

APRIL PRODUCTION INDEX SETS RECORD

ECONOMIC CONDITIONS: The index of production for the month of April, last, reached 187.2, which was at a peace time high. The corresponding figure for March of this year was 185.5 and for the same month a year ago 184.1. The previous peace time high was reached in December, 1948, when the index stood at 185.8. Increased production of durable goods was primarily responsible for the rise with the subindex for transportation equipment moving from 252.5 in March to 266.7 for April while that for motor vehicles moved from 189.3 to 212.9. In both these cases new highs since 1945 were reached, it is reported in the Statistical Review, issued by the Bureau of Statistics.

The cost-of-living index showed a slight increase between April 1 and May 2 moving from 159.3 to 159.5. This was caused by the rise in the food index of a full point from 198.5 to 199.5 at which point it was 5.9 points below the October, 1948, mark of 205.4. Upward movement in the food index was in part, at least, offset by the decline in the fuel index which, owing to lower prices in Ontario and Quebec, dropped from 131.0 to 129.1. Fluctuations in the indexes of the other groups making up the cost-of-living index were within very narrow ranges.

WHOLESALE PRICE INDEX

The May monthly average of the weekly wholesale price index of industrial materials dropped rather sharply from that of April, last, the figures being 149.9 and 153.9 respectively. This drop in a wholesale price index may well reflect the indication of increased production referred to above. Wholesale prices for Canadian farm products moved slightly higher from 147.3 in April to 147.6 in May as compared with 150.4 in May, 1948.

Common stock prices as reflected in the weekly investors' index of common stock prices (1935-1939=100) showed continued weakness with the index dropping from 105.4 for April 28 to 103.1 for May 26. The monthly average of this index has now declined steadily since November, 1948, when it stood at 117.8. The high since this series was inaugurated was reached in June, 1948, when a mark of 120.3 was reached. Mining stock prices were also substantially lower in May with the composite index for 30 representative stocks dropping from 84.9 on April 28 to 80.4 for May 26. The drop was particularly sharp in the base metal stocks which, reflecting recent severe cuts in metal prices, moved between April 28 and May 26 from 110.2 to 103.3. The monthly average of this weekly index number has now declined from a high of 128.6 reached in January, 1949, to 107.5 for May. The stock price index for 25 representative gold stocks moved within much narrower limits with the May average of the weekly figure standing at 69.4 down 2.9 points

from the April mark of 72.3 but above the figures for the first three months of this year.

Canada's civilian labour force as of March 5, 1949, was estimated to total 4,899 thousand persons. This compares with 4,825 thousand on February 21, 1948, and 4,706 thousand on March 1, 1947. The civilian labour force is defined as the total number of persons over 14 years of age working or available for work for salaries, wages or profits. Since it is possible for persons attending schools, keeping house, or voluntarily not in the labour force to move in or out of it at will the figure constantly fluctuates, reaching the year's low point towards the end of winter and its high point at the end of summer. Unemployed numbered 199 thousand, seasonal influences being mainly responsible. This figure is approximately 4.1 per cent of the total labour force.

Labour income for the month of March, 1949, was \$605 million, unchanged from the February estimate. In September, 1948, it was \$664 million. This, however, included retroactive payments to railway systems employees amounting to \$31 million.

COMMERCIAL FAILURES

Commercial failures during January, 1949, totalled 97. Failures during February and March, last, were 93 and 80 respectively, thus giving a quarterly total of 270, the largest quarterly total since the first quarter of 1941 when failures numbered 294. Subsequent to the year 1941 failures in the first quarter of each year declined steadily until in 1946 only 54 were reported. Since that date the trend has been in the opposite direction with failures during the first quarter of 1947 totalling 120 while in the similar quarter of 1948 they numbered 203.

Failures were greater than in the first quarter of the previous year in all of the four main economic groups, the trade group leading with 93 failures. This was an increase of 26 or 44.9 per cent over the 1948 total of 67. The manufacturing group ranked next with 57 failures compared to 39 in the first quarter of 1948. Failures in the service group increased from 42 in the initial three months of 1948 to 51 during the same period of the current year.

Although an analysis of the liabilities of the defaulting firms reveals that they were greater than for the same periods for any year since 1936 it must be remembered that there has been a considerable rise in prices and values since that year. Thus, though the total of \$4,196 thousand for the first quarter of 1949 compares in absolute figures with \$4,484 thousand in the same period of 1936 on the basis of 1936 prices and values, the 1949 figures would be reduced very considerably.

