

for the Canadian economy both during and after the war and we were determined to prevent it, if at all possible.

As the months pass and the war affects more and more intimately the economic life of the nation, it becomes increasingly apparent that the right decision was made at the right time. If there had been compromise, if there had been delay, if the problem had been attacked in piecemeal fashion rather than by a bold stroke, we in Canada would to-day be faced with an extremely confused and well-nigh uncontrollable situation. In saying this, I am not drawing any parallels with events outside Canada. The best evidence as to what would have happened is to be found here in Canada. We have only to observe the eagerness with which scarce goods are purchased when they appear on the store shelves; we have only to follow the action of prices of the few commodities which for various reasons it was necessary to take out from under the ceiling; we have only to watch the scramble for housing accommodation in congested areas; we have only to experience the difficulties of securing transportation by rail or bus, to realize how quickly prices and rents would have soared if at the time when shortages began to be felt we had not taken steps to control virtually all prices at levels then prevailing.

Our action in introducing a ceiling when we did has been a tremendous advantage in the fight against inflation. Reinforced by a rigorous programme of taxation and borrowing, we have had a large measure of success. I would not want to create the impression, however, that the government is over-confident as to the future. A crucial and difficult testing time lies ahead. Nevertheless, the experience gained and the very fact that the price level has been held until now will stand us in good stead whatever difficulties may be encountered.

The primary purpose of the controls established in December, 1941, was to stabilize the cost of living. It is the outstanding achievement of the wartime prices and trade board, as the agency responsible for the administration of the price ceiling, that this purpose has been accomplished. It cannot be claimed that there has been no increase whatever since the base period in the prices of every one of the thousands of individual items purchased by Canadians in their day to day living. This is an ideal towards which the board is constantly striving, but for various technical reasons it has not been possible to maintain a rigid ceiling everywhere. A full account of the exemptions and adjustments that have had to be made will be found in

[Mr. Isley.]

the report of the board. Nevertheless, after nineteen months the price ceiling holds in the main, and partly as the result of reductions in the price of certain common food-stuffs as an offset to increases in other items, the average cost of living of the average Canadian has been stabilized. This fact is reflected in the movement of the official cost-of-living index prepared by the dominion bureau of statistics, which from November 1, 1941, to May 1, 1943, rose by only 1.5 per cent.

When it is considered that in the United States the cost of living during approximately the same period rose by 12 per cent according to their official index, and that during the corresponding period of the last war the Canadian cost-of-living index rose by 22.5 per cent, I think the accomplishments of price control in Canada speak for themselves. While I would not want to suggest that conditions in these other countries are fully comparable with Canadian conditions, it may interest the house to know that in Australia the cost of living from December, 1941, to March, 1943, rose by about ten per cent; in South Africa from December, 1941, to February, 1943, by more than ten per cent; and in Mexico from December, 1941, to April, 1943, by nearly thirty per cent. I would have liked to give figures for some other countries where the rise in cost of living has been even greater, but owing to war conditions, up-to-date and accurate statistics are not always available.

As a measure of the effectiveness of the price ceiling, I thought the committee might be interested in the results of certain calculations which have been prepared indicating how much it might have cost the Canadian consumer if prices had not been under control. In the first twenty-seven months of this war, prior to the establishment of the ceiling in December, 1941, the official cost-of-living index rose fifteen per cent as compared with an increase of sixteen per cent during the corresponding period a generation earlier. This similarity of price movements in the two wars stopped abruptly, however, after the establishment of the ceiling. During the eighteen months following November, 1916, the cost of living rose 22.5 per cent, in striking contrast to an advance of only 1.5 per cent in the first eighteen months under the ceiling. Prices in the last war continued to rise rapidly, with only minor interruptions, to July, 1920, when the cost of living was 198 per cent of what it had been in July, 1914.

Now it has been calculated that for each increase of one point in the cost-of-living index, the consuming public pays out something like an additional \$34 million per year.