

In the second quarter of 1946, quotas for industrial users were raised' by 10 p.c. of 1941 usage. Quota users such as hotels and restaurants also took a substantial cut during 1945.

*Preserves.*—No change was made in the level of the preserves ration. Sugar and preserve rationing were combined under one scheme effective the first of January, 1946. Under this system, either sugar or preserves may be acquired with the same coupon, whereas previously sugar coupons could not be used for preserves. The consumer ration of sugar and preserves remained at approximately the level of the last seven months of 1945.

*Textiles.*—There was little improvement in the textile situation in 1945. A high volume of domestic demand, augmented by the requirements of demobilized service personnel, more than offset the reduction in military requirements. Imports of cotton and worsted fabrics in 1945 were seriously restricted and, though efforts were made to increase domestic production of yarns and fabrics, total textile supplies were smaller in 1945 than in 1944. It was essential, therefore, that materials and productive capacity be directed toward the most essential types of output and this was done by the Wartime Prices and Trade Board through the system of "production directives"

*Directed Production.*—During 1943 and 1944 the Prices Board had set requirements for the output of certain essential garments, allocated the required output among the manufacturers, and assisted these manufacturers in obtaining the necessary materials and labour. In 1945 this system was extended to almost all essential garments. Since such a comprehensive program absorbed the bulk of a number of fabrics, control had to be extended to the production and distribution of fabrics. Garment manufacturers were required to produce the same proportionate output in each price range as in 1942 and steps were taken to get fabrics in the required price ranges produced and distributed.

The directive program found its most complete application in the field of woollen goods. Early in 1945, a directive was issued to weavers requiring production of specified quotas of all woollen and worsted fabrics. Production of essential children's clothing and men's work clothing was already under directive and a similar program was put into effect for men's suits, coats and trousers, women's suits, dresses, etc. Deliveries of woollen and worsted fabrics were controlled by a system of fabric purchase authorizations in accordance with this directive program.

In the case of cotton goods, control over the production and flow of fabrics was less formal. Production quotas were established for such garments as men's and boys' shirts, pyjamas, shorts, women's dresses and blouses, children's wear, and work clothing. The output of men's shirts and work clothing lagged behind planned levels, partly owing to the reduced imports of cotton fabrics from the United States. In March, 1946, special measures designed to step up shirt production were announced. Manufacturers were prohibited from using any shirting material for articles other than men's and boys' shirts until their production was up to the level directed by the Board. Shirt inventories were restricted to one month's production. It was also stated that a larger portion of the cotton fabric imports from the United States would be allocated to shirt manufacturers.

A shift to the production of more profitable higher-priced goods, apparent in various lines, was particularly marked in the case of rayon fabrics and the output of low-priced garments fell short of directed levels. In the latter part of 1945,