



### A Final Word About Foods in the Cost-of-Living Index

It seems that there are two common notions about the list of foods included in the cost-of-living index which we should like to correct. First, it is said that because all foods are not in this list, the index must be too low. And second, it is said that because certain foods are omitted from the list, the Bureau of Statistics, in effect, is telling people these foods are unnecessary and not a proper part of the family diet. Both of these ideas are incorrect.

To find out whether the first idea was right or wrong, the Bureau of Statistics made a special food index including only 15 items. There are 45 items in the regular food index. Now, if the level of a food index depended upon the number of items in it, this test index should be much lower than the regular one. But it wasn't. The test index showed a wartime rise within 0.8 points of the regular index. Not a very large difference is it, when it is remembered that list of foods was three times as large as the other?

The point is that an accurate index must be based upon a representative list of items, but not necessarily upon a large list. The rise in prices of items in the list must be representative of the rise for food prices in general.

This brings up the second point. Why not put in all food prices, so there would be no chance that the list wasn't representative? There are two reasons why this isn't done. First, there are scores of small items such as seasoning and special delicacies which families buy only occasionally, if ever. The importance of such things in a food budget is almost infinitesimal, but each one would be as much work to merchants reporting prices as bread or sugar--actually more work because the merchant knows offhand his prices for staple foods and doesn't have to check them from the books. The Bureau of Statistics leaves these items out of its list to save needless work and waste of time, knowing that the accuracy of the index is not lessened by doing this. There is no suggestion, however, that these items shouldn't be bought if people like them.

There are other foods omitted, because, strangely enough, the index might become less accurate if they were included. This is how it can happen. Many foods have wide seasonal price changes, with consumption tending to be greatest when prices are low, and lowest when prices are high. Shifts in consumption from season to season and year to year, as crops vary, are so great that it is extremely difficult to assign them a correct degree of importance in the food budget. Many of the fresh vegetables in particular are not always sold upon a weight basis, so that price changes may actually reflect quantity differences as well. To include these items might well result in the index becoming less rather than more accurate.

The foregoing is the fourth in the series of discussions of the cost-of-living index. Next week it will be shown how the index is kept up to date.

### Stocks of Butter, Cheese and Eggs

Stocks of creamery butter in nine of the principal cities of Canada on September 1 totalled 49,606,097 pounds as compared with 30,208,603 on the same date last year, according to a report issued this week by the Dominion Bureau of Statistics. Cheese on hand amounted to 31,865,678 pounds compared with 49,638,508 last year. Shell eggs were 2,478,814 dozen, of which only 411,000 dozen were cold storage. Frozen egg meats amounted to 15,929,163 pounds, being only a very slight reduction from last year's stocks at the same date.

### Marketing of Wheat and Coarse Grains

During the week ending August 26 farmers in western Canada marketed 3,239,646 bushels of wheat as compared with 3,460,019 in the previous week, while the total from August 1 to August 26 was 9,628,297 bushels compared with 1,978,468 in the same period of the previous crop year. The following quantities of coarse grains were delivered during the week ending August 26, figures for the previous week being in brackets: oats, 1,803,646(4,711,425) bushels; barley 1,238,261(3,334,750); rye 27,856(181,913); flaxseed 155,275(46,151).



## Visible Supply of Wheat

The visible supply of Canadian wheat in North America at midnight on August 26 totalled 385,631,384 bushels, including 371,710,425 bushels in Canadian positions and 13,920,959 in United States positions. A week ago stocks totalled 389,632,704 bushels and on the corresponding date last year, 398,402,526 bushels.

## Productive Expansion in July

The volume of business recorded an appreciable gain in July over the preceding month. The index of the physical volume of business rose from 232.4 to 236.3. Mineral production was at a considerably higher level. The index of electric power and distribution showed gains, while the new business obtained by the construction industry was at a lower position.

The index of mineral production rose from 295.5 in June to 327.7 in the month under review. Coal production was 1,365,648 tons against 1,346,851 in June. Gold receipts at the Mint were 327,836 fine ounces against 298,416.

