

year and the Company has undertaken an expansion program to be completed in 1943, entailing an expenditure of about \$35,000,000. A large proportion of the nickel now available is being used to fill high priority war orders.

Electric Power.—Canada's electric power requirements have, in the nature of things, been greatly increased by the industrial expansion in the war period (see p. 321). With the outbreak of war, the considerable amount of surplus energy which existed at that time was immediately absorbed.

Measures to conserve unnecessary consumption and meet increasing war-time demand have met with considerable success. Production of electric power rose to 12,400,000,000 kilowatt hours in the first four months of 1942 from 10,400,000,000 in the same period of the preceding year. Output less exports and secondary power was 10,600,000,000 against 8,500,000,000. New water-power installations during 1941 were 254,600 h.p., resulting in a grand total of 8,845,038 h.p. Other undertakings probably added 650,000 h.p. to this amount by the middle of 1942.

Manufacturing.—Manufacturing has outstripped in importance all other industrial groups, accounting for more than two-fifths of the net value of goods produced. War demands have served only to accentuate the pre-eminence. The gross output in 1940 was \$4,529,000,000 and, according to preliminary calculations, an expansion of at least one-third was recorded in 1941.

An index of the volume of production rose from 134.5 in 1940 to 151.7 in the following year, while the employment index was 168.4, compared with 131.3 in 1940. An index of wholesale prices on the base of 1926 increased from 81.5 to 88.8.

Canada's productive capacity, until recently, was adequate to support a parallel expansion in the output of war materials and of consumer goods. This statement is borne out by the fact that the respective price indexes of producer goods and consumer goods have recorded similar advances since the outbreak of war, amounting to 31.5 p.c. and 30.6 p.c., respectively. The latter are now, however, being held in check by a comprehensive system of controls and priorities, supplementing the more general restraints of increased taxation. (See pp. 354-359.)

A notable advance was shown in the flour industry where production rose to 6,900,000 barrels during the first four months, 19.6 p.c. above the 1941 level. Cattle slaughterings increased by 5.5 p.c. The constantly growing British requirements for bacon brought a 4 p.c. increase in hog slaughterings, which totalled 2,710,000. Expansion continued in the tobacco industry, the total of cigarettes released rising to 3,077,000,000, a gain of 23.6 p.c. Production of boots and shoes in the first four months of 1942 rose by 12 p.c. Raw cotton consumption, which had recorded a very heavy increase in 1941, showed a moderate further gain.

Output in the crucial iron and steel industry continued to advance rapidly, production of steel ingots standing at 1,032,828 tons in the first four months of 1942, a gain of about 22 p.c. over the preceding year. The corresponding increase for pig-iron output was 42 p.c. to 634,653 tons.

Employment and earnings in manufactures are dealt with at pp. 382-397.

Construction.—The construction industry played, in 1941, an even greater part in Canada's industrial expansion than was the case in the preceding year. The total of contracts awarded was about 14 p.c. greater than in 1940 amounting to nearly \$394,000,000. The activity was largely due to war-time commitments made by the Department of Munitions and Supply on Canadian and United Kingdom accounts.