

of profits was below that of the previous year, dividend payments to investors were maintained. Net personal rental income increased as the housing stock grew and as rents increased. Interest payments to persons also continued to rise.

An additional factor in the 1954 situation was the decline in imports of goods and services from \$5.9 billion in 1953 to \$5.6 billion in 1954. At a time when Canadian demand for certain types of goods and services was weakening, the effect on Canadian output was somewhat mitigated, at least to the extent that such declines were matched by a cut-back in imports of foreign-produced goods and services.

The over-all effect of these counterbalancing tendencies was to leave total Canadian output, apart from the farm sector, at approximately the same level as in 1953. On the other hand, the over-all level of non-agricultural employment was about 1 p.c. lower. Manufacturing employment declined by 5 p.c., consisting of an 8-p.c. reduction in the durable goods industries and a 3-p.c. in the non-durable goods industries. The average number of hours of work per week in manufacturing was 2 p.c. lower. These declines were only partly offset by the continued growth of employment in the service industries. On balance, with a slightly lower employment level, and an increase in both the population and the labour force between 1953 and 1954, there was some increase in unemployment. The number of persons without jobs and seeking work constituted 4.3 p.c. of the labour force, when averaged over 12 months, compared with 2.6 p.c. in the preceding year.

Prices were comparatively stable in 1954, with the exception of those for certain farm products. The sharp rise in world prices in 1950 and 1951 which accompanied the outbreak of hostilities in Korea was followed by a decline ending in 1952. Since that time, the general level of prices in Canada has shown little change. The consumer price index in 1954 was approximately unchanged from 1953 and 1952, but the index of wholesale prices was 1.5 p.c. below 1953 and 4 p.c. below 1952. Increased world output of both raw materials and manufactured goods and the renewed competitive vigour of international trade were major factors in the stability of prices. Export prices were slightly lower in 1954 than in the preceding year and import prices were slightly higher so that there was a small deterioration in the terms of trade.

INDUSTRIAL PRODUCTION

An analysis of Canadian production by industry in 1954 shows that substantial shifts occurred in the composition of output in 1954 as compared with 1953. In the first nine months of 1954, total manufacturing production was 5 p.c. below the 1953 level. Declines were widespread in the durable goods field, where a drop of 9 p.c. occurred. This development reflected inventory liquidations, the reduction in defence spending, falling purchases of consumer durable items, and reduced investment in new farm and other machinery and equipment. Production of primary iron and steel products and motor vehicles each declined by 23 p.c. Activity in the electrical apparatus and supplies industry showed a more moderate decline, reduced output in some fields being offset by a sharp increase in the production of television sets.

In the non-durable goods sector, a reduction in output of 1 p.c. occurred, associated mainly with a drop in output of clothing and textiles; at the same time, there were substantial liquidations of inventories of clothing and textile products.