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Economic Conditions During First Two Months of 1943

The marked advance in economic activity was continued in the early months of 1943. The national income rose in February to a new high point in history. The total based on monthly indexes and other relevant data exceeded \$700 million for the first time. National income consequently reached in February, an annual rate of about \$8,400 million. This compares with \$7,500 million, the tentative total computed by the Bureau for the year 1942. The cumulative estimate for the first two months of the present year was \$1,387 million as compared with \$1,116 million in the same period twelve months ago. The increase of 24.2 per cent represents a marked gain in the volume of production in the broadest sense of the term, as well as a slightly higher price level.

While the national income is one of the best known as well as one of the most useful of economic barometers, the gross value of the output of goods and services is preferable for comparison with war expenditures. Gross production is derived from the national income by adding business taxes, depreciation charges and the international balance on dividends and interest. For the purpose of comparability it is also desirable to make certain adjustments in the Canadian estimates to establish as far as possible a common footing with the statistics for the United States.

The gross value of the output of goods and services amounted on this basis to about \$9.7 billion in 1942 against \$8.5 billion in the preceding year. The increase in the national income during the first two months suggests a considerably higher level in 1943.

The pronounced advance in the volume of production is measured by the index of the physical volume of business expressed as a percentage of the average for the five-year period from 1935 to 1939. The index rose 17.7 per cent in the first two months of 1943 compared with the same period of the preceding year. The standing was 226.6 against 192.6, a gain of 34 points. Mining operations were at a somewhat lower level, while advances were recorded in manufacturing, electric power and in the business obtained by the construction industry. Gold receipts at the Mint showed a recession of 13 per cent, while the decline in coal production was from 3,591,000 tons to 3,101,000.

The index of manufacturing production rose nearly 27 per cent, the standing in the first two months of 1943 having been 285. Considerable increases were shown in flour milling, creamery butter production, and the release of cigarettes and cigars. Reaction was shown in the amount of raw cotton consumed by the textile industry, the production of newsprint and in the operations of the primary iron and steel industry.

Review of Cost of Living Movements

Living costs prior to the outbreak of war in 1914 were substantially lower than they have been at any subsequent period to the end of 1942. This fact has been overlooked by some commentators making comparisons of actual commodity prices during this war and for the corresponding period of the last war. Although price increases were generally much greater during the first three years of the last war than in the three years ending December 1942, some of them at the end of 1917 remained lower than corresponding prices at the end of 1942. In 1914, however, these same prices were relatively much lower than in August, 1939.

The Dominion cost of living index in August 1914 was 79.6. It varied but little from this level until the end of 1915, but from then until July 1920 an almost unbroken rise in prices occurred which reached a peak level of 150.6. The ensuing reaction was also very sharp, carrying the index down to an average of 120.4 for 1922. This index which represented the post-war stabilization level was more than 50 p.c. higher than the pre-war level. The period of stable prices continued until 1930, when a further severe decline began. Even at the lowest point reached, however, (93.3 in May and June 1933) the index remained well above 1914 levels. Subsequent recovery was irregular; the highest point reached was 103.1 in August 1938 and the August 1939 level of 100.8 was more than 20 points above the August 1914 index. There was an almost immediate upturn of about three points after the outbreak of war, but, as occurred in the last war, no evidence of a sharp sustained advance could be observed for more than a year after hostilities commenced. Such a rise appeared to be developing in 1941, but it was effectively checked by the imposition of a general price ceiling in December, 1941. After advancing 7.8 points in 1941 to 115.8 for December, the index mounted by only



3.0 points in 1942. The corresponding rise in 1917 was over 14 points.

Movements in living costs during the first two years of both wars offer a marked parallel. In both cases there was an immediate advance of approximately three points followed by a period in which no significant change occurred. In the first war this continued until the fall of 1915, while in 1940, a gradual advance commenced in March. However, the net increase of 3.4 points from January 1915 to January 1916 compared closely with the 4.4 point advance between January 1940 to January 1941. In 1916 and 1941, the rate of increase accelerated during the latter half of the year, and by November, the 1916 index on a pre-war base was 116.1 as compared with 115.4 for November 1941 on the base August 1939=100. From then on, the parallel was broken. In 1917, living costs continued sharply upward, while in 1942 the increase was small, although upward adjustments in 'ceiling' prices for beef and potatoes resulted in an advance of about two points in the second half of the year. This was almost balanced by a decline in January 1943 due to governmental action to reduce prices for milk, tea, coffee and oranges by means of subsidies and an import duty reduction on oranges. On a pre-war base, the January 1943 cost of living index of 116.2 compared with a January 1918 index of 137.2

