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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST 4 MONTHS OF 1943
COMPARED WITH THE SAME PERIOD OF 1942

Economic conditions recorded marked betterment in the first four months of 1943 over the same period of the preceding year. Owing to the gain in economic activity and the slightly higher level of commodity prices, the monthly estimate of national income rose to a new high position in April. The national income has shown an upward trend without important interruption since 1938. The estimate for April was nearly \$736 million, equivalent to an annual rate of about \$8,832 million for the year. During the first four months a tentative computation of the national income was \$2,850 million against \$2,298 million in the same period of last year, a gain of 24 p.c. The totals for the months of January, February and March of this year were \$687 million, \$700 million and \$727 million, respectively. The totals for the first three months of last year in the same order were \$560 million, \$556 million and \$583 million.

The major factors recorded further advance in April reaching a new high point for the current period. The continued advance in productive operations was due mainly to the stimulus of war demands. The index of the physical volume of business advanced from 193 in the first four months of 1942 to 230 in the period under review, a gain of 19.3 p.c. The change in wholesale prices has been of a relatively moderate character since November, 1941, but an upward trend has been shown from the outbreak of hostilities. The index of wholesale prices was 98.0 in the first four months of the present year against 94.8, a gain of 3.4 p.c. over the same period of last year. The gain in the cost of living was of even lesser proportions. The index was 117.2 against 115.7, an increase of only 1.3 p.c.

Considerable fluctuation has been shown in the deposit liabilities of the chartered banks, but an important upward trend has been recorded since August, 1939. A new high point was reached at the beginning of April, the gain over the average for the first three months of 1942 having been slightly more than 13 p.c.

Dominion bond prices have remained relatively steady since mid-year 1940. The index of yields averaging 98.1 during the first four months of this year compared with 99.5 in the same period last year, a slight increase in bond prices having been indicated. Common stock prices and speculative trading, which had been at low levels during the early months of 1942, have recorded considerable recovery. The index of common stock prices was 24.3 p.c. higher in the first four months of the present year, the standing having been 79.2 against 63.7. Speculative trading has recorded considerable expansion since August of last year and trading is at present at a higher position than at any time since mid-year 1940. Due in part to the transfer to a war economy, productive operations, wholesale prices and deposit liabilities of the banks are greatly in excess of the inter-war trend. The index of mineral production rose from 242 in the first four months of last year to 248, a gain of 2.6 p.c. Gold receipts at the Mint and coal production, however, were at lower positions. The index of manufacturing production was 30 p.c. higher at 290 against 223 in the first four months of 1942. The flour milling industry has recently been particularly active, a gain of 24 p.c. having been shown in the production of wheat flour.

The output of creamery butter rose 30 p.c., the total having been 63.5 million pounds against 48.8 million. Factory cheese production, on the other hand, was at a greatly lower level during the first four months. The release of cigarettes rose from 3,077 million to 3,859 million, a gain of 25.4 p.c., while the increase in cigars was 7.5 p.c. The output of leather boots and shoes in the first three months was slightly more than maintained. Declines were shown in the consumption of raw cotton by textile plants and in the output of newsprint.

