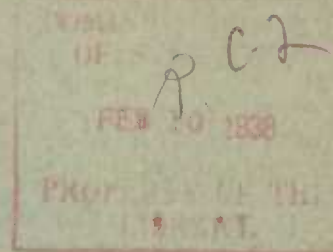


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CANADA
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

DURING THE CALENDAR YEAR 1937

COMPARED WITH

1936

AND WITH 1929, 1933 AND 1935

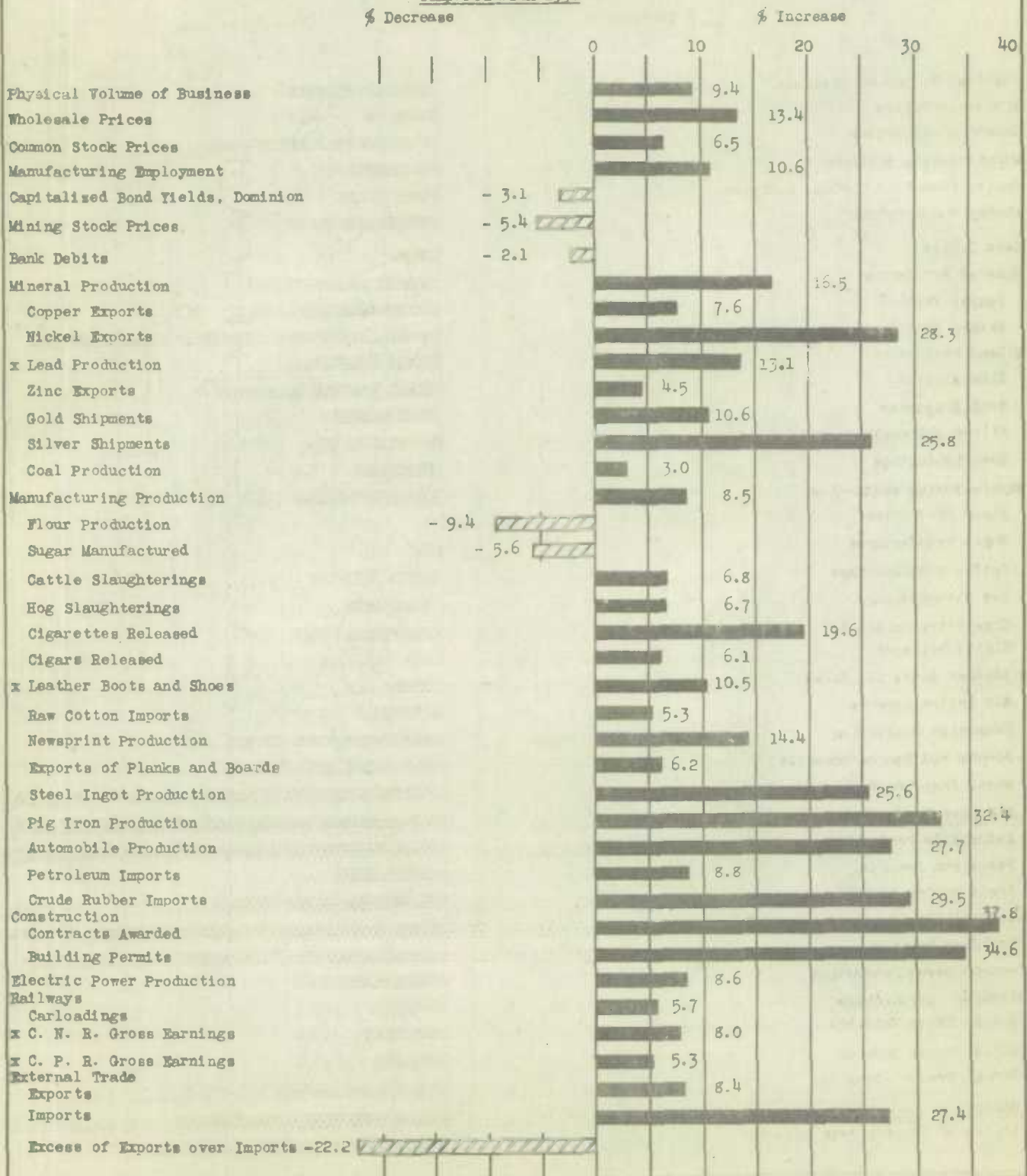


OTTAWA
1938

Price 25 cents

ISSUED FEBRUARY, 1938

The Economic Situation of Canada
Statistics for the year 1937
compared with 1936



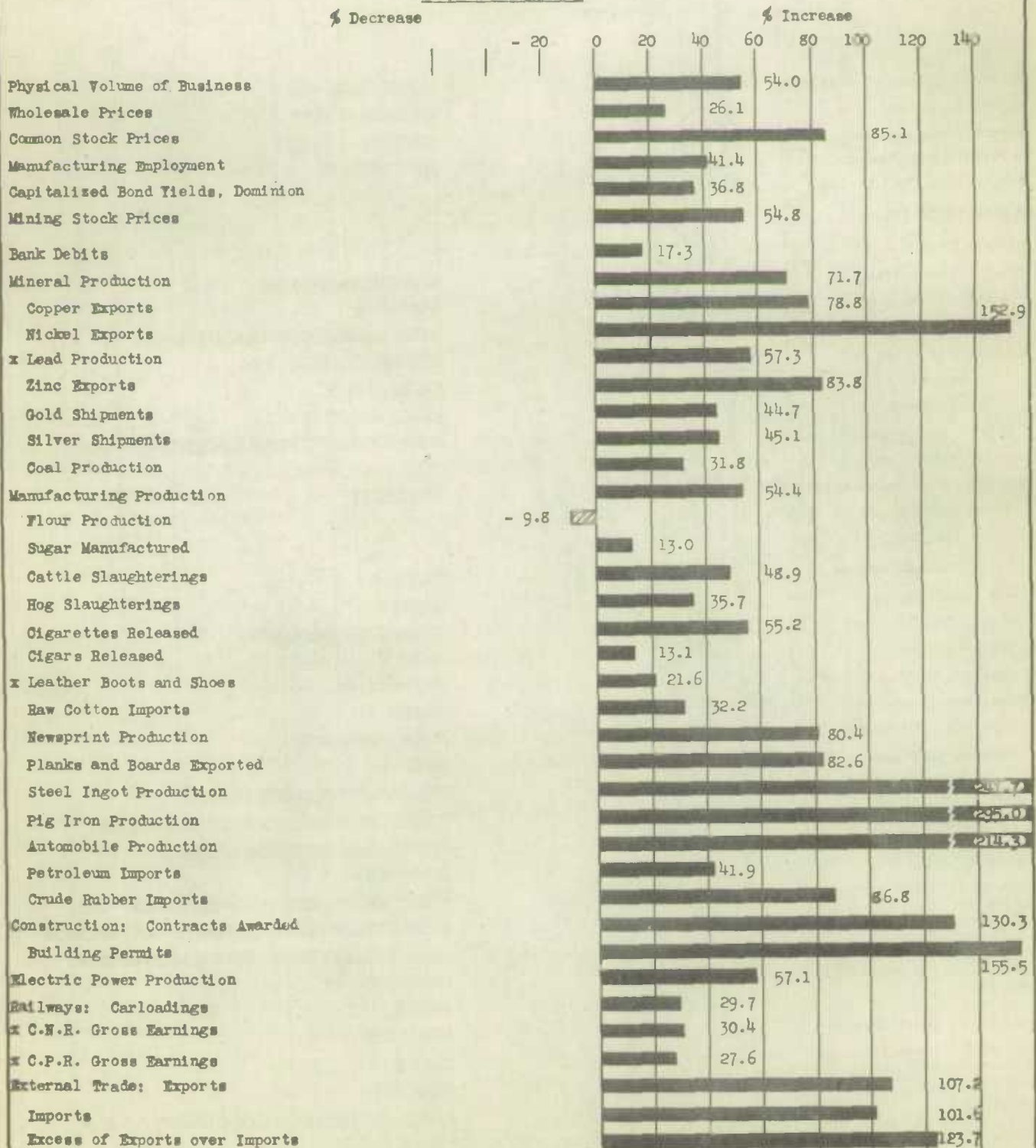
x 11 months.

Dominion Bureau of Statistics.

The Economic Situation of Canada

Statistics for the year 1937

compared with 1933.



x 11 months.

Dominion Bureau of Statistics.

DOMINION BUREAU OF STATISTICS, OTTAWA

GENERAL STATISTICS BRANCH

Dominion Statistician:
Business Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S.(Hon.)
Sydney B. Smith, M.A.

BUSINESS CONDITIONS IN CANADA DURING THE CALENDAR YEAR OF 1937.

COMPARED WITH THE PRECEDING YEAR.

While economic conditions in Canada were less favourable toward the end of the year, the sections of trade and industry which contribute largely to the general welfare averaged relatively high during 1937. Productive operations recorded marked expansion for most of the year, nearly equalling the abnormal activity of 1929. Operations in mining, forestry, manufacturing and other lines advanced even after speculative factors had definitely reacted. The confidence of the business man and the industrialist was largely maintained even after reactionary signals had been flashed by speculators. The index of the physical volume of business, however, showed a decline of six points in the last month of the year.

Emphasis may be placed upon the favourable comparisons for 1937 over the preceding year, industrial output showing a gain of nearly ten per cent. In many cases, as in the production of copper, nickel and gold, newsprint and power, all previous records were broken. Wholesale and common stock prices averaged higher than in 1936, and volume of the export trade was practically equivalent to the record level of 1929. During the year under review, the highest levels of the preceding prosperity cycle were nearly regained.

A more significant approach is an examination of the monthly trend of the major economic factors during 1937. From week to week during the first quarter, Dominion bonds which had reached an extremely high point, showed a steady decline. A marked reaction in common stock prices followed in the second quarter, the trend continuing downward until the year ended. Wholesale prices reflected the influence of special circumstances surrounding grain, but in the last half of the year, a downward trend developed. The advance in business operations continued until November when the highest point on the recovery was reached. Reflecting the marked decline in external trade, the volume of business registered a significant reaction in the closing month, coincidental with the decline experienced in the United States.

