

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

ECONOMIC CONDITIONS IN CANADA

during the first seven months of 1941

compared with the same period of the

preceding year

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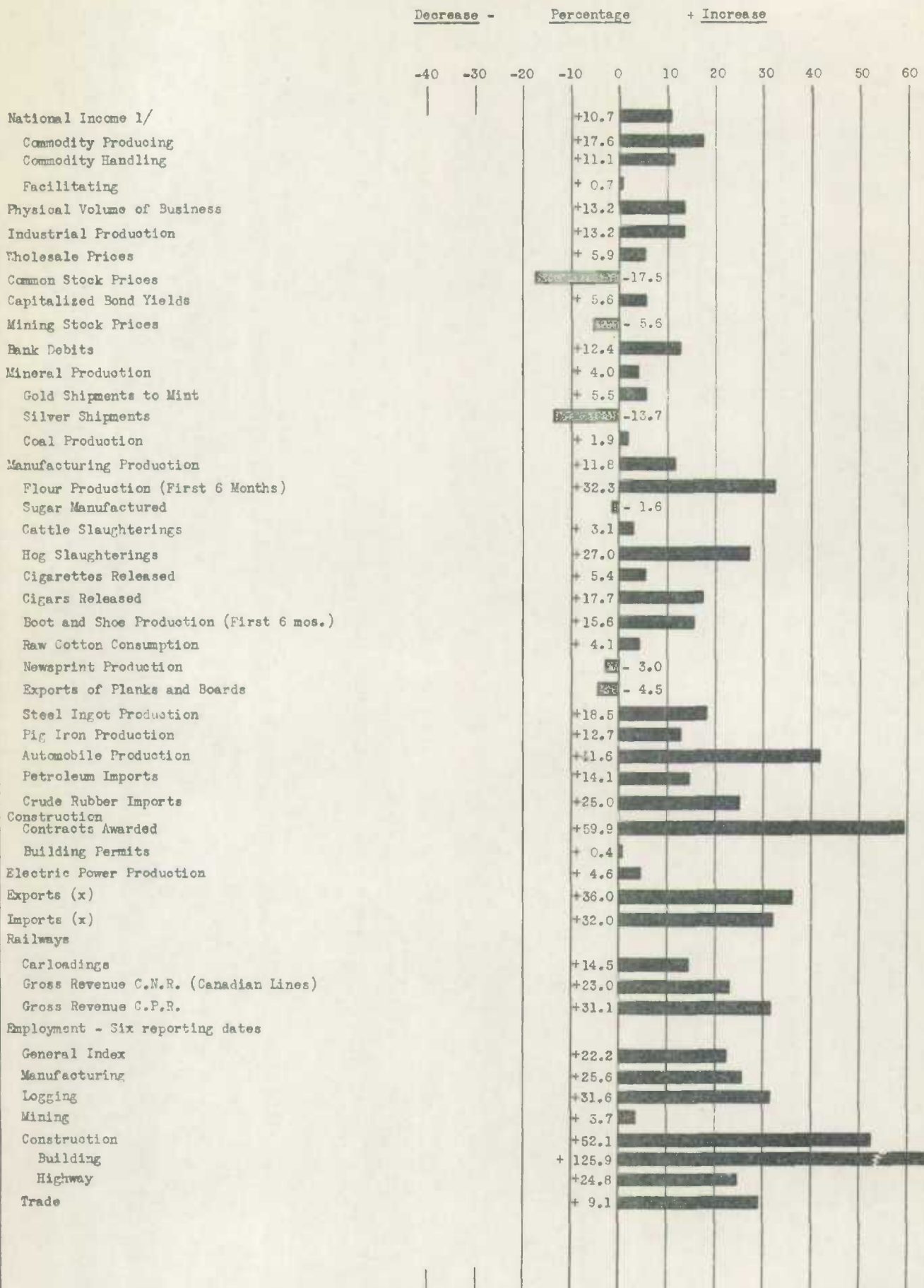
OTTAWA

1941

Price \$1 a year

The Economic Situation in Canada  
in the First Seven Months of 1941

As compared with  
the same period of 1940.



1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditures.