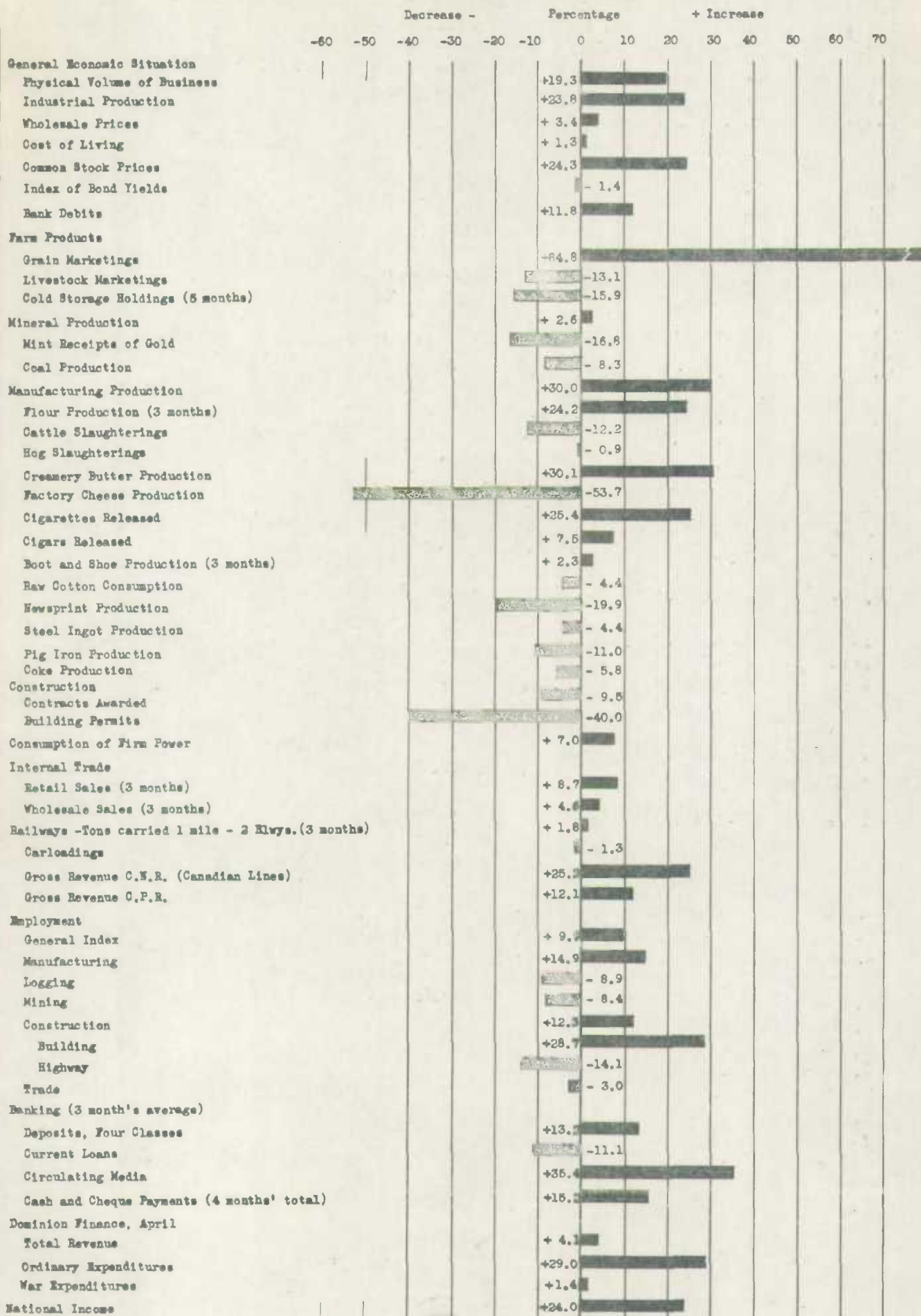
The new business obtained by the construction industry was less than in the first four months of 1942. Construction contracts awarded receded 9.5 p.c., while the building permits in 58 municipalities were 40 p.c. less.

Table 1. Statistics Illustrating the Economic Situation of Canada for the first four months of 1943 compared with the same period of last year.

