

WEEKLY BULLETIN

Dominion Bureau of Statistics

Department of Trade and Commerce

Vol. XI - No. 35

Ottawa, Saturday, August 28, 1943

Price \$1.00 per year

More About Foods in Relation
to the Cost of Living Index

"So food prices have gone up only 33 per cent since the war started have they?" says the housewife with a glint in her eye. "I'm paying from 50 to 80 per cent more for beef, 75 per cent more for lard, 69 per cent more for cheese, 52 per cent more for corn syrup and 46 per cent more for oranges than I did before the war. How do you add these figures up to 33 per cent?"

At first thought it may be difficult to believe that every one of these increases is included in the food section of the cost of living index, but they are. Don't forget that the index includes a lot of other prices too. Some prices have moved considerably higher, while others have not. Bread, for example, is still at pre-war prices; milk is below pre-war levels in almost all sections of the Dominion. And if you are like many homemakers in Canadian cities you will find that these two foods alone make up 20 per cent of your food budget.

Remember too that a 73 per cent increase in lard prices, although it sounds big, means much less to you than a 10 per cent increase in bread. Why? Because you buy more bread than lard. Here is how it works in dollars and cents. Let us suppose you are like the Bureau's survey families represented in the cost of living budget. They averaged a fifth of a pound of lard each week and eight loaves of bread -- the 24-ounce size. All right now, lard goes up 73 per cent, say from 10 to 17.3 cents a pound; if you use a fifth of a pound a week, that adds less than two cents to your weekly food bill. Now suppose a 24-ounce loaf of bread goes up 10 per cent, from 10 to 11 cents per loaf; then your eight loaves add eight cents to the weekly food bill.

It is the total family food bill upon which the food section of the cost of living is based. So if a 73 per cent rise in lard means less than two cents added to the bill, and a 10 per cent rise in bread adds eight cents, then the 10 per cent rise in bread would cost a lot more than a 73 per cent rise for lard.

The Bureau of Statistics food index shows a rise of 33 per cent in the average family's food bill. Naturally, this figure would be higher if all items in the index were of equal importance; if, for example, bread and milk were of no more importance than lard and corn syrup.

The foregoing is the third in the series of weekly discussions of the cost of living index. Next week the discussion of foods will be completed by considering the items in the food index. It will be shown why certain foods are not included in the construction of the index.

World Cost of Living Movements

The first six months of 1943 showed a divergence in cost of living trends. In general, the easing of wholesale increases noted in the second half of 1942 was followed in this period by smaller gains in living costs, and in the cases of Canada, Iceland and the United Kingdom, by actual declines from the December 1942 levels.

The June cost of living index for Canada was 0.3 per cent below that of December 1942, when consumer subsidies on milk, butter, tea, coffee and oranges were established. The United States Bureau of Labor index recorded in June a 3.7 per cent advance during the same period. Net gains shown by these series in the last twelve months were $1\frac{1}{2}$ per cent for Canada and seven per cent for the United States.

The Ministry of Labour June index for the United Kingdom was one per cent below the December 1942 index of 200, on the base July 1914-100; this level has been maintained since May 1941 with only minor fluctuations. The Swiss index for April 1943 showed increases of $1\frac{1}{2}$ per cent and five per cent over December and June of 1942.

The cost of living in Iceland, after a steep advance of almost 50 per cent in the last half of 1942, dropped in 1943 to a June level 10 per cent below the December 1942 peak. In Mexico, a cost of living increase of 24 per cent was registered between the end of 1942 and May 1943 as against a 31 per cent increase since June 1942.

A new wartime index for New Zealand, issued quarterly on the base December 1942=100, while showing a gain of one per cent between December and March, 1943, dropped back to the December level in the June quarter.

The following percentage increases in living costs were noted for the period since August, 1939: Iceland, 139; Mexico, 59; United Kingdom, 28; United States, 27; South Africa, 26; Australia, 23; and Canada, 18.

