

REPORT ON THE EFFECTS
OF THE
TARIFF, SALES AND EXCISE TAX
CHANGES OF FEBRUARY 19, 1973 ON
CONSUMER PRICES

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MONITORING OF TARIFF, SALES AND EXCISE TAX CHANGES

Introduction

The Minister of Finance announced a substantial number of reductions and abolitions in tariffs and sales and excise taxes on February 19, 1973. In his budget speech, the Minister stated that the commodity tax changes were intended to benefit Canadian consumers and appealed to Canadian producers and distributors to so price those products affected by these measures that their customers would benefit in the form of lower prices and more value for their money. Subsequently, the government undertook to monitor the movement of prices of items affected by the commodity tax changes and this task was assigned to the Department of Consumer and Corporate Affairs.

Budgetary Measures

The budgetary measures of February 19, 1973, which were subsequently approved by Parliament, authorized temporary cuts in tariffs on a wide range of products for a period of one year. The temporary tariff reductions averaged five percentage points on imports valued at almost \$1.4 billion in 1972. In selecting the products on which tariffs were to be reduced, special attention was given to foods and other

consumer goods on which tariff rates were higher than average, particularly those that were dutiable at a rate of more than 15.0 percent. In addition, these measures covered a number of products in short supply such as meats and out of season fruits and vegetables.

The number of items affected by the elimination of sales and excise taxes although less extensive than the items affected by tariff reductions represented retail purchases of more than \$1.0 billion a year.

Price Pattern Prior to February 19, 1973 Budget

The budgetary measures were introduced at a time when prices were rising rapidly. Prices in 1972 had exhibited a rate of acceleration which was sharper than in 1971. All the main price series published by Statistics Canada reflected the upward trend. Table A shows that the Consumer Price Index in February 1972 was 4.9 percent higher than in February 1971 when it had risen by only 1.7 percent. A large part of the 4.9 percent increase was attributable to the steep rise in food prices. Retail food prices rose 7.9 percent in the 12 month period ending February 1972 in contrast to a fall of 2.9 percent in the corresponding period ending February 1971. However, prices of non-food items advanced at a rate in 1972 which was not much higher than in 1971. The upward trend of food prices continued throughout 1972 and 1973. Prices of non-food items also commenced to accelerate and rose by 4.2

percent in the 12 month period ending February 1973. The acceleration in food prices mainly reflected supply difficulties in primary commodity markets both within the country and outside. Supply difficulties were further exacerbated by rising world demand for red meats and other products.

The significant increase in food prices prior to the February 1973 budget was also clearly visible from movements in the Industry Selling Price Index and the General Wholesale Price Index. The 7.9 percent increase in food prices at the retail level cited in the table below was associated with a 6.6 increase in the food component of the General Wholesale Price Index and an advance of 6.3 percent in the food and beverages category of the Industry Selling Price Index. It should be noted though that these price changes do not necessarily move in accord with each other. The indexes differ in commodity composition, in conceptual framework and in the nature of the transmission of cost changes at various levels of production. The cost of other inputs at subsequent stages of production also affects the overall picture. Nonetheless, the ultimate increase in prices at the retail level is the outcome, in addition to wage and other costs, of earlier price increases at production and wholesale levels. In view of this fact, reduction and abolition of tariff, sales and excise taxes,

which are levied at intermediate levels, appear a quick way to influence prices in the short run.

Table A

PRICE DEVELOPMENTS, 1971-73

Percentage Changes Over 12 Month Periods
Ending in February of Each Year

	<u>1971</u>	<u>1972</u>	<u>1973</u>
<u>Consumer Price Index</u>	1.7	4.9	5.8
Food	-2.9	7.9	10.2
Consumer Price Index <u>excluding</u> Food	3.5	3.8	4.2
 <u>General Wholesale Price Index</u>	 -1.0	 5.6	 14.0
Vegetable Products	1.1	0.0	21.7
Animal Products	-4.4	10.6	17.5
Food Index	-1.2	6.5	12.7
Non-Food Index	-1.0	5.3	14.3
 <u>Industry Selling Price Index</u>	 0.3	 4.6	 7.3
Food and Beverages	0.4	6.3	11.5

International Economic Situation

The budgetary measures of February 19, 1973 should also be looked at in the light of the international economic situation which had developed after the August 1971 monetary crisis. It will be recalled that the Smithsonian Agreement

of December 1971 had brought about a greater degree of stability in international economic life with the consequent result that the rate of economic growth improved in the industrial countries in 1972. As the rates of economic growth moved up, import demand for raw materials began to rise in the second half of 1972 which set off large upward price adjustments. Difficult supply situations had also begun to emerge for a number of food commodities. The set-back in 1972 in world grain production and the purchases of large quantities of grains and other commodities by USSR and China as well as the more critical balance of supply and consumption in Asia had begun to exert pressure on prices. Demand for meat had commenced to outpace exportable supplies and the rise in feed grain prices had also contributed to the rise in prices of livestock products. The rise in primary commodity prices had contributed to the problem of inflation especially in those countries whose currencies were devalued. The upsurge in commodity prices is reflected in the Economist World Commodity Price Index for the 12 month periods ending February, 1971, 1972 and 1973 as shown in Table B.

Table B

THE ECONOMIST WORLD COMMODITY PRICE INDEX
1963=100

Percentage Change Over 12 Month Periods
Ending in February of Each Year

	<u>1971</u>	<u>1972</u>	<u>1973</u>
All Items	-3.2	6.3	52.1
Food	8.4	3.5	46.2

Exchange Rate Movements

The exchange rate changes have had a marked effect on international commodity markets since 1971. The uncertainty over the international monetary situation has caused abnormal speculative activity in commodity markets. The ultimate effect of exchange rate uncertainties is not clear but it is generally believed that exchange rate fluctuations are not the main factor in the general rise in price levels in the amounts experienced in 1972 and the first half of 1973. However, prices of some individual commodities were affected more than others.

The movement of the Canadian dollar relative to the currencies of its six major trading partners is shown in Table C on the basis of changes which have occurred from the annual average spot rate in 1970.

Table C

EXCHANGE RATES

Percentage Appreciation (+) or Depreciation (-) in the Exchange
Rate of Canadian Dollar

Changes from Annual Average Spot Rate 1970

	<u>December 1971</u>	<u>May 1972</u>	<u>November 1972</u>	<u>March 1973</u>
U.S.A.	+4.3	+5.3	+5.4	+4.5
U.K.	-1.0	-3.2	+7.2	+1.5
France	+1.9	-4.4	-3.7	-16.9
Germany	-6.8	-8.6	-7.6	-23.8
Switzerland	-5.8	-5.8	-7.4	-28.0
Japan	-7.2	-11.5	-12.6	-30.8

Source: Bank of Canada Monthly Review

It is obvious from Table C that the Canadian dollar in terms of major West European and Japanese currencies has depreciated significantly especially in the first half of 1973. The effect of the devaluation of the Canadian dollar is reflected in the import price index of Canadian imports published by Statistics Canada. The index rose by 1.2 percent between November 1970 and March 1971 and by 2.8 percent and 5.7 percent respectively in the corresponding periods of the subsequent two years.

Monitoring Methods

A number of factors were considered in choosing the monitoring methods to be employed to determine the effects of the commodity tax changes on consumer prices. First, the tax changes had affected a wide range of products and therefore a broad sample of prices would have to be collected. Second, commodity taxes are levied at import, processing and wholesale points and therefore price information would be required covering all levels in the production-marketing chain in order to obtain a reasonably accurate picture of the effects of the changes. Third, developments in domestic and international economic conditions had resulted in numerous cost increases since February 19, 1973 and information about relevant cost increases would therefore be required so that the effects of the commodity tax changes could be isolated.

The following methods were selected:

- (i) A field survey of firms at all levels in four urban centres covering the major products affected;
- (ii) An analysis of price movements affecting relevant components of the Consumer Price Index, Industry Selling Price Index, and General Wholesale Price Index for the period ending June 1973;

- (iii) A review of relevant retail prices contained in newspaper advertisements in the cities of St. John's, Newfoundland; St. John, N.B.; Quebec City, P.Q.; Winnipeg, Manitoba; Regina, Saskatchewan; and Calgary, Alberta.
- (iv) An analysis of the detailed pricing conducted by Statistics Canada in connection with the budgetary measures; and
- (v) An analysis of the Manitoba Department of Agriculture's weekly market report on food and farm prices in Winnipeg.

The Field Survey

As there is a lag in the impact of changes in tariffs and sales and excise taxes on prices it was decided that the field survey interviews should not begin before the middle of June at which time the changes would have been in effect for four months. Price information related to the tariff changes was collected for three periods: the weeks ending February 16, March 16 and May 18. Subsequently, price information related to the excise and sales taxes was collected for the first two periods and for the week ending June 29. In later stages of the survey these time periods were maintained. Where available, information was also collected on significant price movements occurring after these dates and on future prices.

Items in Field Survey

Of all the items covered by the tariff cuts, 39 imported food and 21 non-food items were selected for monitoring purposes. The criteria used was that the items should be of immediate consumer interest and have an import value of \$4 million or more in either 1971 or 1972. Seventeen of the 39 food items which did not meet this criteria, were included in the survey sample because they have a significant impact on price change in the Food Index.

The import value in 1972 of the 60 items selected for monitoring purposes amounted to 47.5 percent of the total value of imports which were affected by the tariff cuts.

Of the 60 tariff items chosen for monitoring, 21 food and 18 non-food items belong to various component groups of the Consumer Price Index. In addition to these monitored items, there are other items affected by the tariff cuts which form part of the Consumer Price Index.

The sales and excise tax was removed from many consumer goods and price movements of 16 of the most significant of these goods were selected for monitoring.

Centres Surveyed

Price information was collected in the Toronto, Montreal, Vancouver and Halifax areas. Because the first two named are the major importing, manufacturing and distributing centres in Canada, more intensive surveys were conducted in those localities and much of the information obtained relates to the country as a whole. The surveys on the east and west coasts were more selective and were conducted primarily to determine whether the findings in central Canada could be generalized.

Firms Surveyed

No statistics are maintained which identify by tariff item firms and amount of goods imported. However, consultation with district officers of the Department of National Revenue (Customs and Excise) resulted in the production of a list of firms in each area which were thought to be significant importers of the goods to be priced. Major food chains and department stores were selected for surveying at the consumer level. Processors and wholesalers were identified either as purchasers of imported goods or as suppliers to retailers. In all, price information was obtained through personal interviews with senior executives of 80 firms.

Survey Procedures

Each firm was asked to cooperate in the survey in a letter signed by the Deputy Minister of the Department of Consumer and Corporate Affairs. A survey questionnaire was sent along with the letter requesting information on prices immediately before, a month after, and three months after the tax changes.

Canadian Executive Service Overseas provided a number of retired business executives in each centre to visit the firms and complete the questionnaires. Where prices had changed, the C.E.S.O. executives endeavoured to ascertain in quantitative terms the reasons for such changes. The interviews were conducted, in the main, between the middle of June and the middle of September although a number in Vancouver and Toronto continued into the third week of September.

The analysis of the questionnaires and a limited amount of the field interviewing was done by the Prices Group of the Department of Consumer and Corporate Affairs.

Field Survey Results

The field survey results for major commodity groupings are outlined below. In each case, a brief description of the relevant tariff or commodity tax change is provided. This is followed by an analysis of price movements affecting the commodity group over the period and an assessment of the effects of the tariff or commodity tax change on prices at the retail level.

Commodities Affected by Tariff Rate Reductions

Food Products

Meats

The tariff changes on red meat involved the removal of the 3 cents per pound rate on beef and veal, the removal of the $\frac{1}{2}$ cent per pound rate on pork and a reduction of 2 cents per pound in the rate applying to lamb and mutton. These changes affected imports from countries entitled to the British Preferential and Most Favoured Nation tariff rates. The M.F.N. rate on canned beef was reduced from 20 percent to 10 percent and on canned pork from 25 percent to 15 percent. The M.F.N. rate for canned ham was also reduced from 20 percent to 15 percent. No change was made in the 15 percent B.P. tariff rate applying to canned pork and canned ham. The B.P. rate on canned beef, however, was reduced from 15 percent to 10 percent..

The survey returns indicate that the effects of these tariff reductions on the prices of affected commodities at both the import and retail levels were marginal in nature. The data indicate rising prices over much of the period for most survey items. Upward price adjustments which were reflected in individual cases in data provided for the week ending March 18, appear to have been more widespread and somewhat more pronounced in data reported for the week ending May 18.

Some significant price reductions however are indicated by the survey data. For example, one manufacturer and processor of meat products took action the day following the budget announcement to reduce the selling price of imported boneless beef by the full amount of the tariff reduction.

The survey returns indicate that the meat industry was under substantial cost pressure over much of the period. These cost pressures resulted because of rising domestic and import prices, upward adjustments in transportation charges and other cost increases. In these circumstances, increases in selling prices were not surprising. The tariff reductions were obviously not sufficient in themselves to offset the cost pressures affecting the industry. It appears however that increases in particular meat prices over the period would have been larger in the absence of the tariff reductions.

Fruits and Vegetables

The tariff changes for most of the fresh fruits and vegetables included in the survey sample, involved the removal of the 10 percent ad valorem M.F.N. rate which usually applied when the Canadian crop was not being marketed. The specific rates which generally applied on fresh fruits and vegetables while the Canadian crop was being marketed, were left unchanged. In the case of bananas, with respect to which only a specific rate applied, the M.F.N. rate of 50 cents per 100 pounds was removed.

In order to assess the effects of these changes, it is necessary to have some understanding of the manner in which the tariff rates were applied during the pre-budget period. Tariffs were applied as follows: a seasonal period or periods during which a specific rate applied; a free period for a number of products; and a period or periods during which ad valorem rates were in effect.

The significance of the tariff changes in relation to the price survey varies from commodity to commodity. In some cases, the changes had little immediate significance because the duty-free period was in effect prior to the budget announcement and for some time thereafter e.g. cauliflower, peaches and strawberries.

In accordance with past practices, seasonal specific tariffs on some fruits and vegetables were in effect for part of the period covered by the survey. The maximum effects of the tariff reductions are likely to occur after the seasonal tariffs have been terminated, at which time imports will be admitted on a duty-free basis rather than being subject to ad valorem duties as in previous years.

The survey results show wide price fluctuations for most fruits and vegetables over the period. Price reductions in the case of many commodities were offset by an almost equal number of price increases. Several fruit and vegetable importers indicated that their selling prices are largely determined by short-run supply and demand conditions rather than by immediate cost considerations. It would be reasonable therefore to assume that the price reductions reflected in the survey data result primarily from supply and demand conditions and that the effects of the tariff reductions up to this time have been minimal.

