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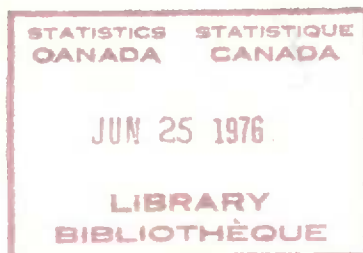
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CANADA



NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
FOURTH QUARTER
AND PRELIMINARY ANNUAL
1965

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In order to obtain a complete historical record of the quarterly National Accounts, the following publications should be consulted:

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

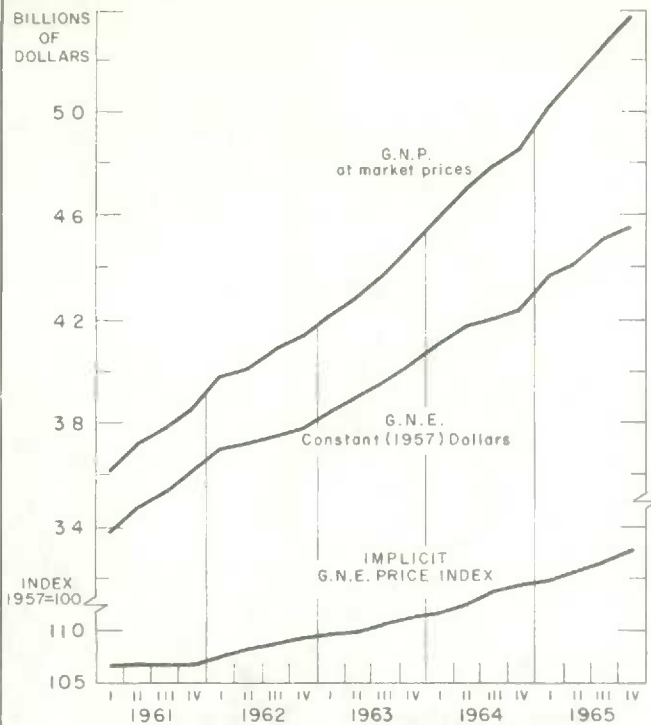
"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 1959.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 1960.

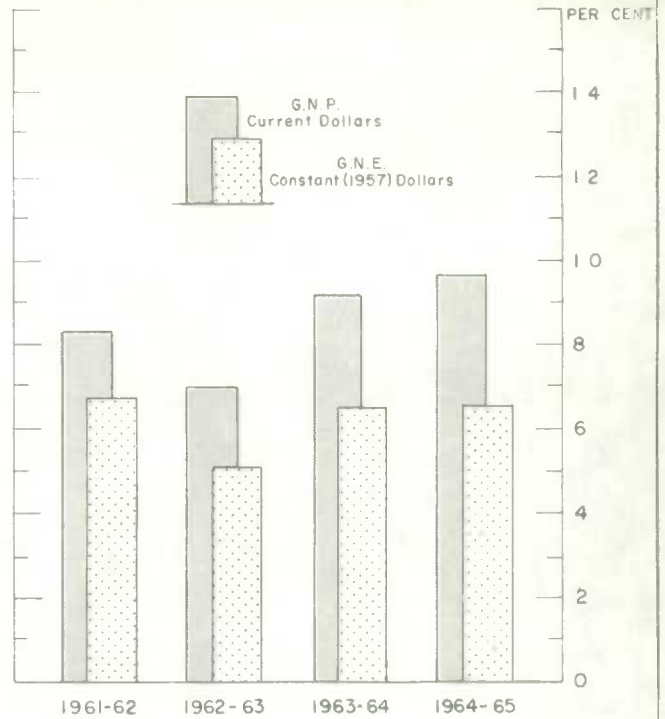
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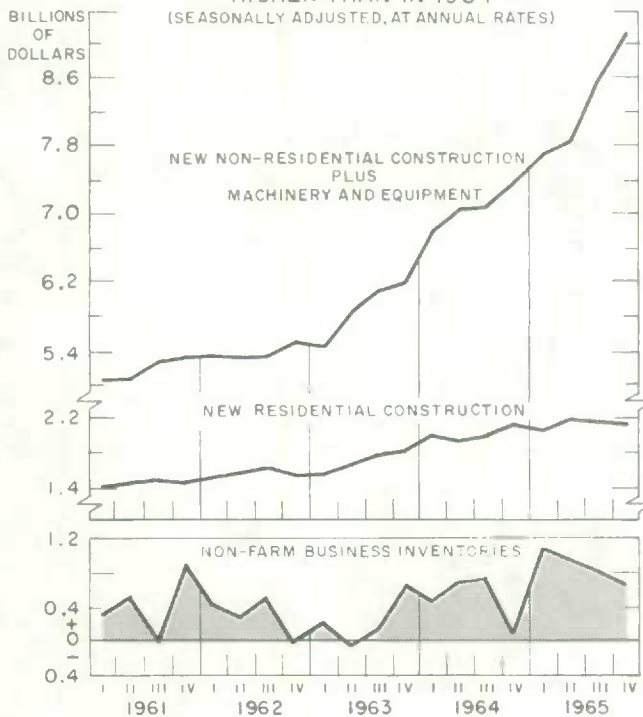
**GROSS NATIONAL PRODUCT ROSE BY 2 PER CENT
IN THE FINAL QUARTER OF 1965**
(SEASONALLY ADJUSTED, AT ANNUAL RATES)



