

with a 1.2-p.c. increase in numbers employed. The growth in employment opportunities in 1959 reduced the number of persons without jobs and seeking work from 6.6 to 5.6 p.c. of the labour force.

Final product prices continued to move slightly upward during 1959, the advance being about the same as that which occurred during the previous year. Prices in the consumer sector rose considerably less than in the earlier year but prices of capital goods and exports rose more; prices of imports declined, reflecting for the most part a higher rate of exchange on the Canadian dollar.

Components of Gross National Expenditure.—Personal expenditure on consumer goods and services was 6 p.c. higher in 1959 than in the preceding year. The increase in spending matched fairly closely the advance in personal income, leaving a rate of personal saving that continued to be high by the standards of most postwar years. The upward trend of consumer prices moderated so that the greater part of the increased spending represented a gain in real consumption which, on a per capita basis, showed the first increase since 1956. The advance in personal spending was well distributed over the three main categories, with increases of 5 p.c. in non-durables, of more than 6 p.c. in durables and almost 7 p.c. in services. While most of the durable items showed increases, the major part of the gain was in purchases of new and used automobiles. A 45-p.c. increase in sales of British and European models, which represented 18 p.c. of all new car sales, was a notable development of the year. The rise in purchases of durable goods was accompanied by a sharp advance in consumer credit outstanding.

Government expenditure on goods and services rose to \$6,400,000,000, about 5 p.c. higher than in 1958. All this advance was attributable to provincial and municipal governments; it reflected increased wages and salaries and larger expenditures of a capital nature. Federal Government expenditures were down slightly, reflecting a decline in outlays for defence of about 6 p.c., which was largely offset by increased spending for other purposes.

The accumulation of business inventories in 1959 amounted to \$355,000,000, in contrast to liquidation of \$323,000,000 in 1958. This shift of nearly \$700,000,000 was an important element in economic recovery and accounted for almost one-third of the increase in gross national product. Manufacturers, wholesalers and retailers all built up stocks in 1959, after having drawn them down the previous year. However, the building up of stocks did not keep pace with the growth in manufacturers' shipments or wholesalers' sales, leaving stocks shipments and stocks sales ratios lower than they had been a year earlier.

While expenditures on construction remained stable in aggregate between 1958 and 1959, the components changed significantly. Expenditures on non-residential construction dropped nearly 8 p.c. This decline, which was largely concentrated in engineering works, reflected the completion of certain large projects, such as pipelines, electric power installations and the St. Lawrence Seaway, reinforced by a fall in outlays for construction by manufacturing industries. On the other hand, outlays for machinery and equipment advanced 9 p.c. This upsurge in spending was supported by a roughly corresponding increase in both imports and domestic shipments of machinery and equipment. Business outlays for plant and equipment, though unchanged for the year as a whole, reversed their two-year downward trend early in 1959, thereby providing an important stimulus to the expansion in economic activity.

Expenditures for new housing, which had been at an unprecedentedly high level in 1958, receded a little in 1959. New housing units started fell sharply but completions remained about the same. The trend of housing was associated with the limited supply of mortgage funds from private lenders who were faced with pressing demands for credit for other purposes. In the closing quarter of the year, Federal Government mortgage lending was made available to builders and outlays for housing rose slightly.

In a situation of vigorous recovery in the United States and expanding activity in other industrialized countries, exports of goods and services rose 5 p.c. in 1959, after having remained virtually unchanged in the two preceding years. Among merchandise exports, the products of the leading primary industries were prominent in raising the total.