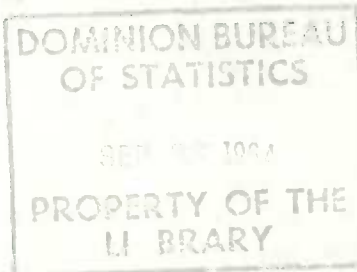




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NATIONAL ACCOUNTS  
INCOME AND EXPENDITURE  
SECOND QUARTER 1964



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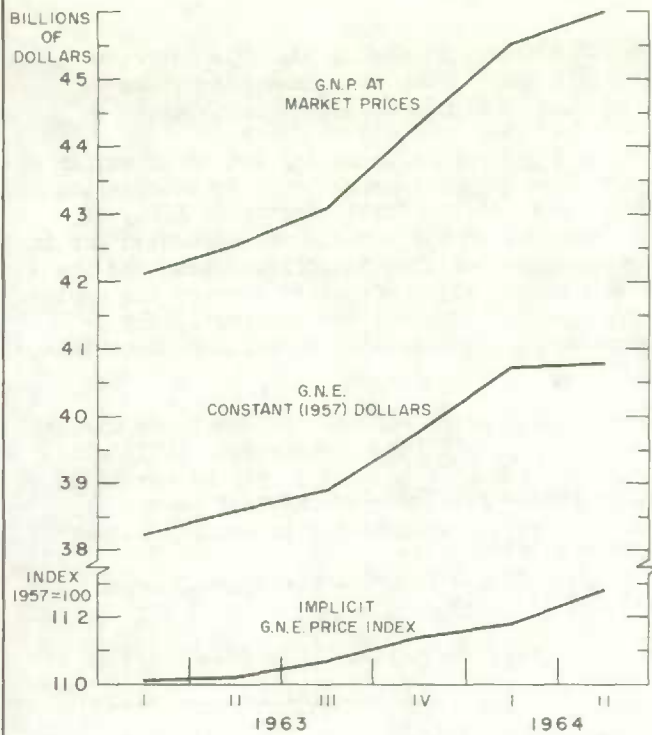
"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the years 1959-62.

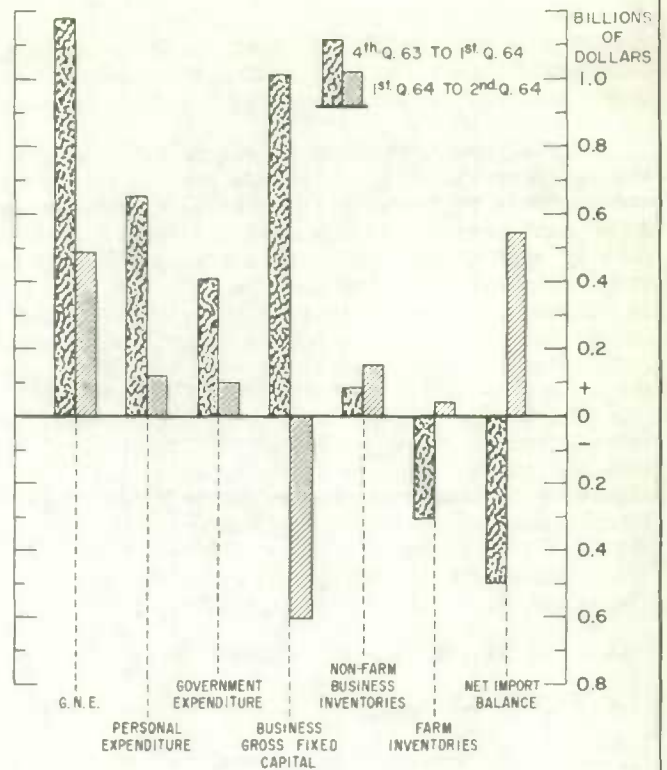
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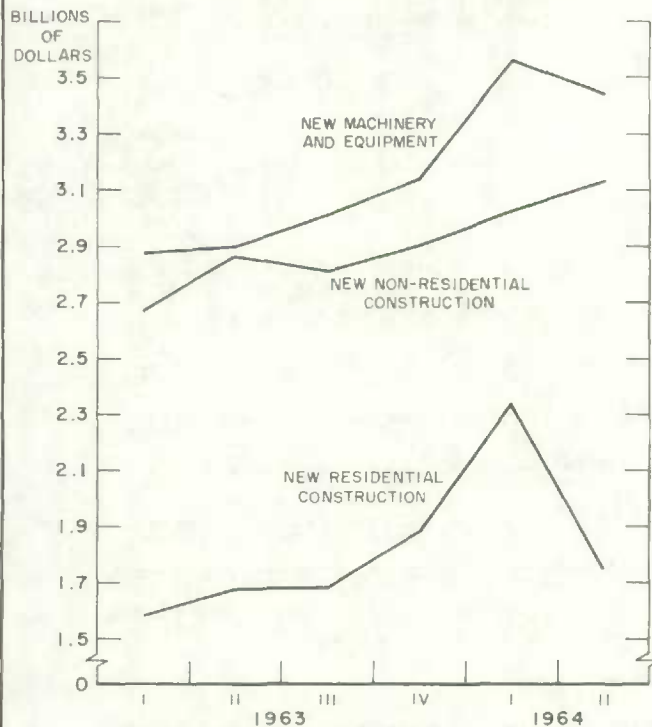
FOLLOWING THE SHARP INCREASE IN THE PREVIOUS QUARTER G.N.P. SHOWED A SMALL RISE REFLECTING MAINLY PRICE INCREASES



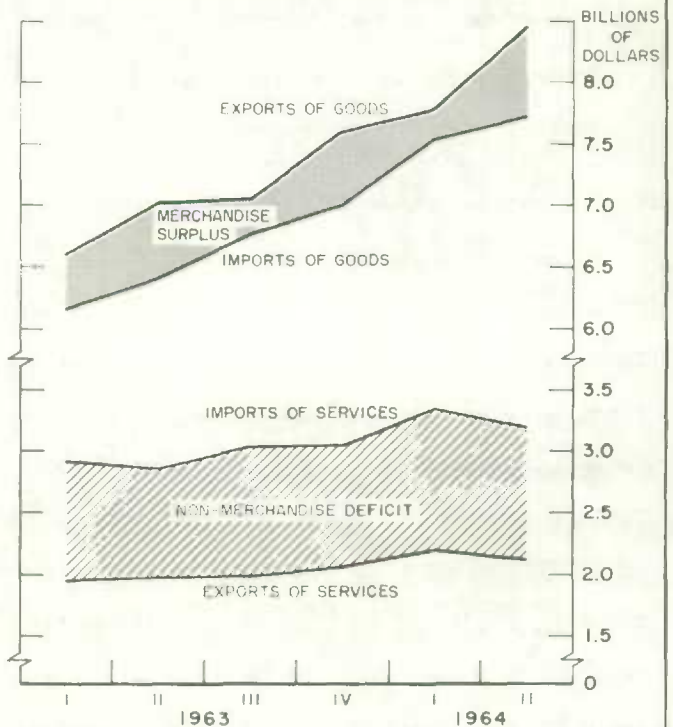
THE IMPROVEMENT IN THE NET IMPORT BALANCE WAS OFFSET BY LOWER INVESTMENT OUTLAYS



HOUSING EXPENDITURE DROPPED BACK FROM THE UNPRECEDENTED LEVEL ATTAINED IN THE FIRST QUARTER



RIISING MERCHANDISE EXPORTS MAINLY ACCOUNTED FOR THE IMPROVEMENT IN THE NET IMPORT BALANCE



ALL DATA IN THE ABOVE CHARTS ARE SEASONALLY ADJUSTED AT ANNUAL RATES.