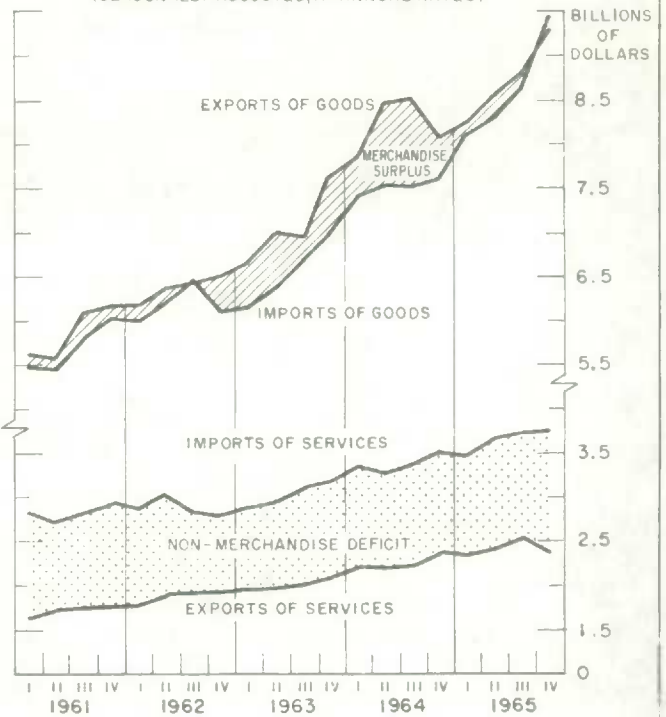
**THE YEAR AS A WHOLE INCREASED
BY 9.7 PER CENT OF WHICH PRICE INCREASES
ACCOUNTED FOR ABOUT ONE THIRD**



INCREASES IN INVESTMENT IN NON-RESIDENTIAL CONSTRUCTION AND MACHINERY AND EQUIPMENT WERE ONE OF THE DOMINANT FACTORS OF THE YEAR. IN HOUSING, HOWEVER, MOST OF THE ADVANCE IN VALUE WAS DUE TO THE INCREASE IN PRICES. BUSINESS INVENTORIES WERE APPRECIABLY HIGHER THAN IN 1964



THE TOTAL DEFICIT ON CURRENT ACCOUNT INCREASED FROM \$0.4 BILLION IN 1964 TO \$1.1 BILLION IN 1965, AS AN INCREASED PORTION OF THE EXPANSION IN DEMAND WAS MET BY GREATLY INCREASED MERCHANDISE IMPORTS



ANNUAL REVIEW 1965

(This report incorporates revisions to data for the years 1962, '63, '64, and the first 3 quarters of 1965. In large part, the revisions represent information which has become available during the past year from final tabulations of annual survey data. New information from "Taxation Statistics, 1965" has also been incorporated in the estimates, as well as the results of the most recent survey, "Private and Public Investment in Canada - Outlook, 1966".)

INTRODUCTION

The momentum which has carried the Gross National Product to successive new high levels since 1961 continued through 1965, when a 9.7 per cent increase raised the current dollar value to \$52.0 billion. As the expansion continued and the economy moved close to a full utilization of resources, price increases were more evident than in the preceding years and a 3 per cent rise in price levels reduced the gain to 6.6 per cent in real terms. If agricultural income is excluded from GNP, the increase in 1965 of 9.6 per cent is somewhat less than the 10.2 per cent increase between 1963 and 1964.

The first quarter of the year witnessed an unusually rapid rate of increase as a surge in inventory accumulation, following the previous quarter's disruption of supplies due to strikes in the automobile industry, was coupled with increased demands in all other sectors, with the exception of housing. The rate of growth eased in the following quarters from the first quarter rate, but throughout the year all areas of demand continued strong with the exception of new housing construction where most of the recorded increase in value reflected increased prices. In the final quarter of the year Gross National Product gained 2 per cent to end the year at \$53.8 billion.