Canadian Production.

Productive operations as measured by the index of the physical volume of business were $9\frac{1}{2}$ per cent greater than in the preceding year. The newsprint, mining and power industries which contributed so heavily to the period of prosperity which culminated in 1929, reached new high records, showing marked gains over 1936. The increase in the volume of manufactured goods was about $8\frac{1}{2}$ per cent. Construction activity increased to some extent but remained considerably below pre-depression levels. The volume of field crops due to the drought in the central portion of the Prairie Provinces, was the lowest in post-war history.

The output of industries engaged in the production of producers' goods showed a gain of 13.1 per cent in 1937 over the preceding year. The extremely low level of operations therein was one of the main elements of the depression and the repeated gains of the group in the last five years have contributed substantially to the recovery. The gain in the output of consumers' goods was also appreciable

at 6.4 per cent. The demand for consumers' goods such as food and clothing is normally without wide fluctuation. The index of the output of consumers' goods was 125.6 in 1937 against 118.1 in the preceding year.

Agriculture

Improvement in the condition of Canadian agriculture, under way for four years, continued during the first part of 1937, when marketings of grain and live stock were heavy. Later, drought again visited the central portion of the Prairie Provinces and Canadian wheat yields consequently averaged low. The volume of principal field crop was nearly 7 per cent less than in 1936. The crop year commenced with a small carryover of wheat and exports of this grain during the next seven months will necessarily be below the average of the post-war period.

The value of field crops harvested last year was estimated at \$553.8 million. While a decline of about \$58.5 million was shown from 1936, the value was greater than in any other year since 1930. Lower production of wheat and a reduced price for potatoes were mainly responsible for the decline from 1936. The wheat crop was 46.8 million bushels less and the slightly higher farm price did not compensate for the considerable drop in the harvest. The value was \$182.4 million, a decline of \$32.1 million or 15 per cent from the revenue accruing to the farmer from this source in 1936. Only four of the 17 field crops listed in the official classification recorded gains in value over the preceding year. These included, rye, peas, fodder corn and grain hay. Due to reduced volume, the decline in the value of the oat crop was from \$116.3 million to \$114.7 million. The value of the potato crop dropped nearly \$18 million owing to the price decline of 50 cents per bushel. The decline in the value of the hay and clover crop was from \$105.7 million to \$97.3 million.

