

At the beginning of June, 1946, subsidy payments and bulk trading losses on fertilizers were discontinued and prices restored to approximately the level of those prevailing in the basic period. However, some subsidies on fertilizer material for the Maritime Provinces continued to be paid by the Department of Agriculture. In March, 1947, the substantial subsidy paid on sisal fibre to maintain basic period prices for binder twine was discontinued.

The trading loss on antimony was eliminated in January, 1947, by raising the resale price to domestic users to the level of the purchase price which had risen substantially. In the following month similar action was taken with respect to tin.

**Price Decontrol.**—The area of price control was substantially restricted during 1946 and early 1947. The first step in the actual decontrol of prices was taken in February, 1946, when ceiling prices were suspended on an experimental list of items. For the most part, these items were of comparatively minor significance in family and business expenditures and, moreover, were not expected to show serious price increases.

In the following months, other items were freed from the price ceiling and there were two important suspensions in May. In that month, most types of capital equipment used in industry and distribution were released from control. The prices of capital equipment do not immediately affect prices of consumer goods. In addition, the task of maintaining price control on items of capital equipment had been very difficult because of their variety and varied specifications. Manufacturers' ceiling prices on newsprint were removed in May, subject to the understanding that Canadian prices would not be raised above the level that would maintain the historic differential between newsprint prices in the United States and Canada.

In July, 1946, concurrently with the restoration of the Canadian dollar to parity with the United States dollar, a further important step in decontrol was taken and, at the same time, the positive method of specifying those goods and services remaining under price control was adopted. A specific list of all the goods and services still subject to price ceilings was issued and the initial method of listing the items released from control was abandoned. While a large number of items were released from price control as a result of this action, maximum prices still applied to almost all articles of importance in the normal household budget, including nearly all food, clothing and fuel as well as the chief items in costs of production including industrial materials and most components and farmers' and fishermen's supplies.

Further steps in the decontrol of prices were delayed by adverse developments, including the termination of price control in the United States and the interruption of production by industrial disputes in both Canada and the United States. However, by the turn of the year, the supply situation was improving substantially as a result of rapidly increasing production. In January, 1947, therefore, many items were released from the price ceiling. The list of goods and services still subject to price control were restricted largely to items of basic importance in living and production costs. In announcing this further step in orderly decontrol, the Minister of Finance in his Statement on Price Control, Jan. 11, 1947, outlined improvement in supplies and administrative problems as reasons behind the choice of items released from price control. He also added that "For the majority of the items being de-