

CATALOGUE No.

**72-005**

MONTHLY



**ESTIMATES OF LABOUR INCOME  
DECEMBER 1961**

*Published by Authority of*  
**The Honourable George Hees, Minister of Trade and Commerce**

**DOMINION BUREAU OF STATISTICS**  
Labour Division

8001-503-121

Price \$2.00 per year

Vol. 15—No. 12

ROGER DUHAMEL, P.R.C.C., Queen's Printer and Controller of Stationery, Ottawa, 1962

## TABLE OF CONTENTS

	<u>Page</u>
COMMENTS .....	3
SUMMARY TABLE .....	6
 <u>CHARTS</u>	
1. Total labour income .....	7
2. Manufacturing wages and salaries .....	7
 <u>TABLES</u>	
1. Wages and salaries by industry, and supplementary labour income, Canada .....	8
2. Wages and salaries by industry, and supplementary labour income, Canada, adjusted for seasonal variation .....	9
3. Labour income by province or region .....	10
4. Labour income by province or region, adjusted for seasonal variation ...	11
5. Wages and salaries in manufacturing by province or region .....	12
6. Wages and salaries in manufacturing by province or region adjusted for seasonal variation .....	13
EXPLANATORY NOTES, FOOTNOTES AND SYMBOLS .....	14

Further information on labour income is contained in the basic reference document Labour Income 1926-58 (Catalogue number 72-502)

Contents include:

Part I - Definitions and Concepts. General notes explaining what the estimates of labour income measure.

Part II- Tables. A complete record of annual estimates of labour income from 1926, and of monthly (or quarterly) figures from 1947. Monthly and quarterly estimates are presented in both seasonally-adjusted and unadjusted form.

Part III Sources and Methods. Detailed notes on the manner in which the estimates were prepared.

Copies of Labour Income 1926-58 (Catalogue number 72-502) may be obtained from the Information Services Division, Dominion Bureau of Statistics or from the Queen's Printer, Ottawa. Price 75 cents.

### Labour Income, 1960 and 1961

Labour income rose rapidly during 1961 reflecting cyclical improvements in business conditions. From the first to the fourth quarter, the seasonally-adjusted estimates gained by 5.0 per cent, or at a rate corresponding to an annual increase of 6.6 per cent. The period of rapid growth succeeded one of smaller increases. The gain from the first quarter of 1960 to the first quarter of 1961 amounted to only 2.3 per cent. The overall increase in labour income from calendar 1960 to calendar 1961 was 4.2 per cent.

The estimated labour income total for 1961 was \$18.9 billion. This figure is about two-thirds of net national income and half of gross national product. The greater part of labour income is made up of wage and salary payments, which amounted to \$18.1 billion in 1961. Estimated supplementary labour income in that year was about \$800 million, or 4.4 per cent of the total compensation of employees.

From 1960 to 1961, wages and salaries originating in service-producing industries increased relative to wages and salaries originating in goods-producing industries, as over most previous years in the post-war period(1). In 1947, the service-producing total exceeded the wage and salary figure for goods-producing industries by 1 per cent only; the margin had increased to 30 per cent by 1960. In part, the post-war widening of the margin reflected differences in rates of gain in "labour productivity", which has increased more rapidly in goods-producing than in service-producing industries. Increasing emphasis on some service activities, particularly in the education and health fields, has also been a factor. From 1960 to 1961, wages and salaries in goods-producing industries rose by 1.4 per cent while those in service-producing industries increased by 6.4 per cent. In consequence, the margin widened further, and the wage and salary total for the service-producing industries in 1961 exceeded that for goods-producing industries by 37 per cent. Cyclical influences probably accounted for some part of the change from 1960 to 1961, and irregular occurrences may have been of consequence. However, long-run tendencies, including those mentioned above, presumably were the main factors in widening the margin.

During 1960 and the first month or two of 1961, business activity passed through the later stages of a cyclical decline that began in 1959. Conditions began to improve early in 1961, and the cyclical upswing continued through the rest of the year. The wages and salaries totals for the goods-producing group, which includes most industries that are highly sensitive to cyclical influences, reflected these changes. Real labour input for the group was probably somewhat lower in calendar 1961 than in calendar 1960, as the percentage increase in labour prices was almost certainly greater than 1.4 per cent, the estimated rise in total wages and salaries.