	Unit or Base Period	First Four Months		Per Cent Increase + Decrease -
		1943	1942	
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	230.4	193.2	+19.3
Index of Industrial Production	1935-9=100	266.5	215.3	+23.8
Wholesale Prices	1926=100	98.0	94.8	+3.4
Cost of Living	1935-9=100	117.2	115.7	+1.3
Index of Common Stock Prices	1935-9=100	79.2	63.7	+24.3
Index of Bond Yields	1935-9=100	98.1	99.5	-1.4
Bank Debits	\$000	15,694,067	14,033,701	+11.8
Production and General Business				
Farm Products -				
Index of Grain Marketings	1935-9=100	157.1	85.0	+84.8
Index of Livestock Marketings	1935-9=100	89.3	102.8	-13.1
Index of Cold Storage Holdings (5 months)	1935-9=100	130.8	155.5	-15.9
Mineral Production				
Gold Receipts at Mint	Fine Ozs.	1,312,045	1,577,783	-16.8
Coal Production	Tons	6,147,904	6,703,566	-8.3
Manufacturing Production				
Flour Production (3 months)	Bbls.	6,146,803	4,947,682	+24.2
Cattle Slaughterings	No.	458,135	521,661	-12.2
Hog Slaughterings	No.	2,156,248	2,175,922	-0.9
Creamery Butter Production	Lbs.	63,509,395	48,803,078	+30.1
Factory Cheese Production	Lbs.	11,684,530	25,252,408	-53.7
Cigarettes released	No.	3,858,883,636	3,076,734,265	+25.4
Cigars released	No.	66,692,347	62,062,071	+7.5
Leather Boots and Shoes (3 months)	Pairs	7,321,631	7,158,444	+2.3
Raw cotton Consumption	Lbs.	64,587,318	67,591,899	-4.4
Paper and Lumber -				
Newsprint Production	Tons	931,779	1,163,581	-19.9
Iron and Steel -				
Steel Ingot Production	Short Ton	987,915	1,033,649	-4.4
Pig Iron Production	Short Ton	565,154	634,653	-11.0
Coke Production	Short Ton	1,025,131	1,087,725	-5.8
Construction -				
Contracts awarded	\$	58,161,200	64,295,600	-9.5
Building Permits (58 Municipalities)	\$	13,644,458	22,748,207	-40.0
Consumption of Firm Power	000 K.W.H.	11,352,020	10,605,180	+7.0
Internal Trade -				
Wholesale Sales (3 months)	1935-9=100	153.2	141.0	+8.7
Retail Sales (3 months)	1935-9=100	137.0	131.0	+4.6
Railways - Tons carried 1 mile- (3 months) 2 Rlys.	000,000 tons	11,966	11,827	+1.8
Carloadings	No.	1,051,139	1,064,761	-1.3
Gross Revenue C.N.R. (Canadian Lines)	\$	118,268,800	94,474,700	+25.2
Gross Revenue C.P.R.	\$	87,722,000	78,266,000	+12.1
Employment - Unadjusted (4 months' average)				
General Index	1926=100	181.7	165.4	+9.9
Manufacturing		222.3	193.4	+14.9
Logging		226.1	248.2	-8.9
Mining		161.7	176.5	-8.4
Construction		124.8	111.1	+12.3
Building		179.2	139.2	+28.7
Highway		101.2	117.8	-14.1
Trade		153.8	158.5	-3.0
Banking - (3 months' average)				
Deposits, Four Classes	\$000	3,614,616	3,194,088	+13.2
Current Loans	\$000	983,725	1,107,112	-11.1
Circulating Media	\$000,000	694.9	513.4	+35.4
Cash and Cheque Payments (4 months')	\$000,000			
Total		21,643	18,791	+15.2
Dominion Finance - April				
Total Revenues	\$	177,774,442	170,824,683	+4.1
Ordinary Expenditures	\$	32,357,662	25,092,985	+29.0
War Expenditures	\$	136,957,442	135,004,611	+1.4
United Kingdom War Financing	\$		80,000,000	-
National Income (Tentative Computation)	\$000,000	2,850	2,298	+24.0

Twenty-one items recorded declines, while thirty-one showed increases.

THE ECONOMIC SITUATION IN CANADA
 for the first four months of 1943
 as compared with the same period of last year



Dominion Bureau of Statistics

Twenty-one items recorded declines while thirty-one showed increases.

TABLE A - INCOME ORIGINATING BY INDUSTRIAL AND SERVICE GROUPS.

1919 - 1942

\$000

With revisions as of May, 1943.

