

from 107.5 in 1938 to 118.9 in 1939, a gain of 10.6 p.c. Industrial activity in Canada is based mainly on the utilization of domestic raw materials. Of the forty leading industries only the automobile, cotton textile, and petroleum industries are definitely unrelated to basic extractive activity within the Dominion: nevertheless, the prominent part played by manufacturing in the Canadian economy has led to large imports of certain raw materials including rubber, cotton, oil, silk, iron ore, and bauxite. Imports of sixty-five leading commodities required as raw materials for Canadian industries were valued at \$227,000,000 in 1938, or 33.5 p.c. of the total imports.

The forestry industries have been prominent in the recovery movement, the exports of planks and boards increasing 26.8 p.c. over the preceding year. Newsprint output increased 9.3 p.c.; expanding circulation in the United States, the elimination of overseas export shipments from Germany, and uncertainty over the future of Scandinavian shipments from the Baltic, have all combined to accentuate the usual seasonal pick-up in operations. Production in the last quarter of the year rose to over 75 p.c. of capacity, the highest level since 1937. The demands on the home market gave a stimulus to the British cotton trade and less attention was paid to exports, so that the primary cotton industry in Canada showed improvement during the year. The greater purchasing power in the western provinces and the reduction of imports was also a factor in a greater volume of business for Canadian mills. The domestic consumption of raw cotton was 128,100,000 pounds compared with 110,200,000 pounds in 1938. The output of steel showed a gain of nearly 20 p.c. Pig-iron production rose from 705,427 long tons to 756,182, a gain of 7.2 p.c. In the latter part of the year, the automotive industry had to contend with the adverse effects of war on external trade.

In the first four months of 1940, the index of manufacturing production averaged 26 p.c. above the same months of 1939 while in a comparison with the first eight months of war over the same months one year before, a gain of 21 p.c. was shown.

**Retail and Wholesale Trade.**—Average monthly sales by retail stores were 3 p.c. higher during 1939 than in 1938, nine of twelve lines of business reporting an increase. Sales for each of the first four months lagged behind figures for the same months of 1938. Then a series of increases began that, except for a slight lapse in July, continued throughout the remainder of the year and at a generally accelerating rate. The uncertainty attendant upon the outbreak of war in September caused abnormal purchasing and a gain of 12 p.c. in sales over September, 1938, was recorded.

The average annual index of sales by department stores was 3.5 p.c. greater than in 1938, declines in the early months being more than offset by gains in the latter part of the year. Annual increases ranging from 2 p.c. in British Columbia to 7 p.c. in the Maritimes were recorded.

Wholesale trade was 7 p.c. greater than in the preceding year. Results on a regional basis indicate that the improvements varied very little for each section of the country. Each of the nine classes of business showed increased sales in 1939. The footwear trade showed the largest improvement with sales up 19 p.c.; the clothing group was second with a gain of 11 p.c. in the year-to-year comparison.

**Fish and Furs.**—Since the domestic consumption of fish is relatively small, the industry depends largely on outside markets. Between 60 p.c. and 70 p.c. of the annual catch is exported, the United States taking about one-half and Great Britain one-quarter. The value of fish and fish products exported in 1939