The following table of seasonally-adjusted quarter-to-quarter changes indicates that wage and salaries in goods-producing industries tended to decline during 1960 and into the first part of 1961. The reductions became progressively smaller, and the period of decreases was succeeded by one of substantial quarter-to-quarter gains. In service-producing industries, on the other hand, total wages and salaries increased from quarter-to-quarter at rates which showed relatively little variation over the whole 1960-61 period. Most of the industries in this group have been far less sensitive to cyclical factors than the goods-producing industries.

Percentage Changes in Seasonally Adjusted Estimates of Wages and Salaries, 1960-61

	1Q'60 to 2Q'60	2Q'60 to 3Q'60	3Q'60 to 4Q'60	4Q'60 to 1Q'61	1Q'61 to 2Q'61	2Q'61 to 3Q'61	3Q'61 to 4Q'61
All Industries .....	0.3	0.7	0.5	0.8	1.8	1.7	1.4
Goods-Producing Industries ....	-1.0	-0.2	-0.7	-0.1	1.5	1.7	1.9
Service-Producing Industries ..	1.3	1.4	1.5	1.4	2.0	1.7	1.1

(1) Industries classed as "goods-producing" include manufacturing, construction, and the primary industries (agriculture, fishing and trapping, forestry, mining).

### Goods-Producing Industries

Construction and the primary industries each accounted for about one-seventh of the wage and salary payments originating in goods-producing industries during 1960 and 1961. Changes in manufacturing which paid out the remaining five-sevenths, therefore accounted for much of the variation in quarter-to-quarter wage and salary movements in the group. The following table shows quarter-to-quarter movements in seasonally-adjusted wages and salaries for the three sets of industries, and indicated that changes for each followed the business cycle fairly closely.

**Percentage Changes in Seasonally-Adjusted Estimates  
of Wages and Salaries, Goods-Producing Industries, 1960-1961**

	1Q'60 to 2Q'60	2Q'60 to 3Q'60	3Q'60 to 4Q'60	4Q'60 to 1Q'61	1Q'61 to 2Q'61	2Q'61 to 3Q'61	3Q'61 to 4Q'61
Goods-Producing .....	-1.0	-0.2	-0.7	-0.1	1.5	1.7	1.9
Manufacturing .....	-0.5	-0.6	-0.1	0.5	1.9	2.4	1.9
Construction .....	-1.9	1.3	-2.2	-1.2	0.6	0.6	0.9
Primary Industries .....	-2.3	-0.2	-2.2	-1.5	0.5	-0.6	2.6

The following table of data for manufacturing gives details of quarter-to-quarter variations in estimates of total wages and salaries and numbers of employees. The latter provide a rough measure of changes in the volume of paid labour. However, they do not reflect shifts in the composition of the employee work-force or variations in numbers of hours worked per employee. These changes usually tend to offset each other except near cyclical turning points. For example, during cyclical downturns inexperienced employees are laid off first (thus tending to increase average labour input per employee) but at the same time the number of workers on short-time rises and average hours worked per week decline. This latter effect tends to decrease average labour input per employee. The table also includes indications of quarter-to-quarter changes in average weekly wages and salaries in manufacturing - a crude measure of labour price changes in this industry.

**Percentage Changes in Seasonally-Adjusted Indicators of  
Value, Volume and Price of Purchased Labour, Manufacturing, 1960-1961**

	1Q'60 to 2Q'60	2Q'60 to 3Q'60	3Q'60 to 4Q'60	4Q'60 to 1Q'61	1Q'61 to 2Q'61	2Q'61 to 3Q'61	3Q'61 to 4Q'61
Total Wages and Salaries .....	-0.5	-0.6	-0.1	0.5	1.9	2.4	1.9
Numbers of Employees .....	-1.3	-1.5	-0.7	-0.4	0.6	1.6	1.1
Average Weekly Wages & Salaries	0.6	1.0	0.9	0.3	1.3	0.7	0.8

### Service-Producing Industries

Labour Force Survey data indicate an average monthly increase of less than 3 per cent in numbers of employees in service-producing industries between 1960 and 1961. This suggests that rather more than half the estimated 6.4 per cent gain in wages and salaries in this group resulted from increases in prices of purchased labour. A wage gain of 3 to 5 per cent could have been anticipated on the basis of the behaviour of general wage rate indexes, which have tended to rise fairly constantly within this range of annual gains in recent years.

The pattern of rapid growth and relative freedom from cyclical influences attributed to the service-producing industries derives from the behaviour of employment and earnings in finance, service and government. Wages and salaries originating in these industries accounted for over half the service-producing total in 1961. As indicated in the following table, increases in wages and salaries originating in this group of industries were close to 2 per cent from quarter-to-quarter throughout 1960 and 1961. Volume and price increases probably contributed about equally to the wage and salary gains.

