

of the previous year. Labour income rose nearly 8 p.c. reflecting the improvement in the employment situation and the continued advance in average earnings. Transfer payments rose 5 p.c., in contrast to an increase of 27 p.c. in 1958 when legislative changes in social security and higher unemployment had swollen the flow of such payments. The quickening in activity raised corporate profits 14 p.c. in contrast to a moderate decline in the preceding year. Likewise, tax revenues collected by or accruing to the Federal Government reflected expansionary influences and the government deficit was sharply reduced.

Production, Employment and Prices.—Most major industry divisions contributed to the rise in the physical volume of output in 1959. The sharpest increases were in forestry, mining and public utilities. The almost uniformly upward trend of production in 1959 was in strong contrast to the mixed and largely offsetting movements that characterized output in the previous year. A large part of the increase from 1958 levels came in the first half of 1959; the rate of increase dropped in the second half, partly as a result of industrial disputes in Canada and the delayed effects of the steel strike in the United States.

Among the primary industries, an increase of about 9 p.c. in forestry production was entirely attributable to pulpwood; output of other forest products was fractionally lower. The improvement in markets for some traditional metals and fuels and the continued expansion of output of new resource industries brought about a more than 10-p.c. increase in mining production as a whole and relatively large gains in the output of several important products; among these were nickel, copper, crude petroleum, uranium, and natural gas. Output of coal continued to decline as did that of lead and zinc. The underlying trend of mining production was strongly upward throughout the year and by December the index was nearly 15 p.c. higher than a year earlier.

The output of manufacturing industries was about 7 p.c. higher in 1959 than in 1958—durables rising about 8 p.c. and non-durables about 6 p.c. All the major divisions of manufacturing increased their production with the single exception of transportation equipment. Production in this industry was off slightly, partly as a result of the steep drop in activity in aircraft and parts. The largest increases in output were in iron and steel products, rubber products, textiles, products of petroleum and coal, and non-metallic mineral products.

The rising trend of manufacturing production in 1959 was interrupted in the third quarter, when the prolonged industrial dispute in the woods industry in British Columbia affected production of durable goods. In the closing quarter the rise in manufacturing production was restrained by November lay-offs in the automotive industry as a result of shortages of steel among United States suppliers. Nevertheless, production advanced 2 p.c. in the final quarter of the year, after allowing for seasonal factors. By the end of the year the index of manufacturing output was 6 p.c. above its level a year earlier. Non-durable manufacturing was running 4 p.c. above its previous peak reached in 1957, but durable manufacturing production was still 3 p.c. below the peak reached in July 1956.

The relatively large advance in the output of public utilities during 1958 which amounted to 14 p.c. was mainly the result of a great increase in the distribution of natural gas to final users; distribution by electric power utilities was up less than 10 p.c. The volume of construction is estimated to have been 3 p.c. lower in 1959 than in 1958. The increase in the volume of public construction did not fully offset the decline in private construction. All the service-producing industries shared in the 4.5 p.c. advance in output for the group as a whole. A 6-p.c. gain in volume in transportation, communication and storage contrasted with a 4-p.c. decline in 1958. Railway car loadings were only slightly higher but most other forms of transport handled a decidedly larger volume of business—notably shipping, air transport and oil pipelines.

These gains in production were accompanied by an increase in total employment in 1959. The number of persons with jobs was close to 3 p.c. higher than in 1958; the number with jobs in the non-farm sector was 3.5 p.c. higher. Much the greatest increase in employment took place in the service industries. Employment in the goods-producing industries rose only moderately, despite the relatively large increase in output in this sector. For example, in manufacturing a 7.0-p.c. gain in output between 1958 and 1959 was achieved