

CHAPTER VII.—SURVEY OF PRODUCTION.*

A gain of more than 7 p.c. in the net value of total production over the preceding year was indicated for 1935. The net value of commodities produced stood at \$2,395,000,000 against \$2,234,000,000 in the preceding year. As the level of commodity prices remained relatively steady during the interval, the gain represents considerable betterment in the volume of productive operations. The general nature of the improvement was shown by the fact that each of the nine main branches of production participated in the advance.

While the lowest point of the recent depression was reached in 1933, revival commenced in the latter part of the year and has been fairly continuous since that time. With regard to 1936, price and volume indexes indicate that a further gain in net production occurred. The index of wholesale prices averaged 3.5 p.c. higher than in 1935, while the gain in the index of industrial production was nearly 10.4 p.c., and the index of general employment recorded an advance of 4.3 p.c.

The Definition of 'Production'.—The term 'production' is used here in its popular acceptance, *i.e.*, as including such processes as the growing of crops, extraction of minerals, capture of fish, conversion of water power into electric 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 the further utilities of 'place', 'time', and 'possession' to commodities already worked up into form, 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 1935, the latest year for which complete statistics of production are available, amounted to \$310,107,155, street railway gross earnings to \$40,442,320, and telephone and telegraph earnings to \$66,771,312, all of which, from a broad point of view, may be considered as production. Further, it may be noted that, according to the Census of 1931, out of 3,927,591 persons of ten years of age or over recorded as gainfully occupied, 306,273 were engaged in transportation activities, 387,315 in trade, 92,317 in finance, and 767,705 in service occupations. While 81,610 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 1,472,000 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 1,472,000 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 2,455,591† gainfully occupied persons, about three-fifths 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

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† This figure includes 169,263 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.