

At the end of the First World War Canada was still primarily an agricultural country. Steadily since then manufactures have been assuming a greater importance. The demands of World War II upon the Canadian economy were virtually unlimited, and the wartime expansion accentuated the growing importance of manufacturing. By 1943 the value of manufactures was three times that of agricultural output.

Shipbuilding, which employed less than 4,000 workers at the outbreak of war, had a labour force of more than 75,000 by 1943. The annual production of steel ingots and castings was more than doubled. The Canadian production of aluminum increased seven-fold—from 70,000 tons in 1939 to 490,000 tons in 1943. A synthetic rubber industry more than capable of meeting all normal domestic requirements was completed in a year and a half, and has been in production since 1943.

Increased output made Canada the world's greatest exporter of base metals. Magnesium was produced for the first time. The production of mercury, unknown before, reached export proportions, and Canada for a time ranked second in world production. Ninety-four per cent of the nickel, 75 per cent of the asbestos and 32 per cent of the aluminum required by the United Nations came from Canada.

The Canadian economy emerged from the war with an industrial base that was immensely widened and strengthened. A mature industrial economy had been created, with a parallel gain in industrial skill.

Sixty years ago, more than half of Canada's people were needed to supply the food requirements of the country. Today, less than one-quarter of the total population are required to operate the farms. As a result of expansion and diversification, agricultural output is now 50 per cent greater than at the outbreak of war.

