

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, 1947-56

(1935-39=100)

NOTE.—Figures for the years 1935-46 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
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
1951.....	214.0	285.9	242.1	1956.....	245.6	348.9	285.9

The period 1947-56 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 moved upward again to a new high of 285.9 in 1956. The improvement in the latest years was the result of accelerated spending on capital goods particularly stimulating the durable goods industries, the improvement in the export demand for many Canadian manufactured commodities, and the impact on consumer goods industries of increased population and higher labour income.

Durable Manufactures.—In the postwar period the volume index of durable manufactures has shown a steady advance, except for 1954, reaching a high of 348.9 in 1956. All groups in the sector reported higher levels of production than in 1955. The greatest

* 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.*