

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE FOR EMERGENCY MANAGEMENT  
**OFFICE OF ECONOMIC STABILIZATION**  
WASHINGTON, D. C.

January 19, 1943

**JAMES F. BYRNES**  
Director

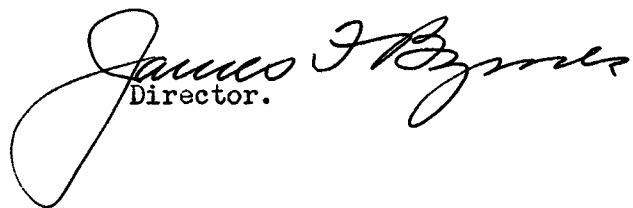
Dear Sir:

At our next Board meeting on Friday, January 22, we shall discuss:

1. The relation between agricultural prices and the increased production of food stuffs (Secretary Wickard).
2. The relation between agricultural wages and the supply of farm labor (Mr. McNutt).

We should be glad to have the benefit of your views upon either of these topics.

Sincerely yours,

  
Director.

Hon. Marriner S. Eccles  
Federal Reserve Board  
Washington, D. C.



MINUTES OF BOARD MEETING  
January 8, 1942, 11:00 A. M.  
East Wing, White House

Present: The Director (Presiding)  
Mr. Wickard  
Mr. Jones  
Miss Perkins  
Mr. Bell (Acting Secretary of the Treasury)  
Mr. Ecoles  
Mr. Smith  
Mr. Henderson  
Mr. McNutt  
Mr. Patton  
Mr. O'Neal  
Mr. Green  
Mr. Murray  
Mr. Flanders  
Mr. Gordon (Chairman, Canadian Wartime  
Trade and Price Board).

Mr. Gordon, present at the invitation of the Director and Mr. Henderson, discussed the Canadian price control program.

The success of Canada in controlling the cost of living, says Mr. Gordon, has been demonstrated by the fact that since the institution of general maximum price ceilings in 1941, there has been only 2 percent increase.

The government's ability to hold down the cost of living, according to Mr. Gordon, has been due to a number of factors, but primarily to a willingness to pay subsidies in order to hold essential items in the cost of living index. In these essential items, the government has held rigidly to the 1941 price levels, resorting first to a profit "squeeze" at all levels of distribution. If this is inadequate, subsidies are used.

The government has also embarked upon an extensive program of simplification and standardization, which has reduced the necessity for subsidies. There has, Mr. Gordon stated, been some degradation in the quality of consumer goods, but this has not seriously affected the standard of living.

Subsidies have, said Mr. Gordon, been used in agricultural field, particularly with respect to milk and butter, thereby reconciling the need for increased agricultural products with the government's objective in stabilizing the cost of living.

Mr. Gordon also pointed out the important contribution made to the enforcement of price control by organizing consumer groups to police prices. All women's organizations and consumer organizations have been mobilized to support the government's program. Individual consumers are urged to keep record of prices paid for essential commodities and to compare these with the legally established price ceilings. Local rationing boards have been designated by the mayors of the various communities, and in many places the mayor is the chairman of the Board. This has insured local control and local support in dealing with purely local problems.

In answer to questions from various members of the Board, Mr. Gordon stated that fiscal policy must also be relied upon to support the price control program. Substantial tax increases and compulsory savings have been imposed by the Canadian Parliament. Forty percent of the government's expenditures are covered by taxation, but there is still a substantial and dangerous inflationary gap.

Canada has experienced considerable difficulty in dealing with the distribution of manpower, especially agricultural labor. In order to release manpower for more essential work, the government has attempted to eliminate various non-essential civilian activities. This is now leading to the concentration of essential civilian production into a selected number of plants, further releasing manpower for more essential occupations.

Mr. Gordon's remarks were followed by a series of questions from many of the Board members, all dealing with various aspects of Canadian economic policy.

The meeting adjourned at 1:15 P. M. to meet again on January 22 at 11:00 A. M.