World Wholesale Price Movements

The first half of 1943 showed a continuance of the rise in world wholesale price indexes, with increases generally somewhat larger than those recorded for the second half of 1942. In Canada and the United States wholesale prices reached levels 2.6 per cent and 2.8 per cent higher, respectively, than in December 1942. The Canadian June 1943 index of 99.5 on the base 1926=100 was almost four per cent above that of June 1942, while the United States Bureau of Labor index of 103.8, on the same base, showed a five per cent advance over June a year ago.

The Mexican series, notable hitherto for a relatively small wartime increase, reflected in this period the recent flow of capital into the country and the heavy purchases of war materials by the United States. With a December - June rise of 19 per cent it has increased 25 per cent since June 1942. Between December and May, prices in Argentina moved five per cent higher as compared with a seven per cent rise for the past eleven months.

A twelve-months advance of two per cent indicated by the Board of Trade June wholesale index for the United Kingdom was evenly divided between the second half of 1942 and the first half of 1943. The Switzerland series rose 1.4 per cent in the first four months of this year and four per cent between June 1942 and April 1943.

May indexes for Australia and New Zealand were one per cent and three per cent, respectively, above December 1942 levels. These increases were a little larger than those recorded in the preceding half year. South Africa, on the other hand, showed a May-December increase of one per cent in contrast to seven per cent in the last six months of 1942. The June index of wholesale prices in Calcutta, India, recorded advances of 30 per cent and 70 per cent since December and June of 1942.

Wholesale increases for the period since August 1939 were in percentages as follows: India, 210; Switzerland, 103; Argentina, 96; United Kingdom, 66; Union of South Africa, 50; Mexico, 44; Australia, 41; United States, 38; Canada, 38.

World Wheat Situation

Despite the less favourable prospects for wheat production in 1943 not only in Canada but in the United States and Australia, the world wheat supply position at the commencement of the 1943-44 crop year looks statistically strong. The large carry-over of old wheat in North America partly offsets the smaller crops in sight for this year in both Canada and the United States, while news from Europe continues to suggest that the 1943 harvest in the chief wheat-producing countries there is the best since war began.

Canada's carry-over of old wheat at the close of the 1942-43 crop year was at the record level of 601½ million bushels, while the United States surplus of 609 million bushels on July 1 was only 23 million bushels below the record carry-over in 1942. In addition to this North American surplus of old wheat, there is a large unsold surplus in Argentina and Australia. In the case of Argentina this surplus amounted to 248 million bushels on August 1.

It is true that very large quantities of wheat are being earmarked in North and South America for animal feeding and for use as fuel during the next crop year now getting under way. If these amounts are fully consumed before next July 31, a large hole will be made in the existing surplus of bread grain. Against this contingency, however, must be set the expansion of 14,000,000 acres in wheat contemplated in the United States for the 1944 harvest and the fact that farmers in Argentina have been given the green light on wheat acreage expansion this year.

The use of wheat for animal feed was one of the outstanding developments of the 1942-43 crop year and it promises to figure prominently in the current crop year. A new development, however, is the authorization by the Argentine Government of the sale of more than 73 million bushels of wheat to be used as fuel. During the past year, linseed and other grains were used as a substitute for fuel not now obtainable because of wartime shipping conditions. Stocks of these grains are now depleted but wheat is to fill the breach.

In the United States, the use of 150 million bushels of wheat for the manufacture of industrial alcohol during the current crop year is forecast, and if this is added to the 335 million bushels estimated for animal feeding, the total is only about 50 million bushels less than the bread and cereal requirements of the entire civilian population. In Canada, too, the animal population and the distilleries making industrial alcohol are consuming between them a very large proportion of the wheat used in the domestic market. In the past crop year, the people of the Dominion consumed only about half as much as went into animal feed and alcohol production.

