

manufacturing centres of this country in the St. Lawrence and Great Lakes region are fairly conveniently situated with regard to the coal and iron supplies of the United States and far away from the coal and iron supplies of the Maritime Provinces. In recent years coal has been increasingly replaced by electric power. The great bulk of the pig iron used in Canadian manufactures is made in domestic blast furnaces.

### Subsection 1.—Growth of Manufacturing in Canada since 1870.

**Growth of Canadian Manufactures Prior to the War.**—Until the later '90's, the growth of Canadian manufacturing industries was not particularly rapid, though the great fall in the prices of commodities during the period from 1873 to 1897 was largely responsible for the comparatively slow growth of the values of manufactured commodities from \$221,600,000 in 1870 to \$469,800,000 in 1890. Afterwards there was a change and the prices of commodities commenced to rise, while the industries generally shared in the advantages of the great growing period from 1900 to 1912. The gross product of establishments with five hands or over increased from \$368,700,000 in 1890 to \$1,166,000,000 in 1910 and to \$1,381,500,000 in 1915. The fundamental advantages of the position of Canada, her abundant raw material, her inexhaustible water power, her growing home market in the expanding West, had contributed to this result.

**The Influence of the War.**—The influence of the War upon the manufactures of Canada was profound and far-reaching, tending to promote the diversification of products and the production at home of many commodities which had been imported previously. On account of the practical suspension of the importation of manufactured goods of many kinds from Europe, enterprising Canadian manufacturers were given opportunities of entering upon new lines of manufacture with practical control of the market. There was added to this the reflex effect of the great prosperity of agriculture, produced by the unprecedented prices of war time, with the general result that industry worked at high pressure. Incidentally, factory methods become more specialized and a high degree of administrative and mechanical efficiency was attained, and Canada, partly owing to the absorption of the energies of Europe in the War, assumed a new position as one of the leading manufacturing countries of the world. The inflation of the war period also led to unprecedented figures of values produced.

This great boom in Canadian manufactures reached its height in the summer of 1920. Gross values in 1929, however, reached a higher point than in the post-war boom of 1920, although the prices of manufactured goods had dropped about 41 p.c. in the intervening period.

**Effects of the Depression on the Manufacturing Industries of Canada.**—The downward trend in manufacturing operations which began in the fall of 1929 continued with increasing force to about the middle of 1933. As a result, the output of manufactured products in 1933, valued at \$2,086,847,847, was the lowest annual average reached since 1917. This was a decrease of 48.2 p.c. as compared with the peak year of 1929. In 1935 the value of production amounted to \$2,807,337,381, an increase of 10.8 p.c. over the previous year, but still 30.3 p.c. below the 1929 level. The number of persons employed decreased from 694,434 in 1929 to 493,903 in 1933, a drop of 28.9 p.c. For 1935, however, the number of employees was 582,874, an increase of 6.9 p.c. over the 1934 figures. In spite of this increase, the employees in 1935 still numbered 16.1 p.c. below the 1929 figure. The decline in salary and