

### 11.—Corporation Profits before Taxes (Including Dividends Paid to Non-residents), by Industry, 1962-66

(Millions of dollars)

Industry	1962	1963	1964	1965	1966
Agriculture, forestry, fishing and trapping.....	13	18	19	18	17
Mining, quarrying and oil wells.....	406	458	604	602	570
Manufacturing.....	1,816	2,045	2,223	2,371	2,313
Construction.....	63	55	60	78	74
Transportation.....	125	205	284	306	339
Storage.....	12	15	16	16	19
Communication.....	157	164	190	214	226
Electric power, gas and water utilities.....	96	75	74	92	94
Wholesale trade.....	262	292	345	378	419
Retail trade.....	233	257	272	312	297
Finance, insurance and real estate.....	543	499	607	660	643
Service.....	93	105	125	152	176
<b>Totals.....</b>	<b>3,819</b>	<b>4,188</b>	<b>4,819</b>	<b>5,199</b>	<b>5,187</b>

## Section 2.—Industry Production Trends

### Indexes of Real Domestic Product

The Dominion Bureau of Statistics in 1963 made available a new set of production data pertaining to the entire spectrum of Canadian industries. These data, in the form of volume of production indexes, are measures of value added for each industry expressed in the dollars of a base year. Technically, they are termed "indexes of real domestic product (GDP) at factor cost originating by industry".\* The value added, or GDP, volume indexes can be regarded as an extension of the index of industrial production† to encompass the remainder of the economy. Concepts and basic methods used to construct both indexes are the same. Thus, industry production index coverage is extended from mining, manufacturing and electric power and gas utilities, for which volume indexes have been published since the 1920s, to include all other major industrial divisions. However, only the index of industrial production is published on a monthly basis; for the remaining industries only quarterly and annual indexes are currently being published. The GDP indexes can also be regarded as an elaboration of the supply side of the national income accounts.\*

In measuring the output of a single product such as steel, it is normal to think in terms of tons of steel when the question of quantity arises. When measuring the combined production of steel and natural gas, there is an obvious need for a common denominator and it is appropriate to use the average unit prices of a certain time period (chosen as the base) to value the quantities produced before adding them together. The resultant quantity, volume or real output measure can be subsequently left in its constant or base period dollar form or it can be expressed in index number form. The latter is accomplished by dividing the constant dollar aggregate of the current period by the dollar aggregate for the base period and multiplying by 100. In constructing a quantity index for a combination of industries where the output of one industry becomes the input of another, the portion double-counted must be eliminated. This is accomplished by revaluing both intermediate input (materials, fuel, etc.) and total output in terms of the dollars of a common base year and subtracting the constant dollar value of the former from the latter to yield a constant dollar value added aggregate.\* This aggregate is the quantity of volume measure represented by the indexes presented herein.

The annual indexes are well suited for studies of production trends, growth rates and inter-industry comparisons, but the quarterly indexes provide a much better tool for the

\* *Indexes of Real Domestic Product by Industry of Origin, 1955-61* (Catalogue No. 61-505). This paper provides a detailed explanation of concepts, uses and limitations, data sources, methodology, etc., and covers a much wider range of industries than provided in this Section. Current quarterly data are published in DBS monthly *Index of Industrial Production* (Catalogue No. 61-005).

† See *Revised Index of Industrial Production, 1955-57* (Catalogue No. 61-502) and the current monthly publication *Index of Industrial Production* (Catalogue No. 61-005), together with its 1966 Annual Supplement which contains historical revisions to the index of industrial production and its components for the 1949-55 period.