Although the diversion of wheat to uses other than bread-making has been made necessary for the most part by wartime conditions, it is none the less rather striking that more than 650 million bushels of wheat are likely to be used in the United States, Canada and Argentina during the next twelve months for the feeding of live stock, the production of industrial alcohol or for the heating of homes and buildings. This is more wheat than was moved in international trade in most of the years between 1929-30 and the outbreak of the present war.

It is perhaps an indication also of the size of the wheat stocks in the principal surplus producing countries, that these new demands can be met in the next twelve months and still leave a substantial carry-over at the end of the 1943-44 year. In the United States it is officially estimated that 1,150,000,000 bushels of domestic wheat will be utilized between July 1, 1943 and June 30, 1944. This would still leave 294,000,000 bushels of surplus wheat to take care of domestic reserves and relief shipments. It appears probable also that Canada will still have a substantial wheat surplus at the end of July 1944.

The amount of wheat likely to be shipped to Europe for relief purposes during next twelve months depends largely on war developments, but ordinary export shipments in the crop year 1943-44 do not promise to increase appreciably. Portugal is expected to continue buying, chiefly in the Canadian market, and may purchase more extensively this season in view of the very poor prospects for the native wheat crop. The better crop outlook in Turkey and the United Kingdom may mean smaller exports to these two countries.

Visible Supply of Wheat

The visible supply of Canadian wheat at midnight on August 19 totalled 389,632,704 bushels, including 376,464,316 in Canadian positions and 13,168,388 in United States positions. A week earlier stocks amounted to 393,354,760 bushels and on August 20 last year, 402,396,933 bushels.

Marketings of Wheat and Coarse Grains

During the week ended August 19 farmers in western Canada delivered 3,282,458 bushels of wheat from the farms as compared with 1,540,706 in the previous week. Marketings during the first nineteen days of August amounted to 6,211,090 bushels compared with 368,172 in the corresponding period last year. The following quantities of coarse grains were delivered during the week ending August 19, totals for the previous week being in brackets: oats, 4,465,547 (2,610,993) bushels; barley, 2,999,233 (1,553,535); rye, 165,347 (96,354); flaxseed, 44,755 (11,047).

Crop Conditions in Canada

Harvesting is general in the western provinces, and in Manitoba and southern Alberta rapid progress is being made under ideal weather conditions. Threshing is fairly general in Ontario, but haying and harvesting of grains has been seriously retarded in Quebec and the Maritime Provinces by the continued rains of the past fortnight. Much hay remains to be harvested in the Maritime Provinces. Some early sown grains have been cut but the bulk of the crop is ripening slowly. Potato yields are expected to be average. However, blight in some sections is severe. Excessive and continuous rains

have delayed harvesting operations in Quebec where much of the hay crop is still in the fields and a further reduction in grain yields is reported. In Ontario, early grains are for the most part out and yields are generally disappointing. Much of the late grains will be out for feed. Roots and potatoes are promising although late blight is prevalent in some areas.

There has been little significant change in the general crop outlook in the Prairie Provinces, but some improvement has occurred in the better areas of Saskatchewan, central and west-central sections of that province further declines are recorded. In Manitoba the harvest is in full swing under ideal weather conditions. Cutting of the crop has been completed over wide areas and threshing is under way at many points. Yields are for the most part average or above. Fairly substantial progress in harvesting is being made in Saskatchewan except in the extreme north-west. Sawfly damage is severe over wide areas and hail damage is reported from a number of points in the west-central section. In southern Alberta the harvesting of a light crop is in full swing. Warm dry weather is needed to mature the crop in the central and northern areas where cutting will be general within the next week or ten days.

Fine warm weather from August 10 to 18 was followed by showers in most sections of British Columbia. Harvesting of the second cut of alfalfa has been completed. Cutting of grain is general in all of southern districts and threshing operations have begun in some sections. In the northern area harvesting will not be general until September.

