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ECONOMIC CONDITIONS IN CANADA DURING 1944 COMPARED WITH THE PRECEDING YEAR

Economic activity was greater in Canada during 1944 than in any other year. The index of the physical volume of business based on factors representing the trend of production and distribution averaged 236.8 compared with 235.9 in the preceding year. Productive operations reached a new high point in 1944, despite the recession in the later months of the year. The spectacular advance from the outbreak of hostilities to about one year ago resulted in a level of operations far in advance of any other period in Canada's history. The index in the last month of the year showed a slight increase over the preceding month, the year ending on an optimistic note.

The deposit liabilities of the chartered banks recorded a marked advance during the war period, reaching a new high level at the beginning of December last year. The average for the first eleven months of 1944 was $4,667 million against $3,969 million, an increase of no less than 17.6 p.c. Wholesale prices were relatively stable during 1944. The index, however, was 2½ p.c. above the average for the preceding year. The marked advance between September 1939 and the latter part of 1943 re-established the parity with the base. The index passed through the base line in July 1943 and has since fluctuated slightly above that level, the index averaging 102.5 during 1944. High-grade bond prices were relatively steady during the year, an upward drift having been discernible. The index of bond yields consequently showed recession in 1944 from the preceding year. The index on the base of 1935-39 averaged 97.1 against 97.5, a decline of 0.4 p.c. Bond prices have been relatively steady since the beginning of 1940, the levels of 1943 and 1944 being slightly above the three preceding years.

Speculative factors including the prices of common stocks and the number of shares traded on the stock exchanges recorded less fluctuation in 1943 and 1944 than in most other periods of similar duration. An index of common stock prices on the five year pre-war base was 83.8 in 1944 against 83.5 in the preceding year, a gain of 0.4 p.c.

Production: The components of the index of the physical volume of business were uneven in 1944 compared with the preceding year. Mineral and manufacturing production were at slightly lower levels. The construction industry was more successful in obtaining new business. The distribution of commodities was in a considerably heavier volume than in the preceding year. The consumption of firm power showed a decline of 1.6 p.c.

The index of mineral production based on 15 factors receded from 242 to 226, a drop of 6.5 p.c. Coal production was 4.6 p.c. less than in 1943 while the decline in gold receipts at the Mint was nearly 21 p.c. It is estimated that the value of mineral production was $482.3 million in 1944 against $527.9 million in the preceding year.

Manufacturing: The index of manufacturing production which had been 293.9 in 1943 receded ½ p.c. to 292.3 in 1944. The gain in cattle slaughterings was 24.7 p.c. and hog slaughterings rose 22.2 p.c. While the output of creamery butter receded 4.3 p.c., factory cheese rose 8.3 p.c. The total output of cheese in 1944 was 178.2 million pounds against 164.6 million in the preceding year. The release of cigars and cigarettes showed a slight percentage increase over 1943. The total releases of cigarettes were 11,666 million while the cigars made available numbered 197.8 million. Due to shortage in the labor force the cotton textile industry was less active in 1944. The raw cotton consumption was reduced from 180 million pounds to 161 million.

The output of newsprint showed a slight gain in 1944, the total having been 2,991,782 tons compared with 2,982,797. The primary iron and steel industry was more active, the output of steel ingots showing an increase of nearly one per cent while pig iron production was 5.4 p.c. greater. The output of coke rose from 3.5 million to 4.0 million tons, a gain of 12.8 p.c.

Construction and Power: The new business obtained by the construction industry recorded a marked expansion. Contracts awarded rose 41.7 p.c. while building permits in 58 municipalities was 55 p.c. greater. Contracts and permits were in much greater amount in 1944, but the index of employment indicated that actual operations were at a somewhat lower level than in the preceding year.

The consumption of firm power was 35,151 million kilowatt hours compared with 35,719 million in the preceding year. The production in December was 3,356 million kilowatt hours against 3,560 million in the same month of the preceding year.

Distribution: Internal trade was considerably more active in 1944. The index of wholesale sales in the first eleven months averaged 187.3 against 167.6 a gain of nearly 12 p.c. The index of retail sales was 167.4 against 154.0 a gain of 8.7 p.c.

The revenue freight carried one mile by the two principal railways rose from 51,844 million tons to 54,421 million a gain of 5 p.c. The increase in car loadings was 5.3 p.c., the total for 1944 having been 3,651,000.

The export trade recorded a marked expansion in 1944. The total was $3,483 million, a gain of 16 p.c. over 1943. As the imports showed only minor percentage gain the active balance of trade exclusive of gold rose more than 36 p.c. to $1,724 million. The net exports of non-monetary gold receded from $142 million to $109.7 million.

Employment: The general index of employment despite the recession in war production was nearly maintained in 1944. The index dropped, however, from 184.1 to 183.0, a decline of 0.6 p.c. Recession was shown in manufacturing and mining while considerable decline was noted in construction. Increases were recorded in logging and trade, the index for the latter rising from 155 to 164.

