Great Britain, beef which is purchased in Canada, then it ought to be the Canadian government and not the United States government that does it. Therefore the position is this. There is a complete understanding between the United States and Canada..... The United States people understand the reason for it. They are in agreement with what is being done."

These remarks of the Minister of Agriculture point up the anomalous position which would arise if Canada began selling livestock to the United States. Relations between Canada and the U.S. during the war have been on a strictly cash basis. Canada has never received a penny under the U.S. Lend-Lease scheme, has paid for everything she received from the United States. (And Canada is the United States' largest cash customer, Canadian imports from the U.S. having more than doubled (during the war). The U.S. has paid for everything she received from Canada during the war. But both countries have set up similar wartime schemes for aiding their allies -- the United States has the Lend-Lease plan, and Canada the Mutual Aid plan. Each country has made large commitments to provide food to Britain. It would be an extremely strange situation for Canada to sell livestock to the U.S. (even if it were available) and at the same time have the U.S. Lend-Leasing other meat to the United Kingdom - especially when the United Kingdom has indicated a willingness to take the Canadian surplus.

However, in a House of Commons debate on May 23, 1944, the Canadian Agriculture Minister said: "If our production, increases to the point where the Americans can take some of our meat, and we are extremely desirous of that taking place, I do not think there is anyone on this side of the line who will have any desire to prevent that meat from getting into that market."

On March 27, 1945, Mr. Gardiner said: ".....when the peak in (cattle) delivery was reached last fall, not only did we approach Washington but we also took the matter up with certain packing plants in St. Paul, Minnesota. We asked then whether or not they would take delivery of a stated number of cattle per week over a short period of time, in order to relieve the Winnipeg stock market. The plants were overcrowded in Winnipeg. We received in reply from the co-operation in St. Paul, a telegram....saying that it would be impossible for them to handle these cattle, and advising us to keep them on this side of the line...At the present time our plants are not fully busy with live stock coming in, and for that reason I would say there would be less likelihood than there was last fall of anyone asking that we should ship our live stock to the United Kingdom for processing of meats on their way to Britain."

The time to which Mr. Gardiner referred was during the rush period last fall; at the present time British needs (and through Britain come some of the requirements of the liberated areas) require all the surplus beef and pork which Canada can make available.

Drought conditions in the Argentine and Australia have resulted in cutting shipments to the United Kingdom, and increased British needs



for Canadian meat. The recent cut in American meat shipments was also not without its effect on this situation. Also, British stocks are being reduced by shipments to liberated areas. Mr. Churchill told the British House of Commons on March 21 that British Food stocks at that time were "rather less" than 6,000,000 tons, and by the end of June will be reduced to 4,750,000 tons "as a result of aid to liberated countries".

There is also the matter of quantity of production. Canada has always produced much less meat than the United States. Total production of meat from inspected plants in Canada during 1944 was 1,186,000,000 pounds. Of this Canada exported 886,000,000 pounds -- about 47% of the inspected meat. Another 6% was for priority purposes, including Army and Air Force in Canada and Newfoundland, Navy, British Admiralty, ships stores, Red Cross, Northwest Purchasing Mission (Alaska Highway, etc.), Department of Transport, Merchant Seamen, R.A.F. Transport Command, certain hospitals, UNRRA. The remaining meat was for domestic purposes.

Hogs are the major Canadian export commitment, and have represented the biggest increase in production during the war. Production of hogs in Canada has tripled during the war years. Beef production has been increasing, but it is obviously difficult to increase beef herds and the same time make any great immediate increase in production.

Canadian hog production in 1945 (to the present) is about 30% below last year. In the last quarter of 1944 hog production was about 10% below the last quarter in 1943. Attempts to increase beef production are now paying off. Production of this meat in 1944 was higher than any other year on record. Beef slaughtering in the last six months has been at the highest levels in the history of Canada. However, Canada is shipping large quantities of beef to the United Kingdom. And it is expected that in 1945 beef slaughterings will be even higher. But pork production will be down.