Unlike most fruits and vegetables, the tariff reductions appear to have had a beneficial effect on banana prices. Price data for March indicated a number of reductions and no increases.

Canned Fruits

Prior to the budget, canned fruits were subject to specific tariff rates. While these are being continued without change, a provision has been added that the maximum rate may not exceed 12.5 percent.

In general, prices showed reasonable stability over the period of the survey although increases were reported in some instances. The budget measures appear to have had little impact on the prices consumers paid for canned fruits. The setting of the maximum rate however appears to have reduced the effective rate of the tariff in some cases.

Fruit Juices

The removal of the 5 percent pre-budget tariff on imported fruit juices appears to have had a significant effect on the retail price of both frozen and unfrozen orange and grapefruit juices.

The survey results indicate price reductions at both the import and retail levels. Only one price increase was reported in returns from four major food outlets. In all other cases, prices either remained stable or were lower than those in effect in the period immediately preceding the budget. According to the information provided by importers, the price decreases were directly attributable to the tariff reductions.

Frozen Vegetables

The tariff rate on frozen asparagus and brussels sprouts imported from M.F.N. countries was reduced from 22½ percent to 15 percent. On other frozen vegetables from M.F.N. countries, the reduction was from 17½ percent to 15 percent. No change was made in the British Preferential tariff.

The survey results for frozen vegetables like those for fruit juices, suggest that the tariff reduction had a beneficial effect although no price decreases were reported. Price increases were confined to one or two isolated cases. Prices generally remained constant over the survey period. The survey data indicate that savings resulting from the tariff reduction were sufficient to cover increased operating costs experienced by importing firms over the period without any upward price adjustment.

Raisins

The 1½ cent per pound tariff applying to raisins imported from M.F.N. countries was removed. Since raisins from British Preferential countries were already permitted free entry, the budget changes had the effect of providing free entry status to all raisin imports.

Again the effects of the change are difficult to assess on the basis of the survey results. This is so because stocks in many cases were purchased prior to the budget changes and the effects of an increasingly difficult world shortage situation were only partly reflected in the survey data.

Interestingly enough, price decreases were reported by one major importer shortly after the budget announcement. In one other case, new supplies were simply not available. Price increases at the retail level were reported in several instances. These were offset by an almost equal number of situations in which prices remained constant. There were no price decreases.

The data definitely indicate an upward trend in prices at the retail level which will likely become more noticeable over the months ahead. In several instances, the rising costs of imported raisins were cited as the reason for retail price increases. Australian raisins which have almost doubled in price over the past year because of poor crop conditions and international shortages, were cited as an example.

Sugar

Prior to the Budget changes, raw sugar imported under the British Preferential tariff was subject to rates ranging in amount from about 29 cents to 31.6 cents per 100 pounds depending on purity. These B.P. tariff rates were removed. In addition, tariff rates applying to raw sugar imported from M.F.N. countries were reduced by comparable amounts.

The survey data indicate that the cost saving resulting from the tariff reductions was passed on by the sugar refineries to their customers in the form of lower prices. In most cases, selling prices were reduced by 30 cents per 100 pounds effective March 23 following the liquidation of pre-budget sugar inventories. In one case, the price reduction appears to have been implemented somewhat earlier. In one other case, the price reduction was applied to sugar on which the tariff had already been paid.

The price reduction was short-lived. Prices were increased by 75 cents per hundred pounds on March 28 because of an increase in the supply commitment price under the International Sugar Agreement to which Canada is a party.

Additional price increases have since occurred due to dollar devaluation and increases in freight rates, raw material and labour costs.

The March price reduction at the refinery level was too short-lived to have any appreciable effect on prices at the retail level. The survey data indicate lower prices in only two instances. One major food chain reported no change in sugar prices over the period. For most major chains however the trend in sugar prices was upward. Price increases were reflected in both the March and May data with increases in the latter being somewhat more pronounced.

Cocoa and Coffee

The tariff reductions affected three cocoa and two coffee items. The 1 cent per pound tariff on cocoa pastes and liquors applying to both B.P. and M.F.N. countries, was removed. In addition, the M.F.N. rate on preparations of cocoa and chocolate and chocolate confectioneries was reduced from 15 percent to 10 percent. A 5 percentage point reduction was also made in the B.P. **rate** on powdered cocoa and chocolate preparations. The 10 percent rate now applies to cocoa and chocolate preparations imported from both B.P. and M.F.N. countries.

The tariff reductions affected coffee in two ways. The 5 cent per pound B.P. and 7 cent per pound M.F.N. rates for instant coffee were removed. The 2 cent per pound B.P. and M.F.N. rate applying to ground or roasted coffee was also eliminated.

The survey data suggest that the tariff reductions on cocoa and chocolate were not of major significance in the pricing decisions of the confectionary manufacturers included in the survey sample. Cocoa and chocolate imports under these particular tariff items are not that large in volume. Dollar costs moreover are small in relation to those of imported cocoa beans and cocoa butter. These latter commodities which have been subject to dramatic price increases in recent months, are permitted duty-free entry. The additional costs incurred because of rapidly escalating prices for these commodities, according to industry officials, were more than sufficient to offset the benefits of the tariff reductions.

The tariff reductions on instant coffee and ground or roasted coffee appear to have had some modest effect on retail price levels. Price data for instant coffee for example indicates that March prices, in practically all cases, were the same as those in effect during the pre-budget period despite

cost increases. The May data however reveals a disruption of the stable price trend reflected in the March figures. Price increases were reported by three of the five large food outlets which furnished data on coffee prices. Increased costs from suppliers were cited as the reason for these price adjustments. This development was confirmed by a supplier who reported higher selling prices in May for coffee extracts and substitutes as a result of increases in world coffee prices.

Biscuits

The M.F.N. rate on imported biscuits was reduced from 12½ percent to 7½ percent. Most biscuits imported from countries subject to the British Preferential tariff were already duty-free prior to the budget.

The data while not extensive, indicate that the prices of imported biscuits remained unchanged over the survey period notwithstanding additional cost increases experienced by importers because of devaluation, higher freight rates and increases in supplier's selling prices. Price increases later this year in response to these pressures, are anticipated by at least one importing firm.

Non-Food Products

Medicinal and Pharmaceutical Preparations

The tariff rate on medicinal and pharmaceutical preparations was reduced from 15 percent to 10 percent on imports from both British Preferential and M.F.N. countries. Articles imported under this particular tariff item are small in relation to total sales. The tariff reduction does not appear to have had any significant effect on industry pricing decisions.

Price data were received from two major drug manufacturers. The impact of the tariff reduction on the total cost situation of one company was considered to be insignificant and no pricing changes were considered. The second company indicated increases in four and reductions in two out of eight prices reported. The company stated that even taking the tariff reduction into consideration, the price increases were less than cost increases. These included costs related to dollar devaluation, increased selling prices of suppliers and increased packaging costs.

Spectacles and Spectacle Frames

The tariff rate on spectacles including eyeglasses and ground or finished spectacle or eyeglass lenses was reduced from 17½ percent to 12½ percent on imports from both B.P. and M.F.N. countries. A somewhat smaller reduction was

made in the tariff rate on spectacle and eyeglass frames. The reduction in this case was from 15 percent to 12½ percent.

The prices for eyeglasses and frames reported by the companies surveyed remained constant over the period. The returns indicated that no price increases have been implemented since 1971. The information provided by the companies included in the survey indicates that substantial increases have occurred in the prices of their suppliers and in their labour costs. Devaluation of the Canadian dollar has been a particularly important factor in increasing the cost of eyeglasses and frames from Europe and Japan. The companies suggest that the tariff reductions have been helpful but have not offset the increases in other costs.

Glassware, Glass and China Tableware and Household
Aluminum Hollow-ware

The tariff rate on glassware and glass and china tableware was reduced from 20 percent to 15 percent on imports from M.F.N. countries. The British Preferential rates remained unchanged. The tariff rate on kitchen hollow-ware of aluminum imported from both B.P. and M.F.N. countries was reduced from 17½ percent to 15 percent.

Survey data for both import and retail levels indicate stable prices in most cases. One major retail outlet reported

increases of 15 percent and 20 percent on certain glassware items imported from the United States. No price decreases were reported.

The data strongly suggest that while the tariff reductions did not result in any price decreases, they did help in offsetting increased costs experienced by both importers and retailers. Consequently, it can be said that the tariff reductions helped to prevent price increases over the period. Typical of the comments from survey firms was the following: "the 5 percent tariff reduction was offset by a 6 percent increase in the supplier's selling price and by increased costs resulting from dollar devaluation and transportation charges." Dollar devaluation was a recurring theme. In the case of aluminum hollow-ware for example, one firm reported that the $2\frac{1}{2}$ percentage point tariff reduction was offset by a 9 percent revaluation of the yen.

Photographic Films and Phonograph Records

The tariff rate on imports of both films and phonograph records from M.F.N. countries was reduced from $17\frac{1}{2}$ percent to $12\frac{1}{2}$ percent for films and from 20 percent to 15 percent for phonograph records. The B.P. rates were not altered.

The selling prices of a wide range of film and photographic equipment were reduced by varying percentage amounts by one major importer and manufacturer as a direct result of the tariff change. Reductions ranged from a low of 3 percent to a high of 10 percent. At the same time, prices were also reduced on a broad range of domestically manufactured items.

Data from major retailers indicated that their prices for film and photographic equipment had remained constant in most cases over the survey period. There were some noteworthy exceptions. One photographic retailer with retail outlets in Ontario reported a number of significant price reductions in data submitted for March. This same firm indicated that the tariff reductions had helped prevent a substantial price increase on Japanese imports which would otherwise have occurred because of the revaluation of the Japanese yen. Other price reductions of a selective nature were reported by two major retail organizations. These reductions were reflected in June price data. The returns suggest that the full benefits of the tariff reductions had not been felt during the survey period. Further price reductions should occur following liquidation of pre-budget inventories.

Additional costs resulting from dollar devaluation were reported as nullifying the full benefits of the tariff reduction on phonograph records. The survey returns suggest

however that the reduction either helped to prevent a price increase or to limit the amount of the increase that had been implemented.

Constant selling prices were reported by one major importer with increased prices on particular labels being reported by another. In this latter case, the importing firm reported an increase of more than 9 percent in the landed cost of imported records. Retail prices remained stable for most major retailers over the period although increases of 10 percent to 20 percent on imported labels were indicated by one major retail outlet.

Household Electrical Appliances

A reduction from 20 percent to 15 percent was made in the tariff rate applying to imports of vacuum cleaners, refrigerators, washers, dryers and combination washing and drying machines from M.F.N. countries. Except for a 2½ percentage point reduction on refrigerators, the British Preferential rates remained unchanged.

The survey results on the effects of these tariff reductions were inconclusive. Survey data in all cases reported indicated that no change had occurred in company selling prices over the period. The fact that constant prices prevailed, however, does not necessarily suggest that the reductions were instrumental in preventing price increases.

Imports of household appliances are small in relation to total domestic sales and represent in many cases "specialty" or "de luxe" lines which are not produced in Canada. In some cases, companies reported either "no imports" during the post-budget period or that catalogue prices negotiated with large customers months in advance, continued to apply. A longer time period than that used for survey purposes would appear necessary to adequately assess the impact of the tariff changes in this product area.

Lawnmowers

The tariff rate on lawnmowers imported from Most Favoured Nations was reduced from $17\frac{1}{2}$ percent to 15 percent. No change occurred in the British Preferential rate. Many of the observations made above regarding household appliances are also relevant in the case of lawnmowers, i.e., the prevalence of catalogue prices and the fact that purchases in many cases had been made prior to the budget changes. The information provided by the importers surveyed indicates that the tariff reductions occurred too late to have any appreciable influence on their 1973 selling prices. It is not without some significance however that prices remained stable notwithstanding increased costs experienced by importing firms. Retail prices in 1974 are expected to be somewhat lower than they would have been if the tariff rate had not been reduced.

Tires and Tubes

Both B.P. and M.F.N. tariff rates were reduced from

17½ percent to 12½ percent. Because imported tires and tubes represent such a small proportion of total domestic sales, the effects of the tariff reduction on the selling prices of the tire manufacturers surveyed were not of major consequence. The impact appears to have been greater in the case of wholesalers and distributors importing tires and tubes from off-shore sources particularly Japan. Survey data indicate that the tariff reductions permitted these firms to absorb increased import costs resulting from dollar devaluation.

Bicycles

The M.F.N. tariff rate was reduced from 25 percent to 15 percent and the British Preferential rate from 20 percent to 15 percent. There appears little doubt that these tariff changes were instrumental in preventing retail price increases in many instances. All companies surveyed indicated increases in landed costs resulting from dollar devaluation, increased import prices and upward revision in freight rates. One major retailer with retail outlets in all parts of Canada stated that additional costs would have forced an increase in retail selling prices in the early spring if tariffs had not been reduced. The cost savings resulting from the tariff change were reported as helping to offset these cost increases. Significant price reductions were also reported by one other major retail chain on imported bicycles from both Europe and

Japan. Price increases were reported in the case of one West Coast retailer.

Commodities Affected by Removal of the
12 Percent Federal Sales Tax

The 12 percent sales tax was abolished on children's clothing and footwear and on a broad range of food and beverage items including soft drinks and confectioneries. The latter commodity was also affected by the reduction in tariff rates. In the field survey, it was not possible to differentiate between the impact of the tariff and that of the sales tax reduction. It is probable however that the sales tax reduction had the greater impact.

Children's Clothing and Footwear

Seven articles of children's clothing and footwear were selected for survey purposes. Jeans, blazers and sports shirts were selected as being representative of boys' clothing and coats and dresses as being representative of girls' clothing.

A standard type of walking shoe, one for boys and another for girls, was also included in the list of survey items. Specifications similar to those employed by Statistics Canada in its monthly pricing surveys were developed and used to ensure consistency of reporting among participating companies.

Retail price information was obtained from seven major departmental stores, several of which operate in all parts of Canada. Data from all seven companies indicate that the prices of survey items had been reduced by an average of 10 percent. These reductions were reflected in the March price data. In some cases, prices were reduced by 10 percent on all survey articles. In others, the size of the reduction showed some variation with price reductions in excess of 10 percent on some items being offset by increases of less than 10 percent on others.

In several cases, prices were reduced on pre-budget inventories on which the 12 percent Federal Sales Tax had already been paid as well as on new tax-free shipments from suppliers. Certain participating retail organizations reported that they had suffered a considerable financial loss on their pre-budget stocks.

The June data indicate higher prices in many cases than those reflected in the March data. In some cases, June prices were little different from those prevailing in the period

immediately preceding the budget announcement. In isolated instances, prices were marginally higher. Increases in suppliers' selling prices were a common explanation for these price reversals. Price increases were also anticipated by some retailers especially on clothing items whose prices had earlier been reduced.

