

rising level of total demand throughout 1961. Outlays for new housing showed little pronounced trend during the year but moved irregularly at a level only slightly above the average for 1960 as a whole.

These developments on the demand side during 1961 were accompanied by changes in the direction and magnitude of the income flows. The down-trend in corporation profits, which was a prominent feature of 1960, was sharply reversed in 1961 and by the fourth quarter of the year corporation profits were running at a seasonally adjusted annual rate about 30 p.c. ahead of the first quarter trough and 4 p.c. above the previous peak in the fourth quarter of 1959. The trend of labour income was more strongly upward in 1961 than in 1960, with the fourth quarter rate at a level some 6 p.c. above the same period of the previous year. The revenues of the government sector reflected this rising flow of incomes during 1961, as well as higher levels of imports and sales, with the result that the deficit on consolidated government account was somewhat narrower in the last half of the year.

Production and Employment.—The increase of close to 2 p.c. in the volume of total output in 1961 was mainly attributable to gains in the service industries, where production is estimated to have risen by about 3 p.c. In the goods-producing industries the advance in production was fractional, amounting to only about one-half of 1 p.c. This latter development reflected in part the sharp drop in crop production in 1961 and also a decline in output in the forestry industry. Most other goods-producing industries showed sizable advances in 1961.

Production of manufactured goods was higher than in the previous year, by 2.0 p.c.; non-durable goods were up by 3.5 p.c. and durables by about 0.5 p.c. in terms of the annual averages. However, it may be noted that, within the year 1961, the durables group showed a better performance, rising by 12 p.c. between January and December compared with a 7-p.c. advance in the non-durables group for the same period. In part, these differences reflect the fact that the decline in the production of durables during the previous year was much steeper than that which occurred in the production of non-durable goods.

All main non-durable manufacturing groups showed gains in 1961 with the exception of the clothing products group, which was unchanged. Gains ranged from 1 p.c. in chemicals and in printing and publishing to more than 10 p.c. in leather and textile products. Rubber products were higher by 2 p.c., foods and beverages, paper products and petroleum products by 3 p.c., and tobacco products by 6 p.c. Strength in the textile group was particularly widespread, with all components higher, particularly cottons and synthetics.

Changes in the major groups of durables manufacturing were mostly marginal, being of the order of 1 p.c. The one exception was a 4-p.c. gain in non-metallic mineral products, which reflected greater activity in the construction-oriented industries. Despite a 7-p.c. gain in primary steel, the iron and steel products group as a whole was only slightly higher, reflecting declines in agricultural implements and in the bridge and structural steel industry. A decline of 1 p.c. took place in total transportation equipment production. The output of Canadian mines increased by almost 4 p.c. in 1961, reflecting for the most part considerably higher crude petroleum and natural gas production. Although metal mining was regaining some of the lost ground toward the end of 1961, the year as a whole was some 7-p.c. lower than 1960, associated with the continued decline of uranium production and lower iron ore output; nickel and lead showed strong gains throughout the year. Non-metal mining was 10 p.c. higher, reflecting a large increase in asbestos output. Among the other goods-producing industries, output in the public utilities industry increased by 7 p.c. in 1961 and output in the construction industry by 3 p.c.

Within the service industries, all major groups showed advances in 1961, including gains of 5 p.c. in transportation, storage and communications, 3 p.c. in finance, insurance and real estate, 2 p.c. in trade and 4 p.c. in government service. The 5-p.c. gain in transportation, storage and communications reflected advances in air transport, water transport, and oil and gas pipelines; the volume of output in urban and suburban passenger services declined further in 1961, while the volume of railway services showed no change.