

Subsection 2.—Conditions during the Early Months of 1941 Compared with 1940 and 1939*

NOTE.—This review brings the outstanding features of the chapter material of the Year Book up to date at the time of going to press.

Since the outbreak of war in 1939, Canada's economic position, especially in regard to primary and secondary production, has made great strides. Both production and external trade have been dislocated, due to the diversion of vast quantities of food products and munitions to the United Kingdom, but their volume has grown rapidly, for the outbreak of hostilities was the signal for increased output for all manner of commodities necessary to the prosecution of the War.

During the last four months of 1939, the transformation from a peace-time to a war-time economy was in its initial stages; since then, it has become the primary issue. The physical volume of business increased by about 36 p.c. in the first four months of 1941 over the same period of 1939, setting an all-time record. Nearly all the labour classed as 'employable' in normal times is now at work, along with a considerable number of workers who ordinarily would not be working for salaries or wages. This latter reserve, composed of people employable only in an emergency like the present, will be drawn on further as the volume of business operations increases.

The Department of Munitions and Supply and its two predecessor purchasing bodies placed contracts, on Canadian and British account, amounting to more than \$1,524,000,000 up to the end of March, 1941. Capital commitments, representing investment in new plants and equipment together with expansion of existing plants, totalled \$383,000,000. Of this amount 29 p.c. was invested under British auspices and 37 p.c. under Canadian, the remainder being on joint account. Moneys spent on Canadian account included allotments to companies owned and administered by the Crown, and also financial support for the production of semi-finished commodities to meet a variety of war needs.

The expansion in economic activity since 1939, and especially the rise in employment, has resulted in a marked increase in the national income, and consequently in the national power of saving. As pointed out at the end of this review (p. xlix), the official estimate of national income for the first four months of 1941 was \$1,683,000,000. This constituted an increase of 11.6 p.c. over the corresponding period of last year. These figures indicate a record national money income for 1941, well in excess of the best pre-depression years.

Agriculture.—Although expansion in agriculture was less marked than in some other important lines of production, progress was considerable. An index of agricultural output rose from 104.4 in 1939 to 111.3 in 1940, the highest standing in any year since 1928. At the time of going to press the official estimate of the 1940 wheat crop was 551,400,000 bu. This total exceeded the heavy production of 1939 by 30,800,000 bu., and is the second largest Canadian crop on record. This crop, added to the carryover of about 300,000,000 bu. on July 31, created a storage problem that caused some anxiety. The visible supply on May 30, 1941, stood at 467,300,000 bu. against 281,500,000 in the preceding year. Export clearances were 137,000,000 in the crop year 1940-41 against 134,000,000 in the preceding crop year.

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