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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.

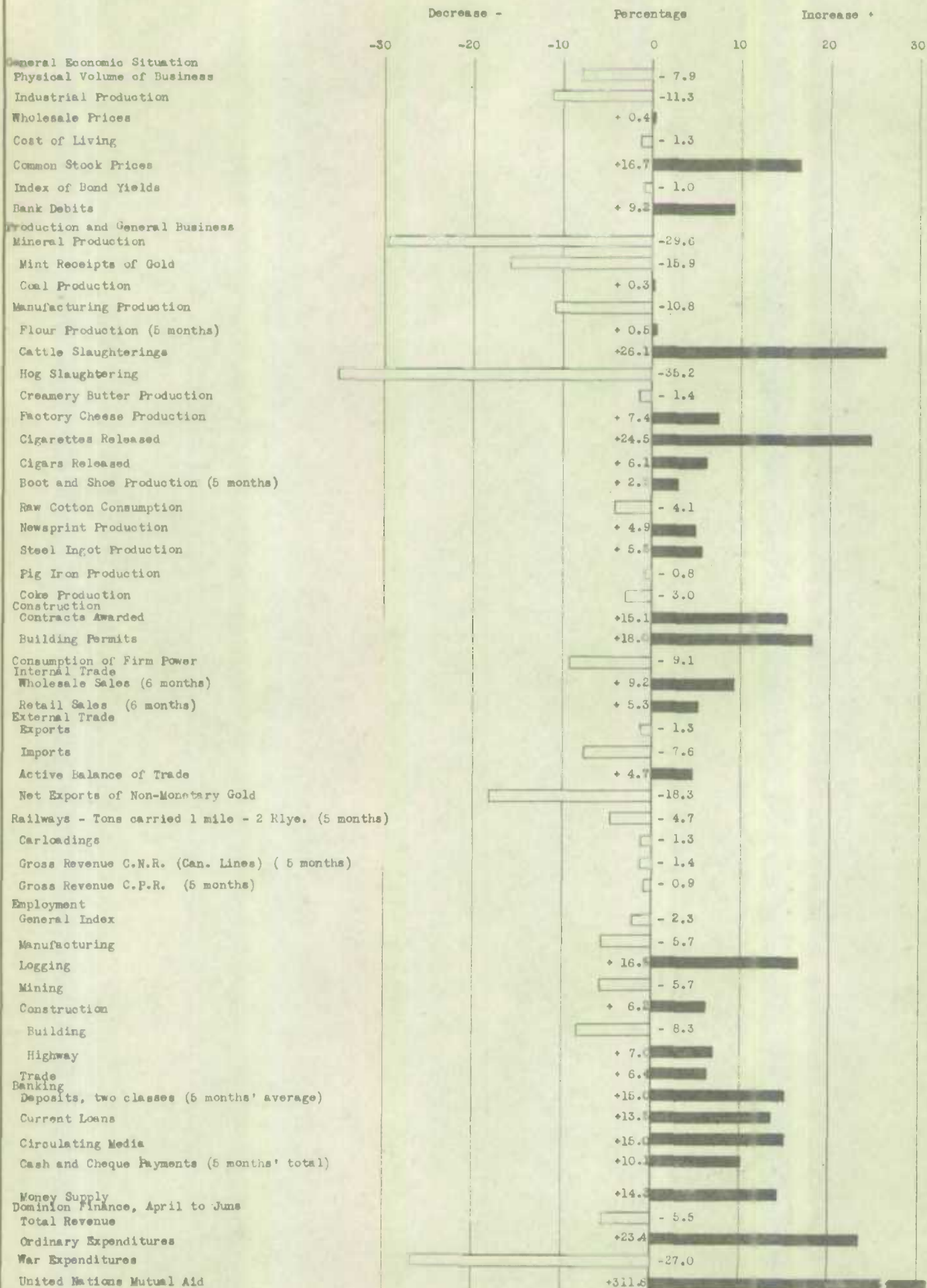
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THE ECONOMIC SITUATION IN CANADA

for the First Six Months of 1945

as compared with the same period of last year.



Dominion Bureau of Statistics

Twenty-six items recorded declines, while twenty-eight showed increases.