# INTRODUCTORY REVIEW

Gross National Product in the second quarter of 1964 is estimated at \$46.0 billion, slightly more than 1 per cent higher than in the preceding period. However, virtually all this increase represents higher prices, leaving the volume of the nation's output much the same. The value of Gross National Product excluding net farm income rose by about one half of 1 per cent.

The current expansion in economic activity is now about 3½ years old, having got under way in the early part of 1961. Towards the end of last year the pace of the advance began to accelerate, and the rate of increase in seasonally adjusted non-farm G.N.P. in the first quarter of 1964, of 4 per cent, was the sharpest of the entire period. The rapidity of the advance was accounted for in part by special factors such as the stimulus of the winter house-building incentive scheme and the extraordinarily high levels of wheat exports and farm cash income which prevailed through the period. In addition, the exceptionally strong rise in investment spending in the first quarter likely reflected some forward spending associated with the increase in the sales tax on building materials and production machinery which went into effect on April 1.1/

The Gross National Product is a seasonally adjusted figure, with seasonal factors based on the average experience of past years. The somewhat special situation outlined above raises difficult problems in the interpretation of seasonally adjusted data. With this in mind it may be useful in assessing the recent economic situation to compare the quarterly changes over the past year. A table showing these figures for Gross National Expenditure and its components is set out below:

Gross National Expenditure and its Components. Percent Change from the Preceding Quarter  
(Seasonally Adjusted Data)

	III '63 II	IV '63 III	I '64 IV '63	II '64 I
Personal Expenditure .....	1.9	2.1	2.3	0.4
Non-Durable Goods .....	2.3	0.9	1.7	1.1
Durable Goods .....	0.6	7.0	3.6	-4.0
Services .....	1.7	2.2	2.7	1.0
Government Expenditure .....	0.5	-1.3	5.1	1.2
Business Gross Fixed Capital .....	0.9	5.5	12.8	-6.8
Housing .....	0.2	11.9	24.5	-25.1
Non-Residential .....	-1.8	3.1	4.3	3.4
Machinery .....	3.9	4.3	13.6	-3.4
Value of Physical Change in Inventories .....	\$ 240 m	\$-128 m	\$-224 m	\$ 192 m
Non-farm .....	\$ 324 m	\$ 120 m	\$ 84 m	\$ 152 m
Farm .....	\$-84 m	\$-248 m	\$-308 m	\$ 40 m
Exports of Goods and Services .....	0.6	6.9	3.4	5.9
Imports of Goods and Services .....	5.9	2.4	8.2	0.4
Gross National Expenditure .....	1.3	2.9	2.7	1.1
(G.N.P. excluding farm income).....	(1.4)	(2.5)	(4.3)	(0.4)

1/ On July 8th, 1963, it was announced that the tax on certain building materials and production machinery would be imposed in three stages: 4 per cent in June 1963, rising to 8 per cent in April 1964 and to the full 11 per cent in January 1965.

Quarter to Quarter Changes in Final Purchases  
(Seasonally Adjusted at Annual Rates)  
(millions of dollars)

	4Q'60 to 1Q'61	1Q'61 to 2Q'61	2Q'61 to 3Q'61	3Q'61 to 4Q'61	4Q'61 to 1Q'62	1Q'62 to 2Q'62	2Q'62 to 3Q'62	3Q'62 to 4Q'62	4Q'62 to 1Q'63	1Q'63 to 2Q'63	2Q'63 to 3Q'63	3Q'63 to 4Q'63	4Q'63 to 1Q'64	1Q'64 to 2Q'64
1. Personal expenditure .....	- 160	488	420	172	548	84	172	520	424	236	500	572	652	120
2. Government expenditure .....	252	- 108	280	192	4	404	- 264	72	264	112	44	- 104	408	100
3. Residential construction ....	20	64	32	- 40	80	40	32	- 36	8	92	4	200	460	- 588
4. Non-residential construction	60	28	76	48	- 32	- 88	- 68	24	68	196	- 52	88	124	104
5. Machinery and equipment .....	- 128	- 112	64	24	88	64	148	76	- 16	20	112	128	428	- 120
6. Exports of goods and services .....	396	144	412	84	40	272	- 8	192	120	428	52	620	328	584
7. Total final purchases .....	440	504	1,284	480	728	776	12	848	868	1,084	660	1,504	2,400	200
8. (Final domestic demand) .....	44	360	872	396	688	504	20	656	748	656	608	884	2,072	- 384

Quarter to Quarter Changes in Other Selected Items

9. "Shift" in non-farm business inventories .....	- 140	340	- 556	820	- 644	228	424	- 552	- 80	- 136	324	120	84	152
10. Imports of goods and services .....	276	- 200	408	384	- 24	224	- 84	- 212	176	192	548	240	828	40
11. G.N.P. (ex. farm) .....	- 148	1,020	444	1,068	240	588	616	576	632	484	568	1,008	1,832	176

Constant (1957) Dollars

Quarter to Quarter Percentage Changes in Selected Items

12. Final domestic demand .....	-	0.8	2.0	0.7	1.1	0.6	- 0.5	1.2	1.2	1.2	0.6	1.5	4.1	- 1.6
13. Total final purchases .....	0.6	1.0	2.3	0.6	0.9	0.9	- 0.5	1.3	1.1	2.0	0.5	2.4	4.0	- 0.3
14. Gross national expenditure ..	- 1.2	2.8	1.3	2.4	1.6	0.7	1.2	1.0	1.4	0.8	0.9	2.3	2.4	0.2

Turning from the aggregates to the components, the main source of strength in the economy in the second quarter was in the external sector. A substantial increase in exports of goods and services in association with little change in imports made for a reduction in the deficit on international current account. A building up of stocks contributed support to economic activity in the face of easing final demand. In the consumer sector, the characteristically volatile demand for durables fell away from the high first quarter level, leaving total consumer outlays only fractionally higher. Government expenditure on goods and services rose a little. Revenues rose more than total government expenditures (including transfers) thereby making for a further reduction in the combined government deficit, one of the notable developments of the quarter. In the investment sector the impact of a steep decline in outlays for housing was reinforced by some falling-off in purchases of machinery and equipment; investment in non-residential construction was moderately higher.

The outcome of the opposing forces brought to bear on the economy in the second quarter was that final domestic demand was off slightly, in sharp contrast to the exceptionally large advance of the preceding period. At the same time, the expansion of exports made for a small increment to total final purchases.

The salient developments on the income side of the accounts in the second quarter were a distinct falling-off in the rate of increase in labour income and a levelling off in corporate profits after two sharp quarterly increases.

The upward-drift of prices was reinforced in the second quarter. Most of the increase of about 1 per cent in overall prices took place in gross fixed capital formation (up by about 1.5 per cent), largely due to the implementation of the second stage of the sales tax on building materials and production machinery. New residential construction prices rose by almost 2 per cent with a little more than 2 per cent being the increase recorded for the price of machinery and equipment. The price component of personal expenditure rose by half of 1 per cent as a result of increases in prices for food and services. Prices of exported goods and services showed a fractional increase. The following table shows the price changes for the last 12 months:

Implicit Price Indexes

Gross National Expenditure and its Components. Percent Change from the Preceding Quarter

	<u>III '63</u>	<u>IV '63</u>	<u>I '64</u>	<u>II '64</u>
	II	III	IV '63	I
Personal Expenditure .....	0.7	0.2	0.5	0.5
Total Goods .....	0.8	0.1	0.2	0.4
Non-durable Goods .....	0.9	0.3	0.4	0.4
Durable Goods .....	0.3	-0.4	-0.4	-0.1
Total Services including net expenditure abroad	0.4	0.3	0.8	0.5
Government Expenditure .....	1.4	1.2	0.3	1.5
Gross Fixed Capital Formation .....	0.9	1.2	0.9	1.4
New Residential Construction .....	0.5	3.4	0.6	1.7
New Non-Residential Construction .....	0.4	1.1	0.1	1.2
New Machinery and Equipment .....	1.5	0.4	1.2	2.1
Exports of Goods and Services .....	0.6	0.2	0.3	0.3
Imports of Goods and Services .....	1.6	0.2	1.1	-0.3
G.N.E. ....	0.5	0.6	0.4	0.9



## The Components of Demand

### Consumer Expenditure

Following sharp increases in the three preceding quarters, personal expenditure on consumer goods and services registered only a fractional rise in the second quarter. On average, the prices of consumer goods and services showed an equivalent rise, leaving the level of real consumption unchanged from the first quarter.

