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Is the Cost of Living Budget Too High?

The pre-war cost of the cost of living index budget was \$1453. Since the war started the index shows that the cost of this budget has risen 18.3 per cent to August 1943. And that's where a rather involved argument starts -- an argument that runs something like this.

"Before the war the average wage-earner family didn't have \$1453 a year to spend. The less you have to spend the higher the proportion you have to use buying foods which are an absolute necessity. And the wartime rise in foods has been much greater than for other living needs, so if you started with a pre-war budget which was too high, you must have understated the percentage rise in total living costs added by foods."

This is confusing, but if you figure it out you will see it's true. Everything depends on whether \$1453 really was a fair average for wage-earner family income before the war.

The Bureau of Statistics has good reason to believe that \$1453 was a fair pre-war figure. It was based upon 1938 reports of annual earnings from more than 6,000 typical wage-earner families in 12 cities from Halifax to Vancouver. The next information we have on family earnings is from the 1941 census. By that time more people were working and you might expect family earnings to be higher. And that's just what the record showed. In only three of the 27 cities with more than 30,000 population did earnings of wage-earner families fall below \$1453, and average family earnings for these 27 cities combined amounted to more than \$1650.

Some people apparently confuse individual earnings with family earnings. Naturally the earnings of all individual workers did not average \$1650. Many families have more than the father contributing to the family exchequer, so family earnings will average higher than individual earnings. The difference between the two is made still greater by the fact that the father usually earns more than other members of his family. Suppose the father earns \$1400 and the son, who is just starting, gets \$800, family earnings then total \$2200, but the individual earnings of the two average only \$1100.

We still think \$1453 was a pretty fair average for pre-war wage-earner family living expenditures.

Note: This ends the present series regarding the cost of living index.

Business Expansion in August

While the volume of productive operations had recorded marked expansion from the outbreak of hostilities to the beginning of the second quarter, the index of the physical volume of business showed a slight gain in August over the preceding month. The standing on the basis of 1935-1939 was 236.3 in July and a minor increase was shown in the month under review. The components of the index were uneven as compared with July but advances were predominant. Gold receipts at the Mint were 255,878 fine ounces compared with 327,836. A considerable reduction was also shown in silver shipments.

The activity of the flour-milling industry was nearly maintained in the latest month for which statistics are available. The release of tobacco recorded a marked expansion, cigarettes made available having been 919 million against 821 million. The release of cigars, however, receded from 15.1 million to 14.2 million. The slaughtering of hogs dropped from 480,296 to 436,350. Gains were shown in the slaughtering of cattle and sheep. The net result was that the index receded from 167.0 to 159.5. A slight gain was shown in the operations of the dairy industry after the seasonal adjustment. The index moved up about two points to 126.4. Raw cotton used by the textile industry showed further reduction in August. The total was 13,960,000 pounds against 14,281,000. A minor decline was shown in the output of newsprint, the total having been 259,612 tons against 262,323.

Construction contracts amounted to \$23,900,000 against \$16,200,000, the adjusted index advancing from 67.5 to 84.5. Carloadings, indicating the volume of commodity distribution, rose from 293,451 in July to 302,048. The movement in August last year was 282,216 cars. The amount of cheques cashed in clearing centres was less than July but showed a considerable gain over one year ago. Bank debits were \$4,020,267,000, a gain of 15.5 per cent over the same month last year.

Business Indicators for August 1943 compared with August 1942 and July 1943

		August 1943	August 1942	July 1943
Physical Volume of Business	1935-39=100	*	205.7	236.3
Bank Debits	\$000	4,020,267	3,479,745	4,405,946
Gold Receipts at Mint	Fine Ounces	255,878	363,368	327,836
Cigar Releases	No.	14,241,981	15,979,927	15,140,303
Cigarette Releases	No.	919,366,547	852,492,930	820,512,191
Cheese, Factory Production	Lb.	25,541,405	28,332,779	26,714,035
Butter, Creamery Production	Lb.	30,969,774	36,233,195	44,547,303
Slaughtering -				
Cattle and Calves	No.	141,682	121,827	132,565
Sheep and Lambs	No.	78,886	68,478	54,953
Hogs	No.	436,350	352,286	480,296
Cotton Consumption	Lb.	13,959,740	15,906,594	14,280,748
Newsprint Production	Tons	259,612	253,239	262,323
Construction Contracts Awarded ..	\$	23,865,300	31,771,200	16,166,900
Carloadings	No.	302,048	282,216	293,451

