

year, registered a total advance over the year of 4.3 per cent, compared with 3.9 per cent in the previous year. A point of considerable note is that the cost of goods in the consumer's basket, other than food, rose by only 2.5 per cent, which was significantly less than the increase of 3.3 per cent in the previous year. Within this group the slowing down was confined to the non-durables category, which rose by only 2.8 per cent in 1969 compared to 4.2 per cent in 1968. Durable goods prices rose more rapidly during 1969 than they did in 1968, but even so they rose only by 1.6 per cent in 1969.

Another group of price measures more comprehensive in their coverage are the so-called implicit price indexes in the national accounts. Their changes are reviewed in this paragraph and the percentages cited are percentage increases from the fourth quarter of 1968 to the fourth quarter of 1969. The figures are based on Department of Finance estimates of the results for the fourth quarter of 1969. On this basis, the prices of all the goods and services entering into GNE rose 5 per cent in 1969 as compared with 3.7 per cent in 1968. The prices of goods and services acquired by governments rose by 9.2 per cent in 1969 and 7.3 per cent in 1968. The implicit price index attached to non-residential construction also rose by 9.2 per cent; this very high rate was precisely double that of the year before. Prices of residential construction were up by 7 per cent in 1969 and 6 per cent in 1968. Export prices were up 2.5 per cent in 1969 compared with only 0.9 per cent in 1968, while import prices rose by rather more in both years: 3.3 per cent in 1969 and 2.4 per cent in 1968.

Another important set of price indicators is the group of manufacturing industry selling price indexes. These indicators are free of the influences of manufacturers' and retail sales taxes. Each industry selling price index also excludes freight and insurance charges associated with delivery of its final product but it does reflect, indirectly, the payment of such charges by the industry on the materials it uses. The composite index based on the movements of selling prices of approximately 100 manufacturing industries rose by 3.7 per cent in 1969. This is 1.6 percentage points higher than the increase in 1968.

### EMPLOYMENT, OUTPUT, PRODUCTIVITY AND UNIT COSTS

We now turn to a discussion of some of the major developments underlying the increases in prices just described. We deal first with some factors affecting the supply of goods and services in the economy, notably employment, productivity and unit costs; later, we examine the demand for goods and services and the financing of that demand.

A very substantial change in the growth of the labour force occurred in the latter half of 1969. The Canadian labour force has been notable in recent years for having one of the fastest growth rates in the western industrialized world. The annual rate of growth was 3 per cent in 1965, 3.9 per cent in 1966, 3.7 per cent in 1967 and 2.9 per cent in 1968. Last year, it grew by 3.1 per cent. But while it grew by 2.8 per cent from December 1968 to the end of June 1969, it actually declined by 0.8 per cent from June to the end of the year. (Year-over-year changes by months may be found in reference table 26.)