The drop in purchases of durable goods was widespread, offsetting a 1 per cent rise in non-durable goods. All categories of durables contributed to the 4 per cent decline, the largest being net purchases of new and used cars which were down 6 per cent from the first quarter level. While car purchasing has shown a steady growth in Canada for several years, a particularly sharp rise occurred in the fourth quarter of 1963, followed by a further rise in the first quarter of this year.

Purchases of household durables also fell off in the second quarter, possibly reflecting the sharp drop in housing completions.

Movements in the components of non-durables showed contrasts with the first quarter. Where the first quarter was marked by rising purchases of food, and a sharp increment in purchases of alcoholic beverages matched by an equivalent decline in consumption of tobacco products, the second quarter showed a 6 per cent decline in alcoholic beverages, a 7 per cent increase in tobacco products, and no change in the level of food purchases. In the case of alcoholic beverages and tobacco products, the second quarter experience may have been a reaction from the first quarter when anticipation of price increases stimulated purchases of spirits while at the same time medical reports were published on the effects of smoking. With the level of food purchases unchanged in the second quarter and with some price increases in this area, a decline in real consumption is indicated. Among other non-durables, expenditure on gas, oil and auto parts rose by 1½ per cent after a first quarter decline, while purchases of clothing declined fractionally.

Expenditures on services increased by 1 per cent, a bit less than the normal rate of growth for this component, mainly reflecting less than the usual increase in shelter expenses.

### Business Gross Fixed Capital Formation

Outlays on fixed capital dropped significantly in the second quarter. At a seasonally adjusted annual rate of \$8,324 million, capital spending fell about 7 per cent below the first quarter. While non-residential construction increased by over 3 per cent, machinery and equipment spending declined over 3 per cent and housing dropped back from the exceptionally high level of the first quarter. Expenditure during the first half of the year, at a seasonally adjusted annual rate, still ran 15 per cent over the year 1963; the mid year review of 1964 capital expenditure intentions indicated a 19 per cent increase for the year as a whole.

The value of new residential construction was at an annual rate of \$2,340 and \$1,752 million, after discounting seasonal factors, in the first two quarters. This 25 per cent drop matched declines of 26 and 31 per cent in seasonally adjusted figures of housing starts and completions. Starts at annual rates dropped from the unusually high level of 181,000 to 134,200; completions moved from 215,800 to 148,000.

The annual rate of new non-residential construction rose from \$3,024 to \$3,128 million, while expenditures on machinery and equipment fell from \$3,564 to \$3,444 million. In the first half of 1964 non-residential contract awards were running well over 1963 levels. Likewise, shipments of rolled steel products to building construction (including utility construction and steel fabricators) exceeded those of the same period a year earlier. However, business outlays on new machinery and equipment are estimated to have been lower, but detailed import statistics for the quarter are not yet available to substantiate part of this estimate.

### Investment in Non-Farm Business Inventories

Investment in non-farm business inventories contributed to the level of economic activity in the second quarter. Business added to its stocks at an increasing rate, thus continuing the tendency towards inventory build-up which had been resumed in the third quarter of 1963. Seasonally adjusted estimates show an accumulation of inventories of \$620 million at annual rates compared with \$468 million in the previous quarter. The manufacturing, wholesale, and notably the retail industry increased their stocks, while other industries showed a decline in the rate of accumulation mainly due to the depletion of mining inventories.



Among the manufacturing industries the greater part of the quarter's accumulation took place in durables where there was a shift from liquidation to accumulation, reflecting mainly increases in the stocks of primary metals, metal fabricating and machinery industries. In contrast to the first quarter, some drawing down of stocks occurred in the transportation equipment industry, while a reduction in inventory levels continued, though at a reduced rate, in the wood products and furniture industries. Total non-durables doubled the rate of accumulation of the previous quarter; in this group the movement was also mixed, with the food and chemical industries accounting for most of the accumulation, and petroleum and coal industries for most of the depletion.

The accumulation in manufacturing took place against a background of virtually unchanged production and lower shipments, the first decline to have taken place since the end of 1960. Although the stock-to-shipments ratio was lower than the average of the past three years, some increase was registered in the second quarter. At every stage of processing there were additions to stocks, the highest being in stocks of finished goods. Unfilled orders increased, but new orders dropped for the first time since the middle of 1960.

In wholesale trades, the major part of the re-stocking took place in durable lines, where there was a shift from liquidation to accumulation, mainly as a result of additions to the stocks of wholesalers of industrial and transportation equipment. In non-durables the accumulation was general and, in the total, remained at the same modest rate as in the previous quarter. The stock-to-sales ratio in wholesale trade advanced, but was not higher than its average over the past three years.

In retail trades, additions to stocks continued, though at a sharply reduced rate. The stock-to-sales ratio of total retail trade declined slightly. Among durables, most of the accumulation was accounted for by the increase, although at a greatly reduced rate, in the stocks of motor vehicle dealers whose sales dropped more than the supply of new cars. Among non-durables, the biggest re-stocking took place in the food trades.

#### Exports and Imports of Goods and Services

The deficit in the external account dropped from an annual rate, after seasonal adjustment, of \$892 million in the first quarter to \$348 million in the second quarter when exports of goods and services rose nearly 6 per cent to an annual rate of \$10,564 million and imports of goods and services were practically unchanged -- moving from \$10,872 to \$10,912 million. With transactions on external account reflecting some of the unusual events outlined earlier, the wide swings in the deficit do not necessarily show underlying changes in the external account and an averaging of the net balances in the first half of the year may place the figures in better perspective.

Exports of merchandise rose sharply and the surplus on goods, seasonally adjusted, increased from \$256 to \$732 million. With a deficit on non-merchandise trade \$68 million lower, the current account deficit fell by \$544 million.

#### Exports and Imports of Goods and Services (Seasonally adjusted at annual rates)

	Goods			Services			Current Balance
	Exports	Imports	Net	Exports	Imports	Net	
(millions of dollars)							
1963-1st qtr. ....	6,604	6,152	452	1,948	2,912	-964	-512
2nd qtr. ....	7,008	6,400	608	1,972	2,856	-884	-276
3rd qtr. ....	7,048	6,768	280	1,984	3,036	-1,052	-772
4th qtr. ....	7,596	7,000	596	2,056	3,044	-988	-392
1964-1st qtr. ....	7,788	7,532	256	2,192	3,340	-1,148	-892
2nd qtr. ....	8,452	7,720	732	2,112	3,192	-1,080	-348

Marked improvement in earnings from merchandise trade resulted from an increase of 8.5 per cent in exports compared with a rise of 2.5 per cent in imports. Adjusted export figures indicate that gains from the first quarter were made mostly outside the United States and United Kingdom markets, and principally from sales of wheat to the USSR and other countries in eastern Europe. Sales abroad increased for wheat, lumber, newsprint paper, wood pulp, nickel and ores, crude petroleum and agricultural machinery. Commodity detail is not available to identify changes in merchandise imports.