Year	Primary Production	Secondary Production	Transportation	Trade	Finance	Government	Service	All Industries	
								Before	After
									Deduction of International Bal. of D.v. and Interest
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
1919	1,260,862	902,697	391,423	492,496	291,125	223,793	428,017	3,990,413	3,816,113
1920	1,419,552	1,053,594	443,868	579,478	341,148	448,189	483,824	4,769,653	4,597,853
1921	877,661	725,877	407,800	479,428	367,506	403,179	436,769	3,698,220	3,507,220
1922	954,311	727,223	421,799	470,704	406,054	454,709	427,375	3,862,175	3,670,975
1923	1,020,989	776,977	450,764	490,253	422,575	451,359	446,142	4,059,059	3,847,059
1924	1,084,323	729,422	433,994	479,878	469,113	413,236	457,180	4,067,146	3,865,446
1925	1,304,252	771,327	458,106	529,880	459,917	456,725	468,373	4,448,580	4,238,980
1926	1,281,530	870,802	504,683	589,520	501,388	489,143	487,969	4,725,035	4,507,335
1927	1,336,185	968,562	515,752	607,785	508,404	518,972	509,200	4,964,860	4,738,360
1928	1,503,212	1,081,550	567,026	655,811	600,746	561,529	534,893	5,504,767	5,269,467
1929	1,404,724	1,192,546	562,930	673,849	592,333	554,664	563,473	5,544,519	5,272,619
1930	1,032,534	1,063,398	499,934	575,040	581,604	453,000	553,629	4,759,219	4,452,419
1931	729,992	835,542	392,544	479,032	524,941	396,783	514,001	3,872,335	3,579,535
1932	568,421	584,136	317,900	379,008	342,369	427,060	469,311	3,088,205	2,812,905
1933	599,464	532,440	284,756	366,186	308,807	431,303	440,048	2,963,004	2,722,504
1934	782,226	601,769	313,248	414,593	361,228	453,035	460,665	3,386,764	3,147,164
1935	863,014	682,767	324,948	442,192	367,188	453,849	476,996	3,610,954	3,371,254
1936	996,093	777,365	351,954	481,888	402,266	586,330	497,159	4,093,055	3,827,255
1937	1,180,851	931,127	382,492	538,426	428,670	634,254	531,884	4,627,704	4,346,104
1938	1,151,825	922,636	368,247	540,767	424,999	616,981	543,703	4,569,158	4,281,358
1939	1,275,608	983,331	405,681	547,456	425,849	661,551	553,811	4,853,287	4,567,487
1940	1,440,378	1,181,067	466,374	584,087	436,843	981,459	591,556	5,681,764	5,394,364
1941	-	-	-	-	-	-	-	-	6,500,000
1942	-	-	-	-	-	-	-	-	7,500,000

Owing to research in process, the detail for 1941 and 1942 is omitted. Column (i) is altered from Column (a) appearing in "Economic Conditions during the first two months" through a different treatment of "Other Labour Income".

The table is useful for shedding light on the relative importance of the different industrial and service groups. The inter-war trend of decline or advance and the response of different types of activity to the impact of depression and recovery are also demonstrated. Certain difficulties prevent a direct answer to the relative contributions of the seven major groups. Processing activities are combined with forestry, fisheries and mining in such a way that it is difficult to separate the primary and secondary phases. The practice has been to combine processing activities with the primary industries and to report manufacturing with the duplication eliminated.

Another problem arises from the heavy negative balance with other countries on dividend and interest payments. It is difficult to obtain a distribution of the balance by the different industries and groups. The result is that statistics of productive sources are normally presented on a produced basis rather than on a realized basis so far as residents of Canada are concerned.

(a) Primary production comprises six industries. Agriculture includes fur farming and the woods operations of the farmer on his own property. Dairy activities are limited to the production of milk, butter and cheese on the farm itself. Forestry includes the operations of the lumber and pulp and paper industries, as well as woods operations other than those of the farmer on his wood lot. Fish canning and curing plants, as well as primary operations are included in the fisheries group. The activities of trappers and hunters are considered in connection with the trapping industry to the exclusion of fur farming.

As the final product is the first to which a commercial value is ordinarily assigned, the processing industries of smelting, cement, clay products, lime and salt are included in mining. The electric power group coincides with central electric stations as annually reported by the Bureau.

(b) Secondary production embraces construction, manufacturing, n.e.s. and custom and repair. Construction covers operations as reported in recent years by the Bureau. Manufacturing production n.e.s. is exclusive of processing activities closely connected with several primary industries. As intimated above, saw-milling, and pulp and paper operations are included with forestry; fish canning and curing is a part of the fisheries industry, while smelting, cement, clay products, lime and salt are treated along with mining. The eight industries, for the purpose of avoiding duplication, are excluded from manufactures n.e.s. Custom and repair includes thirteen industries of which dyeing, cleaning and laundry, and automobile garages are the more important. The industrial section of the decennial census furnishes periodical information in regard to the personnel in these industries. The census of merchandising and service of 1930 was useful in estimating the operating accounts.

(c) Annual reports of the Bureau supply considerable information regarding the following industries in the transportation-communication group: Steam and electric railways, civil aviation, express, telegraphs, and telephones. As the railway companies also operate hotels, express and telegraph services, it is necessary to separate the records of these subsidiary activities, avoiding duplication with other groups. Water and road transport, warehousing and storage are also regarded as industries in this main group, the operating accounts being estimated on the basis of occupational data, furnished by the decennial census and other relevant information.

