

## APPENDIX

(See p. 1302.)

## CONSUMER CREDIT (COST OF LIVING)

## INTERIM REPORT OF JOINT COMMITTEE

December 19, 1966

The Special Joint Committee of the Senate and House of Commons on Consumer Credit and Cost of Living makes its third Report, as follows:

## 1. Preamble

During the first two weeks of September, 1966, the Senate and the House of Commons agreed to expand the terms of reference of the Joint Committee which had been appointed earlier to enquire into the problems of consumer credit. The added responsibility given to your Committee was "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." Because of public concern over increases in food prices, your Committee decided to concentrate its attention initially on the reasons for the upward movement in food prices. It also undertook to present an interim report to Parliament sometime during December. Your Committee met on forty-two occasions in the period from September 28 to December 13, 1966 and heard testimony from a representative cross-section of individuals and organizations. Because of the pressure of time, many of the witnesses appeared on very short notice and your committee wishes to record its appreciation to them for their invaluable assistance in its efforts to throw light on the factors influencing consumer prices.

Recently, Parliament has also referred to the Joint Committee on Consumer Credit and Cost of Living the Third Annual Review of the Economic Council of Canada entitled "Prices, Productivity and Employment." This important and complex report obviously requires detailed study and because of the shortness of time, it has not been possible to do more than refer briefly to some of the conclusions of the Economic Council of Canada which impinge directly on the work of your Committee.

This interim report is necessarily brief. It is not and could not be expected to be an exhaustive analysis of the evidence. The limitations of time meant that the report could

deal with a limited number of issues. Many other problems referred to during the committee hearings require additional evidence, study and research before useful conclusions can be drawn.

## 2. General Observations

The economic experts both from the public service and the academic community who gave evidence to your committee made it obvious that the factors influencing the cost of living in Canada were many and varied. Some changes could be explained by the increased price of imports. Canada's trading relations with other countries are intimate and important and it is therefore natural that the general increase in price levels in the recent past in most western countries has had a contagious effect on Canadian prices. In addition, domestic changes in the price of goods and services interact and reinforce each other. A great deal of the evidence presented to your committee emphasized the fact that consumer prices moved in response to changed market conditions in other sectors of the economy or in markets outside Canada. These changing market conditions, in turn, affected the share of the national income going to labour, to farmers, to business and to others, but there was nothing to indicate that the recent changes in the cost of living in Canada arose out of unusual or unwarranted increases in the sizes of their respective shares. Your committee's review of the evidence has not yet revealed any group or sector of the economy which could be singled out and blamed for the recent increase in consumer prices. Its general conclusions were that there have been many factors contributing to the changes in the cost of living, particularly the price of food.

While there are many groups in the economy which are able to protect themselves against the rising costs of living, your committee must recognize there are many such as the handicapped, the aged and the unemployed upon whom the burden of price increases falls most heavily.

Since your committee commenced its hearings on September 28, food prices as reflected in the food component of the Consumer Price Index have declined slightly and it is believed that the information which reached the