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RECENT MOVEMENTS IN CANADIAN LIVING COSTS
(1926 = 100)

Living costs as measured by the Dominion Bureau of Statistics index number of retail prices, rents, and costs of services, have begun to reflect in a considerable measure, the decline in wholesale prices which has been in progress since August, 1929. The cost of living index being less sensitive to basic price changes than its wholesale counterpart, and influenced more by seasonal factors, moved very gradually upward from midsummer 1929 to a level of 102.1 in January of 1930. From that point, it has declined steadily to 90.4 in May, 1931. This represents a fall of 27.2 per cent. from the average level in 1920, but is still 38.2 per cent. higher than the 1913 average.

THE BEHAVIOUR OF RETAIL PRICES, RENTS, AND SERVICE COSTS
SINCE JANUARY, 1930.

FOODS.- The retail food index in January, 1930, was 106.5, the highest point reached since 1921. Meats were perhaps the greatest influence contributing to the advance which terminated at this peak, although milk, butter, cheese, bread, and flour were also moving higher at that time. Since January, 1930, the index has fallen without interruption to the May, 1931, level of 77.7, exhibiting an accelerated rate of decline during the past five months. The recent pronounced recession has been due chiefly to the failure of meat prices to show customary seasonal strength with the coming of spring, and to very sharp drops in butter and egg quotations. Fresh eggs averaged 25.5¢ per dozen in May as against 50.3¢ in January, while creamery butter dropped from 37.3¢ to 32.8¢ per pound in the same period, 4.4¢ of this cut occurring between April and May. Flour, bread, sugar, tea and coffee have also fallen steadily in recent months.

CLOTHING.- The clothing index after having dropped only five points between 1926 and August, 1930, fell over ten points in the interval between August, 1930, and May, 1931, when it stood at 84.7. Basic textile raw materials have declined more rapidly than the general level of prices in the current price recession, and manufacturing conditions in most branches of the clothing industry are highly competitive. The perfection attained lately in the production of rayon and celanese, the wide range of their usefulness, and their comparatively low initial cost, have likewise exercised an appreciable effect upon the clothing index. This was reflected in the sub-groups for women's apparel and dress goods which were 78.3 and 78.2 in May, while the number for men's apparel was 91.1. Rayon and celanese have been especially popular as materials for women's dresses and undergarments, and their competitive influence has caused sharp cuts in real silk. Retail clothiers have said recently that in many cases their big volume selling prices were lowered by more than the amount of price declines for standard merchandise, indicating that a larger ratio of lower quality goods was being sold. It is difficult to measure any such tendencies, however, since merchants with funds readily available have lately been able to acquire considerable amounts of merchandise at unusually low figures and to pass them on at correspondingly attractive prices. This is a temporary condition of which it is practically impossible to take accurate account.

RENTS.- This group has been responsible in greatest measure for the slowness of the downward movement in living costs. The general cost of living series had been falling for five months before the rental index reached a peak in May, 1930. Since then, a gradual decline has brought this number down from 106.5 to 103.3 for May, 1931. Workmen's dwellings have tended to fall somewhat faster than middle grade dwellings, with the exception of apartments of the latter class, which have dropped faster than any item included in the index. Rentals in Maritime cities have held firmer than in other sections. The greatest cuts in rents have been made in cities of the prairie provinces.

FUEL AND LIGHT.- Declines in the fuel and lighting index have been comparatively small, showing only a slight acceleration of the movement which has been apparent for a number of years past. The group number was 96.6 in January, 1930, and 94.2 for May, 1931.

Recent reductions have been due to somewhat more than seasonal weakness in coal and coke prices. Annual indexes for fuel gas and electricity have moved lower during the past several years.

SUNDRIES.-- Under this heading are grouped eighteen sub-indexes which represent a much more important section of living costs than the name suggests. Included are data for medicine, household effects, household furnishings, street car fares, theatre admissions, insurance, tobacco, newspapers, books and educational requirements, doctors' fees, dentists' fees, hospital charges, laundry charges, cleaning supplies, barbers' fees, toilet articles, motor operating costs, and telephone rates. For an average family with an income of from \$2,000 to \$2,500 it is estimated that 26 per cent. of total budgetary expenditure falls under such headings. The composite index for these sub-groups has moved down very gradually from 99.7 for January, 1930, to 98.1 for May, 1931, due to declines registered by medicine, household effects, household furnishings, and motor operating costs. A minor advance during this period occurred for theatre admissions attributable to the increasing use of sound equipment. Other sub-groups which have shown a downward tendency in late years are insurance, tobacco, newspapers, books, dentists' fees, and cleaning supplies. Offsetting these gradual recessions there have been movements upward for street car fares, telephone rates, and hospital charges. Indexes for these latter sub-groups are calculated on an annual basis only, because they do not change direction frequently, and their short term movements are generally insignificant.

The demand on the part of the public in general for a greater amount of attention and convenience has undoubtedly been a considerable factor in raising service charges during the past decade. More inclusive and augmented schedules are asked for by street car patrons; hospitals are required to provide more semi-private and private accommodation; theatres find it profitable to have luxurious lounges and an increasing number of attendants. In addition to this, the trend of wage rates until the current year, has been steadily upward for some time past.

COMPARISON OF THE MOVEMENT IN RETAIL MERCHANDISE PRICES,
AND RENTS AND SERVICE COSTS SINCE JANUARY, 1930.