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

Sales and Purchases of Securities Between Canada and Other Countries during July

A heavy import of capital to Canada continued to result from the international trade in securities in July when the net sales totalled \$22,000,000 compared with \$27,900,000 in June and \$10,100,000 in May. As in preceding months sales of Canadian bonds to the United States were the most important source of the capital import. Repurchases from the United Kingdom amounted to \$1,200,000. Net sales to other countries of \$400,000 were slightly higher than in preceding months. In the seven months ending July net sales of securities to all countries were \$121,000,000 compared with \$64,600,000 in the same period of 1942.

Sales of securities by Canada to other countries in July amounted to \$31,700,000 compared with \$35,200,000 in June and \$13,300,000 in July last year. Purchases from other countries totalled \$9,700,000 compared with \$7,300,000 in June and \$6,500,000 in July, 1942. During the seven months ended July sales to other countries aggregated \$160,100,000 compared with \$103,300,000 in the corresponding period of 1942, while purchases from other countries totalled \$59,100,000 compared with \$38,800,000 in the like period of 1942.

Visible Supply of Wheat

The visible supply of Canadian wheat in store or in transit in North America at midnight on September 16 totalled 377,835,619 bushels, including 364,436,657 bushels in Canadian positions and 13,398,962 in United States positions. A week ago stocks totalled 383,673,272 bushels and on the corresponding date last year, 406,319,198 bushels.

Primary Movement of Wheat and Coarse Grains

Farmers in western Canada marketed 5,038,116 bushels of wheat during the week ending September 16 as compared with 4,590,713 in the previous week. From the commencement of the crop year to September 16 deliveries totalled 25,995,892 bushels as compared with 19,176,913 in the corresponding period of the previous crop year. During the week ending September 16 the following quantities of coarse grains were delivered from the farms in western Canada, figures for the previous week being in brackets: oats, 2,005,996 (2,783,292) bushels; barley, 2,291,155 (2,081,558); rye, 27,081 (71,731); flaxseed, 852,453 (441,746).

Survey of Production in Canada in 1941

Stimulated by heavy war demands, commodity production recorded marked expansion in 1941 over the preceding year. The value of net production after deduction of the cost of materials, rose from \$3,824,000,000 to \$4,720,000,000. The consequent gain was nearly \$900,000,000 or 23.4 per cent. Production in 1941 was greater than in any previous year, the standing in 1929, the culmination of the last major prosperity period, having been \$3,658,000,000.

Economic factors, indicating the progress of commodity producing activities, recorded further expansion in 1942 and 1943. The index of industrial production averaged 227.2 in 1942 against 179.4 in the preceding year, a gain of more than 28 per cent. The general index of employment rose from 152.3 to 173.7, a gain of 14 per cent. The general indexes of production and employment showed conclusively that the volume of output was considerably greater in the later year. As the index of wholesale prices rose 6.3 per cent from a position of 90 in 1941, it is also evident that the value of production recorded an even greater increase.

The three groups engaged in secondary production achieved an outstanding expansion in 1941 over the preceding year. The aggregate net production of manufactures, construction, and custom and repair rose about one-third in this comparison. The total was nearly \$3,010,000,000 compared with \$2,260,000,000 in 1940. The greatest gain, amounting to \$663,000,000, was recorded by manufacturing activities. After eliminating the production of the processing industries, the net output of manufacturing was 46.5 per cent of total commodity production, the relative importance in 1940 having been 41.6 per cent.

Gain in the net output of agriculture was the main influence in the expansion of primary production during 1941. The net value produced by agriculture was \$951,000,000 against \$885,000,000 in 1940. The agricultural output constituted nearly 45 per cent of the aggregate for the six main branches engaged in primary production. The heavy output of animal products to meet expanded overseas demand was the main element in the acceleration during 1941.

