

Prices are secured by circularizing about 900 grocers and 700 butchers, and from data collected by correspondents of the Department of Labour.

Average prices are calculated for more than 70 cities and these are converted to a Dominion average for each commodity. In computing the index each average price is weighted by the aggregate Canadian consumption in 1926, which is the base year used in the calculation. The group index number is weighted by 30 p.c. in order to arrive at the general index number.

Fuel and Lighting.—Information regarding items of this group is obtained by circularizing between 600 and 700 firms to obtain prices for coal, coke, wood, gas, and electricity. Separate index numbers are made for each type of fuel or lighting and these are weighted by a figure representing the importance of the subgroup in consumption. The weights are as follows: coal 53 p.c., wood 16 p.c., gas 9 p.c., electricity 13 p.c., coke 9 p.c. The group index number for fuel and lighting is in turn weighted by 6 p.c. in order to arrive at the general index.

For the purpose of constructing the coal index, Canada is divided into three parts, according to the kind of coal most used for domestic purposes. In the Maritimes, eastern bituminous is the typical coal fuel; for Ontario and Quebec it is anthracite and coke. Western domestic coal is used in the Prairie Provinces, and in British Columbia both western domestic and B.C. bituminous are extensively used. City prices are weighted by domestic consumption data to obtain provincial average prices, and these in turn are weighted by provincial domestic consumption in order to obtain the Dominion index.

Wood index numbers are constructed on similar principles with the exception that no account is taken of different consumption areas.

Gas index numbers include both natural and manufactured gas. In each case average monthly bills are weighted with consumption figures for each city. The resulting index numbers are then weighted by the national domestic consumption of natural and manufactured gas to obtain the final index.

Electricity index numbers are computed on the basis of monthly bills, representing average consumption in Canadian cities, weighted by the number of consumers in each city in 1926.

By-product coke has been taken as representative of all coke in making the index for this fuel. Over 75 p.c. of the coke manufactured in Canada in late years has been of that variety, and imported coke is almost exclusively of that kind.

Index numbers for coke are constructed by weighting city average prices with consumption figures, and the resulting aggregative index for each province is again weighted by provincial consumption in 1926 in order to arrive at the Dominion figure. No prices are included for the western provinces in calculating this index because their consumption is negligible.

Clothing.—For this group 55 clothing items are utilized as follows: men's 25, women's 23, and women's dress goods 7. In order to obtain prices for the commodities included, over 200 schedules are sent out quarterly.

Included in the above estimate of clothing returns as single units, are groups of schedules received from practically all the large Canadian departmental stores. Each store sends in 16 schedules of men's and women's clothing prices and in nearly all cases quotes on three grades of every article specified. Because departmental stores play such a large part in the determination of retail price levels, the