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#### Size and Composition of Families

There were 2,486,920 families in Canada at the 1941 Census, according to preliminary figures based on a 10 p.c. sample tabulation of the Census returns. The number of families living in rural areas was 1,054,470, of whom 659,480 families were found in farm areas, and the number in urban areas was 1,432,450. In the Census a family was defined as two or more persons consisting of husband and wife, with or without children, or parent and children. Relatives of the head of the family or his wife, such as father, brother, aunt, nephew, etc., were not considered as members of the immediate family.

In the Maritime Provinces there were 241,240 families at the 1941 Census, or about 10 p.c. of all families in Canada. The number in Quebec was 617,990 or approximately 25 p.c. of total families in the nine provinces. In Ontario there were 903,380 families at the last census. This number represented 36 p.c. of all families in Canada. A total of 527,980 families, or about one-fifth of all families in Canada, were found in the Prairie Provinces, while in British Columbia a total of 196,330 families constituted about 8 p.c. of the Dominion total.

About 30 p.c. of total families in Canada at the 1941 Census consisted of two persons either as husband and wife or one parent and child. About 24 p.c. of all families were made up of three persons. Over 80 p.c. of all families had five or less persons per family living at home at the last Census.

There were 782,000 families in Canada in 1941 with no children. These families constituted 31 p.c. of all families. Families with one child at home numbered 583,200 or about 24 p.c. of total families in Canada at the 1941 Census. Families with two children at home amounted to 432,790 and represented 17 p.c. of total families. There were only 261,160 families, or about 10 p.c. of all families, with three children at home. Families of four children numbered 160,220 and constituted about 6 p.c. of all families. There were 98,500 families with five children at home. Only about 7 p.c. of all families had more than five children at home. A small proportion of children over 24 years of age are not included in these figures.

Out of a total of 4,628,000 children 24 years of age and under living in families at the 1941 Census, just under one-third were under seven years of age, just over one-third between seven and 14 years of age, and one-third between 15 and 24 years of age.

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#### Visible Supply of Wheat

The visible supply of Canadian wheat on April 8 totalled 423,064,544 bushels, comprising 415,807,754 bushels in Canadian positions and 7,256,790 in United States positions. On the corresponding date last year stocks amounted to 455,807,513 bushels.

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#### Farmers' Marketings of Wheat

During the week ending April 8 farmers in western Canada marketed 1,768,917 bushels of wheat as compared with 2,053,150 in the previous week. During the elapsed portion of the crop year marketings totalled 178,801,951 bushels as compared with 177,151,864 in the corresponding period of the previous crop year.

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### Railway Revenues Reach New Peak in 1942

Canadian railway earnings soared to a new high peak in 1942, exceeding the previous record established in 1928 by over \$100 million. Aggregate revenues in 1942 were \$656,004,272 as compared with \$533,332,774 in 1941, an increase of 23 per cent. Operating expenses increased from \$399,313,548 in 1941 to \$480,703,981, and the operating income from \$102,747,787 to \$130,734,898. The average number of employees in 1942 was 148,369 compared with 139,128 in 1941.

In the final month of 1942, railway earnings totalled \$63,593,113. This was not only the largest December revenue on record but was higher than in any other month in the history of the railways. It exceeded December 1941 revenues by 27.1 per cent and was almost three times the December 1932 revenue.

Gross revenues of Canadian lines of the Canadian National Railway amounted to \$332,199,961 in 1942 as compared with \$261,826,874 in 1941. This was an increase of \$70,373,087 or 26.9 per cent. Operating expenses increased by \$49,331,488 or 23.8 per cent, and the operating income increased from \$48,501,004 to \$68,564,679 or by \$20,063,675. Freight traffic was 17.6 per cent heavier than in 1941 and passenger traffic increased by 52.9 per cent. The number of employees increased by 6.4 per cent and the pay roll by 16.3 per cent.

Gross revenues of the Canadian Pacific Railway Company in 1942 totalled \$258,788,455 as against \$222,502,516 in 1941, an increase of \$36,285,939 or 16.3 per cent. Operating expenses increased \$25,100,064 and the operating income was increased from \$45,957,536 to \$48,187,689 in 1942 or by \$2,230,155. Freight revenues were 10.5 per cent higher than in 1942, while passenger revenues increased 56.2 per cent.

