

Irregular recovery then continued until 1937, but the highest point reached, 110·6 in July 1937, was substantially below the 1926 average. The collapse of the wheat market in 1938, together with a fairly general depression in other markets, carried wholesale price levels just prior to the outbreak of war in 1939 down to about 15 p.c. above the 1913 level. The August 1939 index of 95·6 marked the extreme low of a two-year decline. The movement of prices prior to the outbreak of World War I was very different from that which preceded World War II. The relatively low level of prices in August 1939 probably influenced the sharper initial advance at the outbreak of war. However, during 1940, price levels steadied and showed no sign of a steep increase until 1941. By that time, great expansion in wartime production had made serious inroads into stocks of nearly all basic commodities and, at the end of 1941, wheat remained the only important commodity for which stocks exceeded predictable requirements. The introduction of general price control in December 1941 ended a year in which wholesale prices had advanced 10 p.c. as compared with about 3 p.c. in 1940. The effectiveness of price control is indicated by the fact that increases in wholesale prices amounted to only 3·1 p.c. and 5·2 p.c. during the years 1942 and 1943, respectively, and the December 1944 index was slightly below the December 1943 figure. The December 1945 index of 132·9 was 10 p.c. above that for December 1941, when price control became generally effective.

The precipitous advance in United States general wholesale prices that began during the latter half of 1946 was of great concern to Canadian price-control authorities. The advance had been anticipated in July 1946, when the Canadian dollar was returned to par with the United States dollar, thus reducing the Canadian dollar cost of imports from the United States. This provided a buffer of 10 p.c. only and the rise in United States prices was greater than that on a majority of imported articles so that continuous pressure was felt, especially among individual items. The Canadian general wholesale price index rose from 132·3 to 142·5, an increase of over 8 p.c. between May 1945 and December 1946.

The Canadian price rise accelerated in 1947 as internal controls continued to be relaxed. The monthly general wholesale index advanced without interruption from 142·5 at December 1946 to 179·9 at December 1947, an increase of 26 p.c. The rise carried through into 1948, although at a decreasing rate, and by December the index had reached a level of 202·0. Wholesale price levels during 1949 were generally stable, then rose slightly during the first five months of 1950 to reach an index level of 204·7 by May. In June, a sharp gain to 209·2 occurred, owing mainly to rapidly advancing prices for live stock, lumber, iron and steel products and non-ferrous metals. An important factor stimulating further advance was the outbreak of war in Korea. The effect on basic commodities originating in or near that area was particularly sharp and by the end of the year the index had risen to 225·2.

In 1951, the index reached new peak levels, culminating in an all-time high of 243·7 in July. This trend was reversed in the second half of the year when the index declined steadily, reflecting marked recessions in animal products and textile products. The December 1951 index at 237·7, however, was still 5·6 p.c. above December 1950.