

CHAPTER VII.—SURVEY OF PRODUCTION.*

Production in 1936 registered a gain of 12·5 p.c. in net value, thereby indicating considerable progress in the advance towards industrial recovery. The net value of commodities produced amounted to \$2,666,000,000 against a revised figure of \$2,369,000,000 in 1935, indicating that, on the whole, Canadians were more prosperous than in any year since 1931. Since the level of commodity prices advanced from 72·1 to 74·6, an adjusted gain of about 9 p.c. in volume is denoted, roughly confirming the rise of nearly 10 p.c. in the index of industrial production. A dominating influence in the rise was the pronounced increase in the price of farm products, greatly improving the relationship between such prices and those of goods which the farmer must buy. The general nature of the improvement was substantiated by the fact that each of the nine main branches of production participated in the advance with gains ranging from nearly 4 p.c. in trapping to over 22 p.c. in mining.

While changes in general method, beginning with 1935, prevent precise comparability, it is evident that the lowest point of the recent depression was reached in 1933 and that the revival commencing in the latter part of that year was fairly continuous until the end of 1937.

Price and volume indexes indicate that a further gain in net production occurred in 1937. The index of wholesale prices averaged over 13 p.c. higher, while the advance in the index of industrial production was 10·8 p.c. The gain in the index of general employment was 10 p.c.

The most encouraging development of the past decade has been the manner in which the mining, forestry, electric power, and manufacturing industries have taken up the slack caused by a succession of sub-normal crops. The Canadian economy in the degree of its diversification has become stronger and more resistant to the uncertainties of the climate.

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 1936, the latest year for which complete statistics of production are available, amounted to \$334,768,557, street railway gross earnings to \$41,391,927, and telephone and telegraph earnings to \$70,149,464, 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

* Revised by Sydney B. Smith, M.A., Dominion Bureau of Statistics.