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Dominion Statistician:	S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.	
Chief, Business Statistics Branch:	Sydney B. Smith, M.A.	

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST FOUR MONTHS OF 1944
COMPARED WITH THE SAME PERIOD OF 1943.

SECTION I. ECONOMIC CONDITIONS

The six factors indicating the trend of economic conditions averaged higher in the first four months of the present year than in any other similar period in history. The index of the physical volume of business on the pre-war base was 244, a gain of nearly 6 p.c. over the same period of 1943. While reaction was indicated in April from the high levels of the first quarter, the average for the period under review was a new maximum. A marked advance was recorded from the early months of 1940 until the end of last year.

The index of wholesale prices on the base of 1926 was 102.8 in the first four months of the present year, a gain of nearly 5 p.c. over the same period of 1943. The index in July last passed through parity with the base year and has since shown minor increases. The marked decline in wholesale prices from 1929 to 1933 was more than counterbalanced by the subsequent advance. Security prices averaged somewhat higher in the first four months of the present year than in the same period of 1943. The index of common stocks on a pre-war base rose from 79.2 to 81, a gain of 2.3 p.c. Measured by bond yields, Dominion bond prices were at a somewhat higher position in the first four months of the present year.

A marked increase was recorded in the deposit liabilities of the chartered banks, the average for the first three months of the year having been \$4,286 million compared with \$3,615 million, a gain of 18.6 p.c. Gains have been recorded in bank deposits from 1938 to the present time. While recessions were shown at the beginning of January and of February the average for the first three months of the present year was in a new high position.

The index of the physical volume of business rose about 14 points in the first four months of the present year over the same period of 1943. Mineral production showed an increase of 7.4 p.c. according to the index based on a considerable number of factors. Gold receipts at the Mint, however, showed a reduction of 22 p.c., the total for the first four months of the present year having been 1,025,000 fine ounces. The decline in coal production was 4.5 p.c., the total in the first four months of the present year having been 5,872,000 tons against 6,148,000.

The index of manufacturing production rose 3.4 p.c. to 300, the indicator being expressed as the percentage of the average for the period from 1935 to 1939. Marked increases were shown in a considerable number of components. Cattle slaughtering, for example, recorded a gain of nearly 25 p.c. to 572,000 head. The gain in hog slaughtering was 67 p.c. from 2,156,000 head to 3,601,000. The production of factory cheese recorded a marked gain over the same period of last year. The output of steel ingots and pig iron is still showing gains over the same period twelve months ago. The total steel produced was 1,008,000 short tons against 987,915 in the same period last year. The gain in pig iron production was 8.4 p.c. to 612,000 tons.

A gain was recorded in the new business obtained by the construction industry and in building permits. Contracts awarded were \$83.7 million, a gain of 44 p.c. while building permits were \$22.2 million, a gain of 61.5 p.c.

The operations of the electric power industry recorded expansion. The consumption of firm power was 12,195,000,000 kilowatt hours against 11,386,000,000 kilowatt hours, a gain of 7.1 p.c. The output was greater in April than in the same month of any year.

Distribution of commodities through wholesale and retail outlets recorded a considerable expansion in the first three months of the present year over the same period of 1943. The wholesale index averaged 170.7 against 153.2, a gain of 11.4 p.c., while the index of retail sales rose from 137 to 145.8.

Car loadings during the first twenty weeks of the present year amounted to 1,375,000 compared with 1,251,000 in the same period of the preceding year, a gain of 122,000 cars. A gain of nearly 10 p.c. was mainly accounted for by increases in the movement of grain, livestock and "logs and other forest products. The increase in the movement of grain was nearly 58,000 cars while livestock showed an increase of more than 15,000 cars. Tons carried one mile by the two main railways during the first three months of the year amounted to 14,207, million tons against 11,967, million tons, a gain of 18.7 p.c. The gross revenue on the internal lines of the Canadian National Railway in the first three months recorded a gain of 9.5 p.c. while the gross revenue of the Canadian Pacific Railway during the same period rose 17.6 p.c. The total for the Canadian National Railway was \$82,120,000 compared with \$74,933,000 reported by the Canadian Pacific Railway.

The general index of employment averaged 182.8 against 181.7 in the same period of last year, a gain of 0.6 p.c. Minor gain was also shown over the high level of employment in manufacturing plants. The latter index rose 34.8 p.c. from June 1, 1941 to the beginning of March while that of payrolls averaged 72.2 p.c. greater.

The general wholesale price index was 102.9 in April compared with 99.0 in the same month of last year. Consumers' goods showed a relatively minor advance from 96.9 to 97.9 while a considerable increase was recorded in the price index of producers' goods, the standing having been 100.1 against 93.2. The gain in raw and partly manufactured goods has been of far greater proportions than in manufactured commodities. The index for the former rose from 97.0 in April last year to 104.7 in the same period of 1944 while the index in the fully manufactured goods was from 93.0 to 93.8. The index of the cost-of-living was 119.1 on April 1 of this year against 117.6 on the same date of 1943.