(x) Excluding gold.

Six items recorded declines, while forty-one showed increases.

DOMINION BUREAU OF STATISTICS - OTTAWA  
GENERAL STATISTICS BRANCH

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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST SEVEN MONTHS OF 1941  
COMPARED WITH THE SAME PERIOD OF LAST YEAR

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Economic operations showed marked expansion in the first seven months of 1941 over the same period of the preceding year. The estimate of the national income, a comprehensive measure of economic progress, was slightly more than \$3 billion in the first seven months against \$2.7 billion in the same period last year. The rise of 10.7 per cent in national income was mainly due to expansion in the commodity producing and handling divisions. Income originating in the commodity producing division was \$1,490 million against \$1,266 million, a gain of no less than 17.6 per cent. The commodity handling activities including trade and transportation, rose slightly more than 11 per cent to \$625 million. The income originating in facilitating activities exclusive of the tangible assets acquired by the Dominion Government through war expenditures, was nearly \$890 million in the period under review, a slight gain being shown over the first seven months of 1940.

The index of the physical volume of business based upon about fifty important factors rose from 115.3 to 130.5, a gain of 13.2 per cent. Marked gains were shown in manufacturing production and in new business obtained by the construction industry. The index of manufacturing production rose nearly 12 per cent to 141.5. The amount of construction contracts awarded was \$247.4 million against \$154.7 million, a gain of nearly 60 per cent. The output of electric power was 18.4 billion kilowatt hours against 17.6 billion, a gain of 4.6 per cent.

The marketings of agricultural products were heavier in the present year than in the same period of 1940. The index of grain marketings rose from 134.8 to 145.2, while that of livestock marketings advanced from 94.7 to 101.9. Cold storage holdings averaged slightly less during the present year, the index receding from 142.6 to 141.8. It was recently reported that the Prairie wheat harvest was well advanced in all districts apart from northern Alberta and that early private estimates were suggesting a production appreciably under 300 million bushels. It was estimated that the wheat acreage of the Prairie Provinces had been reduced to 21,551,000 acres from 27,750,000 in the preceding year. The carry-over of Canadian wheat at the end of July was 480.1 million bushels, amounting to 179.6 million bushels more than on the same date of the preceding year. The total exports of Canadian wheat for the 1940-41 crop were 230.4 million bushels. This total was 37.7 million bushels more than the exports of 192.7 million bushels for the preceding crop year.

