

CHAPTER XX.—PRICES*

CONSPECTUS

	PAGE		PAGE
SECTION 1. WHOLESALE PRICES OF COM- MODITIES.....	713	Subsection 2. Retail Prices.....	725
Subsection 1. Historical Review of Canadian Prices.....	713	Subsection 3. The Nutrition and Family Living Expenditures Investigation...	727
Subsection 2. Canadian Wholesale Price Movements, 1940.....	714	SECTION 3. INDEX NUMBERS OF SECURITY PRICES.....	727
SECTION 2. COST OF LIVING AND RETAIL PRICES.....	722	SECTION 4. INDEX NUMBERS OF BOND YIELDS.....	730
Subsection 1. The Cost of Living Index	722		

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 preferred, therefore, for sensitive index numbers of prices designed to reflect price reactions to economic factors.

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

The high prices of 1867, after the close of the American Civil War and the Austro-Prussian War of 1866, were followed by several years of gradual decline (Table 1). 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 (predominantly upon a free gold standard) 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 discovery 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

* 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, the Tourist Trade and other related subjects. For a complete list of the publications of this Branch, see Chapter XXVIII, Section I, under "Internal Trade".