

IX.—CONSTRUCTION.

Construction is the most conspicuous example of a great industry carried on in almost complete dependence on a local demand. The building industry is not only the most widespread in its operations; it is one which expands most rapidly in good times, when it attracts great numbers of general and casual workmen. This characteristic explains the high rate of unemployment from which the industry periodically suffers. Again, apart from the effect of cyclical fluctuations of general business conditions, the construction industry is highly seasonal. In the winter there is a serious contraction, especially in outside operations, while in the other seasons the contractors employ a much larger number of men, casually engaged, than can be retained throughout the year. A considerable portion of the men are in no sense skilled artisans and the supply of unskilled men is generally in excess of the demand. Moreover, conditions in the industry are being transformed on account of the increasing substitution of reinforced concrete for wood and brick construction.

Relation of Construction Industry to General Business Conditions.—Statistics showing activity in construction are of particular interest both to those engaged in the industry itself and to those concerned with the supplying of its raw materials, such as lumber, steel, cement, paint, glass and hardware. All of these latter industries are prosperous when the construction industry is active, and depressed when it is at a standstill; again, the effects of their activity and depression are felt throughout the whole field of industry, so that the current conditions in the construction industry react powerfully upon the whole economic life of the nation. Thus, in the period between 1909 and 1913, construction, largely financed with borrowed money, contributed in large measure to produce the "boom" of those years.

During the war period the industry was at a low ebb, except for the construction of munition plants, but after the war the housing shortage was a serious problem, and considerable building was undertaken in spite of the high cost of materials and of skilled labour. The urgent requirements due to the practical suspension of the industry during the war have now been fully met, and the decline in the value of contracts awarded in 1923 and 1924 would appear to be a normal development.

The growing recognition of the importance of the construction industry in the business cycle has led in recent years to the proposal that, since construction is largely carried on by public authorities, it should be stimulated by these authorities in periods of depression and suspended in "boom" periods, so as to contribute toward that stabilization of industrial conditions and of employment which is considered desirable. Thus, after the armistice, when a period of depression was apprehended, the shipbuilding programme of the Dominion Government provided employment for many thrown out of work by the stoppage of the munitions industry. Similarly, in the depression of 1921 and 1922, much employment was provided by the carrying into effect of the "good roads" programmes of the provincial Governments of Ontario and Quebec.

Construction in Transportation and Public Utility Industries.—The expenditure for construction by the transportation and public utility systems is incorporated in their general maintenance and structural accounts. The mainten-