Manitoba, Alberta and British Columbia of the nine provinces showed gains over 1936 in the value of their field crops, the greatest decline being experienced in Saskatchewan.

Shipments of cattle across the border exceeded 296,000 head, an increase of 27 per cent over 1936. Great Britain continued to be the principal market for our surplus pork products, annual exports having shown continuous increase during the last few years. The estimated exports were valued at \$36,732,000 against \$28,097,000 in 1936, an advance of 31 per cent. On the other hand, we must consider that a serious divestment has taken place among the livestock of the central Prairies. This capital depletion will necessarily have a depressing effect on future movements and the farm income of that area.

The exports of grain and grain products declined from \$284.3 million to \$176.0 million in 1937, a loss of \$108 million from the preceding year. The gain in the exports of animal products was by no means sufficient to offset that decline.

The rise in prices of farm products during 1937 was greater than in any other important commodity group. As a result wholesale prices of farm products compared favourably with those of other groups for the first time in eight years.

Mining

Mining again gave evidence of its leadership by establishing a new record for the third consecutive year in the total value of its output. Mineral production was estimated at \$452,000,000 in 1937, an increase of 25 per cent over the \$362 million produced in the preceding year. In any review of the more important

developments in mining during 1937, the base metals deserve special mention. As a result of the increase in the average price of lead, zinc and copper, over those of the preceding year, the producing companies reported the highest earnings in history and a greater volume of sales abroad than in any other year. Metal production was greater than the total value of production from all mines in Canada for any year except 1936. Copper production rose 28 per cent to nearly 540 million pounds worth \$70 million, the average price having been 13.083 cents against 9.477 cents in the preceding year. Ontario was the largest producer, the source being the nickel-copper ores of the Sudbury district. Nickel production was nearly 219 million pounds at \$58.8 million against 169.7 million pounds at \$34.9 million, the volume showing a gain of about 29 per cent.

The value of lead production rose 43 per cent although the tonnage was only 8 per cent greater. The mines of British Columbia accounted for 98 per cent of the total. Zinc output advanced from 333 million pounds to 364.6 million and the value from \$11 million to \$18 million. Silver production showed some recovery, the total having been 23.1 million fine ounces valued at \$10.4 million. Features of outstanding importance were recorded also in regard to other metals and minerals. The most significant was the development of the southern portion of the Turner Valley field in Alberta where the production of crude oil increased from 5,000 barrels per day early in the year to the present potential rate of 23,000 barrels which has been reduced by proration to about 10,000 barrels daily.

Canada's output of gold was more than double that of eight years ago, the pinnacle of the last prosperity cycle. Valued at \$34.99 per ounce, the production of gold was worth \$141,900,000, recording a gain of 8 per cent over 1936. Close to 75 properties were added to the producers' list in the latter year and many more are now nearing the production stage. Consequently, the total daily productive capacity exceeds 40,000 tons of ore compared with 16,000 at the end of 1931.

Electric Power.

The use of hydro-electric power has grown rapidly in Canada playing a prominent part in the development of Canadian industries. The year under review recorded a maximum of production, the output showing a gain of nearly 9 per cent over 1936. During the last decade, the capacity of hydro-electric installations in Canada has more than doubled and the Dominion still possesses known reserves of nearly five times the present requirements.

Mining and other industrial activities have created a growing demand for power, the output for each month in 1937 having shown a substantial increase over the corresponding month in the preceding year. The growth in power demand affected a substantial reduction in the reserves of installed generating capacity which have existed in certain parts of the country as a result of the construction programme initiated prior to 1930. The industry is now directing its attention to the need of extending existing plants or undertaking new developments to meet the increasing requirements of industrial and domestic consumers. Additional installations during 1937 reached a net total of 167,161 horse power, bringing the total for the Dominion up to 8,112,751 horse power. The bulk of this increase occurred in the province of Quebec. The output of central electric stations responsible for 90 per cent of the electric power production of Canada, was in 1937, 27,575 million kilowatt hours, the output in 1936 having amounted to 25,394 million.

The output in Quebec at 14,310 million kilowatt hours showed a gain of 10 per cent over 1936. Owing to the sale of power to Ontario and export to New York state, the amount made available for consumption in Quebec was 11,810 million

kilowatt hours, which also showed a gain over the preceding year. The production of Ontario at 8,478, million kilowatt hours showed a gain of nearly 7 per cent. The available power in Ontario due to the excess of receipts from Quebec over exports to the United States was 9,148 million, a gain of $9\frac{1}{2}$ per cent. The production of power in the Maritime Provinces was 12.7 per cent greater, the total having been 947 million k.w.h. Gains in the Prairie Provinces and British Columbia were 6.8 per cent and 7 per cent respectively.

The firm power made available in Canada for ordinary use computed by deducting the sum of exports to the United States and the amount supplied for use in electric boilers was 18.4 billion k.w.h., a gain of 9 per cent over 16.9 billion made available in 1936.

Fishing and Trapping.

The fishing industry secured last season a better return for their catch. Exports of fresh and dried fish at \$16.2 million in the year showed a gain of 9.6 per cent over one year ago. Some recession was naturally expected in the salmon pack of British Columbia from the record year of 1936, the total for the current season down to October 23 having been 1,444,000 cases against 1,781,000. As fur production is largely exported, the steady level of outward shipments indicated little change from the previous year. The value of exports at \$17,515,460 was off slightly.

Forestry.

Operations in the forestry group were greatly expanded in the year under review. The production of newsprint reached a new high point in history, having been not far from the practical limit of capacity. Some accumulation of stocks was observable in the third quarter, a natural tendency in view of the rise in the contract price scheduled for the first of the year. The placing of operations on a five-day week tended to correct this development. Production in 1937 was 3.6 million tons, a gain of 14.4 per cent over 1936. Increased capacity is assured for 1938.

Timber scaled in British Columbia, a good guide to saw-mill operations was 3,036 million board feet, a gain of 7.5 per cent over the preceding year.

