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production. Production in Canada for the year 1938 was about \$5 billion measured in terms of dollars. It is not yet known what the final figure will be for this year, but so far it has been running at the rate of about \$11 billion. Of course there has been some increase in prices during the war years. But this rise in the dollar value of Canadian production is mainly a true increase in production. You will see that this means our production is just about double what it was before the war. That is a tremendous increase in real wealth. What we must do is see that we keep up the good work and not let our production fall to the terribly low level of the 1930's.

During the first year of peace, war expenditures have fallen off to a large extent. War production has stopped, but there has not been a corresponding decline in employment and income as many feared. The demands of war are being replaced by other demands. War production is being replaced by peace time production backed by effective purchasing power. The people as a whole today have incomes nearly as high as in wartime. Savings have tripled since 1939. There is a greater disposition to spend now that the war is over. All this means a tremendous demand for goods. Canada has made a rapid switch-over to peace time production, but supply cannot, and will not, for some time, be able to meet the demand.

At the present time, therefore, while we are passing through the transition period from a wartime to a peacetime economy