

annual production of electric power previous to 1935 was 21,160 million kilowatt hours—the figure for 1934.

Manufacturing.—Manufacturing operations gathered momentum during the year, the output having been greater than at any time since 1929. The gain over the preceding year was 10 p.c., indicating the extensive nature of the industrial recovery. The output of industries engaged in the production of producers' goods showed a gain of 8.1 p.c. The iron and steel industry is typical of this group and steel ingots recorded a gain of 18.4 p.c. over 1935; the increase in pig iron production was 13 p.c. The gain in the index of consumers' goods was also appreciable, being 9.2 p.c.

Construction.—Construction contracts awarded exceeded the total for 1935 by 1.4 p.c. Residential and industrial construction showed increases of 17.7 p.c. and 45.4 p.c., respectively, offsetting to a large extent the decline of 22 p.c. in business building. As a large number of industries are now operating at high levels, it is anticipated that the construction of industrial plants and extensions will shortly become a more important factor.

External Trade.—The substantial gain in external trade, especially in exports, was one of the chief constructive developments of the year. Total exports of merchandise showed an increase of 22.6 p.c., while a gain of 15.4 p.c. was shown in imports. The excess of exports over imports was large.

Several causes contributed to the wide expansion in the export trade of the Dominion during the year. One factor was the economic recovery which was practically world-wide. The circumstances surrounding the wheat trade were exceptionally favourable. The advance in wholesale prices in the last half of the year also added appreciably to the value of our trade.

Transportation.—Owing to the marked degree of mutual dependence existing between industries and the railways, the operating and financial records of the latter present a measure of industrial activity. Railway traffic in 1936, however, showed only a modest increase over the preceding year. The gain in carloadings over 1935 was 5.8 p.c. Gross operating revenues of the two principal systems indicated a gain of slightly more than 7 p.c. for the Canadian Pacific and 6.7 p.c. for the Canadian lines of the Canadian National.

Canal traffic showed a general advance in 1936, the traffic passing through the St. Lawrence canals during the period of navigation showing an increase of 21 p.c., while the gain in the traffic through the Canadian and American locks of Sault Ste. Marie was 45 p.c.

Employment and Unemployment.—Substantial recovery in industrial employment was recorded in the Dominion during 1936, in continuance of the advance apparent for nearly four years. The unadjusted index of employment, with 1926 equalling 100, rose from 104.6 on Dec. 1, 1935, to 110.1 on the corresponding date of last year. Since, in the past two years, there has been considerable diminution in the numbers engaged on the unemployment relief projects of the various governing authorities, the gains recently shown in the monthly employment surveys indicate a revival in business that is happily due to an increasing demand for commodities at home and abroad.

In manufacturing, the seasonally adjusted index increased by 3.1 p.c. to 108.1. In metal mining, the number of persons employed was at its maximum for the 15-year period of observation. The mining of coal and other non-metallic minerals