One of the features of the rise in the foreign trade of the Dominion during last year was provided by exports of forest products in which lumber and newsprint played the leading roles. The export of planks and boards valued at \$45,449,000 was 23.3 per cent. greater than in the preceding year. Exports to the United States showed a gain of 21.2 per cent in values while the purchases of the British market registered a gain of over 24 per cent.

Exports of the entire wood and paper group at \$263 million registered an increase of 25 per cent over 1936. The gain in sales to the American market was 25.4 per cent. The forestry industry is one of the largest employers of labour and it is gratifying to know that working forces in logging showed a gain of 36.5 per cent while saw-milling and paper industries recorded advances of 11.1 per cent and 12.7 per cent respectively.

Manufacturing.

Manufacturing operations gathered momentum during the year, the output having been slightly greater than in 1929. The gain over the preceding year was 8.5 per cent, indicating the extensive nature of the recovery. Employment in manufacturing plants recorded a decided improvement during 1937, the returns from the principal firms registering an average gain of 10.6 per cent over the preceding year.

The primary iron and steel industry reflecting the revival in the domestic demand for industrial equipment and durable goods, showed further gains over the levels of 1936. The output of steel ingots recorded a gain of 25.6 per cent over the preceding year while the increase in pig iron production was 32.4 per cent. The output of steel ingots was 1.4 million long tons and the volume of pig iron amounted to 898,000 tons. The index of employment based on monthly returns from the principal firms in the iron and steel group averaged 18 per cent higher than in 1936. The average standing of the index was 105.4 against 89.2 in the preceding year.

The recovery of the steel industry from the low levels of the early part of 1933 was one of the striking features of the last five years. Despite a much greater production in 1937, prices in the iron and steel group showed appreciation the index standing at 104.1 in December against 91.4 in the same month of 1936.

The automobile and allied industries were favoured by the marked gain in purchasing power of the public during 1937. The output of motor cars at 207,000 recorded a gain of 27.7 per cent. The exports of automobiles, trucks and parts during 1937 were valued at \$26 million, an appreciation of 16.0 per cent.

The calendar year 1937 saw 153,371 passenger cars and 53,629 trucks made in Canada, an output exceeded only in 1928 and 1929.

The imports of crude rubber used largely in the manufacture of automobile tires at 80.8 million pounds during last year showed a gain of 29.5 per cent. The index of employment in the rubber industry averaged 106.6 against 97.8 in the preceding year. The gain in the output of tires in the eleven months' comparison was 18.3 per cent.

The number of new motor vehicles sold during the first eleven months of 1937 was not only 30.6 per cent in advance of the corresponding total in 1936, but it exceeded the total number sold during the entire year. There were 135,728 new motor vehicles sold in Canada during the eleven-month period of 1937 against 103,939 for 1936 and 115,760 for the calendar year 1936. The growth of automobile financing in Canada proceeded at a rapid pace in 1937. The preliminary total for the year was 176,387 units at \$75.5 million against 137,514 units at \$54.9 million in 1936, indicating an improvement of 28.3 per cent in the number and 37.6 per cent in amount. The financing for new cars was for 55,949 units at \$40.5 million against 42,863 at \$29.9 million.

The sale of gasoline during the first nine months of 1937 was 540 million gallons against 466 million in the same period of the preceding year, a gain of 16 per cent.

Construction.

Construction contracts awarded in 1937 amounted in estimated value to \$224,057,000, exceeding the total of \$162,588,000 for 1936 by nearly 38 per cent.

Of this amount \$111 million represented strictly building operations, while the engineering group totalled \$79 million. Residential and industrial construction showed increases of 31 per cent and 126 per cent respectively. A gain of 46 per cent was shown in business buildings.

The value of building permits in 58 cities was \$55.6 million in 1937, against \$41.3 million in the preceding year, a gain of 35 per cent. The index of wholesale prices of building materials on the base of 1926 equalling 100, advanced from 85.0 in 1936 to 94.8 in the year under review.

External Trade.

The substantial gain in external trade was one of the chief constructive developments of the year. Total exports of merchandise were \$1,114 million during the year just ended, against \$1,028 million in 1936, an increase of \$86.6 million or 8.4 per cent. A gain of 27.4 per cent was shown in imports, the total having been \$808.9 million. Owing to the high level of exports, the balance of trade was very largely in Canada's favour.

The volume of the export trade was nearly equal to that of 1929, the recession in value being limited to about \$94 million. The value last year was more than twice as large as in 1932, the low point of our trade depression.

The advance in the export trade over 1936 was largely a result of increased external demand for metals, forest and animal products, and was notable in the face of a decline in exports of grain due to the unsatisfactory crops of the last two years. Export trade has recorded steady revival in the last six years, Canada now occupying fourth position among the exporting nations.

Canadian exports showed since 1934 a much greater percentage improvement than that of the world as a whole. The advance in world exports for 1935 over the preceding year was limited to 2.2 per cent, while the Canadian total was 7.1 per cent greater. The gain in 1936 over 1935 was more pronounced, Canada's exports increasing nearly 23 per cent while the world advance was limited to 8.5 per cent. This expansion was achieved in spite of the high tariffs, control of exchange and quota systems by which countries actuated by nationalistic policies endeavour to establish self-sufficiency.

With regard to the general flow of trade in recent years, it is interesting that the rate of increase with Empire countries slackened in 1937, while the rate with foreign countries increased. Canada's trade with Empire countries advanced 11 per cent in 1937 over 1936, but the increase in 1936 over the preceding year had been 21 per cent. On the other hand, the total trade of Canada with foreign countries showed an increase in 1937 over 1936 of about 20 per cent while the gain in 1936 over 1935 had been 16 per cent. Empire trade in 1937 totalled \$745.4 million while our trade with all other countries was \$1,173.7 million.

The Tourist Trade.

Tourist travel, which must be classed as a luxury, inevitably declines in time of depression. The value of Canada's tourist business reached its highest point in 1929 when the estimated tourist expenditures amounted to approximately \$309 million. During 1936 and 1937, recovery was rapid, and it is expected that soon the value of Canada's tourist travel will surpass predepression levels.