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### Production of Butter and Cheese

A substantial increase was recorded in Canada's output of creamery butter in March when the total was 15,594,614 pounds compared with 11,729,900 in the corresponding month last year. All provinces except British Columbia contributed to the heavier production. During the first three months of 1943 production totalled 40,599,109 pounds compared with 31,777,025 in the like period of last year, an increase of 27.8 per cent.

March cheddar cheese production amounted to 2,693,909 pounds compared with 6,187,687 in March last year, a decline of 56.5 per cent. All producing areas reported lower outputs. Production during the first three months of this year amounted to 6,242,042 pounds compared with 15,118,725 in the same period of last year, a decline of 58.7 per cent.

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### Flour and Feed Milling Industries

A considerable increase was recorded in the gross value of products turned out by the Canadian flour and feed milling industries in 1941, the total being \$144,171,637 as compared with \$122,494,759 in 1940. Wheat flour, valued at \$79,269,842, was the leading item of production. Next in order of importance was chopped grain feed valued at \$31,478,328, followed by shorts and middlings valued at \$8,981,609. Bran was in fourth place with \$7,046,003, followed by rolled oats at \$5,994,088. The output of wheat flour of all grades in 1941 totalled 20,869,321 barrels valued at \$3.90 per barrel. This represents an increase of 3,453,092 in the number of barrels produced and a decrease of four cents in the selling price per barrel as compared with 1940.

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### Production of Crude Petroleum in January

The Canadian output of crude petroleum and natural gasoline in January totalled 860,790 barrels compared with 858,510 in December and 875,659 in January last year. Alberta's output in January was recorded at 840,613 barrels and consisted of 831,736 from the Turner Valley field, 645 from the Red Coulee field, 1,028 from the Wainwright-Ribstone field and 7,204 from other fields. Natural gas production in January amounted to 5,476,011,000 cubic feet compared with 5,166,870,000 in the previous month and 5,182,954,000 in the corresponding month last year.

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## Sales of Gasoline During 1942

Reports received by the Dominion Bureau of Statistics from the gasoline tax departments of the Provincial Governments indicate that sales of gasoline in Canada during 1942 aggregated 911,062,000 gallons as compared with 980,424,000 in 1941. Provincial totals follow, figures for 1941 being in brackets: Prince Edward Island, 6,630,000 (5,173,000); Nova Scotia, 40,361,000 (41,357,000); New Brunswick, 25,499,000 (26,290,000); Quebec, 152,519,000 (165,839,000); Ontario, 354,989,000 (410,710,000); Manitoba, 58,568,000 (54,211,000); Saskatchewan, 101,808,000 (112,780,000); Alberta, 97,502,000 (93,069,000); British Columbia, 73,187,000 (70,995,000).

## Births, Deaths and Marriages in February

Births registered in cities, towns and villages having a population of 10,000 and over numbered 10,481 in February, deaths 4,804 and marriages 3,882 as compared with 9,041 births, 4,387 deaths and 4,631 marriages in February last year, showing increases of 16 per cent in births, 10 per cent in deaths and a decrease of 16 per cent in marriages.

## Canada's Farm Population in 1941

The Dominion Bureau of Statistics announces that Canada's farm population in 1941 totalled 3,163,268 as compared with 3,289,140 in 1931, a decrease during the intercensal period of 125,852, or almost four per cent. As Canada's total population in 1941 was 11,505,898 compared with 10,376,788 in 1931, the Canadian farming community constituted 27.5 per cent of the Dominion's total population in 1941 compared with 31.7 per cent in 1931. Of the 1941 farm population, 1,705,989 were males and 1,457,299 were females. Of the male farm total, 497,645 were under 14 years of age; the corresponding total for the female population was 478,766.

## Women's Factory Clothing Industry

Women's factory clothing and ready-to-wear garments were manufactured to the value of \$93,941,949 in 1941, according to reports received from 671 establishments engaged primarily in the manufacture of those items. This was an increase of \$25,354,104 over the 1940 valuation. Coats and suits were produced to the value of \$24,532,321, dresses \$36,400,555, ladies' wear \$21,868,411, children's wear \$7,903,781, and embroidery, pleating, hemstitching, etc., \$3,236,881.