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 Base Period	First Six Months		Per cent Increase + Decrease -
		1945	1944	
General Economic Situation				
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	+ 0.4
Cost of Living	1935-39=100	117.5	119.0	- 1.3
Index of Common Stock Prices	1935-39=100	94.9	81.3	+ 16.7
Index of Bond Yields	1935-39=100	96.2	97.2	- 1.0
Bank Debits	\$ 000	32,667,134	29,927,012	+ 9.2
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	- 15.9
Coal Production	Tons	8,419,671	8,395,445	+ 0.3
Manufacturing Production	1935-39=100	265.9	298.2	- 10.8
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.	133,317,758	135,193,324	- 1.4
Factory Cheese Production	Lbs.	71,452,216	66,505,766	+ 7.4
Cigarettes released	No.	6,883,647,738	5,526,985,471	+ 24.5
Cigars released	No.	106,027,317	99,963,617	+ 6.1
Leather Boots and Shoes (5 months)	Pairs	13,194,974	12,829,403	+ 2.8
Raw cotton consumption	Lbs.	81,217,945	84,675,949	- 4.1
Paper and Lumber -				
Newsprint Production	Tons	1,553,513	1,480,439	+ 4.9
Iron and Steel -				
Steel Ingot Production	Short Ton	1,595,618	1,512,583	+ 5.5
Pig Iron Production	Short Ton	941,963	949,523	- 0.8
Coke Production	Short Ton	1,979,359	2,041,179	- 3.0
Construction -				
Contracts awarded	\$	175,748,300	162,737,100	+ 15.1
Building Permits (58 municipalities)	\$	54,892,012	46,509,507	+ 18.0
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	196.2	179.6	+ 9.2
Retail Sales (6 months)	1935-39=100	169.7	161.1	+ 5.3
External Trade -				
Exports	\$ 000	1,745,210	1,768,716	- 1.3
Imports	\$ 000	798,694	864,529	- 7.6
Active Balance of Trade	\$ 000	+ 946,516	+ 904,187	+ 4.7
Net Exports of Non-Monetary Gold	\$000,000	49.0	60.0	- 18.3
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	- 1.3
Gross Revenue C.N.R. (Can. Lines) (5 months)	\$	153,022,800	155,121,200	- 1.4
Gross Revenue C.P.R. (5 months)	\$	127,109,669	128,283,785	- 0.9
Employment - Unadjusted -				
General Index	1926 = 100	177.5	181.7	- 2.3
Manufacturing		212.4	225.3	- 5.7
Logging		268.3	230.3	+ 16.5
Mining		148.1	157.0	- 5.7
Construction		97.7	92.0	+ 6.2
Building		85.2	92.9	- 8.3
Highway		106.9	99.9	+ 7.0
Trade		172.0	161.6	+ 6.4
Banking -				
Deposits (Notice and Demand) (5 months' average)	\$ 000	4,538,585	3,948,172	+ 15.0
Current Loans	\$ 000	1,113,813	981,598	+ 13.5
Circulating Media	\$000,000	997.9	868.0	+ 15.0
Cash and Cheque Payments (5 months' Total)	\$ 000,000	37,537	34,086	+ 10.1
Money Supply	\$ 000,000	6,679	5,843	+ 14.3
Dominion Finance - April to June -				
Total Revenues	\$	643,972,531	681,405,450	- 5.5
Ordinary Expenditures	\$	212,215,110	172,009,350	+ 23.4
War Expenditures	\$	508,239,000	696,137,198	- 27.0
United Nations Mutual Aid	\$	350,142,950	85,065,367	+ 311.6

Twenty-six items recorded declines, while twenty-eight showed increases.



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Year	Value	Value	Value	Description
1970	1,000,000	1,000,000	1,000,000	...
1971	1,000,000	1,000,000	1,000,000	...
1972	1,000,000	1,000,000	1,000,000	...
1973	1,000,000	1,000,000	1,000,000	...
1974	1,000,000	1,000,000	1,000,000	...
1975	1,000,000	1,000,000	1,000,000	...
1976	1,000,000	1,000,000	1,000,000	...
1977	1,000,000	1,000,000	1,000,000	...
1978	1,000,000	1,000,000	1,000,000	...
1979	1,000,000	1,000,000	1,000,000	...
1980	1,000,000	1,000,000	1,000,000	...
1981	1,000,000	1,000,000	1,000,000	...
1982	1,000,000	1,000,000	1,000,000	...
1983	1,000,000	1,000,000	1,000,000	...
1984	1,000,000	1,000,000	1,000,000	...
1985	1,000,000	1,000,000	1,000,000	...
1986	1,000,000	1,000,000	1,000,000	...
1987	1,000,000	1,000,000	1,000,000	...
1988	1,000,000	1,000,000	1,000,000	...
1989	1,000,000	1,000,000	1,000,000	...
1990	1,000,000	1,000,000	1,000,000	...
1991	1,000,000	1,000,000	1,000,000	...
1992	1,000,000	1,000,000	1,000,000	...
1993	1,000,000	1,000,000	1,000,000	...
1994	1,000,000	1,000,000	1,000,000	...
1995	1,000,000	1,000,000	1,000,000	...
1996	1,000,000	1,000,000	1,000,000	...
1997	1,000,000	1,000,000	1,000,000	...
1998	1,000,000	1,000,000	1,000,000	...
1999	1,000,000	1,000,000	1,000,000	...
2000	1,000,000	1,000,000	1,000,000	...
2001	1,000,000	1,000,000	1,000,000	...
2002	1,000,000	1,000,000	1,000,000	...
2003	1,000,000	1,000,000	1,000,000	...
2004	1,000,000	1,000,000	1,000,000	...
2005	1,000,000	1,000,000	1,000,000	...
2006	1,000,000	1,000,000	1,000,000	...
2007	1,000,000	1,000,000	1,000,000	...
2008	1,000,000	1,000,000	1,000,000	...
2009	1,000,000	1,000,000	1,000,000	...
2010	1,000,000	1,000,000	1,000,000	...
2011	1,000,000	1,000,000	1,000,000	...
2012	1,000,000	1,000,000	1,000,000	...
2013	1,000,000	1,000,000	1,000,000	...
2014	1,000,000	1,000,000	1,000,000	...
2015	1,000,000	1,000,000	1,000,000	...
2016	1,000,000	1,000,000	1,000,000	...
2017	1,000,000	1,000,000	1,000,000	...
2018	1,000,000	1,000,000	1,000,000	...
2019	1,000,000	1,000,000	1,000,000	...
2020	1,000,000	1,000,000	1,000,000	...
2021	1,000,000	1,000,000	1,000,000	...
2022	1,000,000	1,000,000	1,000,000	...