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DOMINION BUREAU OF STATISTICS - OTTAWA

BUSINESS STATISTICS BRANCH

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

SECTION 1. ECONOMIC CONDITIONS

The six major factors indicating the trend of economic conditions averaged higher in the first seven months of the present year than in the same period of 1943. The index of the physical volume of business recorded a gain of 4.1 p.c., the standing in the first seven months of the present year having been 241.2. The historical maximum was reached in the last month of 1943 and a downward trend has since been recorded. The standing in July was 232.2, a moderate decline having been shown from July of last year when the index was 236.3. Wholesale prices which had averaged 98.7 in the first seven months of last year rose to 102.6 in the period under review, a gain of 4 p.c. The trend in wholesale prices has been in an upward direction from the outbreak of hostilities, but the increase in the last three years has been of more moderate proportions. The index passed through the line of parity with the base year of 1926 in July last year. The standing in the same month of this year was 102.5. The deposit liabilities of the banks rose to a new high position in the first six months of the present year. The average was \$4,508 million against \$3,847 million, a gain of no less than 17 p.c. A sharp increase has been in evidence since the outbreak of war and consecutive gains were shown from the first quarter of the present year.

Measured by the trend of bond yields, the price of Dominion bonds averaged slightly higher in the period under review. The yield on a 3 p.c. 15-year Dominion of Canada long term bond remained unchanged during July at 2.99. The yield index was 97.0 in July of this year against 97.3 in the same month of 1943. The index of common stock prices averaged slightly lower in the first seven months despite the advances in June and July. The average of the index for the seven months was 82.2 against 82.5.

The amount of cheques cashed recorded a gain of \$4,786 million or 16 p.c., the total in the period under review having been \$34,660 million. Employment showed a slight gain as measured by the returns received from employers. The index averaged 181.9 against 181.4 in the same period of last year.

Each of the five components of the index of the physical volume of business recorded gains over the high level of 1943. The index of mineral production showed a gain of 1 p.c. to 243.6 as against 241.2. Declines, however, were shown in the amount of gold mint receipts and in coal production.

The index of manufacturing production on a five-year pre-war base rose nearly 3 p.c. to 296.7. The meat packing industry was more active according to the record of inspected slaughterings. The cattle division showed an increase of 20.3 p.c. while hogs were 50.8 p.c. greater. Factory cheese production rose from nearly 81 million pounds to 94.6 million, a gain of 16.7 p.c. A decline, on the other hand, was shown in the output of creamery butter. The decline amounted to about 10 million pounds or 5.5 p.c.

The raw cotton consumed by textile mills receded 13 p.c. to 96.2 million pounds. The gain in newsprint production was of moderate proportions. The output was 1,724,845 tons against 1,705,993, a gain of 1.1 p.c. Steel production was practically maintained while a gain of 9.5 p.c. was shown in pig iron. The output of coke was one quarter greater than in the first seven months of 1943.

The new business obtained by the construction industry was far greater in the first seven months of the present year, construction contracts awarded having been \$185 million against \$118 million, a gain of 56.4 p.c. Building permits in 58 municipalities showed an increase of about 63 p.c. The consumption of firm power, indicating the output of the Central Electric Stations, rose nearly 3 p.c. to 20,847 million kilowatt hours.

A considerable increase was shown in the index of distribution of commodities through wholesale and retail outlets, increases of 12 p.c. and 7.4 p.c. being recorded respectively. External trade was at a higher level, the exports recording a considerable advance over the same period of last year. The total was \$2,050 million against \$1,595, a gain of 28.6 p.c. As the increase in imports was of minor proportions, the active balance of trade showed an advance of 21.8 p.c. The net exports of non monetary gold excluded from the statistics of merchandise exports amounted to \$66.6 million, a decline of about 24 p.c. from the same period of the preceding year. Carloadings in the seven months numbered 2,088,000 against 1,928,000. A somewhat greater percentage increase was shown in the number of tons carried per mile on the two principal railways during the six months. The total was 29 billion against 26.4 billion, a gain of 9.8 p.c.