The non-merchandise trade deficit moved from \$1,148 to \$1,080 million, attributable to increased production of gold, improvement in the travel account and in the miscellaneous service account (personal remittances, official contributions, business services, etc.)

### Income Flows

#### Labour Income

Labour income continued to rise in the second quarter, to a seasonally adjusted annual rate of \$23.0 billion, slightly over 1 per cent above the level of the previous period and the lowest increase since the first quarter of 1961. The service-producing industries continued the increases of the previous two quarters while the goods-producing industries total showed a decline. Within the latter group, manufacturing rose very slightly, the smallest increase in this industry in the recent expansion. Reflecting the sharp drop in housing, labour income in construction declined 4 per cent. The much lower rate of increase in labour income in the second quarter is associated with one of the smallest quarterly increases in employment since 1961.

#### Corporation Profits and Other Investment Income

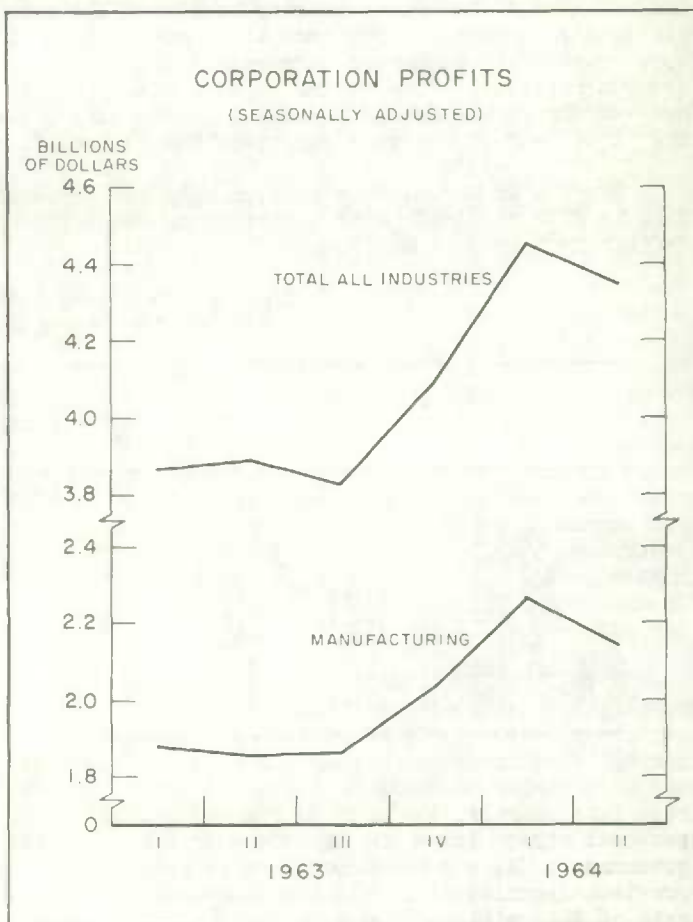
Corporation profits (before taxes and before dividends paid to non-residents) dropped by about 2 per cent in the second quarter of 1964, after rising strongly in the two preceding quarters. They were at a seasonally adjusted annual rate of \$4.3 billion, 46 per cent higher than the level at the beginning of the expansion. Lower profits were experienced by all major industries except Finance, Mining, and the Transportation, Storage and Communication groups.

Manufacturing as a whole showed a decline of 5½ per cent. Within this industry, however, there were offsetting movements; gains recorded in petroleum and coal, chemical, rubber, and other manufacturing were more than offset by declines in the rest of the group. Metal industries (including transportation equipment) showed the sharpest decline of about 12 per cent which was associated with reduced output and lower prices of motor vehicles.

#### Percentage Changes in Corporation Profits by Industry (seasonally adjusted)

##### 1Q 1964 to 2Q 1964

Mines, Quarries and Oil Wells	5.2
Manufacturing Industries .....	-5.5
Transportation, Storage and Communication .....	2.2
Electric Power, Gas and Water Utilities .....	-
Wholesale Trade .....	-3.9
Retail Trade .....	-9.5
Finance, Insurance and Real Estate	7.6
Service .....	-11.5
Other Non-manufacturing .....	-3.8
Total, All Industries ...	-2.3





Dividends paid to non-residents declined significantly, by about 18 per cent, so that profits measured in the Gross National Product were slightly higher.

### Unincorporated Business

Net income of non-farm unincorporated business declined more than 1 per cent, seasonally adjusted, in the second quarter 1964. The most marked decrease, of nearly 10 per cent, was recorded in the construction industry associated with the decline in housing outlays; retail trade also declined. Forestry, fishing, finance and service net income rose slightly.

Seasonally adjusted accrued net income of farm operators from farm production increased by 25 per cent in the second quarter of 1964. Higher profits of the Canadian Wheat Board, associated with the record level of grain exports, were the major factor in the increase. Livestock inventories, predominantly of cattle, showed more than a seasonal accumulation.

On the other hand, seasonally adjusted net income of farm operators, which is reflected in the personal income account, dropped 32 per cent in the second quarter of 1964, mainly as a result of a sharp reduction in payments to farmers by the Canadian Wheat Board in the quarter, following record payments in the first quarter.

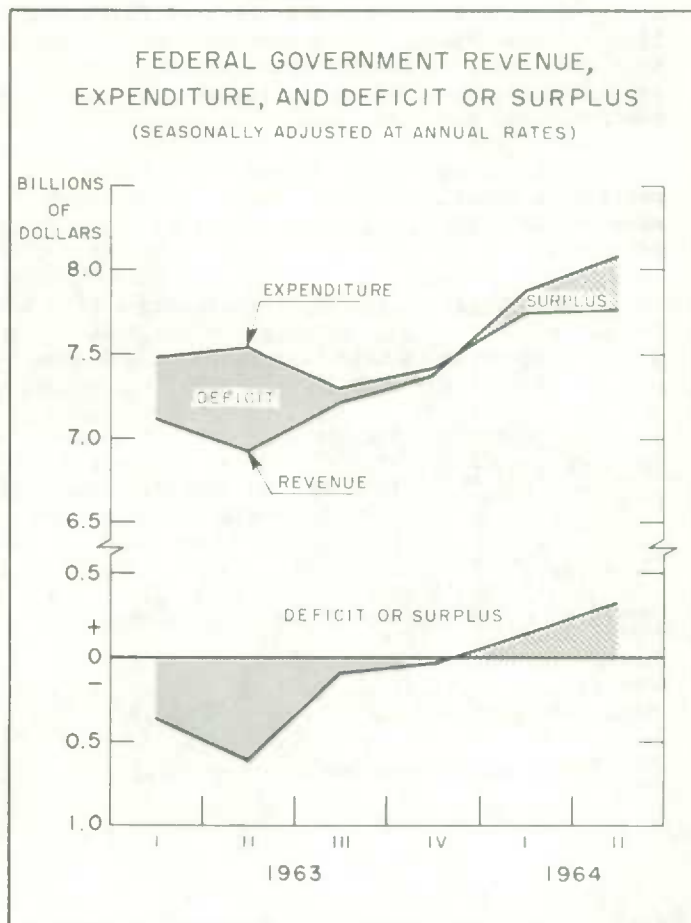
It is perhaps of interest that the latest estimate of the value of crop production for the year 1964 is \$1,128 million, down 18 per cent from the record crop of 1963, but still 15 per cent above the ten year average.

