

CHAPTER XI.—SURVEY OF PRODUCTION*

CONSPECTUS

	PAGE		PAGE
SECTION 1. LEADING BRANCHES OF PRODUCTION.....	316	SECTION 3. LEADING BRANCHES OF PRODUCTION IN EACH PROVINCE.....	320
SECTION 2. PROVINCIAL DISTRIBUTION OF PRODUCTION.....	319		

The present study is limited to a consideration of the gross and net value of commodity production. The operations of the nine branches of industry considered here are directed either through primary or secondary phases toward the production of commodities rather than services.

Net production, in general, represents an estimate of the amount contributed to the national economy by the leading industrial groups engaged in commodity production. It is made up of 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.

Current Trends.—The gross value of commodities produced in Canada was greater during 1944 than in any other year, the peak of war production being reached in that year. Net production was valued at \$6,737,000,000 in 1944 against \$2,899,000,000 in 1938, an increase of 132.4 p.c. which may be compared with an advance of only 30.4 p.c. in the index of wholesale prices during the same period. Thus, the gain in net value of production was due largely to a change in volume rather than in prices. The relationship of the value and price advances in 1944 over 1943 suggests that the volume of production was slightly greater in the later year.

The ending of the War in 1945 brought about an immediate reduction in the output of Canadian industry and the index of industrial production averaged over 14 p.c. less than in 1944. The receding trend was continued in 1946. General employment was 4.3 p.c. lower in 1945 than in 1944 and was still less favourable in 1946.

The index of wholesale prices, on the other hand, was only fractionally greater in 1945 as compared with 1944, but the advance was quickened somewhat during 1946. The rise in prices in recent months was doubtless insufficient to offset the decline in volume, and production in 1944 established a maximum which obviously has not been equalled during the subsequent period.

Section 1.—Leading Branches of Production

Table 1 shows the gross and net values of production, by industries, for the years 1939 to 1944. A new method of compiling gross and net values of agricultural production has been recently devised: the gross is now obtained by adding cash sales to the value of goods produced and consumed on the farm by the farm family and adjustment is then made for the changes in grain and live-stock inventories;

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