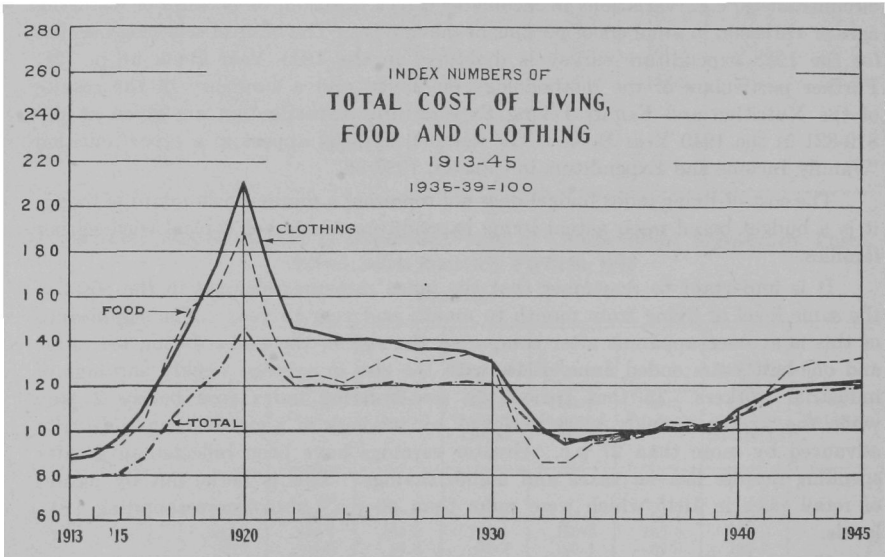


Concern regarding items in the index budget has been paralleled by efforts to make certain of the accuracy of price records used to calculate the budget cost. Close and continued scrutiny of retail price returns, which the Dominion Bureau of Statistics receives from its 2,000 price correspondents, has produced the belief that price reporting has been honest and that price returns are accurate. However, to remove all doubt on this point, 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 rise of 35.2 p.c. in food prices from August, 1939, to December, 1945, 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 rise in rents has amounted to only 8.2 p.c. since August, 1939. The miscellaneous index also has risen 8.2 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 35.2 p.c., the December, 1945, cost-of-living index would be 30.5 p.c. above the pre-war level instead of 19.1 p.c.

Cost of Living in 1945.—Movements of the cost-of-living index (1935-39 = 100) between December, 1944, and December, 1945, continued to be comparatively minor in character. During that period, the index advanced by 1.6 points (from