Percentage Changes in Seasonally-Adjusted Estimates of  
Wages and Salaries, Service-Producing Industries, 1960 - 1961

	1Q'60 to 2Q'60	2Q'60 to 3Q'60	3Q'60 to 4Q'60	4Q'60 to 1Q'61	1Q'61 to 2Q'61	2Q'61 to 3Q'61	3Q'61 to 4Q'61
Service-Producing .....	1.3	1.4	1.5	1.4	2.0	1.7	1.1
Finance, Service and Government	1.8	2.3	2.4	2.0	2.4	2.2	1.8
Trade .....	1.1	0.8	0.8	0.7	1.1	1.4	0.6
Transportation, Communication, and Other Utilities .....	0.4	0.1	-	0.8	2.2	1.1	-

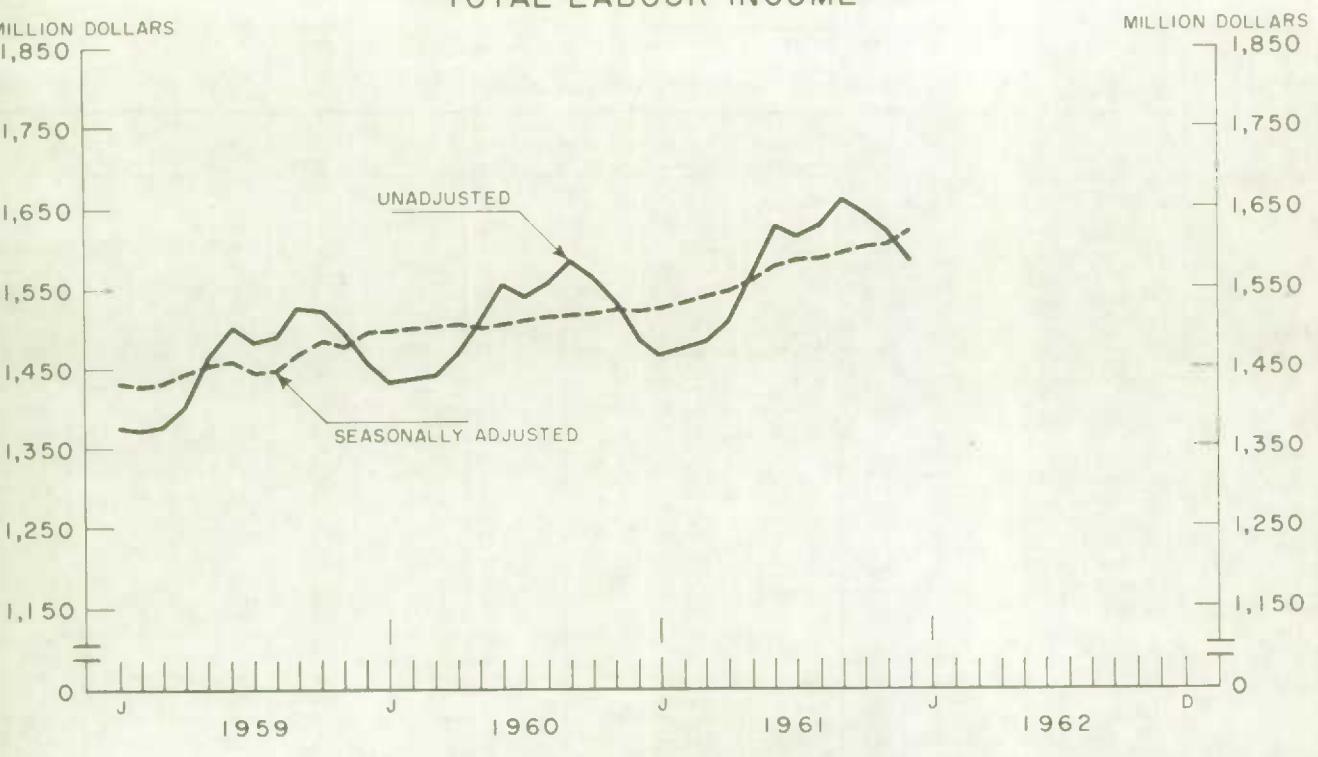
Trade has shown somewhat the same pattern of development as finance, service and government, but gains in wages and salaries during 1960 and 1961 were moderate, and may be attributed mainly to increases in labour prices. The pattern of steady non-cyclical growth has not been characteristic of transportation and some other "utility" industries. Although they are "service-producing", they have strong ties with developments in goods-producing industries because a major part of their activities consists of serving those industries, rather than in supplying consumers with services directly. In addition, opportunities for gains in labour productivity in some of the utilities industries appear to have been as great as in goods-producing industries. Quarter-to-quarter changes in wages and salaries originating in transportation, communication and other utilities to some extent reflected these factors. However, the data are distorted because substantial payments respecting railway wage-rate increases applying as of dates in 1960 and early 1961 were not made until the second and third quarters of 1961. Had these payments been distributed over the months to which they applied, the quarter-to-quarter increases for 1961 would all have been close to 1 per cent, and somewhat smaller increases would have been recorded from quarter to quarter in 1960.

