

CHAPTER XV.—CONSTRUCTION.

Relation of Construction Industry to General Business Conditions.—

The construction and 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 as the result of the introduction of new types of 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 men are in no sense skilled artisans and the supply of unskilled men is generally in excess of the demand.

Activity in construction is of particular interest not only to those engaged in the industry itself but 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 and that between 1926 and 1929, construction contributed in large measure to produce the "boom" of those years, as is indicated in the figures of Table 2.

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 5. 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. This was followed by successive declines until 1933,* when the industry reached a very low level of activity. There has been some recovery in 1934 and 1935 but a very great deficiency in housing and other forms of construction must still remain from the suspension of activity during the depression years, to be overtaken when confidence is restored in the future stability of prices and the permanence of the recovery. To facilitate and encourage this process, the Dominion Housing Act was passed in 1935.

The Dominion Housing Act.—Administered by the Finance Department, the Dominion Housing Act, 1935, has a twofold purpose: (1) to assist in the revival of the construction industries and (2) to assist in the improvement of housing conditions where overcrowding and other undesirable features exist. The Minister of Finance is empowered to make advances and to pay expenses of administering the Act to the extent of \$10,000,000. The Act provides for loans at 3 p.c. to approved lending institutions for re-loan to borrowers (including construction firms), at a rate not exceeding 5 p.c., as a first mortgage on the building to be erected. In most cases, the loans will be for 80 p.c. of the cost of construction of the dwelling

* October, 1933, marked the lowest point of activity in this industry.