

The Board has continued to authorize the payment of subsidies in certain cases where financial need is established. In other instances, limited price adjustments have been permitted where such adjustments could be absorbed without significantly affecting the cost of living. Where subsidy has been authorized, the purpose is to meet specified cost increases, or to offset higher operating costs, only to the extent required to ensure necessary production from the firm or industry concerned. Subsidies are not intended to assure profits at the pre-war or pre-ceiling level and rates of subsidy are determined with a view to providing the minimum necessary relief. The principle of limiting subsidies has been applied widely and is designed to ensure that fortuitous or special circumstances do not permit subsidy payments to raise profits above standard profits or whatever defined level is reasonable in the circumstances. As a further means of limiting subsidies to the greatest possible extent, the Board is continually reviewing existing subsidy arrangements to determine whether current circumstances and prospects permit a scaling down or removal of the payments under review.

Excess Purchasing Power and Black-Market Problems.—Throughout the year the public's buying power continued much in excess of available supplies of goods and services, providing a favourable background for price inflation. Though most of this excess spending power was absorbed by savings, through Victory Loans in particular, spending increased and in some lines production did not keep pace. Black-market activities were on the increase and special measures had to be taken to improve the enforcement of price control, particularly in the spheres of used goods and textiles. In the textile field, price control has been facilitated by an order requiring retailers to attach a price tag to practically every item of men's, women's and children's clothing. Under another order, retailers' markups allowed on women's, misses' and children's dresses, coats and suits, were specifically limited to 45 p.c. of the selling price, in addition to the continuing requirement that they must not exceed those taken in the basic period. This order was designed to check the excessive markups taken by some specialty shops and, together with price tagging, has been of considerable assistance in enforcement. Orders requiring manufacturers to show on each garment their name, license number or trade mark, as well as the style number (see p. 888 under "Quality Control") have also helped in checking black-market activities.

Pricing "New Goods".—The pricing of goods that had not been on the market in the basic period became a major problem in 1944. Three years had elapsed since the basic period and in that time there had naturally been a variety of changes in design and technique. In addition, a substantial number of new businesses were being established for all of which ceiling prices had to be determined, a number of restrictions on the manufacture of various goods were relaxed (see p. 891) and the ban against a variety of imports from the United States (originally imposed to conserve foreign exchange) was removed.

Procedures for establishing maximum prices for new goods and services were laid down in two orders that came into effect in October, 1944. Under the new regulations manufacturers must obtain a price fixation from their administrator before selling any goods for which they have no maximum price. The basis upon which maximum prices for such goods are fixed is one of appraisal by an expert or experts with the definite purpose of arriving at a price appropriate to the basic period price level for comparable or related goods. Where practicable, actual samples are inspected by an administrator or by a committee made up of experts in the