

CHAPTER XX.—PRICES*

CONSPECTUS

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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.

THE ACTIVITIES OF THE WARTIME PRICES AND TRADE BOARD IN REGULATING PRICES†

The functions of the Wartime Prices and Trade Board are outlined briefly in an earlier section. (See Introduction on "The Economic Effort and its Organization".) Here, the Board's activities in regulating prices are examined in greater detail.

Initial Measures to Control Prices.—During the first two years of the War unused productive capacity was being brought into use and taxation was made increasingly heavy so that the danger of general inflation was limited. The Board's chief concern was to prevent undue price advances and profiteering in the case of particular commodities for which the War had disrupted demand and supply. It relied chiefly on securing adequate supplies and a fair distribution, but in several instances prices were temporarily fixed.

In November, 1939, the Board fixed the maximum price of crossbred wool at 45 cents per pound (clean basis), but this order was rescinded the following January when the continuation of adequate supplies was assured. As a result of the Wheat Processing Tax of July, 1940, there was a tendency to increase bread prices in parts of Canada. The Wartime Prices and Trade Board therefore issued a standstill

* Except as otherwise credited, the sections of this chapter have been revised by H. F. Greenway, M.A., Prices Statistician, under the direction of Herbert Marshall, B.A., F.S.S., formerly Chief, Internal Trade Branch, now Assistant Dominion Statistician. 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".

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