

*Proceedings on Adjournment Motion*THE CANADIAN ECONOMY—STEPS TO MEET
REPORTED INCREASE IN COST OF LIVING**Mr. G. H. Aiken (Parry Sound-Muskoka):**

Mr. Speaker, the question I wish to raise concerns the alarming increase in the cost of living index as indicated in a dominion bureau of statistics release of last Friday, May 15. I want to begin by urging that we must not get too involved in emotional issues, such as the flag, to notice what is happening to our national economy. The bulletin that was issued last week indicates that within the last year there has been an alarming increase in the cost of living index.

To go back over the last five years, there has been a gradual increase in the cost of living. Perhaps I may give these figures briefly, Mr. Speaker. In April, 1959 the cost of living index was 125.4 points up .2 point over the previous year; in 1960 it increased 2.1 points; in 1961 it increased 1.6 points; in 1962, 1.2 points; and in April, 1963, 2.0 points. The current increase is 2.7 points, all based on the 1949 index. This is the greatest increase during the last five years. There were two previous indexes, in the years 1956 and 1957 which were slightly higher. The figure for 1956 showed an increase of 4.3 points over that of the previous year, and in 1957 the increase was also 4.3 points over the previous year. Before that there had been an increase in the cost of living index as high as 10.5 points in 1951 and 5.1 points in 1952. There has been a gradual increase, but this year it is rather alarming and I think the government should be, and probably is, quite concerned about this very great increase.

The anomaly of this situation is that in the very release which indicates that the food index has increased—that is, the cost to the householder—the price index for farm products is down. The farmer got less for his product but the householder paid more. For example, the price of beef given in the current release shows that it went up .5 points, or half a point, in one month, from March to April 1964, but in the same period the price paid to farmers for beef went down 1.3 points. This is a recurrence of the great complaint we had in 1955 and 1956 of a price spread between the farmer and consumer, and we certainly hope this is not a return of this problem which during the years of the previous government diminished so rapidly.

I do not want to make comparisons, but it is a fact that this increase has been brought about by the inflationary policies of the government and the expansion of the money supply at a greater rate than the gross national product has increased. There are a lot of other forces at work here. I think the large spending program for non-productive activities that the government has undertaken in the last year has contributed to the inflation.

In concluding, Mr. Speaker, I have in my hand a clipping from the *Toronto Telegram* of December 12, 1963, the heading of which is: "Bold plan by P.M. hits living costs". We should like to hear of this bold plan, because if it hit the living costs it certainly did not hit very hard. In December of last year the cost of living index was 134 and it is now 135. It has gone up one point, which is almost as much as it went up during a whole year in previous years. I should like the assurance that the government is giving very serious consideration to this problem of the cost of living, and general inflationary policies.

Mr. E. J. Benson (Parliamentary Secretary to Minister of Finance):

Mr. Speaker, I will reply rather briefly to the hon. member for Parry Sound-Muskoka who raised this question about the increase in the cost of living. The government is, of course, always concerned at increases in the cost of living. However I should like to point out that while in the years 1957 to 1960 the cost of living did not increase, during the same period unemployment increased in this country rather tragically.

There are three main points I should like to make in reply to the hon. member for Parry Sound-Muskoka. First of all, increases in consumer prices have been moderate and in line with the experience of the past few years. Second, they are only fractionally higher than those of the United States, even though the Canadian economy has been absorbing the effects of devaluation of the Canadian dollar. Third, the moderate increases in Canadian consumer prices are well below those of most European countries and Japan, which have been experiencing substantial price increases. Consequently, Canada's international position has not deteriorated; if anything it is improving, and this has been proved by the strengthening of our trade balance.

Motion agreed to and the house adjourned at 10.32 p.m.