THE CONTROL OF INFLATION

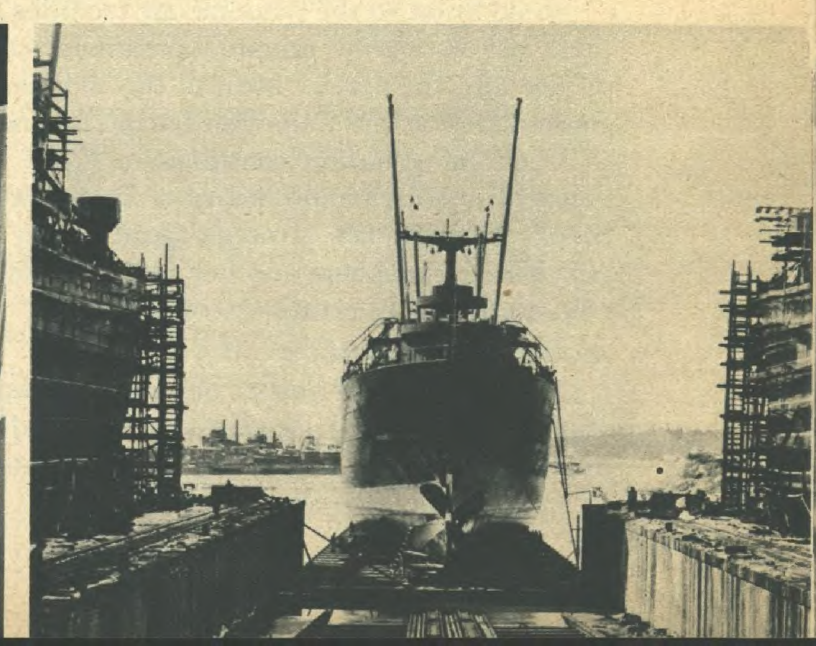
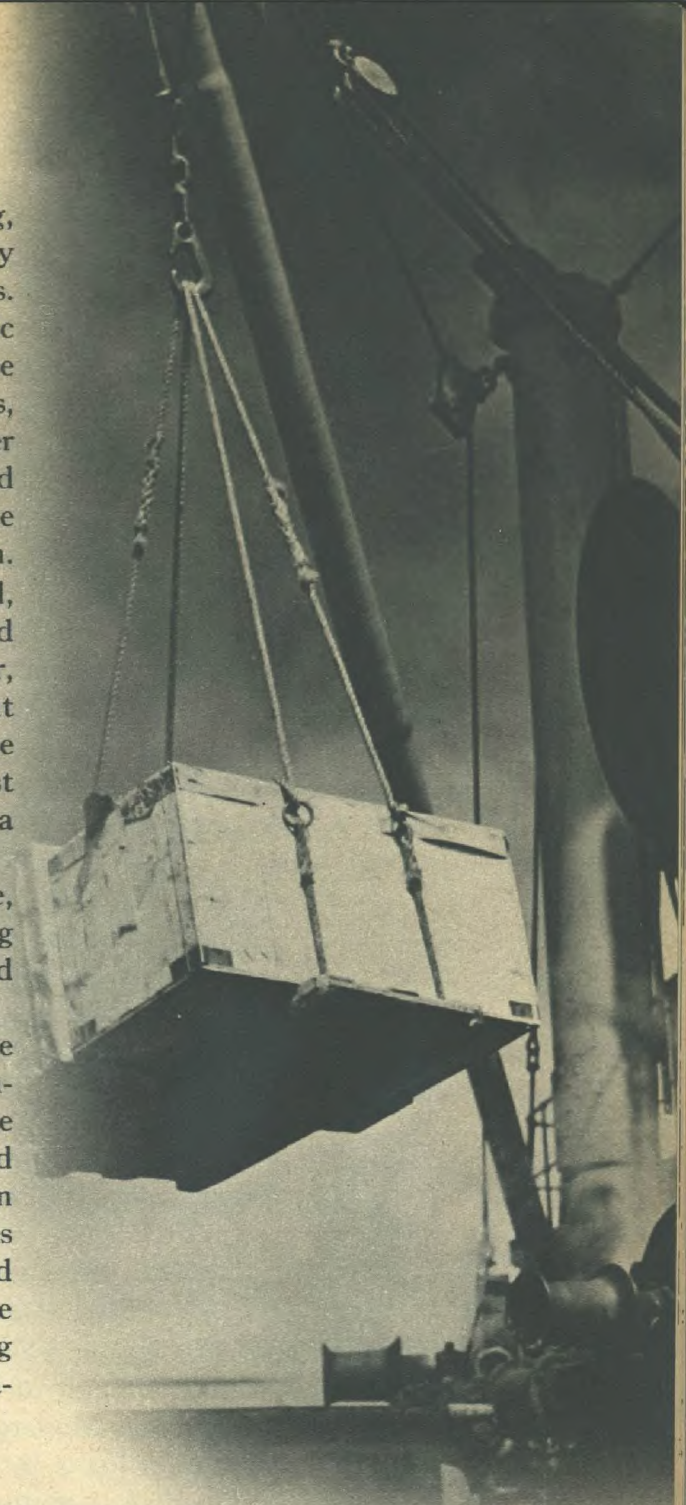
The threat of inflation always hangs over an economy mobilized for war and during the period of reconversion from war to peace. From the very beginning of war, steps were taken to minimize the possibility of inflation in Canada. The Wartime Prices and Trade Board, a government agency created in September, 1939, was assigned the task of preventing an

inflationary rise in the prices and the cost of living, and of maintaining an adequate supply and orderly distribution of essential civilian goods and services. As of October, 1941, Canada was the first democratic country in the world to institute an overall price ceiling. Except in the case of specific exemptions, it became illegal to sell any goods at a price higher than the maximum obtained during the period immediately preceding the introduction of price control. Wages and salaries were similarly frozen.

The price ceiling was successfully maintained, in spite of heavy pressure from rising costs and serious shortages. From August, 1939, to November, 1946, there was an increase of some 25 per cent (including an increase of 13.7 per cent before the introduction of the price ceiling). During the first war, from 1914 to 1919, Canada had experienced a 74 per cent rise in the cost of living.

The danger of inflation was expected to continue, however, until the economy was again functioning normally, and the back-log of domestic demand had been satisfied.

The recent emphasis in Canada has been on the progressive relaxation of emergency economic controls, aiming at the re-establishment of a free price and wage system as soon as domestic and world conditions no longer hold serious threats of inflation to the Canadian economy. Price and wage controls still in force have been under constant review and adjustment. The increase in the value of the Canadian dollar to parity with the American during 1946 was intended to help minimize external inflationary pressures upon the Canadian economy.



In the mill—paper rolls off machines .

10,000-ton cargo vessel is launched at Sorel, Que.

Farm tractors await distribution in Saskatchewan