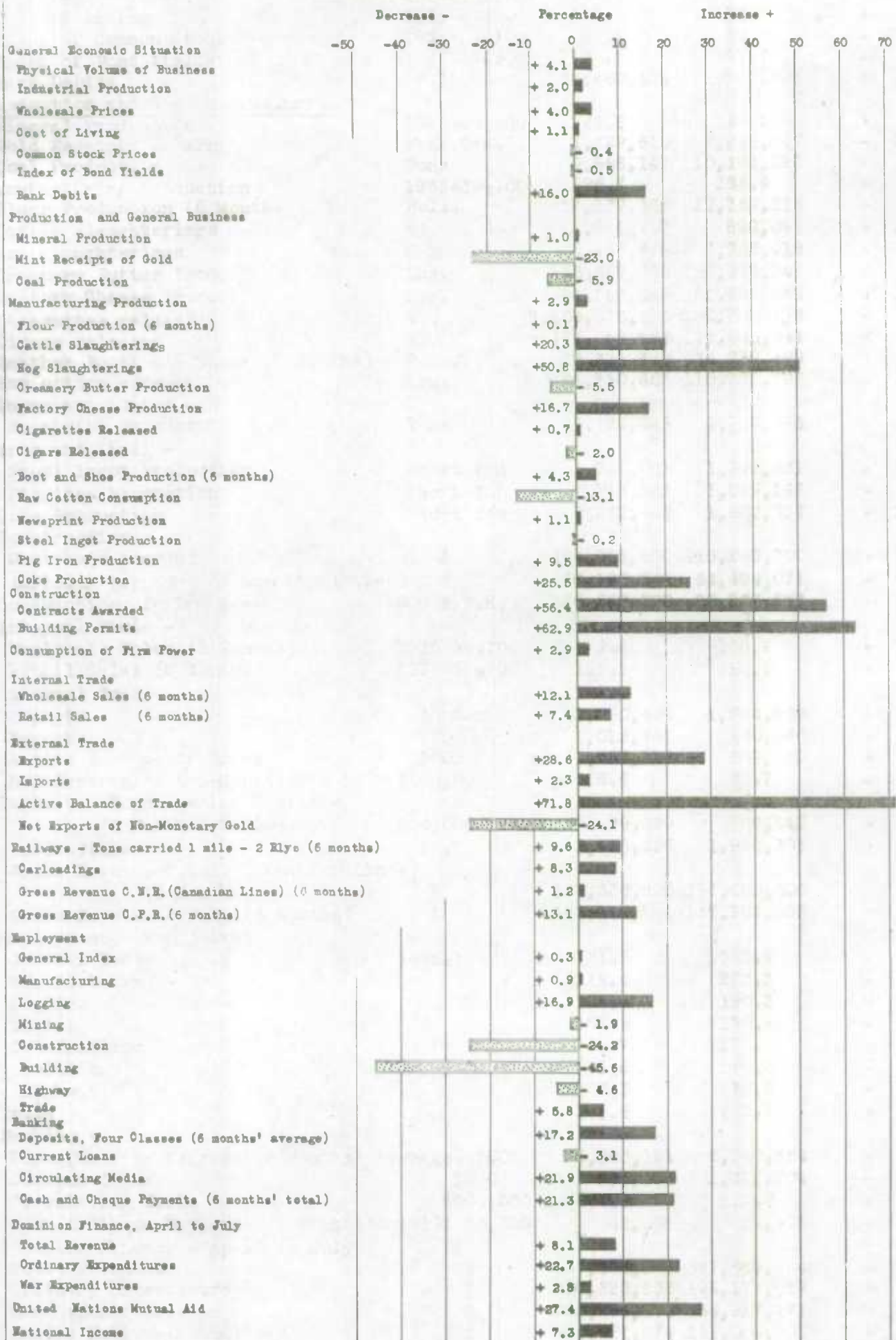
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THE ECONOMIC SITUATION IN CANADA

for the First Seven Months of 1944

as compared with the same period of last year



Dominion Bureau of Statistics.