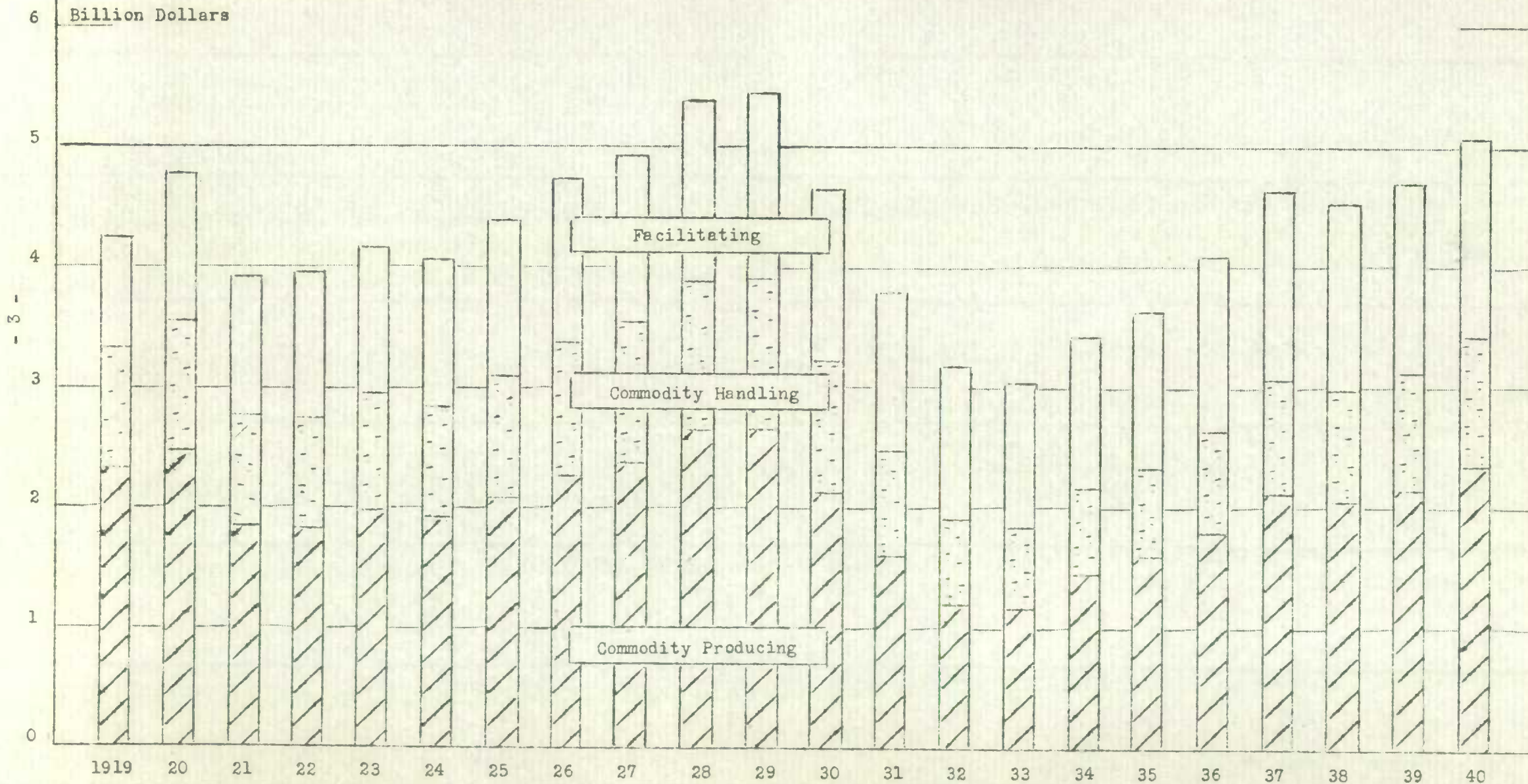
A new bacon agreement was reached with the British food ministry for delivery of 600 million pounds of Canadian bacon in the year beginning October 1, 1941. The price was \$22.15 for 112 pounds A grade Wiltshire's, F.O.B. Canadian seaboard. The price is 25 per cent higher than the quotation in the prior agreement under which 425 million pounds are being delivered.

The additional purchasing power resulting from the rise in industrial production has facilitated a considerable expansion in distribution to ultimate consumers. The average of the index of retail sales rose 15.4 per cent in the first six months of the present year over the same period of 1940. Marked gains were shown in the sales of clothing, boot and shoe, and variety stores. For the first seven months of this year, department store sales showed a gain of 17 per cent over the corresponding period of last year. Wholesale trade recorded considerable expansion, the general index of sales rising 13.8 per cent. The sales of automotive equipment and hardware recorded an increase of 24.2 per cent and 23.9 per cent, respectively.

An important element in the economic expansion of the first seven months of the present year was the growth in the export trade, especially to the British market. The total value was \$891.3 million against \$655.2 million, a gain of no less than 36 per cent. The relative increase in imports was almost as great. The total amount was \$773 million against \$586 million, a gain of 32 per cent. The net exports of non-monetary gold in the first seven months of the present year was 119.7 million against 116.1 million in the same period of last year.

Transportation shared fully in the economic expansion of the first seven months of the present year. Railway traffic was at a considerably higher level. The number of cars loaded during the first thirty-four weeks of the year was 1,997,000 against 1,743,000 in the same period of 1940. The movement of miscellaneous commodities,

CHART 2 - PRODUCTIVE SOURCES OF THE NATIONAL INCOME OF CANADA BY THREE ECONOMIC DIVISIONS  
 (Without Deducting the International Balance on Dividends and Interest)



grain and l.c.l. merchandise contributed heavily to the indicated increase of 254,000 cars. The gross earnings of the Canadian Pacific Railway during the same period were \$132.5 million against \$100.9 million a year ago, a gain of 31.3 per cent. The increase in the gross revenues of the Canadian National Railway was 23.1 per cent, the total having been \$184.6 million against \$149.9 million.