Banking: Circulating media in the hands of the public rose from $754 million to $908 million a gain of 20.5 p.c. Cash and cheque payments in the eleven months were estimated at $78.7 billion against $68.2 billion in the same period of 1943, a gain of 15.4 p.c. Current loans on the other hand showed a decline of nearly 4 p.c., the average in the first 11 months of 1944 having been $1,008 million.

Dominion Finance: The total revenues of the Dominion Government during the first nine months of the present fiscal year, extending from April to December, showed a decline of 1.2 p.c., the total in the recent period having been $1,940 million. War expenditures receded 12.6 p.c. to a total of $2,422 million. The expenditures under the United Nations Mutual Aid Act rose nearly 21 p.c. to $674.5 million. Ordinary expenditures were 16.6 p.c. greater at $528 million.

National Income: The national income of Canada on a tentative footing, moving up to $9,186 million in 1944, exceeded all previous records. The increase over 1943 was 5.3 p.c., the total in that year having been $8,724 million. Income originating in agriculture showed a marked gain, while increases in manufacturing and government were of lesser proportions.

The maximum monthly income was reached in October last year when agricultural marketings attained a high level. The standing in December was $766.3 million compared with $777.7 million in November, The total in the last month of the year was below the level of December 1943 computed at $785.3 million.

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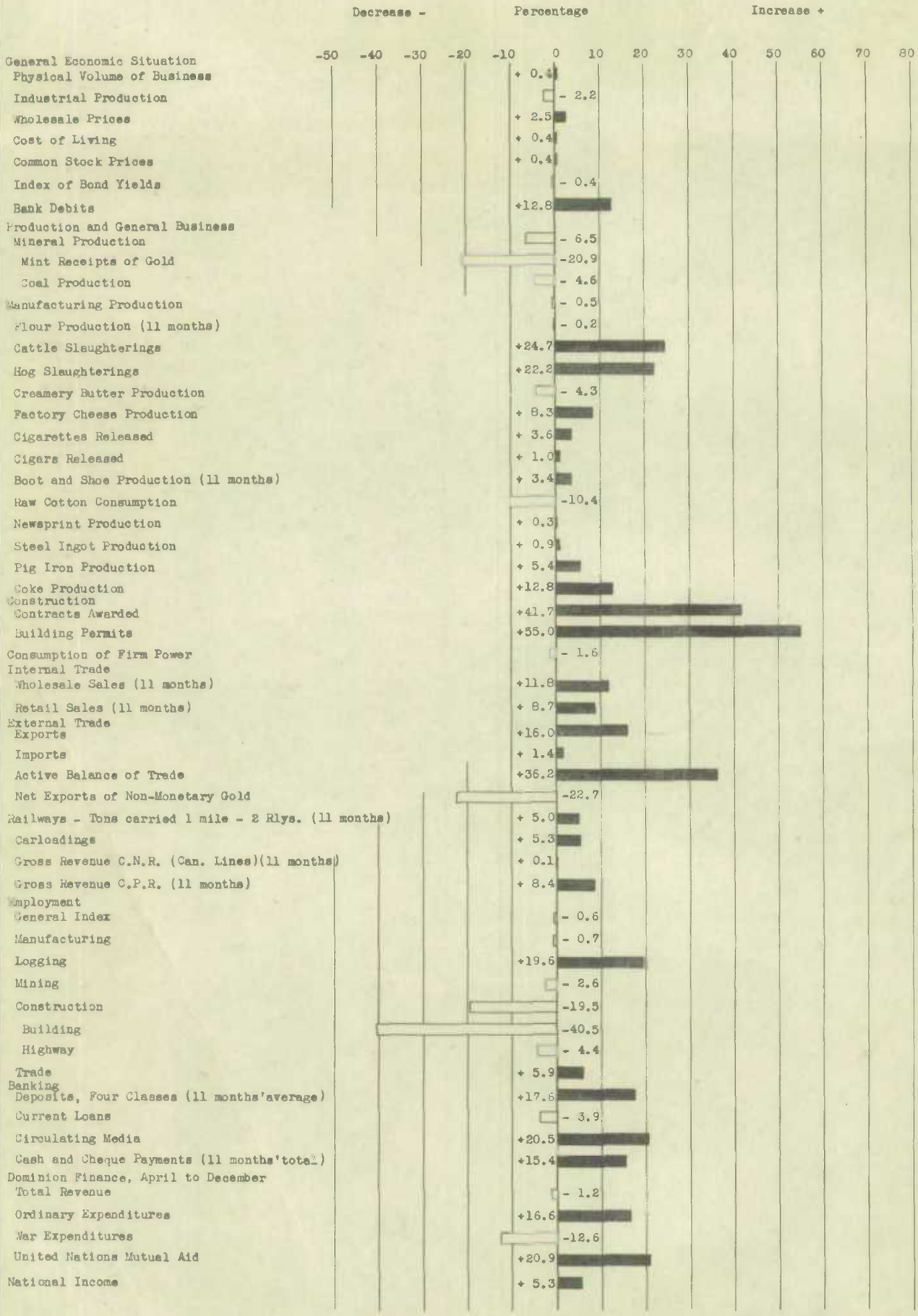
THE ECONOMIC SITUATION IN CANADA

in 1944 as compared with the preceding year.



