

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, 75·4 in 1939 and 103·6 p.c. in 1945. 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, 75·3 in 1939 and 94·0 p.c. in 1945.

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 (Table 6) is based on the quantities of manufactured products reported. The industry indexes are weighted according to the values added by manufacture. The weights and products were changed from the 1926 values in 1931, 1936 and then 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 by only 11·1 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 would show 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., textiles 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 50·5 p.c., food 26·8 p.c. and clothing 24·7 p.c.

In 1945 the index of the physical volume of production at 165·3 represented a drop of 11·9 p.c. from the high mark attained in 1943. Chemicals and allied products had the sharpest decline of 34·9 p.c., non-ferrous metal products with 30·5 p.c.; iron and its products 24·6 p.c. and textiles and textile products 3·9 p.c. The