production of knitting machinery capable of manufacturing better goods and of much wider variety. A number of the woollen mills which had been closed following operation of the preferential tariff were re-equipped as knitting mills. The knitting industry during this decade became much the most prosperous part of the woollen industry. Several very large successful mills were developed and numerous smaller mills were started. The invention and production of machines for specialty work and the growing demand for knitted goods encouraged expansion. The initial cost of equipment was comparatively small, facilitating the founding of small plants.

**The Industry during and since the War.**—At the outbreak of the war the whole woollen industry was in a fairly flourishing condition, so that the enormous demand for both woven and knitted goods found the industry prepared to meet it. For the next five years production was pressed to the limit. Established mills were re-equipped and enlarged and many new mills were begun. The knitting industry expanded nearly 100 p.c., and the capacity of woollen weaving mills was increased. Practically every mill in the country produced some sort of war material. Khaki frieze, serge, hosiery, underwear, puttees and blankets were in enormous demand for war purposes, and in addition the ordinary domestic demand was thrown back on the Canadian mills, owing to the inability of the British mills to handle export business. That the home manufacturers were able to meet this demand is greatly to their credit. Mills operated to capacity night and day, and profits were to a large extent used for new equipment and enlargements, with the result that by 1920 the industry was in a flourishing condition, well equipped, and in better shape than ever before to meet the changing conditions.

The slump in trade that began in 1920 and continued during the next year, with resultant losses in inventory and from cancellations, was a keen blow to the industry. Some of the newer mills failed, but the industry generally met the losses successfully. Merchandise of all kinds from England and the United States flooded the Canadian markets, but the season of 1922 found business rapidly getting back to more normal conditions, with the home mills holding their own against outside competition.

**Development of the Worsted Spinning Industry.**—An interesting feature of the expansion of the woollen industry in recent years is the rise of the worsted spinning industry. While several mills had small combing and spinning departments, for many years this branch of the industry had never been successful. Domestic wools are most adaptable for combing purposes, but domestic combers have never been, and are not now, in a position to compete with the larger factories of Great Britain. However, the spinning of worsted yarns from imported tops has received much attention lately, with the result that a number of well-equipped spinning plants are now in operation, manufacturing both oil spun (Bradford system) and dry-spun (French system) yarns, chiefly for the knitting trade.

**The Present Position of the Woollen Industry.**—The woollen industry may be divided into three sections, according as the chief product of value is cloth, yarn or felt goods. Of the 88 woollen mills in operation during 1921, 69 were engaged chiefly in manufacturing cloth, 16 in making yarns and 3 in making felt goods. The total value of woollen goods manufactured during 1921 amounted to \$18,337,117, as compared with \$28,118,565 in 1920. The cost of materials in 1921 was \$8,655,084, leaving \$9,682,033 as the value added by manufacture.

The wool clip in Canada during 1921 was 21,251,000 lbs., valued at nearly \$3,000,000. The imports were 9,780,102 lbs., while the exports of domestic and