

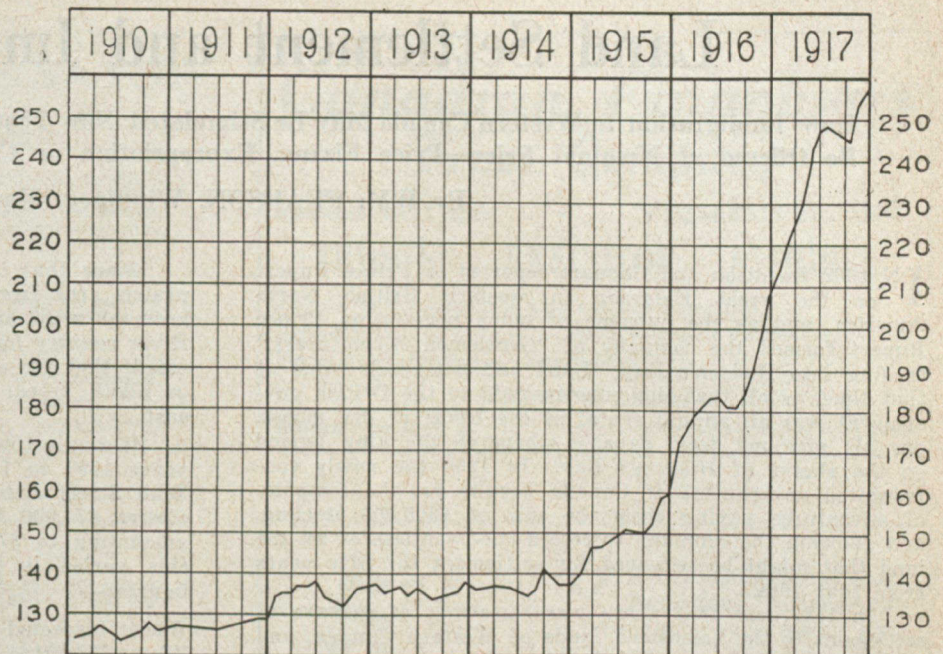
number of ships decreased appreciably, but a great part of the existing tonnage was required for purely war needs and was not available for transportation of food and other commodities. The scarcity of ships rendered to a great degree impracticable the transportation of grain from Australasia and India and increased the importance of Canadian and American grain for export. The same feature affected the trade in meats, butter, cheese, etc., although somewhat less, owing to the concentrated form of these foods. The supply of foods from Asia to both America and Europe, including rice, tapioca, sugar, tea, etc., was also affected by this condition. The losses of ships in submarine warfare prevented for some time any net increase in the tonnage available, while the demands on the transportation facilities available were increasing. Gradually almost all tonnage, afloat and building, had been brought into the service of allied and neutral governments.

Industrial Handicaps

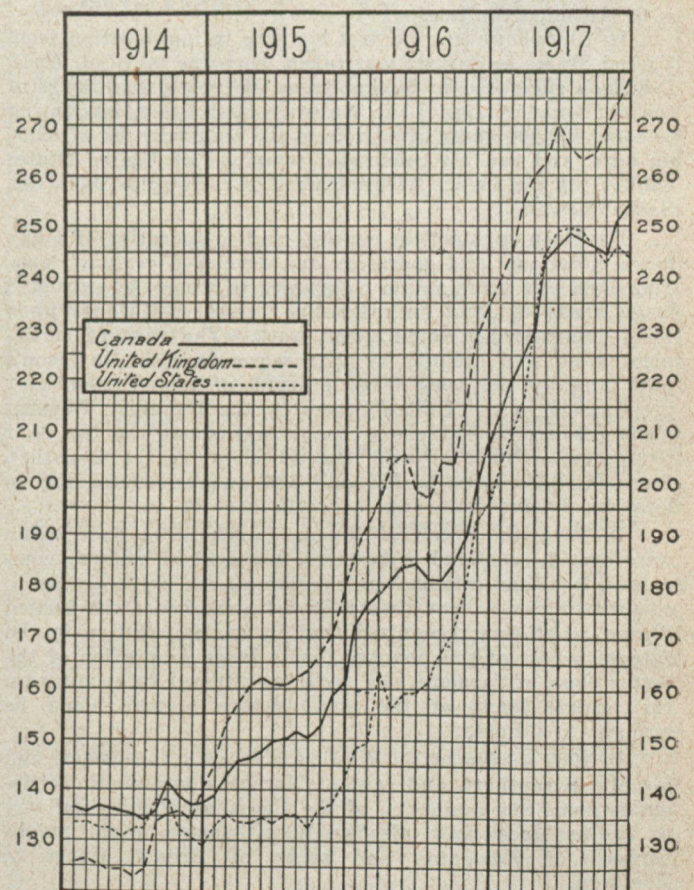
Less marked, but yet very important, was the shortage in fuel, raw materials and manufactured goods, and the difficulties in transportation by land. The railways in North America were strained to meet war demands, and in many cases had not kept up their equipment, owing to the high cost of operations, the scarcity and high cost of new rails, rolling stock, etc., as a result of the great demand for war material. Mineral and chemical production showed enormous increases, but in coal, textiles, leather, lumber and many other lines production could not be as readily increased nor developed sufficiently to meet the extraordinary demands. The entry of the United States into the war in the spring of 1917 increased the demand for many commodities. Prices in materials as well as in foods had risen very steeply during the latter part of 1916, and continued to increase until the middle of the year, when there was some reaction. The restrictions on the wheat trade and the pending measures for food control tended to steady all grain markets. The United States government made arrangements as to the prices, supply and distribution of coal, metals and other materials required in its war programme. The market for these commodities in Canada was considerably affected, particularly in textiles and those goods for which the raw materials had risen previously. Seasonal decreases occurred in meats, dairy products, fruits and vegetables, although there were also seasonal advances. Many of the metals and metal products, building materials and other commodities continued to advance, so that the index number in Canada showed little recession at any time, but receded slightly from June to November. Seasonal advances in many foods, increases due to scarcity in other cases and an upward movement in some materials caused a somewhat sharp advance toward the end of the year, and these conditions indicated a continuation of the movement during the early part of 1918.

Throughout the world prices were also steeply upward during the first half of the year, but not so steeply thereafter. Crop conditions were more favorable than a year before, and government regulation of prices and control of industry and commerce had become almost complete in many countries. Control of production and export in one country frequently had a great effect on the supplies and prices in other countries, while control of transportation elsewhere in many cases became an additional important factor. For instance, the United States government controlled exports to Europe, and the British government controlled much of the transport, while, as regards products of Asia, the

(Continued on page 37)



COURSE OF WHOLESALE PRICES IN CANADA BY MONTHS, 1910 TO 1917
(Average Prices 1890-1899=100)



COURSE OF WHOLESALE PRICES IN CANADA, THE UNITED KINGDOM AND THE UNITED STATES, BY MONTHS, 1914-17

Note.—The movement of prices in Canada is shown according to the index number of the Department of Labor; prices in the United Kingdom according to the Sauerbeck index number as continued in the "Statist," London; prices in the United States according to the index number of the Bureau of Labor Statistics. The last two are brought to the basis of the Canadian index number. The United States index number was originally calculated on this basis until 1913 and contains a similar list of commodities. The Sauerbeck index number includes only 45 commodities.