

*The Cost of Living in Other Countries:*

High prices are world-wide. The evidence available to the Committee indicates that 50 countries show a considerable and continuous rise in price levels. The rise in prices during the past eighteen months in Canada has been greater than that in a number of these countries, but this is due mainly to the fact that prices in Canada were so rigidly controlled during the war period that at the end of 1945 Canada showed, in relation to pre-war levels, the smallest increase in the cost of living and in wholesale prices of any country in the world.

The price level in Canada, when compared with that of other countries, was held so low during the war that by December, 1947—in spite of a rise of nearly 30 points since mid-1945, which was more rapid than that of some other countries—the cost of living in Canada was still below that of most other countries in the world.

With regard to the United Kingdom, it was noted that the cost to the country of maintaining its price levels is estimated at £400,000,000 sterling per annum for subsidies only and it is significant that the United Kingdom Government has announced that subsidies would have to be limited to this figure. In Australia, they have recently decided by referendum that controls shall not be continued on a national basis.

It was found, however, that although the wholesale price index showed a 40 per cent advance in Canada, the Canadian general wholesale index was lower than in all countries but one.

Clearly the phenomenon of high and rising prices is not confined to this country. In fact, in almost all other countries the problem is much more serious than in Canada and unfortunately high prices in one country tend to influence the price levels in other countries. International trade being a factor of great importance to Canada, the high prices prevailing abroad are bound to exert a tremendous upward pressure upon our domestic price level.

*Price Increases After World War II:*

In order to investigate in more detail the forces behind the increase in the cost of living during 1946, 1947 and the first part of 1948, the Committee had a tabulation (Table 2, Appendix) made of indexes of wholesale prices for a group of major commodities based on prices prevailing in December, 1945. The general wholesale index and the indexes for individual commodities reflect more strikingly the changes in price factors than does the cost of living index which absorbs such changes according to the weights of its component parts. Both indexes move on a similar course, but the wholesale price index is subject to wider fluctuations than that of the cost-of-living index.

The relation of price changes in staple commodities to changes in the cost of living index is illustrated later (Table 2, Appendix). For example, from January to April, 1948, the price per pound of pork loin increased by 4.3 cents which was reflected by an increase of only 0.8611 points in the food index and 0.267 points in the total index. The reduction in the price of oranges during the same period, of 1.9 cents per dozen caused a decrease in the food index of 0.178 points and in the cost of living index of 0.055 points. These two changes together mean an increase in the food index of 0.8611, less 0.178 or 0.6831 points, and in the cost-of-living index of 0.267 less 0.055, or 0.212 points.

The wholesale price indexes (Table 3, Appendix) indicate considerable variations in the levels of prices which the component commodities reached by