## Percentage Changes in Monthly and Quarterly Estimates

	Monthly Data					
	Unadjusted		Seasonally Adjusted			
	Nov./61 to Dec./61	Dec./60 to Dec./61	Aug./61 to Sept./61	Sept./61 to Oct./61	Oct./61 to Nov./61	Nov./61 to Dec./61
<u>Labour Income - Regions</u>						
Canada .....	- 2.4	6.5	0.3	0.6	0.4	0.9
Atlantic Region .....	- 4.0	7.2	0.7	1.3	1.1	0.1
Quebec .....	- 2.4	6.9	0.3	0.8	0.7	1.7
Ontario .....	- 1.0	6.8	- 0.2	0.7	0.1	1.4
Prairie Region .....	- 3.7	5.7	0.8	0.3	- 0.1	- 0.2
British Columbia .....	- 5.0	5.4	1.2	- 0.2	1.4	0.4
<u>Wages &amp; Salaries - Industries</u>						
Mining .....	- 1.5	2.8	- 0.4	0.8	0.4	0.9
Manufacturing: Canada .....	- 1.6	8.1	0.2	0.7	0.3	1.7
Atlantic Region .....	- 3.4	6.1	0.2	- 0.1	0.6	0.8
Quebec .....	- 1.7	8.2	0.8	0.8	0.5	1.8
Ontario .....	- 1.0	8.7	- 0.2	1.1	0.2	1.8
Prairie Region .....	- 2.9	5.5	0.4	- 0.4	- 0.7	1.0
British Columbia .....	- 3.2	6.8	0.2	- 1.3	2.2	0.1
Transportation, Storage, Communication .....	- 3.9	4.4	0.6	- 0.1	0.9	- 0.7
<u>Quarterly data</u>						
	Unadjusted		Seasonally Adjusted			
	3rd Q./61 to 4th Q./61	4th Q./60 to 4th Q./61	4th Q./60 to 1st Q./61	1st Q./61 to 2nd Q./61	2nd Q./61 to 3rd Q./61	3rd Q./61 to 4th Q./61
<u>Labour Income - Provinces</u>						
Canada .....	- 1.0	5.8	0.8	1.8	1.7	1.4
Newfoundland .....	- 2.8	8.1	2.1	- 0.7	0.1	6.0
Prince Edward Island .....	- 7.1	9.1	5.9	0.5	- 1.0	3.9
Nova Scotia .....	- 2.1	6.2	0.5	2.1	2.9	0.5
New Brunswick .....	- 0.2	5.9	0.8	1.4	0.9	2.6
Atlantic Region .....	- 1.9	6.7	1.1	1.2	1.5	2.5
Quebec .....	0.6	5.8	0.9	1.6	1.0	2.2
Ontario .....	*	6.0	0.9	1.7	1.9	1.2
Manitoba .....	- 2.6	3.6	0.3	1.3	1.0	0.8
Saskatchewan .....	- 6.0	3.9	- 0.1	3.8	0.8	- 0.7
Alberta .....	- 4.4	8.5	1.4	3.0	2.4	1.4
Prairie Region .....	- 4.2	5.8	0.7	2.6	1.6	0.8
British Columbia .....	- 3.1	4.2	1.0	0.4	1.3	1.6
<u>Wages &amp; Salaries - Industries</u>						
Agriculture, Fishing and Trapping .....	- 36.6	8.9	4.0	0.2	- 0.3	4.6
Forestry .....	12.9	- 6.9	- 7.3	- 1.4	- 1.8	3.8
Mining .....	- 0.5	1.9	- 0.4	1.6	- 0.1	1.1
Manufacturing: Canada .....	- 0.1	6.8	0.5	1.9	2.4	1.9
Newfoundland .....	- 8.3	9.2	1.8	2.6	2.5	1.8
Prince Edward Island .....	- 16.0	5.0	- 4.8	11.5	- 0.3	- 0.2
Nova Scotia .....	- 5.3	- 0.2	- 2.4	*	4.8	- 2.3
New Brunswick .....	- 3.1	10.0	- 1.0	2.2	3.5	4.9
Atlantic Region .....	- 5.3	5.1	- 1.2	1.5	3.8	1.0
Quebec .....	0.3	6.6	0.3	1.8	1.8	2.6
Ontario .....	1.6	7.4	0.5	1.8	2.9	2.0
Manitoba .....	- 3.5	4.5	2.4	1.6	1.0	- 0.6
Saskatchewan .....	- 5.3	7.4	2.4	2.0	2.3	0.9
Alberta .....	- 3.8	5.1	1.0	1.6	2.4	0.2
Prairie Region .....	- 3.9	5.2	1.8	1.7	1.8	*
British Columbia .....	- 6.1	5.8	1.3	2.8	1.5	0.4
Construction .....	- 16.7	0.8	- 1.2	0.6	0.6	0.9
Transportation, Storage & Communication .....	- 4.5	4.2	0.6	2.6	1.2	- 0.1
Public Utilities .....	- 2.1	3.3	1.8	0.1	0.6	0.8
Trade .....	3.2	4.0	0.7	1.1	1.4	0.6
Finance & Service .....	5.6	9.7	2.1	3.0	2.4	1.8
Government - Non-military .....	- 2.9	7.0	2.0	1.2	1.6	1.8

