

## 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, as is indicated in the figures of Table 1.

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. This was followed by consistent declines.

In 1933 the total value of construction contracts awarded had declined to \$97,289,800, which was \$35,582,600 or 26·8 p.c. less than in 1932, and constituted a decline of \$479,362,000 or 83·1 p.c. from the peak in 1929. In 1934, however, the value of the contracts awarded advanced to \$125,811,500, a gain of \$28,521,700 or 29·3 p.c. over 1933, but still \$450,840,300 or 78·2 p.c. under the high point of 1929. (See Table 2.)

**Construction in Transportation and Public Utility Industries.**—The expenditures by railways during 1933 were greatly curtailed; "maintenance of way and structures" was less than half of what it was in 1928, amounting to only \$48,226,441, and "maintenance of equipment" was reduced to \$47,962,504, or to 47 p. c. of the peak year 1928. Expenditures on new lines and additions and betterments were practically eliminated, amounting to only \$208,671 and \$107,684 respectively, whereas during 1926-31 they averaged \$24 million and \$59 million respectively.