

In January 1948 the Canadian index of consumer prices, what we call "the cost of living," stood at forty-eight per cent above pre-war. As in this country, food prices had gone up more than other things. Canadian retail food costs were about eighty per cent above 1939; clothing and textile costs were up about sixty per cent; fuel, light, heat and rent were up about twenty per cent.

But rather than talk in index numbers and percentages let me give you a few actual average prices. At the beginning of January the average Canadian housewife bought her milk at 14 cents for an American quart; butter cost her 70 cents; round steak 49 cents; lard or shortening 28 to 30 cents; and eggs 57 cents a dozen. Bread was 8½ cents a pound, sugar 9½ cents, coffee 56 cents. Oranges were 38 cents a dozen and strawberry jam 25 cents a pound.

Such prices may not seem high to some of you, but in most cases they are high enough to create widespread public concern in every province of our Dominion.

In general our problems are very similar to yours. It could hardly be otherwise, because the Canadian economy and Canadian standards of living are closely related to yours. We are your best customer, and you are ours. More than twenty million Americans crossed the boundary into Canada last year, either on business, or to visit friends and relatives, or to spend a part of their vacations in our holiday resorts. Many of them stayed only a few hours or a day or two, but many others paid us more extended visits. You, in your turn welcomed more than ten million visitors from Canada. I would guess that at least half the people in Canada have relatives or close personal friends in the United States. American business men have profitably invested over four billions of their capital in Canada.

You will, therefore, easily realize that things that happen in the United States cannot but affect Canada, and to a lesser degree what goes on in Canada is not without some influence on the United States.

But while there are many similarities there are also many differences in the way in which we do things and in the way in which we approach our problems; and it may be of some interest to this conference to hear how we have been approaching the problem of rising prices.

The outbreak of war in September 1939 found our prices like yours, at a very low level. For both our countries the years of the thirties were years of low prices - almost disastrously low prices. Fifty-five cent wheat, 6 cent steers, 20 cent butter, 8½ cent cotton and 15 cent wool - these were depression prices; they were the inevitable concomitants of mass unemployment both here and abroad.

I do not think any thoughtful person would want to go back to the general level of 1939 prices and the conditions which they reflected.

During 1940 and 1941, as we in Canada expanded our war potential and you mobilized for defence, shortages began to replace surpluses, unemployment disappeared and by the summer of 1941 signs of an inflationary spiral in prices began to be evident. It was then that we worked out our plans for an over-all system of price control; and we put our over-all ceiling into effect on December 1st, just a week before Pearl Harbour.