

21.1.5 Incomes

Labour income increased by 16.9% in 1974, the largest annual rate of growth since 1951, and compared with an increase of 13.4% in 1973. The acceleration resulted largely from increases in average earnings. In 1974 the estimates were particularly affected by both a record number of man-days lost due to industrial disputes and record levels of retroactive wage payments and lump sum cost-of-living allowances.

Wages and salaries in the goods-producing industries advanced by 14.6% in 1974, after an increase of 13.2% in 1973. Within the goods-producing industries, wages and salaries in manufacturing and construction rose by similar rates, mainly reflecting significant increases in average earnings.

Wages and salaries in the service-producing industries rose by 17.7% in 1974, compared with an increase of 12.8% in 1973, in line with sharp gains in average earnings. The rate of increase accelerated notably in all industry groupings. Large retroactive payments and cost-of-living allowances in 1974 affected rates of increase in the transportation, communication and other utilities (18.2%), service (17.0%) and public administration (18.6%) industries.

The annual increase of 27.2% in corporation profits, although down from the 34.4% increase recorded in 1973, was still substantial. Profits in mining, manufacturing and trade all showed notable increases. Within manufacturing, the sharpest increases took place in the textile, paper, primary metals, metal fabricating, machinery, chemical, and petroleum and coal industries.

The inventory valuation adjustment, intended to remove from income those profits which do not reflect current production, increased from \$2,384 million in 1973 to \$4,264 million in 1974.

Accrued net income of farm operators from farm production rose by 19.0% in 1974, a sharp drop from the extraordinarily high rate of increase in 1973. The value of grain production, as in 1973, increased sharply, reflecting a further rise in prices, and was the main contributor to the total increase. Cash receipts from the sale of dairy products, fruits, vegetables and eggs, and government subsidy payments also rose sharply. The value of livestock production decreased slightly as prices levelled off or declined. Farm operating expenses increased at about the same rate as in 1973, further dampening the increase in farm income.

The rise in interest and miscellaneous investment income of 33.1% was due mainly to higher government royalties.

21.1.6 The government sector

Total expenditures of all levels of government combined, excluding intergovernmental transfers, rose by 23.5% in 1974. More than half of the increase took place in spending on current and capital goods and services. Current outlays on goods and services rose by 20.6% spread about equally at the federal, provincial and local levels. Transfer payments to persons increased by 22.5%, particularly at the federal level where higher rates led to a \$1 billion increase in family and youth allowances. Subsidies were more than doubled, mainly at the federal level and largely reflecting the introduction of payments to importers of crude oil and petroleum products and higher payments to the railways.

Total revenues of all levels of government combined increased by 25%. Reflecting the rise in personal income, personal direct taxes rose by 23%. Indirect taxes rose by an amount similar to the rise in personal direct taxes. Almost half of the increase resulted from revenues collected under the oil export tax and charge. All other revenue categories registered gains. Corporate direct taxes rose by 36%, in line with the sharp increase in corporation profits. The 25% increase in investment income was due largely to a sharp increase in royalties.

As a result of revenues rising more sharply than expenditures, the surplus, on a national account basis, of the government sector as a whole increased from \$1,193 million in 1973 to \$1,928 million in 1974.

21.2 Domestic product by industry

21.2.1 Indexes of real domestic product

Since the early 1960s Statistics Canada has published a set of production data pertaining to the entire spectrum of Canadian industries in its full industry detail (including the index of