

UNITED STATES DEPARTMENT OF LABOR

L. B. Schwollenbach, *Secretary*

BUREAU OF LABOR STATISTICS

A. F. Hinrichs, *Acting Commissioner*

+

Price Trends and Price Control
in Foreign Countries
Since VE-Day



Bulletin No. 873

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. - Price 5 cents

Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., May 31, 1946.

The SECRETARY OF LABOR:

I have the honor to transmit herewith a report on price trends and price control in foreign countries since VE-day.

This report was prepared by the Bureau's Foreign Labor Conditions Staff under the direction of Faith M. Williams on the basis of Government and other publications of the countries covered and reports from Foreign Service Officers of the United States.

A. F. HINRICHS, *Acting Commissioner.*

HON. L. B. SCHWELLENBACH,
Secretary of Labor.

Contents

	Page
Summary.....	1
Latin America.....	1
Other countries.....	6
Statistics on price changes.....	6
British countries.....	10
Scandinavian countries.....	10
France.....	11
Switzerland.....	12
Italy.....	12
Middle East.....	13
Far East.....	13

(II)

Bulletin No. 873 of the

United States Bureau of Labor Statistics

[Reprinted from the MONTHLY LABOR REVIEW, May 1946.]

Price Trends and Price Control in Foreign Countries Since VE-Day

Summary

Continued shortages of food, clothing, housing, fuel, and other essentials have made it necessary to continue price controls since the end of the war in Europe in all 26 foreign countries for which reports are available. Furthermore, the removal of price controls before the end of 1946 is not being generally considered. However, in Colombia, price ceilings were removed in August 1945 and then reestablished in March 1946. In most of the European countries which have price indexes, very little change in the price level had occurred since VE-day. The cost of living in France showed a marked rise, however, and scattered reports from southern and eastern Europe show that, except in the Soviet Union, price increases have continued. In Latin America, changes in cost-of-living indexes since May 1945 have varied from a decrease of 1 percent in Colombia to an increase of 16.9 percent in Mexico. In Chungking, China, retail prices rose 11.1 percent in the last 6 months of 1945, compared with an increase of 157.3 percent in the first 6 months of the year. In Japan a number of price-control measures were taken for the purpose of preventing price increases and black-market operations, but notes in circulation increased 115.8 percent from July 1945 through February 1946.

In general, food and clothing costs have increased more than the general cost of living, primarily because rents have not risen as much as commodity prices. With the exception of Chile, Colombia, Mexico, and Iran, the indexes of wholesale prices show greater increases since 1939 than do the cost-of-living indexes, in part because food prices, which have been subsidized to a greater or less degree in most countries, are more heavily weighted in cost-of-living indexes than in wholesale-price indexes. Food subsidies in Norway and Denmark were increased in the fall of 1945.

Latin America

The general trend of prices in Latin America since the end of the war in Europe has been upward. Most countries have maintained price-control measures, but increases in the supply of goods have

not been large enough to meet current demands. In some countries, price ceilings have been revised upward.

The greatest price increases reported since VE-day in the Latin American countries for which figures are available occurred in Mexico, Bolivia, Paraguay, and Uruguay. In Costa Rica there was a slight decline in the cost-of-living index after VJ-day, which was reported as resulting from the increase in the number of price-enforcement officers and public pressure for enforcement of price-control regulations. In Colombia both the retail- and wholesale-price indexes declined from June through November, although rents rose immediately on the abandonment of price control in August 1945. In Bolivia prices began to rise sharply in December 1944 and, by February 1945, the cost-of-living index for La Paz stood at the level of May 1945—the highest point ever reached by that index. Further details appear in tables 1-3.

TABLE 1.—Indexes of Cost of Living in 10 Latin American Countries, August 1939–February 1946¹

[August 1939=100]

Month	Argentina (Buenos Aires)	Bolivia (La Paz)	Brazil (Rio de Janeiro)	Chile (San- tiago)	Co- lombia (Bo- gotá)	Costa Rica (San José)	Mex- ico (Mex- ico City)	Para- guay	Peru (Lima)	Uru- guay
Number of items in- cluded ²	110	56	144	56	36	(³)	32	44	(³)	65
1939: August.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	(⁴)	100.0	100.0
December.....	105.8	115.5	101.5	105.6	98.9	98.3	99.6	109.0	102.5	104.1
1940: August.....	102.7	124.9	105.2	115.6	96.7	97.2	99.1	(⁴)	108.9	105.7
December.....	101.3	135.0	107.7	116.0	93.6	96.5	101.0	114.0	111.6	106.5
1941: June.....	104.7	(⁵)	115.6	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	106.3
December.....	111.7	182.5	120.5	142.5	97.7	105.4	115.1	128.0	123.6	104.4
1942: June.....	112.7	202.7	127.2	162.2	105.8	114.7	120.9	146.0	129.4	108.6
December.....	112.4	236.0	141.1	179.1	111.2	138.3	127.7	152.0	134.0	108.6
1943: June.....	115.9	256.2	141.0	196.5	122.0	165.2	160.1	180.0	140.9	111.6
December.....	109.6	255.9	147.5	193.4	132.8	155.1	174.7	185.0	148.4	111.2
1944: June.....	109.5	266.7	156.4	209.2	151.4	163.1	202.5	199.0	162.4	116.7
December.....	115.3	275.4	168.9	222.4	157.4	174.5	200.5	198.0	168.7	121.4
1945: January.....	121.2	276.4	183.0	231.4	160.6	175.2	201.3	199.0	172.1	123.6
February.....	123.3	276.4	183.2	222.8	165.8	173.6	201.6	203.0	174.1	127.1
March.....	132.5	277.4	182.8	224.0	172.5	174.5	202.3	206.0	175.1	129.2
April.....	132.6	274.1	185.3	226.8	171.3	177.5	205.0	204.0	176.2	129.0
May.....	133.0	274.1	182.5	227.6	175.0	172.4	206.9	207.0	179.3	129.1
June.....	133.1	274.7	184.5	229.8	166.4	173.4	209.1	213.0	179.9	131.9
July.....	134.6	290.0	187.0	229.9	162.5	174.5	213.8	220.0	180.9	135.5
August.....	133.4	291.0	185.9	231.9	161.5	173.8	218.0	222.0	181.4	143.1
September.....	134.2	287.0	184.3	242.0	161.2	173.9	220.8	223.0	182.6	137.5
October.....	134.3	294.0	(⁶)	248.7	158.3	173.2	222.9	219.0	185.0	137.9
November.....	134.5	296.0	(⁶)	236.8	158.5	171.6	224.0	227.0	185.5	139.1
December.....	137.6	(⁶)	(⁶)	239.8	161.6	170.8	231.5	223.0	(⁶)	137.6
1946: January.....	(⁶)	(⁶)	(⁶)	241.8	169.0	170.8	241.9	221.0	183.0	(⁶)
February.....	(⁶)	(⁶)	(⁶)	240.2	173.2	170.6	(⁶)	(⁶)	(⁶)	(⁶)

