

of food, fuel, light, clothing, and rent, on a fixed base budget. Suppose in 1939 this was the budget and then people became extremely prosperous during the war period and raised their standard of living very considerably, it would certainly cost them more in dollars. On the other hand suppose we were to work back. Take the standard of living as they have it now and work back to 1939, so far as the price trend is concerned I think it would be very little different from the price index we have now.

Q. In 1938 you established this present method of calculating the cost of living index?—A. Yes.

Q. You established at that time both the commodities included and the weights you would attach to the various classes of goods in the budgets of the Canadian family. You took 1,400 families, drawing them from urban centres, and you took 150 items of goods such as food, clothing and shelter. Now I do not think we are at cross purposes but I just want to be quite clear on this because we are trying to get the basis for measuring the trend in the cost of living. We as a committee are called upon to measure the increase in the cost of living. The point I want to make is that your cost of living index is not in terms of cost of living within the past year and consequently is not a complete reflection of the increased cost of living to Canadian families?—A. Yes, I think it is. It might not hit the bull's eye right dead centre but I think it is close to centre.

MR. CLEAVER: Do I understand this, Mr. Marshall? You believe that a change in consumer tastes from one type of food to another is a change within the same price brackets and therefore it does not influence the index or change the index. Now I am going to ask you a question here. To take an extreme case, suppose a consumer demand for goods is changed from goods at ten cents a pound to goods at fifty cents a pound, would not that of necessity cause a change in your index?—A. You are thinking of an individual?

Q. No, excuse me, I am thinking of a change where a family switches over from less bread to more meat. Now bread per pound is very much cheaper than is meat.—A. Well this index number of course has to do with the average for a whole lot of people.

Q. I am speaking of averages. If, as the result of an increase in the national income, consumer tastes change and have switched from a cheaper type of food to another type of food which is more costly would that not of necessity change your cost of living index?—A. No, it would necessitate a change in weight. Suppose we found when we took a new budgetary survey that the weights are different as they probably will be, my claim is when you relate what we find in the current survey to the back years the trend of overall price will be just about the same.

MR. LESAGE: As a matter of fact it is a change in the standard of living and not in the cost of living.

The WITNESS: Yes.

MR. IRVINE: I think we are getting a little away from our purpose here. I do not think it is our business to question the accuracy of the mechanics by which they arrived at the price index. I imagine they are pretty fair and the only value the index can be to us here is to prove that a rise has taken place. We are to find the cause. It seems to me we have set out a cat to catch a mouse and then we are beginning to question the sensory organs of the cat to see if it will lead to the mouse.

MR. FLEMING: I want to discuss that because I take direct issue with the position Mr. Irvine has just outlined. Surely the whole basis of our inquiry has got to be the establishment of certain facts. We have a reference here to determine the cause of the recent rise in the cost of living and the first thing we have to find is what the recent rise is, the extent of it, in what commodities