Fourteen items recorded decline, while forty showed increases.

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

	Unit or Base Period	First Seven Months		Per Cent	
		1944	1943	Increase +	Decrease -
General Economic Situation					
Index of Physical Volume of Business	1935-39=100	241.2	231.7	+	4.1
Index of Industrial Production	1935-39=100	272.7	267.3	+	2.0
Wholesale Prices	1926=100	102.6	98.7	+	4.0
Cost of living	1935-39=100	119.0	117.7	+	1.1
Index of Common Stock Prices	1935-39=100	82.2	82.5	-	0.4
Index of Bond Yields	1935-39=100	97.2	97.7	-	0.5
Bank Debits	\$000	34,660,474	29,873,333	+	16.0
Production and General Business					
Mineral Production	1935-39=100	243.6	241.2	+	1.0
Gold Receipts at Mint	Fine Ozs.	1,729,610	2,245,747	-	23.0
Coal Production	Tons	9,566,141	10,161,022	-	5.9
Manufacturing Production	1935-39=100	296.7	286.2	+	2.9
Flour Production (6 Months)	Bbls.	12,177,355	12,159,615	+	0.1
Cattle Slaughtering	No.	1,081,707	899,092	+	20.3
Hog Slaughtering	No.	5,668,875	3,758,418	+	50.8
Creamery Butter Production	Lbs.	176,658,285	186,919,249	-	5.5
Factory Cheese Production	Lbs.	94,562,668	80,999,438	+	16.7
Cigarettes released	No.	6,408,873,950	6,361,793,000	+	0.7
Cigars released	No.	113,059,882	115,340,041	-	2.0
Leather Boots and Shoes (6 Months)	Pairs	15,371,778	14,739,499	+	4.3
Raw cotton consumption	Lbs.	96,230,605	110,795,767	-	13.1
Paper and Lumber -					
Newsprint Production	Tons	1,724,845	1,705,993	+	1.1
Iron and Steel -					
Steel Ingot Production	Short Ton	1,747,001	1,749,661	-	0.2
Pig Iron Production	Short Ton	1,115,527	1,019,158	+	9.5
Coke Production	Short Ton	2,362,848	1,882,937	+	25.5
Construction -					
Contracts awarded	\$	184,965,200	118,293,700	+	56.4
Building Permits (58 municipalities)	\$	56,193,341	34,494,071	+	62.9
Consumption of firm power	000 K.W.H.	20,847,390	20,267,542	+	2.9
Internal Trade -					
Wholesale Sales (6 Months)	1935-39=100	179.6	160.2	+	12.1
Retail Sales (6 Months)	1935-39=100	161.1	150.0	+	7.4
External Trade -					
Exports	\$000	2,050,499	1,594,628	+	28.6
Imports	\$000	1,012,981	990,568	+	2.3
Active Balance of Trade	\$000	1,037,518	604,060	+	71.8
Net Exports of Non-Monetary gold	\$000,000	66.6	87.7	-	24.1
Railways -Tons carried 1 mile -					
(6 Months) 2 Rlys.	000,000 tons	29,029	26,442	+	9.8
Carloadings	No.	2,088,455	1,928,381	+	8.3
Gross Revenue C.N.R. (Canadian Lines)					
(6 Months)	\$	188,333,900	186,085,400	+	1.2
Gross Revenue C.P.R. (6 Months)	\$	155,169,104	137,253,503	+	13.1
Employment - Unadjusted					
General Index	1926=100	181.9	181.4	+	0.3
Manufacturing		225.4	223.3	+	0.9
Logging		222.4	190.3	+	16.9
Mining		156.5	159.6	-	1.9
Construction		94.7	125.0	-	24.2
Building		92.6	170.3	-	45.6
Highway		107.3	112.5	-	4.6
Trade		161.5	152.7	+	5.8
Banking -					
Deposits four Classes (6 Months' average)	\$000	4,508,191	3,846,684	+	17.2
Current Loans	\$000	994,794	1,026,204	-	3.1
Circulating Media	\$000,000	874.9	717.7	+	21.9
Cash & Cheque Payments (6 Months'total)	\$000,000	42,336	34,908	+	21.3
Dominion Finance - April to July					
Total Revenues	\$	937,583,388	867,649,934	+	8.1
Ordinary Expenditures	\$	239,525,236	195,177,012	+	22.7
War Expenditures	\$	965,289,872	938,917,171	+	2.8
United Nations Mutual Aid	\$	239,551,474	188,000,000	+	27.4
National Income (Tentative Computation)	\$000,000	5,277	4,919	+	7.3

