

Their Majesties the King and Queen of Siam visited Canada from July 29 to Sept. 12, *en route* to their own country.

### Subsection 1.—Review of Canadian Conditions during 1931.

**The Economic and Financial Trend.**—The world-wide commercial depression which commenced in the latter part of 1929 and developed throughout 1930 was even more pronounced in 1931. The continued subnormal level of productive activities and commerce, with no encouraging signs of improvement as the normally more active season of summer advanced, occasioned a general pessimism which resulted in a loss of confidence in financial institutions and securities. Hoarding of currency developed in the United States and many of that country's banks were obliged to close their doors, while panic conditions springing up in the financial markets of central Europe spread through Germany to London and resulted in the suspension of gold payment by Britain on Sept. 21, 1931. These developments in the world at large necessarily affected Canada seriously, and Canadian currency declined in sympathy with the British pound sterling in the gold exchanges. However, British and Canadian currencies have since strengthened very materially in international exchange, while a decline in interest rates in the money markets of the world indicates a relaxing of the tight credit conditions produced by the panic.

Depressions are usually marked by declines in commodity prices, and in the case of the current depression such declines have been particularly drastic, more especially in the world prices of primary commodities. In the present stage of Canada's development, the foundation of her economic organization is the production, by a large proportion of the population, of commodities drawn from her farms, her forests, her mines and her fisheries, the surplus of which is disposed of in world markets, while the remainder of the population are engaged in producing commodities or supplying services for domestic use. Under these circumstances, the curtailed world demand and greatly lowered prices for primary commodities have borne particularly hard upon Canada. The Canadian index of the wholesale prices of raw or partly manufactured goods, with 1926 as a base, averaged 97.5 during 1929 and in December of that year stood at 98.9. By December, 1930, it had dropped to 67.3, or 32 p.c. in one year, and by December, 1931, to 59.5. The wholesale index for fully or chiefly manufactured goods, on the other hand, stood at 93.2 in December, 1929, 81.5 in December, 1930, and 72.9 in December, 1931. The slackened industrial activity in this country is, to some extent, the result of this disproportionate decline in the prices of primary commodities as compared with the retail prices of consumer's goods, and the consequent lack of purchasing power in that large portion of the population associated with the primary industries.

**Agriculture.**—The agricultural population was particularly severely affected by the three years of reduced crops, aggravated by the very low prices. The estimated value of the field crops of Canada, which amounted to \$1,125,000,000 in 1928, declined in 1929 to \$949,000,000, in 1930 to \$662,000,000 and in 1931 to \$425,000,000. Thus, this principal revenue of the agricultural industry was in 1931 little more than one-third of that in 1927 and 1928. The area under field crops in 1931 was estimated at 57,964,000 acres, compared with 62,215,000 acres in 1930 and 59,352,000 acres in 1928. The average price per bushel received by growers for their wheat in 1931 was estimated at 38 cents, compared with 49 cents in 1930 and \$1.05 in 1929.