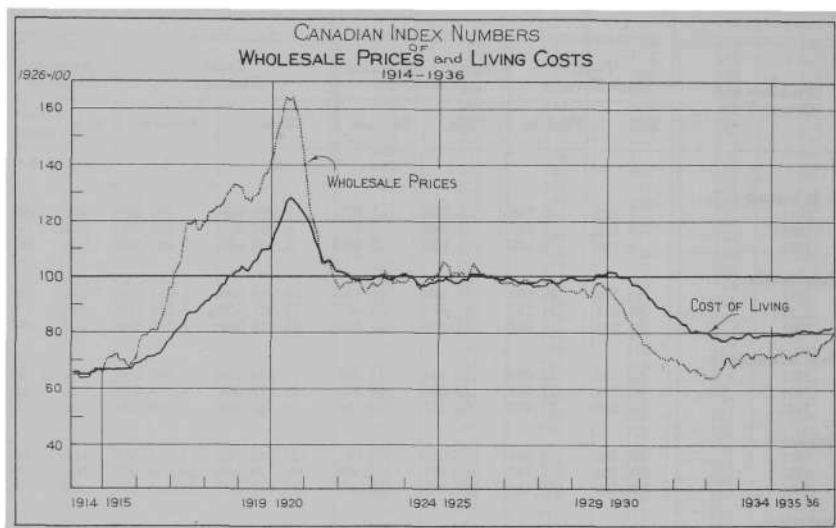


CHAPTER XX.—PRICES.*

For purposes of statistical analysis, commodity prices are usually divided into two principal groups, wholesale prices and retail prices. The term "wholesale" is not used literally, and included in this group primary producers', factory, and jobbers' quotations are often found, as well as actual wholesale prices. Markets in which this type of price is quoted are usually well organized, and frequently very sensitive. They are responsive to changing business and monetary conditions. Wholesale quotations are accordingly preferred, therefore, for sensitive index numbers of prices designed to reflect price reactions to business factors, and for more general index numbers to furnish a basis of measuring changes in the purchasing power of money. Although possessing admitted defects, general wholesale price index numbers are widely used for this latter purpose.



Retail prices represent more diffused markets, and are less sensitive. There is ordinarily a lag of several months between this type of quotation and its wholesale counterpart. Retail prices are important from a statistical point of view, however, because they indicate changes in living costs, and along with measurements of income, show fluctuations in the economic well-being of the community.

Section 1.—Wholesale Prices of Commodities.

Subsection 1.—Historical Review of Canadian Prices.

Annual average index numbers for every year since Confederation are given in Table 1. In that table will be noted the high prices of 1867, following the close of the American Civil War and the Austro-Prussian War of 1866, and the tendency

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