The index for the flour milling industry receded more than one point to 164.2. The release of tobacco was at a somewhat lower level than in the preceding month. Cigarettes made available rose from 775 million to 820.5 million, while the decline in the release of cigars was from 16.5 million to 15.1 million. The index of operations in the meat packing industry rose from 162.5 to 167.0. Minor recession was shown in the output of dairy production.

The index of production in the textile industry receded two points to 157.4. Considerable decline was shown in the operations of the forestry group despite the minor gain in newsprint production. The index of activity in the iron and steel industry rose from 573.3 to 576.4. Indicators of activities in the non-ferrous and chemical industries showed recession, while a considerable gain was indicated for non-metallics.

The output of electric power was 3,404 million kilowatt hours against 3,355 million in June. The value of imports rose from \$146.8 million to \$150.9 million. The value of commodities flowing outward amounted to no less than \$306.5 million compared with \$251.1 million. An index of distribution based on railway traffic, external trade, retail and wholesale sales rose from 160.5 to 166.1.

## Economic Activity in July Compared with the Preceding Month 1935-1939-100

	1943	
	July	June
Physical Volume of Business .....	236.3	232.4
Industrial Production .....	270.3	267.2
Mineral Production .....	327.7	295.5
Gold Receipts .....	103.9	96.3
Coal Production .....	143.7	135.3
Manufacturing .....	284.8	285.6
Flour Production * .....	167.1	168.6
Roller Oats Production * .....	61.2	57.2
Inspected Slaughtering .....	167.0	162.5
Cattle .....	107.5	108.1
Sheep .....	80.8	66.7
Hogs .....	217.4	209.3
Creamery Butter .....	119.7	119.0
Factory Cheese .....	131.4	133.8
Tobacco .....	124.3	126.1
Cigar Releases .....	125.0	133.3
Cigarette Releases .....	124.1	125.5
Boots and Shoes Production * .....	135.8	129.8
Textiles .....	157.4	159.6
Cotton Consumption .....	139.1	148.4
Forestry .....	126.6	132.2
Newsprint .....	102.4	101.3
Iron and Steel .....	576.4	573.3
Pig Iron Production .....	255.8	241.4
Steel Production .....	255.1	256.5
Construction .....	69.5	73.6
Contracts Awarded .....	57.5	72.7
Building Permits .....	117.2	77.0
Cost of Construction .....	129.7	129.6

Continued on Next Page



Economic Activity in July compared with the Preceding Month  
1935-1939=100

	1943	
	July	June
Electric Power .....	167.3	161.6
Distribution .....	166.1	160.5
Marketings -		
Grain and Live Stock Marketings .....	295.2	258.3
Grain Marketings - Country Elevators .....	339.3	293.0
Wheat .....	434.8	378.4
Oats .....	825.5	740.1
Live Stock Marketings .....	104.0	107.6
Cattle .....	79.3	110.7
Calves .....	74.4	86.2
Hogs .....	102.8	124.0
Sheep .....	68.4	54.8
Cold Storage Holdings, 1st of following month .....	130.7	132.2
Eggs .....	176.2	185.8
Butter .....	119.7	127.6
Cheese .....	132.1	146.8
Beef .....	120.2	121.0
Pork .....	144.2	128.7
Mutton .....	130.0	81.3
Foultry .....	52.4	43.5
Lard .....	115.0	91.5
Veal .....	161.0	163.0

\* Preceding Month

Fisheries Production of Ontario in 1942

The product of the Ontario fisheries in 1942 had a marketed value of \$4,105,345, an increase over the preceding year of \$584,943 or 17 per cent. The fishery of first importance is that of the whitefish, the marketed value amounting to \$1,510,763 or 37 per cent of the total for all kinds. Trout and blue pickerel are second and third respectively in order of value of product. All three kinds show increased value. The total quantity of fish taken was 263,780 cwt. compared with 269,466 in 1941.