### The Government Sector

Seasonally adjusted at annual rates, revenues of all governments combined (including inter-governmental transfers) increased by about 3 per cent to a level of \$15,700 million in the second quarter from the previous period. Total expenditures of all governments increased less than total revenues with the result that the deficit was almost halved, falling from a rate of \$240 million to a rate of \$124 million.

The main factor in the improvement of the combined deficit position was the change in the federal surplus on a national accounts basis which increased from a rate of \$136 million in the first quarter to a rate of \$320 million in the second, the largest surplus since the second quarter of 1957. Federal revenues were higher by 2½ per cent with the major gains being made in personal direct and in indirect taxes, the latter partly owing to the increase in the sales tax rate on production machinery and building materials from 4 per cent to 8 per cent effective April 1, 1964. On the other hand, total federal expenditures showed little change. Expenditures on goods and services declined by about 2½ per cent as defence spending fell sharply, principally as a result of smaller outlays on equipment, and non-defence spending remained relatively stable. Offsetting this decline in goods and services, federal transfers to other levels of government rose nearly 10 per cent because of higher grants to provinces under the Hospital Insurance and Diagnostic Services Act and payments for winter works projects.

Total expenditures of the provincial and municipal governments combined rose by about 4 per cent to a level of \$8,068 million in the second quarter with increased outlays on goods and services and on transfer payments to persons. Total revenues rose less sharply, the main increments occurring in personal direct taxes and transfers from the federal government. As a consequence, the deficit at the provincial-municipal level widened somewhat, to a rate of \$444 million from \$376 million.





### Production by Industry

Seasonally adjusted real domestic product less agriculture for the second quarter of 1964 was below the level attained in the first quarter of this year. While the present decline is the first to be shown by this aggregate since the beginning of the expansion in production early in 1961, to a large extent it represented a reversal of the sharp increases shown by construction and related industries in the fourth and the first quarters, particularly the latter. Compared with the second quarter of 1963, non-agricultural output was more than 6 per cent higher.

The 11 per cent drop in construction in the second quarter accounted for more than three quarters of the decline in total non-agricultural output. Stimulated in part by the government winter house-building incentive programme and by the imposition of the second stage of the tax on building materials on April 1, construction activity had increased by 6 per cent and then by a further 9 per cent in the two preceding quarters. The current decline left construction 3 per cent above the third quarter of 1963; it was concentrated in the area of residential construction which alone accounted for more than half of the decline in non-agricultural output.

The next largest contributor to the decline was trade, with wholesale trade down by  $2\frac{1}{2}$  per cent and retail trade by  $1\frac{1}{2}$  per cent. Both at the wholesale and retail levels the most significant declines occurred in those trades dealing with construction materials. In addition, there was a substantial decline in the sales of motor vehicle dealers of 5 per cent at the retail level.

Other declines occurred in mining, forestry, and fishing and trapping. Public administration and defence declined fractionally. Mining output decreased by one per cent with declines concentrated in metal mining, particularly iron ore (-7 per cent) and other metals including uranium.

Manufacturing showed a marginal increase, as a result of a 1 per cent increase in non-durables just outweighing a less than 1 per cent decline in durables. As in trade, the largest declines in durables occurred in industries which produce construction materials and related goods, such as the wood products and non-metallic mineral products groups which declined by 4 and 6 per cent respectively and together accounted for over one half of the drop in durables. The remainder was mostly accounted for by the 6 per cent falling-off in the motor vehicle component of the transportation equipment group. Iron and steel production in the second quarter continued to increase, showing a gain of 2 per cent, with increases in iron castings and primary iron and steel of 11 and 3 per cent respectively. Non-ferrous metal products and electrical apparatus and supplies also showed gains in the quarter.

Within non-durable manufacturing, strong gains of 4 to 9 per cent were shown by textile products, printing and publishing and tobacco products, the increase in the last group representing in part a recovery from a very low first quarter. Paper products increased by less than one per cent, with the effects of a 3 per cent gain in pulp and paper dampened by the sharp decline of the roofing paper component from the exceptionally high first quarter levels. Foods and beverages fell by 1 per cent, with a drop in its grain milling component of 5 per cent, again from very high first quarter levels, reflecting in the main developments associated with the recent Russian trade agreement. Fractional declines occurred in petroleum products and chemicals, the latter as a result of a steep drop in paints and varnishes, while most other components of chemicals increased.

The transportation, storage and communication group showed a gain of one and a half per cent in the second quarter, with all three components contributing to the increase. Storage was up by  $9\frac{1}{2}$  per cent as a result of increased receipts and shipments at grain elevators. The transportation group increased by one per cent in spite of the two per cent decline in its largest component - railways - which failed to sustain the rapid increases achieved during the previous two quarters. The expansion in transportation activity for the second quarter came largely from shipping, which showed an above average gain due to the large quantities of wheat carried at that time. Air transport and increased output of oil and gas pipelines also contributed to the advance in total transportation.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1963 and 1964  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Wages, salaries, and supplementary labour income ...	5,058	5,359	5,567	5,566	21,550	5,482	5,804
2. Military pay and allowances .....	136	157	148	157	598	140	150
3. Corporation profits before taxes .....	788	1,068	998	1,066	3,920	917	1,197
4. Deduct: Dividends paid to non-residents(1) .....	- 145	- 118	- 121	- 209	- 593	- 172	- 119
5. Rent, interest, and miscellaneous investment income	709	736	762	818	3,025	785	784
6. Accrued net income of farm operators from farm production(2) .....	60	147	1,384	195	1,786	11	185
7. Net income of non-farm unincorporated business(3) ..	514	614	594	729	2,451	535	633
8. Inventory valuation adjustment(4) .....	- 28	- 75	- 44	- 37	- 184	- 43	- 72
9. NET NATIONAL INCOME AT FACTOR COST .....	7,092	7,888	9,288	8,285	32,553	7,655	8,562
10. Indirect taxes less subsidies .....	1,359	1,338	1,412	1,456	5,565	1,500	1,588
11. Capital consumption allowances and miscellaneous valuation adjustments .....	1,196	1,281	1,277	1,370	5,124	1,338	1,403
12. Residual error of estimate .....	- 157	- 155	59	18	- 235	- 93	- 230
13. GROSS NATIONAL PRODUCT AT MARKET PRICES .....	9,490	10,352	12,036	11,129	43,007	10,400	11,323
14. (Gross national product at market prices excluding accrued net income of farm operators) .....	(9,430)	(10,205)	(10,652)	(10,934)	(41,221)	(10,389)	(11,138)

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1963 and 1964  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Personal expenditure on consumer goods and services	6,307	6,779	6,647	7,497	27,230	6,804	7,245
2. Government expenditure on goods and services(1, 2) .	1,843	1,921	2,257	2,055	8,076	1,997	2,028
3. Business gross fixed capital formation(3) .....	1,460	1,930	2,053	2,052	7,495	1,833	2,164
4. New residential construction .....	298	413	477	517	1,705	442	440
5. New non-residential construction .....	502	686	836	787	2,811	573	755
6. New machinery and equipment .....	660	831	740	748	2,979	818	969
7. Value of physical change in inventories(4) .....	- 51	- 247	1,122	- 365	459	7	- 174
8. Non-farm business inventories .....	188	- 161	9	130	166	297	28
9. Farm inventories and grain in commercial channels	- 239	- 86	1,113	- 495	293	- 290	- 202
10. Exports of goods and services .....	1,844	2,251	2,457	2,502	9,054	2,129	2,710
11. Deduct: Imports of goods and services .....	- 2,071	- 2,436	- 2,442	- 2,593	- 9,542	- 2,463	- 2,881
12. Residual error of estimate .....	158	154	- 58	- 19	235	93	231
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES .....	9,490	10,352	12,036	11,129	43,007	10,400	11,323

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditure see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).



