

in which abundant raw material was at hand or those which supplied necessities for which transportation difficulties ensured a steady local market.

Until the later nineties the growth of Canadian manufacturing industry was not particularly rapid, though the great fall in the prices of commodities during the period from 1873 to 1897 was largely responsible for the comparatively slow growth of the values of manufactured commodities from \$221.6 million in 1870 to \$469.8 million in 1890. Afterwards there was a change; the prices of commodities commenced to rise, while the industries generally shared in the advantages of the great growing period from 1900 to 1912. The gross product of establishments with five hands or over increased from \$368.7 million in 1890 to \$1,166.0 million in 1910, and to \$1,381.5 million in 1915. The fundamental advantages of the position of Canada, her abundant raw material, her inexhaustible water power, her growing home market in the expanding West, had contributed to produce this result.

The Influence of the War.—The influence of the war upon the manufactures of Canada was profound and far-reaching, tending to promote the diversification of product and the production at home of many commodities which had previously been imported. On account of the practical suspension of the importation of manufactured goods of many kinds from Europe, enterprising Canadian manufacturers were given opportunities of entering upon new lines of manufacture with practical control of the market. There was added to this the reflex effect of the great prosperity of agriculture, produced by the unprecedented prices of war-time. The farmers of Canada bought as never before. The general result was that industry worked at high pressure, not only to produce the munitions and military supplies for the armies of the Allies, but also to make the manifold varieties of goods required for the stimulated civilian consumption. The world shortage of staple commodities coupled with a strong domestic demand, gave to Canadian industries in general a pronounced stimulus toward greater production, and in a great number of cases the capacity of manufacturing plants was increased; this increase created a demand for greater supplies of raw material. Incidentally, factory methods became more specialized and a high degree of administrative and mechanical efficiency was attained, while Canada, partly owing to the temporary decline of Europe, assumed a new position as one of the leading industrial countries of the world.

The great boom in Canadian manufacture described above reached its height in the summer of 1920, the statistics for that year showing greatest gross and net value of products. The statistics for the year 1921, published at the end of Table 1, show a great decline in values, which does not mean a corresponding decline in actual physical quantity of production, though here a certain decline undoubtedly took place. On the whole 1922, the statistics for which are not yet available, was a rather better year for employment in manufactures than 1921, and 1923 has been a better year than 1922. It would, therefore, appear that the country is recovering from the great depression of 1921, and that the rather low statistics for that year are not more representative of normal conditions in Canadian manufacturing industries than are the extremely high figures of 1920. However, even in the autumn of 1923 it is the exception rather than the rule for manufacturers to be operating at capacity. Outstanding exceptions are the automobile and the pulp and paper industries, but their activity is chiefly due to the extent to which they are engaged in the export trade. Among the industries the output of which is largely governed by the condition of the home market, that which appears to be making the most encouraging recovery is the iron and steel industry.