

certain quantities. For example, manufacturers of knitted underwear were directed to produce definite quantities of various types of men's, women's and children's underwear. The quotas are based primarily on estimates of requirements and current manufacturing capacity, and the Board undertakes to assist manufacturers in the procurement of any additional raw materials or labour that may be required. In the case of knitted underwear, spinners were directed to deliver certain minimum quantities of machine knitting yarns to the knitters and at the same time steps were taken to obtain United States preference ratings to facilitate importation of yarns. Apart from the formal directives, the informal direction of production and assistance to producers in obtaining materials and labour constitutes an important part of the work of the Board's administrators.

In the metal industries a few production programs were developed owing to the need to ensure or resume production of minimum amounts of essential civilian goods. For example, production and import quotas for farm machinery were worked out in collaboration with the Wartime Industries Control Board and the War Production Board of the United States.

Distribution.—After every feasible effort has been made to increase supply, it is still inevitable that there will be shortages in many lines of consumer goods due to the large proportion of productive facilities devoted to war work and to the increased demand from the civilian population with its greatly expanded purchasing power. The Board, therefore, ensures that goods in short supply are distributed equitably, and that highly essential needs are given priority. A few widely used foodstuffs are rationed to all consumers, while some other goods are sold only to certain consumers to whom they are essential or else on a priority basis, ensuring that all essential needs are met first. Most goods, however, are controlled only by the Board's policy of "equitable distribution" which requires manufacturers and wholesalers to divide scarce supplies between their customers in the same proportion as during 1941, though adjustments are made to allow for shifts in population. The Board's distribution policy is described in detail in the article on Distribution Controls (pp. 525-526).

Conclusion.—The Board's activities are only one part of the Government's general stabilization program. There are also the controls over purchasing power through taxation and public borrowing and the controls on wages and manpower. Figures can indicate only imperfectly the effectiveness of a general stabilization program of this sort. However, some indication of the effect of price control is given by a comparison of the increase in the cost of living since the basic period, with the rise in the corresponding period of the last war. Between October, 1941, and December, 1943, the cost-of-living index rose by 3.3 p.c. while in the corresponding period of the War of 1914-18, October, 1916, to December, 1918, the cost-of-living index rose by 35 p.c.

Section 1.—Wholesale Prices of Commodities

Subsection 1.—Historical Review of Wholesale Price Movements (1926 = 100)

The broad movement in wholesale prices had been gradually upward for a period of sixteen years prior to the outbreak of war in 1914. From an average of 43.6 in 1897, the general wholesale index advanced without appreciable interruption to 64.4 in July, 1914. By the end of the War in November, 1918, this index had reached 132.8, and it continued upward to a post-war inflationary peak of 164.3