Productive activity has resulted in a marked increase in the number of the working forces. The general index of employment during the first six months was 140.8 against 115.2 in the comparable period of 1940, a gain of more than 22 per cent. The percentage gain in manufacturing and in construction was of somewhat greater proportions.

The influences characteristic of a war period are now making themselves felt in raising commodity prices. The index of wholesale prices based on 567 price series was 91.8 in the week of August 22 against 82.7 in the same week of 1940. The present standing is higher than at any time in the last eleven years. Animal products, during the last twelve months, has shown an increase of nearly 20 points in the index, while considerable gains have also been shown in textiles and crop products. The index of the cost of living on the basis of 1935-39 rose from 105.6 on July 1 last year to 111.9 on the same date of 1941. The index for foodstuffs advanced from 105.3 to 116.6, whereas clothing was 115.1 in July against 109.1 in the same month last year.

Dominion Government revenues in the first four months of the current fiscal year, from April to July inclusive, were \$484.3 million compared with total expenditures of \$439.0 million. The four-month total for war expenditures was \$308.9 million as against \$112.8 million in the same month of the preceding fiscal year. Non-war expenditure for the first four months of the year was \$126.7 million compared with \$121.0 million.

The amount of cheques cashed by chartered banks in 33 clearing centres was \$22,052 million in the first seven months of the present year against \$19,624 million one year ago. The consequent increase was \$2,428 million or 12.4 per cent. The increase, while affected by the heavy payments in June for the Victory Loan, was mainly due to the expansion of business operations and the rise in commodity prices and cost of living.

Charts of this number - The national income of Canada, as from the end of the last war, depicted in Chart 2, conformed closely with the conventional fluctuations of the period. The high prices of commodities and services during the inflationary period following the last war accounted for the short-lived prosperity period culminating in 1920. The recovery extending from 1921 to 1929 was characterized by relatively steady prices. The recent economic expansion commencing in 1933 has been extended by wartime influences.

The relative importance of the three main economic divisions contributing to Canadian income is graphically shown in Chart 2. Thirty-one per cent of the national income originated in the facilitating division, consisting of finance, government and service. Furthermore, the proportion of the contribution of this division rose from 28 p.c. in the first half of the period to more than 34 p.c. in the second. It is also evident from the chart and from the accompanying tables that this division was much less sensitive to the impact of the depression than the divisions concerned directly with commodities. The decline from 1929 to 1933 was less severe and the subsequent recovery was necessarily of a more restricted character.

The commodity producing division, including nine industries reviewed by the Bureau from year to year in the Survey of Production played a more important role as an originator of income. Its share, however, was somewhat less than half the total and a marked reduction was shown in the last decade. Being greatly affected by external demand and price decline, the income produced in this division, in the last ten years was markedly lower than in the first ten. The commodity-handling division, including trade, transportation and communication, occupied an intermediate position in respect of relative importance, trend and fluctuation.

Agriculture and manufactures n.e.s. stand out in this comparison as Canada's leading industries. The remainder may be divided into two sections. The first section consists of ten classes ranging in order of size from government to professional. A marked falling off is recorded in comparing the industries in this section. The annual income produced by government was \$465 million while professional activities averaged \$153 million. Between these limits retail trade took second place with a contribution of \$344 million, while steam railways followed with \$274 million. Other service, real estate and wholesale trade followed in the order named. The return from forestry and mining was also slightly in excess of that for professional.

