

Volume of Manufactured Production.—Real income is ultimately measured in goods and services so that 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 and not whether they are expending more dollars and cents. The field of industrial production, because of its dominating position in the national economy, has attracted increasing attention and this in turn has resulted in the need for more accurate measurements of physical output.

During the past few years the Dominion Bureau of Statistics has been engaged in the reconstruction of the index of industrial production* which was first published in 1926 and later subjected to several major revisions. The latest reconstruction was made possible by the availability of a great deal of basic data. Annual statistics valuable for this project have been collected by the Bureau from the end of World War I to the present and the scope of the monthly information has been greatly expanded. Applying methods developed through the experience of the past quarter-century, it has been possible to compute an index with a fair measure of accuracy from 1935 to the present.

The manufacturing sector is divided, at the major group level, into durable manufactures and non-durable manufactures, for the reason that the movement of durable goods normally varies from that of non-durables. There tends to be greater fluctuation in durables from prosperity to depression, the demand for non-durables being more constant.

5.—Index of the Total Volume of Manufactured Production classified on the Basis of Durable and Non-durable Goods 1946-55

(1935-39=100)

NOTE.—Figures for the years 1935-45 are given in the 1955 Year Book, p. 641.

Year	Non-durable Manufactures	Durable Manufactures	All Manufactures	Year	Non-durable Manufactures	Durable Manufactures	All Manufactures
1946	180.2	205.1	189.9	1951	214.0	285.9	242.1
1947	191.2	233.5	207.7	1952	215.2	294.9	246.3
1948	197.1	244.4	215.5	1953	224.1	323.9	263.0
1949	198.2	246.3	217.0	1954	221.7	297.7	251.4
1950	208.3	259.1	228.1	1955	235.2	324.8	270.1

The period 1946-55 was characterized by unprecedented industrial expansion. The end of hostilities in 1945 and the subsequent reconversion to peacetime production were attended by declines in output but the upward trend was resumed in 1947. The rate of advance slackened moderately in 1948 and 1949 but regained most of its 1947 impetus in 1950 when the outbreak of hostilities in Korea resulted in heavy anticipatory buying on the part of consumers and in growing expenditures for national defence. A remarkable feature is that in 1952 the index of the volume of manufacturing production stood at 246.3 having surpassed the record wartime level of 242.3 established in 1944. The index continued to advance in 1953, dropped somewhat in 1954 but reached a new high in 1955.

Durable Manufactures.—The volume index of durable manufactures reached a peak of 340.1 in 1944 but declined sharply to 205.1 in 1946. Since then the advance has been steady, except for 1954, and the index stood at 324.8 in 1955. Over the 1946-55 period, the greatest gains were shown by electrical apparatus and supplies and non-metallic mineral products.

All groups in the durable goods sector with the exception of transportation equipment recovered in 1955 from the downward adjustment experienced in 1954. Non-metallic mineral products were up 15.1 p.c., iron and steel products 14.1 p.c., electrical apparatus and supplies 12.0 p.c., wood products 10.8 p.c., and non-ferrous metal products 9.8 p.c.

* For a description of the methods used in constructing the index and a description of its scope, see DBS Reference Paper No. 34, *Revised Index of Industrial Production, 1935-1951*.