

Trade Board. Later normal seasonal price variations were permitted in the prices of some goods such as lamb, coal, coke and railroad freight rates. The prices of other seasonal goods were exempt from the ceiling, though subject to continued surveillance by the Board, notably fresh fruits and vegetables, and several kinds of fish. Because of rapid price advances maximum prices were reimposed on onions and potatoes. Among other exemptions from the ceiling are: sales by farmers to dealers or processors of poultry, eggs, milk, cream, dairy butter, farm-made cheese, honey and maple syrup; sales of equipment or produce among farmers for their own use; sales of hay and straw; of living animals; of certain seeds and bulbs; and of imported books.

In some cases a few retailers' prices were frozen at anomalously low levels in relation to their competitors' ceiling prices and adjustments have since been made, notably in the case of tea and farm machinery. In other cases, especially with such agricultural products as grains, special circumstances have been met by the issue of maximum price orders covering the whole market, to replace individual sellers' ceilings.

New goods or products not sold in the basic period must be sold at prices appropriate in relation to the retail prices of other goods sold during that time. The Board has issued a list of seasonal goods, dissimilar from any sold during the basic period, for which the prices to be charged by the manufacturer or wholesaler must be approved by an administrator. In determining his price, the retailer may then add a mark-up not greater than the mark-up employed for similar goods during the latest season in which they were sold.

The Maintenance of the Price Ceiling.—To hold the retail ceiling in the face of higher costs, three expedients have been adopted: (1) Processors, manufacturers, wholesalers and retailers have each been required to absorb a share of the burden if they can do so without being forced out of business. (2) All possible economies are introduced, unnecessary expenditures eliminated and products standardized with the help of the Board's Division of Simplified Practice and Administrators in co-operation with advisory committees in each trade. (3) If, even so, the increased cost is too heavy for a trade to absorb, the Government is prepared to give such assistance as may be necessary to enable supplies to be maintained. Some aspects of these measures are described in the following paragraphs.

One of the chief problems encountered in the administration of the *Maximum Prices Regulations* was the so-called 'squeeze' resulting from time lags in price adjustments. Thus retailers who had not raised their prices during the basic period to cover higher replacement costs, found themselves prohibited from making price increases at a later date. They are expected to take any reduction in their margin which they can absorb without being forced out of business, and wholesalers, manufacturers and primary processors, in turn, are expected, if necessary, to reduce their charges below the ceiling set under the *Maximum Prices Regulations*. In general, manufacturers prices are reduced to the level on the basis of which retail prices were established during the basic period, plus whatever increase the administrator concerned in agreement with the administrators of wholesale and retail trade, is prepared to authorize, as being within the power of wholesalers and retailers to absorb. In other cases a manufacturer or processor may find that his customers are able and willing to absorb a part of an increase in cost. With the approval of the administrator he may pass this on in a charge above his ceiling under the *Maximum Prices Regulations*.