Million Dollars

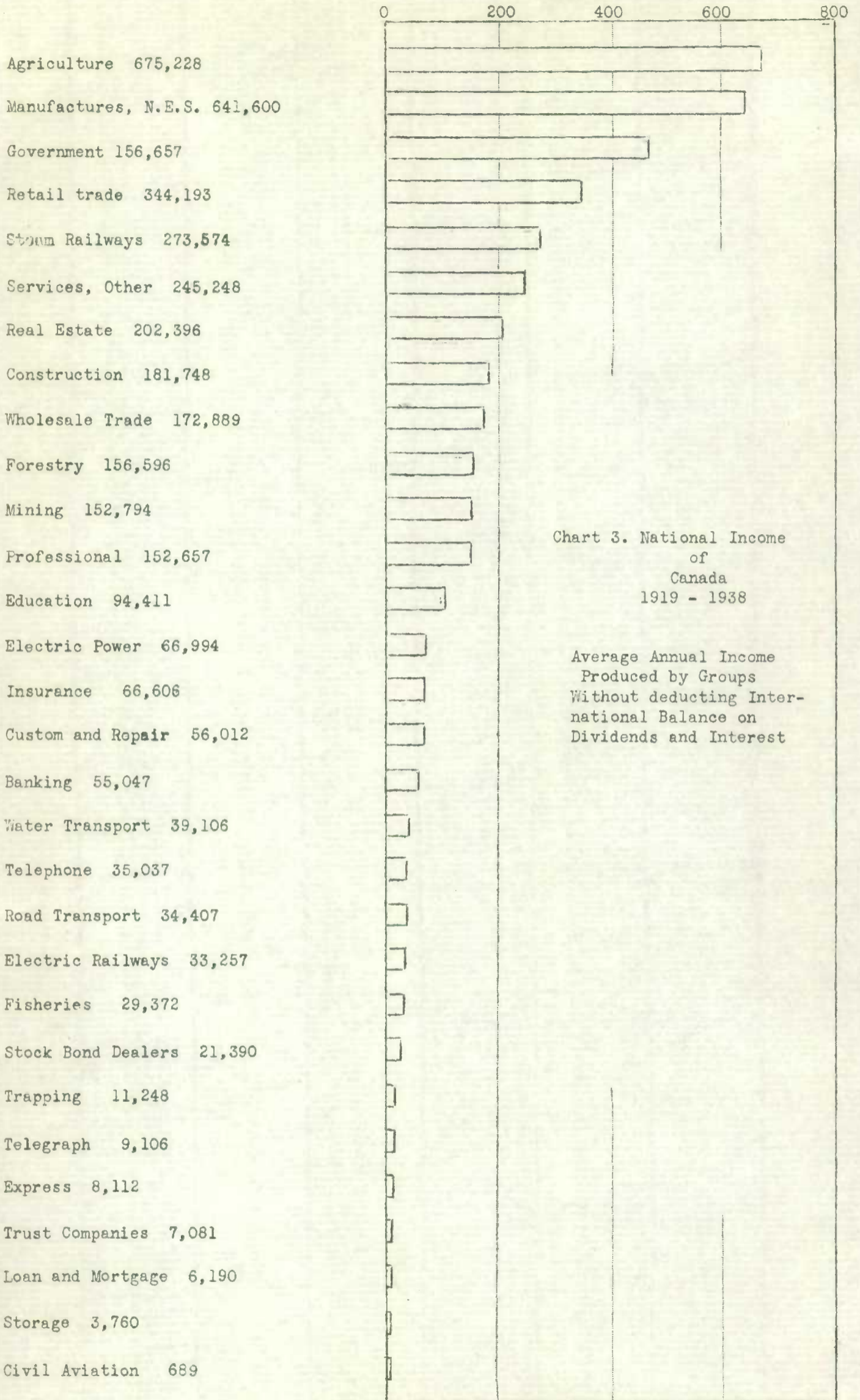


Chart 3. National Income  
of  
Canada  
1919 - 1938

Average Annual Income  
Produced by Groups  
Without deducting Inter-  
national Balance on  
Dividends and Interest

Statistics Illustrating the Economic Situation of Canada for the first seven months of 1941, compared with the same period of 1940.