\* Less than 0.1 per cent.

### TOTAL LABOUR INCOME



### MANUFACTURING WAGES AND SALARIES

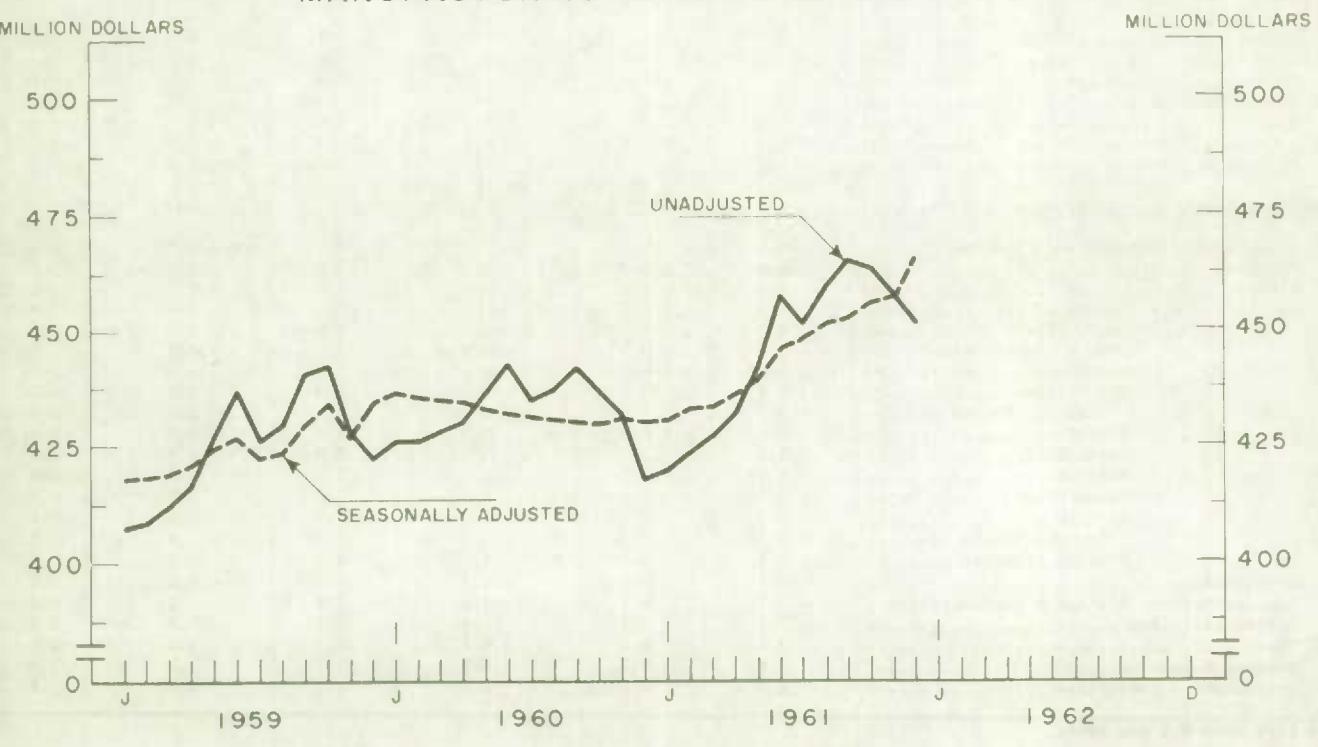


TABLE 1. Wages and Salaries by Industry, and Supplementary Labour Income, Canada<sup>1</sup>  
 (\$ millions)

