

Within the trade group, sales volume changes were small. The larger increases occurred in the variety, furniture, appliance and radio stores, while the more notable declines were in the motor vehicle and farm implement trades. The gain in the volume of output in the government service reflected mainly higher employment at the provincial and municipal levels of government.

These developments in the production of goods and services in 1961 were closely matched by corresponding changes on the employment side. Total employment, like output, rose by 2 p.c. over the previous year, implying little change in the rate of output per person employed. The highest rates of gain, approaching 6 p.c. in some cases, occurred in the services groups, while employment in the goods-producing industries, with the exception of manufacturing, was lower. The advance of 3 p.c. in manufacturing employment in 1961 contrasts with the decline of about 1.5 p.c. in the previous year. The increases in the manufacturing and service industries more than accounted for the total increase in employment but there were some offsetting declines in the construction and other primary industries.

In the early months of the year there was a downward movement in the level of employment in the predominantly male-employing manufacturing and construction industries, but by spring this was reversed, and a rising trend emerged for the remainder of the year. The labour market continued to offer relatively more opportunities for women than for men in 1961 although the disparity was less marked than in 1960. The increase in the number of employed women was about 5 p.c., whereas the increase in the number of employed men was only 0.5 p.c. The narrowing of the difference between 1960 and 1961 reflects mainly the improvement in job opportunities in the more cyclically sensitive manufacturing industries during the course of 1961.

Prices.—Price changes were small in 1961. From the fourth quarter of 1960 through to the fourth quarter of 1961, the price of all goods and services as measured by the implicit gross national expenditure price deflator is estimated to have risen by only about 0.5 p.c. For the year as a whole, the over-all price increase was the smallest for several years, amounting to less than 1 p.c. over the average for the full year 1960. The price component of imports of goods and services is estimated to have risen almost 3 p.c., associated with the exchange rate decline after mid-year.* This development was also reflected in the price component of machinery and equipment investment, which has a high import content. In the consumer sector, there was little change in the price component of total goods sold at retail, but the price of services continued to increase although at a somewhat slower rate than in the recent past. It may be noted that the introduction of a 3-p.c. retail sales tax by the Province of Ontario in September was reflected in the relatively small increase in prices at the consumer level in 1961.

Since imports are excluded by definition from the gross national product, the increase in import prices which followed the decline in the exchange rate after mid-year is not reflected in the over-all implicit price deflator of gross national expenditure.

The Components of Demand.—After a weak first quarter, consumer spending picked up in succeeding quarters and for the year 1961 as a whole reached \$24,300,000,000, a gain of 4 p.c. over the level of the preceding year. Price increases were again moderate, amounting to less than 1 p.c., so that most of the rise in spending represented an increase in real consumption.

As in the recent past, the strongest rate of growth came from spending on services, which was up almost 5 p.c. in 1961. Most of the service categories registered some gains, the sharpest rate of advance being the 9-p.c. increase in spending for medical care. Spending for shelter is estimated to have risen by 5 p.c., for transportation by 3 p.c. and for personal services by 5 p.c.

In 1961, as in 1960, purchases of durables showed little change. The increase of 1 p.c. compares with the marginal decline recorded in 1960. All the advance in spending was for durables other than automobiles; purchases of cars were almost unchanged. There were

* See p. 1110.