

PART I.—GOVERNMENT AIDS TO AND CONTROL OF INTERNAL TRADE

Section 1.—Wartime Controls Affecting Distribution and Trade, 1945-46*

The end of the War in 1945 did not mean the immediate disappearance of the need for all controls over the supply and distribution of goods and services. The tapering off of military requirements after V-E Day in May and the gradual improvement of civilian supplies permitted the relaxation of controls in some fields such as durable goods and various raw materials. On the other hand, the cessation of hostilities brought new demands on supplies of some goods, notably food, as the liberation of occupied countries brought large and urgent relief demands. Textile supplies deteriorated while demand increased and, to ensure the most effective use of limited supplies, the program of directed production was expanded in 1945. The re-establishment of ex-servicemen presented special problems particularly in the months following V-J Day in August, when the rate of demobilization was accelerated. Distribution controls were revised to reduce the difficulties confronting veterans who were interested in establishing businesses.

Equitable Distribution Policy.—One of the major changes made in 1945 was the revision of the Wartime Prices and Trade Board's "Policy of Equitable Distribution" governing goods in short supply. Under this policy, introduced in October, 1942, manufacturers and wholesalers had been required to distribute goods in short supply in proportion to their 1941 sales to each customer. The policy had been effective in maintaining a fair distribution of scarce goods among established concerns. In 1945, however, it became apparent that some modification of the policy was required to facilitate the establishment of new businesses, a matter of particular concern to ex-service men, and to meet the problem arising out of the resumption of the manufacture of durable goods for which many of the 1941 distribution outlets had closed. In September, therefore, a revised policy was announced under which suppliers of some goods were exempted from the provisions of the equitable distribution policy and, in the case of certain other goods, they were permitted to distribute 20 p.c. of current production without restrictions while 80 p.c. remained subject to the rules of equitable distribution. The list of goods affected in these two categories was extended later in the year and again at the beginning of 1946. The spheres in which the equitable distribution policy no longer applied included capital equipment, electrical appliances, automobiles and radios, numerous pulp and paper products, tea and coffee, as well as goods exempted from maximum prices or on which the price ceiling had been suspended (see p. 855). Goods for which 20 p.c. free distribution applied included clothing, footwear and foods (except for rationed items, ice cream, lard, shortening, edible oils and starch where no relaxations could be made).

Foods.—With the end of the War, the urgent relief requirements of the European continent and the Far East imposed new demands on world food supplies. Enemy occupation and the War had disrupted food production and distribution in these areas, and shortages were intensified by droughts and bad harvests in 1945. Food production in other parts of the world could not be expanded beyond its wartime peak and was also adversely affected by local droughts in 1944 and 1945.

* Prepared by the Research Division, Wartime Prices and Trade Board. This article deals with developments in the year 1945 and the first four months of 1946. The development of distribution controls up to 1945 and the principles and administration of rationing are described in the Canada Year Books 1943-44 (pp. 521-526) and 1945 (pp. 567-571).