

Consumer expenditure on goods and services, after little change in the first half of the year, rose sharply in the fourth quarter. Exports followed the same trend and the developing strength in these demand categories had their effect on imports—in the last half of the year the downtrend that had been under way since early in 1957 was reversed.

National income moved upward by 3.5 p.c. in 1957. The major changes compared with the previous year were: a substantial fall in corporate profits, a sharp decline in farm income reflecting the smaller crop, and a lower rate of increase in labour income. Personal income rose by nearly 5.5 p.c.—significantly more than national income—caused by a sharp advance in transfer payments from governments as a result of legislative changes in social security and other benefits and a larger volume of unemployment. In 1958, national income rose a further 3 p.c. and personal income rose 6 p.c. The difference in these rates of increase was again attributed to an advance in transfer payments from governments, which amounted to 27 p.c. On the whole, the 1958 trend for most of the national income components was uniformly upward, the major exception occurring in the case of corporation profits. But here too the downturn in evidence since early 1956 was reversed during the course of the year.

**Production, Employment and Prices.**—The unchanged physical volume of production in 1957 compared with 1956 was the outcome of mixed and offsetting trends in the various industry groups. The drop in farm output coincided with lower output in two other primary industries, forestry and fishing. In general, the gains in production occurred in the service-producing industries. In manufacturing the losses were largely concentrated in the durable lines. The output of the construction industry rose, as did that of mining where gains in certain new products more than offset losses in some traditional minerals. Despite the lack of growth in production, the number of persons with jobs was significantly higher in 1957 than in 1956, but the growth of the labour force was unusually large, partly because of the recent high level of immigration, and the number of persons without jobs and seeking work rose from 3.1 p.c. of the labour force in 1956 to 4.3 p.c. in 1957. Prices of final products continued upward throughout 1957 and for the year as a whole advanced about 4 p.c. above 1956. The pressure on prices was most pronounced in the services component of personal expenditure and in the machinery and equipment component of gross fixed capital formation. At the same time, wholesale prices eased slightly during the year as the fall in prices of raw and partly manufactured goods and industrial materials a little more than offset the continued advance in prices of fully and chiefly manufactured goods.

The 1957 trend in production and employment continued in 1958. The volume of output rose by less than 1 p.c. during the year. Although agricultural production was up substantially as a result of greater output and exports of livestock and higher domestic prices, mineral production remained almost unchanged and forestry was down about 10 p.c. Manufacturing production was down by nearly 4 p.c. and most of the decline again occurred in the durable goods group of industries. On the other hand, all service-producing industries continued to advance with the exception of transportation, communications and storage, the latter being affected by the reduced scale of operations in the commodity-producing industries and the lower volume of imports. The number of persons with jobs in 1958 averaged 0.4 p.c. lower than in 1957, though the number with jobs in the non-agricultural sector was up by 0.2 p.c. With the growth in the labour force and the decline in the total number of persons with jobs, the number of persons without jobs and seeking work advanced to 6.6 p.c. of the labour force. Price factors were less conspicuous as an element of the value change in gross national product between 1958 and 1957 than in the preceding year. Almost all components registered smaller price advances in 1958 than in 1957. On the whole, prices advanced by about 2 p.c., the greater part of the increase being in the area of consumer services and non-durable goods.

**Components of Gross National Expenditure.**—Personal expenditure on consumer goods and services rose nearly 6 p.c. in 1957 and by more than 5 p.c. in 1958, fairly closely in line with the rises in personal income. In 1957 most of the advance in spending