Cheques cashed in clearing centres amounted to \$18,055 million in the first four months of 1944 against \$15,694 million, a gain of 15 p.c. The greatest gain was shown in the Prairie Provinces where the total was \$3,425 million against \$2,367 million in the same period last year, an increase of \$1,059 million or 44.7 p.c. The gain in bank debits is attributed to greater economic activity and a slightly higher price level. Heavy payments on the Sixth Victory Loan accounted in part for the expansion in debits in April. It is estimated that from 80 p.c. to 90 p.c. of business transactions in Canada are carried on by cheques, money being used in relatively small proportions. Circulating media in the hands of the public including bank notes and coin rose from \$689 million in the early period of 1943 to \$847 million in the period under review, the gain being no less than 22.8 p.c. The sum of the cash and cheque payments rose from \$5,578 million in April last year to \$6,347 million in the same month of the present year, the gain having been 13.8 p.c. War expenditures, aside from the United Nations Mutual Aid, were \$303 million in the first month of the present fiscal year against nearly \$137 million in the same month of last year, a gain of 121.5 p.c. A decline was shown in revenue and ordinary expenditures.

The tentative computation of national income during the first four months of 1944 was \$2,845 million compared with \$2,581 million in the same period of 1943, a gain of 10.2 p.c. Owing to a recent review of national income in 1942 on an annual basis, the monthly computation has been placed upon an altered footing. As revision was made of the statistics for 1943 and 1944 comparisons with last year are valid. The generating factors influencing the trend of national income include alterations in capital formation, merchandise exports, deficit financing of government and the money supply.

In the durable goods industries the index of employment showed a gain of 18.1 p.c. in 1943 over the preceding year, while that of the manufacture of non-durable goods increased only fractionally. The general expansion in employment and payrolls in the production of durable goods has been particularly noteworthy in the months for which data are available. The index of employment showed a gain of 55.4 p.c. accompanied by an increase of 102.1 p.c. in the salaries and wages distributed between June 1, 1941 and March 1, 1944.

Exports from Canada amounted to \$1,052 million in the first four months of the present year. The standing in the comparable period last year was \$784 million, the indicated increase having been more than 34.p.c. The active balance of trade, exclusive of non-monetary gold, rose from \$245 million in the first four months of 1943 to nearly \$500 million in the present year, the gain being no less than 103.5 p.c. The grand total expenditure of the Dominion Government in the first eleven months of the year ended March 31, 1944 amounted to \$4,507 million against ordinary revenue and special receipts of \$2,470 million. The grand total expenditures in the same period of the preceding fiscal year was \$3,507 million against \$2,016 million in revenue and special receipts.