Soft Drinks

The effects of the tax removal on soft drinks was assessed by comparing the wholesale and retail selling prices of a carton of 24-ten ounce tins both before and after the budget announcement. Data was obtained on the selling prices of gingerale, cola and fruit drinks.

The survey returns indicate substantial reductions in selling prices at both the wholesale and retail levels. Information received from principal manufacturers indicated that, in the great majority of cases, the full benefits of the tax savings were passed on to their customers. Data provided by major retail organizations indicated average price reductions ranging in amount from 7.5 percent to 10 percent. All price reductions were reflected in selling data for March. The June data reveal that these reductions were continued in effect throughout the survey period.

Price reductions reported by retailers were not confined to name brands. In several cases, the major food chains reported much the same percentage reductions on house labels as those reported for the nationally-advertised brands.

Confectioneries and Chocolate Bars

Major chocolate manufacturers responded to the removal of the sales tax in two ways. Selling prices were reduced on many product lines and chocolate bar sizes were increased. Price reductions at the manufacturer level of 4 percent to 5 percent were reported in a number of cases. Increases in chocolate bar sizes were also reported by several companies. Increases in bar content reported by one manufacturer were in the 9 percent to 11 percent range. In many cases, increases in bar sizes and reductions in price were both reflected in the March price data.

Chocolate manufacturers indicated that these actions had been implemented notwithstanding the substantial cost pressures which they have been experiencing in recent months. The escalating price of imported raw materials has been a principal factor. One company reported that 1973 prices for cocoa beans and cocoa butter had increased by more than 40 percent over 1972 prices. Even more dramatic price increases were reported for peanuts and raisins.

Consumers benefited in the main because of the increased content of chocolate bars. The survey data provides little information on the extent of price reductions at the retail level. Data supplied by one major retail food chain indicated an average reduction of 8.5 percent on packaged chocolate bars and other confectioneries.

Commodities Affected by Removal of the
10 Percent Federal Excise Tax

The 10 percent excise tax was abolished on toiletries, cosmetics and clocks and watches valued at less than \$50.00. Toiletries and cosmetics, like confectioneries, were also affected by the reduction in tariff rates.

Toiletries

The survey data indicate that retail prices affecting a broad range of toiletry articles were reduced in the period immediately following the commodity tax reductions. The data further reveal that these reductions remained in effect both throughout and beyond the survey period. In some instances, prices were further reduced as new stocks were received from suppliers.

The toiletry articles surveyed included hair sprays, shampoos, hair colourants, toothpastes, shaving creams and

deodorants. Average price reductions showed considerable variation between the different retail outlets surveyed. Average reductions ranged from 5 percent to 8 percent with the majority of retailers reporting reductions in excess of 6 percent. The data also suggest that in most cases reductions at the retail level were implemented coincidentally with decreases in the selling prices charged by suppliers. In isolated cases, the data indicate that pre-budget retail prices remained in effect throughout the survey period. According to the retailers concerned, this effect resulted because price reductions had not then been passed on by suppliers.

The extent of the price reductions also varied between the different articles. Only 8 of the 22 prices quoted on hair sprays showed a price reduction. On the other hand, the average price reduction on hair spray at 7.1 percent was somewhat higher than that for toothpastes which averaged 6.4 percent.

Cosmetics

The price data obtained from participating companies on the retail price of cosmetic products show much the same pattern as that described above for toiletries. A review of retail selling prices for 90 cosmetic articles in the

case of one company reveal lower prices for more than 50 percent of the articles over those in effect during the period immediately preceding the budget changes. The average reduction was approximately 6 percent.

It is interesting to note that a new catalogue listing revised prices was issued by one major cosmetic firm in the early spring. Information from this same firm indicated that prices had been reduced on over 200 cosmetic items in late February.

For most firms, the price reductions were reflected in data submitted for March. In the majority of cases, the reductions continued in effect throughout the survey period ending June 29th. The June data reveal however that, in some isolated cases, prices had been restored to pre-budget levels. Increases in the supplier's selling price was indicated as the reason.

Clocks and Watches

Price data for this commodity were not as extensive as that for toiletries and cosmetics. Returns from two of the three major retail chains surveyed indicated that price reductions had occurred on certain brand names. In the case of one retail organization, price reductions averaging 5.3 percent on 13 different makes of a nationally advertised brand were reflected in March price data. This same firm also reported

- that selling price increases announced by a large wholesaler of imported clocks and watches, were rescinded following announcement of the excise tax change. Increases in the retail selling price of many different makes were thereby avoided as a direct result of the budget change.

The March data clearly do not fully reflect the extent of the price reduction. In the case of the second retail organization, price reductions were implemented following the liquidation of pre-budget inventories and the arrival of new stocks. Price reductions in this case were only reflected in the June data.

Analysis of Price Movements in the Consumer Price Index,
Industry Selling Price Index and
General Wholesale Price Index

A number of comparable items were chosen from the Consumer Price Index, the Industry Selling Price Index and the General Wholesale Price Index for price monitoring purposes. It was expected that month to month changes in the price movements of the selected items would bring out the impact, if any, of the commodity tax changes. A favourable performance in the indexes following the budget does not necessarily imply that these changes were due to

budgetary measures. The movements in relevant indexes are presented in Tables 4, 5 and 6.

Items Affected by Tariff Changes

Food Items

A moderation in the month to month rate of percentage change in beef prices is reflected in March at the retail level. The rate went up significantly in April. In accord with a fall in steer prices at the wholesale level, consumer prices declined in May but climbed up in June. The industry selling prices for beef maintained an upward trend in all the months following the budget.

Veal prices showed a deceleration in the rate of advance in March over that of February at the retail level. The rate of advance showed no change in April, declined in May and edged up in June. The deceleration in the rate of advance in March was partly due to a decline in the rate of advance in the industry selling prices. Unlike March, the rate of advance in the industry selling price index moved up in each of the following three months. In contrast to veal, the rate of increase in the price of lamb rose sharply in March as compared with February at the retail level. The rate of advance was nearly three times higher in April than in March. Pricing of this item was terminated by

Statistics Canada when they revised the index numbers from May 1973. However, at the industry selling price level month to month rate of advance registered a slight deceleration in March compared to February and the rate of increase halved in April. At the industry selling price level, the rate of advance declined in May over April but rose marginally in June.

Pork prices recorded a rate of advance in March which was much lower than in February at the retail level. They rose at a slower rate in April than in March and the rate declined significantly in May. Pork prices edged up at the consumer level in June. In the two months following the budget, the rate of advance in pork prices at the wholesale level (hogs) was in line with the price developments at the retail level but this pattern was only followed in March at the industry selling price level. The rate of advance fell at the wholesale level in April and May but rose in June. Prices at the industry selling level also exhibited a similar pattern.

In the light of meat price developments in the months following the budget, it is perhaps fair to say that the rate

of advance in retail meat prices was only marginally affected by the tariff cuts. The impact could very well have been masked by other factors. The effects of the tariff reductions at the wholesale and industry selling price levels appear to have been somewhat greater.

The price of roasted coffee, as reflected in the rate of advance at the retail level, fell in March compared with February but in the subsequent three months the rate of increase accelerated. In contrast, the rate of rise in the price of instant coffee at the retail level fell consecutively in March and April but climbed up in the following two months. It is interesting to note that the rate of advance in industry selling prices did not register any decline in the corresponding months for either roasted coffee or for instant coffee. In view of these facts, it appears that the tariff cuts had little impact on coffee prices at the retail level. The impact of the tariff cuts however may have been masked because of increases in the cost of transportation and other inputs.

The month to month rate of advance in the retail price of breakfast cereals exhibited a decline in each of the three months following the budget and an increase in June. At the industry selling price level, the rate of advance continued to rise in each month until April. In May industry selling

prices for breakfast cereals declined but climbed up in June. The tariff cuts may have slightly moderated the rise in prices at the industry selling level over the period but the decline at the retail level may have been due to specials.

The rate of advance in biscuit prices at the consumer level decelerated in March over that of February and remained unchanged in April. The rate of advance indicated by the Industrial Selling Price Index has been minimal in the three months following the budget. A small increase occurred in June. It appears that the tariff cuts did have some impact on price movements affecting this item.

The price of sugar at the retail level registered a decline in its rate of advance in each of the two months following the budget but rose in May and June. The industry selling prices of sugar had hardly shown a rate of advance in March but rose in the subsequent months. It seems that the tariff cuts were partly responsible for the downward movement of prices immediately following the budget.

Non-Food Items

Among the non-food items, prices of major domestic appliances indicate that the rate of advance in these prices at the consumer level was fairly constant between January to June in the years 1971, and 1973. A similar pattern had

prevailed in the rate of price increase at the industry selling price level. The tariff reductions would appear to have had little impact.

The price pattern of pharmaceuticals at the retail level exhibited a fairly high degree of consistency in the month to month rate of advance in the months of January to June of the years 1971 to 1973. In fact, if anything, price advances in the months following the budget were higher than in preceding years. The rate of advance at the industry selling price level which moved up in each month following the budget, fell in June. It is conceivable that the tariff cuts may have moderated the rise which occurred in the first half of 1973.

Items Affected by Sales Tax Repeal

Food Items

The retail prices of chocolate bars, as exhibited by the CPI indicate a significant impact of the sales tax abolition which was reinforced by the tariff reduction on cocoa. The Industry Selling Price Index for chocolate products does not reflect the same reductions until April probably because of pre-budget inventories.

Review of Retail Prices in Newspaper Advertisements
in Selected Cities

In addition to the field survey, a number of newspaper advertisements in various cities were reviewed for price reductions directly attributable to the budgetary measures of February 19, 1973. None of the advertisements reviewed attributed price reductions to the tariff changes. Several advertisements indicated however that prices were being reduced as a direct result of the removal of the sales and/or excise tax.

Soft Drink Advertisements

In Saint John, N.B., St. John Beverage Ltd., a manufacturer of Coca Cola products, advertised on March 5 that they were passing on the sales tax reduction in the form of a refreshing tax break. The amount of the reduction was not indicated. The Maritimes Beverage Company, another Saint John firm, announced on March 7 that 6 ten ounce cans of nationally advertised brands were being reduced from \$1.02 to 99 cents.

In Quebec City on February 28, A&P stores were advertising ten ounce cans of Pepsi and Coca Cola at a reduced price of 13 cents each. Although the pre-budget price was not specified, the advertised price would

appear to indicate a substantial reduction.

In Winnipeg on February 12, Woolco was advertising a 10 percent reduction on 6 ten ounce bottles of Pepsi Cola. Dominion stores were selling a twenty-six ounce bottle of Canada Dry Ginger Ale for 29 cents on February 22 and for 22½ cents on April 18, a larger percentage reduction than that suggested by the removal of the sales tax.

In Regina, Dominion stores were selling a ten ounce tin of Grand Prix Pop on February 22 for 10.8 cents. On March 21, the price was 9.7 cents, representing a price reduction in percentage terms almost equal to the full amount of the sales tax repeal. Safeway stores in Regina were advertising 24 ounce cans of Cragmont Pop for \$2.49 on February 22 and \$2.33 on March 23, a price reduction of 6.4 percent.

In Calgary the Pop Shoppe advertised on February 26 that the price of carbonated beverages was being reduced from \$1.65 per case to \$1.50 per case because of the sales tax removal.

Some difficulty was experienced in reviewing newspaper advertisements for price changes affecting children's clothing because they did not describe the articles in sufficient detail to permit comparisons of prices before and after the budget announcement. A number of clothing stores however sponsored advertisements in local newspapers indicating that the prices of children's clothing were being reduced in response to the removal of the 12 percent sales tax.

In St. John's Newfoundland, for example, Arcade Stores advertised on February 23 that the prices of children's clothes were being reduced by 12 percent. A few days later London stores, also of St. John's, announced a 10 percent reduction. Advertisements in the Calgary Herald at or about the same time indicated price reductions of 10 percent. These advertisements were sponsored by Woodward's, National, Parisian and Lad and Lassie stores.

Toiletries and Cosmetics

Difficulties were also experienced in reviewing newspaper advertisements for price changes affecting toiletries and cosmetics for the same reasons as those indicated above for children's clothing.

The advertisements indicate wide price variations between different stores within the same locality for the same article. In many cases, the price reductions reflected by these advertisements were undoubtedly due to "specials" and the effects of the tax changes, if any, were largely obscured. Price reductions could only be attributed to the tax changes in isolated cases.

The price of a name brand toothpaste advertised by Woolco in Regina showed a 12 percent price decline between March 3 and March 10. A price reduction of 6.1 percent was also indicated in newspaper ads sponsored by the "Bay" in Winnipeg newspapers in late March and April. In March, the price of Protein 21 Shampoo sold by Dominion Stores and advertised in Regina newspapers indicated a 5.9 percent price decrease. In Calgary, the price of Herbal Essence Shampoo advertised by Eaton's before and after the budget announcements indicated a price reduction of 11.4 percent.

The review of newspaper advertisements in the different cities referred to above while far from conclusive, nevertheless tend to confirm the results indicated by the field survey. Taken together, they suggest that the price reductions flowing from the tariff sales and excise tax changes were widespread in nature.

Analysis of Detailed C.P.I. Pricing

On announcement of the budgetary measures on February 19, 1973, Statistics Canada increased the frequency of pricing certain items in the Consumer Price Index which were not due for regular monthly pricing in their March and April list of items. Over 20.0 percent additional items were covered in the months of March and April and 17,000 to 18,000 extra individual prices were collected from all over the country.

The following analysis is based upon data provided by Statistics Canada. Tables 2, 3 and 4 show the movement of prices from January to August of the years 1971-73 for selected items affected by the tariff, sales and excise tax changes.

Items Affected by Sales Tax Repeal

There were 19 items in the Consumer Price Index (Table 1) which were affected by sales tax changes. Of these two were in the food category and the rest belonged to the children's wear component of the clothing index.

In the wake of the budgetary measures, soft drink prices fell by 5.2 percent in March, 1973 which could be attributed to sales tax abolition (Table 2). Soft drink prices fell by 1.2 percent in April due to the continuing impact of sales tax repeal.

In March, prices of chocolate bars registered a decline of 2.2 percent when 10 cent bars were increased in size. A similar increase occurred in 15 cent bars in April but the overall decrease in the Consumer Price Index was merely 0.2 percent.