Canadian commitments to the United Kingdom under the Mutual Aid plan are undertaken on the basis that the Canadian government signs a contract with the British Ministry of Food to supply at least so many million pounds of meat. If more meat is available, the Ministry of Food will be ready to accept it as well. The objective set in the contract is a mark to shoot at, and if possible surpass. Production of food is influenced by so many factors -- weather, manpower available, etc.--- that it is difficult to forecast very far ahead just how much food will be produced.

Canada has an open order for shipment of meat to the United Kingdom. To ship any meat to the United States she would have either to cut down on her export commitments or cut down on her domestic consumption. A cut in domestic consumption would not have any worthwhile over-all effect on the U.S. meat consumption picture. Canada's annual meat consumption is around one and a half billion pounds. U.S. annual consumption amounts to over 19 billion pounds.

And once again there appears the factor which has perhaps been responsible for most of the difficulty in the U.S. situation -- the matter of distributing meat produced in the middle west to deficiency areas in the east. Canada's great bulk meat-producing areas are also in the west.

An increase in Canadian meat production is being urged by the Canadian government. Dr. G.S.H. Barton, Deputy Minister of the federal Department of Agriculture said on a nation wide network of the Canadian Broadcasting Corporation on March 19 last that Canada is "long on wheat but short on meat." He pointed out that Canada has today almost a monopoly of the British bacon market, and Canadian hog production has fallen off since last year. The biggest contribution to Canada's wartime



expansion of hog production has been in the western provinces, and Dr. Barton urged that western farmers continue that expansion. The Canadian wheat quota has been reduced for this year, he pointed out, and the government wants an increase in the growing of coarse grains which are used for livestock feed. Dr. Barton urged the western farmer to raise his production of coarse grains -- barley and oats -- and he also asked that dairy products output be kept up.

Total Canadian Meat Exports

Following is a table of total Canadian meat exports to all countries during the war years:

1939	204,000,000 lbs
1940	364,000,000 lbs
1941	492,000,000 lbs
1942	564,000,000 lbs
1943	620,000,000 lbs
1944	869,000,000 lbs

These figures include fresh, cured and canned meat. No livestock or lard is included.

Mutual Aid to U.K.

Meat provided under Mutual Aid to the United Kingdom in 1944 amounted to \$100,122,570; cash payments for meat amounted to \$84,694,303. However, an examination of Canada's Mutual Aid report will show that it is a matter of accounting rather than of essentials which leads to one item or another being shown as being supplied by way of Mutual Aid or by way of sale. To quote the Report "Mutual Aid is used only to cover the excess which Britain is not in a position to pay for in Canadian dollars." It is interesting to note that the amount shown as purchases is made up in large part of items which are not ordinary commercial items, and in the case of the U.S. would have been called "Reverse Lend-Lease." Canada does not have the reverse lend-lease scheme, preferring to sell what is not sent under Mutual Aid, and pay Britain for services rendered to Canada such as accommodation of Canadian troops in the United Kingdom.

Foods other than meat - A comparison of the food consumption of two countries is a tricky business. In the case of Canada and the United States it is difficult to find a basis on which a fair comparison can be made.

Should one compare the amount of food consumed? Or the calories, proteins and vitamins? A report of the Combined Food Board on Food Consumption Levels in the United States, Canada and the United Kingdom, issued by the U.S. War Food Administration in December, 1944, estimates that the Canadian civilian requires an average of 2,544 calories per day, the U.S. civilian 2,531. The same report estimates that in 1944 there were 3,367 calories per civilian per day in the U.S., 3,435 in Canada. The caloric content of the average Canadian and American civilian during 1944 was about the same. (Caloric standard aimed at for civilians in liberated countries is 2,600 per day. However, even this standard has not always been achieved in the liberated areas).

Comparison of the food actually consumed in Canada and the United States is not an altogether satisfactory way of judging whether or not there has been a fair allocation of food. We have already mentioned the fact that Canada does not have same wide divergence in eating habits which



exists in the United States. This is accounted for by the wide variations in climate in the United States, -- from temperate to semi-tropical. It would be difficult to arrive at a good basis for comparison of food consumption in Northern United States and Southern United States. It is similarly difficult to compare the food consumption for the whole of Canada and for the whole of the U.S. In making any comparison between the two countries, it must always be remembered that Canada has a considerably colder climate, requires different food.