The year as a whole saw gains over a wide range of economic activity. The scene was perhaps dominated by the strength of investment in non-residential construction and machinery and equipment, which were 17 per cent above 1964 levels, with particular emphasis in the manufacturing industry and electric power, gas and water utilities. The capacity of the construction industry was strained during the year, for in addition to business construction, government outlays on new fixed capital rose steeply. These latter outlays are included in overall government expenditure on goods and services which rose by 11 per cent, the main impetus coming from the provincial and municipal governments. Personal consumption once again accounted for the major part of the gain in Gross National Product, as the increase of 8 per cent, buoyed by rapidly rising labour income and expansion of credit purchasing, contributed \$2.4 billion towards the total increase in Gross National Product of \$1.6 billion. The demand for goods and services increased at the same rate, although within goods, the relative strength of demand for durable goods was more pronounced, particularly for automobiles where sales continued to increase strongly for the fourth successive year.

Business investment in inventories, although easing off in each quarter, totalled \$905 million for the year, appreciably higher than 1964. However, the level of inventories and the overall rate of accumulation when viewed against the levels of production did not appear to be unduly high.

The pressures on Canadian production of the vigorous expansion in domestic demand were somewhat moderated as part of the demand was met by a sharp increase in imports, particularly towards the latter part of the year. The deficit on current account transactions with non-residents increased to \$1.1 billion in 1965 from \$0.4 billion, mainly as a result of a substantially lower growth in exports of goods combined with continued large increases in merchandise imports. Exports of goods continued to rise although at a less rapid pace than in 1964; the gains were notable however - when allowing for the substantial decline in wheat sales - particularly non-ferrous metals and automobiles and parts.

In response to the high level of demand labour income rose rapidly throughout the year to average 11 per cent above 1964. The increase was attributable to expanded employment opportunities and to wage rate increases in excess of those experienced in the previous year. Profits moved rather unevenly through the year to a new high, 8 per cent above 1964; however the fractional declines in the first and fourth quarters were in contrast to the uninterrupted gains recorded from the beginning of 1962.

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

	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	2Q'64 to 3Q'64	3Q'64 to 4Q'64	4Q'64 to 1Q'65	1Q'65 to 2Q'65	2Q'65 to 3Q'65	3Q'65 to 4Q'65
1. Personal expenditure	176	152	504	316	488	488	548	736	296	688	400	364	896	876	820
2. Government expenditure	416	- 116	28	200	- 48	248	12	340	64	- 48	376	320	292	120	276
3. Residential construction	36	72	- 88	12	88	140	12	200	- 64	52	140	- 92	148	- 60	- 4
4. Non-residential construction ..	- 136	- 28	56	- 12	248	32	52	268	84	124	52	316	- 76	316	232
5. Machinery and equipment	100	72	104	- 28	92	224	48	380	160	- 116	248	28	172	412	360
6. Exports of goods and services	328	48	68	260	324	8	752	332	604	68	- 288	148	348	344	396
7. Total final purchases	920	200	672	748	1,192	1,140	1,424	2,256	1,144	768	928	1,084	1,780	2,008	2,080
8. (Final domestic demand)	592	152	604	488	868	1,132	672	1,924	540	700	1,216	936	1,432	1,664	1,684

Quarter to Quarter Changes in Other Selected Items

9. "Shift" in non-farm business inventories	- 168	228	- 520	216	- 272	240	480	- 168	216	80	- 696	1,020	- 128	- 144	- 140
10. Imports of goods and services	364	48	- 396	168	284	488	372	608	-	76	244	448	404	400	824
11. G.N.P. (ex. farm)	448	484	596	688	564	888	1,072	1,460	892	1,144	584	1,472	1,104	1,232	1,052

Constant (1957) Dollars

Quarter to Quarter Percentage Changes in Select Items

12. Final domestic demand	0.9	- 0.1	1.0	0.7	1.6	1.8	1.0	3.9	0.4	0.9	2.0	1.0	2.1	2.8	2.1
13. Total final purchases	1.3	- 0.1	0.9	1.1	1.9	1.5	2.1	3.7	1.4	0.7	1.2	1.1	2.2	2.7	2.3
14. Gross national expenditure	0.6	0.9	0.8	1.7	1.2	1.3	2.0	2.1	1.7	0.5	0.8	3.0	1.3	2.0	1.0

As noted earlier, some acceleration of price increases was observed in 1965, as well as a broadening of the areas over which these increases were being experienced. In the consumer field, price increases in food and services were most significant, while price increases in construction appeared to be appreciably higher in non-residential work. Although price increases were more widespread in 1965 certain price reductions should be noted in the selling prices of the motor vehicle industry, petroleum refineries and sugar refineries.