In addition to food items, 17 items in the children's wear section of the clothing index were affected by the repeal of sales tax. The children's clothing index declined 4.2 percent in March. This decrease, which contrasts with small increases between February and March in recent years (Table 2), was caused by declines for all items of children's clothing on which the sales tax was removed. In April, the children's wear index remained unchanged. However, of the children's wear indexes examined, the average price after the budget remained below pre-budget levels. The index numbers of the children's wear group are shown below:

	<u>1971</u>	<u>1972</u>	<u>1973</u>
January	118.1	120.2	121.1
February	116.9	119.9	120.9
March	118.5	120.3	115.8
April	118.9	121.3	115.8

Items Affected by Excise Tax Removal

In all, five non-food items in the Consumer Price Index were affected by the removal of excise tax. Of these, only three were priced for the March Consumer Price Index and all of them showed declines. Table 3 exhibits the movement in prices of these items. Prices of toothpaste and shaving cream fell by 1.2 percent and 0.1 percent in March while the decline in April was 3.0 percent and 0.7 percent respectively. Face cream and face powder were not normally priced for the March Consumer Price Index and therefore no comparison could be made from the past. In April, however, these two items were priced but it appeared that the budget had little or no impact upon the prices of these items.

It should also be borne in mind that toothpaste is often sold as a manufacturer's special and is liable to large month-to-month fluctuations. Notwithstanding, the removal of the excise tax appears to have had a substantial impact.

The price of clocks and watches increased slightly during March and April. The data do not reflect the effects of the excise tax removal. It should be noted, however, that the tax measure was confined to clocks and watches valued at less than \$50.00.

Items Affected by Tariff Changes

Table 1 shows the distribution of most items affected by tariff changes in the Consumer Price Index. Of these, 24 items belonged to the food component and 28 were distributed among various sub-groups of the non-food items.

The list of food items included beef, pork, lamb, canned meat, peanut butter, chocolate, ground coffee, sugar, some vegetables and fruits and canned fruit and juices. Most of these items recorded price increases between February and March and when declines occurred, they were not universal but were limited to certain cities e.g. sugar in Toronto. In some centers, certain items were being sold as specials e.g. instant coffee. For these reasons, it was not possible to isolate the effects of the tariff reductions in relation to the March data.

In April, most of the items affected recorded significant price increases and it was again not possible to determine whether or not these increases were modified by the budget measures. Even amongst the items that on average recorded declines, such as sugar and instant coffee,

a significant number of quotations increased or remained unchanged so that no clear link between the movement of prices and the budget measures could be drawn. Table 4 demonstrates the movement of prices of most of these items.

Non-Food Items

Among the non-food items, furniture prices declined between February and March but rose between March and April. The price changes reflected the upward movement in the price of raw materials used in this industry, particularly wood. Price indexes do not show any clear impact of the tariff cuts but these could have been masked by increases in the costs of inputs.

Tariffs were cut on refrigerators, washing machines, dryers and vacuum cleaners. It is generally believed that about 20.0 percent of the domestic market is supplied by imports. In view of this fact, tariff cuts were likely to have minimal impact on overall prices of these products and hence on related price indexes. It will be noted from Table 4 that domestic appliances registered a small decline in April but this was perhaps due to special sales promotions.

In the household supplies group of the Consumer Price Index, soap flakes was the only item affected by tariff changes which registered an increase in April but had remained unchanged in March. The index provides no evidence that the tariff cuts had any impact.

Tires were affected by tariff cuts but imported tires are only a minor factor in the Canadian market. The index for tires fell in March by 4.5 percent which was a much higher rate of fall than registered in March of the preceding two years. The magnitude of the fall would indicate that the tariff cut perhaps had some effect. Tires were not usually priced in April so there is no historical data with which to compare the 0.7 percent decrease between March and April, 1973.

There were five items in the pharmaceutical group which were affected by tariff changes. The total pharmaceutical index edged up marginally in March and April. There were some decreases in the price of the individual items but it is believed that these were due to store specials. It is therefore not possible to assess the impact of the tariff cuts on this group.

Recreational items affected by the tariff cuts included bicycles, sporting goods, toys, camera film and phonograph records. Prices of all these items rose in the Consumer Price Index in March. Reports indicated that where price decreases occurred, they were due to special sales promotions rather than tariff reductions. A price reduction in camera film in April, on the other hand, was attributed to the tariff cut.

Bicycle prices increased in most cities between March and April. It appears that most bicycles sold in Canada are either imported or made from imported components and that price increases may reflect recent changes in exchange rates.

The tariff was cut on three specifications which together have approximately one-quarter of the weight of the sporting goods component in the C.P.I. Golf clubs (wood and iron) and fishing rods increased marginally. Some prices did decrease, but there was no evidence to link the price movements with the tariff cuts.

The price of toys showed both increases and decreases. It would appear that the tariff reduction thus far has had little effect. This is not surprising however since imports represent only 30 percent of total sales according to information received from industry sources. In addition, the duty was not

changed for most component parts. Further, the full effects of the tariff cut on prices at the retail level are not likely to be seen until Christmas when about 50 percent of sales occur.

Phonograph record prices rose 0.3 percent between February and March and by 0.5 percent in April from March. It is unlikely that the volume selling popular records priced by Statistics Canada are imported.

Analysis of Manitoba Department of Agriculture's
Weekly Market Report on Food and
Farm Prices in Winnipeg

The Manitoba Department of Agriculture's Weekly Reports on Food and Farm Prices was used as another means of assessing the effects of the tariff reductions. It was chosen for this purpose because it is a unique record of prices of food products at farm, wholesale and retail levels and the data is available prior to the budget and thereafter. Of the many items included in these weekly reports, only meats were selected for analysis as they were most likely to exhibit the impact of tariff reductions.

Meats

Many factors have contributed to the meat price changes reflected in these reports and one should therefore be cautious in attributing these changes to the tariff reductions. It would appear however from the evidence presented in Table 7 that there may have been some response to the tariff reductions. This observation is not based on a definite cause and effect relationship between tariff reductions and lower meat prices but on the movement of prices prior to and after the budget.

Table 7 shows price changes affecting meat products over the period January 19 to August 24. The price of sirloin steak fell in the second week after the tariff reduction but it rose again in the following week and remained relatively stable for about nine weeks increasing only once in the week ending April 6. The price of round steak fell in the week immediately following the tariff reduction but moved slowly upward throughout March and April. T-bone steak prices fell in early March, increased slightly in late March and remained relatively stable through April and May. The price of chuck steak fell in mid-March and showed no major increase until early July. Prime rib roast prices which remained unchanged in the second and third weeks of March, showed a decrease by month end. Throughout April and May, prices varied with increases being offset by decreases. Although the overall trend was upward, the rate of advance did not become significant until early June. The

price of blade roasts which remained fairly constant until mid-April began to show wide price variations until mid-July. Prices then began to accelerate. Stewing beef prices fell immediately following the tariff reductions but this was offset by significant increases in mid-March. They began to level off in late March and remained relatively stable until late July. Ground chuck prices rose significantly in the second week of March and then levelled off. The price pattern was mixed over the period to late July when prices showed a marked advance.

The price of hamburger meat fell in the week following the tariff reduction, rose considerably in the following week and then remained relatively stable until the end of July. Beef liver prices varied widely after the budget changes with increases being offset by decreases. It was not until the beginning of August, however, that a significant and sustained increase began to appear. Throughout the period February 19 to mid-August, all beef products exhibited an upward trend in prices. Price increases, however between February and June showed a more moderate rate of acceleration than that which occurred later. This would seem to indicate that the tariff may have had some impact on beef prices during the earlier period.

If the tariff reductions had any impact on pork prices, it is best illustrated by the price movements of

cured pork (Table 7). The retail prices of smoked ham, sliced and piece bacon, and pork sausage show price changes after the tariff reduction which would suggest some impact. The retail prices of smoked ham increased only moderately in the second week following the tariff reduction and remained fairly constant until mid-July when prices began to accelerate. Sliced bacon prices fell significantly in early March and continued to do so until early May. In the beginning of June, sliced bacon prices began to increase but fell near the end of June and then commenced to accelerate. Piece bacon prices fell in early March and remained relatively constant until mid-July when they began to rise. The price of pork sausage fell in early March and increased only moderately until mid-July when it began to show significant increases.

The impact of the tariff reduction on the retail prices of fresh pork is not as clear as the impact on cured pork. The retail price of pork shoulder roasts, for instance, increased considerably after the tariff reduction and continued to increase up to mid-March. The upward trend was, however, reversed after mid-March. Prices fell until early May and thereafter varied from week to week until late June. The overall increase throughout the period from mid-January to mid-July was not very large. After mid-July however pork shoulder roast prices rose considerably. Pork leg roast prices rose in mid-March, then decreased with only the

occasional increase until the first week of June when they began to rise again. The prices of pork loin fell in the second week of March after the tariff reduction and continued to decline until the end of April. A moderate increase in the May price of pork loin was followed by decreases in June and early July. Prices then rose until mid-August when they again declined. Pork chop prices fell in March and continued to do so until the end of May. In the following three months, prices exhibited both increases and decreases. Ham products exhibited a mixed price pattern over the period to mid-June when a sustained advance began to emerge.

The above review would appear to support the observation made earlier that meat prices may have responded in some measure to the tariff reductions.

Conclusions

General

Price behaviour is a very complex matter and on the basis of a field survey, analyses of price indexes and examinations of a limited number of price movements it is not possible to reach conclusions about the effects of the commodity tax reductions on consumer prices that could not be challenged in some way. The limitations of the price monitoring are, no doubt, obvious and should be recognized in assessing the validity of the conclusions.

Nevertheless, the monitoring effort as a whole provides many indications and some hard evidence supporting the view that the commodity tax reductions have significantly affected particular consumer prices. In a substantial number of cases selling prices have been reduced, but more frequently the tax changes have enabled sellers to maintain existing price levels or moderate price increases. While it is difficult to generalize, in those cases in which the cost data collected permits an assessment to be made, the impact of the tax changes was in direct proportion to the amount of the reductions.

Because of the magnitude of the cost increases which have occurred since February 19, 1973 and which have been reflected in prices, an analysis of retail price movements alone provides clear evidence in only a limited number of cases that the consumer has benefited as a result of the changes in tariffs and sales and excise taxes. However, the field survey which has permitted an examination of the cost elements of certain price actions at each level in the marketing chain does indicate that, in general, the benefits of the tax reductions have been passed on in large measure to the consumer. The analysis of the data provided by the firms supports the impression gained by the interviewers that the reaction of most importers, producers, wholesalers and retailers has been in line with the government's expectations.

Lagged Impact of Budgetary Measures

For many goods, there was no immediate effect on

prices of the reductions in the commodity taxes and indeed for an appreciable number of tariff items the full effect had not been felt up to the end of the monitoring period. For example one importer had on hand by the end of January 1973 virtually all the goods to be sold in the 1973 season and consequently the tax reductions have had no effect in 1973. This importer has established his prices for 1974 and reviewed the basis of pricing with the interviewer. The foreign supplier has raised his prices for the product and selling prices will be higher, but the full reduction in tariff has been reflected in the 1974 price.

The lag in impact occurs primarily because taxes have already been paid on goods in inventory and sellers are reluctant to absorb a loss unless competition gives them no option. Also, some prices are negotiated and remain constant until renegotiated. Similarly, some goods are priced on established dates which are usually related to dates on which catalogues are issued. In the case of fruits and vegetables, the seasonal tariffs which are specific duties, remain unchanged. It is likely that the full effect of the abolition of ad valorem tariff will occur later in the year.

Some difference was noted in the lag effect between the tariff reductions and the sales and excise tax changes. Presumably in some cases the former were further away from the point of final sale and took longer to work through the marketing chain. Also consumers generally appear to have been more aware of the sales and excise tax changes and to have insisted that the prices they paid reflect the reductions.

Absorption of the Tax Paid

In certain cases, particularly children's clothing and footwear, large retailers surveyed had absorbed the tax which had already been paid on goods in stock. Customers, aware of the tax changes, demanded reductions immediately, and probably for public relations reasons, the retailer put the reductions into effect immediately. It is possible that some of these goods were reduced for end-of-season sales rather than as a result of the reduction in commodity taxes.

Moderation of Price Increases

A great many sellers at every level in the production-marketing chain contended that the commodity tax changes have permitted them to postpone price increases which otherwise they would have been forced to make because of rising costs.

In many cases firms provided information on their increased costs which fully supported their positions if it could be assumed that their pre-budget prices were just and reasonable.

Cases of Negligible Impact

In addition to those cases in which a considerable lag in the effect of the tax reduction was observed there were a very few cases in which there appeared to be no effect as far as the companies surveyed were concerned. It should be kept in mind, however, that the field survey covered a relatively small sample of firms and possibly the effect on the prices of these particular products would have been apparent in other firms.

In a number of firms surveyed, the goods imported were in a special or luxury class. This was the situation with some of the household electrical appliances and automotive tires. Apparently these items represent a small proportion of the total sales of the companies and the competitive situation did not require a reduction in the sales price.

In some other cases, the goods were imported and used in the production of other goods. The imported goods represented a small proportion of the total cost and the tariff reductions had no apparent effect on pricing decisions.