For example, the normal diet for Georgia, Mississippi, Alabama would be unsuitable for Ontario. In the south they eat less fats, meats, use less butter, drink less milk, and they eat more vegetables and fruits. This is true of all hot climates. In the case of butter -- Canada has always eaten more butter than the U.S. Figures given in the Combined Food Board report mentioned above show that in the years 1935-39, average Canadian consumption of butter was 30.8 pounds per person per year; average U.S. consumption was 16.7 pounds in the same period.

On the subject of butter, it is worth noting that Canada uses no margarine. This commodity, made out of vegetable oils, not produced in Canada, would have to be imported from either the United States or the United Kingdom, which are themselves short of these oils, however, Canada does produce large quantities of butter. The Canadian butter ration is six ounces per person per week.

In the case of fresh fruit, U.S. consumption per person in 1944 was 146.9 pounds; Canadian was 99.3 pounds. Canadians ate only 85.5 pounds of fresh vegetables, while Americans ate 249.7 pounds. One factor which accounts for the large U.S. consumption of fresh fruits and vegetables is their availability. For many parts of the United States it can be said that they can buy inexpensive fresh vegetables almost the year round, while in Canada for many months consumers must rely on the small quantities of the relatively expensive U.S. imports which are available. On the other hand, Canadian consumption of potatoes, which can easily be stored during the winter months, is much higher than in the U.S. -- practically double. But Canadians ate almost no sweet potatoes, an important article of diet in the American south.

Consumption of sugar is higher in the U.S. than in Canada. Sugar is rationed in both countries. Canadian ration allows two pounds per person per month. U.S. ration is about the same. Canadian restaurants are not allowed to serve more than three lumps of sugar with coffee or tea. Generally they find it necessary to serve less. Sugar is not allowed to be served in restaurants unless requested.

Canadians are allowed an extra 10 pounds of sugar a year for home canning. In the U.S. the consumer is allowed 20 pounds. Besides this, the Canadian situation is rather different in regard to some canned foods. Jam, marmalade, syrups and honey are not rationed in the United States, but are in Canada. Canned fruits are rationed in both countries. If a Canadian, instead of using his ration stamps to purchase the rationed canned foods mentioned above, wishes to buy an extra 13 pounds of sugar for home canning, he is allowed to do so.

Here is a table of consumption of important foods in the two countries, based on figures from the Canadian Bureau of Statistics and the U.S. Department of Agriculture:

<u>1944</u>	<u>Canada</u>	<u>U.S.</u>
Dairy Products	lbs.	lbs.
Cheese	4.7	4.7



Cond. and evap. milk	10.1	15.5
Fluid milk and cream	495	425

(Not much milk is drunk in southern U.S. This is another aspect of the greater need for fats in a colder climate)

Fats and oils

Butter, farm and factory	29.7	11.8
Lard	7.5	14.3
Margarine. (fat content)	--	3.2
Shortening (fat content)	8.3	9.3
Other edible fats and oils (fat content)	1.1	6.2
Total fats and oils	46.6	44.8

Fruits

Citrus	47.4	67.0
Other fresh fruit	51.9	79.9
Total fresh fruit	99.3	146.9

Vegetables

Potatoes	214	112
Sweet potatoes	.6	21.7
Dried beans	4.4	8.0
Fresh vegetables	85.5	249.7
Wheat flour	176.4	160.2
Oatmeal	6.9	4.7
Sugar (refined)	83.8	88.4

Coffee, tea and Cocoa - Up-to-date Canadian figures for these beverages are not available. However, the report of the Combined Food Board on Food Consumption levels made in December, 1944 shows the following consumption in the two countries:

1944	Canada	U.S.
Coffee	5.1	15.6
Tea	2.6	.6
Coffee	2.9	3.5

These figures once again indicate the difficulty of comparing consumption of food in the two countries. U.S. drank more coffee, Canada drank more tea, and the two countries drank about the same amount



of cocoa. This is a matter of preference; Canadians generally prefer tea to coffee, while the opposite is true in the United States. It may be said, however, that there is no real shortage of the beverages in either country.

