

advance in labour income. Exceptions were construction, mining and transportation where income was either unchanged or slightly lower; in all these industries the level of employment declined significantly in 1960. The largest gain in labour income (13 p.c.) was recorded in forestry, but about two-thirds of this was attributable to the sharp temporary drop in income in 1959 during the industrial dispute in the woods industry in British Columbia. As in the recent past, gains in the service industries were relatively large; the increase in services other than government was 10 p.c. and in government service 7 p.c. In public utilities, communications, trade and financial services the advance in labour income ranged from about 3.5 p.c. to about 5.5 p.c. In general, these gains continued to be associated with increased employment in the respective industries.

Despite a small decline in employment in manufacturing and some reduction in hours of work of hourly rated employees, labour income in manufacturing in 1960 was up from 1959 by about 2 p.c., as average hourly earnings continued to rise. Most of the loss of employment was concentrated in the durable goods group where earnings on the average are substantially higher than in the non-durable goods group. Thus the distribution of manufacturing employment in 1960 compared with 1959 was one of the factors adversely affecting the rise in income.

Reflecting the partially offsetting influences present in the economy in 1960, corporate profits fell by about 6 p.c., following a considerable advance in the more expansionary climate of the previous year. A lower level of profits was a fairly common experience among industries, although there was a substantial increase in profits in mining, quarrying and oil wells and in financial services as well as a significant gain in public utilities. Most of the individual manufacturing industries shared in the unfavourable profits experience of the group as a whole, total manufacturing profits being down by about 11 p.c. Among the major manufacturing industries, the sharpest decline took place in iron and steel where profits were off about 24 p.c.; this decline was associated with reduced output in the industry. The deterioration in profits was also relatively large in such other durable goods industries as wood products, electrical apparatus and supplies and non-metallic mineral products. On the other hand, profits were moderately higher in paper products and in products of petroleum and coal where production was also higher in 1960 than in 1959.

Despite a significant increase in the volume of trade, profits were substantially lower in both wholesale and retail trade, apparently associated with higher costs and the easing in some prices. A small decline in profits in the transportation, communication and storage group was, in part, the result of the smaller volume of traffic handled by the railways.

Rent, interest and miscellaneous investment income rose by close to 4 p.c. in 1960. Net residential rents (paid and imputed) were estimated to have fallen; the rise in unit rents and the growth in the stock of dwellings were more than offset by higher operating expenses. Although a larger deficit was recorded on operations of the Canadian National Railways together with a small deficit on the operations of Trans-Canada Air Lines (the first in many years), profits of government business enterprises rose by 7 p.c. in 1960.

Accrued net income of farm operators from farming operations in 1960 as estimated at \$1,200,000,000, about 6.5 p.c. higher than in 1959. Cash income was slightly lower but the increase in the value of farm inventories at year-end raised gross income. Farm operating expenses and depreciation continued to rise but not enough to offset the advance in gross income. According to the preliminary estimate, the crop of grain in 1960 was about 11 p.c. larger than in the previous year; most of this increase was reflected in inventories rather than in sales. Livestock production showed a small decline in 1960. Increased cash income from the sale of cattle and calves partly offset the reduced income from the sale of hogs. Higher inventories at year-end reflected the further build-up of the cattle population, which more than compensated for reduced hog numbers.

Estimated at \$2,100,000,000, income of non-farm unincorporated business was lower than in 1959 by 5 p.c. Income in construction and retail trade dropped sharply but there was some offsetting increase in income in the service industries.