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TABLE I: CONSUMER PRICE INDEX

SELECTED ITEMS AFFECTED BY FEB. 19, 1973

BUDGETARY MEASURES

	<u>Sales Tax</u>	<u>Excise Tax</u>	<u>Tariff</u>
<u>FOOD</u>			
<u>Bakery and Cereal</u>			
<u>Products</u>			
Cookies			x
Sweet Biscuits			x
Breakfast Cereal			x
<u>Miscellaneous Groceries</u>			
Sugar			x
Jam			x
Coffee, roasted			x
Coffee, instant			x
Chocolate bars	x		x
Soft Drinks	x		
Peanut Butter			x
Soup			x
<u>Fruit</u>			
Bananas			x
Canned Peaches			x
Canned Pears			x
Orange juice, Canned			x
Orange juice, Frozen			x
Raisins			x
<u>Vegetables</u>			
Cabbage ¹			x
Onions ¹			x
Tomatoes ¹			x
Tomato juice			x
<u>Meats</u>			
Beef			x
Pork			x
Lamb			x
Veal			x
<u>HOME FURNISHINGS</u>			
Living Room Furniture			x
<u>Household Supplies</u>			
Soap Flakes			x
<u>Appliances</u>			
Lawnmowers			x
Vacuum Cleaners			x
Refrigerators			x
Washing Machines			
(Wringer Type)			x
Washing Machines			
(Automatic Type)			x
Dryers (Automatic)			x
<u>Utensils and Equipment</u>			
Glassware			x
Dishes			x
Aluminum Saucepan			x
Alarm Clock		x	

1 Out of season only.

cont'd

	<u>Sales Tax</u>	<u>Excise Tax</u>	<u>Tariff</u>
<u>CLOTHING</u>			
<u>Children's Wear</u>			
<u>Boys'</u>			
Slacks	x		
Parka	x		
Trousers	x		
T-Shirt	x		
<u>Sport Shirt:</u>			
Cotton short sleeve	x		
Cotton long sleeve	x		
Cotton flannelette	x		
<u>Girls'</u>			
Spring Coat	x		
Winter Coat	x		
Cotton Dress	x		
Anklets	x		
Stockings	x		
Snow Suit	x		
Sweater	x		
<u>Infants'</u>			
Diapers	x		
Overalls	x		
<u>Footwear</u>			
Children's Shoes	x		
<u>AUTOMOBILE OPERATION</u>			
Tire			x
<u>HEALTH CARE</u>			
<u>Optical Care</u>			x
<u>Pharmaceuticals</u>			
Laxative			x
Headache Tablets			x
Vitamins			x
Cough Medicine			x
Prescriptions			x
<u>PERSONAL CARE</u>			
<u>Supplies</u>			
Face Powder	x		x
Face Cream	x		x
Razor Blades			x
Toothpaste	x		x
Shaving Cream	x		x
<u>RECREATION</u>			
Camera Film			x
Phonograph Record			x
Bicycle			x
Sports Equipment			x
Toys			x

TABLE 2: CONSUMER PRICE INDEX, 1971-73

1964=100

Percent Change in CPI Items Affected by 12% Federal Sales
Tax Abolition on Feb. 19, 1973

Commodity		1 Month Percentage Change			12 Month Percentage Change		
		1971	1972	1973	1971	1972	1973
Soft Drinks	Jan.	0.9	2.0	1.6	0.8	12.4	4.4
	Feb.	2.1	0.9	2.9	1.5	11.1	6.5
	Mar.	3.2	0.2	-5.2	4.1	8.0	0.7
	Apr.	0.8	-0.1	-1.2	4.9	7.0	-0.5
	May	0.3	0.2	1.6	5.6	6.9	0.8
	June	-0.2	-0.1	0.2	5.1	7.1	1.1
	July	0.3	0.6	-0.6	5.7	7.4	-0.1
	Aug.	-1.1	-0.6	0.5	6.3	7.9	1.1
Chocolate Bars 1.	Jan.	1.8	0.0	1.2	-1.0	1.1	0.7
	Feb.	0.0	0.0	0.0	-1.0	1.1	0.7
	Mar.	0.0	0.0	-2.2	-1.0	1.1	-1.6
	Apr.	0.0	-0.5	-0.2	0.0	0.6	-1.3
	May	0.0	0.0	0.0	0.0	0.6	-1.3
	June	0.0	0.0	0.0	0.0	0.6	-1.3
	July	0.0	0.0	0.0	0.0	0.6	-1.3
	Aug.	0.0	0.0	0.0	0.0	0.6	-1.3
Children's Wear	Jan.	-1.4	-0.9	-1.1	1.1	1.8	0.7
	Feb.	-1.0	-0.2	-0.2	0.3	2.6	0.8
	Mar.	1.4	0.3	-4.2	0.8	1.5	-3.7
	Apr.	0.3	0.8	0.0	1.3	2.0	-4.5
	May	-0.4	0.2	0.5	0.6	2.7	-4.3
	June	-0.9	-0.3	0.4	-0.4	3.3	-3.5
	July	0.2	-0.3	0.2	-0.2	2.8	-3.1
	Aug.	-0.1	-0.1	0.4	-0.2	2.8	-2.6
Men's Wear	Jan.	-2.1	-1.1	-0.6	-0.1	3.3	1.3
	Feb.	-0.9	-0.5	-0.9	-0.1	3.8	0.9
	Mar.	1.8	0.4	-4.0	1.4	2.4	-3.5
	Apr.	0.3	0.5	-0.2	1.8	2.6	-4.2
	May	-0.1	0.3	0.2	1.0	3.0	-4.3
	June	-0.1	-0.2	0.3	0.4	2.9	-3.8
	July	0.3	-0.2	0.6	0.9	2.3	-3.0
	Aug.	-0.3	-0.2	0.5	0.9	2.4	-2.3
T-Shirt*	Jan.	-1.3	-0.9	-0.1	-1.0	2.0	-2.6
	Feb.	-1.1	-0.2	-1.1	-1.7	3.0	-3.4
	Mar.	1.4	0.3	-6.3	-1.3	1.8	-9.8
	Apr.	0.3	0.8	-0.3	-0.9	2.3	-10.8
	May	-1.0	0.3		-2.8	3.6	
	June	-0.1	-2.9		-0.4	0.7	
	July	0.2	-0.4		0.2	0.1	
	Aug.	0.0	-1.6		0.2	-1.5	
Women's Wear	Jan.	-0.9	-0.8	-1.8	2.1	0.6	-0.1
	Feb.	-1.3	0.0	0.5	0.6	1.9	0.4
	Mar.	1.1	0.2	-4.5	0.3	0.9	-4.2
	Apr.	0.5	1.1	0.1	1.1	1.5	-5.2
	May	-1.5	0.2	1.0	-0.2	3.3	-4.5
	June	-1.0	-0.5	0.5	-1.1	3.9	-3.5
	July	0.2	-0.5	-0.3	-1.0	3.2	-3.3
	Aug.	-0.1	0.1	0.3	-1.1	3.3	-3.1

*Discontinued item since May, 1973.

1 Item also affected by tariff change.

TABLE 2: CONSUMER PRICE INDEX, 1971-73

1961=100

Percent Change in CPI Items Affected by 12% Federal Sales

Tax Abolition on Feb. 19, 1973

Commodity	<u>1 Month Percentage Change</u>			<u>12 Month Percentage Change</u>		
	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Men's Spring						
Jan.	-1.4	-0.8	-1.2	2.5	-9.5	0.7
Feb.	-1.0	-0.2	0.0	1.7	-8.8	0.9
Mar.	1.4	0.3	-4.2	-2.1	-9.7	-3.7
Apr.	0.4	0.8	-0.1	-1.0	-9.4	-4.5
May	-8.0	0.3		-7.0	-1.3	
June	-4.9	-0.4		-11.5	3.4	
July	0.2	-0.3		-11.4	2.9	
Aug.	-0.1	0.0		-11.4	3.0	
Men's Snowsuit*						
Jan.	0.3	-2.2	-5.6	5.4	-0.6	-2.5
Feb.	-1.1	-0.2	-0.1	4.5	0.2	-2.4
Mar.	1.4	0.3	-4.2	4.9	-0.9	-6.8
Apr.	0.4	0.9	-0.1	5.5	-0.4	-7.7
May	-0.8	0.2		4.4	0.6	
June	-0.6	-0.4		3.7	0.9	
July	0.2	-0.4		3.9	0.2	
Aug.	-0.2	0.0		3.8	0.4	
Men's Wear						
Jan.	0.0	0.0	0.0	5.4	2.9	6.0
Feb.	-0.9	0.0	-0.5	3.8	3.8	5.5
Mar.	-0.1	0.2	-3.4	3.5	4.1	1.7
Apr.	1.9	-0.7	2.3	4.3	1.4	4.9
May	0.0	0.5	0.9	3.7	1.8	5.3
June	0.1	0.3	0.7	3.8	2.0	5.7
July	-0.1	1.3	0.1	3.2	3.5	4.4
Aug.	0.4	1.2	-0.1	2.8	4.4	3.1

*Discontinued Item since May, 1974.

TABLE 3: CONSUMER PRICE INDEX, 1971-73

1961=100

Percent Change in CPI Items Affected by 10% Federal Excise

Tax Abolition on Feb. 19, 1973

Commodity		<u>1 Month Percentage Change</u>			<u>12 Month Percentage Change</u>		
		<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Powder* 1.	Jan.	0.0	0.0	0.0	11.1	5.6	1.2
	Feb.	1.9	0.7	0.1	9.9	4.3	0.6
	Mar.	0.0	0.0	-0.8	9.9	4.3	-0.2
	Apr.	0.0	0.0	0.6	9.9	4.3	0.4
	May	2.4	0.1		8.6	2.0	
	June	0.0	0.0		8.6	2.0	
	July	0.0	0.0		8.6	2.0	
	Aug.	1.3	0.1		8.8	0.8	
Toothpaste 1.	Jan.	1.6	0.3	-0.3	-2.5	4.2	-0.9
	Feb.	0.7	-0.2	-1.6	-3.4	3.3	-2.2
	Mar.	1.3	-0.8	-1.2	-1.7	1.2	-2.7
	Apr.	-0.6	-2.3	-3.0	-3.4	-0.4	-3.5
	May	-1.1	1.1	1.4	-4.8	1.7	-3.2
	June	0.1	1.2	1.0	-3.7	2.9	-3.4
	July	0.4	0.3	0.7	-2.8	2.8	-3.0
	Aug.	1.6	-0.2	0.4	-2.4	1.0	-2.4
Shaving Cream 1.	Jan.	0.0	0.1	0.4	0.4	-0.1	0.3
	Feb.	-2.3	-0.2	-0.1	-2.6	2.0	0.4
	Mar.	0.0	-0.2	-0.2	-2.8	1.8	0.4
	Apr.	-0.1	0.2	-0.7	-3.3	2.1	-0.5
	May	-0.9	-0.8	0.7	-2.7	0.5	0.9
	June	0.6	-0.3	-0.4	-2.9	-0.4	0.9
	July	-0.5	1.6	-0.7	-3.2	1.7	-1.4
	Aug.	1.0	-0.1	0.2	-2.8	0.6	-1.1

*continued item since May, 1973.

*item also affected by tariff change.

TABLE 4: CONSUMER PRICE INDEX, 1971-73

1961=100

Percent Change in CPI Items Affected by Tariff

Changes on Feb. 19, 1973

Commodity	1 Month Percentage Change			12 Month Percentage Change		
	1971	1972	1973	1971	1972	1973
Breakfast cereal						
Jan.	-6.6	0.5	0.7	-6.6	10.2	3.6
Feb.	0.0	-0.9	0.0	-6.5	9.2	4.5
Mar.	2.1	-0.3	-0.7	-2.1	6.6	4.2
Apr.	0.3	0.0	-0.8	-1.5	6.3	3.3
May	2.9	-2.1	-0.9	1.8	1.1	4.7
June	3.2	-1.6	1.7	4.4	-3.6	8.2
July	0.6	0.9	0.9	5.2	-3.4	8.2
Aug.	0.2	3.3	1.4	5.2	-0.4	6.2
Sugar						
Jan.	1.8	27.8	-0.1	4.9	42.3	-2.9
Feb.	8.2	-0.2	0.4	10.6	31.2	-2.2
Mar.	2.3	-0.6	-0.3	11.8	27.4	-2.0
Apr.	0.4	-1.2	-0.7	10.7	25.4	-1.4
May	0.5	-3.5	3.2	8.4	20.4	5.4
June	-0.7	2.8	1.8	5.9	24.6	4.4
July	-0.5	0.1	0.2	6.0	25.3	4.6
Aug.	-0.2	-6.8	0.3	6.9	17.1	12.5
Coffee						
Jan.	0.3	0.2	1.3	-3.5	1.1	6.3
Feb.	-0.2	-1.7	-0.2	-3.8	-0.4	7.9
Mar.	0.3	-0.3	0.1	-3.9	-1.1	8.4
Apr.	-0.2	1.8	0.7	-4.2	0.9	7.2
May	0.9	1.1	0.7	-3.6	1.1	6.7
June	0.3	-0.9	0.5	-3.4	-0.1	8.2
July	0.6	2.0	1.1	-4.2	1.3	7.2
Aug.	-0.9	0.1	1.4	-3.5	2.3	8.7
Coffee Roasted						
Jan.	-0.6	-0.2	-0.6	9.5	-4.1	5.1
Feb.	-0.2	-1.3	0.8	6.2	-5.2	7.4
Mar.	0.5	0.3	-0.7	4.9	-5.3	6.3
Apr.	-0.2	-0.2	0.3	2.8	-5.2	6.8
May	0.1	-1.8	0.9	2.5	-7.0	9.7
June	0.1	-0.6	3.4	0.8	-7.8	14.3
July	0.1	1.9	0.1	-1.8	-6.1	12.2
Aug.	1.7	0.8	3.5	-1.7	-7.0	15.3
Coffee Instant						
Jan.	0.0	0.6	0.3	3.0	1.6	6.3
Feb.	0.2	-0.4	-1.3	-0.9	1.0	5.3
Mar.	0.6	0.3	-0.4	-0.8	0.6	4.6
Apr.	0.6	0.0	-0.2	0.8	0.0	4.4
May	0.1	-1.5	0.1	0.8	-1.6	6.1
June	-0.4	-0.3	2.2	0.7	-1.5	8.8
July	0.3	0.5	0.3	-1.1	-1.2	8.5
Aug.	0.4	0.4	0.2	-2.7	-1.2	7.0
Chocolate Bars						
Jan.	1.8	0.0	1.2	-1.0	1.1	0.7
Feb.	0.0	0.0	0.0	-1.0	1.1	0.7
Mar.	0.0	0.0	-2.2	-1.0	1.1	-1.6
Apr.	0.0	-0.5	-0.2	0.0	0.6	-1.3
May	0.0	0.0	0.0	0.0	0.6	-1.3
June	0.0	0.0	0.0	0.0	0.6	-1.3
July	0.0	0.0	0.0	0.0	0.6	-1.3
Aug.	0.0	0.0	0.0	0.0	0.6	-1.3

