



than revenues, the deficit, on a national accounts basis for the government sector as a whole, rose from \$3.4 billion in 1976 to \$5.6 billion in 1977.

Industrial growth and change, 1949-77

21.2

In the three decades since 1949 there have been many changes in industrial output and industrial structure. In 1949 the output of the domestic economy (gross domestic product at factor cost in current dollars) was \$15.3 billion; by 1977 this had increased more than twelvefold to \$188.9 billion. But most of this change in output was due to changes in price and if the volume of production is expressed in terms of constant 1971 dollars the increase in output becomes less than a fourfold increase: from \$27.8 billion in 1949 to \$105.8 billion in 1977. This represents an average annual growth rate of 4.9%.

In the same period the number of persons employed increased from 5.0 million to 9.3 million for an average annual growth rate of 2.2%. Man-hours worked is a more sensitive measure of labour input and takes into account the decrease in the length of the average work week, the increase in vacations, work breaks and other time spent away from the job. Man-hours worked grew at a lesser rate than the number of persons employed for an average annual growth rate from 1949 to 1977 of 1.3%.

Productivity, measured by output per person employed and by output per man-hour, grew in this period at average annual rates of 2.5% and 3.3% respectively. Productivity is most often related to a single input, labour, but not all changes in productivity can be attributed solely to labour. While output per unit of labour input does reflect changes in education, skills, and effort of employed labour, it also reflects the contribution to output of capital investment, capacity utilization, changes in