

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

Section 1.—Transition Controls Affecting Distribution and Trade, 1946-47*

Shortages of various goods persisted through 1946. Though domestic production showed considerable improvement and toward the end of the year was expanding rapidly, supplies of many goods had not yet overtaken the heavy demand. Acute world-wide shortages of foodstuffs and materials both sustained the external demand for a number of basic Canadian products at extraordinarily high levels and restricted the supplies available to Canada from other countries of such important commodities as sugar, vegetable oils, tin, and cotton yarns and fabrics.

The rationing of meat, butter and sugar was maintained and the directives to manufacturers of essential garments were continued in 1946. In the case of farm machinery, lumber, base metals, certain pulp and paper products and other goods, export controls were employed to ensure supplies for domestic requirements at ceiling prices in the face of the large demand and higher prices prevailing in external markets. Some metals and various pulp and paper products were also subject to controls regulating their domestic distribution. A few controls respecting the distribution of food were discontinued during the year and the controls over textiles and certain other products were somewhat relaxed. In January, 1947, the consumer credit regulations which had been imposed in October, 1941, were revoked.

Export Controls.—The need for export controls arises from the fact that, owing to the success of the stabilization program, the Canadian price level is substantially below that of most countries. This creates a heavy potential drain on domestic supplies, particularly of certain essential raw materials and goods. By means of export controls, it is possible to protect domestic requirements and at the same time make provision for limited shipments to traditional export markets. The original extensive scope of these controls has been considerably reduced in the past few years, though the restrictions continue to apply to a number of important items including certain foods, feed grains, lumber, metals, pulp and paper products, farm machinery and automobiles.

Export controls are imposed by the Department of Trade and Commerce at the request of and in collaboration with the Wartime Prices and Trade Board. The type of control depends upon the supply situation in respect to the particular commodity. In the case of items in very short supply each application for an export permit is considered separately, while for others export permits are issued against an established quota. For a further class of commodities permits are freely issued, the machinery of export control being retained to permit prompt action if the supply situation should deteriorate.

Import Controls.—Import controls, like those on exports, owe their existence to world shortages of certain items. They are essential to ensure that imports of any item allocated by an international organization do not exceed that allocation. Import controls are administered by the Department of National Revenue in co-operation with the Wartime Prices and Trade Board. Their scope has been much

* Prepared in the Research Division, Wartime Prices and Trade Board, Ottawa. This article deals with developments in the year 1946 and the first two months of 1947. The development of distribution controls and administration of rationing are described in the Year Books 1943-44 (pp. 521-526), 1945 (pp. 564-571) and 1946 (pp. 574-578).