

**Construction.**—The construction industry has participated fully in the betterment of economic conditions. As existing industrial-plant equipment proved inadequate to meet the demands made upon it, the magnitude of extensions and new construction became an index of Canada's participation in the war effort. Contracts placed during the first five months of 1941 were about 123 p.c. greater than in the same period of 1939. The main classes of construction directly concerned with Canada's war effort recorded expansion in 1940: contracts placed for public buildings amounted to \$57,900,000 against \$9,900,000 in the preceding year; industrial-plant construction, mainly as the result of war demands, increased from \$22,800,000 to \$121,800,000; engineering projects, despite the marked reduction in highway construction, rose about \$10,000,000 to \$52,000,000; and buildings for commercial purposes expanded from \$55,000,000 to \$104,600,000.

**Transportation.**—Transportation also is playing an important part in Canada's war effort. Under the Transport Controller, the movement of war supplies and ordinary commercial traffic has been co-ordinated to assist in the even flow of raw materials to factories and of finished products to destination or export outlets.

Railway gross earnings for the first four months of 1941, were \$151,400,000, representing an increase of 27 p.c. compared with the first four months of the preceding year. Both rail and water traffic during 1940 were heavier than in any year of the past decade. Revenue freight carried by railways amounted to 97,531,000 tons in 1940 compared with 84,180,000 tons in 1939, a gain of nearly 16 p.c. Large increases were recorded in coal, lumber, building materials, iron and steel, automobiles, paper and wood-pulp. In contrast, total agricultural products showed a decline, due largely to the effect of wheat traffic. The general expansion was maintained during the first two months of 1941, which recorded a 12 p.c. increase over the corresponding period of 1940. Shipments of iron and steel and of forest products continued the advance. Traffic through the Welland Ship Canal reached a new high record at 12,900,000 tons in 1940, an increase of 10 p.c. over the previous record made in 1939; the increases in coal, ore, sand and gravel, gasoline oils, pig-iron, etc., more than offset the decrease of 1,059,000 tons of grains and other agricultural products. Freight passing through the Canadian and United States locks at Sault Ste. Marie (largely iron ore and coal shipments between United States ports) was the heaviest since 1929, amounting to 89,858,000 tons.

Air transportation continued to expand: the number of revenue passengers carried increased to 137,690 compared with 110,862 in 1939, and the average length of the journey increased from 197 to 279 miles. Freight carried (largely to and from the northern mines) dropped from 21,253,364 to 16,686,214 lb., but mail carried increased from 1,900,000 lb. in 1939 to 2,737,000 lb. in 1940.

**Domestic Trade.**—The highest level of industrial activity in Canadian history, with expanding payrolls, higher wages and generally increased purchasing power, provided an important stimulus to retail trade. A combination of influences led to a marked increase in retail purchases. While the gains were general for all classes of merchandise the advance was at first most marked in durable consumers goods and was attributable to replacements delayed for some years and to buying in anticipation of shortages in imported products. The increase in retail sales was due to a gain in the quantity of goods sold as well as to a rise in price levels. The index of retail food prices for the first four months of 1941 was 10.6 p.c. higher than that for the same period of the latest pre-war year (1939) while the dollar sales of