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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST HALF OF 1945 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Economic developments were uneven in the first six months of 1945 compared with the same period of the preceding year. Production and employment showed minor recession from the extremely high levels of 1944. The index of the physical volume of business receded nearly 8 p.c. while the general index of industrial employment was 4.2 points lower. Commodity prices strengthened slightly, a large measure of stability having been shown since the later period of 1943. The present level is moderately above the base period of 1926, the marked decline from 1929 to 1933 having been more than counterbalanced. Prices rose sharply in the early years of the war but the general index has been moving in a sidewise direction for more than twenty months.

Commercial failures dropped to a low level in the first half of the present year. The number receded to 85 compared with 137 in the same period of 1944, while the defaulted liabilities dropped from \$2.6 million to \$1.2 million. Failures numbered 1,996 in the first half of 1943, the maximum since the time when the statistics were first tabulated.

A feature of the first half of 1945 was the revival in construction. The contracts awarded amounted to nearly \$176 million, an increase of 15 p.c. over last year. While production of building materials has shown an upward trend, the increased volume of construction has outstripped the supply of materials and skilled labour. Building permits in 58 municipalities rose from \$46.5 million to \$54.9 million in this comparison. The index of construction employment rose more than 6 p.c. to 97.7.

Indicating the trend of the production of munitions and producer's durables, the output of steel rose 5.5 p.c. over the high level of the same period of 1944.

The export trade continues to be an important economic generator. The total value of outward shipments in the first half of the present year was nearly equivalent to that of the same period of 1944. The total was \$1.7 billion, a recession of 1.3 p.c., contrasted with the considerable decline in imports. The active balance of trade, excluding the non-monetary gold, was \$947 million compared with \$904 million last year.

The ordinary expenditures of the Dominion government rose 23.4 p.c. in the first three months of the present fiscal year. The rise was from \$172 million to \$212 million. War expenditures, on the other hand, showed a decline of 27 p.c. to \$508 million. A marked increase was shown in Mutual Aid expenditures, the total rising from \$85 million to \$350 million.

Measured by the indexes of internal trade, considerable betterment was shown in both retail and wholesale sales in the first half of the present year. Distribution through retail outlets rose 5.3 p.c. while the wholesale trade was 9.2 p.c. greater.

The largest item in personal income is the salaries and wages paid by productive enterprise. According to the weekly index of aggregate payrolls, the total payments of industrial plants showed a slight recession in the first half of 1945 compared with the same period of last year, the decline in the average index having been 1.4 p.c. The extremely high levels of such payments in 1944 must be taken into consideration in appraising the present situation. The general index of employment averaged 177.5 against 181.7. The per capita earnings in the week of June 1 was given at \$32.10 against \$31.80 in the same week of 1944.

The payment of dividends has been steady in recent months and was somewhat higher than in the same period of 1944. The payment of interest on the Dominion debt amounted to \$93.1 million in the first three months of the present fiscal year against about \$78 million in the same period of last year. A portion of the Dominion interest was paid to corporations in Canada and to bondholders in other countries. int a States frage. (States) is a fair of the second second second second second second second second second s CONTRACTOR & NOT TO REAL OF PROPERTY BURGED MILE O ME as a nonic hereit in any ine the train your a reast a the bolt of the bolt and the Ash the first of the Scholarged By which formers wit all the our L'adapter & decar entertained as such the second of the base and the antity of the soft of the second second the for the particulation of the Compared and reditions cropped to a too 1 in the first hear of the property of the present . a serie and a series of the series of the series and an end of the series of the serie the stand of another, but any then all another an astrony to hear with an trailers the part of a termine of a lower of the termine the large of the array formed to the the termine and the state of sitting and sitting and the state of the ball of the method to be wanted the second of the sitting the state of the second state of buildenty in a solar one fill balltame a material of the sitting state output at the second threating at the state of the second of the solar of the ball at the second of the s state of the second state of the state of the state of the solar of the ball at the solar of the solar of the s "The boothing of the property of the following property of the following provided to the providence of Meaning a be the bidroot of internal fields a solutional buckdrashin buckdrashin and then there is an and the second the read of the state which we are the second to the second state of the second of the the stand of the bar of the second burner and the substitution and the solution of the second second the second se , and wird suint spaces of al willout or stary for it being and the start and the start with the . such that does at this shirt all annually that the standard of a size in the stand of a size of the esternation fuintige from the provide struction. The ground there of antiferent termine to a subject of the subjec the second of the second bar wards the transformer and the bar of the second bar wards and the second to be a s

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Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the First Six Months of 1945

as compared with the same period of last year.

