

## 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 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 supplying 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 'booms' of those years, as is indicated in the figures of Table 9.

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 12. 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 was 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 was some recovery in 1934-36 and a further increase of about 37 p.c. in 1937, but a decrease of 16.5 p.c. is shown for 1938. However, 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.

**Dominion Housing Act, 1935.**—Prior to August, 1938, loaning facilities to assist in the construction of new homes were provided under the Dominion Housing Act, 1935 (see pp. 473-474 of the 1938 Year Book). More extensive facilities of a similar nature are now provided under Part I of the National Housing Act as described below.

**National Housing Act.**—Administered by the Department of Finance, the National Housing Act, 1938, has a twofold purpose: (1) to assist in the improvement

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