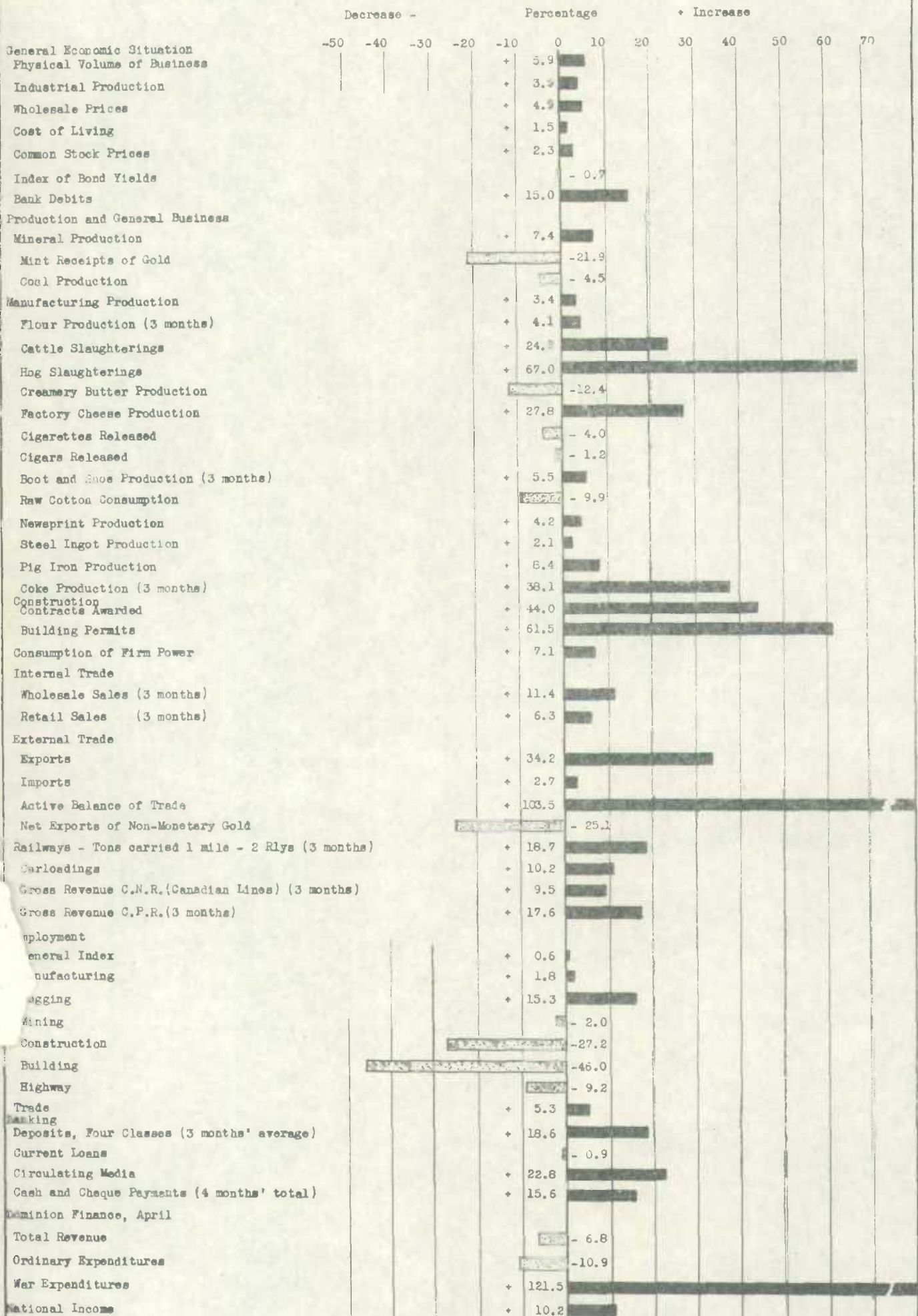
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Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the First Four Months of 1944

as compared with the same period of last year



Dominion Bureau of Statistics.

Fifteen items recorded decline, while thirty-eight showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Four Months of 1944 compared with the same period of last year.

	Unit of Base Period	First Four Months		Per cent	
		1944	1943	Increase +	Decrease -
General Economic Situation					
Index of Physical Volume of Business	1935-39=100	244.0	230.4	+	5.9
Index of Industrial Production	1935-39=100	276.9	266.5	+	3.9
Wholesale Prices	1926=100	102.8	98.0	+	4.9
Cost of Living	1935-39=100	119.0	117.2	+	1.6
Index of Common Stock Prices	1935-39=100	81.0	79.2	+	2.3
Index of Bond Yields	1935-39=100	97.3	98.0	-	0.7
Bank Debits	\$ 000	18,054,945	15,694,067	+	15.0
Production and General Business					
Mineral Production	1935-39=100	253.8	236.3	+	7.4
Gold Receipts at Mint	Fine Ozs.	1,024,617	1,312,045	-	21.9
Coal Production	Tons	5,871,531	6,147,904	-	4.5
Manufacturing Production	1935-39=100	300.0	290.1	+	3.4
Flour Production (3 months)	Bbls.	6,396,205	6,146,803	+	4.1
Cattle Slaughtering	No.	571,568	458,135	+	24.8
Hog Slaughtering	No.	3,600,610	2,156,248	+	67.0
Creamery Butter Production	Lbs.	55,743,278	63,639,650	-	12.4
Factory Cheese Production	Lbs.	15,675,740	12,265,010	+	27.8
Cigarettes released	No.	3,703,189,092	3,858,883,636	+	4.0
Cigars released	No.	65,888,955	66,692,347	-	1.2
Leather Boots and Shoes (3 months)	Pairs	7,691,531	7,292,750	+	5.5
Raw cotton consumption	Lbs.	58,162,082	64,587,318	-	9.9
Paper and Lumber - Newsprint Production	Tons	971,108	931,779	+	4.2
Iron and Steel - Steel Ingot Production	Short Ton	1,008,402	987,915	+	2.1
