

The index of the volume of production dropped from 150·2 in 1929 to 100·2 in 1933, a decrease of 33·3 p.c. This decrease is significant when compared with the decrease of 44·1 p.c. in the net value of production and of 33·2 p.c. in the number of wage-earners employed.

Owing to declines in the values of finished products (due, in a large degree, to the drastic declines in the values of raw materials) and to the decrease in the volume of production, the net value of production dropped from \$1,997,350,365 in 1929 to \$1,117,659,273 in 1933, a decrease of 44·0 p.c., while the number of wage-earners dropped from 597,827 to 399,409, a decrease of 33·2 p.c. It will be noted that the percentage decrease in the volume of production between 1929 and 1933, *viz.*, 33·3, was only 0·1 greater than the percentage decrease in the number of wage-earners in the same period. According to the observations made in the special study on the volume of production, the number of wage-earners may be regarded as more likely to understate than to overstate the changes in the volume of production. As stated previously, the tendency is toward increasing production per wage-earner through greater efficiency and increased use of machinery and labour-saving devices. Also, in times of depression, many establishments follow the practice of keeping the wage-earners on the payroll on a part-time basis rather than laying some of them off and employing the rest on full time, while in periods of increased industrial activity the additional output required is secured through overtime work rather than an increase in the number of wage-earners. The net result is to confine fluctuations in the number of wage-earners within narrower limits than that of the physical volume of production. All things considered, however, the average number of wage-earners is materially influenced by the fluctuations in industrial activity. The decrease in the volume of production as compared with the decrease in the number of wage-earners since 1929 is really much greater than the 0·1 p.c. mentioned above. This fact, however, is obscured by the following changes in procedure:—

First, the large decrease in the number of wage-earners in 1931 is not entirely due to the decline in manufacturing production. The decrease is in part due to the change in method of computing the average annual employment. Between 1925 and 1930 the average for each individual plant was obtained by dividing the sum of the monthly employment figures by the number of months in operation, instead of by 12, the number of months in the year. For example, if a plant operated only during three months of the year with an employment of 100 persons the first month, 125 the second month and 75 the third month, its average annual employment was taken as 100 ($300 \div 3$); the same as that of another plant which operated the whole year with an average employment of 100 persons per month. In 1931, however, a change was made to the old method whereby the aggregate of the monthly figures is divided by 12. As a result of this change, the average annual employment in such seasonal industries as fruit and vegetable canning and sawmilling was, therefore, considerably lower than formerly without the number of wage-earners being correspondingly smaller.

Secondly, prior to 1931, owners who were working as ordinary wage-earners such as small bakers, operators of sawmills and grist-mills, etc., reported themselves as wage-earners. In 1931, however, all such owners were required to report themselves as salaried employees. By making allowances for the above changes it would be found that during the depression the number of wage-earners declined less than the volume of production.