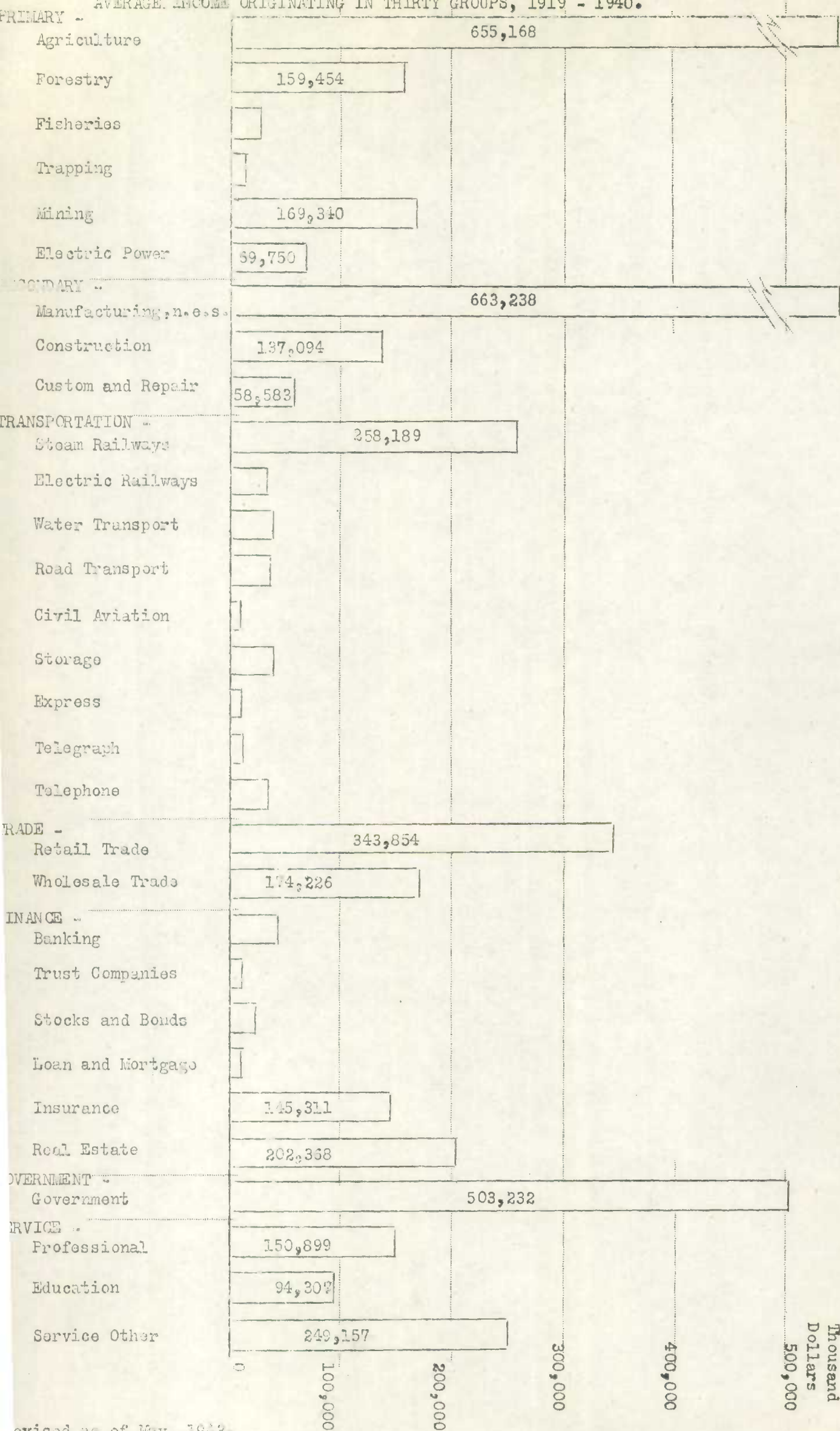
(d) Trade is subdivided into the retail and wholesale divisions, retail services being treated elsewhere.

(e) The finance industries include banking, trust companies, loan and mortgage, stock and bond dealers, insurance and real estate. Non-farm mortgage interest and net rentals, paid and imputed, are estimated for inclusion along with the real estate industry.

(f) Government income originating, including Dominion, Provincial and Municipal administration, is computed from the public accounts. Educational, railway and other operations were eliminated so as to avoid duplication.

