

to declining prices in subsequent years. 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, when the gold supply of the world did not increase as rapidly as the supply of commodities. This gold shortage was accentuated by the demonetization of silver, which ceased to be legal tender and was reduced to the level of token money by most 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 to the outbreak of the Great War, with consequent rising prices as the volume of the new gold became an appreciable 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 drop to 152.0 in 1922. This was succeeded by a slight increase to 160.3 in 1925. The tendency from 1925 to 1929 was gradually downward, although the period was one of increasing prosperity.

Commencing in the autumn of 1929, the severe economic depression 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 132.1 in 1937, although the trend of prices was downward in the latter half of that year.

1.—Annual Index Numbers of Wholesale Prices in Canada, 1867-1937.

(1913 = 100.)

Year.	Index No.	Year.	Index No.	Year.	Index No.	Year.	Index No.
1867.....	133.0	1885.....	92.7	1903.....	86.9	1921.....	171.8
1868.....	128.7	1886.....	90.7	1904.....	87.0	1922.....	152.0
1869.....	126.5	1887.....	91.9	1905.....	87.8	1923.....	153.0
1870.....	123.5	1888.....	93.5	1906.....	92.6	1924.....	155.2
1871.....	124.5	1889.....	92.6	1907.....	96.2	1925.....	160.3
1872.....	135.7	1890.....	93.0	1908.....	90.9	1926.....	156.2
1873.....	133.8	1891.....	91.4	1909.....	91.4	1927.....	152.6
1874.....	129.0	1892.....	86.2	1910.....	94.3	1928.....	150.6
1875.....	120.7	1893.....	85.2	1911.....	95.0	1929.....	149.3
1876.....	116.6	1894.....	80.6	1912.....	99.5	1930.....	135.3
1877.....	115.1	1895.....	79.6	1913.....	100.0	1931.....	112.6
1878.....	104.3	1896.....	76.0	1914.....	102.3	1932.....	104.2
1879.....	101.0	1897.....	75.6	1915.....	109.9	1933.....	104.8
1880.....	112.9	1898.....	77.8	1916.....	131.6	1934.....	111.8
1881.....	109.9	1899.....	81.4	1917.....	178.5	1935.....	112.6
1882.....	112.1	1900.....	85.8	1918.....	199.0	1936.....	116.5
1883.....	106.0	1901.....	84.5	1919.....	209.2	1937.....	132.1
1884.....	100.6	1902.....	86.2	1920.....	243.5		

Subsection 2.—The Index Number on a Post-War Base (1926).

The official Canadian index numbers of wholesale prices, along with the other price indexes computed by the Dominion Bureau of Statistics, were revised in 1928, when the list of commodities included was increased from 236 to 502. The weighting system was extended to obtain a fairer distribution among sub-groups, and the base was shifted to the year 1926. By that time most of the leading countries of the world had completed the first phase of post-war currency reorganization, and a reasonable degree of price stability seemed to have been established. Commodities and weights were again revised at the beginning of 1934, bringing the total number of price series in the index up to 567.