Item	Unit or base period	First Seven Months		Increase + Decrease -
		1941	1940	
National Income (Tentative Compilation) <sup>1</sup>	\$000	3,003,852	2,713,055	+ 10.7
Commodity Producing	\$000	1,488,911	1,266,479	+ 17.6
Commodity Handling	\$000	625,088	562,704	+ 11.1
Facilitating	\$000	889,853	883,872	+ 0.7
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-9=100	130.5	115.3	+ 13.2
Index of Industrial Production	1935-9=100	142.7	126.1	+ 13.2
Wholesale Prices	1926=100	87.4	82.5	+ 5.9
Index of Common Stock Prices	1935-9=100	66.5	80.6	- 17.5
Capitalized Bond Fields, Dominion	1935-9=100	104.1	98.6	+ 5.6
Mining Stock Prices	1935-9=100	74.5	83.3	- 5.6
Bank Debits	\$000	22,051,806	19,624,237	+ 12.4
<u>Production and General Business</u>				
Mineral Production	1935-9=100	129.3	124.2	+ 4.0
Gold Receipts	Fine Ozs.	2,992,063	2,836,479	+ 5.5
Silver Shipments	Fine Ozs.	10,667,020	12,363,540	- 13.7
Coal Production	Tons	9,511,673	9,338,656	+ 1.9
Manufacturing Production	1935-9=100	141.5	126.6	+ 11.8
Flour Production (First 6 Mos.)	Bbls.	10,015,499	7,567,572	+ 32.3
Sugar Manufactured	Lbs.	475,729,983	483,403,070	- 1.6
Cattle Slaughtering	No.	948,398	919,476	+ 3.1
Hog Slaughtering	No.	3,376,353	2,658,460	+ 27.0
Cigarettes released	No.	4,580,846,128	4,344,892,611	+ 5.4
Cigars released	No.	102,188,116	86,808,834	+ 17.7
Leather Boots & Shoes (First 6 Mos.)	Pairs	13,570,179	11,736,982	+ 15.6
Raw Cotton Consumption	Lbs.	115,528,569	111,011,723	+ 4.1
Paper and Lumber -				
Newsprint Production	Tons	1,914,617	1,974,676	- 3.0
Exports of Planks and Boards	M ft.	1,174,554	1,229,922	- 4.5
Iron and Steel -				
Steel Ingot Production	Long Tons	1,336,604	1,127,823	+ 18.5
Pig Iron Production	Long Tons	727,556	645,551	+ 12.7
Automobile and Allied Industries -				
Automobile Production, Cars and trucks	No.	177,525	125,380	+ 41.6
Petroleum Imports	000 Gals.	826,495	724,352	+ 14.1
Crude Rubber Imports	Lbs.	65,032,165	52,035,287	+ 25.0
Construction -				
Contracts Awarded	\$	247,421,400	154,741,100	+ 59.9
Building Permits 2/	\$	58,050,152	57,798,471	+ 0.4
Electric Power Production	000 K.W.H.	18,393,524	17,583,735	+ 4.6
External Trade - (X)				
Exports	\$	891,291,176	655,174,202	+ 36.0
Imports	\$	772,991,759	585,597,018	+ 32.0
Excess of exports over imports	\$	118,299,417	69,577,184	
Railways -				
Carloadings	No.	1,771,578	1,547,488	+ 14.5
Gross Revenue C.N.R. (Canadian Lines) <sup>3</sup>	\$	142,931,000	116,185,000	+ 23.0
Gross Revenue, C.P.R.		119,199,000	90,945,000	+ 31.1
Employment - 6 months' average unadjusted -				
General Index	1926=100	140.8	115.2	+ 22.2
Manufacturing		154.9	123.3	+ 25.6
Logging		197.4	150.0	+ 31.6
Mining		172.2	166.0	+ 3.7
Construction		101.6	66.8	+ 52.1
Building		119.3	52.8	+ 125.9
Highway		111.7	89.5	+ 24.8
Trade		152.3	139.6	+ 9.1
Banking - 7 months' average -				
Notice and Demand Deposits	\$	2,679,149,053	2,470,228,177	+ 8.5
Current Loans	\$	1,061,828,024	950,783,391	+ 11.7
Security Holdings	\$	1,747,537,904	1,607,073,493	+ 8.7
Call Loans - Canada	\$	33,166,284	47,444,540	- 30.1

(X) Excluding gold. 1/ Exclusive of tangible assets acquired by the Dominion Government through war expenditure. 2/ 58 Municipalities. Seven items recorded declines while forty-four showed increases.

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