

PRODUCTION, EMPLOYMENT AND PRICES

The pattern of production by industry in the first half of 1960 differed considerably from that evident a year earlier. Both the goods-producing industries and the service-producing industries recorded gains in real output of about 2 p.c. but experience varied widely within these broad aggregates. Among the goods-producing industries, output was substantially lower in construction, largely as a consequence of the steep decline in housing, and agricultural output was somewhat lower. The gains in the other goods-producing industries ranged from 3 p.c. in manufacturing to 13 p.c. in public utilities. Some increase in production occurred in all the service-producing industries.

The 5-p.c. gain in mining production reflected fairly sharply opposed movements within the total. Production of fuels rose substantially as a result of the increased output of natural gas and petroleum; quarrying production was down even more sharply in a situation of declining demand for construction materials. Production in the metals and non-metallic groups was moderately higher.

A decided improvement in the market for pulpwood accounted for an 8-p.c. increase in output in the forestry industry.

The 3-p.c. increase in manufacturing production was the outcome of mixed movements in individual manufacturing industries. The major part of the gain was in non-durables; output was higher in most non-durable manufacturing industries, with gains ranging from 1 p.c. and 2 p.c. in foods and textiles to 15 p.c. in chemicals. On the other hand, production declined in the clothing industry and dropped sharply in the less important rubber and leather products industries. Among the durable goods industries, production fell in wood products and in non-metallic mineral products; gains in the other durable goods industries ranged from 1 p.c. in transportation equipment to 10 p.c. in non-ferrous metal products.

The 13-p.c. increase in output of public utilities reflected a further substantial increase in output of electric power and a major gain in the distribution of natural gas.

The lower volume of retail sales in a number of lines, including lumber and building materials, motor vehicles (new and used), hardware, furniture, appliance and radio stores, as well as some others, was only partially offset by gains in sales of food stores and variety stores. However, activity was higher in wholesaling and output for trade as a whole was a little above that of the first half of 1959.

The index of industrial production, which covers mining, manufacturing, and gas and electric utilities, reached its peak of 173.5 (1949 = 100) in January (seasonally adjusted) and tended to decline a little thereafter, standing at 164.1 in July. The declining tendency was most pronounced in the durable segment of manufacturing but was also apparent in mining.

Comparing the first six months of 1960 with the same period a year earlier, employment was higher by about 2 p.c. However, the increase in opportunities of employment did not match the growth in the labour force and unemployment as a percentage of the labour force was 6.6 p.c. compared with 6.1 p.c. in the first half of 1959. The trend of employment in August and September showed somewhat more than seasonal strength. One feature of the labour market in 1960 was the continuing firm demand for labour in the trade and service industries, and hence expanding opportunities for women workers. Thus the year-over-year increase in the number of women employed was substantial, and the increase in the number of employed men was very small.

Prices were somewhat higher in the first half of 1960 than a year earlier. The element of price increase in the gross national expenditure was less than 2 p.c.; all components showed at least some increase in prices. However, much of the advance to a higher level had occurred before the beginning of the year. During the first eight months of 1960, both