

of wholesale prices in Canada, on the 1926 base, compiled by the Dominion Bureau of Statistics, stood at 114.3 in 1917, 155.9 in 1920, 97.3 in 1922, 95.6 in 1929, 67.1 in 1933, 84.6 in 1937 and 78.6 in 1938. 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, 80.5 in 1937 and 78.2 in 1938.

**Volume of Manufacturing Production.\***—Since real income is ultimately measured in goods and services, the growth of the volume of manufacturing production, as distinguished from its value, 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 covers 71.1 p.c. of the total value of the production in 1926. The industry indexes are weighted according to the values added by manufacture. The indexes for the years 1923-31 are based on the values added in 1926. The weights and products were changed in 1931 and then again in 1936. By changing the weights and products used in the construction of the index every five years, current changes in production are thereby reflected more accurately. 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 due chiefly to reduced exports and a cessation in production of capital equipment; the decline of 7.9 p.c. in 1938 as compared with 1937 was also due to the same causes.

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. The index of production for all industries rose from 82.0 in 1933 to 132.0 in 1937 but dropped to 121.6 in 1938. For the latest year four groups viz., wood and paper products, iron and its products, non-metallic minerals, and miscellaneous industries were below the level of 1929, and in each case the volume of production was slightly lower than in 1937.

\*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.