TABLE 2. Wages and Salaries by Industry, and Supplementary Labour Income, Canada,<sup>1</sup> Adjusted for Seasonal Variation  
(\$ millions)

**TABLE 3. Labour Income by Province or Region<sup>1</sup>**  
 (\$ millions)

**TABLE 4. Labour Income by Province or Region<sup>1</sup> Adjusted for Seasonal Variation**  
 (\$ millions)

**TABLE 5. Wages and Salaries in Manufacturing by Province or Region<sup>1</sup>**  
 (\$ millions)

**TABLE 6. Wages and Salaries in Manufacturing by Province or Region<sup>1</sup> Adjusted for Seasonal Variation**  
 (\$ millions)



1010739913

## PRESNTATION OF LABOUR INCOME STATISTICS

The current issue of Estimates of Labour Income includes all data on the subject available for 1957 and later years, except for a few special tables which may be found in recent issues of National Accounts, Income and Expenditure. The reference paper Labour Income 1926-58 contains a record of official data on labour income to the end of 1956. Data for 1957 and 1958 published in the reference paper are unrevised figures and should be disregarded.

The most recent monthly or quarterly figures are preliminary and subject to revision in the next issue. In addition, all figures for recent years are subject to further minor revisions as new annual source materials become available. The next series of annual revisions will be completed in the spring of 1963.

The monthly and quarterly figures in this report are presented with one digit after the decimal point, i.e. to the nearest tenth of a million dollars. This is done in order to avoid sudden changes in estimates for small provinces or industries which would occur if the figures were rounded to the nearest million, and it should not be assumed that the estimates are accurate to the nearest tenth of a million.

### CONCEPTS AND METHODS

Labour income is defined as the total of wages, salaries, and supplementary labour payments made to, or on behalf of, residents of Canada, excluding military pay and allowances. The wages and salaries component, which is specified to include living allowances, bonuses, commissions, and "tips" is measured prior to deductions of all kinds (income tax, employees' contributions to the Unemployment Insurance Fund and to welfare and pension funds, etc.). Both money payments and payments in kind are included in the total. The other component, supplementary labour income, comprises payments made by employers on behalf of their employees in order to provide them with future benefits, either definite or contingent. Specifically, these payments include employers' contributions to employee welfare and pension funds, to workmen's compensation and industrial vacation funds, and to the Unemployment Insurance Fund.

The annual estimates of labour income are based in most cases on survey data collected by D. B. S., published accounting records, or information otherwise obtained directly from business or government agencies. In a few cases information is not available for non-census years and projection from census "benchmarks" are made using the best available related indicators. Comprehensive notes on concepts and methods relating to the preparation of labour income estimates are contained in the reference paper Labour Income 1926-58. Information relating labour income estimates to the national accounts may be found in National Accounts, Income and Expenditure: 1926-56.

The monthly and quarterly income estimates are obtained by applying indicators of short-run change to the estimated annual totals. About four-fifths of aggregate labour income is estimated on the basis of payroll indexes obtained from a monthly survey of establishments normally employing fifteen or more persons (see the D. B. S. monthly publication Employment and Payrolls). For industries not covered by this survey the estimates are based on indexes which are either derived from other sources of payroll information or specially constructed on the basis of related data. A constant number of working days is assumed for each month in order to avoid the effects of differences in numbers of holidays and week-ends.

### FOOTNOTES

- (1) Monthly and quarterly figures may not add to annual totals because of rounding.
- (2) Quarterly figures are entered opposite the middle month of the quarter but represent quarterly totals.
- (3) Includes post office wages and salaries.
- (4) Includes Yukon, Northwest Territories, and Canadian residents abroad. The differences between monthly Canada totals and the totals for the ten provinces should not be taken as reliable measures for this group.
- (5) Includes Finance, Insurance, Real Estate.  
r Includes minor revisions.