¹ These indexes show changes in retail prices and rents in cities. In general they are similar in construction and design to the index of consumer prices of moderate-income families in large cities prepared by the U. S. Bureau of Labor Statistics, although different methods are used to collect the prices in different countries, and most indexes do not cover as many items as the United States index. The indexes given for Rio de Janeiro represent changes in prices to "middle income" families except that there is included in the index of food prices a second Brazilian food index, which presents changes in food prices paid by families of wage earners in that city. The food-cost index for middle-income families in Rio de Janeiro has risen less than that for wage earners' families. None of these indexes fully reflects increases in cost caused by quality deterioration of consumers' goods in the war period, because of the fact that in no country are statistical measurements of the quality of such goods available.

² The number of items given represents the types of goods and services priced, and not the number of grades or qualities priced for a given item. The entry applies to the most recent date for which information is available.

³ Not available.

⁴ The series given represents a combination of indexes with different weighting, prepared in different periods of time for overlapping dates.

⁵ 1938 prices = 100.

TABLE 2.—Indexes of Wholesale Prices in 7 Latin American Countries, August 1939–February 1946¹

[August 1939=100]

Month	Argentina (Buenos Aires)	Chile (Santi- ago)	Colom- bia (Bogotá)	Costa Rica (San José)	Mexico (Mexico City)	Peru (Lima)	Vene- zuela (Caracas)
1939: August.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
December.....	118.3	108.0	94.6	101.8	97.4	110.0	95.2
1940: August.....	119.3	112.9	87.0	95.4	98.7	116.9	96.7
December.....	120.4	113.1	85.1	95.4	96.7	120.1	95.4
1941: June.....	134.9	(²)	(²)	(²)	(²)	(²)	100.5
December.....	164.9	155.3	85.8	113.4	109.0	152.5	101.1
1942: June.....	183.2	176.7	96.6	130.1	114.9	170.8	112.8
December.....	187.1	191.4	104.3	158.9	120.3	180.6	122.4
1943: June.....	198.6	198.6	113.7	177.6	143.7	196.9	125.7
December.....	198.1	194.6	123.6	167.5	155.5	201.5	124.5
1944: June.....	206.7	199.0	148.1	176.6	181.6	199.9	134.2
December.....	209.8	212.5	148.9	186.7	184.3	204.1	126.5
1945: January.....	210.5	209.1	157.5	182.5	180.6	207.6	127.5
February.....	211.1	209.3	159.1	195.4	178.6	208.3	127.9
March.....	211.7	210.8	166.5	197.9	183.0	208.8	128.2
April.....	212.3	211.8	174.9	209.7	186.5	211.3	132.8
May.....	211.9	212.7	174.8	190.1	187.9	210.3	132.8
June.....	211.7	215.0	171.1	191.5	187.6	211.1	134.4
July.....	212.0	215.6	164.8	197.3	193.3	211.7	132.9
August.....	210.5	217.9	161.9	194.5	192.8	213.2	132.5
September.....	210.9	218.8	162.0	188.4	196.5	210.1	132.8
October.....	208.8	221.0	156.5	185.5	198.8	200.1	(²)
November.....	209.5	222.5	161.3	181.3	203.7	236.0	(²)
December.....	212.2	221.1	157.9	183.1	205.4	(²)	(²)
1946: January.....	214.5	223.5	161.9	184.6	207.0	210.9	(²)
February.....	(²)	(²)	164.9	183.2	206.6	(²)	(²)

¹ These indexes are based on prices paid for goods sold in primary markets, weighted in accordance with their relative importance in the countries concerned. The number and kind of items covered, the method of collecting prices, and the method of computing the indexes differ from country to country.

² Not available.

