For a more precise analysis of costs, movements in the so-called "commercial non-farm sector" are of interest. These industries account for four-fifths of the output in the economy and are subject to fairly accurate output, productivity and unit cost measurements. Variations in agricultural output arising from year-to-year weather differences can bring about changes in total output and costs which obscure underlying trends in the rest of the economy. In addition, it is difficult to measure productivity in the public administration, community and personal services industries. Output in the agricultural and non-profit service industries has therefore been separated from total output to permit analysis of the commercial non-farm sector. Using the concept commercial non-farm real output also permits analysis as between the various goods-producing and service-producing industries in the economy (see reference tables 34 to 38).

Productivity in the goods-producing industries has been growing much more rapidly than in the service-producing industries. While differences in productivity growth may reflect the difficulties of measuring output in the service industries, it is of significance for developments in costs and prices. To the extent that increases in incomes in those industries where productivity is rising rapidly are emulated in industries where productivity gains are smaller, there will be an upward push on total costs. Complete data for 1969 are not yet available, but preliminary information strongly suggests that costs rose much more rapidly in the service-producing sector than in goods-producing industries. This development appears to have been brought about by broadly similar increases in earnings in both groups of industries, at a time when output per worker in the goods sector was increasing at about average rates, and when in the service sector there may well have been a decline in output per worker.

SPENDING AND FINANCING BY SECTOR

Personal sector

Personal income, including wages and salaries as well as earnings of unincorporated businessmen and farmers, increased by 10.5 per cent in 1969. Even after deducting personal direct taxes, which were 25 per cent higher than 1968, as a result of higher incomes (which accounted for about two-thirds of the increase) and some additional tax measures, income after taxes still rose by 8.2 per cent over the preceding year. Translating this into "real" terms, by allowing for the rapid rise in consumer prices, real disposable income of persons in 1969 was 4.2 per cent higher than in 1968.

About three-quarters of personal income consists of wage and salary income; in 1969 this was 12 per cent higher than in the preceding year. The number of paid workers was about 3.5 per cent above 1968, so that the average increase in employee earnings was about 8.2 per cent, substantially above the estimated gain in output per worker of some 2 per cent[1]. This 8.2 per cent also happens to be about the same rate of increase negotiated for new wage settlements during 1969. Incomes received in the form of returns on capital (i.e., dividends and in-

(1) This is derived by dividing changes in output, as measured by Gross National Expenditure in constant dollars, by changes in total employment, as measured by the Labour Force Survey. The results differ slightly from those shown in Chart 8, and Table 34 which are based on DBS estimates.