cont'd

TABLE 4: CONSUMER PRICE INDEX, 1971-73

1961=100

Percent Change in CPI Items Affected by Tariff

Changes on Feb. 19, 1973

Commodity		1 Month Percentage Change			12 Month Percentage Change		
		1971	1972	1973	1971	1972	1973
Nut Butter	Jan.	-0.6	-0.5	-1.6	7.6	-3.5	-2.3
	Feb.	-0.1	0.6	2.5	4.1	-2.8	-0.4
	Mar.	-0.2	-0.4	3.1	-2.0	-3.0	3.0
	Apr.	-0.7	-0.4	2.2	-3.3	-2.7	5.7
	May	0.7	-0.5	1.5	-3.2	-3.9	7.8
	June	0.6	-0.1	3.4	-3.5	-4.5	11.6
	July	0.0	-2.0	2.9	-3.5	-6.4	17.3
	Aug.	0.7	2.4	2.4	-3.0	-4.9	17.2
Soup	Jan.	2.1	0.1	-0.4	-2.7	2.7	0.8
	Feb.	3.0	0.4	0.1	-0.2	0.1	0.5
	Mar.	-1.3	0.3	-0.4	-1.5	1.7	-0.2
	Apr.	0.6	-0.4	-0.4	-0.8	0.7	-0.2
	May	0.2	-0.3	-0.1	-0.4	0.2	0.0
	June	-1.1	-0.7	0.0	-1.9	0.6	0.7
	July	1.1	0.6	-0.1	-1.8	0.1	0.0
	Aug.	0.5	0.2	0.9	-1.1	-0.2	0.7
Bananas	Jan.	6.5	-1.8	-1.6	-23.5	10.5	7.5
	Feb.	16.0	10.2	-0.8	-20.3	5.0	-3.2
	Mar.	7.2	0.1	-1.7	-19.2	-1.9	-5.0
	Apr.	-2.9	12.3	12.4	-16.6	13.5	-4.9
	May	0.6	-7.4	-2.0	-16.1	4.4	0.6
	June	1.4	4.8	12.3	-19.8	7.9	7.8
	July	6.5	-6.0	2.5	-4.0	-4.8	17.6
	Aug.	-1.7	-8.7	5.0	-6.7	-11.5	35.2
Canned Peaches	Jan.	-1.3	0.4	0.9	-6.3	6.2	7.2
	Feb.	1.8	-0.4	1.9	-4.6	4.0	9.6
	Mar.	-0.2	0.8	0.6	-5.1	5.1	9.4
	Apr.	-0.5	-0.4	0.3	-6.4	5.2	10.1
	May	1.0	-1.0	0.5	-4.2	3.1	11.7
	June	0.3	0.0	0.6	-4.1	2.8	12.4
	July	1.0	1.2	2.2	-2.2	2.9	13.6
	Aug.	1.1	0.6	-0.9	-1.2	2.4	11.9
Canned Pears	Jan.	-0.8	0.8	0.6	-4.7	5.2	4.0
	Feb.	-0.1	0.3	0.9	-4.4	5.6	4.7
	Mar.	1.4	0.1	0.1	-3.2	4.2	4.7
	Apr.	0.1	0.1	1.1	-4.6	4.2	5.7
	May	0.5	-0.2	0.2	-3.2	3.5	6.1
	June	-0.1	-0.5	0.2	-4.9	3.1	6.8
	July	0.8	0.8	0.5	-3.4	3.1	6.5
	Aug.	1.1	-0.3	0.0	-2.2	1.6	6.8
Canned Orange Juice	Jan.	-1.9	0.8	-1.9	-1.7	9.0	-0.9
	Feb.	-0.9	0.5	-0.1	-3.0	10.6	-1.5
	Mar.	0.0	-0.2	-0.4	-4.3	10.4	-1.7
	Apr.	1.2	0.7	-0.9	-3.5	9.8	-3.3
	May	1.4	-0.3	-0.2	-1.9	7.9	-3.2
	June	0.7	-0.6	0.5	-2.0	6.5	-2.1
	July	0.9	-0.9	-0.1	-0.7	4.6	-1.3
	Aug.	1.9	-0.1	-0.1	1.2	2.5	-1.3
Canned Apple Juice	Jan.	-1.1	0.4	-0.6	-12.5	15.1	-1.9
	Feb.	-0.8	0.1	1.0	-13.0	16.1	-0.9
	Mar.	-0.1	-0.6	-0.7	-11.6	15.6	-1.0
	Apr.	1.9	-0.5	-1.5	-9.2	12.8	-2.1
	May	1.8	-0.4	-0.3	-3.0	10.4	-2.0
	June	1.8	-0.4	-0.2	-4.1	8.1	-1.8
	July	1.8	0.4	0.4	-1.9	6.5	-1.8
	Aug.	2.6	0.5	-0.9	1.5	4.3	-3.1

cont'd

TABLE 4: CONSUMER PRICE INDEX, 1971-73

1964=100

Percent Change in CPI Items Affected by Tariff

Changes on Feb. 19, 1973

Commodity	1 Month Percentage Change			12 Month Percentage Change		
	1971	1972	1973	1971	1972	1973
Beans						
Jan.	-0.1	0.3	6.6	-1.2	-0.9	21.3
Feb.	-0.3	-0.1	2.5	-1.6	-0.7	24.5
Mar.	-0.2	0.0	1.1	-2.0	-0.5	25.8
Apr.	0.1	-0.4	0.3	-2.2	-1.0	26.7
May	0.3	-0.1	1.4	-2.1	-1.4	28.6
June	0.1	-0.1	1.6	-2.0	-1.6	30.7
July	-0.1	0.1	4.1	-2.0	-1.4	36.0
Aug.	0.3	2.0	8.7	-1.6	0.3	44.8
Peas						
Jan.	39.1	44.4	10.5	-18.3	20.4	5.4
Feb.	13.7	15.7	1.5	-22.6	22.5	-7.5
Mar.	1.5	-7.5	17.7	-19.7	11.7	17.8
Apr.	4.6	-7.7	0.9	-23.6	-1.5	28.8
May	4.2	6.0	20.4	-11.1	0.2	46.2
June	13.4	-1.9	-19.1	-7.1	-13.3	20.5
July	-14.8	-8.9	20.5	-8.3	-7.3	59.4
Aug.	-26.4	-13.2	-30.6	-1.9	9.3	27.4
Onions						
Jan.	2.6	-0.4	-0.3	-17.3	10.6	42.2
Feb.	3.9	-0.7	9.4	-32.7	5.7	56.7
Mar.	-1.7	0.6	7.1	-35.6	8.1	66.8
Apr.	-1.2	-3.0	24.8	-40.3	6.2	114.5
May	1.6	3.3	50.9	-40.8	8.0	213.4
June	8.2	7.6	-15.3	-37.0	7.5	146.5
July	11.6	65.5	-20.7	-29.0	59.4	18.2
Aug.	26.2	5.3	-2.9	-4.1	32.9	9.0
Potatoes						
Jan.	-21.5	-32.4	13.3	-18.4	9.5	37.3
Feb.	11.1	18.5	-18.3	16.5	16.8	-5.4
Mar.	9.9	-21.0	-4.6	18.1	-16.1	14.3
Apr.	15.2	19.0	-11.9	21.3	-13.3	-15.3
May	-7.2	-2.0	1.5	44.2	-8.5	-12.3
June	-21.9	2.3	6.8	-0.8	19.9	-8.4
July	27.2	1.5	27.4	24.0	-4.4	14.9
Aug.	-15.7	-7.1	4.5	14.2	5.4	29.2
Tomato Juice						
Jan.	0.6	0.8	1.6	-5.0	9.2	8.5
Feb.	0.2	0.8	2.6	-3.5	9.9	10.4
Mar.	1.3	0.8	0.4	-2.9	9.4	9.9
Apr.	0.2	-1.1	-0.8	-3.2	7.9	10.3
May	1.1	0.5	-1.3	-3.0	7.2	8.4
June	1.5	-1.1	2.7	-0.8	4.5	12.5
July	1.0	3.7	1.0	-0.2	7.3	9.6
Aug.	1.0	0.9	0.0	0.5	7.1	8.6
Beef						
Jan.	3.9	3.4	5.8	1.6	11.9	9.5
Feb.	2.7	1.7	4.5	-1.7	10.8	12.5
Mar.	0.9	-0.6	1.0	0.4	9.1	14.2
Apr.	-0.5	0.4	2.3	-0.9	10.1	16.4
May	1.4	-1.0	-1.3	0.2	7.5	16.0
June	1.0	0.8	5.1	0.0	7.3	21.0
July	1.3	2.9	3.0	1.5	9.0	21.2
Aug.	0.5	0.8	5.3	2.6	9.3	26.5
Pork						
Jan.	-1.8	1.2	2.7	-19.8	3.4	28.4
Feb.	-1.5	7.7	6.1	-22.2	13.1	26.4
Mar.	0.6	2.3	3.0	-20.5	14.9	27.3
Apr.	-1.6	0.1	2.1	-21.1	16.9	29.9
May	-0.9	1.0	-5.5	-17.7	19.1	21.6
June	0.8	0.3	0.5	-15.8	18.6	21.7
July	-0.1	5.7	2.3	-14.4	25.4	17.8
Aug.	1.6	2.9	15.4	-13.9	27.1	32.2

cont'd

TABLE 4: CONSUMER PRICE INDEX, 1971-73

1961=100

Percent Change In CPI Items Affected by Tariff

Changes on Feb. 19, 1973

Commodity	1 Month Percentage Change			12 Month Percentage Change		
	1971	1972	1973	1971	1972	1973
Jan.	0.4	1.1	3.1	-0.1	3.9	13.5
Feb.	-0.5	0.5	0.4	-3.5	5.0	13.3
Mar.	-0.2	2.7	2.3	-5.8	8.0	13.0
Apr.	1.7	-0.6	6.6	-3.4	5.6	21.1
May	-0.4	1.5		0.7	7.6	
June	0.3	0.5		-2.2	7.9	
July	1.2	-0.4		0.4	6.1	
Aug.	2.0	-0.6		1.6	2.5	
Jan.	0.7	2.7	0.9	3.0	5.4	20.7
Feb.	1.1	2.9	2.0	0.2	7.2	19.7
Mar.	0.0	0.9	1.6	1.7	7.2	20.6
Apr.	-1.6	4.1	1.6	-0.4	13.4	17.7
May	-0.2	1.1	0.4	1.1	14.9	16.9
June	0.7	-0.1	0.5	2.8	13.9	17.6
July	0.7	2.8	2.7	0.5	16.3	17.5
Aug.	0.2	1.0	3.0	1.5	17.2	19.7
Jan.	0.0	0.0	0.0	-0.8	1.4	0.6
Feb.	0.0	0.0	0.0	-0.8	1.4	0.6
Mar.	0.4	0.4	0.4	-0.4	1.4	0.6
Apr.	0.0	0.0	-0.1	-0.3	1.4	0.5
May	0.0	0.0	0.7	-0.3	1.4	1.2
June	0.1	0.7	0.7	0.0	2.0	1.2
July	0.0	0.0	0.0	0.0	2.0	1.2
Aug.	0.0	0.0	0.0	0.0	2.0	1.2
Jan.	0.0	0.0	0.0	-1.7	-0.2	-2.8
Feb.	0.0	0.0	0.0	-1.7	-0.2	-2.8
Mar.	-1.3	-0.8	-4.5	-4.4	0.4	-6.4
Apr.	0.0	0.0	-0.7	-4.4	0.4	-7.1
May	0.0	0.0	2.2	-4.4	0.4	-5.1
June	0.0	0.0	0.0	-4.4	0.4	-5.1
July	0.0	0.0	0.0	-4.4	0.4	-5.1
Aug.	0.0	0.0	0.0	-4.4	0.4	-5.1
Jan.	0.0	0.0	0.0	0.5	-1.7	1.9
Feb.	-0.5	1.0	1.2	-0.6	-0.2	2.1
Mar.	0.0	-0.1	0.1	-0.6	-0.3	2.3
Apr.	0.0	0.0	0.1	-0.6	-0.3	2.4
May	-1.1	0.2	0.5	-1.7	1.0	2.7
June	0.0	0.0	0.0	-1.7	1.0	2.7
July	0.0	0.0	0.0	-1.7	1.0	2.7
Aug.	0.4	1.0	-0.2	-1.6	1.7	1.4
Jan.	0.4	-1.1	0.5	-4.4	4.7	-1.3
Feb.	0.7	0.4	0.1	-3.7	4.4	-1.5
Mar.	0.3	0.5	-1.1	-2.9	4.6	-3.0
Apr.	1.3	-1.3	0.1	-2.1	1.9	-1.7
May	0.5	-0.3	0.9	-1.2	1.2	-0.5
June	1.3	-0.5	-0.7	0.1	-0.5	-0.8
July	0.9	1.1	2.4	1.4	-0.4	0.5
Aug.	-0.3	-1.9	-0.3	2.6	-2.0	2.1

Continued from page 10, 1973.

Includes vacuum cleaners, refrigerators, washing machines and dryers.

COR

TABLE 4: CONSUMER PRICE INDEX, 1971-73

1967=100

Percent Change in CPI Items Affected by Tariff

Changes on Feb. 19, 1973

Commodity		1 Month Percentage Change			12 Month Percentage Change		
		1971	1972	1973	1971	1972	1973
Shaving Cream	Jan.	0.0	0.1	0.4	0.4	-0.1	0.3
	Feb.	-2.3	-0.2	-0.1	-2.6	2.0	0.4
	Mar.	0.0	-0.2	-0.2	-2.8	1.8	0.4
	Apr.	-0.1	0.2	-0.7	-3.3	2.1	-0.5
	May	-0.9	-0.8	0.7	-2.7	0.5	0.9
	June	0.6	-0.3	-0.4	-2.9	-0.4	0.9
	July	-0.5	1.6	-0.7	-3.2	1.7	-1.4
	Aug.	1.0	-0.1	0.2	-2.8	0.6	-1.1
Camera Film	Jan.	0.0	0.0	0.0	0.8	-1.3	-0.9
	Feb.	0.6	0.4	-0.3	1.2	-1.5	-1.6
	Mar.	0.0	0.0	0.3	1.2	-1.5	-1.3
	Apr.	0.0	0.0	-0.4	1.2	-1.5	-1.8
	May	-2.7	-0.9	-0.6	-1.8	0.3	-1.4
	June	0.0	0.0	0.0	-1.8	0.3	-1.4
	July	0.0	0.0	0.0	-1.8	0.3	-1.4
	Aug.	-0.3	-0.1	-1.0	-2.3	0.4	-2.4
Phonograph Records (Recordings) ¹	Jan.	0.0	0.0	0.0	-3.6	11.1	8.4
	Feb.	0.0	0.0	0.0	-3.6	11.1	8.4
	Mar.	1.5	2.9	0.3	-2.1	12.6	5.6
	Apr.	0.0	0.0	0.5	-2.8	12.6	6.1
	May	0.0	0.0	1.0	-2.8	12.6	7.1
	June	0.5	3.6	0.1	-0.2	16.0	3.6
	July	0.0	0.0	0.0	-0.2	16.0	3.6
	Aug.	0.0	0.0	0.0	-0.2	16.0	3.6
Bicycles	Jan.	0.0	0.0	0.0	-1.9	0.7	3.4
	Feb.	0.0	0.0	0.0	-1.9	0.7	3.4
	Mar.	0.0	0.0	4.0	-1.9	0.7	7.5
	Apr.	0.0	0.0	3.2	-1.9	0.7	10.9
	May	0.0	0.0	-0.4	-1.8	0.7	10.5
	June	0.7	3.4	0.0	3.3	3.4	6.9
	July	0.0	0.0	0.0	1.1	3.4	6.9
	Aug.	0.0	0.0	0.0	1.6	3.4	6.9
Sports Equipment ²	Jan.	0.0	0.0	0.0	5.8	1.2	1.9
	Feb.	0.0	0.0	0.0	5.8	1.2	1.9
	Mar.	0.0	0.0	0.1	5.8	1.2	2.0
	Apr.	0.0	0.0	0.1	5.8	1.2	2.1
	May	0.0	0.0	0.9	5.8	1.2	3.0
	June	0.1	0.3	0.3	3.1	1.3	3.0
	July	0.0	0.0	0.0	3.1	1.3	3.0
	Aug.	0.0	0.0	0.0	3.1	1.3	3.0
	Jan.	0.0	0.0	0.0	1.0	1.8	1.5
	Feb.	0.0	0.0	0.0	1.0	1.8	1.5
	Mar.	0.0	0.0	1.2	1.0	1.8	2.7
	Apr.	0.0	0.0	0.6	1.0	1.8	3.3
	May	3.2	1.2	1.1	3.3	-0.2	3.3
	June	0.0	0.0	0.0	3.3	-0.2	3.3
	July	0.0	0.0	0.0	3.3	-0.2	3.3
	Aug.	0.0	0.0	0.0	3.3	-0.2	3.3

¹ Since May 1973, phonograph records are included in a new category known as "recordings".