TABLE 3.—Indexes of Retail Prices of Food and Clothing Since August 1939, Compared with Cost-of-Living Indexes in 10 Latin American Countries

[August 1939=100]

Country and city	Month and year	Indexes, in months specified, of—		
		Food	Clothing	Cost of living
Argentina (Buenos Aires) ¹	December 1945.....	149.6	136.4	137.6
Bolivia (La Paz) ¹	November 1945.....	319.0	346.0	296.0
Brazil (Rio de Janeiro) ¹	September 1945.....	201.6	300.0	184.3
Brazil (Rio de Janeiro) ²	August 1945.....	253.1	-----	-----
Chile (Santiago).....	December 1945.....	251.2	315.8	239.8
Colombia (Bogotá).....	February 1946.....	183.1	185.9	173.2
Costa Rica (San José).....	February 1946.....	178.4	209.9	170.6
Mexico (Mexico City).....	January 1946.....	238.0	265.9	241.9
Paraguay (Asuncion) ³	October 1945.....	185.0	(⁴)	219.0
Peru (Lima).....	October 1945.....	198.7	214.1	185.0
Uruguay (Montevideo).....	December 1945.....	146.4	213.5	137.6

¹ The series given represents a combination of indexes with different weighting, prepared in different periods of time for overlapping dates. The first Brazilian index shows prices paid by middle-class families.

² Wage earner series.

³ 1938 prices=100.

⁴ Not available.

Argentina.—On September 14, 1945, decree No. 21,748 was issued revising the ceiling prices established by decree No. 29,709 of November 9, 1944, or by any other decrees on the products covered in the September decree. It provided that all actions pending which were based on the superseded legislation should be turned over to the Secretariat of Industry and Commerce for settlement, and the enforcement of the price-control law of 1939 was assigned to the same

agency by a decree of October 31, 1945. Ceiling prices for articles of food and clothing fixed by the decree of September 14, 1945 were to be effective until November 30 in the Federal District and adjacent parts of the Province of Buenos Aires; the conditions of sale of clothing and textiles for use in the home were fixed, up to December 31, 1945, throughout the Republic. However, the Secretariat of Industry and Commerce might adjust these ceiling prices in case of variations in the price of raw materials, cereals, and other products of national origin. Ceiling prices to be charged to wholesalers, retailers, and consumers became effective November 1 for various grades of 31 foods and 12 household articles. Specific regulations were provided for textile prices, which in some cases, lowered the prices in effect on the date of the decree and fixed the maximum profit under certain circumstances, taking into consideration cost of raw materials, wages and other costs entering into manufacture and handling of goods. Retail dealers were not allowed to sell to the public any articles, on which ceiling prices had been fixed, in quantities greater than normal consumption would demand, and resale of textiles purchased for home use was expressly prohibited. Within 15 days from date of its publication, Provincial and territorial governments were to adjust their local prices of articles listed in the decree, taking into consideration transportation and other costs.

A short enforcement period was fixed, during which new measures could be prepared for the gradual return to normalcy, with prices determined by the law of supply and demand, as economic conditions of the postwar permit.

Bolivia.—The available information indicates that there have been no changes in price control in Bolivia in the past year. The cost-of-living index for La Paz rose substantially after June 1945.

Brazil.—In September 1945, two new price-control agencies were created. The first of these was a National Price Commission established by the Coordinator of Economic Mobilization on September 6, 1945, to study and make recommendations to the Coordinator concerning ceiling prices, cost of production, supply and other related problems; State and municipal branches were to be established. The second agency established during September was a special price-enforcement agency in the Federal District, which was installed on September 20. Late in 1945, the Coordinator of Economic Mobilization issued an order that, effective January 1, 1946, the manufacturer's price of cotton textiles in Brazil should be reduced 10 percent below prices prevailing on September 1, 1945. Gasoline rationing was scheduled to end for the Federal District on November 1, 1945, and later in the State of São Paulo, in the south of Minas Gerais, the north of Paraná, and in the States of Mato Grosso and Goiás.

By decree law No. 8,500 of December 19, 1945, the office of Coordinator of Economic Mobilization was abolished, effective at the close of 1945, the National Price Commission being transferred to the Ministry of Labor. Shortages of wheat and meat complicated price-control problems late in 1945 and early in 1946. Refusal by the Rio de Janeiro baking industry to make home deliveries of bread compelled the Commission to issue a new price ceiling for bread, effective

March 1, 1946, of 3.10 cruzeiros for a loaf weighing a kilogram (2.2 pounds).

Chile.—Price-control regulations have been continued in Chile since the relatively slow improvement in the shipping situation, and general world shortages have combined to keep supplies of capital equipment and consumer goods far below the demand. In addition, bad weather conditions in most sections of the country had an adverse effect on crops and the livestock industry in 1945.

Colombia.—As noted above, price control in Colombia was abandoned in August 1945 and reestablished in March 1946. Details as to the new system of control are not yet available.

Costa Rica.—In September 1945 the price-control administration in Costa Rica (Office of Economic Defense and General Price Inspection) was organized and the number of price inspectors was increased from 16 to 32, in response to protests from civic, social, and labor organizations that price ceilings were not being adequately enforced. In February 1946, there was considerable public discussion of the possibility of reducing price ceilings, on the ground that imports were increasing and that wartime price levels were no longer justified.

Mexico.—The Mexican Government continued its efforts to hold ceiling prices on various staple commodities, but after VJ-day both the wholesale and retail price indexes continued the rise which began late in 1940 at the retail level and early in 1941 at the wholesale level.

Peru.—The general food situation in Peru in March 1946 was characterized by shortages of wheat, potatoes, meat, fish, edible oil, and fruits. In order to stabilize retail bean prices and make larger quantities available to the public, large purchases were made by the Department of Agriculture for sale at a moderate price. The purchase of Chilean potatoes was under consideration, while the importation of meat and fruits, and reduction in tariffs for these two products was contemplated, as measures to combat in part rising living costs in basic foods.