Mining was second in importance among the primary industries, producing more than 23 per cent of the aggregate. The gain in 1941, despite minor change in prices, was 11.6 per cent. The total, which had been \$446,000,000 in 1940, rose to \$498,000,000. The increase in the net output of the forestry industry was nearly 14 per cent to \$421,000,000. The output of the electric power industry reached a new high point in history. The net value was \$183,000,000 in 1941, a gain of 11.8 per cent. Large percentage gains were shown in the operations of the fisheries and trapping industries during 1941. The net output of the fisheries rose nearly 36 per cent, while the returns from trapping were about 35 per cent greater.

Financing of Motor Vehicle Sales in August

New and used motor vehicles financed in August totalled 3,719 units with a financed value of \$1,442,794, being 44 per cent lower in number and 33 per cent lower in dollar volume than the 6,602 vehicles financed for \$2,160,219 in August, 1942. There were 108 new vehicles financed for an amount of \$113,797.

In the used vehicle field, declines were 42 per cent in number and 29 per cent in amount of financing, the 3,611 vehicles financed for \$1,328,997 comparing with 6,273 transactions involving \$1,876,283 in the same month last year. Percentage decreases in various regions of the country were as follows: Maritime Provinces 73, Quebec 49, Ontario 43, Manitoba and Saskatchewan combined 38, Alberta 28, and British Columbia 36.

Cumulative results for the first eight months showed 542 new motor vehicles financed this year as compared with 6,913 in the corresponding period of 1942. Used vehicles financed in the January to August period numbered 27,355 units this year and 43,909 units in the similar period of last year.

Freight Traffic on Railways in June

Revenue freight loaded at railway stations in Canada and received from foreign connections during June amounted to 13,101,580 tons as compared with 11,652,200 tons in June last year. Loadings increased by 562,021 tons or 7.1 per cent, imports by 303,591 tons or 18.1 per cent, and freight from foreign connections destined to foreign points by 583,769 tons or 28.4 per cent.

Crime by Provinces in 1942

Ontario leads all provinces in Canada in criminal convictions per 100,000 population during 1942. The number of convictions is 7,966 per 100,000. Quebec alone among the other provinces approximates this rate with 6,195 convictions per 100,000, while Manitoba is third with 4,773.

Other provincial rates, in order, are British Columbia with 3,431, Alberta 2,307, Nova Scotia 2,109, New Brunswick 2,061, Prince Edward Island 1,903, Saskatchewan 1,284 and Yukon and Northwest Territories 1,223 convictions per 100,000 population in 1942.

Convictions of adults show the provinces in the same order as the total crime figures. Ontario had 7,851, Quebec 6,075, Manitoba 4,692, British Columbia 3,357, Alberta 2,203, Nova Scotia 2,049, New Brunswick 1,986, Prince Edward Island 1,793, Saskatchewan 1,239 and Yukon and Northwest Territories 1,223 convictions per 100,000 population.

Alberta leads in the rate of convictions for indictable offences with 397 per 100,000 population during 1942. The other provinces show the following rates: Ontario 394, British Columbia 338, Manitoba 328, Quebec 303, Saskatchewan 289, Nova Scotia 280, New Brunswick 229, Prince Edward Island 214, and Yukon and Northwest Territories 182 convictions per 100,000 of population.

Ontario's rate of 7,457 convictions for non-indictable offences per 100,000 population is the highest of the provinces. Quebec with 5,772 convictions per 100,000 is second and Manitoba with 4,364 ranks third. British Columbia shows 3,019, Alberta 1,806, Nova Scotia 1,769, New Brunswick 1,757, Prince Edward Island 1,584, Yukon and Northwest Territories 1,041, and Saskatchewan 943 convictions per 100,000 of population.

Quebec's rate of convictions of juvenile offences per 100,000 population is 120, the highest among Canadian provinces. Ontario shows 115 convictions, Prince Edward Island 105, Alberta 104, Manitoba 81, New Brunswick 75, British Columbia 74, Nova Scotia 60, and Saskatchewan 52 convictions of juveniles per 100,000 population.

