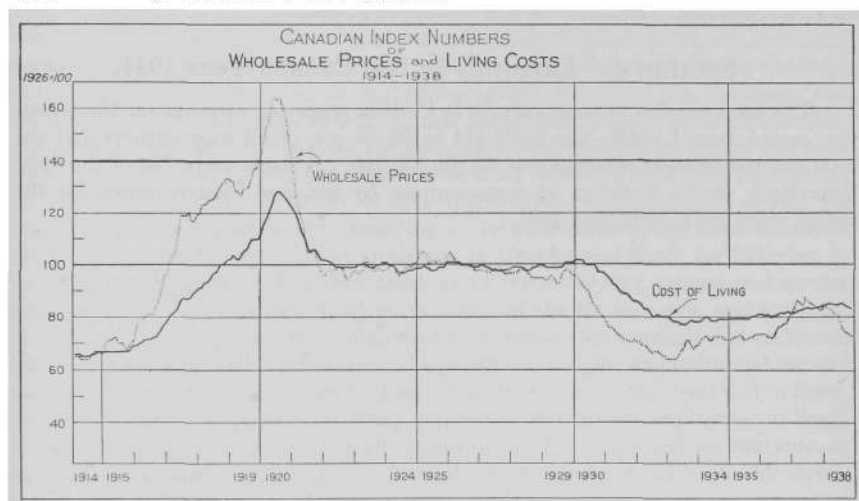


CHAPTER XX.—PRICES.*

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 primary producers', factory, and jobbers' quotations, as well as actual wholesale prices, are often included in this group. 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 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

* Except as otherwise credited, the sections of this chapter have been revised under the direction of Herbert Marshall, B.A., F.S.S., Chief, Internal Trade Branch, Dominion Bureau of Statistics. This Branch compiles and publishes statistics on: Prices (wholesale, retail, securities, bond yields, services, exchange, cost of living), Retail and Wholesale Trade, Foreign Capital Investments in Canada and Canadian Investments Abroad, Balance of International Payments, and other related subjects. For a complete list of the publications of this Branch, the reader is referred to Chapter XXIX, Section I, under 'Internal Trade'.