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Economic Conditions in 1942

A majority of the factors indicating the trend of economic activity in 1942 recorded advances over the high levels of 1941. The index of the physical volume of business, a most comprehensive measure of productive operations, advanced more than 22 p.c. The major portion of the expansion was concentrated in manufacturing. The index of production rose from 175 to 243, a gain of no less than 38.5 p.c. In the same comparison, the index of the labour force in manufacturing plants rose from 168 to 207, a gain of nearly 23 p.c. The expansion in manufacturing operations took place mainly in the commodities required for war operations. The output of pig iron, for example, rose 29 p.c. to 1,975,000 tons. The production of factory cheese at nearly 200 million pounds was more than 36 p.c. greater than in 1941. The release of cigarettes rose to a new high point at 10,240 million, the gain over 1941 having been about 19 p.c.

The electric power industry recorded a greater output than in any other year, the consumption of firm power having been 37 billion k.w.h., a gain of 11 p.c. Mineral production was uneven, the decline in gold production having been more than counterbalanced by advances in other lines. The new business obtained by the construction industry was at a lower level than in 1941, when contracts were placed for many war plants and for military establishments.

The movement of raw material and the shipment of finished products in the direction of ultimate markets resulted in a marked expansion in the handling of railway freight. The number of tons carried one mile on the two principal railways during the first eleven months was 46 billion against 42 billion in 1941, a gain of 10 p.c. The gain in the gross revenue of the Canadian National Railway was 26 p.c. to \$299 million, while the corresponding increase for the Canadian Pacific was 16.5 p.c. to \$234 million.

The extent of our productive facilities devoted to the war effort is indicated by an output of munitions and supplies of the rate of \$2,600 million in 1942. Contracts and commitments placed by the Department of Munitions and Supply now exceed \$6,000,000,000, and deliveries have amounted to about three billion in addition to a billion expended on plants, machinery and defense projects. War shipments of metals, foodstuffs, timber and other supplies were valued at an additional \$1.5 billion.

War production is scheduled to reach its maximum in the near future, but the success of offensive operations greatly depends upon the supply of munitions and equipment. The output of mechanical transport in 1942 was nearly double that of the preceding year, amounting to \$400 million. The shipbuilding expansion was from \$91 million to about \$260 million, employing more than 50,000 persons compared with 4,000 in the first quarter of 1940. The value of aircraft production increased 158 p.c. over the preceding year. With factory floor space of 3.5 million square feet, employing 55,000 persons, the output is about 400 planes per month. Large quantities of small arms, shells and bombs and armoured vehicles, including tanks, were also manufactured. The construction of ten new plants, six of them major projects, was planned for the enlargement of the chemical and explosives industry.

It is estimated that income payments to individuals in Canada rose about 70 p.c. in 1942 over 1938, the full year of peacetime. With the marked gain in purchasing power in the hands of the public and the considerable curtailment in consumers' goods available for distribution, governmental control was needed to counteract inflationary tendencies. The supply of consumers' goods, markedly curtailed in the last half of 1942 by the shortage of raw materials and the lack of working forces, will be even more serious from now until the end of the war. While recent income tax deductions from salaries and wages are having an adverse effect on the volume of trade, the increase in employment and the higher rate of wages paid in munition factories are counterbalancing factors.

The working forces showed further expansion in 1942 but the advance was at a slower pace than in the earlier years of the war period, owing to the absorption of personnel into the armed forces. The industrial distribution of the labour force continued to show important changes with a growing concentration of employees in manufacturing plants, particularly in heavy industry. With the increasing labour stringency and shortages of raw materials, contraction was recorded in the number of employees engaged in the production of consumers' goods. This movement will doubtless continue, being hastened by governmental regulations made in the interest of labour conservation.

December Employment Situation

Industrial employment at the beginning of December showed important expansion, continuing the steadily upward movement indicated since March, 1942. The increase was the largest reported since the beginning of July, also exceeding that recorded in any earlier December in the period of the war; according to pre-war experience, it was contra-seasonal in character. The Dominion Bureau of Statistics tabulated data from 13,322 employers with a combined working force of 1,867,597, as compared with 1,836,070 at November 1. The weekly payrolls disbursed aggregated \$56,076,173 as compared with \$54,738,728 at the beginning of November. There was thus a rise of 1.7 p.c. in the number of employees, accompanied by that of 2.4 p.c. in the earnings of these persons.

The index number of employment reached a new maximum in December, standing at 186.5 as compared with 183.3 in the preceding month and 168.8 in December, 1941. The 1926 average equals 100 in calculating these indexes. Since the increase at the date under review was contrary to the usual seasonal tendency, the seasonally adjusted index showed a further rise at 182.1 as compared with 175.4 in November. The general index of employment exceeded by $10\frac{1}{2}$ p.c. that indicated at the beginning of December, 1941. This important gain has been accompanied by that of 20.8 p.c. in the index number of payrolls in the 12 months.