Uruguay.—General shortages, and particularly a shortage of wheat, resulted in the continuance of price control. A law providing for rent stabilization or reduction, passed on December 16, 1943, was extended to December 31, 1945, and a recent decree raised the price of bread.

Venezuela.—Under authority of decree No. 176 of August 15, 1944, the Venezuelan National Supply Commission recently fixed certain ceiling prices, as follows: Maize in the Federal District and Sucre District of the State of Miranda, by resolutions of January 4 and 12, 1946; retail price of chopped meat (*carne picada*) in the Federal District and Sucre District of the State of Miranda, by resolution of January 10, 1946; prices of Dodge automobiles, by resolution of January 10, 1946; exact wholesale and retail prices for beef on the hoof, by resolution of March 19, 1946; and imported meat, by resolution of March 21, 1946. The National Supply Commission also has authority to repeal ceiling prices fixed earlier by the former National Price Regulation Board, as was done for mechanical refrigerators by resolution of January 4, 1946.

Other Countries

Statistics on price changes during the year 1945 are available for 12 other countries. In general they show relative stability of the wholesale price level. Very little change occurred in the indexes for Australia, Canada, and New Zealand; slight declines occurred in Denmark, Sweden, Switzerland, and in Norway at the end of the year. A slight rise took place in the United Kingdom, and a very marked rise in China. In Egypt, Iran, and Palestine, declines earlier in the year were followed by increases.

In none of these countries was there a marked decline in living costs as measured by retail price indexes during 1945. Stability characterized the indexes for the British countries, Switzerland, and the Scandinavian countries, except for Norway where the index rose 4 points. Only China showed a drastic rise in the index of living costs.

STATISTICS ON PRICE CHANGES

Tables 4 to 6 give index numbers of retail and wholesale prices for foreign countries outside Latin America. As noted in the previous article on this subject² the kinds of goods and services included in these indexes, methods of weighting and computing them, and methods of collecting the prices on which they are based differ considerably from country to country. It would be expected that countries where

TABLE 4.—Indexes of Retail Prices (Living Costs) in Various Countries, August 1939–February 1946¹

[August 1939=100]

Month	Australia	Canada	China (Chung- king)	Denmark	Egypt	Iran
Original base.....	July 1936– June 1939 ²	1935–39	July 1936– June 1937	1935	June– August 1939 ³	Mar. 21, 1936–Mar. 20, 1937
Number of items included ⁴	(9)	147	48	78	60	(9)
1939: August.....	100.0	100.0	10 204.0	7 100.0	100.0	100.0
December.....	101.1	103.0	282.0	* 110.2	108.0	102.6
1940: August.....	104.7	105.1	652.0	* 127.1	(9)	111.8
December.....	107.7	107.1	(9)	* 141.1	122.0	115.8
1941: June.....	109.3	109.6	(9)	* 150.5	134.0	142.4
December.....	112.4	114.9	2,930.0	* 151.4	156.0	139.1
1942: June.....	118.1	115.8	4,310.0	* 154.2	178.0	251.5
December.....	122.5	117.9	6,290.0	* 156.1	215.0	385.0
1943: June.....	124.9	117.6	10,900.0	* 154.2	241.2	620.3
December.....	122.6	118.4	18,300.0	* 156.1	257.2	763.7
1944: June.....	122.9	118.1	44,500.0	* 157.0	276.9	796.3
December.....	123.0	117.6	52,800.0	* 157.9	292.0	650.8
1945: January.....	(9)	117.7	63,300.0	157.9	293.1	689.9
February.....	(9)	117.7	86,200.0	(9)	294.1	693.4
March.....	122.6	117.8	110,500.0	(9)	295.6	683.5
April.....	(9)	117.8	127,500.0	158.9	292.8	677.1
May.....	(9)	118.1	141,600.0	(9)	290.3	657.9
June.....	122.9	118.7	147,600.0	(9)	290.0	637.3
July.....	(9)	119.3	162,900.0	158.9	293.0	612.5
August.....	(9)	119.5	182,200.0	(9)	295.4	601.1
September.....	(9)	118.9	169,500.0	(9)	297.7	587.7
October.....	(9)	118.7	164,900.0	153.9	(9)	586.2
November.....	(9)	118.9	173,800.0	(9)	(9)	602.6
December.....	(9)	119.1	178,800.0	(9)	(9)	628.7
1946: January.....	(9)	118.9	181,000.0	157.9	(9)	697.4
February.....	(9)	118.9	(9)	(9)	(9)	646.7

See footnotes at end of table.

¹ See Monthly Labor Review, October 1945 (p. 624).

