

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. This movement persisted throughout the greater part of 1938, carrying the wholesale index lower by 7 p.c. to 122.8.

#### 1.—Annual Index Numbers of Wholesale Prices in Canada, 1867-1938.

(1913=100. Unweighted index from 1867-1912.)

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	1938.....	122.8

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

Wholesale price levels in Canada during 1938 were reduced materially. The Dominion Bureau of Statistics weekly index of 567 commodity prices receded almost steadily from a level of 84.3 for the first week of January to 74.0 for the week of September 9. At this point the index stiffened and remained comparatively firm through the last quarter, closing the year at 73.2. Between December, 1937, and December, 1938, the monthly general index of wholesale prices dropped from 82.7 to 73.3, for a loss of 11.4 p.c. The vegetable products index, paced by the rapidly falling and heavily weighted grain index, was mainly responsible for this major setback. As it became increasingly evident that Canada and other leading exporters would harvest large wheat crops, the grain index tumbled sharply to the year's low of 41.7 on Nov. 4. This compared with an opening index of 96.1.