² Includes golf clubs & fishing rods.

cont'd

TABLE 5: INDUSTRY SELLING PRICE INDEX, 1971-73

(1961=100)

Percent Changes in ISPI Items Affected by Tariff Changes and Sales &
Excise Tax Abolition on Feb. 19, 1973.

		1 Month Percentage Change			12 Month Percentage Change		
Commodity		1971	1972	1973	1971	1972	1973
Breakfast Cereal Manufacturers 1	Jan.	-0.1	0.0	0.5	2.0	1.8	3.6
	Feb.	0.0	0.0	0.6	2.0	1.8	4.2
	Mar.	0.4	0.7	0.3	2.3	2.1	3.8
	Apr.	0.5	0.0	0.6	2.4	1.6	4.4
	May	0.7	0.3	-0.1	3.1	1.2	3.9
	June	0.0	0.0	1.0	3.1	1.2	5.4
Biscuit Mfrs. Industry 1	Jan.	-0.1	0.0	0.4	0.2	3.7	4.8
	Feb.	0.0	1.0	0.0	0.2	4.7	3.8
	Mar.	2.2	1.4	0.0	2.4	3.8	2.4
	Apr.	0.0	0.0	0.0	2.4	3.8	2.4
	May	0.5	0.2	0.1	2.7	3.5	2.3
	June	0.5	0.0	0.4	3.2	3.0	5.1
Sugar Refineries 1	Jan.	5.7	19.7	0.8	19.4	32.9	-4.8
	Feb.	-0.5	-6.2	0.6	18.1	25.3	2.1
	Mar.	0.5	0.0	0.0	12.9	24.6	2.1
	Apr.	-1.8	0.0	3.5	10.3	26.9	5.7
	May	-0.1	0.0	0.7	6.9	27.1	6.4
	June	-3.0	0.0	0.4	3.7	31.0	6.8
Cocoa Beans 1	Jan.	0.0	0.0	0.3	1.7	2.3	6.5
	Feb.	-5.1	0.0	0.0	1.7	7.7	6.5
	Mar.	5.7	-5.5	0.0	7.6	-3.7	12.6
	Apr.	0.0	5.8	3.9	2.1	1.9	10.6
	May	0.4	3.1	0.0	-0.3	4.6	7.2
	June	0.0	0.0	1.4	-0.3	4.6	8.7
Coffee, Roasted 1	Jan.	0.7	0.2	1.1	13.3	-3.4	-1.2
	Feb.	0.0	-2.4	0.4	7.4	-5.8	1.7
	Mar.	0.0	-0.2	0.0	5.7	-6.0	1.9
	Apr.	-3.5	6.2	2.8	4.5	3.5	-1.3
	May	1.0	-3.0	2.6	4.2	-0.7	4.4
	June	0.0	-0.3	0.2	0.0	-1.0	6.5
Coffee, Instant 1	Jan.	5.5	-5.1	5.2	-0.6	-1.7	7.9
	Feb.	1.7	-2.4	-7.1	6.1	-5.6	2.8
	Mar.	-3.1	2.5	0.3	2.8	-0.2	0.6
	Apr.	5.9	-2.4	0.3	8.9	-8.0	3.3
	May	-4.9	3.6	0.8	3.5	0.2	0.6
	June	0.0	-2.1	0.1	3.5	-1.9	3.9
Chocolate in Pack 1,2	Jan.	0.0	0.0	0.8	1.5	-0.2	4.8
	Feb.	0.0	1.5	0.0	1.5	1.3	3.2
	Mar.	-1.1	0.0	4.0	0.4	2.4	7.4
	Apr.	0.0	0.0	-0.1	1.3	2.4	7.3
	May	-3.9	0.0	0.0	-2.7	6.6	7.3
	June	4.1	0.0	0.0	0.4	2.4	8.8

Item affected by tariff change .

Item affected by sales tax repeal (chocolate bars).

cont'd.

TABLE 5: INDUSTRY SELLING PRICE INDEX, 1971-73

(1961=100)

Percent Changes in ISPI Items Affected by Tariff Changes and Sales &
Excise Tax Abolition on Feb. 19, 1973.

Commodity		1 Month Percentage Change			12 Month Percentage Change		
		1971	1972	1973	1971	1972	1973
Nut Butter ¹	Jan.	2.0	-0.9	7.7	5.8	-4.6	2.1
	Feb.	-3.7	-1.3	0.0	-0.9	-2.1	3.4
	Mar.	3.9	-0.5	5.1	2.9	-6.2	9.2
	Apr.	0.0	1.2	1.6	1.3	-5.1	9.5
	May	-1.1	0.0	6.2	-3.1	-4.1	16.4
	June	0.0	0.0	-1.8	-2.1	-4.1	14.3
App ¹	Jan.	-2.2	-1.6	-5.7	0.9	5.3	1.8
	Feb.	6.3	-0.4	6.9	5.4	-1.4	9.3
	Mar.	0.0	2.8	-3.6	3.3	1.3	2.4
	Apr.	-2.3	2.4	3.8	-1.1	6.2	3.8
	May	6.4	-1.4	0.1	8.5	-1.6	5.4
	June	0.0	0.0	-4.1	7.9	-1.6	1.0
Canned Peaches ¹	Jan.	0.0	0.8	4.0	-2.1	2.8	16.5
	Feb.	0.0	0.0	0.0	3.7	2.8	16.5
	Mar.	0.4	0.0	0.0	2.9	2.5	16.5
	Apr.	0.0	0.0	1.5	1.1	2.5	18.2
	May	0.0	0.0	0.0	1.1	2.5	18.2
	June	1.6	0.7	0.0	2.7	1.5	17.5
Canned Pears ¹	Jan.	0.0	0.0	3.6	3.3	4.3	10.5
	Feb.	0.0	0.0	0.0	3.3	4.3	10.5
	Mar.	0.4	0.0	0.0	3.7	3.8	10.5
	Apr.	1.6	0.0	0.0	4.1	2.2	10.5
	May	0.0	0.0	0.0	4.1	2.2	10.5
	June	0.0	0.0	1.9	4.1	2.2	12.6
Potato Juice ¹	Jan.	-3.5	0.0	-1.5	-0.5	9.3	8.8
	Feb.	3.6	-0.7	-2.3	3.1	4.7	7.0
	Mar.	2.0	2.3	2.4	3.2	5.0	7.0
	Apr.	-3.4	1.5	3.8	-0.3	10.4	9.4
	May	5.8	0.0	-2.3	9.5	4.4	6.9
	June	0.0	1.8	3.8	5.7	6.3	9.3
App ¹	Jan.	2.1	3.1	7.0	2.6	12.6	7.2
	Feb.	4.1	-1.3	1.5	2.7	6.7	10.3
	Mar.	0.3	4.5	5.7	1.2	11.1	11.6
	Apr.	0.9	-0.9	2.0	0.7	9.1	14.9
	May	-2.2	-0.3	1.4	1.1	11.2	16.9
	June	0.8	0.2	4.3	4.3	10.6	21.6

¹ Item affected by tariff change .

cont'd

TABLE 5: INDUSTRY SELLING PRICE INDEX, 1971-73

(1961=100)

Percent Changes in ISPI Items Affected by Tariff Changes and Sales & Excise Tax Abolition on Feb. 19, 1973.

Commodity	1 Month Percentage Change			12 Month Percentage Change		
	1971	1972	1973	1971	1972	1973
Beef 1	Jan. -3.1	1.3	5.7	-30.3	22.0	39.3
	Feb. 6.4	13.6	7.4	-26.6	30.2	31.7
	Mar. -6.0	-1.0	8.1	-26.1	37.0	43.8
	Apr. -5.2	-0.1	-11.2	-24.8	44.3	27.9
	May 2.6	-1.1	-1.4	-23.6	39.1	29.8
	Jun. 6.8	9.0	2.5	-19.0	41.9	22.1
Beef & Lamb 1	Jan. 1.9	7.2	5.1	-6.2	-0.6	10.2
	Feb. 2.0	7.4	11.7	-2.6	4.7	14.6
	Mar. 2.0	9.8	8.6	-8.7	12.6	13.4
	Apr. 2.9	3.6	4.1	-6.4	13.4	14.0
	May 3.5	4.4	-4.1	-4.5	14.4	4.7
	Jun. 8.2	2.6	1.7	2.6	8.4	3.8
Beef 1	Jan. 1.7	3.4	3.2	1.8	9.0	13.1
	Feb. 1.8	1.5	2.6	3.4	8.7	14.3
	Mar. -0.2	3.9	-0.6	2.0	13.2	9.3
	Apr. -1.0	-0.4	1.4	1.2	13.9	11.3
	May -3.0	2.1	2.5	0.7	19.9	11.7
	Jun. 3.4	2.5	8.1	2.3	18.9	17.9
Beef & Tube Manufacturers 1	Jan. -0.4	0.5	-0.5	2.9	3.1	-0.7
	Feb. 0.0	-0.4	-1.9	2.9	2.7	-2.2
	Mar. 0.1	-0.6	0.0	3.1	2.0	-1.6
	Apr. 1.7	0.3	0.7	3.9	0.6	-1.2
	May 1.5	0.8	0.1	5.2	-0.1	-2.0
	Jun. -0.7	-0.5	0.0	4.2	0.1	-1.5
Beef	Jan. 0.0	2.6	2.4	0.9	6.7	8.4
Livingroom	Feb. 0.3	0.0	2.7	1.2	6.4	11.3
Furniture 1	Mar. 0.9	0.0	0.0	2.2	5.4	11.3
	Apr. 0.0	0.0	1.3	2.2	5.4	12.7
	May 0.0	0.0	0.0	2.2	5.4	12.7
Upholstered	Jun. 0.0	0.6	0.0	2.2	6.1	12.0
Household Refrigerator 1	Jan. 1.0	1.0	0.1	-4.6	1.3	1.0
	Feb. 0.0	0.6	0.0	-4.8	1.9	0.3
	Mar. 0.0	0.0	0.0	-4.8	1.9	0.3
	Apr. 0.0	0.0	0.0	-4.8	1.9	0.3
	May 0.0	0.0	0.0	-4.8	1.9	0.3
	Jun. 0.0	0.0	0.0	-3.8	1.9	0.3
Refrigerator 1	Jan. -0.2	0.9	0.0	-4.5	3.0	-0.6
	Feb. 0.0	0.0	0.1	-4.5	3.0	-0.5
	Mar. 0.0	0.0	-1.7	-4.5	3.0	-2.2
	Apr. 1.0	0.8	0.0	-3.6	2.9	-3.0
	May 0.2	0.0	0.0	-3.4	2.7	-3.0
	Jun. 0.0	0.0	0.8	-3.4	2.7	-2.2

1 Item affected by tariff change .

cont'd

TABLE 5: INDUSTRY SELLING PRICE INDEX, 1971-73
(1961=100)

Percent Changes in ISPI Items Affected by Tariff Changes and Sales &
Excise Tax Abolition on Feb. 19, 1973.

1 Month Percentage Change				12 Month Percentage Change			
Commodity		1971	1972	1973	1971	1972	1973
Washing machines, conventional 1	Jan.	-0.7	1.0	2.1	-1.3	4.9	1.7
	Feb.	0.0	0.0	0.0	-1.3	4.9	1.7
	Mar.	0.0	0.0	0.0	-1.3	4.9	1.7
	Apr.	3.4	-0.3	-0.2	2.1	1.2	1.8
	May	0.0	0.0		2.1	1.2	
	Jun.	0.0	0.0		2.1	1.2	
Dryers, 1 electric 1	Jan.	1.1	0.9	-0.3	-3.1	3.3	-1.7
	Feb.	0.0	0.0	0.0	-3.1	3.3	-1.7
	Mar.	0.0	0.0	0.0	-3.1	3.3	-1.7
	Apr.	0.8	0.0	0.0	-2.3	2.5	-1.7
	May	0.2	0.0	0.0	-2.1	2.3	-1.7
	Jun.	0.0	0.0	0.0	-2.1	2.3	-1.7
Vacuum cleaners 1	Jan.	1.4	-0.9	0.4	2.2	-0.4	1.8
	Feb.	0.0	0.0	0.0	2.2	-0.4	1.8
	Mar.	0.0	1.2	0.0	2.2	0.7	0.6
	Apr.	0.0	0.0	0.0	2.2	0.7	0.6
	May	0.0	0.0	0.0	2.2	0.7	0.6
	Jun.	0.5	0.0	1.4	2.7	0.2	2.0
Map Flakes 1	Jan.	-1.6	-0.7	0.2	-0.6	2.0	3.0
	Feb.	-2.4	-3.4	1.0	-2.5	0.9	7.7
	Mar.	3.5	2.7	4.5	1.3	0.2	9.5
	Apr.	-2.4	0.6	-6.3	-1.8	3.3	2.0
	May	-3.1	-2.5	7.1	-5.8	4.0	12.0
	Jun.	5.4	1.2	-2.1	-1.1	-0.2	9.0
Products of pharmaceuti- cals & drugs 1	Jan.	-0.3	0.0	0.2	1.9	2.3	0.5
	Feb.	0.2	-1.0	-1.5	2.2	1.1	0.0
	Mar.	0.6	0.6	0.6	2.2	1.1	0.0
	Apr.	-0.7	0.3	0.6	1.2	2.1	0.4
	May	-0.6	0.3	0.4	0.6	3.0	0.5
	Jun.	0.0	0.0	-0.5	0.2	3.0	1.5
Glass Mfrs. 1	Jan.	1.3	2.1	0.0	6.6	7.3	4.3
	Feb.	0.0	0.0	0.0	6.6	7.3	4.3
	Mar.	0.0	0.1	0.2	1.3	7.4	4.4
	Apr.	0.9	0.4	1.0	2.1	6.9	5.1
	May	0.0	0.2	-0.1	2.1	7.1	4.7
	Jun.	0.0	-0.1	0.0	2.1	7.0	4.9

1 Item affected by tariff change .

TABLE 5: INDUSTRY SELLING PRICE INDEX, 1971-73
(1961=100)

Percent Changes in ISPI Items Affected by Tariff Changes and Sales &
Excise Tax Abolition on Feb. 19, 1973.