Demands on Canadian Food Production are many. In the five and a half years Canada has been at war they have grown increasingly heavier. The farmers of Canada have done an excellent job. Since 1939 several hundred thousand men and women have left Canadian farms to enter the armed services and war plants or essential civilian industries. Despite this the over-all volume of farm production has increased considerably. The 1944 figure showed an increase of 36% over that of 1939. This achievement in production is the result of more efficient farming (better seed selection and breeding methods, more efficient production and feeding routines), over-all government planning of production, the incentives of fair prices and ready markets, favorable weather conditions and most of all, a tremendous increase in the amount of hard work by farmers and their families in the face of shortages of machinery and of transportation and other difficulties.

A comparison of 1944 production figures with the average in the five pre-war years 1935-39 shows considerable increases in all the main food items except creamery butter, as follows:

	1944 (% difference from 1935-39)
Meats	71
Eggs	68
Grains	57
Fruits and Vegetables	22
Total milk	13
Cheese	47
Fluid milk	38
Concentrated milk products	20 (approximately)
Creamery butter	- 3 (approximately)

In 1938 the gross value of agricultural production was \$1,056,980,000. By 1943 it had risen to \$2,248,906,000 (revised preliminary figure). The total value in 1944 will approximate \$2,500,000,000. Cash farm income has advanced from \$664,300,000 in 1938 to \$1,751,700,000 in 1944, an increase of 164%.

The picture in fisheries is similar. The primary fishing industry has lost more than 10,000 of its most active workers, chiefly to the armed forces and the merchant marine. It has also given up much of its best equipment in boats and vessels to direct war use with the navy. Despite these handicaps fisheries have fully maintained or even increased slightly the volume of production. Total fish production in 1944 was about 1,100,000,000 pounds landed weight, or about 600,000,000 pounds dressed weight. This is 10% to 15% increase over the average for 1935-39.



The value of cash income to the fisherman from the sale of fish in 1944 was double the average of 1935-39.

Claims on Canada's food supplies, however, have increased even more rapidly than production, which explains the need for rationing such foods as butter and sugar so that available supplies can be distributed equitably. Here is a list of the chief food claimants:

Exports to United Kingdom

Among the chief wartime food exports to the United Kingdom are wheat, bacon, cheese and canned fish. Almost all Canadian canned salmon has gone overseas for the last four seasons. (This last is a good example of a commodity of which Canada is a leading producer, which is not rationed, and yet which Canadian housewives rarely, if ever, see in their grocery stores.) The total pack of canned salmon in 1944 was 52,560,000 pounds. The amount of bacon and cheese sent to the United Kingdom in 1944 was considerably more than the total average amount produced in the pre-war years. In the 1935-39 period, Canada produced an average of 119,000,000 pounds of cheese and 634,000,000 pounds of pork. (In the interests of security, there is a lag of six months in the publication of specific figures on particular items shipped to particular countries.)

The British Ministry of Food wants in 1945 as much wheat, flour, bacon and other pork products, beef, eggs and cheese as was supplied in 1944, a year of record shipments, and in addition all the surplus of bacon and beef particularly that can be supplied.

The following table shows the actual shipments of these commodities in 1943 and 1944:

	<u>1943</u>	<u>1944</u>
Bacon (pounds)	675,000,000	695,000,000
Pork offals (pounds)	11,800,000	13,600,000
Canned pork (pounds)	12,700,000	34,400,000
Beef(Pounds)	-	x 132,000,000
Lamb and Mutton (pounds)	-	1,130,000
Lard (pounds)	-	9,000,000
Wheat (bushels)	96,872,260	80,704,650
Flour (barrels)	7,629,689	5,629,659
Cheese (pounds)	126,604,700	128,872,900
Dried egg powder (pounds)	13,449,395	18,951,651

X 80,000,000 pounds of this was boneless.

