

redistribution of income, the technique for that is not changing income factor proportions, it is through social welfare measures.

Co-Chairman Senator CROLL: The minimum annual income helps in that situation, Mr. Cameron. I just wanted to get that plug in.

Mr. CAMERON: On the other hand, Professor Neufeld, in the Province of British Columbia we have the highest wage levels in Canada and we also have the lowest incidence of this type of poverty of which I have been speaking. There seems to me to be some relationship.

Professor NEUFELD: In that regard I suppose one would have to ask the question: Why is there more poverty in the Maritimes than in British Columbia? As far as I have seen and from the studies I have read they seem to suggest that the reasons for poverty in the Maritimes have existed for many decades. I do not think it can be begun to be explained by the wage capital income proportions that might exist. The problem of regional poverty is not in any serious way related to the problem of these income proportions on table 6.

Co-Chairman Senator CROLL: Senator Thorvaldson.

Senator THORVALDSON: May I first say to Mr. Cameron that so many wealthy people from the Prairies go to British Columbia that the incidence of poverty is lessened there.

Mr. Chairman, through you I want to say to our witness that I think his report is excellent and is most encouraging for this committee in many respects. I am quite amazed to find that we are so close to the United States in our consumer price index level when in fact I thought we were further away, but in that respect it seems we have stayed with the United States fairly closely up until 1964 as shown by table 2. Consequently, I am assuming, and I ask you, Dr. Neufeld, to comment on, the tremendous increase in the Index indicated as between 1965 and 1967 in Canada.

Co-Chairman Senator CROLL: 1966.

Senator THORVALDSON: In Canada it is from 110.9 to 114.5.

Professor NEUFELD: Yes.

Senator THORVALDSON: Which is about 3-1/2 per cent. Whereas in the United States it is much less, about 1.4 or so, I think.

Professor NEUFELD: Yes, it is less.

Senator THORVALDSON: Would that indicate that we are entering a phase of galloping inflation in Canada at the present time, which condition does not exist in the United States, and that being the problem of this committee?

Professor NEUFELD: Well, if you will look down column 6, right to the bottom, where I show monthly figures for the year 1966—

Senator THORVALDSON: On Table II?

Professor NEUFELD: Yes. It shows the ratio of Canadian consumer prices to U.S. consumer prices has been stable since January. You are quite right, it was specifically in the year beginning 1964, perhaps, and then into 1965, and the average of the 1966 Index in that period that the Canadian prices rose faster than the U.S. prices. But at the same time it shows this deterioration vis-à-vis the U.S. ended about January, 1966. Since then our prices have not deteriorated more than United States prices.

I think the pertinent question, therefore, is: Why was it we had this period from about 1963 to 1965, in effect, the end of 1965, when Canadian consumer prices rose faster than U.S. prices? I think that is the crucial question to ask, because after that Canadian prices did not rise faster than U.S. prices.

I think there are three important factors back of that. I think that the wholesale price increase that occurred as a result of devaluation gradually worked its way through into the consumer prices. Second, there was a period