

The changes in production were paralleled to a large extent by changes in the industrial components of labour income in 1955. Wages and salaries in construction experienced the largest relative gain, rising 14 p.c. over the 1954 level. The increase in the finance and service industries amounted to approximately 10 p.c. and in the manufacturing and the distributive trades to 6 p.c. The primary industry group showed contrasting movements; substantial increases occurring in the mining and forestry industries were offset in part by some fall-off of wages and salaries in agriculture and fishing. These variations had no appreciable effect on the distribution of income earned by the main industrial groups.

The quarter-to-quarter movement of labour income was continuously upward in 1955 although the rate of growth slowed somewhat after mid-year. In the fourth quarter, labour income was running at a seasonally adjusted annual rate of \$13,300,000,000, or 3 p.c. above the annual average for the year as a whole.

Investment income amounted to \$4,500,000,000 in 1955, an increase of 20 p.c. over 1954. Almost three-fourths of that gain is attributable to a sharp advance in corporation profits which are estimated to have risen by about 24 p.c. to reach a new peak of \$3,000,000,000. This is the first increase in corporation profits since 1951 when, responding to the up-swing in industrial activity following the outbreak of hostilities in Korea, they amounted to \$2,800,000,000. It may be noted that in 1951 inventory valuation gains attributable to rising prices accounted for a substantial part of total profits, whereas in 1955 inventory gains of this nature were much more moderate.

All other elements of investment income showed gains in 1955. Interest and net rental receipts of persons rose by about 10 p.c., reflecting increases in average rents, growth in the number of housing units, and higher deposit interest paid by banks. Government investment income also increased 10 p.c., associated in large part with higher profits of government business enterprises.

Accrued net income of farm operators from farm production in 1955 amounted to \$1,400,000,000, compared with \$1,100,000,000 in the previous year. This increase is entirely attributable to the higher value of crop production but it may be noted that a large proportion of the total grain crop went into inventory accumulation in 1955 and much of the increase in production is represented by net additions to farm stocks of grain. Farm cash income declined slightly in 1955, increased returns from wheat, flax, potatoes and cattle being more than offset by lower returns from oats, barley, rye and hogs.

Net income of other unincorporated business advanced by about 7 p.c. in 1955 to a level of \$1,800,000,000. This rise was concentrated in construction and retail trade, the former reflecting a higher volume of residential housing construction.

Indirect taxes less subsidies amounted to \$3,200,000,000 in 1955, an increase of 9 p.c. over 1954. At the federal level the increase in indirect taxes amounted to 8 p.c. The largest single increase occurred in customs import duties which rose by 17 p.c. responding to the sharp rise in merchandise imports of 15 p.c. Excise taxes and excise duties increased by 6 p.c. and 8 p.c., respectively, reflecting a marked increase over the previous year in shipments of goods subject to these types of taxes.

Provincial indirect taxes were higher by 13 p.c. in 1955. Increased expenditures by consumers were mirrored in higher collections of general retail sales and gasoline sales taxes at the provincial level, while higher activity in the extractive industries such as mining and forestry contributed to an increase in public domain revenues. The increase of 5 p.c. in municipal indirect taxes in 1955 can be ascribed mainly to higher real estate and personal property taxes, which continued to move upward as investment in residential and non-residential construction increased.

COMPONENTS OF GROSS NATIONAL EXPENDITURE

As in 1954, the major expansionary force in the economy in 1955 was personal expenditure on consumer goods and services, which rose by 7 p.c. during the year to reach \$16,800,000,000. The increase was associated with a sharp rise in the level of personal