The greatest advances in December were in manufacturing, the working forces of the 7,400 manufacturers furnishing reports aggregating 1,155,307 as compared with 1,139,191 at November 1, an increase of 16,116 persons or 1.4 p.c. There were especially impressive advances in iron and steel manufacturing plants which absorbed over 12,000 additional workers. Chemical, tobacco, non-ferrous metal, electrical apparatus, animal food, leather, rubber, clay, glass and stone and miscellaneous manufactured products also afforded considerably more employment. The gains in iron and steel were widely distributed, the greatest being in shipbuilding and aircraft plants. Seasonal curtailment of operations continued to lower employment in vegetable food and lumber factories: pulp and paper and beverage works were also quieter.

Seasonal activity in bush operations resulted in a substantial increase in the personnel of logging camps, 470 of which reported 70,071 employees compared with 56,467 at November 1. The percentage gain was larger than that indicated in December 1941, but approximated the average over a period of years. Coal mining was brisker in December 1942, but employment in the extraction of other non-metallic minerals and of metallic ores showed a further reduction. The 432 operators whose returns were tabulated reported 76,101 employees, 150 fewer than in the preceding month.

A small increase in employment in telegraphs was rather more than offset by a falling-off in telephones. A personnel of 27,775 was reported by the employers furnishing data; at November 1 they had employed 27,959 men and women. The trend in transportation was seasonally downward at the beginning of December when 566 firms and branches reported 137,928 employees, or 1,399 fewer than at November 1. The decline was mainly in shipping and stevedoring.

Employment in construction and maintenance was seasonally lower at December 1, when the decline was decidedly below average. Further gain was shown in building, but highway and railway construction and maintenance reported lessened activity. Data were received from 1,525 employers with a force of 190,854 persons as compared with 195,344 at the beginning of November. Further seasonal reductions were indicated in the service division; the losses, which were moderate, took place in hotels and restaurants and in laundries and dry-cleaning establishments. The staffs of the 614 employers totalled 40,548 men and women, 132 fewer than at November 1.

The seasonal increases indicated in trade at December 1 were considerably above average, according to the experience of the years since 1920. The 2,214 employers co-operating in the latest survey had 169,013 persons on their staffs, 8,152 more than at November 1. The 753 financial institutions whose returns were tabulated employed a personnel of 63,976 as against 64,055 at November 1.

Visible Supply of Wheat

Stocks of Canadian wheat in store or in transit in North America on February 4 totalled 459,585,202 bushels, of which 445,109,823 bushels were in Canadian positions and 14,775,379 bushels were in United States positions. On the corresponding date last year the visible supply amounted to 487,828,778 bushels.

Farmers' Marketings of Wheat

Deliveries of wheat from farms in western Canada during the week ending February 4 amounted to 1,835,263 bushels compared with 765,923 in the previous week. During the elapsed portion of the crop year 158,372,052 bushels of wheat were marketed as compared with 161,668,867 in the corresponding period of the previous crop year.

Production of Butter and Cheese in January

An increase of approximately 22 per cent was recorded in the January production of creamery butter, according to figures released by the Dominion Bureau of Statistics. Increases were reported in all provinces of the Dominion except British Columbia with the result that the all-Canada total mounted to 13,101,344 pounds from the January 1942 make of 10,718,315 pounds.

A sizeable reduction was recorded in cheddar cheese output in January when the total make was 2,008,346 pounds compared with 4,987,945 in January, 1942, a decline of almost 60 per cent. Production of ice cream in January amounted to 613,407 gallons, being slightly lower than last year.

Stocks of Canned Fruits and Vegetables

Stocks of canned fruits held by canners, wholesale dealers and chain store warehouses on the first day of 1943 amounted to 1,755,947 dozen cans as compared with 4,450,736 dozen cans on the same date last year, according to a report issued by the Dominion Bureau of Statistics. Stocks of canned vegetables on hand totalled 8,871,998 dozen cans on January 1 this year as compared with 10,100,299 on the like date last year.

December Sales of New Motor Vehicles

New passenger car sales in December totalled 138 units with a retail value of \$259,874, only five per cent in both number and value of the 3,875 vehicles which sold for \$5,266,692 in December, 1941. There were 17,260 cars retailed for \$23,803,870 during 1942, or little more than one-fifth of the volume for 1941 when 83,642 units were sold for \$108,923,942. However, three-quarters of the total volume of passenger car sales concentrated in the first four months of the year.