Fourteen items recorded declines, while forty showed increases.

Table 2. INCOME ORIGINATING IN TRANSPORTATION AND COMMUNICATION, 1942

\$000

Type of Payment	Steam Railways (a)	Electric Railways (b)	Water Transport (c)	Road Transport & Storage (d)
Salaries and Wages	271,958	27,923	43,341	58,762
Other Labour Income -				
Pensions and Retiring Allowances	8,383	534	-	-
Workmen's Compensation (excluding Pensions)	3,282	909	-	-
Sub-total	11,665	1,523	-	-
Withdrawals by Working Proprietors	-	-	2,257	26,533
Investment Income (Net) +				
Interest (net) on Bonds, Debentures	53,458	6,275	1,081	39
Dividends (net) on Stocks	567	2,075	1,181	803
Sub-total	54,025	8,350	2,262	842
Net Income Paid to Individuals +	337,648	37,796	47,860	86,137
Savings (undistributed profits)	65,330	10,979	7,741	767
Net Income Originating +	402,978	48,775	55,601	86,904

Type of Payment	Civil Aviation (e)	Express (f)	Telegraph (g)	Tele- phone (h)	Total (i)
Salaries and Wages	4,417	9,417	11,845	31,580	459,243
Other Labour Income -					
Pensions and Retiring Allowances	-	-	-	497	9,414
Workmen's Compensation (excluding pensions)	-	-	-	-	4,271
Sub-total	-	-	-	497	13,685
Withdrawals by Working Proprietors	-	-	-	-	28,790
Investment Income (Net) +					
Interest (net) on Bonds, Debentures	-	-	-	5,500	66,353
Dividends (net) on Stocks	201	-	-	7,737	12,564
Sub-total	201	-	-	13,237	78,917
Net Income Paid to Individuals +	4,618	9,417	11,845	45,314	580,635
Savings (undistributed profits)	601	886	3,341	2,536	92,181
Net Income Originating +	5,219	10,303	15,186	47,850	672,816

+ Before deduction of investment income going abroad.

TRANSPORTATION AND COMMUNICATION DURING 1942

The transportation group embraces activities connected with the movement of goods and passengers and with communication by wire and radio. The electric light and power industry, also regarded as a public utility, is classified with the primary production group.

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. Water and road transport (including warehousing and storage) are also components, income being estimated on the basis of occupational data, furnished by the decennial census, and other relevant information.

Steam Railways: The greater part of the data necessary to estimate the income originating in the industry was obtained from the annual report on "Steam Railways" published by the Transportation Branch of the Bureau. In order to eliminate duplication with industries in other groups, the operation of steamships, hotels, express and telegraph departments of the two main railways are excluded. Contributions to pension funds were deducted from the gross salaries and wages and pension payments included under investment income.

Other labour income consists of compensation for injuries as given in the report on "Steam Railways". Interest and dividend payments and receipts were estimated from the above-mentioned report and also from annual statements of the principal companies to the Dominion Bureau of Statistics and to the shareholders.

Undistributed profits as reported by the Dominion Bureau of Statistics were adjusted for the operations of the subsidiary activities of the two main railways.