Fisheries of the Prairie Provinces in 1942

The total marketed value of production of the fisheries of the three Prairie provinces in 1942 was \$4,655,580, distributed by provinces as follows: Manitoba, \$3,577,616; Saskatchewan, \$585,782; and Alberta \$492,182. Compared with the preceding year the output in Manitoba shows an increase of \$344,501 or 11 per cent, that of Saskatchewan an increase of \$171,290 or 41 per cent, and that of Alberta \$51,738 or 12 per cent.

The principal kinds taken in order of value for the three provinces combined are: whitefish, \$1,532,752; saugers \$1,238,500; and pickerel, \$1,074,354. The sauger is taken commercially in Manitoba only and was the first in order of value for the province in 1942. In Saskatchewan and Alberta, the whitefish is the most valuable of the chief commercial fishes. The total quantity of fish taken was 503,005 cwt. as compared with 564,199 cwt. in 1941.

Production of Wheat Flour in Crop Year

The Canadian production of wheat flour during the crop year 1942-43 was the highest annual output on record, the total being 23,549,707 barrels. This total exceeded the previous year's production by 3,896,328 barrels. During the month of July, production increased to 1,945,123 barrels from the July 1942 figure of 1,590,219 barrels.

The quantity of wheat ground during 1942-43 crop year was 104,807,801 bushels, a new peak. In the previous crop year 87,984,462 bushels were ground. July millings of wheat amounted to 8,636,790 bushels compared with 7,239,069 in July, 1942.

The following quantities of coarse grains were ground in July, figures for July last year being in brackets: oats 1,271,399(812,229) bushels; corn 192,650(210,045); barley 468,746(235,305); buckwheat 707(1,921); mixed grain 1,855,812(1,546,923).



### Crop Prospects in Prairie Provinces

Good progress is being made in the harvesting of grain in the three Prairie Provinces where weather conditions have been favourable. Crop prospects have been generally well maintained in Saskatchewan, although in some southern and western areas the crop has suffered a decline as a result of sawfly, drought and hail damage. In Alberta, crops are better than was expected in some areas south of Calgary, but in many sections the crop is still green and vulnerable to early frost. However, no serious frost damage has yet been reported.

Ideal weather conditions have prevailed in Manitoba and cutting has been about completed in the southern and central districts. Elsewhere about 75 per cent of the crop is out with the exception of the Swan River section where 50 per cent of the crop has been cut. Threshing is still underway in the southern districts and has commenced in the central part of the province. Wheat so far threshed is of good quality and yields per acre have been satisfactory.

Crops are ripening quickly in Saskatchewan and harvesting is now general except in the extreme northern part of the province. For the province as a whole about 37 per cent of the wheat, 39 per cent of the oats, 57 per cent of the barley and six per cent of the flax has been cut. Yields per acre so far reported vary widely, being particularly low in the south-west, west-central and central areas, but considerably better in other sections of the province.

Rapid progress is being made with the harvesting in southern Alberta, but in the central and northern districts much of the grain will not be ready for cutting until mid-September. Early reports of yields vary greatly, but in general the crop is light in the south and rather more promising in the central and northern areas.

---

### Canadian Peat Industry in 1942

The Canadian peat industry comprises both firms producing peat as a fuel and peat moss and humus for various other purposes. During 1942 only 172 short tons of peat fuel valued at \$1,204 were commercially produced in Canada. This output came from a bog located in Ellice Township, Perth County, Ontario. At Terence Bay, Nova Scotia, a few tons of peat were cut in 1942 for experimental purposes by one of the parish priests. No other reports of the mining of peat for use as a fuel were received during the year.

The production of peat moss in the Dominion during 1942 showed a remarkable increase over that of the previous year. Commercial shipments totalled 53,506 short tons valued at \$1,069,372 compared with 27,803 short tons worth \$644,253 in 1941. Production of moss in 1942 was reported from bogs located in New Brunswick, Quebec, Ontario, Manitoba, Alberta and British Columbia. Of the total tonnage shipped, 53 per cent originated in British Columbia, 24 per cent in Quebec and 18 per cent in Ontario.

