

the rise is, and from that basis we may proceed to discern the cause. Now we have had evidence presented to us this morning based on and still recognizing the cost-of-living index prepared by D.B.S. I think it is of first importance that we should be able to relate these differences in the cost-of-living to our terms of reference. We will not content ourselves simply with the cost-of-living as expressed in our terms of reference and the cost-of-living index issued by D.B.S. and outlined in greater particulars in the volume of statistics submitted to us this morning by Mr. Marshall. I think it is highly important that we should get down to the basis of the compilation of that cost-of-living index. I do not want to pre-judge this but I would want some evidence that this is a reflection of the recent rise in the cost-of-living as expressed in our terms of reference.

*By Mr. Beaudry:*

Q. May I ask a question? I think in keeping with what Mr. Fleming has in mind we must remember that we have a detailed table here of various products which make up the final figure used as the index. Coming back to the fish of which Mr. Winter spoke a moment ago, if every family in Canada changed from sardines to caviar what effect if any would there be on the final outcome? Would there be a difference in the index or a rise in the index for fish?—A. Yes, certainly. If families gave up meat or fish for caviar and made a new consumption pattern and a new standard we would measure that standard. We would have to have a different list of items in the cost-of-living index.

Q. At that particular time, Mr. Marshall, would there be of necessity a decrease or increase in the price of sardines or a decrease or an increase in the price of caviar?—A. That is the only thing that shows.

Mr. MACINNIS: Is caviar the only case among the items entering into the cost-of-living index?

Mr. BEAUDRY: I am using an extreme example. But would such a change of necessity be reflected at once; an increase or a decrease in the price of either commodity?

The WITNESS: We cannot tell what the indications of a series of commodities would be.

Mr. BEAUDRY: What I mean is, if there is any increase or decrease resulting from consumer preference, or you might say demand, would that change be reflected?

The WITNESS: I would just like, Mr. Chairman, to refer to a point which I made before. If we made a completely new budgetary survey and took the consumption pattern which that showed and then we priced the articles in that new budget as of today and carried it back, I say that the trend that would be shown would be practically the same. We have every confidence that there would not be much difference; and that this index of ours does really show within a reasonable margin of error, a small margin of error, what the situation is.

*By Mr. Fleming:*

Q. I think we can accept the statement that it will show the general trend, but if this whole index is based upon a cross-section analysis of the purchasing habits of fourteen hundred families in 1938 in urban centres on one hundred and fifty items of consumption then I would say, having regard to the very great changes in consumer health in Canada, in its standard of living, that the basis is out of date. Could we have a comment from Mr. Marshall on that?—A. We do not know what the results will be from a new budgetary survey but we are convinced of this that when it is made, and when we price the articles in the new budget back, the trend will be the same.

Q. That is the important point. I am quite prepared to leave it at that. You do not know; there is a policy; you expect it will be the same?—A. Yes.