

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 decidedly seasonal, although new types of construction and mechanical improvements are making it possible to work more steadily on all branches of construction the year round. Conditions in the industry are being transformed on account of the increasing substitution of reinforced concrete for wood and brick construction. Nevertheless, 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.

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 peak of the inflation cycle in 1929 is reflected in the highest value of construction contracts on record, aggregating \$576,651,800, exceeding 1928 by no less than \$104,619,200 and the former peak year, 1912, by \$113,568,800. In 1932, the total value of construction contracts awarded had declined to \$132,872,400, which was \$182,609,600 or 57.9 p.c. less than in 1931, and represented a decline of \$443,779,400 or 77 p.c. from the peak in 1929. (See 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 1931 totalled \$66,109,521 as compared with \$78,035,587 in 1930, while investments in the road bed and equipment of new lines in 1931 totalled \$22,350,280 and in additions and betterments on old lines, \$42,804,071. There were 305 miles of new lines opened