Electric Railways: Salaries and wages and other labour income consisting of compensation for injuries, interest and dividend payments were taken directly from the annual report on "Electric Railways" issued by the Bureau. Savings from the same report were adjusted considerably by an examination of the accounts of one of the larger companies and of depreciation charges allowed by all companies reporting.

Telegraph and Railway Express: Salaries, wages and commissions paid and undistributed profits were the two components of income originating in these minor industries. The statistics were available directly from the annual reports of the Bureau regarding "Telegraph and Cable Statistics" and "Express Statistics".

Civil Aviation: Salaries and wages paid by the industry during 1942 were reported in "Civil Aviation in Canada" issued by the Transportation Branch of the Bureau. The operations of the provincial governments in this connection were excluded. Under "investment income" the only item included was the annual dividend payment of Trans-Canada Air Lines to Canadian National Railways. Savings in 1942 were regarded as the difference between the operating revenues and expenses.

Road and Water Transport: The occupational income of the two groups was based mainly on the decennial census of 1941. Under "road transport" the two main items considered were salaries and wages paid and the withdrawals of working proprietors. The numbers were computed for 1941 by reference to preliminary census data and extended to 1942 by the sample statistics of employment. The number of working proprietors was estimated for 1941 by deducting census returns of wage-earners from the gainfully occupied. Rates were determined by extrapolation from the census period of 1931. Personnel statistics of storage activities for 1941 were obtained from the census of trading establishments and extended to 1942 by the use of index numbers.

A similar method was applied in computing the occupational income of water transport. Subsistence allowances were calculated for a considerable proportion of the employees. While the census tabulation of personnel on an industrial classification was incomplete at the time of computation, it was considered preferable to accept preliminary data rather than to depend on extrapolation from the preceding census period. The number of employees was deducted from the gainfully occupied to give approximately the number of working proprietors. The total number of employees was then reduced according to the census relationship to obtain the employment on a full-time basis. The monthly index of employment was used to extend the adjusted numbers to 1942. The rates established on a long-term footing by extension from 1930 were used as a factor in deriving the salaries and wages paid. The net dividends and interest paid to individuals by these enterprises as well as the savings were supplied by the general questionnaire, compilation having been completed for the year 1942.

Telephones: Most of the required information was given in the annual report on "Telephone Statistics" issued by the Transportation Branch of the Bureau. From the salaries and wages reported, the contributions to pension funds of the employees and the Alberta, Saskatchewan and Manitoba telephone systems were deducted. Compensation for injuries was paid directly rather than through the Workmen's Compensation Boards. Pensions paid by the Bell Telephone, Maritime Telegraph and Telephone and New Brunswick companies and the Alberta government system, were included.

The interest payments on the funded debt of the government systems of Manitoba, Saskatchewan and Alberta and of the Bell Telephone, British Columbia, Maritime and New Brunswick companies were compiled. The interest payments of the industry were estimated by applying to the total funded debt of the industry the average rate of interest paid by the six systems. The interest receipts of the three provincial systems, derived from sinking funds, depreciation and renewal reserves and other investments, were estimated, and the receipts on bonds and debentures held by the two large companies were added.

From the dividend payments as given in "Telephone Statistics" were deducted the partially estimated receipts of all companies.

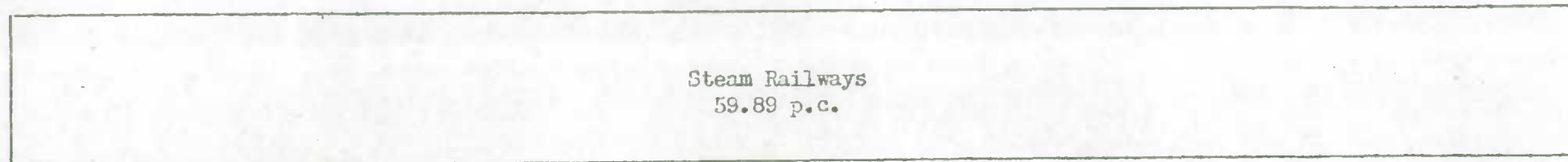
The undistributed profits were computed by adding the net gains as given in the annual report to the refundable portion of excess profits taxes and the change in contingency reserves of three systems.