Business Operations in July

Productive operations were only slightly changed in July from the preceding month. The index recorded a marked advance from the outbreak of hostilities until the second quarter of the present year. The evidence in recent months points to a halting of the upward trend. Gold receipts at the Mint recorded a gain in July over the preceding month. The index of tobacco releases was 124.3 against 123.1 in the preceding month. Recessions were shown in the release of cigarettes and cigars after the usual adjustments. Further expansion was shown in the operations of the meat-packing industry, while the index of the production of dairy products was nearly maintained.

The consumption of cotton by the textile industry receded from 15.2 million pounds in June to 14.3 million in the month under review. Newsprint production showed a minor gain in July, the output having been 263,323 tons against 257,845. The new business obtained by the construction industry as denoted by contracts awarded was \$16.2 million against \$20.5 million in the preceding month. An index of tons of revenue freight carried by the steam railways was 190.3 in July against 214.5 in the preceding month. Minor increases were shown in retail and wholesale trade in June, the latest month for which statistics are available.

Business Indicators for July Compared with July 1942 and June 1943

		July 1943	July 1942	June 1943
Physical Volume of Business	1935-39=100	*	203.7	232.4
High Grade Bond Prices	1935-39=100	102.8	101.3	102.8
Bank Deposits	\$000,000	4,101	3,174	4,152
Bank Debits	\$000	4,405,946	3,704,133	4,349,609
Gold Receipts at Mint	Fine Ounces	327,836	431,435	298,416
Cigar Releases	No.	15,140,383	16,001,821	16,522,410
Cigarette Releases	No.	820,512,191	843,604,787	775,261,477
Cheese, Factory Production	Lb.	26,714,035	30,243,521	26,880,982
Butter, Creamery Production	Lb.	44,547,303	40,229,926	46,623,894
Cotton Consumption	Lb.	14,280,748	17,012,696	15,175,814
Newsprint Production	Ton	262,323	241,178	257,845
Construction Contracts Awarded ..	\$	16,166,900	32,093,400	20,478,700
Carloadings	No.	297,851	293,769	299,592

* The index of the physical volume of business according to preliminary calculations was slightly higher in July than in the preceding month.

Buildings, Dwellings, Households and Families at the 1941 Census

At the 1941 census 2,155,550 residential buildings were recorded in the nine provinces. These buildings contained 2,635,753 dwellings, of which 1,457,885 were occupied by owners, 1,114,705 by tenants, and the balance of 63,163 were vacant. In rural areas 874,845 dwellings were occupied by owners and only 282,926 dwellings by tenants while in urban areas 583,040 dwellings were occupied by owners as compared with 831,779 by tenants.

The ratio of owner-occupied dwellings to tenant-occupied dwellings was much smaller in the larger urban centres than in the towns and incorporated villages in 1941. For example, in cities of 30,000 population and over the number of owner-occupied dwellings was only 266,620 as compared with 533,345 dwellings occupied by tenants, whereas in urban centres under 30,000 population, dwellings occupied by owners numbered 316,420 while tenant-occupied dwellings were slightly less at 298,434.

According to census figures, there were 2,706,154 households in Canada on June 2, 1941. Over half, or 1,521,478 households, were found in urban centres while 1,184,676 were located in rural areas. The average size of household in urban areas was 4.18 persons and in rural areas 4.42 persons. In the census a household is defined as a person or group of persons living in one housekeeping community. The persons constituting this group may or may not be related by ties of kinship, but if they live together with common housekeeping arrangements, they constitute a household.

The total number of families at the 1941 census in the nine provinces was 2,516,726. The number living in farm areas was 658,868 and in non-farm rural areas 424,724. There were 1,433,134 families living in urban areas on June 2, 1941. The total number of children under 24 years of age living in families at the census date was 4,642,299. By family in the census is meant a group of persons consisting of husband and wife, with or without children, or a parent and unmarried child or children, living together in the same housekeeping community.

Fur Farms of Canada in 1941

The fur farming industry, which had its origin in Prince Edward Island some fifty years ago, is now established in every province of the Dominion and the annual increase recorded in the number of fur farms since its introduction, has been nearly constant. The first enumeration of the industry was made in Prince Edward Island in 1913, and the records show a total of 277 fox farms in the province -- at that time the raising of foxes was the only branch of fur farming that had been successfully pursued.