Measured by the number of motor cars entering Canada during the recent season, it is estimated that a gain of from 15 per cent to 20 per cent will be shown in the expenditures of the preceding year reported as \$255 million. This statement involves the assumption that the expenditure per car was in the same proportion as in 1936.

International Balance of Payments.

A heavy balance of visible and invisible exports over imports has been characteristic of Canadian trade relations in recent years, although the decline in outward shipments of grain reduced the active balance during 1937. As these surplus exports, chiefly in commodity trade and expenditure of visiting tourists, have grown rapidly in the last two years, the outflow of capital has naturally kept pace. This has been mainly for the redemption of bond issues and for repurchases of Canadian securities. As a consequence, the outlook is for an important reduction in future interest payments. Although during 1937 the trade in outstanding securities between Canada and other countries was estimated at over \$1 billion, the net movement of capital resulting from these transactions was negligible.

Sales and purchases of stocks, bonds and similar securities between Canada and other countries have become an important factor. During the first eleven months of 1937 they were heavier in volume and more definite in direction than in the preceding year. Canadian purchases of securities from other countries totalled \$477 million, exceeding sales by about \$5.3 million, total transactions being \$948.6 million. In other words, Canada on balance exported over \$5 million worth of capital through the security markets. There was a considerable divergence in the nature of these exchanges as between Canada and the United States on the one hand and between Canada and the United Kingdom on the other. Altogether we purchased \$38 million more of securities from the United States than the United States bought from us, while in the case of the United Kingdom we sold \$22 million more than we bought. In the case of other countries, sales were \$11 million greater than purchases.

Foreign Investments.

The preliminary estimate of the value of British and foreign capital investments in Canada as at the end of 1937 was \$6,848 million, of which \$2,721 million was British capital, \$3,996 million United States capital and \$131 million capital from other countries. This represents a slight increase over the value of these investments in 1936. The increase is distributed among the investments of the United States and other countries and is partly the result of increased holdings of the securities of Canadian governments by United States investors and partly the result of general increases in the values of the investments in Canadian companies and business enterprises owned by non-residents of Canada.

The preliminary estimates of Canadian investments abroad at the end of 1937 also show increases in value compared with 1936. Of the \$1,694 million total investment, \$531 million is in the United Kingdom, \$1,017 in the United States and \$624 million in other countries. The assets abroad of Canadian insurance companies are not included in these amounts as the liabilities to policyholders abroad exceed the value of the assets held in other countries. It is estimated that the value of the assets of Canadian insurance companies held abroad at the end of 1937 was over \$600 million.

Transportation.

Railway traffic showed a modest increase over the preceding year. The gain in carloadings over 1936 was 5.7 per cent, the total having been 2,635,000 cars against 2,494,000. Eight of the eleven groups in the traffic classification recorded increases in this comparison. The decline in the grain movement was 78,193 cars or 23 per cent, while the recession was shown in coal and coke. An encouraging feature was the gain of 138,811 cars or 24 per cent in the movement of miscellaneous commodities consisting mainly of manufactured products. Forestry products including pulp and paper and miscellaneous wood products were moved in greater volume. Ore recorded an advance of 36 per cent and a large increase was shown in l.c.l. merchandise.

The moderate gain in railway traffic had its counterpart in gross operating revenues of the two principal systems. The figures for the first eleven months of 1937 indicate a gain of 5.3 per cent for the Canadian Pacific and 8 per cent for the Canadian lines of the Canadian National. The earnings of the internal lines of the Canadian National were reported as \$151 million against \$140 million in 1936.

Canal Traffic.

Total freight passing through the Canadian and United States locks of the Sault Ste. Marie Canals during the past season amounted to 87.6 million tons, which was exceeded only in four other years. The traffic is dominated by down-bound iron ore and up-bound soft coal, which amounted to 65.6 million tons and 12.9 million, respectively. The iron ore tonnage reached a new high record, the previous maximum having been 64.9 million in 1929. Wheat shipments were the smallest since 1919 and were 28 per cent below 1936, the total in 1937 having been 3.5 million tons.

A new record was established by the Welland Canal, total freight rising to 11.8 million tons as against 10.4 million in 1936, the previous high point. A number of commodities showed fairly large decreases, but these were more than offset by increases such as in soft coal to 3,877,823 tons from 3,146,652; corn to 851,354 tons from 157,855 and iron ore to 909,180 tons from 674,345. The large decreases included wheat, wood pulp, coke, flour, gasoline, pulpwood and sugar.

A new high was attained also by the St. Lawrence canals with 9,073,302 tons of freight, which was 661,760 tons or eight per cent above the former record made in 1928.

Employment.

Employment recorded marked betterment during 1937, the seasonally adjusted index for the last quarter being higher than at any time during the period of observation from 1921 to the present, except for three or four months of 1929.

A brief analysis of the situation in the main industrial groups showed generally a high level of activity throughout the Dominion. In manufacturing, employment was at a level only surpassed by that of 1929. The revival in the iron and steel group was noteworthy in view of the extremely unfavourable conditions experienced in that industry during the depression. The food, lumber, pulp and paper, textile, non-ferrous metal, rubber and many other lines of business also showed very substantial improvement.

In logging and mining, employment continued in unusually large volume and the recent situation in trade and service was very satisfactory, reflecting not only local conditions, but also during the summer a heavy tourist traffic. The communi-

cations, transportation and construction divisions were more active than in any other year since 1931, although quieter than in the preceding years of the record. Considerable improvement was shown in building during the year, but the industry continued below normal. Important extensions undertaken by the provinces resulted in a high level of activity on the highways, while railway construction and maintenance was lower than in the last few years.

Unemployment.

The number of fully employable persons on the relief rolls in November last, declined more than 87,000 or nearly 40 per cent from the standing of the same month of 1936. The approximate number of fully employable persons receiving aid last November was 134,000 against 221,165 in November of the preceding year. The total in November 1937 of 134,000 was made up of all classes of fully employable persons - family heads, individuals and employable dependents - but excluded farmers (resident farm operators) who were receiving agricultural material aid. The total indicated an increase of $12\frac{1}{2}$ per cent by comparison with October, the preceding month. About 74 per cent of the 134,000 were reported from the 54 cities with population of more than 10,000. The total number of persons receiving non-agricultural aid in November last was about 507,000, or an increase of 10 per cent over the preceding month, but a decrease of $32\frac{1}{2}$ per cent from November 1936.

