

absorbed new entries to the labour force, and the number of unemployed fell. Numbers in the labour force as a proportion of the population 14 years of age or over rose in 1965 to a level not achieved since the late 1940s. In addition to the increased numbers employed, there was an appreciable advance in average weekly wages and salaries.

Wages and salaries in the goods-producing industries rose $12\frac{1}{2}$ p.c. with the largest gain (24 p.c.) occurring in construction where about two thirds of the increase resulted from a higher volume of labour input. The mining industry advanced 13 p.c. and the forestry and manufacturing groups each increased about $10\frac{1}{2}$ p.c. Gains in mining, manufacturing and construction wage and salary payments were the largest recorded in the past decade. Wages and salaries in the service-producing industries were about $10\frac{1}{2}$ p.c. above the 1964 total. The finance and service industries increased about $12\frac{1}{2}$ p.c. and wages and salaries in trade advanced $10\frac{1}{2}$ p.c. Somewhat smaller increases were recorded in the transportation, storage and communication group, $8\frac{1}{2}$ p.c., and in government non-military wages and salaries, $7\frac{1}{2}$ p.c.

Corporation profits (before taxes and before dividends paid to non-residents) reached a record level of \$5,200,000,000 in 1965 and were 8 p.c. higher than in 1964. Starting the year with a moderate first quarter (about level with the exceptionally high fourth quarter of 1964), profits continued to climb through the second and third quarters before levelling off in the fourth. Profits in the manufacturing group rose about 7 p.c. over 1964, general strength being evident in most industries. Of particular significance were the increases in food and beverages (8 p.c.) and metals (15 p.c.), the latter reflecting the return to more stable production conditions in the transportation equipment industry. These movements were partly offset by increased costs in the wood and paper industries, the profits of each of which declined 15 p.c.

There was a 9-p.c. rise in the profits of the transportation, storage and communication industry. The continued strength of consumer demand contributed to the 15-p.c. increase in retail trade profits, and wholesale trade profits showed an upward movement of 10 p.c. The performance of banks and the improved revenues of insurance carriers resulted in a 9-p.c. advance in the finance, insurance and real estate group. The profits of service industries continued to increase, moving up 22 p.c. in 1965; this rate was second only to that of 1962, the first full year of the current expansion. The marginal decline in the profits of the mining, quarrying and oil wells group was attributable to the irregularly high level of foreign dividend receipts in 1964.

Rents, interest and miscellaneous investment income increased by 9 p.c. over 1964, one of the larger increases in recent years. This item was marked by an increase in the government component, as the profits of government business enterprises and other investment income showed a notable rise. The increase was largest at the provincial level. Among the other investment income items, the rental income of persons showed mixed movements; residential rents declined, reflecting rising expenses, but the rental income of farms increased sharply.

Benefiting from strong second and third quarters, net income of non-farm unincorporated business in 1965 reached a level of \$2,877,000,000, 6 p.c. above the 1964 figure. The largest gain, $7\frac{1}{2}$ p.c., was in service industries which contributed more than half of the total increase in the net income of non-farm unincorporated business.

Accrued net income of farm operators from farm production in 1965 was \$1,645,000,000, 12 p.c. higher than in 1964 but slightly lower than in the bumper-crop year 1963. Farm cash receipts, the largest component of farm income, increased 8 p.c. and farm operating expenses 5 p.c. over 1964; both items attained record levels. A large part of the increase in the accrued net income of farm operators can be attributed to considerably higher grain production. The value of crop production in 1965 was estimated at \$1,301,000,000, the third highest on record and close to 15 p.c. above 1964. On the other hand, value of grain marketings in 1965 was smaller than in 1964. Reflecting considerably higher receipts from sales of cattle, calves and hogs, livestock production increased 9 p.c. above the 1964 level. Sales of potatoes, dairy products and eggs also increased.