

**PRICES AND THE COST OF LIVING.**

**Wholesale Prices.**—Statistics as to wholesale prices in Canada have been published by the Department of Labour since 1910, an index number being calculated to show the movement from month to month and from year to year. A special report, issued in 1910, contained records of prices of 230 commodities from 1890-1909, and afforded the basis for the index number, the statistics being brought down to date each year in annual reports for calendar years. Since 1917 annual reports have not been issued, but the index figures have appeared monthly in the Labour Gazette.

The index number has been calculated from the prices each month of 271 commodities since 1915, 272 commodities from 1910 to 1914, and 230 commodities from 1890 to 1909. The index figure shows the price level each month or year as a percentage of prices during the period adopted as a base, which was the decade 1890 to 1899. Each month or year the current price of each article is divided by the average price of the same article for the decade 1890-1899 and multiplied by 100, thus obtaining its current relative price, or its percentage of the price for the base period. These relative prices or percentages are averaged to ascertain the general index number for all commodities included and also by groups to determine the group averages, and sub-group averages. The index number is not weighted, otherwise than by the selection of large numbers of items from important commodity groups, that is, no allowance is made for the relative importance of the various articles included, the simple arithmetic average being taken in each case.

The accompanying tables and diagrams show the steep decline in prices during 1921, continuing the downward movement which began in May 1920, and was experienced not only in Canada but throughout the world, except where the excessive issue of paper currency tended to raise prices still more. The table of group averages by months shows that prices of farm products and raw materials declined most until the end of 1920, and that prices of semi-manufactured goods declined generally after the downward movement in raw materials had in a general way ceased about the end of 1920. At the end of 1921 prices were approximately 70 per cent above 1913 levels, whereas at the beginning of the year, the general level was 108 per cent higher and in May 1920 as much as 165 per cent above 1913 levels.