Domestic Sales.

For the twelve month period, January through December, retail sales as a whole increased 7.7 per cent compared with a year ago and gains were shown for twelve out of the thirteen kinds of business included in the survey. Sales of grocery and meat stores were 10.4 per cent greater, while the gain in hardware sales was nearly 11.4 per cent. The index of sales of department stores registered a gain of over 5.9 per cent for the year. Substantial increases during November over the same month of 1936 for the sales of country general stores in the nine provinces except Saskatchewan and Alberta, led to a net increase of nearly 5 per cent for the country as a whole. Sales of wholesale trading concerns, based on returns from over 200 firms, showed an increase of nearly 11 per cent in the eleven-month comparison with the same period of 1936.

Wholesale Prices.

The wholesale price level in 1937 was considerably above that of the preceding year, reflecting in part the decline in the volume of world stocks of commodities traded in international markets. Throughout the advance terminating at least temporarily in the first half of 1937, raw material prices had risen more rapidly than those for finished products and the resulting expansion in primary producers' prices affected business constructively. The return to a more favourable parity had greatly strengthened purchasing power of primary producers who represent roughly one-half of the occupied population of Canada. The volume of crop products showed a decline in the recent season and prices of grains were relatively well maintained, while some industrial raw materials such as base metals suffered from alteration in speculative prospects in the last half of the year. The index of raw and partly manufactured commodities averaged 84.2 during the year against 80.4 for fully and chiefly manufactured goods. However, in December last, the parity was 80.8 and 80.2 respectively. The average of wholesale prices for the year 1937 stood at 84.5 a gain of 13.4 per cent over the standing of 74.6 in 1936.

Security Prices.

The resumption of industrial operations and the advancing trend of commodity prices favoured the revenue prospects of Canadian corporations in 1937. Despite the spectacular gain in stock prices from March, 1933 to the end of 1936, a further advance was recorded during the first quarter, resulting in March in a new high point (147.2) on the recovery movement. However, reaction in the last half forced the index down to 103.7 for the month of December, when the position was $24\frac{1}{2}$ per cent below the same month of 1936. The average for the year just ended was 127.0, an increase of 6.5 per cent over 1936.

Dividend payments by companies in Canada during 1937 according to unofficial estimates, exceeded the records of any previous year. The total was \$328.8 million, a gain of \$67.9 million over last year. The preceding maximum was reached in 1930 at \$284.6 million, which was \$44.2 million less than in the year just ended. A steady increase has been shown since 1933, when \$134.7 millions were paid. The Nesbitt Thomas index of dividend payments at 133.7 for the year recorded an advance of 24.7 per cent over 1936.

Following the advance of high-grade bond prices in 1936 to the highest point in recent years, a decline was shown from week-to-week during the first quarter of 1937. Prices steadied during the ensuing months and the level in December at 115.3 was still high relative to years prior to 1936.

Bond flotations including short-term notes amounted to about \$1,248 million in 1937, against \$1,297 million in the preceding year, a decline of more than $3\frac{1}{2}$ per cent. The securities listed on the Montreal stock and curb markets had a total value of \$6,923 million at the end of November, a decline of \$284.8 million during the month. The decline from the same date a year ago was \$1,290 million.

Bond Financing.

Canadian Government and municipal bond financing completed during 1937 was slightly lower, apart from treasury bill issues, than in the preceding year, and also lower than in 1935 and 1934. During the last three years the trend has been toward a lower volume of Dominion of Canada direct and guaranteed bonds, with a larger volume of provincial and municipal financing. This tendency as regards Dominion issues may be attributed to the smaller aggregate of maturing bonds requiring refunding, together with an expansion in revenues which is improving the current position of federal finances.

Provincial and municipal issues have increased for both new money and re-funding purposes. In the municipal section, improving tax revenues and the general financial position of Canadian municipalities have broadened the demand for municipal obligations.

In 1937, as in recent years, practically the entire amount of bond financing was accomplished within the Dominion, a relatively small amount having been sold in New York. Unless an unforeseen rise in government relief or capital works expenditure occurs in 1938, it appears probable that prospective bond financing will be substantially less than in 1937. In 1938, the maturing principal of outstanding issues of the Dominion, provinces and municipalities is estimated at \$270,185,300.

Banking.

The banks continued to improve their liquid position in 1937, becoming the custodians of more and more of the people's savings. The sum of notice and demand deposits remained at a relatively high level with an average of some \$2,265 million credited to depositors, an advance of 6 per cent over 1936.

The portfolios of the banks contained security holdings at a record level of \$1,426 million, accentuating the position of the banks as the leading financiers of government. Notes in hand of the public, reflecting the year's rise in prices and increased business activity, rose to \$206 millions at the first of December from \$190 million a year ago, representing the largest volume in use for any similar month since 1921.

The turnover of deposits showed recession in 1937, the gain in deposits subject to cheque having been greater than in the amount of cheques cashed. The sum of four classes of deposits averaged \$2,355 million against \$2,213 million in the preceding year. Bank debits averaged \$2,931 million monthly during 1937, against \$2,994 in 1936. Consequently bank deposits were turned over 1.2 times per month on the average during 1937, against 1.3 times in the preceding year.

The year witnessed the consolidation of the central banking system and a demonstration of the functioning of the latter during a period of relatively active business conditions. The main effects of the developing prosperity on the banks was an increasing demand for cash circulation and a revival in the demand for bank loans. The way in which the banking system has adapted itself to the situation was largely dependent on the operations of the Bank of Canada.

Insurance.

New business written by life insurance companies based on the reports of 18 companies was \$286 million in 1937, against \$273 million in the preceding year. The increase was \$13 million, or 3.4 per cent.

Finance.

Governmental revenues held up well during the first nine months of the present fiscal year confirming higher levels in imports and retail sales over last year. For the period, total receipts increased \$63.4 million over the same months of the fiscal period 1936-7. Encouraging advances were shown in customs, up to \$11.9 million, excise duty gaining \$5.8 million, sales tax, etc., up \$27.7 million, income tax increasing nearly \$16 million and post office over \$1 million. Grand total receipts at \$402,283,436 compared with \$339,330,185, registered a gain of 18.6 per cent. Total expenditure in the three quarters was up only \$1.4 million, economies having been effected in interest on debt, public works, trade and commerce and relief payments. Special expenditure on relief was down over \$10.5 millions. On the other hand, old age pensions, national defence and the C.N.R. required larger advances.