---

### Railway Operating Revenues in June

Total revenues of Canadian railways in June amounted to \$66,681,694, the highest monthly total on record, exceeding the June 1942 revenue by \$11,435,168 or 20.7 per cent, and the previous peak reached in April 1943 by \$1,343,640 or 2.1 per cent. Operating expenses increased from \$39,418,762 in 1942 to \$48,572,096 and the operating income increased from \$11,696,095 to \$13,100,181. For the first half of this year gross revenues increased to \$362,901,251 from \$299,202,864 in the same period of 1942 and the operating income from \$57,380,117 to \$62,703,133.

Gross revenue of Canadian lines of the Canadian National Railways increased from \$28,181,800 in June 1942 to \$34,859,400 or by 23.7 per cent and was 2.7 times the revenue earned in June 1939. The United States lines also showed increased revenue, raising the system gross from \$31,789,000 to \$39,260,000. Gross revenues of the Canadian Pacific Railway Company amounted to \$25,003,569 as against \$21,423,905 in June, 1942.

---

### Production of Natural Gas in June

Production of natural gas in June amounted to 2,513,464,000 cubic feet compared with 3,115,270,000 in the previous month and 2,361,652,000 in the corresponding month last year. Output during the six months ended June was recorded at 24,274,328,000 cubic feet compared with 23,444,702,000 in the same period of 1942.

---



## Canada's External Trade in July

The value of Canada's domestic exports in July, amounting to \$303,600,000, was approximately four times the value of any peace time monthly trade and about 50 per cent above the figure for July 1942. The previous highest value occurred in December 1942 when exports reached a total of \$269,000,000.

Thus the effectiveness of Canada's participation in the war is seen in the spectacular growth of Canadian trade. About 75 per cent of these exports are war materials. It is a direct result of the organized production of war needs from coast to coast.

During the first seven months of 1943 Canada's exports, mainly war needs such as munitions and food for the Allied Nations, reached the impressive total of \$1,581,400,000 as against \$1,295,300,000 in the same period of 1942, a growth in one year of \$286,100,000 or over 22 per cent.

The great bulk of our exports in that record month of July went to the United Kingdom, \$124,400,000 out of the \$303,600,000. The total to the British Empire was \$157,300,000 or considerably more than half. Shipments to the United States came second with \$90,300,000 and to other countries \$55,500,000.

The seven months' total exports of \$1,581,400,000 show that \$574,300,000 went to the United Kingdom and \$209,300,000 to the other countries of the British Commonwealth and Empire, or in all \$783,600,000, like July more than half of the total. The amount to the United States was \$612,700,000 and to other countries \$185,100,000, almost all of them of course, being Allied Nations.

Imports during July were almost \$151,000,000, but have not varied much in the last two years, the total for the first seven months of 1943 being \$990,500,000 as compared with \$982,000,000 in the same period of 1942. Imports direct from the United Kingdom in those seven months of 1943 amounted to \$79,500,000 compared with \$105,600,000 in 1942 and from other Empire countries \$58,900,000 compared with \$71,400,000. The vast proportion of our imports in the seven-month period came from the United States to the value of \$308,400,000 compared with \$768,300,000.

Canada's favourable balance of trade for the seven months of 1943 reached the very large figure of \$604,000,000, which was only \$137,000,000 less than the favourable balance of trade for the whole of the year 1942.

It might be added that the net exports of non-monetary gold during the first seven months of 1943 amounted to nearly \$37,700,000. This is additional to the balance of trade, so that our real favourable balance is about \$700,000,000.

---

## Indexes of Country General Store Sales

Country general store sales averaged 12 per cent higher in July this year than last according to reports received from approximately 600 of these general merchandise stores located in the smaller towns and rural areas. Sales during the seven months ended July averaged 13.9 per cent higher than in the corresponding period of 1942.

