

The salient developments on the income side were a 7-p.c. rise in labour income, a 13-p.c. increase in corporate profits, and a sharp expansion in accrued farm income, largely a reflection of a near-record crop. Personal income rose at about the same rate as national income.

All the major components of demand showed price increases, ranging from 1.5 p.c. in consumer expenditure to 3.7 p.c. in government expenditure. Prices of imports rose 4.4 p.c., largely as a result of the depreciation of the Canadian dollar. This increase is not reflected in the over-all implicit price index of gross national expenditure since imports are excluded by definition from Canada's gross national product.

Production and Employment

Real output for 1962 was higher by just over 6 p.c. than the corresponding figure for 1961. If agriculture is excluded, the increase amounted to about 5 p.c. The 8-p.c. gain in the goods-producing industries is reduced to 7 p.c. in the same manner.

Manufacturing, with an 8-p.c. gain, was the largest single contributor to the expansion during 1962, accounting for approximately one third of the total increase. The considerable advance (11 p.c.) in the cyclically volatile durables component formed the basis for this growth, with particular strength occurring in the transportation equipment and the electrical apparatus and supplies groups. Iron and steel and non-metallic mineral products increased by 9 p.c. each. Non-durable manufacturing continued to expand in 1962, showing a 5-p.c. increase over 1961, with the largest gain of any major industry group in textile products (8 p.c.), and the smallest (2 p.c.) in the leather and clothing products groups.

Considerable gains were also made in mining and forestry, which increased by about 7 p.c. each, while construction expanded by 2 p.c.

The service-producing industries showed a 4-p.c. gain, about two fifths of which was accounted for by a considerable increase in wholesale trade (8 p.c.) and retail trade (4 p.c.), which paralleled the rapid expansion in manufacturing output. The most significant development within retail trade was an 11-p.c. increase in the motor vehicle dealer component. Oil and gas pipeline transport accounted for about half of the 4-p.c. increase in transportation, as the growth in output of this industry was well above average. The only major decline (12 p.c.) occurred in storage, largely as a result of declines in the volume of receipts and shipments at grain elevators during the first part of the year. Public administration and defence showed a smaller-than-average gain (2 p.c.), while electric power and gas utilities increased by 6 p.c. The remaining service-producing industries continued their steady advance, increasing by approximately 4 p.c.

The market for labour improved in 1962. The total number of employed persons increased by nearly 3 p.c., and the non-agricultural component of this number increased 3.5 p.c. In contrast to the previous year when the rate of rise in the employment of women substantially exceeded that of men, both men and women shared equally in the 1962 increase. Gains in employment occurred in all industries except agriculture and other primary industries, the largest being in construction and non-government service (community, business, personal, and recreational service). The average rate of unemployment in 1962 was 5.9 p.c. of the labour force, compared with the rate of 7.2 p.c. in 1961.

The Components of Demand

Consumer expenditure rose to \$25,749,000,000 in 1962, a gain of more than 5 p.c. over the previous year. This increase was associated with a strong upward movement in personal disposable income and was accompanied by a higher level of personal saving.

The expansion in personal expenditure, which took place mainly in the first and final quarters of the year, was the largest since 1959. It was attributable mainly to a particularly sharp increase in net purchases of new and used automobiles—motor vehicle dealers'