TABLE 3. Source of Personal Income, by Quarters, 1963 and 1964  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Wages, salaries, and supplementary labour income ....	5,058	5,359	5,567	5,566	21,550	5,482	5,804
2. Deduct: Employer and employee contributions to social insurance and government pension funds .....	- 207	- 202	- 213	- 216	- 838	- 218	- 215
3. Military pay and allowances .....	136	157	148	157	598	140	150
4. Net income received by farm operators from farm production(1) .....	32	200	1,327	91	1,650	162	95
5. Net income of non-farm unincorporated business .....	514	614	594	729	2,451	535	633
6. Interest, dividends, and net rental income of persons(2) .....	831	880	853	923	3,487	898	936
Transfer payments to persons:							
7. From government (excluding interest) .....	1,092	936	875	926	3,829	1,153	1,049
8. Charitable contributions by corporations .....	11	11	11	11	44	11	11
9. PERSONAL INCOME .....	7,467	7,955	9,162	8,187	32,771	8,163	8,463

(1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1963 and 1964  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Personal direct taxes .....	682	742	720	766	2,910	764	904
2. Income taxes .....	556	646	628	657	2,487	623	791
3. Succession duties and estate taxes .....	36	41	44	50	171	40	57
4. Miscellaneous .....	90	55	48	59	252	101	56
5. Personal expenditure on consumer goods and services ..	6,307	6,779	6,647	7,497	27,230	6,804	7,245
6. Non-durable goods .....	3,051	3,184	3,337	3,807	13,379	3,211	3,364
7. Durable goods .....	673	905	683	946	3,207	794	983
8. Services(1) .....	2,583	2,690	2,627	2,744	10,644	2,799	2,898
9. Personal net saving .....	478	434	1,795	- 76	2,631	595	314
10. Personal saving excluding change in farm inventories	697	484	764	373	2,318	865	447
11. Value of physical change in farm inventories .....	- 219	- 50	1,031	- 449	313	- 270	- 133
12. PERSONAL INCOME .....	7,467	7,955	9,162	8,187	32,771	8,163	8,463
13. (Personal disposable income)(2) .....	(6,785)	(7,213)	(8,442)	(7,421)	(29,861)	(7,399)	(7,559)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1963 and 1964  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Direct taxes - Persons .....	682	742	720	766	2,910	764	904
2. Federal .....	488	572	555	578	2,193	549	699
3. Provincial and municipal .....	194	170	165	188	717	215	205
4. Direct taxes - Corporations .....	388	484	454	484	1,810	431	530
5. Federal .....	290	361	339	363	1,353	322	395
6. (Federal tax collections) .....	(305)	(373)	(338)	(312)	(1,328)	(324)	(520)
7. Provincial .....	98	123	115	121	457	109	135
8. (Provincial tax collections) .....	(110)	(107)	(129)	(101)	(447)	(113)	(131)
Withholding taxes:							
9. Federal .....	31	30	24	43	128	30	34
10. Indirect taxes .....	1,416	1,428	1,495	1,539	5,878	1,568	1,652
11. Federal .....	551	592	621	686	2,450	616	719
12. Provincial and municipal .....	865	836	874	853	3,428	952	933
13. Investment income .....	295	337	330	371	1,333	347	361
14. Federal .....	92	138	133	134	497	120	140
15. Provincial and municipal .....	203	199	197	237	836	227	221
16. Employer and employee contributions to social insurance and government funds .....	207	202	213	216	838	218	215
17. Federal .....	134	126	136	137	533	141	135
18. Provincial and municipal .....	73	76	77	79	305	77	80
Transfers from Federal:							
19. Provincial and municipal .....	303	309	264	289	1,165	298	328
20. TOTAL REVENUE .....	3,322	3,532	3,500	3,708	14,062	3,656	4,024
21. FEDERAL .....	1,586	1,819	1,808	1,941	7,154	1,778	2,122
22. PROVINCIAL and MUNICIPAL .....	1,736	1,713	1,692	1,767	6,908	1,878	1,902

TABLE 6. Government Expenditure, by Quarters, 1963 and 1964  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Goods and services .....	1,843	1,921	2,257	2,055	8,076	1,997	2,028
2. Federal .....	735	713	771	708	2,927	798	731
3. (Defence) .....	(409)	(375)	(392)	(400)	(1,576)	(456)	(364)
4. Provincial and municipal .....	1,108	1,208	1,486	1,347	5,149	1,199	1,297
5. Transfer payments to persons (excluding interest on the public debt) .....	1,092	936	875	926	3,829	1,153	1,049
6. Federal .....	627	533	459	511	2,130	634	566
7. Provincial and municipal .....	465	403	416	415	1,699	519	483
8. Interest on the public debt .....	322	386	328	378	1,414	352	415
9. Federal .....	216	244	243	232	935	236	259
10. Provincial and municipal .....	106	142	85	146	479	116	156
11. Subsidies .....	57	90	83	83	313	68	64
12. Federal .....	51	86	64	74	275	60	60
13. Provincial .....	6	4	19	9	38	8	4
Transfers to other levels of government:							
14. Federal .....	303	309	264	289	1,165	298	328
15. Total expenditure .....	3,617	3,642	3,807	3,731	14,797	3,868	3,884
16. Federal .....	1,932	1,885	1,801	1,814	7,432	2,026	1,944
17. Provincial and municipal .....	1,685	1,757	2,006	1,917	7,365	1,842	1,940
18. Deficit (-) or surplus (+) .....	- 295	- 110	- 307	- 23	- 735	- 212	140
19. Federal .....	- 346	- 66	7	127	- 278	- 248	178
20. Provincial and municipal .....	51	- 44	- 314	- 150	- 457	36	- 38
21. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS .....	3,322	3,532	3,500	3,708	14,062	3,656	4,024
22. FEDERAL .....	1,586	1,819	1,808	1,941	7,154	1,778	2,122
23. PROVINCIAL and MUNICIPAL .....	1,736	1,713	1,692	1,767	6,908	1,878	1,902

TABLE 7. Source of National Saving, by Quarters, 1963 and 1964  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Personal net saving .....	478	434	1,795	- 76	2,631	595	314
2. Business gross saving .....	1,342	1,558	1,629	1,695	6,224	1,352	1,898
3. Undistributed corporation profits .....	118	330	295	221	964	165	405
4. Capital consumption allowances and miscellaneous valuation adjustments .....	1,196	1,281	1,277	1,370	5,124	1,338	1,403
5. Adjustment on grain transactions(1) .....	28	- 53	57	104	136	- 151	90
6. Inventory valuation adjustment .....	- 28	- 75	- 44	- 37	- 184	- 43	- 72
7. Government surplus (+) or deficit (-) .....	- 295	- 110	- 307	- 23	- 735	- 212	140
8. Residual error of estimate .....	- 157	- 155	59	18	- 235	- 93	- 230
9. Totals .....	1,340	1,652	3,132	1,577	7,701	1,599	2,050

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1963 and 1964  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Business gross fixed capital formation .....	1,460	1,930	2,053	2,052	7,495	1,833	2,164
2. New residential construction .....	298	413	477	517	1,705	442	440
3. New non-residential construction .....	502	686	836	787	2,811	573	755
4. New machinery and equipment .....	660	831	740	748	2,979	818	969
5. Value of physical change in inventories .....	- 51	- 247	1,122	- 365	459	7	- 174
6. Surplus (+) or deficit (-) on current account with non-residents .....	- 227	- 185	15	- 91	- 488	- 334	- 171
7. Residual error of estimate .....	158	154	- 58	- 19	235	93	231
8. Totals .....	1,340	1,652	3,132	1,577	7,701	1,599	2,050



