

technology and process efficiency. Because of the difficulty in calculating the changes in these other inputs, measures of productivity are usually in terms of labour input.

The trend in output at the aggregate level obscures sharp fluctuations in growth both among industries and among regions. Even at the aggregate level, the pattern of output growth has shown considerable cyclical change. In analyzing the business cycle it has been customary to redefine output to exclude some components of output such as government and agriculture. However, the results of such analysis depend heavily on the definitions used and thus the number of business cycles identified during the last three decades may vary from four to seven or even eight, each one varying in duration and amplitude. Notwithstanding the insight given by more complex analyses, it is possible to generalize certain features of the trend in output in recent years.

From 1949 to 1959 the growth in aggregate real output averaged 5.0% although from 1954 to 1956 growth rates were recorded that were sharply higher than any others recorded during the entire post-war period. For example, the growth rate between 1954 and 1955 was 10.5% and between 1955 and 1956 it was 8.5%. The decade of the 1960s on the other hand was characterized by a high and sustained level of growth and the period remains unique for the rate of real output growth attained for its duration. From 1961 to 1969 the average annual rate of growth was 6.1%. In the middle of this period the growth of output peaked but the peak was sustained for several years.

Given that the 1960s showed unusual strength, it could be expected that the 1970s would see a return to lower growth rates. This has indeed been happening. Although the earlier years of the 1970s showed some strength particularly until 1973, the later years have brought exceptionally low rates of growth. Thus the 16 average annual growth rates of real output calculated from 1961 to 1977 show a declining trend. The growth rate from 1961 to 1977 of 5.2% is the highest; the 1962 to 1977 growth rate declines to 5.1% and the series continues the decline (with one exception) to the lowest growth rate of 2.8% between 1976 and 1977.

Since the 1950s production of both goods and services has moved in a generally cyclical manner. During the 1950s the amplitude of the cyclical movements in terms of the percentage deviation from trend was similar for both goods and services. Since the early 1960s, however, the production of services has shown considerably less cyclical volatility. Production of goods, on the other hand, has become more volatile with manufacturing being the principal contributor to cyclical instability. Production of goods other than manufactured goods, even including such volatile industries as agriculture and construction, has shown more stability than manufacturing since 1960.

In 1975 the sharp interruption in the growth of aggregate output pointed up a number of departures from the patterns of the 1950s and 1960s. The downturn in manufacturing was not only the most severe throughout the period under review but there were also unusual downturns in goods production other than manufacturing. Most notable of these were in metal mines, crude petroleum and natural gas, and electric power utilities. Downturns in these industries have been rare events in the past, and for electric power utilities unknown since 1945. The service industries displayed, in contrast to the 1950s and 1960s, sustained growth offsetting to some extent the downturn in goods production.

In 1977 real domestic product, as already noted, increased by only 2.8% following an increase of 4.6% in 1976; for the 1971-77 period the annual average growth rate was 4.0%. Service industries grew 3.3% and goods-producing industries by 2.0%. Average annual growth rates for the 1971-77 period were 4.7% for services and 2.8% for goods. Because the service industries include governmental and other non-commercial output it is sometimes useful to compare the commercial outputs of the goods and services industries. From 1961 to 1971 both the commercial goods and commercial services industries increased at nearly the same average annual rate of growth: 5.7% for goods and 5.8% for services. In the 1971 to 1977 period the growth rate of commercial goods production was about halved to 2.8%. But commercial services industries continued at nearly the same rate of growth, 5.7%.

There are a number of industries that provided considerable strength during the decade of the 1960s but which lagged in the 1970s. A notable example is the output