

Confederation are given in Table 1. In that table will be noted the high prices of 1867, immediately following the close of the American Civil War and the Austro-Prussian War of 1866, and the tendency to declining prices in the years immediately following. Prices went up again after the Franco-German War of 1871 and reached a high point in 1872 and 1873, but the crisis of the latter year resulted in a decline. A downward trend persisted fairly steadily throughout the 25 years from 1872 to 1897 and was featured by an inadequate increase in the supply of gold. The gold supply of the world did not increase as rapidly as the supply of commodities, consequently more commodities could be secured for a given amount of gold. This gold shortage was accentuated by the demonetization of silver which ceased to be legal tender with gold and was reduced to the level of token money by the chief nations. Relief came through the discoveries of gold in the Rand mines and the application of the cyanide process to low-grade ores. The result was a rapidly increasing world production of gold from about 1890 down to the outbreak of the Great War, with consequent rising general prices as soon as the volume of the new gold became a large part of the total stock. Thus prices increased from the low point of 75·6 in 1897 to 100 in 1913 and 102·3 in 1914. Afterwards, the Great War, both through the scarcity of commodities which it occasioned and the inflation of the currency which it produced, drove prices rapidly upward to a maximum of 243·5 in 1920, followed by a rapid collapse to 152·0 in 1922. This was succeeded by a slight increase to 160·3 in 1925. The tendency from 1925 to 1929 was downward, although the period was one of increasing prosperity—a condition normally associated with rising prices.

1.—Annual Index Numbers of Wholesale Prices in Canada, 1867-1934.

(1913=100.)

1867.....	133·0	1884.....	100·6	1901.....	84·5	1918.....	199·0
1868.....	128·7	1885.....	92·7	1902.....	86·2	1919.....	209·2
1869.....	126·5	1886.....	90·7	1903.....	86·9	1920.....	243·5
1870.....	123·5	1887.....	91·9	1904.....	87·0	1921.....	171·8
1871.....	124·5	1888.....	93·5	1905.....	87·8	1922.....	152·0
1872.....	135·7	1889.....	92·6	1906.....	92·6	1923.....	153·0
1873.....	133·8	1890.....	93·0	1907.....	96·2	1924.....	155·2
1874.....	129·0	1891.....	91·4	1908.....	90·9	1925.....	160·3
1875.....	120·7	1892.....	86·2	1909.....	91·4	1926.....	156·2
1876.....	116·6	1893.....	85·2	1910.....	94·3	1927.....	152·6
1877.....	115·1	1894.....	80·6	1911.....	95·0	1928.....	150·6
1878.....	104·3	1895.....	79·6	1912.....	99·5	1929.....	149·3
1879.....	101·0	1896.....	76·0	1913.....	100·0	1930.....	135·3
1880.....	112·9	1897.....	75·6	1914.....	102·3	1931.....	112·6
1881.....	109·9	1898.....	77·8	1915.....	109·9	1932.....	104·2
1882.....	112·1	1899.....	81·4	1916.....	131·6	1933.....	104·8
1883.....	106·0	1900.....	85·8	1917.....	178·5	1934 ¹	111·8

¹ Subject to revision.

Commencing in the fall of 1929, a severe economic depression set in, which was accompanied by a drastic decline in wholesale prices. Its extent may be gauged from the drop of the wholesale price index from 153·7 in August, 1929, to 99·2 in February, 1933. A subsequent irregular rise carried this index upward to 111·2 in December, 1934.