TABLE 9. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1963 and 1964(1)  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Personal expenditure on consumer goods and services .....	5,834	6,254	6,064	6,864	25,016	6,203	6,577
2. Non-durable goods .....	2,883	2,994	3,090	3,532	12,499	2,981	3,100
3. Durable goods .....	665	893	676	933	3,167	791	979
4. Services .....	2,286	2,367	2,298	2,399	9,350	2,431	2,498
5. Government expenditure on goods and services	1,504	1,600	1,940	1,658	6,702	1,577	1,610
6. Business gross fixed capital formation .....	1,293	1,705	1,797	1,776	6,571	1,570	1,829
7. New residential construction .....	260	357	410	432	1,459	366	358
8. New non-residential construction .....	446	608	739	692	2,485	498	651
9. New machinery and equipment .....	587	740	648	652	2,627	706	820
10. Change in inventories .....	- 9	- 270	1,030	- 320	431	56	- 206
11. Non-farm business inventories .....	192	- 146	- 1	113	158	304	29
12. Farm inventories and grain in commercial channels .....	- 201	- 124	1,031	- 433	273	- 248	- 235
13. Exports of goods and services .....	1,718	2,091	2,285	2,320	8,414	1,969	2,489
14. Deduct: Imports of goods and services .....	- 1,862	- 2,165	- 2,146	- 2,301	- 8,474	- 2,151	- 2,521
15. Residual error of estimate .....	143	140	- 53	- 17	213	83	205
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	8,621	9,355	10,917	9,980	38,873	9,307	9,983

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 9, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 10. National Income and Gross National Product, by Quarters, 1963 and 1964 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Wages, salaries, and supplementary labour income	21,032	21,280	21,680	22,208	21,550	22,800	23,044
2. Military pay and allowances	556	608	600	628	598	576	580
3. Corporation profits before taxes	3,868	3,892	3,828	4,092	3,920	4,452	4,348
4. Deduct: Dividends paid to non-residents(1)	- 612	- 532	- 568	- 660	- 593	- 680	- 560
5. Rent, interest, and miscellaneous investment income	2,932	3,040	3,044	3,084	3,025	3,228	3,248
6. Accrued net income of farm operators from farm production(2)	1,788	1,724	1,712	1,920	1,786	1,268	1,580
7. Net income of non-farm unincorporated business(3)	2,448	2,416	2,448	2,492	2,451	2,532	2,500
8. Inventory valuation adjustment	- 112	- 300	- 176	- 148	- 184	- 172	- 288
9. NET NATIONAL INCOME AT FACTOR COST	31,900	32,128	32,568	33,616	32,553	34,004	34,452
10. Indirect taxes less subsidies	5,588	5,344	5,612	5,716	5,565	6,132	6,300
11. Capital consumption allowances and miscellaneous valuation adjustments	4,972	5,068	5,116	5,340	5,124	5,548	5,552
12. Residual error of estimate	- 360	- 20	- 220	- 340	- 235	- 172	- 304
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	42,100	42,520	43,076	44,332	43,007	45,512	46,000
14. (Gross national product at market prices excluding accrued net income of farm operators)	(40,312)	(40,796)	(41,364)	(42,412)	(41,221)	(44,244)	(44,420)

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 11. Gross National Expenditure, by Quarters, 1963 and 1964 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Personal expenditure on consumer goods and services	26,660	26,896	27,396	27,968	27,230	28,620	28,740
2. Government expenditure on goods and services(1, 2)	7,996	8,108	8,152	8,048	8,076	8,456	8,556
3. Business gross fixed capital formation(3)	7,128	7,436	7,500	7,916	7,495	8,928	8,324
4. New residential construction	1,584	1,676	1,680	1,880	1,705	2,340	1,752
5. New non-residential construction	2,668	2,864	2,812	2,900	2,811	3,024	3,128
6. New machinery and equipment	2,876	2,896	3,008	3,136	2,979	3,564	3,444
7. Value of physical change in inventories	464	340	580	452	459	228	420
8. Non-farm business inventories	76	- 60	264	384	166	468	620
9. Farm inventories and grain in commercial channels(4)	388	400	316	68	293	- 240	- 200
10. Exports of goods and services	8,552	8,980	9,032	9,652	9,054	9,980	10,564
11. Deduct: Imports of goods and services	- 9,064	- 9,256	- 9,804	- 10,044	- 9,542	- 10,872	- 10,912
12. Residual error of estimate	364	16	220	340	235	172	308
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	42,100	42,520	43,076	44,332	43,007	45,512	46,000
Detail of Farm Inventories and GICC:							
Value of grain crop production	1,380	1,380	1,380	1,384	1,381	1,128	1,128
Depletions of farm stocks of grain	- 1,064	- 1,020	- 1,160	- 1,224	- 1,117	- 1,424	- 1,368
Change in livestock inventories	8	72	20	96	49	- 8	76
Grain in commercial channels	64	- 32	76	- 188	- 20	64	- 36

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 15.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 10). All other items in the farm inventories series are seasonally adjusted by standard techniques.



TABLE 12. Source of Personal Income, by Quarters, 1963 and 1964 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Wages, salaries, and supplementary labour income ....	21,032	21,280	21,680	22,208	21,550	22,800	23,044
2. Deduct: Employer and employee contributions to social insurance and government pension funds .....	- 820	- 840	- 844	- 848	- 838	- 860	- 892
3. Military pay and allowances .....	556	608	600	628	598	576	580
4. Net income received by farm operators from farm production(1) .....	1,544	1,892	1,508	1,656	1,650	1,728	1,180
5. Net income of non-farm unincorporated business .....	2,448	2,416	2,448	2,492	2,451	2,532	2,500
6. Interest, dividends, and net rental income of persons(2) .....	3,396	3,476	3,488	3,588	3,487	3,668	3,684
Transfer payments to persons:							
7. From government (excluding interest) .....	3,860	3,784	3,764	3,908	3,829	4,124	4,200
8. Charitable contributions by corporations .....	44	44	44	44	44	44	44
9. PERSONAL INCOME .....	32,060	32,660	32,688	33,676	32,771	34,612	34,340

