When we come to international comparisons of prices we are on somewhat more difficult ground, because different countries attach differing degrees of importance to various commodities. For example tea and cocoa are much more heavily weighted in the United Kingdom cost-of-living index than in the Canadian. Similarly rice bulks large in the Indian index, but is very lightly weighted in ours. Each country weights its index according to the importance it attaches to the various commodities.

Price indexes, like any averages, are not perfect measurements of change, but they are the best measures we have, and at least in relation to the more statistically advanced countries, they do provide the bases for reasonably sound comparisons.

During the first world war wholesale prices in the English-speaking countries increased about 2½ times—that is the index went up from 100 to about 250. In the 1920-22 adjustment they came down about 100 points, and the level throughout the remainder of the 1920's stayed at about 50 per cent above 1913-14 Retail prices, or the cost of living, advanced about 90 per cent from 1914 to 1920, then declined about 40 points—and from 1922 to 1930 both wholesale and retail price levels fluctuated around about 50 per cent above 1913.

The price collapse of 1930 to 1933 is familiar to all of us, and by the mid nineteen-thirties wholesale prices had settled down at a level about 30 per cent below the 1926-29 average, and retail prices, or the "cost of living", at about 25 per cent below the 1926-29 level.

I need hardly remind you that the pre-war decade was a period of low prices,—disastrously low prices. These pre-war prices included 55 cent wheat, 6 cent steers, 20 cent butter, 20 cent eggs, 8½ cent cotton, 15 cent wool and raw sugar well below one cent a pound. These prices were a reflection of world-wide depression and unemployment. They were the accompaniments of very low purchasing power, and millions of unemployed here and abroad.

I do not think any thoughtful person would want to go back to the general 1939 level of prices.

The outbreak of war stiffened prices sharply all over the world. For a major war was bound to develop shortages in place of chronic surpluses. When the war took a disastrous turn in May and June 1940, neutral markets seemed to believe that it was all but finished, and prices dipped down. When the battle of Britain proved that it was by no means over, prices stiffened again, and as the intensity of war demands mounted, as United States rearmament began to absorb larger and larger blocks of materials and resources, and as we and other countries began to cross into the zone of full employment, inflationary pressures began to assert themselves. By the summer of 1941 the operations of an inflationary spiral began to be evident.

The United Kingdom adopted something approaching a price ceiling policy in the spring of 1941; Canada followed with a complete over-all ceiling in the autumn of 1941; and the United States developed somewhat analogous price controls during the latter part of 1942.

Under the Canadian price ceiling policy the general level of retail prices, or the "cost of living", was kept almost completely stable for more than four years. This was achieved by a vigorous combination of supply controls, production directives, export controls, bulk purchasing, subsidies and rationing. It was a "tough" and realistic policy, very ably administered and firmly enforced; but its success was predicated on the whole-hearted acceptance of the policy and the procedures by practically all industries, groups, sections and classes. And this almost unanimous support of the policy was in turn based upon, and made possible by that simple singleness of purpose—the winning of the war—which imbued and pervaded the whole community throughout those