

spending despite heavier taxes and higher savings. This is borne out by figures of retail sales which were more than 29 p.c.\* above corresponding 1941 levels in 1944.

Claims that the cost of living has risen substantially during the past three years are undoubtedly due in part to confusion between higher costs resulting from higher prices, and higher costs due to greater purchases. The cost-of-living index reflects the rise in prices, but not the increase in purchases.

The cost-of-living index budget is being kept up-to-date, although still measuring changes in the same general standard or level of living. As basic changes in wartime consumption have occurred, the index budget has been adjusted accordingly. For example, with the sharp reduction in pleasure driving, the budget allowance for motor-car operation was reduced and, correspondingly, the recreation budget allowance was increased. As certain foods have become very scarce or have been rationed, budget quantities for them have been reduced and a comparable allowance added to quantities of other foods. Fresh vegetables provide an illustration of new additions to the food index. Due to the scarcity of canned vegetables, arrangements have been completed for the addition of fresh carrots, turnips and cabbage to the food budget. Likewise the curtailment in supply of canned salmon and smoked fish will be made up by additions of fresh fish.

Concern regarding items in the index budget has been paralleled by efforts to make certain of the accuracy of price records used to calculate the budget cost. Close and continued scrutiny of retail price returns, which the Dominion Bureau of Statistics receives from its 2,000 price correspondents, has produced the belief that price reporting has been honest and that price returns are accurate. However, to remove all doubt on this point, several cost-of-living representatives have been assigned to important distributing centres across the Dominion. It is their duty to check price returns used in compiling the cost-of-living index, and to watch particularly for evidence of quality deterioration in goods for which prices are reported. It has been the Bureau's practice for many years to consider deterioration in quality as equivalent to a rise in price.

There is a tendency to think only of food when considering the cost of living. The index shows a wartime rise of 31.2 p.c. in food prices to December, 1944, although this percentage would be higher if it were not for the fact that prices of bread and milk are still close to pre-war levels. As bread and milk have served as restrictions on rising food costs, so have rents and miscellaneous items retarded the advance in total living costs. The miscellaneous group, despite its name, is very important, since it includes costs of health maintenance, transportation, personal care, recreation and life insurance. Due to rent control, the wartime rise in rents has amounted to only 7.9 p.c., while the miscellaneous index has risen 7.5 p.c. Considered together, these two groups are more important than food. If they had advanced by the same amount as food, that is by 31.2 p.c., the December, 1944, cost-of-living index would be 27.5 p.c. above the pre-war level instead of 17.6 p.c.

**Cost of Living in 1943 and 1944.**—The movements of the cost-of-living index (1935-39 = 100) between December, 1943, and December, 1944, is further evidence of the effect of price-control policy. During that period the index declined

\* As indicated by records from stores dealing chiefly in foods, clothing and household requirements.