

Thus exports of forest products, metals and minerals were up over 10 p.c. Exports of iron and its products showed the largest relative gain of all the main commodity groups, rising by almost one-third, in contrast to a decline of about one-sixth in 1958. This unusually large increase was related to the strike-induced shortage of steel in the United States. Among other products showing relatively large gains were lumber, pulp and paper, uranium and some other non-ferrous metals. These gains were partially offset by lower sales of some agricultural products, including grains and cattle; and of some manufactured products, including aircraft and ships, sales having been extraordinary high in the previous year. So far as invisible items are concerned, receipts from the tourist trade, from freight and shipping, from miscellaneous services and in the form of interest and dividends were all higher in 1959 than in 1958. On the other hand, gold production available for export was lower. Receipts from services totalled \$1,500,000,000, compared with \$1,400,000,000 the previous year.

As is characteristic of periods of rising economic activity, imports of goods and services advanced sharply in 1959, and were 9.5 p.c. higher than in 1958. Payments for merchandise imports and for services rose in about the same proportion. Despite the substantial increase in merchandise imports in 1959, the level was somewhat below the peak in 1956. The gains were well distributed and included industrial machinery, farm machinery, consumer goods, both durable and non-durable, and industrial materials to support the higher level of production and to replenish stocks. Imports of certain items, such as primary steel and steel pipe, were significantly lower. The largest increase in imports came in the second quarter of the year; thereafter there was little change, seasonal factors apart. Payments for all items in the service account were substantially higher in 1959 than in 1958. The 12-p.c. increase in remittances of interest and dividends reflected growing indebtedness, higher interest rates, and larger dividend payments to non-residents. The rise in merchandise imports, particularly from overseas countries, swelled payments for freight and shipping. Higher economic activity brought larger payments for business services. Payments on tourist account were also up considerably.

The consequence of the changes in exports and imports of goods and services described above was a deficit on current international account (on the national accounts basis) of \$1,400,000,000, compared with one of \$1,000,000,000 in 1958, and slightly above the previous peak in 1957. Of this deficit about \$400,000,000 was on merchandise account. The \$1,000,000,000 deficit on service account, continuing the steady growth characteristic of recent years, was more than double the deficit from this source in 1955. Prices of imports were slightly lower, while prices of exports were moderately higher. Thus there was some improvement in the terms of trade.

Components of Gross National Product.—Labour income rose nearly 8 p.c. in 1959, reflecting a significant advance in employment, slightly longer hours of work in some industries, and the continuing upward trend of wage rates. All the major industries shared in the gain, in contrast to the situation in 1958 when labour income failed to rise in several important industries. The largest gain, 13 p.c., occurred in the service group (community, business, personal and recreational service). Labour income in mining, manufacturing and forestry rose 5 to 6 p.c. In forestry, the gain was largely associated with the increased employment in the industry in 1959 following a sharp contraction in the previous year. In manufacturing, a small gain in employment and in hours of work contributed to the advance in labour income.

Characteristically sensitive to changes in the tempo of economic activity, corporate profits reversed their downward trend in the middle of 1958 and rose sharply in the closing quarter. For the year 1959 the gain was 14 p.c., in contrast to a decline of 3 p.c. in 1958.

Increases in profits were widespread by industry and in many cases extremely large, particularly in those industries where earnings had deteriorated during the recession. Thus profits in mining were up 18 p.c., following an even sharper decline in 1958. The same rate