

CHAPTER XV.—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 operation; it is one which expands most rapidly in good times, when it attracts great numbers of general and casual workmen—a characteristic which 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 number 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, mainly 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 skilled labour, as shown in Table 4. The urgent requirements due to the practical suspension of the industry during the war were fully met in the post-war years, but the rising tide of prosperity in 1928 is reflected in the highest value of construction contracts on record, aggregating \$472,032,600 and exceeding the total value of \$463,083,000 in the former peak year, 1912, although the rise in general price levels from 1912 to 1928 makes it probable that the total for the former year represents the larger amount of construction. (Table 2.)

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 maintenance of way and structures account of the steam railways in 1927 totalled \$86,436,213, as compared with \$81,095,525 in 1926. There were 315.3 miles of new lines opened for operation during 1927, 243.4 miles completed but not opened for traffic and 877.7 miles under construction. These figures do not include the work on the Hudson Bay railway main line nor on the branch line to Flin Flon. Total track mileage in 1927 was 54,717 as compared with 54,279 in 1926, a net increase of 438 miles. The expenditure of electric railways on maintenance of way and structures account declined slightly from \$4,190,457 in 1926 to \$4,185,317 in 1927. The length of their main line first and second track decreased from 2,237.57 to 2,215.09 or by 22.48 miles.