

Expansion in 1929.—The outstanding characteristic of 1929, especially during the first nine months, was the progressive advance to still higher levels of the expansion just mentioned. Throughout the industrial, commercial and financial fields, records were established not only for the cycle culminating in 1929, but higher also than at any previous time in the history of the Dominion. Significant instances are cited later; here, mention may be made of three which are general in scope:—(1) the volume of industrial production, as measured by a composite index of the Dominion Bureau of Statistics, was 11·5 p.c. higher in 1929 than in the preceding year, which in its turn was a record; it may be added that the dollar volume of general business, as measured by bank debits, was 7·4 p.c. higher in 1929 than in 1928; (2) the general level of employment was higher in every month of the year than in 1928, which again had established a new high record; (3) the trend of speculation as measured by the price of industrial common stocks went from an index of 227·3 in December, 1928, to one of 315·8 in September, 1929. In brief, no previous period in Canada has seen the economic activities of the country expand at a more rapid rate.

The Crops—Over-Speculation Checked.—Into this accelerating movement two factors intervened during the autumn months, the exact effect of which was the chief subject of appraisal as the year closed:—

The first was a decline in the current crop yield, the year for the first time since 1924 showing a lower level than its predecessor. The wheat crop, which exceeded 560 million bushels in 1928, was less than 300 million in 1929, with oats considerably down, but with barley fairly well maintained. As offset, three circumstances may be mentioned: (1) that it is by contrast with the record year of 1928 that the figures appear exceptionally low; they are considerably higher than those of the years 1916-1920 inclusive; (2) that the quality of the yield is the best in several years, being much superior to that of any of the three preceding years; and (3) that in view of the heavy carry-over and the world wheat situation, the recurrence of a super-crop in Canada might possibly have overloaded the market. Nevertheless, the lessened volume of the crop was unfavourably felt in various directions. Joined to the marketing policy of the wheat pool it reacted immediately on railroad, steamship, and grain handlers' earnings; export trade declined; the Canadian dollar went more than fractionally below par in New York; and there was a slackening in branches of industry like flour-milling and agricultural implements.

The second factor was the drastic deflation in security prices which followed the severe contraction of credit in the United States during October and November, and brought the index number of Canadian industrial common stocks from 316 to 216 in the closing month of the year. The occasion was the rise in call rates on the New York market and some decline in business activity in the United States. The bull market of which this marked the end, was of several years duration; its later action had been based largely on future prospects rather than on the earnings of industry. Prices, however, even after the break, remained more than double those prevailing when the movement began. Serious as some of the immediate repercussions were, the deflation released capital for use in non-speculative fields to a degree that was distinctly ameliorating over a large part of the world.

Other Features of 1929.—Iron and Steel.—As expansion implies a rapid addition to capital plant and equipment, it is of special significance that during the past four years the iron and steel industries have been producing in greater volume than during any preceding period. Notwithstanding the high level of 1928, the