

## Section 2.—Consumer Price Index\*

The purpose of the consumer price index is to measure the movement from month to month in retail prices of goods and services bought by a representative cross-section of the Canadian urban population. For a particular article or service, a price index number is simply the price of the article in one period of time expressed as a percentage of its price in a reference period, usually called a base period. However, indexes for individual goods may be combined to form indexes representing prices of broad groups of goods and services. Thus, the consumer price index relates to the wide range of goods and services bought by Canadian urban families. The index expresses the combined prices of such goods each month as a percentage of their prices in the base period 1949.

The group of goods and services represented in the index is called the index "basket" and "weights" are assigned to the price indexes of individual items for purposes of combining them into an over-all or composite index. The weights reflect the relative importance of items in expenditures of middle-size urban families with medium incomes. The basket is an unchanging or equivalent quantity and quality of goods and services. Only prices change from month to month and the index, therefore, measures the effect of changing prices on the cost of purchasing the fixed basket. The basket and weights now used in the index are based on expenditures in 1957 of families of two to six persons, with annual incomes of \$2,500 to \$7,000, living in cities of 30,000 population or over.

## 6.—Consumer Price Index Numbers, 1939-66

(1949=100)

Year	Index	Year	Index	Year	Index	Year	Index
1939.....	63.2	1946.....	77.5	1953.....	115.5	1960.....	128.0
1940.....	65.7	1947.....	84.8	1954.....	116.2	1961.....	129.2
1941.....	69.6	1948.....	97.0	1955.....	116.4	1962.....	130.7
1942.....	72.9	1949.....	100.0	1956.....	118.1	1963.....	133.0
1943.....	74.2	1950.....	102.9	1957.....	121.9	1964.....	135.4
1944.....	74.6	1951.....	113.7	1958.....	125.1	1965.....	138.7
1945.....	75.0	1952.....	116.5	1959.....	126.5	1966.....	143.9

The behaviour of the consumer price index during the years of almost continuous economic growth following the end of the Second World War up to 1959 is discussed in the 1962 Year Book at pp. 928-929 and the movement during 1959-64 in subsequent editions.

Between 1964 and 1965 the rate of consumer price rise advanced, averaging 2.4 p.c., with the largest increases evident in health and personal care (4.6 p.c.), transportation (3.7 p.c.) and food (2.6 p.c.). In 1966 the accelerating trend continued with prices averaging 3.7 p.c. over the previous year. The largest increases occurred in food (6.3 p.c.), clothing (3.8 p.c.) and health and personal care (3.1 p.c.).

\* A comprehensive description of the index is contained in the publication *The Consumer Price Index (1949=100)*—Revision Based on 1957 Expenditures (Catalogue No. 62-518).