

THE COMPONENTS OF GROSS NATIONAL PRODUCT

LABOUR INCOME

Labour income rose to \$15,825,000,000 in 1957, more than 7 p.c. above the year 1956. With the number of paid workers up about 3 p.c. and hours of work somewhat reduced in some major industries, a large part of this increase was attributable to higher wage rates.

Almost all industrial groups shared in the advance. The service industries continued to absorb more workers, in keeping with the postwar trend in the growth of these industries. Thus, the largest income gains were recorded in the services-producing industries, with increases of between 10 and 14 p.c. in trade, finance, insurance and real estate, services proper (personal, business, community, recreational and government), public utilities and communications. The increase in labour income in the mining industry was of the same general order, reflecting an advance in employment and in wage rates. In manufacturing, where somewhat increased employment and higher wage rates were offset by shorter hours, the rise in labour income was 5 p.c. The 8-p.c. advance in labour income in the construction industry contrasted with the very much larger gains recorded in this industry in the previous year. Forestry was the only major industry in which labour income declined, reflecting the sharply reduced employment and income in this industry in the latter part of the year.

INVESTMENT INCOME

Investment income in 1957 was \$4,684,000,000, an amount 2 p.c. lower than in the preceding year. A drop in corporate profits of about 7 p.c., coupled with a further substantial advance in dividends paid abroad, reduced corporate profits entering national income by 11 p.c. Government investment income was little changed in total, since the fall in government trading profits (mainly the result of reduced earnings of the Canadian National Railways) was approximately offset by increases in other components of government investment income. Interest, dividends and net rental income of persons rose by 11 p.c.

Among the major divisions, the only industries showing higher profits in 1957 were finance and retail trade, where increases were both 8 p.c.; within manufacturing, only the food and petroleum industries earned larger profits in 1957, with gains of 7 and 5 p.c. respectively. Profits fell most sharply in the wood products and non-ferrous metal groups of manufacturing. In the mining industry the rate of decline was 27 p.c. to 30 p.c. The deterioration in foreign and domestic markets reduced prices and curtailed output for some of the products of these industries, with consequent adverse effects on earnings. Profits in transportation, communications, storage and public utilities as a group were down about 6 p.c.

NET INCOME OF UNINCORPORATED BUSINESS

Accrued net income of farm operators from farm production is estimated to be \$968,000,000, \$400,000,000 less than in 1956, a decrease reflecting mainly the much smaller crop of major grains in the Prairie Provinces. According to preliminary estimates, however, farm cash income is estimated to have declined by only 5 p.c.; smaller participation payments by the Canadian Wheat Board and lower returns from sales of grains and poultry products accounted for this decline.

Net income of non-farm unincorporated business amounted to \$1,941,000,000 in 1957, slightly higher than in the preceding year. Incomes in trade and services continued to rise, reflecting the growth of consumer demand in these sectors, but the lower level of housing adversely affected net income in the construction industry.

INDIRECT TAXES LESS SUBSIDIES

Indirect taxes less subsidies amounted to \$3,802,000,000 in 1957, about 6 p.c. higher than in 1956. The easing in the demand for imports was reflected in lower yields from customs import duties but this loss in revenue was more than offset by higher yields from excise duties and taxes, leaving federal indirect taxes about 1 p.c. above the level of 1956. Provincial and municipal revenues from indirect taxes increased by roughly similar proportions, 9 or 10 p.c., with the bulk of the increase attributable to gasoline taxes at the