Dominion Bureau of Statistics

Twenty items recorded decline, while thirty-four showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada in 1944 compared with the preceding year.

	Unit or Base Period	1944	1943	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	236.8	235.9	+ 0.4
Index of Industrial Production	1935-39=100	267.0	273.0	- 2.2
Wholesale Prices	1926 = 100	102.5	100.0	+ 2.5
Cost of Living	1935-39=100	118.9	118.4	+ 0.4
Index of Common Stock Prices	1935-39=100	83.8	83.5	+ 0.4
Index of Bond Yields	1935-39=100	97.1	97.5	- 0.4
Bank Debits	$000	60,676,954	53,796,715	+ 12.8
Production and General Business				
Mineral Production	1935-39=100	226.2	241.9	- 6.5
Gold Receipts at Mint	Fine ozs.	2,853,917	3,606,542	- 20.9
Coal Production	Tons	17,010,117	17,829,181	- 4.6
Manufacturing Production	1935-39=100	292.3	293.9	- 0.5
Flour Production (11 months)	Bbls.	22,262,521	22,301,263	- 0.2
Cattle Slaughterings	No.	2,014,700	1,615,719	+ 24.7
Hog Slaughterings	No.	8,766,441	7,173,556	+ 22.2
Creamery Butter Production	Lbs.	298,251,925	311,709,476	- 4.3
Factory Cheese Production	Lbs.	178,229,872	164,552,549	+ 8.3
Cigarettes released	No.	11,666,420,984	11,256,544,006	+ 3.6
Cigars released	No.	197,779,390	195,902,230	+ 1.0
Leather Boots and Shoes (11 months)	Pairs	27,339,975	26,430,481	+ 3.4
Raw cotton consumption	Lbs.	161,047,106	179,831,143	- 10.4
Paper and Lumber -				
Newsprint Production	Tons	2,991,782	2,982,797	+ 0.3
Iron and Steel -				
Steel Ingot Production	Short Ton	3,024,410	2,996,978	+ 0.9
Pig Iron Production	Short Ton	1,852,628	1,758,265	+ 5.4
Coke Production	Short Ton	4,001,563	3,548,696	+ 12.8
Construction -				
Contracts awarded	$	291,961,200	206,103,900	+ 41.7
Building Permits (58 municipalities)	$	95,387,498	61,537,956	+ 55.0
Consumption of firm power	000 K.W.H.	35,150,740	35,718,763	- 1.6
Internal Trade -				
Wholesale Sales (11 months)	1935-39=100	187.3	167.6	+ 11.8
Retail Sales (11 months)	1935-39=100	167.4	154.0	+ 8.7
External Trade -				
Exports	$000	3,483,099	3,001,352	+ 16.0
Imports	$000	1,758,899	1,735,077	+ 1.4
Active Balance of Trade	$000	+ 1,724,200	+ 1,266,275	+ 36.2
Net Exports of Non-Monetary Gold	$000,000	109.7	142.0	- 22.7
Railways - Tons carried 1 mile - (11 months) 2 Rlys.	000,000 tons	54,421	51,844	+ 5.0
Carloadings	No.	3,650,593	3,467,149	+ 5.3
Gross Revenue C.N.R. (Can. Lines) (11 months)	$	356,987,800	356,739,400	+ 0.1
Gross Revenue C.P.R. (11 months)	$	294,489,892	271,638,665	+ 8.4
Employment - Unadjusted				
General Index	1926 = 100	183.0	184.1	- 0.6
Manufacturing		224.5	226.1	- 0.7
Logging		215.8	180.5	+ 19.6
Mining		154.5	158.6	- 2.6
Construction		104.5	129.8	- 19.5
Building		95.3	160.2	- 40.5
Highway		130.8	136.8	- 4.4
Trade		164.2	155.1	+ 5.9
Banking -				
Deposits four Classes (11 months' average)	$000	4,666,871	3,969,405	+ 17.6
Current Loans	$000	1,007,566	1,048,065	- 3.9
Circulating Media	$000,000	908.0	753.8	+ 20.5
Cash and Cheque Payments (11 months' total)	$000,000	78,742	68,235	+ 15.4
Dominion Finance - April to December -				
Total Revenues	$	1,940,318,606	1,963,084,877	- 1.2
Ordinary Expenditures	$	528,033,111	452,847,754	+ 16.6
War Expenditures	$	2,422,378,759	2,772,694,422	- 12.6
United Nations Mutual Aid	$	674,525,384	558,026,400	+ 20.9
National Income (Tentative Computation)	$000,000	9,186	8,724	+ 5.3

Twenty items recorded decline, while thirty-four showed increases.