With due allowance for seasonal tendencies, if the present trend of receipts and expenditure is maintained, an appreciable approach toward a balanced budget will be accomplished. The deficit for the current year is expected to be well below the official estimate.

Statistics Illustrating the Economic Situation of Canada in 1937 Compared
with 1929, 1933, 1935 and 1936.

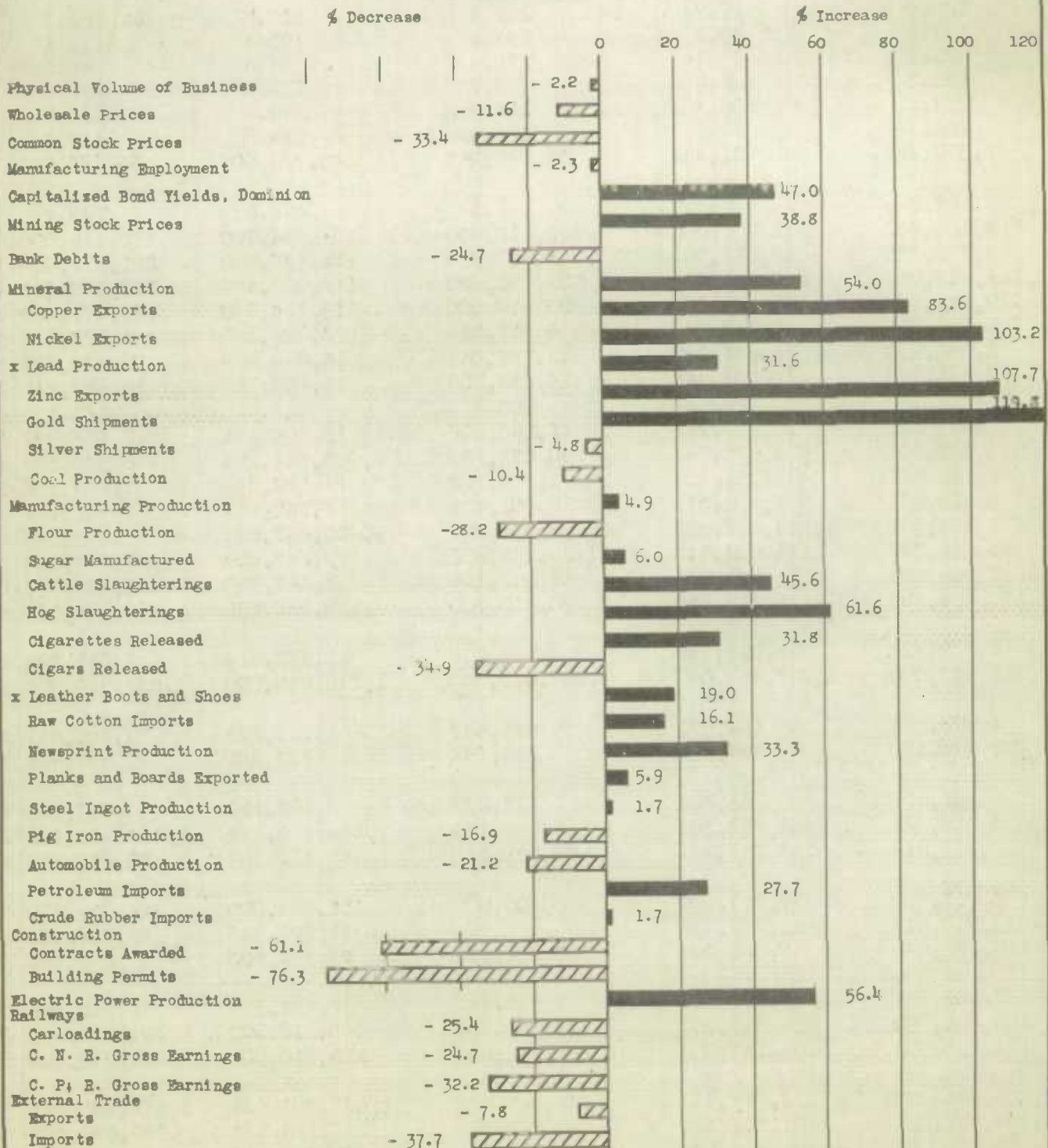
		Percentage change increase (+) and decrease (-) in 1937 from			
		1929	1933	1935	1936
<u>General Economic Situation</u>					
1	Index of Physical Volume of Business	- 2.2	+ 54.0	+ 19.8	+ 9.4
2	Manufacturing Employment, unadjusted	- 2.3	+ 41.4	+ 17.8	+ 10.6
3	Wholesale Prices	- 11.6	+ 26.1	+ 17.2	+ 13.4
4	Index of Common Stock Prices	- 33.4	+ 85.1	+ 35.5	+ 6.5
5	Capitalized bond yields, Dominion	+ 47.0	+ 36.8	+ 6.5	- 3.1
6	Mining Stock Prices	+ 38.8	+ 54.8	+ 18.1	- 5.4
7	Bank Debits \$000	- 24.7	+ 17.3	+ 11.5	- 2.1
<u>Production and General Business -</u>					
8	Mineral Production, (1926 = 100)	+ 54.0	+ 71.7	+ 27.0	+ 16.5
9	Copper Exports Pounds	+ 83.6	+ 78.8	+ 10.2	+ 7.6
10	Nickel Exports Pounds	+103.2	+152.9	+ 55.7	+ 28.3
11	Lead Production Pounds	+ 31.6	+ 57.3	+ 25.4	+ 13.1
12	Zinc Exports Pounds	+107.7	+ 83.8	+ 15.0	+ 4.5
13	Gold Shipments Fine Ounces	+119.8	+ 44.7	+ 27.5	+ 10.6
14	Silver Shipments Fine Ounces	- 4.8	+ 45.1	+ 11.8	+ 25.8
15	Coal Production Tons	- 10.4	+ 31.8	+ 12.9	+ 3.0
16	Manufacturing Production (1926=100)	+ 4.9	+ 54.4	+ 22.8	+ 8.5
17	Flour Production Barrels	- 28.2	- 9.8	- 5.2	- 9.4
18	Sugar manufactured Pounds	+ 6.0	+ 13.0	+ 1.6	- 5.6
19	Cattle Slaughtering Number	+ 45.6	+ 48.9	+ 18.7	+ 6.8
20	Hog Slaughtering Number	+ 61.6	+ 35.7	+ 35.5	+ 6.7
21	Cigarettes released Number	+ 31.8	+ 55.2	+ 26.2	+ 19.6
22	Cigars released Number	- 34.9	+ 13.1	+ 13.5	+ 1.1
23	Leather Boots and Shoes (11 months) Pairs	+ 19.0	+ 21.6	+ 10.3	+ 10.5
24	Raw Cotton Imports Pounds	+ 16.1	+ 32.2	+ 31.1	+ 5.3
Paper and Lumber -					
25	Newsprint Production Tons	+ 33.3	+ 80.4	+ 32.1	+ 14.4
26	Exports of Planks and Boards Feet	+ 5.9	+ 82.6	+ 39.0	+ 6.2
Iron and Steel -					
27	Steel Ingot Production Long Tons	+ 1.7	+241.7	+ 49.7	+ 25.6
28	Pig Iron Production Long Tons	- 16.9	+295.0	+ 49.7	+ 32.4
Automobile and Allied Industries					
29	Automobile Production Number	- 21.2	+214.3	+ 19.7	+ 27.7
30	Petroleum Imports Gallons	+ 27.7	+ 41.9	+ 17.1	+ 8.8
31	Crude Rubber Imports Pounds	+ 1.7	+ 86.8	+ 34.3	+ 29.5
Construction -					
32	Contracts Awarded \$	- 61.1	+130.3	+ 39.8	+ 37.8
33	Building Permits \$	- 76.3	+155.5	+ 19.5	+ 34.6
34	Electric Power Production 000 K.W.H.	+ 56.4	+ 57.1	+ 17.8	+ 8.6
Railways -					
35	Carloadings Number	- 25.4	+ 29.7	+ 11.7	+ 5.7
36	Gross Revenue, C.N.R. (Canadian Lines) \$	- 24.7	+ 30.4	+ 14.4	+ 8.0
37	Gross Revenue, C.P.R. \$	- 32.2	+ 27.6	+ 13.1	+ 5.3
External Trade -					
38	Exports \$	- 7.8	+107.2	+ 50.1	+ 8.4
39	Imports \$	- 37.7	+101.6	+ 47.0	+ 27.4
40	Excess of Exports over Imports \$	-	+123.7	+ 59.1	- 22.2

