

replaced individual basic-period prices by "standard" maximum prices applicable to all sellers, with allowance made for regional differences, and in some cases for seasonal fluctuations. Standard prices have usually been set at the wholesale level with standard or basic-period retail markups being set out, but in a number of cases specific retail prices have also been fixed. In fixing such standard prices or markups, the general price prevailing during the basic period (or, in certain cases, during the corresponding season in 1941) has been the main criterion. In a few cases, sales of primary products were exempted from price-ceiling regulations, since control would have raised very great administrative difficulties. However, where these prices have tended to rise unduly price control has been reimposed.

The basic-period principle goes further than simply the stabilization of prices at a certain level. It includes the maintenance, so far as available resources permit, of the same price-quality relationships, the same price ranges and the same proportionate volume of production in low-price lines as during the basic period or the corresponding season in 1941. It involves, too, the distribution of scarce goods to the various regions and retailers in the same proportion as previously. If this were not done, the consumer would experience a rise in living costs, without any increase in prices taking place, for he would be forced to buy a more expensive grade or a less satisfactory type of article than was his custom.

The most serious problem the Board has had to face has been the pressure of rising costs on the price ceiling which developed initially because retail prices in the basic period were naturally based on manufacturing costs in an earlier period, and therefore did not take account of the higher level of current replacement costs. With rising prices in other countries on which Canada depended for supplies, and with higher shipping costs, the cost of imported goods continued to rise. Later, as war production expanded and shortages of materials and labour became more widespread, unit costs increased for a variety of reasons: greater labour turnover, the use of less experienced help, wage increases, the use of substitute materials, lack of the usual means of transportation and, in some cases, reductions in the volume of output and sales, and uneven flow of supplies.

In dealing with rising costs the Board's policy is to distribute, whenever possible, the increased costs among the various sections of the trade ("sharing the squeeze"), and also to reduce costs by eliminating unnecessary manufacturing and distributive practices. Cost reduction is the chief aim of the Board's program of simplification, although it is also aimed at making the most effective use of scarce materials, labour and plant facilities. Further reference to the simplification program as applied to various manufactures will be found in Chapter XIV at pp. 354-362. A great many cost-reducing measures have been introduced voluntarily by industry, but where necessary, formal simplification orders have been issued by the Board. The general method of simplification has been to prohibit certain manufacturing and distribution practices and to reduce the number of lines, rather than prescribing standard practices or "standard" or "utility" types of goods as in Great Britain. Simplification has brought about considerable economies without necessitating the extensive machine changeover or excessive disruption of normal marketing practices which would have been entailed by standardization.

Where absorption of the cost "squeeze" and cost-reducing measures have not been sufficient to meet the problem of rising costs, the Board has, in some cases, provided relief by subsidy, remission of duties and taxes on imports, or by taking losses on Government bulk purchases of raw materials. When relief is needed, the decision to provide it by one of these methods has depended primarily on the essenti-