Ontario leads the provinces with 80 convictions of juveniles for major offences for each 100,000 of population. Manitoba with 68, Prince Edward Island 62, New Brunswick 60, Alberta 59, Quebec 48, Saskatchewan 44, Nova Scotia 37 and British Columbia 36 convictions of juveniles per 100,000 of population follow in the order given.

Quebec with 72 convictions of juveniles for minor offences per 100,000 of population leads all provinces during 1942. Alberta shows 45, Prince Edward Island 43, British Columbia 38, Ontario 35, Nova Scotia 23, New Brunswick 15, Manitoba 13, and Saskatchewan eight juveniles convicted of minor offences per 100,000 population during 1942.

Convictions per 100,000 Population in 1942

	Indictable	Non Indictable	Total Adult	Major	Minor	Total Juvenile	Grand Total
P.E. Island	214	1,584	1,798	62	43	105	1,903
Nova Scotia	280	1,769	2,049	37	23	60	2,109
New Brunswick	229	1,757	1,986	60	15	75	2,061
Quebec	303	5,772	6,075	48	72	120	6,195
Ontario	394	7,457	7,851	80	35	115	7,966
Manitoba	328	4,364	4,692	68	13	81	4,773
Saskatchewan	289	943	1,232	44	8	52	1,284
Alberta	397	1,806	2,203	59	45	104	2,307
British Columbia	338	3,019	3,357	36	38	74	3,431
Yukon and N.W.T.	182	1,041	1,223	-	-	-	1,223
	337	4,988	5,325	59	42	101	5,426

Building Permits Issued in August

Building permits were issued to the value of \$7,080,395 in August, according to reports received by the Dominion Bureau of Statistics from municipalities which have systems for issuing such permits. In the corresponding month last year the value was \$6,342,168. During the eight months ended August permits were issued to the value of \$52,195,351 as compared with \$70,321,194 in the corresponding period last year.

Gold Production in July

Gold production during July totalled 292,561 fine ounces as compared with 428,323 fine ounces in July a year ago and 326,611 ounces in June this year. The value of the July production was \$11,263,599. Of the production in July this year, 242,689 fine ounces came from auriferous quartz mines and alluvial sources and 49,872 came from base metal mines. Production from all sources during the seven months ended July totalled 2,265,238 fine ounces compared with 2,940,439 in the like period of 1942.

Production of gold by provinces was as follows in July, figures for the corresponding month last year being in brackets: Nova Scotia, 261 (894) fine ounces; Quebec, 71,101 (90,626); Ontario, 167,523 (239,110); Manitoba and Saskatchewan, 23,033 (30,516); British Columbia, 18,150 (42,408); Yukon, 6,040 (14,021); Northwest Territories, 6,453 (10,740).

Iron Oxides in 1942

Production in Canada of iron oxides and ochres, crude and refined, during 1942 totalled 9,304 short tons valued at \$151,653 compared with 10,045 short tons worth \$142,069 in 1941. Of the 1942 output, 8,866 short tons valued at \$147,049 came from properties in the province of Quebec and the balance of 438 tons at \$4,604 represented crude material shipped from deposits located in British Columbia.

Production of Salt in 1942

Production of common salt or sodium chloride in Canada during 1942 totalled 653,672 net tons valued at \$3,855,187 compared with 560,845 net tons worth \$3,196,165 in 1941. The quantity and value of the output during 1942 were the highest ever realized by the Canadian salt industry. The mineral in 1942 was produced in Nova Scotia, Ontario, Manitoba and Alberta, and of the total production Ontario contributed 85.4 per cent.

Manufacturing Industries of Quebec

Manufacturing production in the province of Quebec was greatly accelerated in 1941 as a result of the war, the gross value of products totalling \$1,841,038,523 compared with \$1,357,375,776 in 1940, an increase of 35.6 per cent. The number of persons employed increased to 327,591 from 252,492 in 1940, an increase of 29.7 per cent, while the amount paid in salaries and wages totalled \$393,819,671 compared with \$277,639,876, an increase of 41.8 per cent.

Of the increase of \$483,712,747 in the gross value of production, 25 per cent was contributed by the iron and its products group, 17 per cent by textiles and textile products, 17 per cent by non-ferrous metal products, 11 per cent by chemicals, nine per cent by wood and paper products, eight per cent by vegetable products, seven per cent by animal products, five per cent by non-metallic mineral products and one per cent by miscellaneous industries.