Decre	ase - Percer	ntage	Increas	10 +
-30 -	-10 (10	20	30
Physical Volume of Business	trees to be a second	- 7.9	1.33.04	
Industrial Production		-11.3	4	
Wholesale Prices	+ 0.4			
Cost of Living		- 1.3		
Common Stock Prices	+16.7			
Index of Bond Yields		- 1.0		
Bank Debits reduction and General Business	+ 9.2			
Kineral Production		-29.6		
Mint Receipts of Gold		-15.9		
Coal Production	+ 0.3			
Manufacturing Production		-10.8		
Flour Production (5 months)	+ 0,5			
Cattle Slaughterings	+26.1		and the second second	
Hog Slaughtering Creamery Butter Production		-35.2		
Factory Cheese Production	+ 7.4			
Cigarettes Released	+24.5		-	
Cigars Released	+ 6.1	A Distance of the local distance of the loca		
Boot and Shoe Production (5 months)	+ 2.5			
Raw Cotton Consumption		- 4.1		
Newsprint Production	+ 4.9		1.100	
Steel Ingot Production	+ 5.5		-1	
Pig Iron Production		- 0.8	100.00	
Coke Production Construction Contracts Awarded	+15.1	- 3.0		
Building Permits	+18.0	A DOCUMENT	and the second second	
Consumption of Firm Power Internal Trade Wholesale Sales (6 months)	+ 9.2	- 9.1		
Retail Sales (6 months) External Trade	+ 5.3			-
Exports Imports		- 1.3		
Active Balance of Trade	+ 4.7			
Net Exports of Non-Monetary Gold		-18.3		
Railways - Tons carried 1 mile - 2 Riye. (5 months)		- 4.7	1. 1. 1.	
Carloadings	c	- 1.3		
Gross Revenue C.N.R. (Can. Lines) (5 months)	C	- 1.4	1.1.1	
Gross Revenue C.F.R. (5 months)	C	- 0.9	N & 11	
Employment General Index	E	- 2.3	1. 1. 1.	
Manufacturing		- 5.7	1000	
Logging	+ 16.	and the second		
Mining		- 5.7		
Construction	+ 6.	0.7		
Building		- 8.3	and the second	
Highway	+ 7.0		0.0	
Trade Banking Deposits, two classes (5 months' average)	+15.0		-	
Current Loans	+13.	The survey of the survey of the		
Circulating Media	+15.0	the second se		
Cash and Cheque Payments (5 months' total)	+10.1	of the local division of the local divisiono		
	+14.3	5 - 5ª 1	-	
Money Supply Dominion Finance, April to June	+14	- 5.5	-	
Total Revenue	+23 4	- 0.0	and in the	
Ordinary Expenditures		-27.0		
United Nations Mutual Aid	+311.5	Concession of the local division of the loca	Party of the local division of	
		Dominior	Bureau of St	atistics

Twenty-six items recorded declines, while twenty-sight showed increased.

Dominion Bureau of Statistics

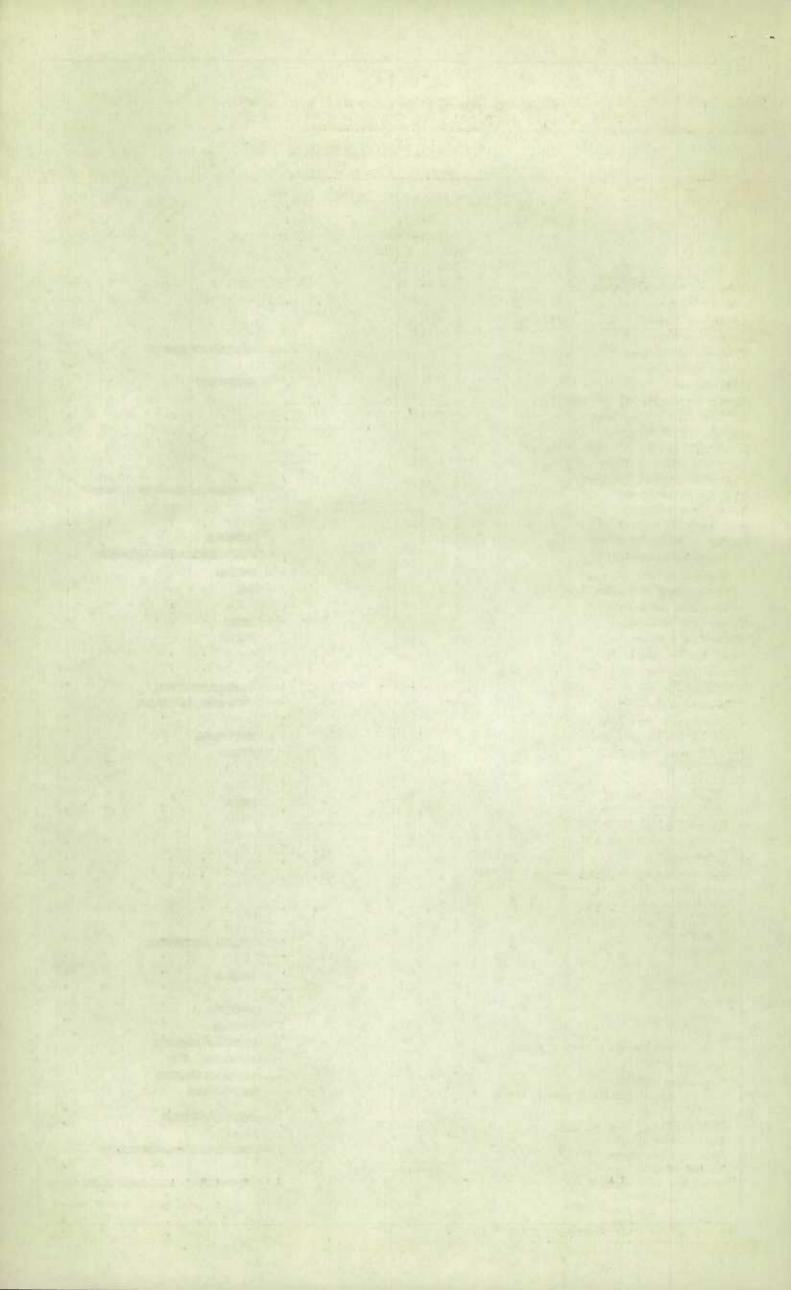


Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Six Months of 1945 compared with the same period of last year.