Pig Iron Production	Short Ton	612,417	565,154	+	8.4
Coke Production (3 months)	Short Ton	1,032,608	747,611	+	38.1
Construction - Contracts awarded	\$	83,727,200	58,161,200	+	44.0
Building Permits (58 municipalities)	\$	22,166,195	13,721,141	+	61.5
Consumption of firm power	000 K.W.H.	12,195,425	11,385,819	+	7.1
Internal Trade - Wholesale Sales (3 months)	1935-39=100	170.7	153.2	+	11.4
Retail Sales (3 months)	1935-39=100	145.8	137.1	+	6.3
External Trade - Exports	\$ 000	1,051,880	783,657	+	34.2
Imports	\$ 000	553,012	538,530	+	2.7
Active Balance of Trade	\$ 000 +	498,868 +	245,127	+	103.5
Net Exports of Non-Monetary gold	\$ 000,000	39.7	53.0	-	25.1
Railways - Tons carried 1 mile - (3 months) 2 Rlys.	000,000 tons	14,207	11,967	+	18.7
Carloadings	No.	1,157,887	1,051,139	+	10.2
Gross Revenue C.N.R. (Canadian Lines) (3 months)	\$	92,120,400	84,107,300	+	9.5
Gross Revenue C.P.R. (3 months)	\$	74,932,863	63,695,743	+	17.6
Employment - Unadjusted					
General Index	1926=100	182.8	181.7	+	0.6
Manufacturing		226.4	222.3	+	1.8
Logging		260.8	226.1	+	15.3
Mining		158.5	161.7	-	2.0
Construction		90.9	124.8	-	27.2
Building		96.8	179.2	-	46.0
Highway		91.9	101.2	-	9.2
Trade		161.9	153.8	+	5.3
Banking - Deposits, four Classes (3 months' average)	\$ 000	4,285,876	3,614,616	+	18.6
Current Loans	\$ 000	974,516	983,725	-	0.9
Circulating Media	\$ 000,000	846.7	689.4	+	22.8
Cash & Cheque Payments (4 months' Total)	\$ 000,000	24,900	21,542	+	15.6
Dominion Finance - April - Total Revenues	\$	165,645,867	177,774,306	-	6.8
Ordinary Expenditures	\$	28,756,048	32,282,553	-	10.9
War Expenditures	\$	303,419,366	136,994,975	+	121.5
United Nations Mutual Aid (1943)	\$	57,574,104	-	-	-
National Income (Tentative computation)	\$ 000,000	2,845	2,581	+	10.2