All regions of the country reported gains in July this year over last ranging from six per cent for the southern part of Quebec to 34 per cent for southern Saskatchewan. Sales for Ontario increased by 11 per cent; British Columbia 12 per cent; Quebec 13; Alberta 21; the Maritime Provinces 24; Manitoba 25 and Saskatchewan 30 per cent.

Allowing for the difference in number and sales importance of the business days of July this year and last and for normal seasonal movements, sales in July were up by 18 per cent over July last year and increased eight per cent from June. There was one more Saturday in July this year than last.

---

## Sales of Electric Storage Batteries

Sales of electric storage batteries and parts by principal Canadian producers were valued at \$2,164,541 during the second quarter of 1943 compared with \$1,959,432 in the previous quarter and with \$1,380,480 during April, May and June of 1942. Sales for the quarter under review included 251,294 batteries at \$1,219,209 for the ignition of internal combustion engines; 1,506 batteries at \$5,567 for motor cycle starting; 7,897 cells at \$51,128 for farm lighting plants; 1,894 cells at \$36,966 for railway service; batteries valued at \$661,794 for other purposes, including those for telephone switchboards, and miscellaneous parts and supplies for batteries valued at \$289,877.

---

### Bank Debits to Individual Accounts

The amount of cheques cashed in the 33 clearing centres of Canada was \$4,406 million in July compared with \$3,704 million in the same month last year. Considerable gains were shown in each of the five economic areas except British Columbia. An increase was recorded in each of the three centres of the Maritime Provinces. Debits in the first seven months of this year totalled \$29,873 million compared with \$25,296 million in the same period of 1942, an increase of 18 per cent.

### Production of Crude Petroleum in June

The Canadian production of crude petroleum and natural gasoline in June totalled 826,119 barrels compared with 872,812 barrels in May and 856,746 barrels in June last year. Alberta's output in June was recorded at 793,022 barrels, consisting of 777,761 from the Turner Valley Field, 720 from the Red Coulee field, 1,455 from the Wainwright-Ribstone field, and 13,086 from other fields. Total production during the first half of 1943 was 5,037,870 barrels compared with 5,240,038 in the like period of 1942.

### Output of Central Electric Stations

Central electric stations produced 3,404,077,000 kilowatt hours during July as compared with 2,965,671,000 in July 1942. This was a daily average of 109,809,000 kilowatt hours as against 111,834,000 for June, but the adjusted index number on the base 1935-39=100 rose to a new high at 167.3. Production during the seven months ended July totalled 23,028,472,000 kilowatt hours compared with 21,878,055,000 in the corresponding period of 1942. Exports to the United States increased from 195,827,000 kilowatt hours in July last year to 242,332,000.

### Reports Issued During the Week

1. Trade of Canada, July (10 cents).
2. Central Electric Stations, July (10 cents).
3. Car Loadings on Canadian Railways (10 cents).
4. Construction Industry, 1942 (25 cents).
5. Bank Debits to Individual Accounts, June (10 cents).
6. Petroleum and Natural Gas Production, June (10 cents).
7. Operating Revenues, Expenses & Statistics of Railways, June (10 cents).
8. Fisheries of Ontario, Prairie Provinces & Yukon Territory, 1942 (10 cents).
9. Stocks of Canadian Butter, Cheese and Eggs in Principal Cities of  
Canada, September 1 (10 cents).
10. Canadian Grain Statistics (10 cents).
11. Canadian Milling Statistics, July (10 cents).
12. Quarterly Report of Factory Sales of Electric Storage Batteries,  
Second Quarter, 1943 (10 cents).
13. Indexes of Country General Store Sales, July (10 cents).
14. Peat Industry, 1942 (25 cents).
15. Telegraphic Crop Report, Prairie Provinces (10 cents).
16. Fruits and Nursery Products, Manitoba, 1941 (10 cents).
17. Fruit Crop Report (10 cents).





1010729809