TABLE 4.—*Indexes of Retail Prices (Living Costs) in Various Countries August, 1939—February 1946—Continued*
[August 1939=100]

Month	New Zealand	Norway	Palestine	Sweden	Switzerland	United Kingdom
Original base.....	December 1942 ¹	1938	"Prewar"	1935	June 1914	July 1914
Number of Items Included ²	221	170	140	170	(³)	70
1939: August.....	100.0	100.0	(⁴)	7 100.0	100.0	100.0
December.....	102.2	106.0	(⁴)	8 105.6	103.6	111.6
1940: August.....	104.7	115.9	(⁴)	9 114.8	110.2	119.4
December.....	105.8	129.5	(⁴)	8 121.3	116.8	125.8
1941: June.....	107.4	137.8	(⁴)	9 129.6	127.7	129.0
December.....	110.6	142.6	(⁴)	8 134.3	134.3	129.7
1942: June.....	110.4	146.1	185.0	9 139.8	140.9	128.4
December.....	113.4	147.6	211.0	8 140.7	146.0	129.0
1943: June.....	113.4	149.4	248.0	140.7	148.2	127.7
December.....	113.5	150.2	230.0	140.7	149.6	128.4
1944: June.....	113.5	151.3	238.0	139.8	151.8	129.0
December.....	113.8	151.5	252.0	139.8	151.8	129.7
1945: January.....	(⁵)	151.6	254.0	(⁶)	152.6	130.3
February.....	(⁵)	151.7	253.0	(⁶)	152.6	130.3
March.....	114.0	151.9	258.0	139.8	152.6	130.3
April.....	(⁵)	153.8	257.0	(⁶)	152.6	130.3
May.....	(⁵)	153.9	257.0	(⁶)	153.3	131.0
June.....	113.9	154.4	254.0	139.8	153.3	131.6
July.....	(⁵)	154.6	256.0	(⁶)	153.4	133.5
August.....	(⁵)	154.9	257.0	(⁶)	153.1	132.3
September.....	113.5	155.8	258.0	139.8	153.0	131.0
October.....	(⁵)	153.9	260.0	(⁶)	151.8	131.0
November.....	(⁵)	154.2	258.0	(⁶)	151.1	131.0
December.....	113.7	155.1	259.0	(⁶)	150.9	131.0
1946: January.....	(⁵)	155.9	262.0	138.9	150.9	131.0
February.....		155.8				131.0

¹ These indexes show changes in retail prices and rents in cities. In general they are similar in construction and design to the index of consumer prices of moderate-income families in large cities prepared by the U. S. Bureau of Labor Statistics, although different methods are used to collect the prices in different countries, and most indexes do not cover as many items as the United States index. The indexes given for Australian and New Zealand cities are weighted by the per capita consumption of the general population of the country, and are called retail-price indexes; those for Chungking represent changes in prices for goods purchased by all economic groups in the city's population. None of these indexes measures increases in living costs caused by moving to war production centers, the employment of wives in war plants, being "bombed out," or other wartime costs not connected with price changes, except that the indexes for Denmark includes increases in income taxes. None of these indexes fully reflects increase in costs caused by quality deterioration of consumer goods in the war period, because of the fact that in no country are statistical measurements of the quality of such goods available.

² The index, based on the 3 years ending June 1939, is an official conversion, without change, of an index based on 1928-29.

³ The index based on June-August 1939 is an official conversion of an index based on 1929 which in turn was converted from an index based on 1913-14. Weighting is based on a consumption study made in March 1920. Various adjustments have been made from time to time.

⁴ The series shown represents a combination of the index based on 1926-1930 with a wartime index having different weights, based on December 1942; the two indexes overlap for the month of December 1942.

⁵ The number of items given represents the types of goods and services priced, and not the number of grades or qualities priced for a given item. The entry applies to the most recent date for which information is available.

⁶ Not available.

⁷ July 1939 prices=100.

⁸ Figure relates to January of following year.

⁹ Figure relates to July.

¹⁰ Index not converted to August 1939 base.

industries and goods consumed differ would include different items in their indexes, but the indexes are probably not equally representative of consumers' expenditures in the respective countries. The indexes here given do, however, afford an indication of differences in price movements in the countries covered.

In both Canada and Australia the value of the official cost-of-living indexes used in connection with wage-stabilization programs have recently been challenged. In Canada, the United Steel Workers (CCL-CIO) claimed in February 1946 that the cost of living had increased considerably more during the war than was shown by the

official index, and other groups claimed that the cost of living had increased about 30 percent from August 1939 to January 1946, as contrasted with the increase of 18.9 percent shown in the official index. The official Canadian index is, however, generally accepted as an accurate measure of the changes in the prices of goods purchased by moderate-income families.

In Australia, an index of wholesale prices in Sydney for fresh fruits and vegetables, which are not included in the official retail-price (cost-of-living) index was computed by J. Lindsay³; that index showed that prices of fresh fruit had increased about 140 percent from July-September 1939 to April-June 1945, while vegetable prices had increased about 74 percent. During the same period, a rise of 12.8 percent occurred in the official retail-food index which includes only potatoes and onions among vegetables and only canned and dried fruits. Prices of potatoes and onions have been subsidized since April 1943, and have fallen in price since August 1939. Prices of canned and dried fruit have risen but much less than 140 percent. Mr. Lindsay does not present data on the trend of retail prices of fruits and vegetables, but his article implies that the trend has been similar to that of wholesale prices. The basic wage in Australia is tied directly to the "all items" retail-price index.

