

Transportation.—The lesson of past wars and the experience of the present have emphasized that transportation is the life-line of a country at war and it is well to remember that the existence of our extensive transportation services has made it possible for Canada to take so prominent a place in supplying a large share of armaments, munitions, food and other supplies. But Canada's railway facilities have been heavily taxed by the expansion of industrial output: the movement of freight was 65 p.c. greater in 1943 than in 1939. The railways have had to take care not only of the enormous increase in their usual business but have taken the place of other transportation agencies which the circumstances of the times have forced into the discard. Many vessels on inland waters have been requisitioned for ocean-going transportation. The shortage of gasoline has limited highway transport and governmental policy during the War has brought excellent results and achieved a maximum of co-operation and co-ordination.

Employment and Earnings.—The great productive achievement of Canada during 1943 was based upon augmented employment and upon the increased efficiency of the workers. Notwithstanding the absorption of more than 200,000 adults into the Armed Forces during 1943, the average working staffs of some 14,500 large employers of labour presenting monthly reports to the Bureau increased from 1,802,000 in 1942 to 1,912,000 in 1943, and reached the maximum of 1,982,000 at the first of December. The increase during 1943 was due mainly to the larger number of women called into productive work to take the places of the men who were enrolled for Active Service. The estimated payrolls of the reported employees in 1943 were \$3,063,000,000 as compared with \$2,685,000,000 in 1942, an increase of \$378,000,000 or 14 p.c. In December, the current weekly payrolls of these employers were at the rate of \$3,250,000,000 per annum. It is obvious from the statistics that with full employment, controlled prices of the necessities of life and greater average earnings, the position of the average wage-earner in the current period is the most favourable in history.

Internal Trade.—Although the production of many lines of consumer goods has been restricted and the Canadian people are making heavy contributions in the purchase of war bonds and taxation payments, the trend in retail trade is still in an upward direction. The estimate of more than \$4,000,000,000 for 1943 is far in advance of any other period in the records of the Dominion.

The dollar value has increased because of higher prices as well as the advance in the quantity of goods purchased. The index of retail prices averaged 124·5 in 1943 against 101·0 in 1939. The production of many classes of consumers' durable goods, chiefly passenger cars and household utilities, was practically discontinued for the time, although the regulations were modified in connection with the latter.

Salaries and wages rose sharply since the beginning of the War and investment income was much more than maintained and even after the payment of direct taxes, the income at the disposal of individuals was probably at a historical maximum in 1943. The disposable income rose to an exceedingly high level and consequently the pressure on the price ceiling is readily understood. The difficulty in preventing inflation is the advancing income of the average Canadian in conjunction with the increasing scarcity of consumer goods.

External Trade.—The record output of industry has been reflected in export trade which, in 1943, reached the remarkable total of just over \$3,000,000,000 not including net exports of non-monetary gold amounting to \$142,000,000. As compared with this, imports amounted to \$1,735,000,000, leaving an active