The production of pulp and paper is the dominant industry. In addition to supplying about nine per cent of the gross value of Quebec manufactures, it furnishes about 50 per cent of the Dominion total for this industry. The value of tobacco products forms approximately 87 per cent, cotton and cloth 72 per cent, women's factory clothing 68 per cent, leather boots and shoes 61 per cent, men's factory clothing 53 per cent, and railway rolling stock 47 per cent of the Dominion totals of these products. The province of Quebec is thus an outstanding manufacturing province rather on account of her large individual industries than because of the diversification of her industrial activities.

From the point of view of gross value of products, the textile industries again headed the list with an output valued at \$359,323,559. Other major groups in the order of their importance are: wood and paper products \$297,594,135, iron and its products \$291,673,076, vegetable products \$247,411,759, non-ferrous metal products \$243,712,826, animal products \$172,006,239, chemical products \$120,569,492, non-metallic mineral products \$90,548,465 and miscellaneous industries \$18,168,972.

The city of Montreal proper with a gross value of production of \$303,635,931 leads by a wide margin, accounting for about 44 per cent of the entire output of the province. Other important cities in the order of their importance are: Montreal East, Shawinigan Falls, Quebec, Three Rivers, Lachine, Sherbrooke, Valleyfield, Drummondville and Hull.

Statistics on the Operations of
The Unemployment Insurance Act

During June and July, applications for benefit payments under the terms of the Unemployment Insurance Act numbered 1,772 and 1,037, respectively. The number of claims lodged at local offices of the Unemployment Insurance Commission has declined notably each month since March, when 5,046 claims were filed. In June and July last year, 4,629 and 2,668 claims were registered in local offices. The figure for June 1942 is not typical, however, since it includes 2,373 claims for the Maritimes, where there was a partial shut-down of the collieries.

The number of claims forwarded to insurance offices shows a similar decline from a high point of 4,775 in March to 1,692 in June and 1,060 in July. During June and July of last year claims sent forward to insurance offices numbered 2,551 and 4,024. The July 1942 figure on claims received at insurance offices was influenced by the large number of claims lodged in local offices in June. Of these claims 2,067 were received at the Moncton regional office.

That the claimant voluntarily left his employment without just cause remains the most important reason for non-entitlement to benefit, with insufficient contributions the second most important cause. During June, 2,729 persons received benefit, while in July 1,868 persons were paid benefit compared with 1,881 and 1,616 persons in the same months last year. The number commencing the receipt of benefit payments was 1,096 in June and 831 in July, while during June and July a year ago, the totals were 1,130 and 1,071, respectively.

The average duration of the unemployment compensated in June was 13.2 days and in July 13.5 days, compared with 11.8 days and 12.5 days in June and July, 1942. During June and July averages of \$24.30 and \$24.40 were paid per beneficiary, while in June and July of last year the averages were \$21.02 and \$22.03. The average amount paid per compensated day of unemployment was \$1.34 in June and \$1.31 in July compared with \$1.73 and \$1.77 in June and July last year.

Reports Issued Today

1. Registrations of Births, Deaths and Marriages, July (10 cents).
 2. Loadings of Revenue Freight, August (10 cents).
 3. Car Loadings on Canadian Railways (10 cents).
 4. Manufacturing Industries of Quebec, 1941 (25 cents).
 5. Iron Oxides (Ochre) - 1942 (15 cents).
 6. Gold Production, July (10 cents).
 7. Sales and Purchases of Securities Between Canada and Other Countries, July (10 cents).
 8. Building Permits, August (10 cents).
 9. Monthly Traffic Report of Railways, June (10 cents).
 10. Financing of Motor Vehicle Sales, August (10 cents).
 11. Survey of Production in Canada, 1941 (25 cents).
 12. Canadian Grain Statistics (10 cents).
 13. Variety Store Chains, 1941 (25 cents).
 14. Salt, 1942 (25 cents).
 15. Statistical Report on the Operation of the Unemployment Insurance Act, June and July, 1943 (15 cents).
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