

system that the Government decided to institute consumers' subsidies in order to stabilize the cost of living index so as to extend protection against rising cost of living to the population generally and avoid the inflation of business costs by the requirement of additions to the cost of living bonus.

The Economic Advisory Committee has already recommended that the Government should strongly re-affirm its stabilization policy and make a vigorous attempt to make it more effective and more just through improved administration. This will also involve willingness to use subsidies boldly though in no sense lavishly at points where support is needed.

If the Government is willing and able to accept this recommendation, the Committee would further recommend that the Government should give a public undertaking to hold the cost of living index in an area, close to the October 1st figure (This area ought not to be narrower than 3 points, in order to allow time for planning adjustments). Additionally, the Government should discontinue increases in cost of living bonuses for the future (except for such as may become payable on November 15th). It would be understood that if the Government failed in its undertaking, fresh consideration would have to be given to the bonus policy.

In the opinion of the Committee, such stabilization is feasible. Acceptance of the recommendation would re-assure the public as to the firmness of the Government's policy. It would avoid much agricultural agitation for some counterpart of the cost of living bonus.

There remains a minor point in connection with cost of living bonuses, viz., the treatment of female and junior male workers. The Committee concurs in the recommendation of the Department of Labour Committee that the basis on which the bonus shall be payable to female and junior male workers be subjected to further study.