The current agreement with the United Kingdom for 1945 calls for a minimum of 7,500 long tons (16,500,000 pounds) of dried eggs, 600,000 cases of shell eggs by the end of April, another 600,000 cases of storage eggs in the autumn, and asks for an indication of the volume of shell eggs that can be made available from September to December, 1945. (No shell eggs were shipped in 1943).



Armed Forces -- The food which is sent to the United Kingdom actually feeds some Canadians, since it goes into a pool from which the Canadian armed forces overseas are fed.

The needs of the armed forces at home represent a substantial increase in the demands on Canada's food because the requirements of men engaged in active training or on operational duty are much greater than those of civilians. Here are the principal food purchases for the armed services in Canada in 1943:

Meats	52,000 tons
Vegetables	105,000 tons
Bread	41,000 tons
Butter	8,500 tons
Eggs	19,500,000 dozen
Coffee and tea	2,500 tons
Evaporated milk	11,000 tons

Other United Nations -- Besides sending greatly increased quantities of food to the United Kingdom, Canada has supplied a quantity of various foods to Russia, Greece, North Africa and more recently to Yugoslavia, Italy, France, Belgium and the Netherlands.

Canada is shipping surplus lambs to the United States. This was the one meat which Canada developed a surplus of toward the end of 1944 and for which she had no market. In the last quarter of 1944 Canada shipped about 135,000 head of lambs to the U.S., and the shipments are continuing. Canada slaughtered less than a million head in the whole year. That is, 1,000,000 Canadian lambs production was sent to the U.S. in 1944. As a result Canadians have been short of lamb.

In 1944 Canada sent 30,000,000 pounds of frozen poultry to the United States packed according to U.S. Army specifications. This shipment is to be repeated this year.

From August 1, 1944 (beginning of the crop year) to February 15, 1945, Canada shipped 144,000,000 bushels of wheat, oats and barley to the United States.

Canada is a member of UNRRA, has paid her contribution to the pool which is financing that organization, and has sold a good deal of food to it. Canadian sales of all commodities to UNRRA to the present amount to about \$45,000,000.

During the next three months 35% of UNRRA's food supply is expected to come from Canada.

Besides co-operating with UNRRA, Canada has carried out several other projects to provide food for international relief use. Shipments of wheat have been going to Greece at the rate of 15,000 tons a month as a gift of the Canadian people. From the inception of the project in August 1942, shipments total over 15,000,000 bushels. In 1944 Canada sent over a million pounds of salted fish to Greece, as well as the contribution of large quantities of medical supplies of all kinds from the Canadian Red Cross. During 1944 Canada made a gift of 100,000 tons of wheat to India to help alleviate the Bengal famine.



Although delivery of the wheat was delayed because of shipping shortages, this commitment has now been completed.

Canada is a contributor with the United Kingdom, the United States and the Argentine to an international wheat relief pool following an agreement made in 1942 between the big wheat buying and selling nations. A pool of 100,000,000 bushels of wheat was established for relief uses, with the United States contributing 50,000,000 bushels, the United Kingdom and Canada 25,000,000 each. Argentina also offered to contribute some 200,000 tons of wheat to the pool.

So far as continuing and even extending food controls and rationing into the post-war, Canadians show the same willingness as Americans to put up with these wartime restrictions in order to help the liberated peoples of Europe. A series of half a dozen opinion polls during the last 12 months returned an answer of about 71% in favour of continuing and even extending rationing and controls if it should be necessary for a few years after the war's end; and the other people polled did not all vote "no"; the polls indicated an average of 6% or 7% "undecided."

Prisoners of War Parcels -- Through the Canadian Red Cross Canada is shipping parcels to prisoners of war at the rate of 7,000,000 to 8,000,000 yearly or about 140,000 a week. Each of these parcels contains approximately 11 pounds of food, including butter, sugar, tea, dried fruit, chocolate, powdered milk, cheese canned meat and fish. The amount of butter sent in these parcels in one year is equal to more than one week's ration for the entire population of Canada. Every Canadian prisoner of war, and most British prisoners of war in Europe, get one parcel a week; and a proportion of parcels is set aside for delivery to other allied prisoners of war. No allocation of food carries a higher priority than this.

