hand, total government expenditures continued the strong growth of the previous year, although at a slightly lower rate, and increased by 21.6%. Outlays on goods and services rose by about 17.5%, as wage and salary payments, which account for over 50% of total government expenditure on goods and services, increased by about 21%. Transfer payments to persons grew by 22.8% with higher unemployment benefits an important factor in the increase. Thus, with expenditure rising more rapidly than revenues, the government sector as a whole registered a deficit, on a national accounts basis, of $4.0 billion in 1975, the first large deficit since the early sixties.

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 industrial production). These data, in the form of production indexes, are measures of value added for each industry revalued in the dollars of the base year. Technically, they are termed "indexes of real domestic product (RDP) at factor cost originating by industry". In constructing the index for total RDP, where the gross output of one industry flows to another industry (intermediate input) and/or to final demand (non-industrial sales), the portion double-counted is eliminated. This is accomplished by subtracting intermediate inputs (materials, fuels, advertising, etc.) valued in terms of the dollars of a common base year from gross output, valued in the same constant dollars, to yield a constant dollar value added aggregate.

RDP indexes are published on an annual, quarterly and monthly basis. The monthly and quarterly data are published both seasonally adjusted and without seasonal adjustment. The seasonally adjusted data are considered to be preferable for the analysis of emerging trends as the strong seasonal fluctuations to which sub-annual data are frequently subject have been removed, thus revealing the underlying trend as well as the cyclical and irregular factors affecting the data. In general, the annual indexes are more suitable for studies of longer-term production trends, growth rates and inter-industry comparisons, whereas monthly indexes provide a much better tool for the study of the cyclical behaviour of industries and short-term changes in production.

Spurred on by strong domestic and foreign demand for the goods and services produced by Canadian industries, total real output in the 1961-75 period achieved an average annual rate of growth of 5.4% in contrast to the average rate of growth of 4.7% in the 1946-61 period. During 1974 and 1975 there was a marked slowdown in the rate of growth of the economy.

Domestic demand has been influenced by demographic factors operating since World War II; younger age groups are displaying both their purchasing power and changing tastes. Buoyant foreign demand for Canadian commodities has been a dominant force since 1961, with sales of manufactured goods, particularly durable goods, having recorded the most dramatic gains.

Within this period a generally healthy investment climate has prevailed. Both residential and non-residential construction made good gains. In the case of non-residential construction the rapid pace of activity peaked in 1966 and various inhibiting factors contributed to weakness in the industry into the early 1970s. Since 1971 the pace again increased. For residential construction there was a decline in activity in 1974 followed by a sharper decline in 1975.

The influx of the postwar generation was reflected in the rapid increase in the labour force. Over most of the period the expanding economy generated sufficient employment opportunities to adequately absorb these increases. In the latter part of the 1960s, this influx combined with slackness in the overall economy to produce a lower rate of growth in labour force employment than in the labour