Commodity		<u>1 Month Percentage Change</u>			<u>12 Month Percentage Change</u>		
		<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Soft Drink Manufacturers	2 Jan.	0.2	4.6	2.9	3.4	15.1	3.3
	Feb.	2.8	0.0	0.8	6.2	12.0	4.1
	Mar.	0.1	0.0	-0.4	6.3	12.0	3.7
	Apr.	2.8	1.2	2.4	9.2	10.2	4.9
	May	0.8	0.0	0.0	10.1	9.4	4.9
	June	0.1	0.0	0.0	10.2	9.2	5.4
Children's Shoes	2 Jan.	3.8	0.0	0.0	4.8	3.6	3.0
	Feb.	0.0	0.0	0.0	4.8	3.6	3.0
	Mar.	0.0	0.0	0.0	4.8	3.6	3.0
	Apr.	0.0	0.0	4.0	4.8	3.6	7.2
	May	0.0	0.0	0.0	4.8	3.6	7.2
	June	0.0	2.7	0.0	3.8	6.3	4.4
Infant's Soft Goods	2 Jan.	0.0	0.0	6.5	0.0	0.0	6.5
	Feb.	0.0	0.0	0.0	0.0	0.0	6.5
	Mar.	0.0	0.0	0.0	0.0	0.0	6.5
	Apr.	0.0	0.0	0.0	0.0	0.0	6.5
	May	0.0	0.0	0.0	0.0	0.0	6.5
	June	0.0	0.0	0.0	0.0	0.0	6.5
Toothpaste	1,2 Jan.	0.7	-4.1	-8.1	5.7	-2.4	-2.2
	Feb.	-0.6	5.7	8.9	1.1	3.8	0.8
	Mar.	-3.8	-2.9	-1.1	2.7	4.8	2.7
	Apr.	-0.2	-3.4	0.2	1.0	1.4	6.4
	May	1.0	5.9	0.5	6.0	6.4	1.0
	June	-5.5	-0.2	-6.9	-0.9	12.3	-5.8
Socks and Undies	2 Jan.	0.0	0.0	1.7	1.0	7.2	0.7
	Feb.	0.0	1.2	0.0	0.5	8.4	-0.5
	Mar.	0.1	0.0	4.8	0.6	8.3	4.3
	Apr.	1.9	0.0	-0.8	2.5	6.3	3.5
	May	0.5	0.0	0.6	2.7	5.8	4.1
	June	0.0	0.0	0.0	2.7	5.8	5.4

1 Item affected by tariff change.

2 Item affected by sales and excise tax repeal.

TABLE 6: GENERAL WHOLESALE PRICE INDEX, 1971-73
1935-39= 100

Percent Change in GWPI Items Affected by Tariff
Changes on Feb. 19, 1973

Commodity		1 Month Percentage Change			12 Month Percentage Change		
		1971	1972	1973	1971	1972	1973
Fruits	Jan.	2.4	1.4	6.4	3.7	15.9	12.6
	Feb.	6.9	1.4	4.3	3.8	10.0	15.8
	Mar.	0.3	0.6	3.8	2.5	10.4	19.4
	Apr.	0.8	-2.1	-0.8	1.3	7.3	20.9
	May	0.9	4.3	3.6	3.2	10.8	20.2
	June	0.4	1.8	2.0	8.3	12.3	20.5
Vegetables	Jan.	5.3	1.1	2.7	0.0	6.2	10.6
	Feb.	-0.6	0.3	14.4	0.0	7.0	26.2
	Mar.	2.1	3.4	-2.9	0.4	8.5	18.4
	Apr.	2.4	-1.0	4.3	1.8	4.9	24.7
	May	-7.0	7.3	-1.7	-2.5	21.0	14.3
	June	3.5	1.8	4.2	-0.1	19.1	17.0
Grains	Jan.	11.3	16.5	12.5	-9.4	6.1	16.5
	Feb.	8.1	-2.5	6.8	-1.1	-4.4	27.7
	Mar.	-8.7	11.8	7.9	-22.2	17.1	23.2
	Apr.	2.2	5.8	-7.2	-13.6	21.3	8.1
	May	23.5	30.6	6.3	-8.6	28.3	-12.0
	June	3.8	-15.0	-0.3	4.1	5.1	3.1
Oilseeds	Jan.	-1.9	3.2	2.7	-35.0	16.8	56.2
	Feb.	5.6	16.8	13.9	-34.0	29.2	52.3
	Mar.	-7.6	1.6	8.3	-35.5	42.1	62.3
	Apr.	-7.0	-3.3	-11.0	-30.2	47.7	49.5
	May	7.4	7.0	0.8	-28.3	47.0	40.9
	June	-1.9	2.2	0.8	-26.2	53.1	39.0
Coffee	Jan.	-6.5	-3.2	2.5	1.3	-20.0	32.6
	Feb.	-1.7	0.0	3.3	-0.4	-18.6	37.0
	Mar.	-19.5	3.3	4.0	-21.9	4.4	37.9
	Apr.	-1.1	2.1	3.1	-23.4	7.8	39.2
	May	-1.1	0.0	1.9	-24.6	9.0	41.9
	June	0.0	2.1	0.3	-21.2	11.2	39.4
Spices	Jan.	1.6	4.8	4.3	-37.0	-4.1	129.5
	Feb.	-3.2	-2.1	20.0	-54.2	-3.0	181.5
	Mar.	-10.4	-3.2	38.3	-54.2	4.7	302.1
	Apr.	-1.1	-2.0	50.9	-63.0	3.8	519.1
	May	3.2	25.6	-12.0	-59.4	26.3	333.7
	June	7.7	34.3	-37.9	-51.4	57.5	100.6
Sugar	Jan.	9.0	26.2	6.2	29.9	47.6	25.5
	Feb.	2.0	6.8	-8.1	33.3	54.7	7.9
	Mar.	-3.5	7.5	0.6	18.1	72.3	1.0
	Apr.	0.0	-20.7	0.0	16.3	36.6	27.4
	May	-3.5	-7.6	5.8	7.9	30.7	45.9
	June	-3.2	1.6	2.3	2.7	37.2	46.9

**TABLE 7: WINNIPEG MEAT PRICE QUOTATIONS FROM THE
MANITOBA DEPARTMENT OF AGRICULTURE
Jan. to Aug. 1973
Week Over Week Percent Change of Retail Prices**

BEEF						
DATE	Sirloin Steak	Round Steak Boneless	T-Bone Steak	Chuck Steak	Prime Rib Roast	
n. 19	--	--	--	--	--	
26	4.7*	2.0*	--	--	- 3.0*	
b. 2	1.9	- 1.4	--	--	3.0	
9	0.0	- 0.7	--	--	- 3.0	
16	0.0	2.0	--	--	0.0	
23	1.9	- 1.4	--	--	- 4.8	
r. 2	- 1.9	0.0	--	--	7.9	
9	3.1	1.4	2.8*	4.2*	3.7	
16	0.0	1.3	- 0.6	3.0	0.0	
23	0.0	1.3	- 1.1	- 3.0	0.0	
30	0.0	1.3	1.7	0.0	- 6.8	
r. 6	2.4	0.0	2.2	0.0	0.0	
13	0.0	1.9	0.0	0.0	9.1	
20	0.0	1.3	0.5	5.1	- 3.6	
26	0.0	- 1.9	- 0.5	- 5.1	5.0	
y 4	0.0	0.0	0.0	0.0	- 5.0	
11	0.0	1.9	0.0	0.0	-10.3	
18	- 8.4	- 5.9	- 7.4	0.0	15.9	
25	6.5	0.0	- 1.7	6.1	0.0	
ne 1	- 6.5	1.3	0.0	- 6.1	- 6.1	
8	-11.0	-11.6	11.6	1.0	5.3	
15	- 1.8	12.3	- 3.8	- 5.3	- 0.7	
22	1.2	1.3	0.0	- 3.3	2.2	
29	4.1	5.7	7.0	0.0	7.1	
ly 6	0.0	0.0	0.0	0.0	5.0	
13	2.3	-15.3	2.0	7.6	1.4	
20	5.5	7.6	4.0	0.0	- 0.7	
27	2.6	9.7	3.3	- 1.0	0.7	
g. 3	3.6	- 4.7	4.6	7.1	6.9	
10	8.8	6.2	5.3	21.0	8.4	
17	4.5	14.5	5.4	8.7	4.2	
24	--	--	--	--	--	
DATE	Blade Roast	Stewing Beef	Ground Chuck	Hamburger	Liver	
n. 19	--	--	--	--	--	
26	0.0*	- 6.3*	--	0.0*	--	
b. 2	5.3	- 2.4	--	2.3	--	
9	- 1.0	0.8	--	1.1	--	
16	0.0	- 0.8	--	4.5	--	
23	0.0	- 3.3	--	- 4.5	--	
t. 2	0.0	-14.2	--	10.1	--	
9	0.0	17.0	12.3*	- 2.1	13.9*	
16	2.0	4.8	0.0	0.0	10.8	
23	0.0	3.9	0.0	0.0	9.5	
30	- 2.0	- 2.3	0.0	0.0	- 9.5	
t. 6	0.0	2.3	3.4	0.0	12.2	
13	3.1	1.5	0.0	0.0	0.0	
20	7.9	1.5	0.8	2.1	7.2	
26	- 7.9	0.0	--	0.0	- 6.0	
4	1.0	0.0	0.0*	0.0	- 7.7	
11	5.9	0.0	0.0	-14.0	7.7	
18	0.0	0.0	- 4.2	14.0	0.0	
25	1.9	- 3.0	1.7	0.0	0.0	
ne 1	1.8	5.9	5.0	0.0	0.0	
8	- 6.7	- 5.2	- 3.9	0.0	4.8	
15	9.5	- 1.5	0.0	- 6.5	- 4.8	
22	- 9.5	5.2	2.5	6.5	13.1	
29	1.0	2.1	6.4	0.0	- 9.2	
ly 6	- 4.0	- 3.6	- 3.0	0.0	0.0	
13	4.0	3.6	3.1	0.0	1.2	
20	0.0	0.0	- 3.0	0.0	0.0	
27	1.0	2.1	3.1	0.0	0.0	
l. 3	8.6	0.7	0.8	7.1	0.0	
10	10.5	11.5	10.5	9.5	5.7	
17	12.7	4.3	2.7	14.8	1.1	
24	--	--	--	- 9.1	2.1	

-- No quotations.

* Percent change based on previous period's quotation.

cont'd

**TABLE 7: WINNIPEG MEAT PRICE QUOTATIONS FROM THE
MANITOBA DEPARTMENT OF AGRICULTURE
Jan. to Aug. 1973
Week Over Week Percent Change of Retail Prices**

PORK

DATE	Shoulder Roast	Leg Roast	Loin Roast Bone in Rib End	Loin Roast Boneless	Chops Centre Cut
1. 19	--	--	--	--	--
26	- 3.6*	--	0.0*	0.0*	--
2. 2	-27.2	--	5.0	0.7	--
9	22.0	--	- 1.0	4.4	--
16	-18.1	--	1.0	2.1	--
23	8.5	--	1.9	3.4	--
2. 2	37.5	--	- 3.7	2.0	--
9	8.0	14.2*	- 4.8	4.5	0.6*
16	3.2	- 5.7	0.0	4.3	-23.2
23	1.0	6.1	6.1	- 3.0	9.6
30	- 3.1	0.0	7.1	- 3.1	18.8
3. 6	- 6.3	- 7.4	- 9.2	-18.9	-27.1
13	- 6.0	1.9	16.9	0.0	27.9
20	8.9	0.0	- 5.8	10.1	0.6
26	- 9.3	- 4.4	0.0	19.0	2.5
4	3.4	0.0	-19.2	2.4	0.6
11	- 3.7	-11.0	9.0	5.0	- 0.6
18	14.1	- 2.1	0.0	-10.6	2.5
25	0.0	3.2	0.0	0.0	- 2.4
3. 1	- 7.9	11.2	0.0	0.0	- 1.9
8	- 7.3	0.0	- 5.2	0.0	- 7.0
15	4.0	--	3.3	- 2.8	2.1
22	- 8.9	-20.2*	- 4.2	2.9	5.4
29	7.0	--	4.4	0.0	3.2
4. 6	9.1	36.8*	2.1	10.4	--
13	6.3	-19.3	2.1	12.0	10.8*
20	20.3	10.3	12.1	26.1	0.6
27	14.2	23.0	27.9	- 7.8	11.4
5. 3	5.6	10.3	- 7.6	1.8	5.1
10	3.5	17.0	1.5	13.1	4.4
17	0.0	-48.4	4.5	1.1	- 1.9
24	- 7.6	- 4.3	0.0	- 1.6	- 1.4
DATE	Chops Rib End	Ham Butt Half	Smoked Ham Boneless	Bacon, Maple Leaf 1lb.	Bacon, Piece
1. 19	--	--	--	--	--
26	0.0*	7.9*	- 4.0*	- 1.8*	--
2. 2	1.3	0.0	6.0	0.0	--
9	4.4	- 4.2	0.0	0.0	--
16	0.6	2.2	2.2	5.5	--
23	-36.9	8.5	0.0	0.9	--
2. 2	0.0	6.9	0.0	2.6	--
9	- 8.2	- 9.1	0.0	- 5.9	- 6.2*
16	- 8.0	5.1	0.0	6.3	0.0
23	15.5	1.9	1.7	- 1.7	0.0
30	- 2.5	6.6	0.0	- 7.8	- 2.2
3. 6	-12.9	0.0	- 1.6	- 5.6	0.0
13	13.9	3.0	0.0	- 1.0	0.0
20	- 0.9	- 5.9	0.0	- 4.0	0.0
26	5.6	6.3	0.0	- 1.1	0.0
4	-11.1	2.9	0.0	- 4.2	0.0
11	12.5	10.1	1.7	8.8	3.4
18	0.0	10.9	1.6	- 3.0	- 3.3
25	6.9	0.0	0.0	4.2	0.0
3. 1	17.8	4.1	0.0	6.0	0.0
8	- 1.7	- 1.0	0.0	2.8	- 3.4
15	--	1.0	0.5	- 5.5	3.5
22	-15.4*	--	- 0.5	-19.4	- 4.5
29	15.2	- 6.9*	- 3.2	30.1	4.7
4. 6	--	3.3	3.3	9.2	0.0
13	11.8*	31.5	- 2.1	3.4	0.0
20	29.4	4.1	3.2	5.7	14.6
27	-13.6	-11.9	1.6	0.0	0.0
5. 3	17.5	28.8	5.6	15.5	5.9
10	47.8	2.8	14.4	8.7	0.9
17	--	- 5.4	4.6	16.1	23.9
24	--	0.0	0.0	- 1.1	17.0

-- No quotations.

* Percent change based on previous period's quotation.