

CHAPTER VII.—SURVEY OF PRODUCTION.

The Definition of "Production".—The term "production" is used here in its popular acceptance, *i.e.*, as including such processes as the growing of crops, extraction of minerals, capture of fish, conversion of water power into electrical current, manufacturing, etc.—in economic phrase, the creation of "form utilities". It does not include various activities which are no less "productive" in a broad and strictly economic sense, such as (a) transportation, refrigeration, merchandising, etc., which add to commodities already worked up into form the further utilities of "place", "time" and "possession", and (b) personal and professional services, such as those of the teacher and the doctor, which are not concerned with commodities at all, but are nevertheless essential to any civilized society—representing, in economic language, the creation of "service utilities".

As showing the importance of these latter activities, it may be pointed out, for comparison with the figures in the accompanying tables, that steam railway gross earnings in 1928 amounted to \$563,732,259, street railway gross earnings to \$55,632,761, and telephone and telegraph earnings to \$69,897,887, all of which, from a broad point of view, may be considered as "production". It may be further noted that of 3,173,169 persons ten years of age and over employed in 1921 in gainful occupations in Canada, 247,410 were engaged in transportation, 310,439 in trade, 61,301 in finance, 214,452 in domestic and personal service, 181,391 in professional service, 94,541 in public administration and 7,807 in recreational service),—a total of 1,117,341 or 35 p.c. of the whole. In other words, only about 65 p.c. of usefully and gainfully employed persons are engaged in "production", according to the definition adopted in the present statement. Since the remaining 35 p.c. are probably as "productive", in the broader sense of the term, as the 65 p.c., we may therefore add seven-thirteenths to the total to obtain a rough estimate of the value in dollars of the total productive activity of the Canadian people, according to the economist's definition of production, which approximates to the concept of national income. Since the net value of the commodities produced in Canada, according to the general survey of production which immediately follows, totalled \$2,939,000,000 in 1922, \$3,051,000,000 in 1923, \$3,018,000,000 in 1924, \$3,325,000,000 in 1925, \$3,613,000,000 in 1926, and \$3,896,000,000 in 1927, the grand total money value of the productive activities of the gainfully occupied population of Canada may be estimated at \$4,520,000,000 in 1922, \$4,696,000,000 in 1923, \$4,643,000,000 in 1924, \$5,115,000,000 in 1925, \$5,558,000,000 in 1926, and \$5,994,000,000 in 1927.

The Relation of "Production" to National Income.—The above figures of total production are necessarily larger than the national income, since a considerable deduction must be made therefrom for the purpose of keeping the national capital, engaged in production, unimpaired, before the remainder can be placed at the disposal of individuals. Machinery that is either obsolete or obsolescent must be replaced, buildings and other equipment kept in a good state of repair, etc. In other words, full and adequate provision must be made out of the year's products for the annual depreciation of the equipment used in their production before any part of that product can be allocated to individuals. On this basis, probably not more than 94 p.c. of the annual value of the productive activities of the Dominion is annually available for consumption as the national