Fifteen items recorded declines, while thirty-eight showed increases.

SECTION II. NATIONAL INCOME

National Income of the United States

Recent estimates of national income published in the United States by the Department of Commerce in the April "Survey of Current Business" are given in the accompanying Tables for comparison with Canadian totals.

"The national income, composed of the earnings of the labor and capital employed in the productive process, reached" says the Survey "a new record total of 147.9 billion dollars in 1943. This aggregate exceeded the previous year's total of 121.6 billion by 22 per cent and was more than double the national income in 1939.

Four-fifths of the 26.4 billion increase between 1942 and 1943 may be traced to the three branches of the income stream most directly affected by the large volume of Government war spending: wages and salaries in manufacturing, Federal Government pay rolls (including pay of the armed forces), and net income of farm operators. This pattern of income expansion was similar to that in 1942, when these three components accounted for nearly three-fourths of the 25 billion rise in the total. The extent of their disproportionate increase is indicated by the fact that they constituted only one-third of the total national income in 1941.

The quarterly estimates reveal that during 1943 the national income continued the uninterrupted advance that began in the second quarter of 1938, the fourth quarter flow attaining an annual rate of 153.5 billions. However, the rate of expansion of national income - like that of national product - slackened materially during the year, reflecting primarily a tapering off in the expansion of the three components that have dominated the flow of income since the initiation of the Nation's rearmament program in 1940. The national income rose at successively sharper rates throughout the quarters of 1942, but in each of the first three quarters of 1943 the rate of gain declined. The 2.4 per cent rise from the third to the fourth quarter, though reflecting a very slight reversal of this trend, was only two-fifths the average quarterly rate of increase in 1942 and substantially less than the corresponding average of 3.9 per cent for the first three quarters of 1943.

Approximately 70 per cent of the total 1943 increase in private non-agricultural wages and salaries was, however, the direct result of the increase in average salary-wage within the various industrial components. It must be emphasized, of course, that the increase in average salary-wage in each industry is not solely the result of increased wage rates; rather, it is a composite result of changes in basic wage rates, hours of work, premium rates for overtime work, the occupational distribution of employment within each industry, including the results of upgrading, and other factors. It should be noted that, while wage rate increases granted in 1943 were moderate, those initiated in 1942 had their first full year of operation in 1943 and were a major influence behind the increase in total wage and salary payments in that year.

Total wages and salaries increased 21.6 billion dollars in 1943, slightly more than the 19.7 billion increase recorded in 1942. The 1943 aggregate of 102.0 billion was more than double the peace-time level of 1940. Owing to the rapid expansion of the armed forces, government pay rolls accounted for 8.5 billions, or 39 percent, of the total increase in 1943.

