

Q. I understand the basis for the present cost of living index was established in 1938?—A. Yes, sir.

Q. Ten years ago?—A. Yes.

Q. There has been quite a change in consumers' habits and in the scale of living in that ten year period doubtless associated with the prosperity enjoyed in wartime.—A. Quite.

Q. I am making this statement for your comment but it surprises me that you are using in 1948 a basis of compiling costs of living index which you have been carrying forward since 1938, a period of ten years.—A. Yes.

Q. In the face of great changes in consumer habits and consumer living.

Mr. BEAUDRY: Not in the commodities?

*By Mr. Fleming:*

Q. I am making the statement for your comment because I would like to know what you have been doing to equate conditions you are purporting to measure in 1948 with the 1938 yardstick.—A. I can say that the whole statistical principle is that you only measure price changes and not changes in spending. During the war there were certain commodities however that you could not get and Mr. Greenway, who is the director of our prices division, was very well aware of that and from time to time he spliced in alternatives so that any radical change would be reflected in the index number. There is another point that you have raised. I think you are confusing to some extent a change in standards with a change in prices. We cannot measure the two things; we must stick to one. We must measure prices and you must not allow changes of standards to come into the picture or you will have confusion and there will be nothing clear cut. Suppose we did have a new budgetary survey based on the current year, 1947. Well, despite change in consumption standards, all the evidence we have in the bureau indicates that there would be very little difference in the level of price changes. The curve would be practically the same.

Q. This gets down to your weighting. We know the public has been eating more meat and drinking more milk. There has been a steady rise in the per capita consumption of both meat and milk and other things. You are using the same weight for these commodities and for the cost of living index as you did in 1938?—A. We have got to. We are only measuring the price change.

Q. You have not changed the weighting?—A. You can have a considerable change in weighting but very little change in the index.

Q. I still think it ought to be done.

Mr. MAYBANK: In some of these cases I think you should indicate the variation in weight over those years just so one might better evaluate the measuring stick you have been explaining.

The WITNESS: We could not give a picture of that kind without a budgetary survey which is an enormous undertaking. We have to collect budgetary statistics from a sample of the whole population in order that there will be the proper representation. Such a survey takes a lot of organization and costs a lot of money. You cannot make it every year.

*By Mr. Fleming:*

Q. I can appreciate the limitations of this index. You are putting it forward as a means of measuring prices but you are not suggesting as I understand it, this represents the cost of living to the Canadian household because there are so many other factors such as I have mentioned, increases in the consumption of meat and milk and so on, which would have very great influence on the cost of living to the Canadian family and which would not be indicated in the cost of living index at all.—A. This is an index number measuring changes in the price