

industrial groups. The quarterly pattern showed continuous increases, the largest of which occurred in the final quarter. Wages and salaries originating in the goods-producing industries accounted for 41½ p.c. of the total; this represents a slight decline in their relative importance between 1962 and 1963, a continuation of the postwar trend toward the growing relative importance of the service industries.

Profits increased by a little less than 8 p.c. to reach \$3,920,000,000, largely a reflection of a gain in the first quarter of the year and a particularly sharp pick-up in the final quarter. The main increases over 1962 were recorded in the food and metal industries of manufacturing, the wholesale and retail trades and the transportation, storage and communication groups. After allowance for corporate taxes and distribution of dividends, undistributed profits rose by 15½ p.c. to \$964,000,000.

In 1963, accrued net income of farm operators from farm production amounted to \$1,786,000,000, almost 16 p.c. higher than in 1962. This figure, the third highest on record, was exceeded only in 1951 and 1952. Contributing most to the 1963 increase was an accumulation of farm-held stocks of grain and livestock and increased profits of the Canadian Wheat Board. The estimate of the value of field crop production was \$1,381,000,000, 17 p.c. higher than in 1962 and fractionally higher than in the previous all-time record year, 1952. Farm cash receipts increased over 2 p.c. in 1963 to reach an all-time high. The most important gains were made in returns from the sales of wheat, oats, barley, tobacco, dairy and poultry products. Farm operating expenses were about 5 p.c. higher than in 1962. Higher outlays for fertilizers, feed and seed, and the operation of farm machinery, including repairs, were the factors contributing most to the increase.

Personal income rose by over 6 p.c. to \$32,771,000,000 in 1963, the main increases occurring in the second and fourth quarters as a result of unusually large payments to farmers by the Canadian Wheat Board in the second quarter and the combined effects of higher labour income, farm income and increased old age security transfer payments from the government in the final quarter. Disposable personal income rose faster than personal spending with a resultant increase in saving. Personal net saving, which includes unincorporated business saving, increased to \$2,631,000,000 in 1963 and, as a proportion of disposable income, rose to 8.8 p.c. from 8.4 p.c. in 1962.

**Production.**—Real gross domestic product at factor cost in 1963 increased by more than 5 p.c., goods- and service-producing industries rising by about 5½ p.c. and 5 p.c., respectively. Real domestic product less agriculture increased slightly less than 5 p.c. Manufacturing increased faster during the expansion than total production, accounting for almost one third of the aggregate increase during the 1961-63 period. The primary industry group (agriculture, forestry, fishing and trapping and mining) accounted for over 20 p.c. of the growth, as did the cyclically sensitive trade and transportation group.

In 1963, the index of industrial production reached a level of 196.2 for the year, up by 5½ p.c. from 1962. Manufacturing also advanced 5½ p.c., mining just over 3 p.c. and electric power and gas utilities almost 9 p.c. With the exception of utilities, these gains were lower than those recorded in 1962. However, the annual averages do not reveal the increasing strength during the latter half of 1963; the index of industrial production from the fourth quarter of 1962 to the corresponding quarter of 1963 recorded a gain of 8 p.c. as against 6 p.c. in the comparable 1961-62 period.

Durables continued to expand in 1963, again led by transportation equipment, where output of motor vehicles and parts was up by almost 25 p.c. Iron and steel products contributed heavily, with both iron castings and primary steel higher by about 12 p.c., partly