In the nongovernmental sphere, excluding agriculture, wages and salaries rose 12.8 billions, compared to an increase of 14.1 billions in 1942. Whereas in 1942 nearly one-third of the increase in pay rolls in this portion of the economy was ascribable to increased employment only an estimated 16 percent of the 1943 increase could be credited to this factor. Shifts in the composition of employment towards industries in which earnings are relatively high - chiefly the metals, machinery, and transportation equipment component of manufacturing, and transportation - continued to exert a moderate upward influence on total pay rolls.

Taking the increase in manufacturing pay rolls alone, which comprised 79 per cent of the increase in private nonagricultural salaries and wages from 1942 to 1943, one finds that employment increases, secured at the expense of declines in nearly all other industries except transportation and the Federal Government, were responsible for nearly one-half the 10.1 billion dollar increase in total manufacturing pay rolls.

TABLE A - NATIONAL INCOME BY DISTRIBUTIVE SHARES, 1932 - 43

(Millions of dollars)

Type of Share	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943
Total national income	39,963	42,322	49,455	55,719	64,924	71,513	64,200	70,829	77,574	96,857	121,568	147,927
Total compensation of employees	31,661	29,831	34,475	37,509	43,024	48,262	45,105	48,075	52,238	64,489	83,771	105,249
Total salaries and wages	31,027	28,698	32,596	35,616	39,970	44,989	41,181	44,236	48,622	60,810	80,477	102,048
Salaries and wages in private industry	26,056	24,246	27,979	30,590	34,508	39,267	35,183	37,990	41,851	52,587	66,921	80,024
Salaries and wages in governmental agencies ¹	4,971	4,452	4,617	5,026	5,462	5,722	5,998	6,246	6,771	8,223	13,556	22,024
Total supplements to salaries and wages	634	1,133	1,879	1,893	3,054	3,273	3,924	3,839	3,666	3,679	3,294	3,201
Work-relief wages ²	132	656	1,387	1,329	2,155	1,639	2,094	1,870	1,577	1,213	586	58
Social Security contributions of employers ³	-	-	-	-	303	1,020	1,185	1,206	1,358	1,686	1,953	2,282
Other labor income ⁴	502	477	492	564	596	614	645	683	731	780	755	855
Net income of incorporated business.....	- 3,646	- 625	549	1,668	3,767	3,943	1,658	4,228	5,844	8,519	8,392	8,938
Dividends	2,727	2,193	2,725	2,931	4,655	4,745	3,172	3,806	4,046	4,511	3,969	4,029
Corporate savings	- 6,373	-2,818	-3,176	-1,263	- 888	- 802	-1,514	422	1,798	4,008	4,423	4,909
Net income of proprietors ⁵	4,840	6,549	7,526	9,476	10,870	11,919	10,122	11,151	11,939	15,838	20,574	23,893
Agriculture	1,488	2,224	2,667	4,088	4,401	5,086	4,013	4,291	4,362	6,278	9,703	12,301
Other	3,361	4,325	4,859	5,388	6,469	6,833	6,109	6,860	7,627	9,560	10,871	11,592
Interest	5,628	5,110	5,176	5,106	5,130	5,146	5,068	5,035	5,129	5,250	5,472	6,041
Net rates and royalties	1,171	1,457	1,729	1,960	2,133	2,243	2,247	2,290	2,324	2,761	3,359	3,806
Addendum: Net income of incorporated business. before Federal taxes	-3,364	- 208	1,135	2,403	4,958	5,219	2,518	5,460	8,388	15,721	19,869	23,671

1. Excludes subsistence to members of the armed forces.

2. Includes pay rolls and maintenance of Civilian Conservation Corps enrollees and pay rolls of Civil Works Administration, Federal Emergency Relief Administration, and the Federal Works Program projects plus administrative pay rolls outside of Washington, D.C., for all except the Federal Works Program. Area office employees and their pay rolls under the Federal Works Program are included with the regular Federal Government employment and pay-roll figures.

3. Includes contributions to Railroad Retirement and Railroad Unemployment Compensation Funds.

4. Employer contributions to pension funds under private plans and under system for Government employees, compensation for industrial injuries, etc.

5. Includes owners' remuneration for personal services and capital.

Source: Survey of Current Business, April, 1944, page 15.

