

years. The stability of the Canadian index from 1941-1945 was also due to the relative stability of American prices during the war period. Had American prices been uncontrolled during this period the strain on Canadian controls might well have become intolerable.

The United Kingdom cost-of-living index was held almost equally steady from 1941 to 1947, but was accompanied by even more intense physical controls, and far greater use of subsidies than we adopted in Canada. Perhaps I should add that the United Kingdom cost-of-living index (at least prior to July 1947) covered a very much narrower range of commodities than ours.

The American index of retail prices never achieved quite the same degree of stability as either the Canadian or British. From early in 1943 to June of 1946 it recorded a rise of about 12 full points. After June 1946 American price controls virtually disappeared, and the index advanced 20 points in five months, and added about another 14 points during 1947.

The most conspicuous economic fact of the past two years has been the steadily upward sweeping trend of prices all over the world. Mr. Marshall, the Dominion Statistician either has or will be filing with the committee all the detailed information you may require. But I think it is important at the outset to underline the fact that prices have been rising steadily and rapidly all over the world for the past 18 or 20 months.

It is not a local problem. It is not confined to any one country, or to any group or class of countries. It is a world-wide phenomenon.

The Monthly Bulletin of Statistics, published every month by the United Nations, prints the retail and wholesale price levels for each of more than fifty countries, all on the basis of 1937 equals 100. The Canadian rise in prices during the past 18 or 20 months has been greater than in a number of other countries; but that is a reflection of the fact that Canada, at the end of 1945 and in relation to pre-war levels, showed the smallest increase in the cost of living and in wholesale prices of any country in the world. By the end of 1947, although our cost of living had advanced nearly 30 points, we were still below all the other 50 countries, excepting only Australia, New Zealand, Southern Rhodesia and the United Kingdom. In the case of wholesale prices, in spite of an advance of more than 40 points, we were still below every other country listed, excepting Australia. (New Zealand appears not to have published a wholesale price index since July, 1947).

I emphasize these facts, not to belittle the very real problem of rising prices here in Canada, but to suggest to the committee that while there may well be remediable internal or domestic influences pushing or drawing prices upward, I do not think you will find all or even a major part of the explanation of this problem within the boundaries of our own country.

## II

I turn now to a description of the steps we have been taking in Canada to withdraw our wartime emergency price and supply controls.

Decontrol, began in September, 1944, just after the breakout from Normandy and the liberation of Paris, but it did not gather momentum until mid-1945. The program of decontrol since then has followed a considered pattern which may be summarized under three heads: (a) removal of supply restrictions; (b) removal of subsidies; (c) outright price decontrol.

Restrictive supply orders had become very numerous during 1942 and 1943 as a means of diverting scarce materials, and of keeping down costs through simplification and standardization. Typical of such orders were those prohibiting the production of motor cars and other heavy consumers' durables; controlling the uses of metals; eliminating designs wasteful of textile fabrics; restricting