

Section 1.—Wholesale Prices of Commodities.

Subsection 1.—Historical Review of Canadian Prices.

From Table 1 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 rose 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 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 War of 1914-18, with consequent rising prices as the volume of the new gold became an appreciable part of the total stock. The War itself, both through the scarcity of commodities that it occasioned and the inflation of the currency, drove prices rapidly upward to a maximum of 243·5 in 1920, followed by a rapid drop to 152·0 in 1922. The tendency from 1922 to 1929 was gradually downward, although the period was one of increasing prosperity.

Commencing in the autumn of 1929, a severe economic depression was accompanied by a drastic decline in wholesale prices (the wholesale price index fell from 153·7 in August, 1929, to 99·2 in February, 1933). A subsequent irregular rise followed until 1937, although the trend of prices was downward in the latter half of that year. This movement persisted until September, 1939, when the outbreak of war in Europe accounted for a sharp rise in the last four months of the year.

1.—Annual Index Numbers of Wholesale Prices in Canada, 1867-1939.

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

Year.	Index No.	Year.	Index No.	Year.	Index No.	Year.	Index No.
1867	133·0	1886	90·7	1905	87·8	1924	155·2
1868	128·7	1887	91·9	1906	92·6	1925	160·3
1869	126·5	1888	93·5	1907	96·2	1926	156·2
1870	123·5	1889	92·6	1908	90·9	1927	152·6
1871	124·5	1890	93·0	1909	91·4	1928	150·6
1872	135·7	1891	91·4	1910	94·3	1929	149·3
1873	133·8	1892	86·2	1911	95·0	1930	135·3
1874	129·0	1893	85·2	1912	99·5	1931	112·6
1875	120·7	1894	80·6	1913	100·0	1932	104·2
1876	116·6	1895	79·6	1914	102·3	1933	104·8
1877	115·1	1896	76·0	1915	109·9	1934	111·8
1878	104·3	1897	75·6	1916	131·6	1935	112·6
1879	101·0	1898	77·8	1917	178·5	1936	116·5
1880	112·9	1899	81·4	1918	199·0	1937	132·1
1881	109·9	1900	85·8	1919	209·2	1938	122·8
1882	112·1	1901	84·5	1920	243·5	1939	117·6
1883	106·0	1902	86·2	1921	171·8		
1884	100·6	1903	86·9	1922	152·0		
1885	92·7	1904	87·0	1923	153·0		