A. TRANSPORTATION AND COMMUNICATION

1942

INCOME ORIGINATING

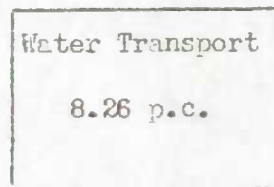
Before Deduction of International Balance on Dividends and Interest.



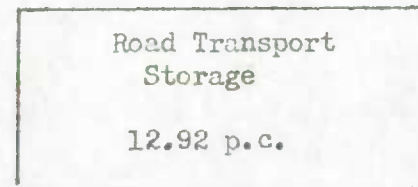
\$402,978,000



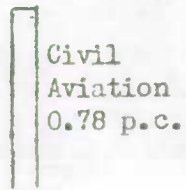
\$48,775,000



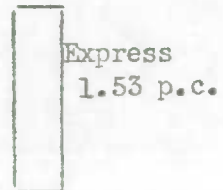
\$55,601,000



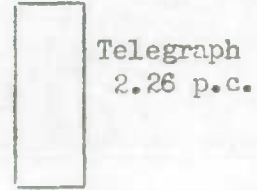
\$86,904,000



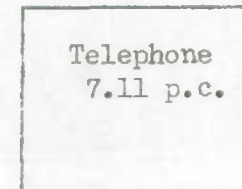
\$5,219,000



\$10,303,000



\$15,186,000



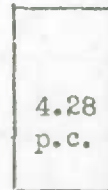
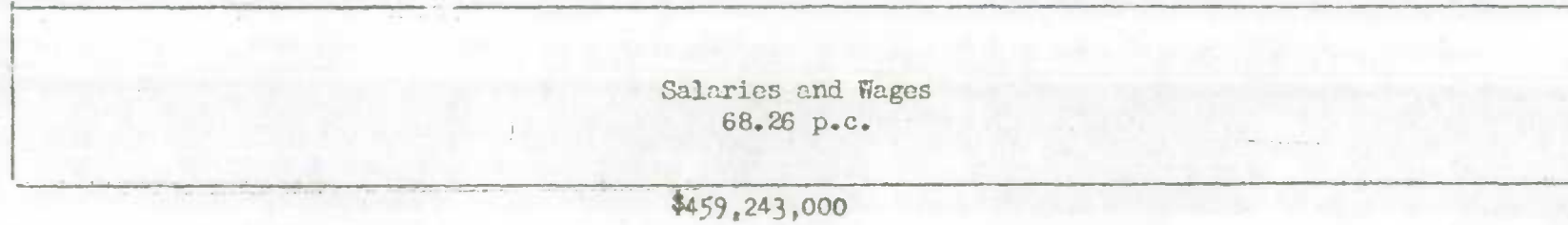
\$47,850,000

B. TRANSPORTATION AND COMMUNICATION

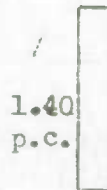
1942

RELATIVE IMPORTANCE OF TYPES OF PAYMENT AND SAVINGS

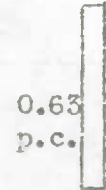
Before Deduction of International Balance on Dividends and Interest.