(g) The other major group consists of professional, educational and personal services. The latter is a composite of recreation, business service, barber shops and beauty parlours, undertaking, photography, hotels and restaurants, boarding and lodging houses, domestic and miscellaneous service.

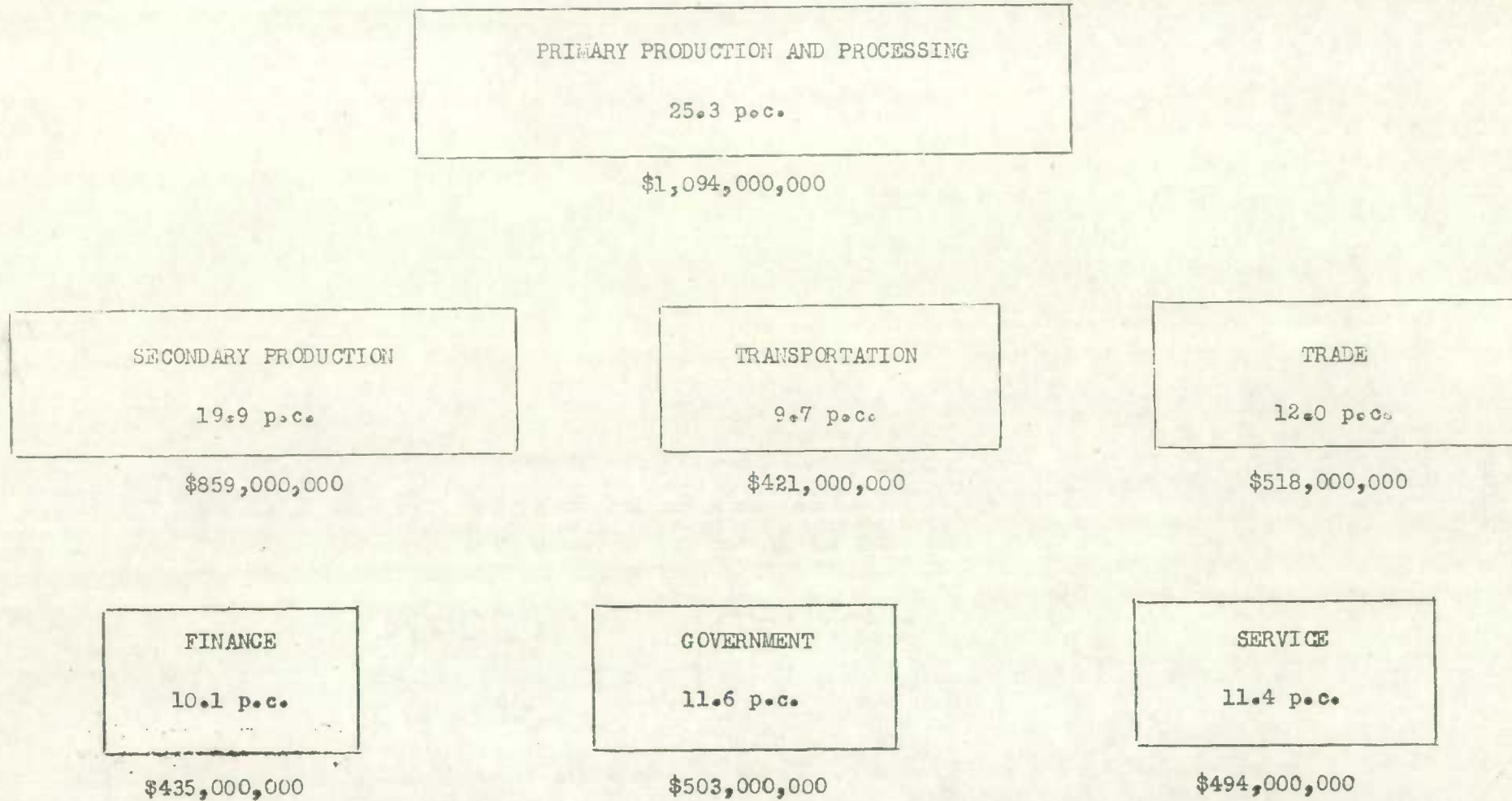
AVERAGE INCOME ORIGINATING IN THIRTY GROUPS, 1919 - 1940.



Thousand Dollars

RELATIVE IMPORTANCE OF THE SEVEN SOURCES OF NATIONAL INCOME

Annual Average Income Originating, 1919-1940, Revised as of May, 1943.