Montreal is the centre of the industry. In 1941 the establishments located there produced 67 per cent of the total output of the industry. Establishments classified in the dress section produced 48 per cent of the Dominion total, coats and suits 18 per cent, ladies' wear 21 per cent and children's wear nine per cent. Toronto with 24 per cent of the total for the industry as a whole ranked second.

## Men's Factory Clothing Industry in 1941

Continued wartime requirements together with an expansion in civilian consumption resulted in a considerable increase in the gross value of products manufactured by the men's factory clothing industry in 1941, the total being \$116,508,885 as compared with \$100,669,263 in 1940, an increase of \$15,839,622. Although there was only a net increase of three in the number of firms reporting the capital investment expanded to the extent of \$8,083,820 or 16.5 per cent. There were 2,595 more persons employed, which also involved an additional expenditure on account of salaries and wages amounting to \$4,740,807, being equivalent to a rise of nine and 19 per cent, respectively.

## Stocks of Grain in Canada

Stocks of wheat in Canada at March 31 amounted to 790,212,515 bushels as compared with 551,409,288 at the same date in 1942. Stocks in various positions with corresponding figures for 1942 within brackets, are as follows: In elevators and flour mills and afloat 420,128,256 bushels (431,203,083 bushels); in transit by rail 6,359,259 bushels (18,830,205 bushels); on farms 363,725,000 bushels (101,376,000 bushels).

The total quantity of oats in Canada is estimated at 393,025,782 bushels, as compared with 112,580,814 bushels at the end of March 1942, this year's total comprising 28,292,470 bushels in elevators and flour mills, 2,593,312 bushels in transit by rail and 362,140,000 bushels on farms.

Barley stocks in Canada amounted to 166,886,605 bushels, as compared with 46,178,266 bushels at the same date last year, the figures for 1943 including 30,028,537 bushels in elevators and flour mills, 1,819,068 bushels in transit by rail and 135,039,000 bushels on farms.

Stocks of rye in Canada are estimated at 20,531,467 bushels, as against 5,662,752 bushels in 1942, this year's total including 5,542,331 bushels in elevators and flour mills, 60,136 bushels in transit by rail and 14,929,000 bushels on farms.

Flaxseed stocks in Canada amounted to 8,676,172 bushels, as compared with 3,036,847 bushels at the end of March 1942, the total in 1943 being made up of 5,228,052 bushels in elevators, 213,120 bushels in transit by rail and 3,235,000 bushels on farms.

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#### Reports Issued During the Week

1. The Women's Factory Clothing Industry, 1941 (25 cents).
  2. Population of Saskatchewan, Racial Origin, 1941 (10 cents).
  3. Stocks of Canadian Fruit and Vegetables, April 1 (10 cents).
  4. Cold Storage Holdings of Meat and Lard, April 1 (10 cents).
  5. Cold Storage Holdings of Fish, April 1 (10 cents).
  6. Stocks of Dairy and Poultry Products, April 1 (10 cents).
  7. Sales of Manufactured and Natural Gas, February (10 cents).
  8. Petroleum and Natural Gas Production, January; and Gasoline Sales, December, 1942 (10 cents).
  9. Registration of Births, Deaths and Marriages, February (10 cents).
  10. Index Numbers of Cost of Electricity for Domestic Service, 1942 (25 cents).
  11. Cost of Living Index Numbers, 1913-1942 (25 cents).
  12. Economic Conditions in Canada during the First Two Months of 1943 (10 cents).
  13. Families by Size and Composition, 1941 Census (10 cents).
  14. Fruit and Vegetable Preparations Industry 1941 (25 cents).
  15. Non-Metallic Minerals Industry, 1941 (10 cents).
  16. Men's Factory Clothing Industry, 1941 (25 cents).
  17. Car Loadings on Canadian Railways (10 cents).
  18. Conjugal Condition of Population of Saskatchewan, 1941 (10 cents).
  19. Animal Products of Farms, British Columbia, 1941 (10 cents).
  20. Monthly Dairy Review, April (10 cents).
  21. Operating Revenues and Expenses of Railways, 1942 (10 cents).
  22. Operating Revenues and Expenses of Railways, December (10 cents).
  23. Animal Products of Farms, Alberta, 1940 (10 cents).
  24. Canadian Grain Statistics (10 cents).
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