

Broad movements in the general price levels of the United States and United Kingdom since 1926 have corresponded fairly closely with those of the Canadian index; all three had about the same severe decline in 1929-32 and about the same measure of recovery following 1932. The general price levels of countries with currencies depreciated below the Canadian dollar, have been appreciably higher in relation to pre-depression years, than the Canadian index; although not higher by nearly the full amount of depreciation.

During the last few years only about half of the severe fall in the general level of Canadian prices between 1929 and 1932, was recovered; but prices of primary products which fell more sharply than other prices in 1929-32 also rose more rapidly after 1932 and by 1937 the ratio of primary products' prices to the general price level was actually as high as in 1926. The ratio of farm products' prices to the general price level, for example, which had fallen from 100 in 1926 to 73 in 1932, was 103 in 1937. These and other inter-relationships of component price groups in the Canadian general index are shown in a table which I now place before the committee.

CANADIAN PRICE INDEXES

(1926=100)

Average	Actual Indexes			Ratios of Indexes		
	Farm products	Export goods	Import goods	Farm products to general index	Exports to general index	Exports to imports
		(1)			(1)	(1)
1926.....	100	100	100	100	100	100
1927.....	102	98	98	105	100	100
1928.....	101	94	96	104	98	98
1929.....	101	92	94	105	96	98
1930.....	82	77	84	95	89	92
1931.....	56	61	72	78	84	84
1932.....	48	55	71	73	82	78
1933.....	51	55	73	76	82	76
1934.....	59	61	77	82	85	79
1935.....	64	62	78	88	86	80
1936.....	69	67	79	93	89	84
1937.....	87	81	90	103	96	90
1938.....	74	71	83	94	90	86

¹Gold not included in index of export prices.

Although the general level of Canadian commodity prices remained considerably below the pre-depression level, the disparities between major component price groups, which developed during 1929-32, had largely disappeared by 1937. Taking into consideration that the level of interest rates declined more over the period than the level of prices, it is apparent that in so far as prices were concerned, a rough approximation of the equilibrium existing in 1926 had been re-established by 1937.

The price levels of countries which depreciated their currencies below the Canadian dollar have been appreciably higher than comparable Canadian price indexes, but the relation of primary products' prices to other prices, on the whole, has been no more favourable in those countries than in Canada. To illustrate this point I would like to place on the record a comparison of certain price relationships in Canada and Australia as compared with those existing in 1929—i.e., just before currency depreciation.