The high record year for number of fur farms in Canada was 1938 when 10,454 were in operation. In 1939 the number dropped to 9,899, in 1940 to 9,164 and in 1941 to 8,440. In the majority of cases the farms closed were small and their loss did not affect the total value of property, which advanced from \$14,345,386 in 1940 to \$15,171,845 in 1941, an increase of \$826,459 or six per cent.

The number of animals retained on the farms at the end of 1941 was 256,928 comprising 91,543 silver foxes, 153,447 mink, 6,511 new type foxes (platinum, white-face, silver blue, etc., etc.), and various other kinds with a total of 5,427 animals. The number of silver foxes decreased from the preceding year by two per cent, but the number of mink and new type foxes advanced by 16 per cent and 181 per cent, respectively.

The revenue of the farms in 1941 amounted to \$5,582,339, a decrease from 1940 of \$870,735, or nine per cent. The pelt sales had a total value of \$4,799,489, and the sales of live fur-bearing animals a value of \$782,850, compared with \$5,608,380 and \$544,694, respectively, in 1940. To the total revenue, live animals and pelts included, silver fox contributed 55 per cent and mink 39 per cent, or a total for the two kinds combined of 94 per cent.

Average prices for most of the principal kinds of farm pelts were higher than in 1940; silver fox advanced to \$23 from \$18, and mink to \$11 from \$10. Among the principal kinds of live fur-bearing animals sold, silver fox increased to an average of \$47 from \$39 in 1940, and mink to \$24 from \$19, while the average of the new type fox dropped to \$179 from \$218.

Production of Iron and Steel in July

Production of pig iron in July amounted to 151,369 net tons, including 127,733 tons of basic iron, 8,663 tons of foundry iron and 14,973 tons of malleable iron. In the corresponding month last year production totalled 172,153 tons. During the seven months ended July pig iron production aggregated 1,019,158 net tons compared with 1,146,153 in the like period of 1942.

July production of steel ingots and steel castings amounted to 250,508 net tons compared with 256,560 in the corresponding month last year. Output in July this year included 239,658 tons of ingots and 10,850 tons of castings. During the seven months ended July production of steel ingots and castings totalled 1,749,661 net tons compared with 1,815,798 in the same period of 1942.

Ferro-alloys production in July amounted to 21,408 net tons compared with 15,961 a year ago, while the total for the first seven months of this year totalled 133,201 net tons compared with 124,561 a year ago.

Financing of Motor Vehicle Sales in July

New and used motor vehicles financed in July totalled 4,318 units with a financed value of \$1,555,822, being 38 per cent lower in number and 32 per cent lower in dollar volume than the 6,952 vehicles financed for \$2,302,957 in July, 1942. There were 78 new vehicles financed in July this year for an amount of \$115,446.

In the used vehicle field, declines were 36 per cent in number and 28 per cent in amount of financing, the 4,240 vehicles financed for \$1,440,376 comparing with 6,627 transactions involving \$1,998,453 in the same month last year. Percentage decreases in various regions of the country were as follows: Maritime Provinces, 67; Quebec, 48; Ontario, 36; Manitoba and Saskatchewan combined, 18; Alberta 44 and British Columbia, 20.

Cumulative results for the first seven months showed 434 new motor vehicles financed this year as compared with 6,584 new vehicles financed in the corresponding period of 1942. Used vehicles financed in the January to July period numbered 23,744 units this year and 37,636 units in the similar period of last year.

Building Permits in July

The total value of building permits issued by municipalities reporting to the Dominion Bureau of Statistics was \$9,697,625 in July compared with \$8,070,927 in June and \$10,677,733 in July last year. New construction of all types accounted for 74.3 per cent of the total value, while the percentage of new residential construction was 56.3. The value of permits issued during the seven months ended July was \$44,964,922 compared with \$61,979,026 in the like period of 1942.

