

More recently, the problems of co-ordination, both internal and international, in the field of export policy have become more important because of the growing scarcity of essential materials.

In order to keep essential supplies from reaching enemy hands, control is exercised over exports from Canada through a special branch of the Department of Trade and Commerce. The Trading with the Enemy Regulations, administered by the Custodian of Enemy Property, prevent the enemy from deriving any benefit whatsoever from trade.

There have also been two important committees appointed to investigate and report to the Government on specific or general economic questions from time to time: the Advisory Committee on Economic Policy established in September, 1939, and made up of senior Government officials and advisers; and the Wartime Requirements Board, established in November, 1940, to secure information and to "formulate such plan or plans as may be necessary to ensure that war needs in the order of their importance shall have priority over all other needs" and to report upon other matters referred to it by the War Committee of the Cabinet.

Section 2.—Economic Review of Conditions during the Early Months of 1942*

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.

The economic life of the Canadian people was profoundly affected by the impact of the War during the early part of 1942. Marked changes were characteristic of the first years of the war period, but their magnitude was greatly increased as the scope of the struggle was extended. The demand for materials and the speed required were too great for the automatic operation of the system.

The manufacturing industry recorded an expansion in 1941 of at least one-third over the gross output of \$4,529,000,000 in 1940. The gross value of commodity production was estimated at \$8,970,000,000 in 1941 compared with \$7,261,000,000 during the preceding year. The index of the physical volume of business, a comprehensive measure of productive operations, registered 140 in April, 1941, as compared with 102 in the same month of 1939. The gain in employment was of even greater proportions, the index advancing from 105 to 165 in the same comparison.

The magnitude of Canada's war program is more directly indicated by the value of contracts awarded by the Government through the Department of Munitions and Supply and predecessor organizations. The grand total placed from July, 1939, to March, 1942, was \$3,447,000,000. The contracts on Canadian account were valued at \$2,047,000,000, while orders of \$1,219,000,000 were awarded on British account. The remainder was for construction under the British Commonwealth Air Training Plan and for miscellaneous purposes. Contracts for the Armed Services of the Dominion alone amounted to \$317,000,000 during the first four months of 1942.

Most of the influences tending to raise the national income were operating in the period under review. The expansion in economic activity and especially the rise in employment led to a marked increase in the national income and consequently in the national power of saving. The main stimulants consisted in the

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