(1) This item differs from line 6, Table 10 by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 13. Disposition of Personal Income, by Quarters, 1963 and 1964 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Personal direct taxes .....	2,892	2,748	2,924	3,076	2,910	3,208	3,356
2. Income taxes .....	2,496	2,336	2,500	2,616	2,487	2,768	2,868
3. Succession duties and estate taxes .....	144	164	176	200	171	160	228
4. Miscellaneous .....	252	248	248	260	252	280	260
5. Personal expenditure on consumer goods and services .....	26,660	26,896	27,396	27,968	27,230	28,620	28,740
6. Non-durable goods .....	13,216	13,192	13,496	13,612	13,379	13,848	14,000
7. Durable goods .....	3,072	3,164	3,184	3,408	3,207	3,532	3,392
8. Services(1) .....	10,372	10,540	10,716	10,948	10,644	11,240	11,348
9. Personal net saving .....	2,508	3,016	2,368	2,632	2,631	2,784	2,244
10. PERSONAL INCOME .....	32,060	32,660	32,688	33,676	32,771	34,612	34,340
11. (Personal disposable income)(2) .....	(29,168)	(29,912)	(29,764)	(30,600)	(29,861)	(31,404)	(30,984)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 14. Government Revenue, by Quarters, 1963 and 1964 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Direct taxes - Persons .....	2,892	2,748	2,924	3,076	2,910	3,208	3,356
2. Federal .....	2,192	2,056	2,212	2,312	2,193	2,412	2,520
3. Provincial and municipal .....	700	692	712	764	717	796	836
4. Direct taxes - Corporations .....	1,820	1,796	1,756	1,868	1,810	2,012	1,968
5. Federal .....	1,364	1,348	1,316	1,384	1,353	1,516	1,476
6. (Federal tax collections) .....	(1,312)	(1,316)	(1,324)	(1,360)	(1,328)	(1,380)	(1,804)
7. Provincial .....	456	448	440	484	457	496	492
8. (Provincial tax collections) .....	(408)	(416)	(516)	(448)	(447)	(428)	(508)
Withholding taxes:							
9. Federal .....	124	120	132	136	128	124	136
10. Indirect taxes .....	5,832	5,716	5,908	6,056	5,878	6,420	6,572
11. Federal .....	2,420	2,328	2,464	2,588	2,450	2,688	2,808
12. Provincial and municipal(1) .....	3,412	3,388	3,444	3,468	3,428	3,732	3,764
13. Investment income .....	1,308	1,384	1,356	1,284	1,333	1,500	1,496
14. Federal .....	484	536	548	420	497	588	564
15. Provincial and municipal .....	824	848	808	864	836	912	932
16. Employer and employee contributions to social insurance and government pension funds .....	820	840	844	848	838	860	892
17. Federal .....	528	536	536	532	533	552	572
18. Provincial and municipal .....	292	304	308	316	305	308	320
Transfers from federal:							
19. Provincial and municipal .....	1,192	1,224	1,092	1,152	1,165	1,168	1,280
20. TOTAL REVENUE .....	13,988	13,828	14,012	14,420	14,062	15,292	15,700
21. FEDERAL .....	7,112	6,924	7,208	7,372	7,154	7,880	8,076
22. PROVINCIAL and MUNICIPAL .....	6,876	6,904	6,804	7,048	6,908	7,412	7,624

(1) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

TABLE 15. Government Expenditure, by Quarters, 1963 and 1964 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Goods and services .....	7,996	8,108	8,152	8,048	8,076	8,456	8,556
2. Federal .....	3,000	2,936	2,940	2,832	2,927	3,100	3,020
3. (Defence) .....	(1,532)	(1,604)	(1,612)	(1,556)	(1,576)	(1,664)	(1,568)
4. Provincial and municipal .....	4,996	5,172	5,212	5,216	5,149	5,356	5,536
5. Transfer payments to persons (excluding interest on the public debt) .....	3,860	3,784	3,764	3,908	3,829	4,124	4,200
6. Federal .....	2,184	2,092	2,064	2,180	2,130	2,248	2,228
7. Provincial and municipal .....	1,676	1,692	1,700	1,728	1,699	1,876	1,972
8. Interest on the public debt .....	1,380	1,412	1,416	1,448	1,414	1,496	1,516
9. Federal .....	900	940	952	948	935	984	996
10. Provincial and municipal .....	480	472	464	500	479	512	520
11. Subsidies .....	244	372	296	340	313	288	272
12. Federal .....	208	336	256	300	275	244	232
13. Provincial .....	36	36	40	40	38	44	40
Transfers to other levels of government:							
14. Federal .....	1,192	1,224	1,092	1,152	1,165	1,168	1,280
15. Total expenditure .....	14,672	14,900	14,720	14,896	14,797	15,532	15,824
16. Federal .....	7,484	7,528	7,304	7,412	7,432	7,744	7,756
17. Provincial and municipal .....	7,188	7,372	7,416	7,484	7,365	7,788	8,068
18. Deficit (-) or surplus (+) .....	- 684	- 1,072	- 708	- 476	- 735	- 240	- 124
19. Federal .....	- 372	- 604	- 96	- 40	- 278	136	320
20. Provincial and municipal .....	- 312	- 468	- 612	- 436	- 457	- 376	- 444
21. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS ....	13,988	13,828	14,012	14,420	14,062	15,292	15,700
22. FEDERAL .....	7,112	6,924	7,208	7,372	7,154	7,880	8,076
23. PROVINCIAL and MUNICIPAL .....	6,876	6,904	6,804	7,048	6,908	7,412	7,624

TABLE 16. Source of National Saving, by Quarters, 1963 and 1964 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Personal net saving .....	2,508	3,016	2,368	2,632	2,631	2,784	2,244
2. Business gross saving .....	6,092	5,892	6,264	6,648	6,224	6,236	7,176
3. Undistributed corporation profits .....	876	992	944	1,044	964	1,148	1,224
4. Capital consumption allowances and miscellaneous valuation adjustments .....	4,972	5,068	5,116	5,340	5,124	5,548	5,552
5. Adjustment on grain transactions(1) .....	244	- 168	204	264	136	- 460	400
6. Inventory valuation adjustment .....	- 112	- 300	- 176	- 148	- 184	- 172	- 288
7. Government surplus (+) or deficit (-) .....	- 684	- 1,072	- 708	- 476	- 735	- 240	- 124
8. Residual error of estimate .....	- 360	- 20	- 220	- 340	- 235	- 172	- 304
9. Totals .....	7,444	7,516	7,528	8,316	7,701	8,436	8,704

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 17. Disposition of National Saving, by Quarters, 1963 and 1964 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Business gross fixed capital formation .....	7,128	7,436	7,500	7,916	7,495	8,928	8,324
2. New residential construction .....	1,584	1,676	1,680	1,880	1,705	2,340	1,752
3. New non-residential construction .....	2,668	2,864	2,812	2,900	2,811	3,024	3,128
4. New machinery and equipment .....	2,876	2,896	3,008	3,136	2,979	3,564	3,444
5. Value of physical change in inventories .....	464	340	580	452	459	228	420
6. Surplus (+) or deficit (-) on current account with non-residents .....	- 512	- 276	- 772	- 392	- 488	- 892	- 348
7. Residual error of estimate .....	364	16	220	340	235	172	308
8. Totals .....	7,444	7,516	7,528	8,316	7,701	8,436	8,704



TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1963 and 1964 (1)  
Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1963					1964	
	I	II	III	IV	Year	I	II
1. Personal expenditure on consumer goods and services .....	24,636	24,792	25,084	25,552	25,016	26,044	26,036
2. Non-durable goods .....	12,440	12,388	12,552	12,616	12,499	12,796	12,880
3. Durable goods .....	3,036	3,128	3,136	3,368	3,167	3,512	3,376
4. Services .....	9,160	9,276	9,396	9,568	9,350	9,736	9,780
5. Government expenditure on goods and services	6,736	6,784	6,728	6,560	6,702	6,868	6,844
6. Business gross fixed capital formation .....	6,316	6,564	6,564	6,840	6,571	7,652	7,036
7. New residential construction .....	1,380	1,448	1,444	1,564	1,459	1,936	1,424
8. New non-residential construction .....	2,380	2,540	2,484	2,536	2,485	2,640	2,700
9. New machinery and equipment .....	2,556	2,576	2,636	2,740	2,627	3,076	2,912
10. Change in inventories .....	420	312	576	416	431	244	392
11. Non-farm business inventories .....	72	- 52	264	348	158	460	572
12. Farm inventories and grain in commercial channels .....	348	364	312	68	273	- 216	- 180
13. Exports of goods and services .....	7,940	8,384	8,388	8,944	8,414	9,224	9,736
14. Deduct: Imports of goods and services .....	- 8,136	- 8,284	- 8,640	- 8,836	- 8,474	- 9,464	- 9,532
15. Residual error of estimate .....	332	16	200	304	213	152	272
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	38,244	38,568	38,900	39,780	38,873	40,720	40,784

(1) See footnote 1, Table 9.