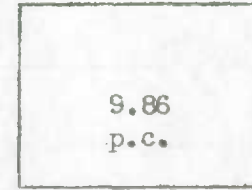
Withdrawals
\$28,790,000



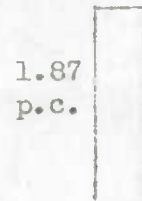
Pensions
\$9,414,000



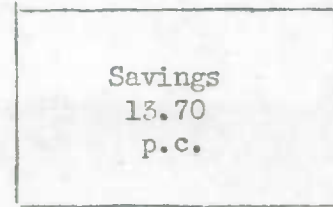
Workmen's Com-
pensation
\$4,271,000



Interest
\$66,353,000



Dividends
\$12,564,000

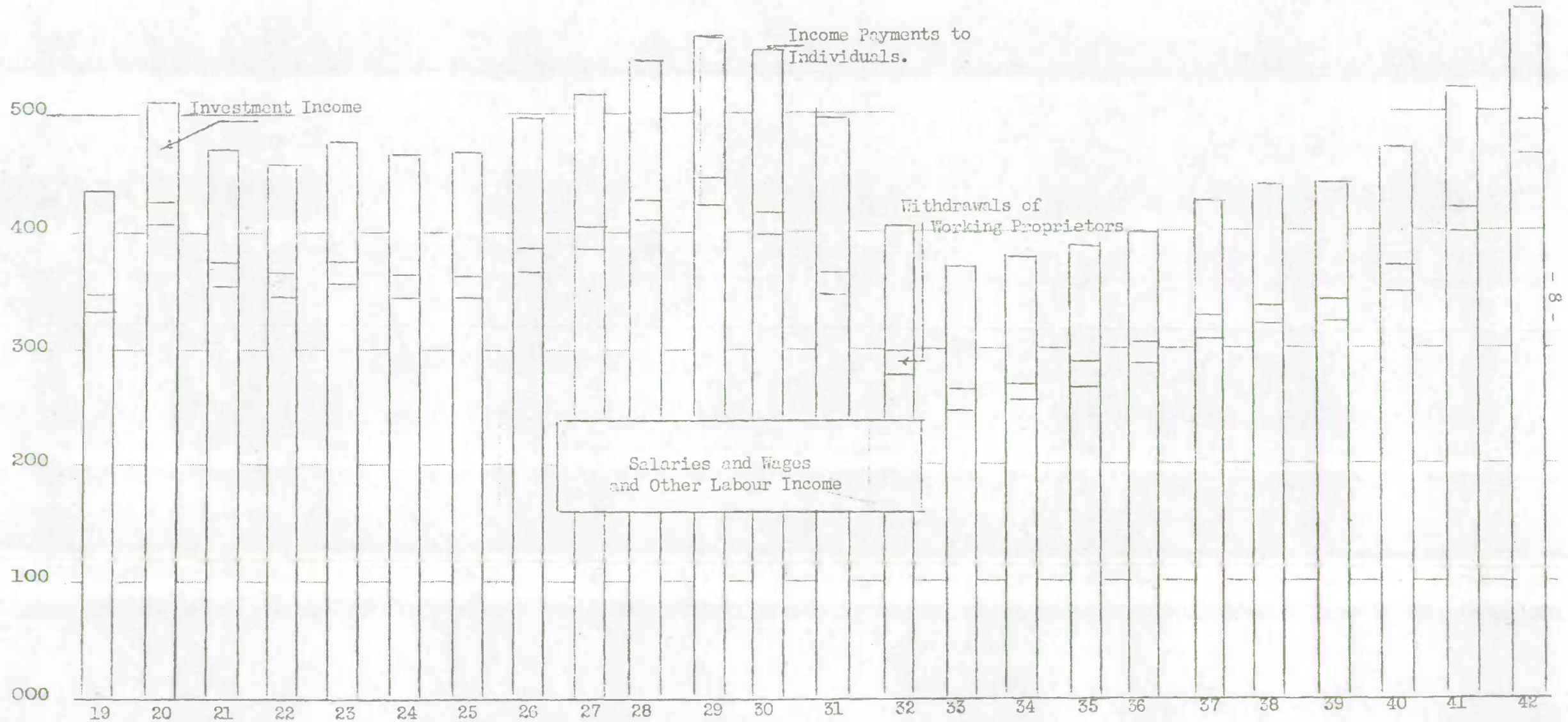


\$92,181,000

C. TRANSPORTATION AND COMMUNICATION.

FIGURE REDUCTION OF INTERNATIONAL BALANCE ON DIVIDENDS AND INTEREST

INCOME PAYMENTS



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