

mid-1974. This impetus contributed to continuing growth in construction and other sectors of the economy in 1971, 1972 and 1973. However, in 1974 the construction industry declined, especially in the residential sector, and was a major contributor to the weakness in real domestic product.

The community, business and personal services group has grown at a fairly steady pace in the past decade tending to be relatively insensitive to short-term fluctuations and has thus been one of the sustaining forces in the economy. Health and welfare, services to business management and miscellaneous services have been prime contributors since 1968. In 1970 and 1974 the rate of increase in output of this industry group outstripped that of the aggregate output of the economy.

In summary, since the end of 1970 total production has increased strongly. At the aggregate level there was renewed strength in domestic demand. External demand was also very strong in the 1971 to 1973 period and resulted in a rapid advance in the volume of merchandise exports. However, there was a decline in exports in 1974 traceable to reduced exports of foods, petroleum, lumber and auto parts. In 1974 the service-producing industries accounted for the greater part of the change in aggregate real domestic product, led by wholesale trade, finance, insurance and real estate, and transportation. In 1973 the goods-producing industries had been dominant.

The decrease in trade in 1974 was in the retail sector. Within retail trade there was a slackening in demand for the goods and services of department stores, motor vehicle dealers, and furniture, television, radio and appliance stores. Reduced demand also affected automotive parts and household electrical appliances in wholesale trade. The over-all growth of the manufacturing industries exceeded the growth of the service-producing industries in 1972 and 1973 but fell below in 1974 as a result of the weakening demand for goods. The changes in manufacturing were fairly evenly distributed between the durable and non-durable goods sectors, although the rate of growth tended to be slightly higher for durables. A burst of activity in residential construction in 1971 had led to a 23% advance in housing starts. This was followed by gains of 7% in 1972 and 1973. But in 1974 they were down by 17%. The fall in residential construction activity affected the production of building materials and household appliances, as reflected in the decline in such manufacturing industries as wood products, concrete products, cement and major appliances.

### **21.2.2 Value added for goods-producing industries**

The data contained in this Section are published in Statistics Canada's report *Survey of production* (Catalogue No. 61-202). The scope of the report is limited to current dollars and to industries engaged chiefly in the production of goods. This is in contrast to the real domestic product series which encompasses all industries and revalues current production in terms of the prices (dollars) of a base year.

Tables 21.12 and 21.13 give "census value added" production data classified by province and industry, respectively, on a primary activity basis. Census value added is derived by deducting the cost of materials from the gross value of production (excluding excise and other sales taxes) or revenue. The Standard Industrial Classification of establishments is the basis of classification used. Current dollar census value added in the goods-producing industries increased by 20.8% in 1973 compared with 11.4% in 1972 and 9.9% in 1971.

### **21.2.3 Aggregate productivity trends**

The level of, and changes in, productivity have a vital influence on economic growth, over-all cost structure, international competitiveness and, in the final analysis, on the quality of life. In the measurement of productivity, output is related to one or more kinds of inputs utilized in the production process.

The measures of productivity presented here relate output to a single input only, namely labour time. It must be emphasized that changes in output per unit of labour input cannot be attributed directly and solely to labour; such measures reflect not only changes in the skills and effort of the labour force but also the contribution of other productive resources with which labour works as well as the effectiveness with which all are combined and organized for the purpose of production. In other words, changes in technology, capital investment, capacity utilization, work flow, managerial skills and labour-management relations each have a bearing on movements in what is termed "labour productivity". The measures of unit labour cost are the ratios of labour compensation to output. Unit labour cost can also be obtained as the ratio