

The index of volume (Table 6) is based on the quantities of manufactured products reported. 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, in 1936 and again in 1941. 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.

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, therefore, be about 11.1 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 1929-30, 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 shows that the decline in the depression preceding the Second World War was due, chiefly, to reduced exports and a cessation in production of capital equipment. As a result of the expansion in production resulting from the demands created by the War, the physical volume of production in 1943, when production was at an all-time high, increased by 76.6 p.c. since 1939 and by 85.1 p.c. since 1929. The chemical and allied products group, with an increase of 262.5 p.c., reported the greatest expansion in output since 1939. This was followed by the iron and its products group with an increase of 222.2 p.c., non-ferrous metal products 129.9 p.c., miscellaneous industries 68.0 p.c., non-metallic mineral products 55.6 p.c., animal products 40.4 p.c., textile and textile products 33.7 p.c., vegetable products 24.6 p.c., and wood and paper products 21.4 p.c. There was also an increase in the volume of consumer goods. As was to be expected, the increase was not so great as that for the output of equipment and supplies needed by the Armed Forces. Drink and tobacco increased by 50.4 p.c., food 26.8 p.c. and clothing 24.7 p.c.

In 1944, the index of the physical volume of production at 180.8 represented a drop of 3.7 p.c. from the high mark of the previous year. Chemicals and allied products had the sharpest decline of 14.2 p.c., followed by non-ferrous metal products with 10.1 p.c., iron and its products 8.5 p.c. and textiles and textile products 2.9 p.c. The vegetable, animal, miscellaneous industries, wood and paper and non-metallic mineral products groups, on the other hand, each reported an increased volume of production. The volume of consumer goods continued to rise with the drink and tobacco group reporting an increase of 14.9 p.c., food 8.7 p.c. and clothing 0.6 p.c. Industrial equipment and producers materials were both down with declines of 7.5 and 4.8 p.c., respectively. Vehicles and vessels also declined by 0.9 p.c.