

# CHAPTER VII.—SURVEY OF PRODUCTION\*

## CONSPECTUS

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The enterprises engaged in the production of commodities were definitely more active in 1939 than in the preceding year. The net value of output by the nine main branches after elimination of inter-group duplication, cost of materials, etc., was \$3,224,000,000 against \$2,975,000,000 in 1938. The gain of 8.4 p.c. was shared by the primary and secondary activities, but the advance registered by elementary operations was more pronounced. The value of production was greater than in any other year since 1930, when wholesale prices were at a considerably higher level. The index of commodity prices dropped about three points from the preceding year, indicating a considerable advance in the volume of production.

The increase in production was due mainly to a return of favourable crop conditions in Western Canada. The wheat crop reached the high point of 520,600,000 bushels compared with 360,000,000 in the preceding year. Increases were shown in the net value of the output in seven of the nine main branches, the exceptions being the fisheries and the custom and repair groups.

The index of industrial production comprising four of the nine industries recorded a gain of 22 p.c. in 1940 over the preceding year, while the index of wholesale prices, at 82.9 against 75.4, was 9.9 p.c. higher. The preliminary estimate of the net value of agriculture, however, was only 4.7 p.c. greater. Canada's mineral production was valued at \$529,800,000 in 1940, a gain of 11.5 p.c. over 1939. This total is the gross value of metals and minerals produced and is consequently on a different basis from the industrial totals used in this connection.

Signs point to a considerable gain in commodity production in 1940 over the preceding year due, in part, to the acceleration in industries sharing in war contracts. Statistics indicate that the upward trend of production was extended and progress made toward new records under the impetus of war demands.

The figure of net production compiled by the Dominion Bureau of Statistics represents an estimate of the amount contributed to the national economy by the nine leading industrial groups covered by the annual survey of production. "Net" production represents the total value less the cost of materials, fuel, purchased electricity and process supplies consumed in the production process. For purposes of ordinary economic discussion, the net figure should be used in preference to the gross, in view of the large amount of duplication that the latter includes.

An explanation of the general method used in computing the statistics shown in this chapter is given in corresponding sections of previous Year Books and also at pp. 27-30 of "Survey of Production in Canada, 1939", an annual bulletin issued by the Dominion Bureau of Statistics.

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