NATIONAL INCOME ORIGINATING IN THREE MAJOR GROUPS, 1919 - 1942.

Revised as of May, 1943.

Billion
Dollars

6

5

4

3

2

1

0

1919 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42

Tentative

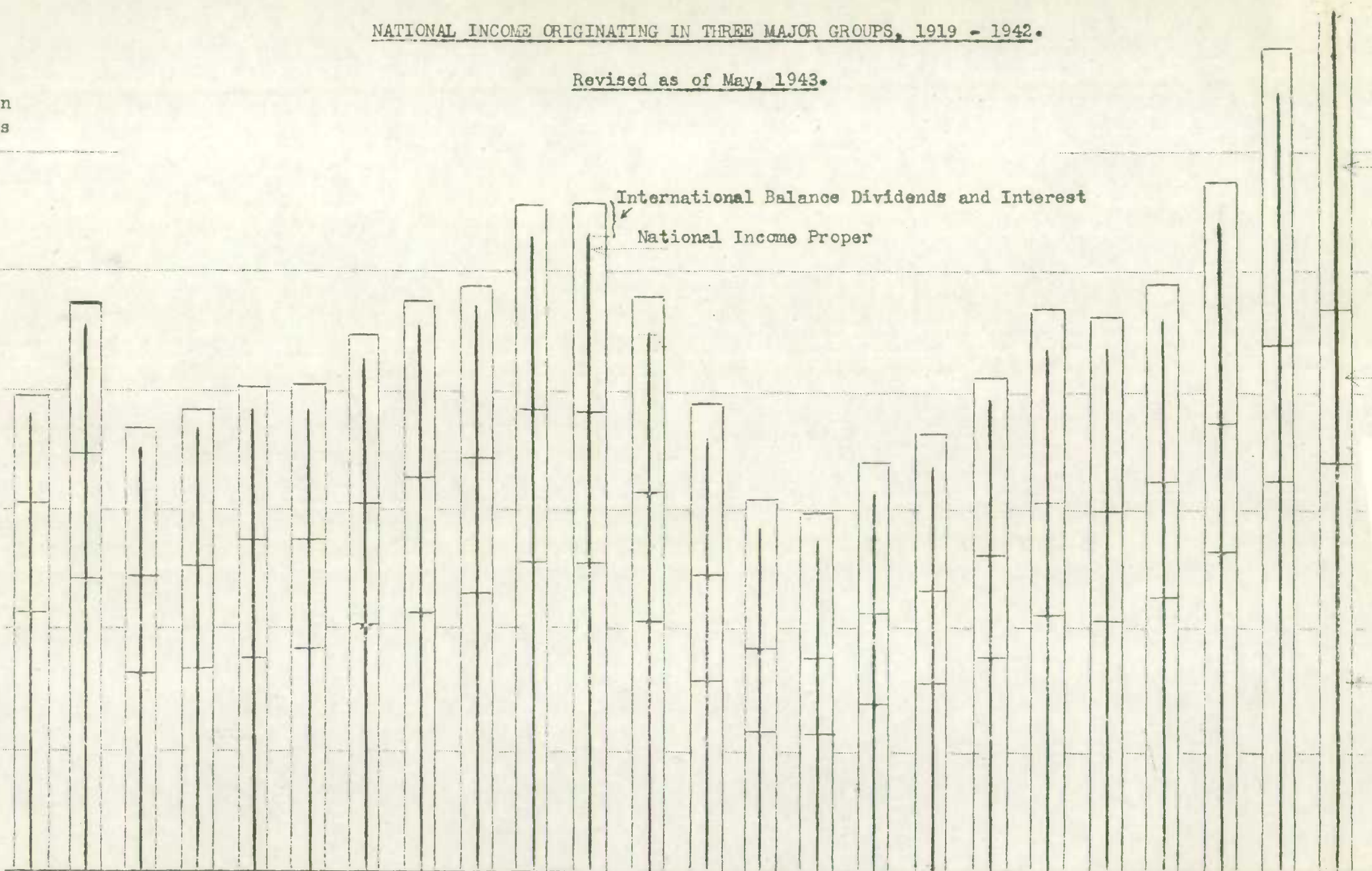
International Balance Dividends and Interest
National Income Proper

Finance,
Government and
Service

Trans-
portation
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Commodity
Produce-
tion

7,760
7,500



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