Overseas Canteens -- The Canadian fighter is well fed, but canteens are also maintained where he can get small extras such as biscuits, chewing gum etc. Quantities of chocolate bars, canned fruits, vegetables and meats, pickles, sauces and similar minor luxuries are going overseas each month, chiefly to Canadians but also to other allied soldiers.

Newfoundland and the British West Indies -- To make the best use of shipping Canada has assumed a much larger share of the requirements of Newfoundland and British West Indies for the foods they cannot produce themselves. While these amounts are not large in comparison with other demands, they are one more strain on Canada's food resources.

Ships' Stores -- Since the outbreak of war Canada has undertaken another important task, that of completely victualling the huge armadas of merchant ships that are constantly assembling in and departing from its ports. All these ships (more than 100 a week) are victualled not only for their outgoing trip but also for their return voyage in order to relieve the country of destination of the burden of supplying them with food. Moreover, each ship as it leaves is victualled for the longest possible voyage, for frequently ships are re-routed to more distant ports after they have sailed. This victualling job has to be done speedily. Large quantities of food have to be put on board many ships on short notice. This has called for a highly efficient organization and the supply of tremendous quantities of food to the ports. Ships' stores are taken from retained stock set aside for the purpose and not from domestic civilian supplies.

Requirements are based on a strict per man per day scale, and every requisition from a ship's master must be approved before delivery. Goods are checked on board ship at irregular intervals at all ports, and an accounting of all surplus goods is required if a ship returns to Canada before the expiry date of its last storing period. Because of this close check-up there is little chance of Canadian ships' stores



reaching the black market in other countries.

During 1944 the following quantities of food (approximately) were supplied to feed the crews of merchant ships leaving Canadian ports:

Meat	11,000,000 pounds
Eggs	1,000,000 dozen
Poultry	1,200,000 pounds
Tinned meats	600,000 pounds
Fish (canned, fresh, frozen or smoked)	2,000,000 pounds
Vegetables (tinned and dried)	750,000 pounds
Pickles	34,000 gallons
Rice	600,000 pounds
Tomato juice and fruit juice	24,000 dozen tins
Corn syrup	14,000 gallons
Flour	4,000,000 pounds
Macaroni and spaghetti	284,000 pounds
Rolled oats and oatmeal	223,000 pounds

This year's production. The problem of the Canadian food producer is not to find a market. For at least two years they are assured a market in the United Kingdom for their bacon, beef, eggs and cheese. The agreements now in effect continue to the end of 1946.

The main problem, while the war is in progress, will continue to be the shortage of labour and farm machinery.

The other outstanding problem is that of ensuring an adequate supply of feed grains for the cattle, hogs and poultry needed to produce beef, bacon, cheese, butter, and eggs. Neither eastern Canada (an area of intensive production) nor British Columbia grows enough grain to feed the large numbers of livestock kept there. To meet this situation the federal government in October 1941, introduced the free freight policy under which feed for livestock has been shipped from the Prairie Provinces to eastern Canada and the Pacific coast. Between that date and the end of 1944 a total of more than 253,000,000 bushels of western grains, 171,000 tons of screenings and 2,043,000 tons of millfeeds have been transported at a total cost for freight of \$47,711,000. This policy is being continued, but there is still the difficulty of finding enough railway cars to keep both the feed grain and shipments of armaments, wheat and other foods for overseas moving to the coast.

#### Liquor, Beer, Wine --

Alcoholic beverages are under strict wartime control in Canada. The Wartime Alcoholic Beverages Order (December 16, 1942) prohibits the advertising of spirits, wine and beer and limits their importation and sale. By this order the federal government reduced the amount of spirits which the distilleries could release to the various provincial liquor control boards (who control the sale to consumers) to 70% of the amount received in the 12 months between November 1, 1941 and October 31, 1942. This period is known as the "base year." The same government order



reduced the amount of beer released to 90% of what was received in the base year, and the wine quota was set at 80% of the amount received in the base year.

