

effective in October 1978, the restrictions on the population covered in terms of family size and income size were removed. As a consequence, the proportion of the population to which the CPI applies has increased considerably. Since October 1978, the CPI has been based on weights derived from 1974 family expenditure patterns, replacing the 1967 weights (1969 within food) which were in use since May 1973. These weights are fixed until replaced by more recent data on expenditure behaviour. The CPI may be interpreted as a measure of the change in the cost of purchasing a given basket of goods and services containing about 750 items. The time reference base has remained 1971 = 100 for the all-items index and its major components.

Movements in the CPI up to the end of 1977 are described in previous editions of the *Canada Year Book*. Based on changes in annual average indexes, the all-items CPI (1971 = 100) advanced 9.0% in 1978 and 9.1% in 1979 rising from a level of 160.8 in 1977 to 175.2 in 1978 and to 191.2 in 1979. The increases in the two most recent years point to a significant acceleration in the rates of growth in consumer prices when compared to the 7.5% and 8.0% increases recorded in 1976 and 1977 respectively. On the basis of annual averages the all-items index indicates that the purchasing power of the 1971 consumer dollar declined from 62 cents in 1977 to 57 cents in 1978 and subsequently to 52 cents in 1979.

Between 1977 and 1978, the 9.0% increase in the all-items index was due largely to a 15.5% rise in the food index and a 7.5% increase in the housing index. Over two-fifths of the change in the all-items index was attributable to higher food prices while close to an additional one-third of the overall change was due to higher housing charges.

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Price increases of 13.2% for food, 9.7% for transportation, 9.2% for clothing and 7% for housing between 1978 and 1979 were leading factors in higher costs for Canadian consumers. The buying power of the 1971 dollar, down to 62 cents in 1977 and 57 cents in 1978, continued dropping to 52 cents in 1979.

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Transportation costs rose 5.8% and also made a significant contribution to the change in the all-items index. Between 1978 and 1979, the all-items index rose 9.1% again largely due to price increases for food, housing and transportation which rose 13.2%, 7.0% and 9.7% respectively. A sharp acceleration in the rise of clothing prices, up from 3.8% in 1978 to 9.2% in 1979, also had a significant impact on the all-items index.

Another perspective of consumer price movements is evident in analyses of goods and services. Based on annual averages, the goods index rose 10.1% in 1978 and 10.6% in 1979, while the service index advanced 6.8% in 1978 and 7.0% in 1979. A substantial proportion of the sharper increase in the prices of goods relative to the prices of services in both 1978 and 1979 was due to comparatively larger increases in food prices than in non-food prices.

Consumer price indexes for 15 selected regional cities are shown in Table 23.17. In the revision instituted in October 1978, city indexes were recomputed to adjust for methodological differences between such indexes and their Canada counterparts. These revised indexes are available from January 1971 and have replaced the previously published series which terminated in September 1978. As before, the new indexes measure percentage changes in retail prices over time within the specified cities and should not be used to make comparisons of price levels among cities. On the basis of annual averages, advances in consumer prices in 1978 ranged from 7.7% in Halifax and Vancouver to 9.1% in Regina. In 1979, increases ranged from 7.7% in Vancouver to 9.8% in St. John's. In 13 cities, price advances accelerated in 1979 compared to 1978, while in the two remaining cities, the rates of increase remained unchanged.

Table 23.18 provides data on the percentage changes in consumer price indexes based on annual averages for a selected group of countries for the years 1977, 1978 and where available, 1979. Compared with the CPI for the United States the Canada CPI rose faster in 1977 and 1978, while in 1979 the US CPI was advancing at a significantly faster pace. In 1979 consumer prices in Canada also rose noticeably less than those reported