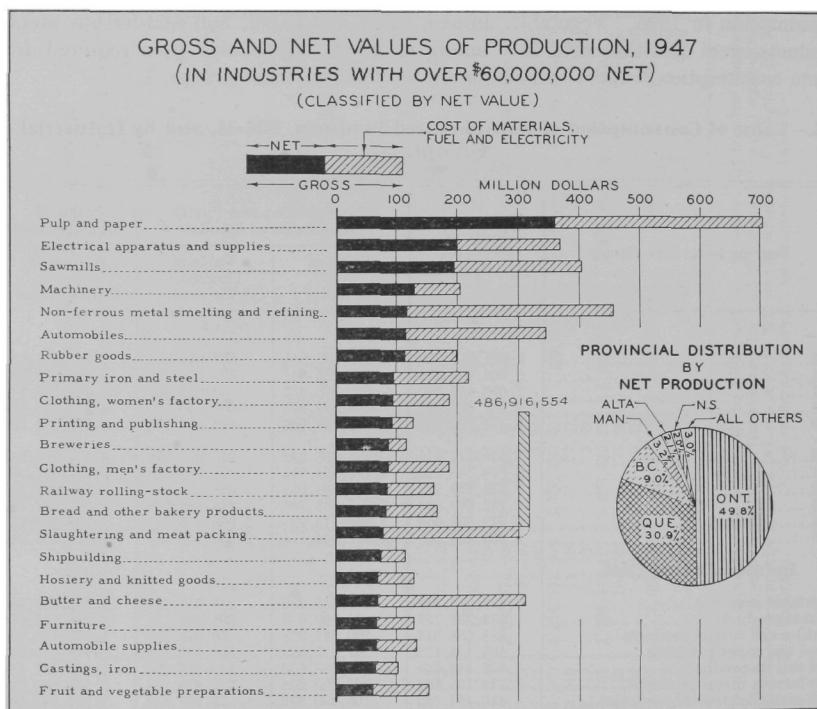


prices of fully or chiefly manufactured goods were: 113.5 in 1917, 156.5 in 1920, 100.4 in 1922, 93.0 in 1929, 70.2 in 1933, 80.5 in 1937, 75.3 in 1939 and 98.8 p.c. in 1946.

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 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 reflected more accurately.

The physical volume of manufacturing production increased 50 p.c. from 1923 to 1929. When it is recalled that the population of Canada is estimated to have increased only 11 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 was therefore about 11 p.c. and the increase in exports represented about 4 p.c. The remainder, 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.