TABLE B - NATIONAL INCOME, BY INDUSTRIAL DIVISIONS, 1932 - 43

(Millions of dollars)

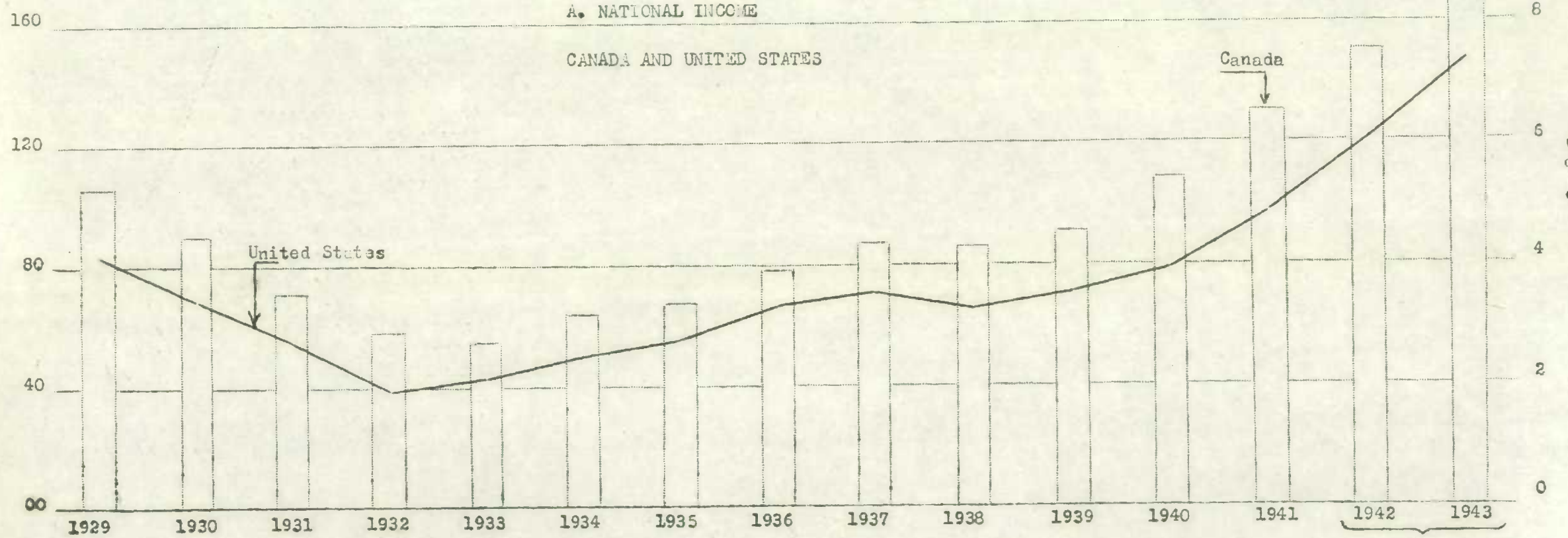
Industrial division	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943
Total national income	39,963	42,322	49,455	55,719	64,924	71,513	64,200	70,829	77,574	96,857	121,568	147,927
Agriculture	2,354	2,992	3,474	4,963	5,331	6,106	4,973	5,230	5,313	7,377	11,079	13,993
Mining total	539	605	990	1,025	1,398	1,729	1,218	1,348	1,580	1,946	2,234	2,460
Anthracite coal	141	130	160	132	136	128	104	117	127	152	176	199
Bituminous coal	247	273	426	449	531	566	467	503	615	786	960	1,066
Other	151	202	404	444	731	1,035	647	728	838	1,008	1,098	1,195
Manufacturing, total	6,217	8,410	10,803	12,790	15,611	18,016	13,570	16,965	20,215	28,497	37,314	48,096
Food, beverages, and tobacco	1,419	1,580	1,933	2,007	2,249	2,284	2,192	2,379	2,486	2,910	3,319	3,764
Paper, printing and publishing	1,110	1,166	1,366	1,490	1,676	1,376	1,619	1,729	1,889	2,192	2,213	2,468
Textiles and leather	1,204	1,869	2,004	2,300	2,542	2,610	2,175	2,711	2,346	3,980	4,543	5,007
Construction materials and furniture	346	567	785	997	1,343	1,590	1,244	1,531	1,800	2,410	2,659	2,860
Chemicals and petroleum refining	621	753	899	1,021	1,249	1,474	1,145	1,482	1,801	2,400	2,970	3,515
Metals, machinery, and transportation equipment	1,290	2,128	3,333	4,392	5,849	7,403	4,573	6,292	8,441	13,236	19,888	28,246
Rubber and miscellaneous	227	347	483	583	703	779	622	841	952	1,369	1,722	2,236
Contract construction	854	541	668	879	1,447	1,793	1,771	1,942	2,153	3,565	5,676	4,326
Transportation, total	3,634	3,606	3,798	4,084	4,767	5,080	4,323	4,950	5,381	6,414	8,090	9,548
Steam railroads, Pullman and express	2,086	2,120	2,230	2,409	2,835	2,986	2,458	2,830	3,096	3,839	5,042	5,665
Water transportation	254	280	304	362	423	492	396	479	540	597	630	911
Street railways	428	371	379	353	397	382	331	348	348	349	436	523
Motor transportation, public warehouses and .. other transportation	866	835	885	960	1,112	1,220	1,138	1,293	1,397	1,629	1,982	2,449
Power and gas	1,097	1,027	1,128	1,153	1,244	1,405	1,370	1,459	1,587	1,652	1,573	1,616
Communication	726	630	680	724	778	862	865	925	937	1,007	1,050	1,160
Trade, total	5,552	6,322	7,428	8,153	9,426	10,439	9,823	10,956	12,096	14,840	15,879	17,424
Retail	3,812	4,253	5,072	5,466	6,256	6,932	6,484	7,135	7,904	9,626	10,230	11,385
Wholesale	1,740	2,069	2,356	2,687	3,170	3,507	3,339	3,821	4,192	5,214	5,649	6,039
Finance, total	5,300	4,768	5,132	5,680	6,483	6,897	6,691	6,798	6,983	7,687	8,444	9,222
Banking	624	485	563	711	830	967	927	978	1,094	1,243	1,359	1,469
Insurance	955	905	960	1,026	1,097	1,224	1,216	1,193	1,152	1,179	1,277	1,307
Security brokerage and real estate	3,721	3,373	3,609	3,943	4,556	4,706	4,548	4,625	4,737	5,265	5,808	6,446
Government, total	6,557	6,631	7,652	7,980	9,291	9,114	9,869	9,987	10,303	11,469	16,416	25,126
Federal	2,228	2,683	3,720	3,905	4,997	4,623	5,143	5,169	5,367	6,433	11,313	5,231
State, country, local and public	4,329	3,948	3,932	4,075	4,294	4,491	4,726	4,818	4,936	5,036	5,103	5,231
Service	4,730	4,589	5,183	5,596	6,254	6,904	6,657	7,027	7,545	8,396	9,511	10,340
Miscellaneous	2,403	2,192	2,519	2,692	2,894	3,168	3,070	3,244	3,481	4,007	4,302	4,616