	Unit or	he period of last year. First Six Months		Per cent	
	Base -	1945	3044	Increase +	
General Economic Situation	Period			Deorease -	
Index of Physical Volume of Business	1935-39=100	223.5	242.7	- 7.9	
Index of Industrial Production	1935-39-100	243.4	274.4	- 11.3	
Wholesale Prices	1926 = 100	103.1	102.7		
Cost of Living	1935-39=100	117.5	119.0		
Index of Common Stock Prices	1935-39=100	94.9	81.3		
Index of Bond Yields	1935-39=100	96.2	97.2		
Bank Debits	\$ 000	32,667,134	29,927,012	T Jet	
Production and General Business Mineral Production	1935-39=100	173.7	246.6	- 29,6	
Gold Receipts at Mint	Fine ozs.	1,274,434	1,514,517		
Coal Production	Tons	8,419,671	8,395,445		
Manufacturing Production	1935-39=100	265.9	298.2		
Flour Production (5 months)	Bbls.	10,355,552	10,307,006	+ 0.5	
Cattle Slaughterings	No.	1,165,863	924,608	+ 26.1	
Hog Slaughterings	No.	3,332,717	5,139,300	- 35.2	
Creamery Butter Production	Lbs.	1\$3,317,758	135,193,324		
Factory Cheese Production		71,452,216	66,505,766		
Cigarettes released		6,883,647,738			
Cigars released		106,027,317	99,963,617		
Leather Boots and Shoes (5 months)		13,194,974			
Raw cotton consumption	Lbs.	81,217,945	84,675,949		
Paper and Lumber - Newsprint Production	Tons	1,553,513	1,480,439	+ 4.9	
Iron and Steel -	10115	1,000,010	1,100,100	4 200	
Steel Ingot Production	Short Ton	1,595,618	1,512,583	+ 5.5	
Pig Iron Production	Short Ton	941,963	949,523		
Coke Production	Short Ton	1,979,359	2,041,179		
Construction -					
Contracts awarded	\$	175,748,300	152,737,100		
Building Permits (58 municipalitie	s) \$	54,892,012	46,509,507		
Consumption of firm power	000 K.W.H.	16,423,319	18,058,298	- 9.1	
Internal Trade -					
Wholesale Sales (6 months)	1935-39=100			+ 9.2	
Retail Sales (6 months)	1935-39=100	169.7	161.1	+ 5.3	
External Trade -	\$ 000	1,745,210	1,768,716	- 1.3	
Exports Imports	\$ 000	798,694	864,529		
Active Balance of Trade	\$ 000	+ 946,516	+ 901,187		
Net Exports of Non-Monetary Gold	\$000,000	49.0	60.0		
Railways - Tons carried 1 mile					
(5 months) 2 Rlys.	000,000 tons	23,007	24,144	- 4.7	
Carloadings	No.	1,767,313	1,791,060		
Gross Revenue C.N.R. (Can. Lines)	\$	153,022,800	155,121,200) - 1.4	
(5 months)		100 100 000	100 007 805		
Gross Revenue C.P.R. (5 months)	4	127,109,669	128,283,785	- 0.9	
Employment - Unadjusted -	1026 100	177 6	101 7	- 2.3	
General Index	1926 = 100	177.5 212.4	181.7 225.3		
Manufacturing		268.3	230.3		
Logging Mining		148.1	157.0	- 5.7	
Construction		97.7	92.0		
Building		85.2	92.9		
Highway		106.9	99.9		
Trade		172.0	161,6	+ 6.4	
Banking -					
Deposits (Notice and Demand)	A 000	1 570 505	7 040 300	. 15.0	
(5 months' average)	\$ 000 \$ 000	4,538,585	3,948,172 981,598		
Current Loans Circulating Media	\$000,000	1,113,813	868.0		
Cash and Cheque Payments (5 month			000.0		
Total)	\$ 000,000	37,537	34,088		
Money Supply	\$ 000,000	6,679	5,843	+ 14.3	
Dominion Finance - April to June .		643 000 573	693 405 450) = 5.5	
Total Revenues Ordinary Expenditures		643,972,531 212,215,110	681,405,450 172,009,350		
War Expenditures	3	508,239,000	696,137,198	3 - 27.0	
United Nations Mutual Aid	\$	350,142,950	85,065,367	+ 311.6	
Twenty-six items recorded declines, v	while twenty-e	ight showed in	creases.		