In view of the frequent comments that retail prices have not declined in line with wholesale prices, the items comprising the cost of living index were reclassified for experimental purposes into two groups, the first comprised of regular retail merchandise, i.e., foods, clothing, furniture, coal, etc., and the second, of rents and costs of services. These items were given the same importance under the new classification as in the regular index, and on this basis two index numbers were calculated. The May, 1931, figure for regular merchandise was 84.0, while rents and costs of services showed as 103.0. This substantiates the belief that the fall in living costs is not being retarded so much by retail merchandise, as by items which do not ordinarily react to basic price movements. Corroborative evidence of this fact was furnished by the behaviour of cost of living group indexes during the war years and in the period of subsequent readjustment. The food index advanced from 66.2 in 1913 to 141.1 in 1920 and then declined steadily to 90.7 in 1924. Correspondingly the clothing index, another group of regular merchandise, rose from 63.3 in 1913 to 153.2 in 1920, and then fell without interruption to the present time. The rental index, however, moved upward almost without a pause from 1915 to 1930, and the sundries index, weighted heavily with services, also behaved very differently from the first two groups mentioned. From 66.2 in 1913, on the same level as the food index, sundries advanced very gradually to 106.0 in 1921 and 1922, which was 35.1 points less than the high mark for foods, and since then has been declining very slowly.

The following table showing the amount of change in various price groups since the cost of living index started to fall at the beginning of 1930, further illustrates this difference in behaviour.

Index	January 1930	May 1931	Percentage decline
General Wholesale Prices	95.4	73.0	23.5
Retail Merchandise	101.0	84.0	16.8
General Cost of Living	102.1	90.4	11.5
Rents and Services	104.3	103.0	1.2

INDEX NUMBERS OF RETAIL PRICES, RENTS AND COSTS OF SERVICES
1913 - MAY, 1931.
(1926 = 100)

	Total Index	Food Index	Fuel Index	Rent Index	Clothing Index	Sundries Index
1913	65.4	66.2	65.8	64.1	63.3	66.2
1914	66.0	68.9	64.5	62.2	63.9	66.2
1915	67.3	69.5	63.2	60.3	69.6	66.9
1916	72.5	77.5	64.5	60.9	79.7	70.2
1917	85.6	100.0	71.7	65.4	93.7	76.8
1918	97.4	114.6	78.9	69.2	109.5	86.1
1919	107.2	122.5	86.2	75.6	125.9	95.4
1920	124.2	141.1	102.6	86.5	153.2	104.0
1921	109.2	107.9	109.2	94.2	124.7	106.0
1922	100.0	91.4	104.6	98.1	105.7	106.0
1923	100.0	92.1	104.6	100.6	104.4	105.3
1924	98.0	90.7	102.0	101.3	101.9	103.3
1925	99.3	94.7	100.0	101.3	101.9	101.3
1926	100.0	100.0	100.0	100.0	100.0	100.0
1927	98.5	98.1	97.9	98.8	97.5	99.6
1928	98.9	98.6	96.9	101.2	97.4	98.8
1929	99.9	101.0	96.4	103.3	96.9	99.0
1930	99.2	98.6	95.7	105.9	93.9	99.4
<u>1928</u>						
January	99.4	100.4	97.4	101.2	97.2	98.8
February	99.0	99.1	97.5	101.2	97.2	98.8
March	98.6	97.7	97.5	101.2	97.2	98.7
April	98.5	97.5	97.3	101.2	97.2	98.7
May	98.1	96.4	96.7	101.2	97.3	98.7
June	97.9	95.9	96.0	101.2	97.3	98.7
July	98.1	96.6	96.0	101.2	97.3	98.6
August	98.9	98.9	96.3	101.2	97.6	98.6
September	99.0	99.2	96.4	101.2	97.6	98.8
October	99.7	101.1	97.1	101.2	97.6	98.8
November	99.5	100.7	97.1	101.2	97.6	98.8
December	99.5	100.5	97.2	101.2	97.6	98.8
<u>1929</u>						
January	99.3	100.3	96.7	101.2	97.6	98.6
February	99.0	99.4	96.8	101.2	97.6	98.5
March	99.2	100.0	97.0	101.2	97.3	98.5
April	98.6	98.1	97.1	101.2	97.3	98.6
May	99.0	97.9	96.3	103.6	96.9	98.8
June	99.0	97.8	95.7	103.6	96.9	99.1
July	99.2	98.5	95.6	103.6	96.9	99.2
August	101.0	104.2	95.8	103.6	96.7	99.4
September	100.8	103.6	95.9	103.6	96.7	99.5
October	101.1	103.2	96.1	105.5	96.7	99.5
November	101.4	104.3	96.7	105.5	96.5	99.5
December	101.6	104.8	96.9	105.5	96.5	99.5
<u>1930</u>						
January	102.1	106.5	96.6	105.5	96.5	99.7
February	101.9	106.0	96.6	105.5	95.9	99.6
March	101.5	104.8	96.7	105.5	95.9	99.6
April	100.4	101.1	96.5	105.5	95.9	99.6
May	100.2	100.7	95.1	106.5	95.0	99.6
June	100.2	100.4	94.9	106.5	95.0	99.6
July	99.5	98.5	94.9	106.5	95.0	99.6
August	98.9	96.3	95.1	106.5	95.0	99.6
September	97.2	93.1	95.1	106.5	91.6	99.3
October	97.0	92.8	95.7	105.5	91.6	99.2
November	96.9	92.6	95.7	105.5	91.6	99.1
December	95.9	91.5	95.7	105.5	88.3	98.9
<u>1931</u>						
January	95.1	89.1	95.7	105.5	88.3	98.7
February	94.1	85.6	95.8	105.5	88.3	98.7
March	92.4	82.8	95.7	105.5	84.7	98.1
April	91.7	80.5	95.6	105.5	84.7	98.1
May	90.4	77.7	94.2	103.3	84.7	98.1

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