Imports of the three types of alcoholic beverages are cut to the same quotas: 70% for spirits, 80% for wine, 90% for beer. Furthermore, the sale of alcoholic spirits of strength greater than 70% proof spirit is prohibited, with the exception of spirits which were out of bond or bottled prior to the date on which the Order came into force. The distilling of spirits for use in fortifying wines is also prohibited.

These quotas were set, and have been strictly enforced by the federal government. The success with which the Canadian government's plan, enforced by the Prices Board, has met is indicated by the following table. In each case the consumption has been held almost exactly at the level set in the Wartime Alcoholic Beverages order:

		SPIRITS (Proof Gallons)	WINE (Imperial Gallons)	BEER (Imperial Gallons)
Amount delivered during 12 months ended Oct. 31/42 (base year)	Domestic -	3,800,776	4,145,584	97,980,753
	Imported -	1,191,614	378,492	78,830
Amount permitted under restrictions set by Wartime Alcoholic Beverages Order, 1942	Domestic -	2,660,543 (70% of amount delivered in the base year)	3,316,467 (80% of amount delivered in the base year)	88,129,600 (90% of amount delivered in the base year)
	Imported -	834,876 (70% of amount delivered in the base year)	357,077 (80% of amount delivered in the base year)	70,947 (90% of the amount delivered in the base year)
Amount actually delivered or sold during year ended October 31/43	Domestic -	2,659,577	3,307,767	87,831,926
	Imported -	824,694	309,197	66,692
Amount actually delivered or sold during year ended October 31/43 in relation to base year (percentages)		69.79%	79.79%	89.65%
Amount delivered during year ended October 31/44	Domestic -	2,659,629	3,293,148	
	Imported -	817,527	293,678	
Amount delivered or sold during year ended October 31/44 (percentages)		69.01%	79.02%	

On March 12, 1944 control of beer was removed from control by the federal government and placed under provincial jurisdiction. However, low malt stocks prevented any substantial increase in brewing.



This table gives an over-all picture of how Canada has not only controlled, but reduced consumption of alcoholic beverages in wartime. These figures include alcoholic beverages consumed by troops training in Canada.

In order to attain a fair distribution of the stocks allotted to the provinces by the federal government, most of the provinces have found it necessary to introduce rationing. (The exception, Prince Edward Island has prohibition). In Ontario, the province, with the largest population the spirits ration is set at 26 ounces a month, if available. In the same province, the beer-drinker is limited to 12 quarts a month. Beer sold only at government operated brewery warehouses, liquor at the stores of the liquor Control Board of Ontario. Beer can be purchased at grocery stores only in the Province of Quebec. Also, there are no bars in Ontario or most of the Canadian provinces. It is impossible, for example, to buy liquor in an Ontario hotel.

Cigarettes --

There are two chief reasons why Canada has not suffered the same shortage of cigarettes as has the United States.

1. Taxation - Canadian tax on cigarettes ranges between \$10 and \$11 per thousand; U.S. tax is \$3.50 per thousand. Thirty-three cents buys a package of 20 cigarettes in the Province of Ontario; about 21 of these 33 cents are taken by the government and used to fight the war. The high cost of cigarettes in Canada (a tax of more than one cent on one cigarette) has been a prime factor in discouraging panic buying or hoarding.

2. Co-ordination of control -- Although cigarettes are not rationed to the Canadian consumer, the whole tobacco supply of the country is under constant scrutiny and control by the Wartime Prices and Trade Board. This agency of the government follows the tobacco right through from the grower to the consumer. The Prices Board sets the price which the grower receives for the leaf. It sets the price at which the manufacturer must sell. It arranges the wholesale and retail price spreads. The Prices Board has been extremely sensitive to any evidence of panic buying. Runs on cigarettes in Canada have been sporadic, but they are quickly dealt with. If there is a run, extra supplies are rushed in, thus maintaining public confidence and eliminating any incentive for hoarding.

Besides these two main points, any discussion of Canadian and U.S. tobacco situations must consider that cigarettes have always cost more in Canada, and that it has been the custom in Canada to buy cigarettes one package at a time, not by the carton.

