

114.3 in 1917, 155.9 in 1920, 97.3 in 1922, 95.6 in 1929, 67.1 in 1933, and 84.6 in 1937. (See under "wholesale prices" in Index.) Index numbers of the prices of fully or chiefly manufactured goods were: 113.5 in 1917, 156.5 in 1920, 100.4 in 1922, 93.0 in 1929, 70.2 in 1933, and 73.6 in 1936.

Volume of Manufacturing Production in Recent Years.*—An investigation of the greatest importance, especially in a period when values are rapidly changing, is that of the volume of manufacturing production as distinguished from its value. Since real income is ultimately measured in goods and services, the growth of the volume of manufactures becomes a matter of great significance. The important thing to know is whether consumers are getting more goods and services, not whether they are expending more dollars and cents.

The index of volume is based on the quantities of manufactured products reported and includes 71.1 p.c. of the total value of the production in 1926. 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 to this page.

The physical volume of manufacturing production 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 \$686,876,000 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 increases in capital equipment and by the rise in the standard of living of the population of Canada.

A similar analysis of the volume of manufactures since 1929 in relation to population and exports would show that the decline in the depression was chiefly due to reduced exports and a cessation in production of capital equipment. The purpose classification of Table 6 shows that by 1936 the volume had risen above 1929 for the main consumption groups of food and clothing, but still lagged in durable goods such as vehicles, industrial equipment, house furnishings, etc.

As may be seen from Table 6, all groups in the component material classification reported declines in the volume of production during the depression. In comparing the low point of the depression, *viz.*, 1933, with 1929, it is found that the iron and steel group suffered the greatest contraction in production with a decrease of 61.1 p.c. This was followed by the miscellaneous industries group, with a decrease of 46.5 p.c., non-metallic mineral products 46.3 p.c., wood and paper products 30.0 p.c., non-ferrous metal products 29.1 p.c., vegetable products 25.2 p.c., chemicals and allied products 17.6 p.c., animal products 9.4 p.c., and textiles and textile products 5.7 p.c.

Since 1933 there has been a material improvement, the index of production for all industries rising from 82.0 in 1933 to 116.6 in 1936. Four groups—animal products, textiles, non-ferrous metals, and chemicals—were above the 1929 level of production. In the case of each of these groups the volume of production attained in 1936 was higher than in any previous year. The output of textiles in 1936 was about 14.8 p.c. greater than in 1928, the highest pre-depression year for this group.

*For a much more detailed and comprehensive treatment of this subject, see the study "The Quantity of Manufacturing Production in Canada 1923-29" by A. Cohen, B. Com., Chief, General Manufactures Branch, Dominion Bureau of Statistics.