TABLE 5.—*Indexes of Wholesale Prices in Various Countries, August 1939–February 1946*¹

[August 1939=100]

Month	Australia	Canada	China (Chung- king)	Denmark	Egypt	Iran
Original base.....	July 1936– June 1939 ²	1927	July 1936– June 1937	1935	July– August 1939 ³	Mar. 21, 1936–Mar. 20, 1937
Number of items included.....	(⁴)	508	(⁴)	161	176	226
1939: August.....	100.0	100.0	* 225.0	100.0	* 100.0	100.0
December.....	106.2	113.0	316.0	128.8	122.6	110.0
1940: August.....	116.2	114.4	698.0	153.2	131.5	107.7
December.....	116.2	116.5	(⁴)	172.1	140.8	122.5
1941: June.....	115.5	125.0	(⁴)	182.0	159.2	141.5
December.....	122.2	129.5	2,760.0	189.2	181.2	177.6
1942: June.....	135.5	132.5	4,810.0	191.9	206.5	240.4
December.....	137.8	134.2	8,010.0	193.7	250.8	307.7
1943: June.....	141.2	137.6	12,700.0	192.8	269.8	422.3
December.....	139.6	141.8	22,800.0	193.7	292.9	497.0
1944: June.....	141.5	141.8	46,800.0	195.5	310.5	513.5
December.....	140.5	141.8	64,800.0	197.3	330.0	497.8
1945: January.....	140.3	142.2	76,200.0	197.3	333.0	514.2
February.....	141.1	142.3	96,300.0	197.3	334.0	487.3
March.....	141.6	142.5	127,500.0	198.2	334.0	462.6
April.....	142.7	143.0	159,200.0	197.3	332.0	460.4
May.....	141.8	142.5	189,300.0	197.3	327.0	468.6
June.....	142.5	142.7	204,200.0	191.9	325.0	468.6
July.....	142.6	143.8	230,400.0	191.0	327.0	455.9
August.....	142.7	143.0	246,000.0	190.1	328.4	455.9
September.....	142.4	142.0	208,200.0	188.3	330.3	443.9
October.....	142.1	142.3	203,700.0	185.6	(⁴)	441.7
November.....	141.2	142.6	237,300.0	183.8	(⁴)	475.3
December.....	(⁴)	142.9	240,300.0	183.8	(⁴)	504.5
1946: January.....	(⁴)	143.8	241,700.0	183.8	(⁴)	494.8
February.....	(⁴)	144.7	(⁴)	182.0	(⁴)	492.5

See footnotes at end of table.

³ Sydney Wholesale Fruit and Vegetable Prices, in *Economic Record* (Journal of the Economic Society of Australia and New Zealand), Melbourne, December 1945 (p. 174). The prices used were collected by the State Marketing Bureau.

TABLE 5.—Indexes of Wholesale Prices in Various Countries, August 1939–February 1946¹—Continued

[August 1939=100]

Month	New Zealand	Norway	Palestine	Sweden	Switzer-land	United Kingdom
	1926-30	1938	June 1936	1935	August 1939	1930
Number of items included.....	106	(¹)	(¹)	(¹)	(¹)	200
1939: August.....	100.0	100.0	100.0	100.0	100.0	100.0
December.....	102.9	118.2	124.6	118.9	116.5	123.2
1940: August.....	113.0	138.2	135.2	131.5	135.6	142.8
December.....	117.0	149.2	155.6	144.1	152.5	151.5
1941: June.....	121.0	168.1	178.7	155.9	171.9	155.4
December.....	127.0	172.8	227.6	161.3	185.1	158.9
1942: June.....	133.2	175.1	246.9	169.4	194.9	162.7
December.....	136.3	177.3	304.6	175.7	-----	164.4
1943: June.....	141.0	178.0	338.1	177.5	203.1	166.3
December.....	144.4	178.4	342.7	175.7	204.7	166.6
1944: June.....	144.4	180.0	333.4	177.5	207.9	169.3
December.....	145.5	180.4	353.9	175.7	206.0	170.4
1945: January.....	144.8	180.5	355.2	175.7	205.6	170.4
February.....	145.8	180.5	353.8	175.7	205.6	170.4
March.....	145.5	180.6	349.9	176.6	205.6	171.0
April.....	146.6	181.0	353.0	176.6	205.9	170.9
May.....	145.8	181.1	345.9	176.6	206.0	171.7
June.....	146.0	181.5	331.7	177.5	206.3	173.4
July.....	146.4	180.7	326.7	176.6	206.7	174.1
August.....	146.8	181.3	338.1	174.8	207.5	173.8
September.....	146.9	182.9	347.3	172.1	206.7	172.9
October.....	147.0	179.9	(¹)	172.1	204.4	172.7
November.....	(¹)	180.6	(¹)	172.1	205.2	172.7
December.....	(¹)	168.7	(¹)	171.2	199.3	172.6
1946: January.....	(¹)	169.2	(¹)	166.7	200.1	175.2
February.....	(¹)	169.5	(¹)	(¹)	(¹)	174.9

¹ These indexes are based on prices paid for goods sold in primary markets, weighted in accordance with their relative importance in the countries concerned. The number and kind of items covered, the method of collecting prices, and the method of computing the indexes differ from country to country.

² The index, based on 3 years ending June 1939, is an official conversion of an index based on 1928-29. The earlier index was used in the present series for 1939 and 1940.

³ The index based on June-August 1939 is an official conversion of an index based on 1935.

⁴ Not available.

⁵ Index not converted to August 1939 base.

⁶ June-August 1939 prices=100.

TABLE 6.—Indexes of Retail Prices of Food and Clothing Since August 1939, Compared with Cost-of-Living Indexes, in Various Countries

[August 1939=100]

Country	Month and year	Indexes, in months specified, of—		
		Food	Clothing	Cost of living
Australia.....	September 1945...	113.5	(¹)	123.0
Canada.....	January 1946.....	133.7	122.5	118.9
China (Chungking).....	January 1946 ²	180,600.0	229,500.0	181,000.0
Denmark.....	January 1946 ³	156.5	187.2	157.9
Iran.....	December 1945.....	683.4	584.6	626.7
New Zealand.....	December 1942 ⁴	108.4	(¹)	113.4
Norway.....	February 1946.....	154.6	199.1	155.8
Palestine.....	October 1945.....	151.8	137.4	260.0
Sweden.....	December 1945 ⁵	137.7	160.6	138.9
Switzerland.....	January 1946.....	160.0	214.0	150.9
United Kingdom.....	February 1946.....	123.4	166.3	131.0

¹ In 1939 clothing was combined with miscellaneous items.

