

He went to the London School of Economics and Political Science on a scholarship and was graduated from it with the degree of Doctor of Philosophy in Economics in 1954. His Ph.D. thesis was published in revised form under the title "Bank of Canada Operations and Policy".

Professor Neufeld worked with the Bank of England for about two years, and then accepted an appointment in the Department of Political Economy of the University of Toronto in 1955, and at present he holds the position of Professor of Economics in that department.

His area of special interest is monetary economics, capital markets, and economics stabilization policy. He has written numerous articles in the general area, and recently compiled the volume "Money and Banking in Canada".

He was recently at the University of Saskatchewan where he partook in the discussion on consumer credit. I heard him with a great deal of interest and suggested he might be helpful to this committee.

Professor Neufeld?

Professor Edward P. Neufeld: Thank you, Mr. Chairman. It is a great honour for me to appear before this important Joint Committee of the Senate and the House of Commons. The committee, I understand, has recently been instructed to "...enquire into and report upon the trends in the cost of living in Canada and factors which may have contributed to changes in the cost of living in Canada in recent months..." I have no doubt that its deliberations will lead to a fuller and more general understanding of the true nature of this important economic issue.

I was asked if I would direct some of my comments towards the matter of external influences on the cost of living in Canada. This I am pleased to do. Since I had only about a weekend in which to prepare these comments, you will forgive me if they are brief. For that matter, you might even thank me.

What I would like to do is, first, to compare Canada's recent price increases with those of a number of other countries, and then outline the implications for Canada of international price increases and comment on the significance of those implications for Canadian economic policy, after which I want to go on to compare Canada's price experience with that of the United States, and, finally, I would like to offer some views on the appropriations of current Canadian economic policy.

Our discussion of the problem of inflation in Canada might gain a certain perspective if we begin by comparing Canadian price increases with those of a number of other countries. I refer you to Table I at the back of these comments, in which I have listed 27 countries in ascending order of the cost of living increase they experienced from May 1958 to May 1966. As you can see, in the first column the table shows the percentage increase in the cost of living each country experienced over that period. The second column shows the increase over the most recent twelve months period.

The countries listed, as you can see, include all those of Western Europe, North America, some of the larger or more wealthy Commonwealth countries, some other countries with which Canada has close trade ties such as Japan, and a few others.

I think two rather interesting points emerge from the comparisons outlined in that table. First, the increase in the cost of living in Canada from 1958 to May 1966, which amounted to about 15 per cent, was smaller than in any other country shown except for the United States, in which the cost of living rose by 12 per cent. If you go down the list you can see that there is a wide range in the distribution of the percentage increases in prices. All the European industrial countries, which for some purposes might be appropriate comparisons, have experienced price increases well in excess of the price increases in Canada.