

based upon the expenditure experience of 1,439 urban wage-earner families in the year ended Sept. 30, 1938. The record completed by these families was especially designed to provide budget data necessary for the accurate compilation of a cost-of-living index. This index reflects changes in the cost of the same level of living and no account is taken of shifting planes of living because of changes in economic circumstances, e.g., variations in income or direct taxation, or because of changing ages or variation in numbers of persons in the family. The basis of selecting families for the 1938 expenditure survey is described in the 1941 Year Book at p. 723. Further particulars of the methodology employed and a summary of the results of the Nutrition and Family Living Expenditures Investigation are given at pp. 819-821 in the 1940 Year Book. The detailed findings appear in a report entitled "Family Income and Expenditure in Canada, 1937-38"

The cost-of-living index budget does not represent a minimum standard of living; it is a budget based upon actual living expenditure records of typical wage-earner families.

It is important to remember that the index measures changes in the costs of the same level of living from month to month and year to year. The significance of this is at once apparent after comparing the rise in the index during the five years ended December, 1946, with the rise in average weekly earnings of industrial workers. In that period the cost-of-living index rose less than 10 p.c. while the average weekly wage received by workers in eight leading industries advanced by more than 24 p.c. Greater earnings have been reflected in greater spending despite heavier taxes and higher savings. This is borne out by figures of retail sales in 1946 which were almost 48 p.c.* above corresponding 1941 levels.

Claims that the cost of living has risen substantially during the past five 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 level of living. As basic changes in consumption have occurred, the index budget has been adjusted accordingly.

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 showed a rise of 47.4 p.c. in food prices from August, 1939, to December, 1946. However, group indexes for rents and miscellaneous items retarded the advance in living costs. The miscellaneous group, which includes costs of health maintenance, transportation, personal care, recreation and life insurance, rose 12.6 p.c., and, due to rent control, the rise in rents amounted to only 9.2 p.c. Considered together, these two groups are more important than food.

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