¹ Includes work-relief wages shown separately in table 15; excludes subsistence to members of the armed forces.

Source: Survey of Current Business, April, 1944, page 15.

Billion Dollars
American
Scale

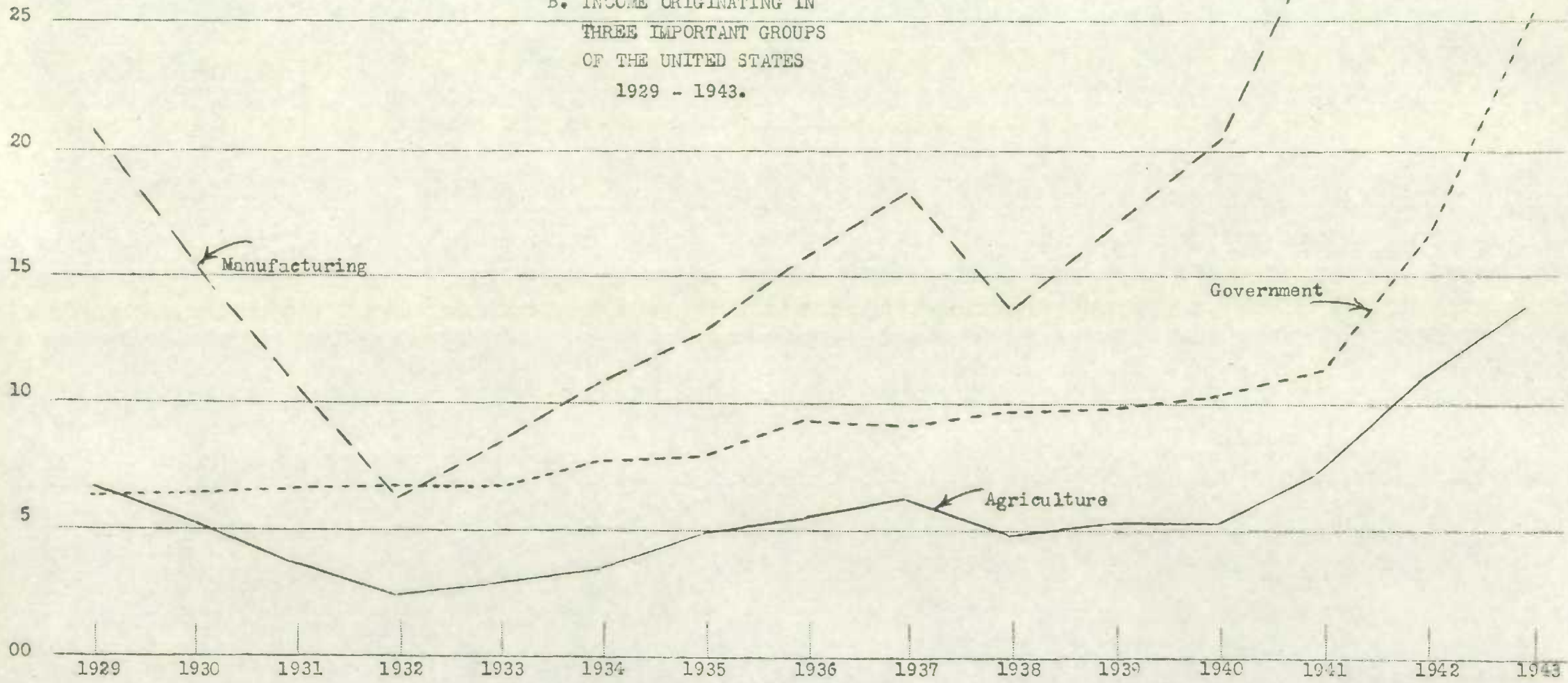
Canadian
Scale
Billion
Dollars



Preliminary

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Dollars

B. INCOME ORIGINATING IN
THREE IMPORTANT GROUPS
OF THE UNITED STATES
1929 - 1943.



Manufacturing

Government

Agriculture

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Billion
Dollars

United
States
Scale

Canadian
Scale
Billion
Dollars

100

80

60

40

20

0

C. SALARIES AND WAGES

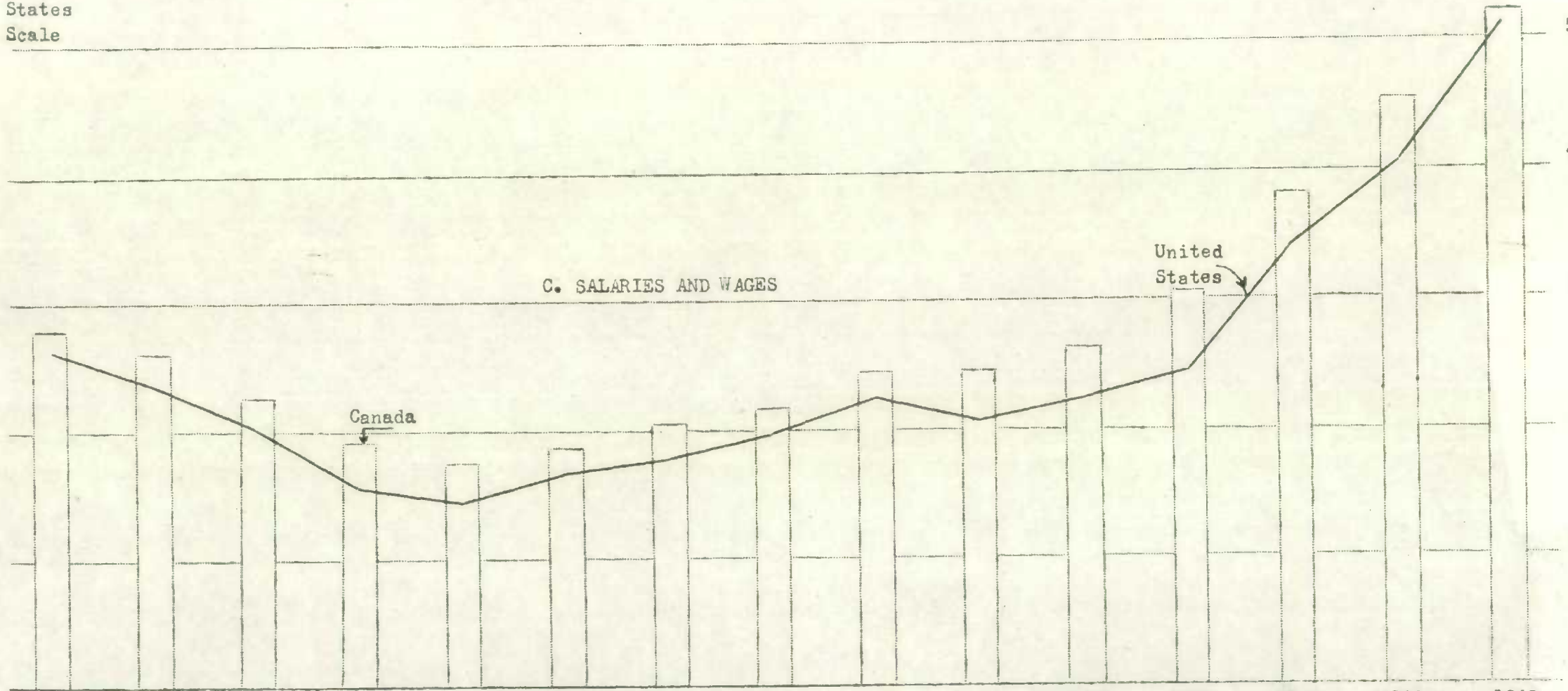
United
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1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941 1942 1943

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