

*By Mr. Merritt:*

Q. Mr. Chairman, I would like to ask a question. When you make your next budgetary survey, Mr. Marshall, this year or in a couple of years, whenever you are going to do it, who decides what items will be included in computing the basket of goods on which you conduct your survey?—A. The consumer himself will decide pretty well, because we will find out what he is consuming.

Q. Yes, you do not give your people a definite list; you take what they report?—A. We have to have a long list for their guidance, then the quantities which they put on that list will determine what we put in the index.

Q. I notice in your own furnishings and services, on page 49, or something, that you do not include a radio or a washing machine, or the electrical stuff, or some of those things which are now quite normal household goods. Is it a fact that in 1938 those things were not considered to be part of the average working man's budget?—A. As a matter of fact, those three commodities had been spliced into our index within the last—I would say it was within the last two or three years.

Mr. MACINNIS: Mr. Marshall, of the one hundred and fifty items—

Mr. MERRITT: Might I just conclude?

Mr. MACINNIS: Sorry.

*By Mr. Merritt:*

Q. What was the result of that splicing-in? Did that contribute to the change from 1938 to the present time; or did you splice them in as though they had been included in 1938? Were they included at both ends or only in the middle?—A. Yes. Price splicing is arranged in such a way—we try to tie in back to the base period. And now, there is one difficulty, of course, about commodities of that kind. There are things that change from year to year. If we are to have a bucket in which we measure price changes only we cannot have a change in the nature of the commodities that are included. Take for example some of the clothing items, that is the only way we can arrange to have a variation of prices that relate to the same thing, and just show the price change only. We have to have something in the nature of a specification. Therefore, it is very difficult to include in the index a lot of manufactured and processed commodities.

*By Mr. Johnston:*

Q. Such as radios?

The WITNESS: Yes.

*By Mr. Merritt:*

Q. I understand from what you have said they are included in the 1938 index as well as its 1948 counterpart?—A. Yes, the price of each of these three has been spliced in. It does tie it in with the base period.

Q. Yes, one further question: why, if these articles were spliced in, did they not show in the totals which appeared on page 48 and onward, and the weight attached to each of the items? Can you tell us that?—A. Oh, yes. Well, this list of weights was prepared before those items were spliced in. They should be in there now.

Q. They should be in there now?—A. Yes, they should be in there.

Q. Are there a great many items to be spliced in? Could you give us the total?—A. There are not very many. Those are the only three that have been spliced in since the system was adopted.

Q. In the whole index or just in the home furnishings and services group?—

A. In the whole index.