

prices, but the appearance of economic revival in the United States toward the end of the year also engendered an improved undertone on commodity markets. The general index of wholesale prices averaged 78·6 in 1938 against 84·5 in the preceding year, a decline of 7 p.c.

During 1938 the index of raw and partly manufactured products declined from 80·8 to 64·9. A marked drop was shown in Canadian farm products, the crop index receding from 83·9 to 53·8. The recession in animal products produced on Canadian farms was minor, the index being 82·8 as compared with 84·6 in the previous December.

Reaction on the stock markets at the end of the first and third quarters was counterbalanced by subsequent rallies. Stocks strengthened in the final week and year-end prices were close to the maximum for the preceding fifteen months. The expansion in industrial operations during the last four months of the year afforded support, but reaction in wholesale prices injected a note of caution. The depressing effects of almost continuous political uncertainty in Europe and Asia affected conditions. Dividend payments by companies in Canada were estimated at \$322,500,000 compared with \$323,700,000 in 1937.

Banking and Insurance.—A continuance of the tendencies in evidence during preceding years characterized banking operations in 1938. The official rate of discount remained at 2½ p.c. The central bank allowed its reserve ratio to fall during the year from 57·2 p.c. to 53·7 p.c. by devoting all but a small proportion of its additional resources to the purchase of Dominion and Provincial Government securities. Nearly half of the holdings was converted from long-term securities into short-dated ones. The bank experienced no difficulty in maintaining the exchange rate which, on the whole, moved with the United States dollar.

The demand for current loans showed improvement, the average gain amounting to 7·4 p.c. The sum of notice and demand deposits continued to increase, rising by about \$56,000,000 to \$2,321,000,000, which had the effect of augmenting the ratio of current loans to notice deposits from 43·6 p.c. to 48·2 p.c.

For the life insurance companies, 1938 was a progressive year. Sales of life insurance in Canada for 18 leading companies were \$375,500,000 against \$386,000,000 in the preceding year, a decline of only 2·7 p.c.

Public Finance.—Dominion revenues from Apr. 1 to the end of December were \$394,800,000 against \$402,300,000 in the first nine months of 1937, the increase in income tax collections tending to offset declines in customs and excise taxes.

Total ordinary expenditures were \$288,300,000 in the first nine months against \$283,500,000. Taking in additional disbursements under the headings of capital and special expenditures and government-owned enterprises, the comparison was \$366,900,000 against \$361,900,000.

Subsection 2.—Other Principal Events of the Year.

THE ROYAL TOUR OF CANADA.

Preliminary Arrangements.—Soon after the Royal Visit to Canada was definitely projected, that is, several months prior to the arrival of the Royal Party from the United Kingdom, an Interdepartmental Committee under the chairmanship of Dr. E. H. Coleman, Under-Secretary of State, was organized to take care of the preliminary arrangements, including the times and places where the Royal Train would stop, the complete itinerary across Canada, and all program details during each stop-over. The schedule was carefully drawn up by the close co-operation of this Committee with the Provincial Governments and Municipal authorities,