

Section 2.—Production of Industrial Groups and Individual Industries.

One of the factors in the progress of Canada is the possession of many natural resources favourable to industrial growth. It is upon the country's agricultural resources, forests, minerals and wild life that Canada's industries are mainly based. The sea and lake fisheries also make an important contribution of raw materials to the manufacturing industries of the Dominion. Nevertheless, the industrial development of Canada was a matter of small beginnings and gradual growth over a period of many years, and the comparatively small home market, restricted at the present time to a population of about ten millions, a large part of it in scattered agricultural areas, is still one of the difficulties of the situation. Yet Canada is now not merely the second largest manufacturing country in the British Empire; her exports to the other Dominions consist largely of manufactured goods and her exports of manufactured and partly manufactured goods to the United States exceed the exports of raw materials. The rate at which this movement is to continue will depend almost entirely upon growth within the Dominion—upon the further development of the many-sided physical assets of the country.

Subsection 1.—Manufactures Grouped by Chief Component Materials.

A classification based on the chief component materials in the various products of each manufacturing establishment was applied for the first time in the compilation of the returns for 1920. The number of groups was reduced from fifteen to nine to correspond with the external trade classification and the classes of industry were somewhat altered to conform with recent industrial developments. Subsequently the central electric stations industry was taken out of the miscellaneous class and now forms a class by itself.

Vegetable Products.—With the exception of rubber, coffee and spices, sugar factories and rice mills, the industries of this group are dependent mainly upon domestic farm products as raw materials. The milling industry, which has existed to meet domestic needs for more than 300 years, is one of the Dominion's oldest industries, but its greatest expansion has occurred within recent times. The great increase in grain production, which followed the settlement of the western prairies, laid the foundation for this expansion, while the war and the demand it created gave a great impetus to the industry, production of wheat flour in 1918 amounting to 17,881,000 barrels. Productive capacity of the 409 flour mills operating during 1929 reached about 123,000 barrels per day. Since then, the industry has been adversely affected by the difficulties which have beset the Canadian grain trade and the great decline in prices of grains. Production dropped from 19,756,000 barrels in 1929 to 15,624,000 in 1930. Exports of wheat flour declined from 9,573,880 barrels in the calendar year 1929, to 7,514,778 barrels in the following year. The flour manufactured from Canadian hard spring wheat is of very high baking quality and a recovery of purchasing power in Europe and the Orient would contribute toward the return of flour exports to their former volume. Other industries contributing largely to food manufacture are sugar refineries, bread, biscuits, etc., and, to a lesser degree, plants engaged in the canning of fruits and vegetables.

Raw material imported from tropical countries is the basis for an industry of a different character. Canada is now among the leading countries of the world as a manufacturer of rubber goods. Existing plants represented in 1929 a capital of