² Index is based on July 1936-June 1937=100.

³ Index is based on July 1939=100.

⁴ When the new wartime index of living costs was initiated, it was published without giving the component group indexes.

⁵ In 1939 clothing and furniture were combined in 1 group index.

BRITISH COUNTRIES

No changes in basic price control occurred in Australia, Canada, New Zealand, and the United Kingdom during the 7 months of 1945 following VE-day. In the United Kingdom the cost-of-living index rose 3 points from January to July 1945 and then declined 2 points by September 1945. However, during the first 2 months of 1946 Canada put into effect the first steps in a program aimed at gradual removal of price control and subsidies.⁴ The result of these changes were not expected to be reflected in the price indexes until the summer or fall of 1946.

Meat rationing was reimposed in Canada in September 1945 to permit larger shipments of food abroad, and in Great Britain food rations were reduced effective March 1946. In Australia clothing rationing was relaxed in November 1945, and footwear and knitted goods were removed from rationing. British clothing rations were also increased slightly, effective May 1946.

In Canada and Great Britain the continued use of emergency powers, upon which price control was based, was authorized through transitional emergency power acts. In Australia the Commonwealth Government continued to base its activities upon the wartime National Security Act; however, on April 1, 1946, the Commonwealth Prime Minister announced that the Government would seek the repeal of this act, effective December 31, 1946, but that authority for continued price stabilization would be sought. By the spring of 1946, as the result of action decided upon at a State premiers' conference of August 31, 1946, three of the six Australian States had passed legislation giving the Commonwealth Government power to continue price controls, but one State (Tasmania) refused to delegate such authority

SCANDINAVIAN COUNTRIES

Price controls in Denmark and Sweden, effected during the war, continued with some adjustments after VE-day. In Norway the liberated Government, by provisional decree of May 8, 1945, established a system of control under a Price Directorate and local boards of control, similar to that in operation during the German occupation.

Cost of living in each of these three countries remained relatively stable throughout 1945. The increase in the cost-of-living index for Norway in April 1945 was principally the result of increased prices of tobacco and liquors which were reflected in the index for the first time, since the Germans had prohibited their inclusion; the decrease in October 1945 reflects the extended program of Government subsidy to producers. Wholesale prices in Denmark and in Sweden declined after VE-day with the lowering of import prices of certain raw materials and semimanufactured products as well as of certain finished commodities. The sharp drop in the wholesale index for Norway in December 1945 was almost entirely the result of a reduction in the price of petroleum products, made possible by elimination of Government taxes.

⁴ See Monthly Labor Review, March 1946, p. 400, for further details.

State subsidies to producers of specified commodities supported the Government price policy in each of these countries. In Denmark the subsidy to producers of butter, effective October 1945 to September 30, 1946, continued the program of Government subsidization begun in December 1941, while a subsidy to producers of pork, effective for the same period, was a new development in Danish Government aid to agriculture. Each of these subsidies is expected to cost the Government about 20 million kroner. Funds to cover the butter subsidy will be provided partly through taxes on exports and on sales to consuming industries such as restaurants, but no direct levy on domestic consumers will be used to maintain the price of export bacon.

The Swedish Riksdag in June 1945 voted to continue agricultural relief measures throughout the next fiscal year, with the State subsidy amounting to 140 million kroner.

The Norwegian Government, in order to keep prices down following the wage agreement of September 12, 1945 (which increased wages to compensate for about 75 percent of the increase in the cost of living since 1940), on September 28, 1945, announced extension of its price-stabilizing subsidy program to cover sugar, margarine, milk, cotton yarn, wool and firewood. Prices of bread, meat and butter already were subsidized; 210 million kroner, or about half of the revenue from the current sales tax on all commodities was used for that purpose. Revenue for the extended subsidy, which is expected to amount to 63 million kroner, also derives from the sales tax.

As a further measure of price control, the Norwegian Government on September 8, 1945, inaugurated a monetary and financial reconstruction program designed to remove excess purchasing power as a prerequisite to the discontinuance of certain economic controls, to recapture illicit profits made during the German occupation, and to secure a complete inventory of the national wealth as a basis for a just and productive tax system.

Rationing was continued, with some changes, in each of these countries.

FRANCE

Official prices in France continued to rise until the end of 1945. When Paris was liberated in August 1944, retail prices were 309 percent higher than at the outbreak of war in 1939, according to a report issued by the Ministry of Information. By August 1945, the increase was 403 percent and by January 1946, cost of living at official prices had risen 703 percent over 1939.

Unusual crop shortages reduced the quantity of foods available in 1945. Although bread rationing was suspended on November 1, 1945, it was reimposed January 1, 1946, and the ration was reduced to 300 grams daily per person—50 grams less than the ration of October 31, 1945.

When the Gouin Government was installed late in January 1946, it adopted a policy of stabilization. The official value of the franc had been set at 119 to the dollar on December 25, 1945, as compared with

49.6 since the liberation of France. In February 1946, the Government proposed plans for curbing expenditure and inflation and increasing production of consumer goods. In order to stop the interrelated rise of prices and wages, the labor unions agreed to the freezing of wages, except for production bonuses and overtime. In March, the Government gave labor enlarged powers in the administration of price control.