Sales of 124 new trucks and buses for \$340,405 were recorded in December, declines of 94 per cent in number and 89 per cent in dollar value below December 1941, when 2,214 units sold for \$3,022,674. Decreases in commercial vehicle sales in 1942 below 1941 amounted to 63 per cent in number and 57 per cent in amount, sales of 12,787 units for \$18,466,607 last year comparing with 34,431 vehicles which sold for \$42,944,963 in 1941.

Combined sales of passenger and commercial vehicles also were only about five per cent of the total number sold in December of last year, while volume for the full year was down 75 per cent in number and 72 per cent in value.

Production of Coal in December

Coal production in Canada during December totalled 1,735,460 tons compared with 1,618,113 in the previous month and 1,813,963 in the corresponding month in 1941. Production during the calendar year 1942 aggregated 18,839,410 tons as compared with 18,225,921 in 1941.

Imports of coal in December included 398,055 tons of anthracite, 1,294,033 tons of bituminous and 59 tons of lignite, for a total of 1,692,147 tons compared with 1,833,483 in December, 1941. Exports from Canada amounted to 60,411 tons in December, a decline of nearly nine per cent from last year's tonnage of 66,134.

Canada's coal supply in December, based on production plus imports less exports was 3,367,196 tons or six per cent lower than in December 1941 when 3,581,312 tons were made available for use.

Civil Aviation in October

Commercial air carriers transported 19,530 revenue passengers during October as compared with 17,027 in October 1941, but the freight carried dropped from 2,452,085 pounds to 1,262,078. Mail was lighter than in September but increased from 307,103 pounds in October 1941 to 470,028 pounds.

The average passenger journey increased from 308 miles in 1941 to 343 miles and the average number of revenue passengers per aircraft mile flown increased from 4.9 to 5.5. Because of greatly increased haul for freight the ton miles increased from 104,711 to 141,188 and the average load per aircraft mile increased from 194 to 233 pounds.

Registration of Motor Vehicles

There were 1,572,784 vehicles registered in Canada in 1941 as compared with 1,500,829 in 1940, an increase of 71,955. Of the vehicles registered during the year, 1,279,536 were passenger cars, 278,771 were commercial vehicles and 14,477 were motor cycles. Licenses were issued for 80,304 trailers during 1941 as well as 428,128 chauffeurs' licenses and 1,710,460 drivers' licenses. All provinces except Prince Edward Island reported higher registrations of motor vehicles.

Output of Central Electric Stations

Central electric stations produced 3,248,672,000 kilowatt hours in December a new all-time peak. In the corresponding month in 1941 production totalled 3,220,800,000 kilowatt hours. The output for the calendar year 1942 aggregated 37,109,976,000 kilowatt hours as compared with 33,445,360,000 in 1941 and 30,080,248,000 in 1940.

Exports to the United States in December amounted to 211,444,000 kilowatt hours, a decrease from December 1941 exports of 1.3 per cent. Secondary power produced for use in Canada dropped from 331,706,000 kilowatt hours in December 1941 to 107,380,000. Firm power consumed in Canada, including line losses, amounted to 2,929,848,000 kilowatt hours, which was also a new high record.

Production of Leather Footwear in December

The production of leather footwear in December amounted to 2,650,375 pairs compared with 2,884,992 in November and 2,736,108 in December, 1941. The output for the calendar year 1942, as compiled from the monthly returns, now stands at 33,199,912 pairs compared with 32,646,736 pairs manufactured in 1941.

Reports Issued During the Week

1. Car Loadings on Canadian Railways (10 cents).
 2. Monthly Traffic Report of Railways, October (10 cents).
 3. Production of Leather Footwear, December (10 cents).
 4. Current Trends in Food Distribution, December (10 cents).
 5. Output of Central Electric Stations, December (10 cents).
 6. The Highway and the Motor Vehicle, 1941 (25 cents).
 7. December Employment Situation (10 cents).
 8. Canadian Grain Statistics (10 cents).
 9. Civil Aviation, October (10 cents).
 10. Coal and Coke Production, December (10 cents).
 11. Animal Products of Farms, Nova Scotia, 1940 (10 cents).
 12. Economic Conditions in Canada, 1942 (10 cents).
 13. Monthly Dairy Review, January (10 cents).
 14. Stocks of Canadian Fruit and Vegetables, February 1 (10 cents).
 15. Cold Storage Holdings of Fish, February 1 (10 cents).
 16. Cold Storage Holdings of Meat and Lard, February 1 (10 cents).
 17. Stocks of Dairy and Poultry Products, February 1 (10 cents).
 18. Monthly Sales of New Motor Vehicles, December (10 cents).
 19. Final Report on the Stocks of Canned Fruits and Vegetables on Hand,
January 1, 1943 (10 cents).
 20. Population of Canada by Countries and Census Divisions, 1941 (10 cents).
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