/ 11 months.

Statistics Illustrating the Economic Situation of Canada in 1929 Compared with
1929, 1933, 1935 and 1936 (Concluded)

1929	1933	1935	1936	1937	
125.5	79.7	102.4	112.2	122.7	1
117.1	80.9	97.1	103.4	114.4	2
95.6	67.1	72.1	74.6	84.5	3
190.7	68.6	93.7	119.2	127.0	4
98.4	105.7	135.8	149.3	144.6	5
105.4	94.5	123.9	154.6	146.3	6
46,670,482	29,981,465	31,546,066	35,928,607	35,166,061	7
123.2	110.5	149.4	162.8	189.7	8
235,409,700	241,703,000	392,110,300	401,694,700	432,118,000	9
109,639,800	88,082,100	143,057,400	173,637,500	222,770,000	10
294,603,088	246,521,458	309,370,220	342,807,477	387,822,225	11
160,824,600	181,779,000	290,519,000	319,554,900	334,073,800	12
1,875,082	2,849,629	3,232,614	3,728,229	4,122,335	13
22,003,890	14,435,087	18,727,043	16,643,869	20,939,111	14
17,496,557	11,903,344	13,888,006	15,229,182	15,683,212	15
117.7	79.9	100.5	113.7	123.4	16
17,489,836	13,930,113	13,253,806	13,836,601	12,565,897	17
940,393,501	881,877,554	980,625,260	1,005,584,264	996,689,577	18
1,116,647	1,092,428	1,370,562	1,522,845	1,626,366	19
2,353,161	2,802,377	2,805,825	3,562,534	3,802,141	20
5,081,254,400	4,316,362,800	5,305,371,504	5,600,453,214	6,697,903,894	21
199,572,377	114,808,848	125,424,856	122,342,499	129,834,344	22
16,299,664	15,950,841	17,585,176	17,546,999	19,397,373	23
136,296,702	119,697,530	120,620,760	150,288,295	158,192,013	24
2,728,827	2,016,742	2,753,289	3,179,914	3,638,244	25
1,754,633,000	1,017,837,000	1,337,041,000	1,749,860,000	1,858,352,000	26
1,378,024	409,979	935,682	1,115,779	1,401,011	27
1,080,160	227,317	599,794	678,231	897,855	28
262,625	65,852	172,877	162,159	207,000	29
1,060,000,971	954,392,366	1,156,788,480	1,244,662,673	1,354,080,442	30
79,511,819	43,281,821	60,188,210	62,421,709	80,836,369	31
576,651,800	97,289,800	160,305,000	162,588,000	224,056,700	32
234,944,549	21,776,496	46,560,623	41,325,693	55,634,610	33
17,632,879	17,553,001	23,404,412	25,394,292	27,574,926	34
3,532,595	2,032,117	2,358,393	2,494,369	2,635,382	35
200,934,000	116,016,000	132,260,000	140,112,000	151,306,000	36
196,183,000	104,184,000	117,587,000	126,318,000	132,979,000	37
1,208,338,430	537,783,439	742,352,825	1,027,901,954	1,114,492,512	38
1,298,992,692	401,214,311	550,314,551	635,190,844	808,896,325	39
- 90,654,262	+ 136,569,128	+ 192,038,274	+ 392,711,110	+ 305,596,187	40

The Economic Situation of Canada
Statistics for the year 1937
compared with 1929



x 11 months.

Dominion Bureau of Statistics

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