Fisheries of Nova Scotia in 1942

The production of the Nova Scotia fisheries reached the highest point in the history of the province in 1942, the marketed value being \$15,297,446, an increase over 1941 of \$2,662,489 or 21 per cent. The cod fishery retained its hold on first position amongst the fisheries of the province with a production value of \$6,711,289, an increase of \$1,210,408 or 22 per cent over 1941; lobsters came second with a value of \$2,451,849 and haddock third at \$1,624,998. The quantity of fish taken by fishermen amounted to 2,551,281 cwt. compared with 2,673,046 in 1941.

Department Store Sales in July

Sales of Canadian department stores in July, including the mail order business of these stores were unchanged from the corresponding month last year but were down 18 per cent from June sales. Unadjusted index numbers of sales on the base 1935-1939 stood at 112.6 for July this year, 112.6 for July last year and 136.9 for June, 1943. Dollar value of sales during the first seven months of this year were 1.4 per cent higher than in the like period of 1942.

Production of Concentrated Milk in July

The production of concentrated milk and by-products in July amounted to 31,696,375 pounds compared with 35,648,825 in the previous month and 29,399,743 in July last year, recording a decrease of 11 per cent from the June output but an increase of eight per cent over July, 1942. Production during the seven months ended July totalled 162,316,736 pounds compared with 158,516,135 in the like period of 1942, an increase of two per cent.

Consumer Market Data

The Dominion Bureau of Statistics has issued a bulletin entitled "Consumer Market Data, 1941." This report brings together some of the main facts regarding population and retail distribution for 1940 in a convenient form for use of the market investigator. A similar handbook was issued in 1940, the basic material in that instance having been drawn largely from the results of the census of 1931. The figures on population and retail trade contained in the bulletin have been taken from the results of the census of 1941. The population figures are final but the retail trade statistics are based on preliminary compilations and are subject to revision. Copies of this bulletin may be obtained on application to the Dominion Statistician, Ottawa -- price, 50 cents per copy.

Reports Issued Today

1. Consumer Market Data, 1941 (50 cents).
 2. Fisheries of Nova Scotia, 1942 (10 cents).
 3. Prices & Price Indexes, July (10 cents).
 4. Department Store Sales, July (10 cents).
 5. Production of Concentrated Milk, July (10 cents).
 6. Monthly Financing of Motor Vehicle Sales, July (10 cents).
 7. Building Permits, July (10 cents).
 8. World Price Movements (25 cents).
 9. Canadian Grain Statistics (10 cents).
 10. Production of Iron and Steel, July (10 cents).
 11. Fruits and Nursery Products, Prince Edward Island, 1941 (10 cents).
 12. Fur Farms of Canada, 1941 (25 cents).
 13. Telegraphic Crop Report, Canada (10 cents).
 14. Households and Families, 1941 Census (10 cents).
 15. Production of Asphalt Roofing, July (10 cents).
 16. Sales of Asphalt Roofing, July (10 cents).
 17. Fisheries Statistics of Canada, 1941 (35 cents).
 18. Preliminary Report of the Fisheries of Quebec, 1942 (French) (10 cents).
 19. Beekeepers' and Poultrymen's Supply Industry, 1942 (10 cents).
 20. Monthly Review of the Wheat Situation (10 cents).
 21. Car Loadings on Canadian Railways (10 cents).
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1. The first part of the report deals with the general situation of the economy in the United Kingdom. It discusses the growth of the economy, the balance of payments, and the inflation rate. It also mentions the government's policy on the economy.

2. The second part of the report deals with the monetary policy of the Bank of England. It discusses the money supply, the interest rate, and the exchange rate. It also mentions the government's policy on the monetary policy.

3. The third part of the report deals with the fiscal policy of the government. It discusses the budget, the taxation, and the public expenditure. It also mentions the government's policy on the fiscal policy.