

Where adjustments required to maintain the retail price ceiling are too severe to be fully met by sharing the increased costs throughout the trade, the Board may recommend assistance for the industry concerned. The Commodity Prices Stabilization Corporation has been set up to make any necessary subsidy payments. In the shoe industry, for example, the burden of a 15 p.c. increase in cost has been dealt with by manufacturers, wholesalers, and retailers each taking a share, while the Government is paying a temporary subsidy of 7 p.c. of the manufacturers selling price of shoes to retailers pending a thorough cost analysis and adoption of drastic economies and simplifications.

It was expected that subsidies would be necessary in the case of certain classes of imports whose prices have risen too high to permit their continued sale under the price ceiling, and the Board issued a statement listing more than 30 classes of non-essential goods that are not eligible for subsidy. On other goods a subsidy is payable to cover any increase in the cost of imports above the cost of similar imports that were sold at retail in the basic period, subject to the possibility of adopting domestic substitutes being explored, and the squeeze absorbed where possible.

Subsidies to enable goods to be sold within the price ceiling are regarded as temporary measures pending arrangements to reduce costs in manufacturing and distribution to be worked out by the Division of Simplified Practice with the help of administrators and advisory committees in each trade and to be approved by the Board. Examples are regulations made to simplify and standardize the conditions of manufacture and sale of bread, stockings, stationery, paints, plumbing equipment, screws, clothing and delivery services. These involve the elimination of duplications, unnecessary style and colour variety, elaborate wrappings and non-essential services as well as the conservation of scarce materials.

In other cases assistance has been given by changes in import duties. Dumping duties have been suspended and taxes charged in the country of origin are excluded from value for duty purposes. On recommendation by the Wartime Prices and Trade Board, the Minister of National Revenue may order that invoice value be substituted for "fair market value" in calculating duties.

In still other cases exports have been placed under control through a system of export permits administered by the Department of Trade and Commerce to check depletion of supplies in the domestic market.

The Commodity Prices Stabilization Corporation also has power to make bulk purchases of goods from abroad and to allocate such goods to the Canadian trade at prices appropriate to the ceiling prices.

## **Section 1.—Wholesale Prices of Commodities**

### **Subsection 1.—Historical Review of Canadian Prices**

The high prices of 1867, after the close of the American Civil War and the Austro-Prussian War of 1866, were followed by several years of gradual decline (Table 1). Prices rose again after the Franco-German War of 1871 and reached a high point in 1872 and 1873, but the crisis of the latter year resulted in a decline. A downward trend persisted fairly steadily throughout the 25 years from 1872 to 1897, when the gold supply of the world (predominantly upon a free gold standard) did not increase as rapidly as the supply of commodities. This gold shortage was accentuated by the demonetization of silver, which was reduced to the level of token money by most nations. Relief came through the discovery of gold in the Rand