Although these factors have aided Canada in dealing with the problem, it is not to be thought that Canada has had no cigarette shortage. It is almost unheard of for a Canadian tobacconist to be out of cigarettes, but often he will be out of a particular brand. And although no new Canadian brand of cigarettes has appeared and no brand has been eliminated since the industry was frozen in 1941, some less well-known brands have become more popular. Prices Board officials report that Canadian smokers have co-operated with them in accepting other than their favorite brands, and in refusing to be stampeded into panic buying. It has been found that when panic buying begins, twice the ordinary stocks are needed to meet the demand.

As in the United States, cigarette smoking has increased during the war. In 1939, more than seven billion cigarettes were smoked in Canada (actually 7,126,193,000). In 1944 the figures was over eleven and a half billion (11,666,420,000). In 1944 Americans smoked 239



billion cigarettes, and in 1943 they smoked 258 billion. This works out to 1,000 cigarettes per capita in Canada in 1944, 1,700 in the U.S.

Before the war Canada imported a good proportion of her tobacco. Now 99% of tobacco smoked in Canada is grown in Canada.

### Supplies of Consumer Goods General

In any comparison of the supplies of goods for Civilian Consumption in the United States and Canada it is important to keep in mind the economic differences in the two countries between September, 1939 and December, 1941. In the United States, these two years were in a sense "Boom" years; they were characterized in that country by considerable stock piling by consumers of consumer durable goods --automobiles, refrigerators, radios, etc.

Although the Canadian indexes of industrial activity and employment rose even more sharply during the same two years, this was because of an earlier all-out swing into war production, made possible often through the curtailment of the production of consumer goods. As compared with the United States, the supply of consumer goods on the Canadian market was smaller.

Some statistics on retail sales and prices are interesting in this connection. Between 1939 and 1941 the retail sales index in Canada rose by 32%. In the same period in the United States it rose 33%. On the surface that would look as if civilian consumption in the two countries increased by approximately the same amount.

However, at the same time retail prices in Canada increased 14 per cent and in the United States only nine per cent.

By adjusting the retail sales figure by the price increase, the actual volume of commodities sold in the United States showed an increase which was almost twice the increase which was occurring in Canada.

Such a difference in retail sales levels in the two countries has continued up to the present, although it is probable that the extent of the difference in sales volume has not remained as great. In the United States prices rose more rapidly in the year following Pearl Harbor than they did in Canada (this year was the first year of the Canadian price ceiling).

Throughout the war the volume of purchasing power in the hands of consumers has been greater than the volume of consumer goods on the market. In both countries, wartime tax increases have cut into the increase in civilian earnings, but in Canada the increase in taxes has been greater and has extended over a longer period.

Shoes - The shoe ration in the United States during 1944 allowed the consumer three pairs of leather shoes a year. In 1944 the ration was reduced to two pairs.

This ration is not so restrictive as might first appear. Anyone may obtain an extra shoe ration stamp by proving that he has no more than two pairs of wearable leather shoes.

In 1943 Canadian consumption of shoes was slightly over two pairs per capita, and about the same in 1944.

The United States has a much higher production than Canada of non-leather shoes. These shoes are worn much more in the U.S. than in Canada, especially in those parts of the U.S. where climatic conditions are suitable. Particularly in the case of the large Canadian farm



population and men who work in the outdoors, any shoes but those made out of leather would be practically useless during the severe Canadian winter.

Men's Clothing -

With the exception of the fact that in Canada one can buy a suit with two pairs of trousers, restrictions on men's clothing are about the same in Canada and the United States.

The regulation prohibiting the sale of suits with two pairs of trousers had been in effect in Canada since March, 1942, but was removed on September 27, 1943.

The fact that one can buy a suit with two pairs of trousers has occasioned a certain amount of comment by American journalists visiting Canada. Experience of most men might question whether it was not more saving of cloth to buy suits with two pairs of pants. Almost always it is the trousers of a man's suit which wear out, and two pairs of trousers makes a suit wear almost twice as long, instead of having an extra coat to hang in the clothes closet.