

CHAPTER VII.—SURVEY OF PRODUCTION.

The Definition of "Production".—The term "production" is used here in its popular acceptation, 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 1930, the latest year for which complete statistics of production are available, amounted to \$454,231,650, street railway gross earnings to \$54,719,259, and telephone and telegraph earnings to \$83,685,456, all of which, from a broad point of view, may be considered as "production". It may be further noted that, according to preliminary figures of the census of 1931, out of 3,924,474 persons of ten years of age and over recorded as gainfully occupied, 306,209 were engaged in transportation activities, 386,881 in trade, 92,293 in finance and 766,256 in service occupations. While 81,042 of the latter were engaged in custom and repair work, the value of which is included in the survey of production, the value of the "production" of the remaining 1,470,597 gainfully occupied persons in the four occupational groups just mentioned would not appear to be included to any extent in the survey of production. Then, on the assumption that 1,470,597 gainfully occupied persons whose production is not included in the survey were no less "productive" in the broad sense of the term than the remaining 2,453,877¹ gainfully occupied persons (of whom they amounted to practically 60 p.c.), 60 p.c. should be added to our total net production to arrive at an estimate of the grand total value of the "production" of all gainfully occupied Canadians. Since the net value of production of commodities as stated in the survey was \$3,217,000,000 in 1930, the grand total money value of the productive activities of the gainfully occupied population of Canada in the same year may be estimated at 160 p.c. of the above figure or \$5,147,000,000 or say \$5,150,000,000 in round figures.

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

¹ This figure includes 189,310 gainfully occupied persons whose industries were not specified but who were mainly general labourers and office clerks. The products of the labour of these persons were probably mainly included in the survey of production but here it is assumed that they were all so included.