SWITZERLAND

A decline in the cost of living began in Switzerland in August 1945, with a seasonal drop in the price of potatoes. The decline continued in October and November, largely because of Government subsidies which permitted reduction in the prices of certain basic foods—bread, rice, legumes, and edible fats. Price control, established in 1932 and regulated by a law of 1938, was adapted but not dropped after the end of the war. Because of demands for wage increases to bring real wages up to prewar levels, the Government decided to lower prices by the subsidizing of foods which were consumed in large quantities by agricultural and other wage earners. As the food supply improved, the Federal War Food Office was able to increase rations of certain foods. In February 1946, the monthly rations per person of meat and edible oils were raised to 1.4 and 1.2 kilograms⁶ respectively. Smaller rations were expected, however, for the spring months.

ITALY

With the exception of flour and flour products, maintained at a constant legal price, prices in Italy continued to rise to the end of 1945. In Rome, the index of the cost of a fixed food budget providing 2,200 calories daily for 3.73 consuming units stood at 1,710 in June (September 1940=100) and 2,181 in December 1945. In Florence, Genoa, and Naples, food prices had risen 20 to 24 percent by the end of the year, and in Milan were 57 percent, above prices in July 1945. In Abruzzi and Marche in central Italy, food prices in December 1945 were 20 to 30 times higher than in 1940.

Only a small part of the theoretical, fixed food budget on which the indexes were based could be obtained through rationing; the large proportion which had to be procured on the free or black market consumed up to 90 percent of the family food budget used as a basis for these indexes. In Rome, the proportion obtainable by ration card rose from 6 percent in December 1944, to 13 percent in December 1945. In Florence, Genoa, and Naples, rationed food accounted for 25 to 31 percent of the fixed food budget.

Food shortages, caused by the decline of domestic production to less than 60 percent of prewar and inadequacy of food imports had reduced average per capita food consumption by the end of 1945 to less than 70 percent of prewar. Although certain types of farmers and dealers in the black market might be living as well as formerly, the average caloric intake was estimated at about 1,600 calories per capita per day. Beginning with February 1, 1946, the daily bread ration was to be lowered to 200 grams.

⁶ Kilogram=2.2 lbs.

MIDDLE EAST

The experience of Middle Eastern countries since the close of the war reflects continued shortages of both capital and consumer goods, not relieved as yet by adequate imports. The large war expenditures of the Allies in these countries have contributed to inflationary pressure. Price and other controls have not been able to prevent very large increases both in the level of wholesale and retail prices and in the cost of living during the war period. Iran experienced the greatest difficulties in controlling prices and obtaining and distributing supplies. Although domestic controls over prices, foreign exchange transactions, exports and imports have been continued, with only sporadic relaxation, the indexes have remained close to wartime peaks or have exceeded them since VE-day. The termination of the Middle East Supply Centre has enhanced the difficulty of the Middle Eastern countries in obtaining imports, since the supplying countries on which they depended before the war have maintained their exchange and export controls.

In the countries for which statistical information is available the peak in wholesale prices occurred early in 1945, followed by a slight but temporary recession after VE-day. Thus, the high point in the wholesale-price indexes occurred for Iran and Palestine in January 1945, for Egypt in February and March 1945. The indexes reached a low point in 1945 for Palestine in July, for Iran in October and for Egypt in June 1945. In each of these countries the index moved up again in the fall months. Wholesale prices for Iraq (not included in the table) remained higher throughout 1945 than in the preceding year.

The end of the war has brought no drop in the cost of living to these countries. In fact the Egyptian and Palestinian indexes reached the highest point on record respectively in September and October 1945. In Iraq a cost-of-living index for laborers compiled by an oil company, not shown on the table, also reached its peak in December 1945. In Iran the cost-of-living index declined 25 percent from its wartime peak in June 1944 to October 1945, owing to improvements in food supply and distribution. In the last 2 months of the year, however, it had climbed upwards once more and continued high during early 1946.

An index number of living costs, compiled by an oil company and based on articles normally purchased by European and American residents of Cairo, showed even more pronounced increases than did the Egyptian official index, especially for food, clothing, medicines and drugs, and laundry and sundries.

FAR EAST

Price increases in Chungking, China, since VJ-day have been far less marked than during the first half of 1945. The Government has recently revised its regulations on foreign exchange and control of imports and exports, but by the spring of 1946 the rebuilding of supplies and of transportation systems had not yet reached the point of making possible a move to stabilize prices throughout the country.

In Japan, political and economic uncertainties, and a growing shortage of food as well as other consumer goods has induced hoarding

and rising prices. Inflationary tendencies since VJ-day are indicated in the following tabulation of Bank of Japan notes in circulation:

	<i>Millions of yen</i>
July 31, 1945.....	28, 456
Aug. 31, 1945.....	42, 300
Oct. 20, 1945.....	42, 040
Nov. 20, 1945.....	45, 628
Dec. 20, 1945.....	51, 091
Jan. 20, 1946.....	56, 065
Feb. 20, 1946.....	61, 450

The Japanese Government, with the approval of the Supreme Commander for the Allied Powers, has passed a series of measures to prevent price increases and black-market operations. The latest and most comprehensive of these became effective between February 25, 1946, and March 7, 1946, and provided for the recall of all existing currency and the issuance of new currency. In addition monthly bank withdrawals by individuals were limited to 300 yen (about \$20) for each head of a family and 100 yen for each family member; cash payment of a monthly salary of more than 500 yen was also prohibited, while salary payments by check were restricted through the withdrawal limitations.