

2.4 p.c. over the number in 1923, the volume of production is estimated to have increased by 18.3 p.c. in the same period.

The central electric stations were excluded from general manufactures in making the index, since this industry is in a class by itself in the peculiar function of its product, and is also unique in the magnitude of its capital investment and the smallness of its labour force in proportion to its net production. The index is based on the quantities of manufactured products reported and includes 71.1 p.c. of the total value of the production in 1926, exclusive of central electric stations. It is weighted according to the values added by manufacture in 1926. A complete description of the manner in which the index is constructed will be found in the publication referred to in the footnote on p. 450.

The physical volume of manufacturing production, exclusive of central electric stations, increased 50.2 p.c. from 1923 to 1929. When it is recalled that the population of Canada is estimated to have increased only 11.3 p.c. during the same period, the growth of manufacturing production is indeed remarkable. Of this advance, the part resulting from an increase in the domestic demand due to growth of population would be about 11.3 p.c. Exports of partly and fully manufactured goods increased from \$591,830,000 in the fiscal year ended Mar. 31, 1924, to \$690,904,000 in the fiscal year 1930, the increase in exports representing about 3.6 p.c. of the 1923 production. The remainder of the increase in production by 1929, or a margin equal to roughly 35 p.c. of the volume of manufactures of 1923, was therefore apparently absorbed by the rise in the standard of living of the population of Canada, and by the increase of that population.

The index of the volume of production dropped from 150.2 in 1929 to 100.1 in 1932, a decrease of 33.4 p.c. This decrease is very significant when compared with the decrease in the net value of production and the number of wage-earners employed.

Owing to declines in the values of finished products (due, in a large degree, to the drastic declines in the values of raw materials) and to the decrease in the volume of production, the net value of production dropped from \$1,997,350,365 in 1929 to \$1,170,225,872 in 1932, a decrease of 41.4 p.c., while the number of wage-earners dropped from 597,827 to 400,328, a decrease of 33 p.c. It will be noted that the percentage decrease in the volume of production between 1929 and 1932, *viz.*, 33.4, was 0.4 greater than the percentage decrease in the number of wage-earners in the same period. This bears out the observations made in the special study on the volume of production that records of the number of wage-earners may be regarded as more likely to understate than to overstate the changes in the volume of production. As stated previously, the tendency is towards increasing production per wage-earner through greater efficiency and increased use of machinery and labour-saving devices. Also, in times of depression, many establishments follow the practice of keeping the wage-earners on the pay-roll on a part-time basis rather than laying some of them off and employing the rest on full time, while in periods of increased industrial activity the additional output required is secured through overtime work rather than by increasing the number of wage-earners. The net result is to confine fluctuations in the number of wage-earners within narrower limits than that of the physical volume of production. All things considered, however, the average number of wage-earners is materially influenced by the fluctuations in industrial activity. The decrease in the volume of production as compared with the decrease in the number of wage-earners since 1929 is really much greater than the 0.4 p.c. mentioned