PLAN "EXERCISE EAGLE," AUGUST 4-7

LARGEST EVER HELD: Plans for one of the largest operational exercises ever held by Canada's defence forces in peacetime are now complete and final preparations for "Exercise Eagle" are under way; it was announced on July 12, by Defence Headquarters. The exercise will be held between August 4 - 7 in Canada's northwest, along the Northwest Highway System.

Fighting paratroops, air crews, ground crews, vehicles, equipment, fighter and bomber planes and operational and administrative staff will converge on the operational base at Grande Prairie for several days prior to the start of the joint operation. It is expected that more than 1,000 servicemen will be based at the northern town while the exercise is taking place.

Grande Prairie, Alberta, and Fort St. John and Dawson Creek in British Columbia, and the Peace River bridge, about 12 miles southeast of Fort St. John, are to be the focal points when the Canadian Army and Royal Canadian Air Force combine to carry out high speed air-transported defence tactics.

PRINCESS PATRICIAS

Airborne men of the Princess Patricia's Canadian Light Infantry and fighters and bombers of the Royal Canadian Air Force will combine to carry out an airborne assault. The big training exercise has been designed to test the P.P.C.L.I. in their new role as an airborne, air-transported fighting battalion and to exercise R.C.A.F. fighter, bomber and transport squadrons in supporting the high speed attack.

"Exercise Eagle" has been planned and will be carried out under the joint direction of Maj. Gen. M.H.S. Penhale, General Officer Commanding Western Command, and Air Vice Marshal Hugh Campbell, Air Officer Commanding North West Air Command.

Tactical commander of the Army forces taking part in "Eagle" will be Brigadier M.P. Bogert, present Area Officer Commanding British Columbia Area, and Air Commodore Martin Costello, commander of the RCAF Group, Winnipeg, will command RCAF forces. The two commanders will be based at Grande Prairie and subsequently at Fort St. John as the operations progress.

The big job of airlifting fighting troops from their operational base at Grande Prairie to the assault area will be carried out by RCAF aircraft.

Following the air reconnaissance and air superiority battle carried out by the RCAF during the first phase of "Exercise Eagle," gliders heavily laden with troops and equipment will make dawn landings in selected areas. When this attack has been successfully delivered

ed the main attack of P.P.C.L.I. paratroopers will be launched on another objective.

About 150 paratroopers will "hit the silk" as their planes fly over the objective.

A defending force consisting of RCAF personnel and Army Reserve Force officers and men is being set up in actual defensive positions. Squadron Leader D. MacDonald, Commander of Fort St. John Station, is in charge of "enemy" defence arrangements. Harvard aircraft from Edmonton's 418 Auxiliary Squadron and Mustangs from 417 RCAF Fighter Squadron, Rivers, Man., as well as a RCAF Mobile Radar Unit will be used to oppose the Grande Prairie attacking forces.

First day of actual operations will take place August 5 when photo reconnaissance planes of the "attacking" force will probe defences in the battle area. At the same time fighter planes from 402 Auxiliary Squadron, Winnipeg; 406 Auxiliary Squadron, Saskatoon; and 442 Auxiliary Squadron, Vancouver, will fight for air supremacy over the battle area. Edmonton's 418 Auxiliary Squadron and Saskatoon's 406 Auxiliary Squadron will provide the photo reconnaissance and bomber force.

AERIAL STRAFING

On the day of the ground assault, August 6, aerial strafing and low-level bombing attacks will support the paratroopers as they jump into battle.

Airborne officers and men of the Princess Patricia's Canadian Light Infantry taking part in the Exercise will be under the command of Lt. Col. D.C. Cameron, DSO.

A staff of "battle umpires" will judge the course and effect of both ground and air battles.

From the time the exercise starts until the capture of Dawson Creek every effort is to be made to simulate real battle conditions. Planes will fly into "enemy" territory observing wireless silence and using operational navigational methods. Troops on the ground will be entirely self-supporting both in personal and fighting equipment. Low-level bombing and strafing as well as fighter planes will fly over fighting areas.

Shortly after completion of "Exercise Eagle" a second phase of summer activities in the north will commence with "Exercise North III". More than 155 reserve force officers from units in Alberta and British Columbia, who had witnessed and taken part in "Eagle", will be moved up the Alaska Highway from Fort St. John to Whitehorse, Yukon, carrying out tactical exercises enroute. This year, "North III" is to study military problems between Whitehorse and the Alaska-Canadian border.