

small home market, a large part of it in scattered agricultural areas, has always limited the range of goods which may be economically manufactured in Canada for that market. As the Canadian population increases and as the means of distribution improve, the range of goods which may be efficiently manufactured for the home market is being constantly widened, although, as the general standard of living in Canada rises, the variety of fabricated goods for which there is an effective demand within the country is continually expanding, so that there will always be a place in the Canadian market for imports of highly fabricated goods from larger and more intensely industrialized countries.

A striking modern feature of manufacture for the home market is the importation of raw materials not indigenous to Canada for the production of goods for which there is a large domestic market. Typical examples are the cotton textile and the rubber goods industries. Furthermore, a large iron and steel industry has grown up in Nova Scotia, Quebec, and Ontario, dependent upon imported iron ore from Newfoundland and the United States.

From the beginning, important manufacturing operations in Canada have been associated with the preparation of natural products for export. Early examples were the curing of fish and furs and the preparation of forest products. In the days of wooden ships, shipbuilding was an important industry along the St. Lawrence and in the Maritime Provinces. Similarly, under modern conditions, the largest industries are mainly based upon the country's natural resources in agriculture, forests, and minerals, while cheap water power is an important factor in the ability of these great manufactures to compete successfully in world markets.

Under modern conditions the major part of our exports of natural products have undergone some manufacturing process before being shipped abroad. Typical examples are: wheat flour, dairy products, and dressed meats arising from the agricultural resources; lumber, shingles, and pulp and paper from the forests; refined metals from the mines of Canada; and cured and canned fish from the Atlantic and Pacific fisheries. The proportions of manufactured goods among Canadian exports may be found in the Condensed Preliminary Report on the Trade of Canada, 1937-38, pp. 34-40, and in Chapter XVI—External Trade—of this volume (see Index under "Trade").

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 gross values of manufactured commodities from \$221,600,000 in 1870 to \$469,800,000 in 1890, as shown in Table 1. 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 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 previously been imported. 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 pros-