The robustness of the Canadian economy has gone hand in hand with increasing employment and gains in productivity, and against a background of economic expansion in the United States unprecedented in the post-war period.

Components of Demand

Consumer Expenditure

Total consumer expenditure on goods and services reached \$32.1 billion in the year 1965, an increase of 8 per cent over its 1964 value. The purchasing power to sustain this level came primarily from an 11 per cent growth in labour income, while consumer debt outstanding continued to expand at about the same rate as in prior years.

A 2 per cent rise in consumer prices cut into the real gains for the period. The price rise was most pronounced in the service sector which registered an almost 3 per cent increase for the year. A nearly 3 per cent increase in food prices was largely responsible for the increase in non-durable goods prices. New car prices together with used car prices declined about 1 per cent while total durable goods prices declined fractionally.

All major components of consumer expenditure shared in the advance of total consumer expenditure. The rate of growth was fractionally stronger than in the preceding year. The increase in services was 8 per cent, a continuation of the pronounced rate of increase of 1964. The outlays on goods advanced at a rate similar to the advance in outlays for services.

The value of durable goods purchased continued a steady advance as prices edged downwards. Sales of new and used cars rose over 14 per cent, as compared with a 12 per cent gain shown in strike-affected 1964. Most of the major components of durable goods showed increases, more noticeably in furniture and appliances and radios. Purchases of non-durable goods rose more than 7 per cent over 1964, with notable increases in several of the components; for example, food expenditures increased by almost 6 per cent, clothing by 6½ per cent, and tobacco and alcoholic beverages by 8 and 9 per cent respectively.

Personal Expenditure - Per cent Changes

	Year 1962 to Year 1963	Year 1963 to Year 1964	Year 1964 to Year 1965
Total Non-Durables	4.3	6.4	7.3
Food (purchased)	4.8	5.1	5.7
Clothing (and footwear)	4.5	6.3	6.2
Total Durables	9.7	10.7	11.4
New and Used Cars	14.5	11.8	11.2
Total Goods	5.3	7.3	8.1
Total Services (including net expenditure abroad)	7.2	9.0	8.1
Total Personal Expenditure	6.0	7.9	8.1

Business Gross Fixed Capital Formation

Capital expenditures in 1965 amounted to \$10.4 billion, 14½ per cent higher than in the previous year. Non-residential construction and machinery and equipment outlays rose 18 and 17 per cent respectively, while housing rose less sharply, by 5 per cent. The pace of investment in business plant and equipment quickened noticeably in the second half of the year.

The strength in demand in 1965 for new capital spread to all major industrial groupings, but was particularly pronounced in industries manufacturing chemicals, transportation equipment, and in the paper and allied industries, in electric power and transportation utilities, and in financial and commercial services, where the latter increase was partly related to preparations for the 1967 World's Fair. New construction project outlays ran about one-third higher in 1965 in manufacturing, electric power, gas and water utilities, and in the private commercial and institutional service industries, while increased purchases of machinery and equipment were particularly heavy in railways and urban transit systems.

The distribution of capital spending has shifted to give greater emphasis to manufacturing in the past two years than was evident at the commencement of the current expansion, and in 1965 manufacturers' outlays were double those of 1961.

Changes in Industrial Composition of Business Plant and Equipment Outlay

	1965 \$000,000	Distribution 1961 %	1965 %	Per cent increase 1961 to 1965
Goods industries:				
Agriculture, fishing, trapping	928	11.1	11.2	61
Forestry	102	1.0	1.2	104
Mining, quarrying, oil wells	687	8.7	8.3	53
Manufacturing: Durable	803	7.7	9.7	102
Non-durable	1,435	13.3	17.2	109
Electric power, gas/water utilities	1,141	13.6	13.8	62
Construction	235	2.6	2.8	73
Sub-total	5,331	58.0	64.2	78
Service industries:				
Transportation and storage	810	12.5	9.8	26
Communication	455	6.6	5.5	34
Trade	368	5.9	4.4	20
Finance, insurance, real estate	413	6.0	5.0	32
Recreation, business, personal	923	11.0	11.1	62
Sub-total	2,969	42.0	35.8	37
Total	8,300	100.0	100.0	60

The value of residential building amounted to \$2.1 billion with a gain of 5 per cent over 1964 representing largely increased prices. Housing expenditures rose 2½ per cent in the first half of 1965 over the latter half of 1964 but were little changed between the first and second halves of 1965. The tightened supply of mortgage money in the latter part of 1965 contributed to a slowing down in the number of apartments started in the final months of the year. Housing starts in 1965 were virtually unchanged at 166.6 thousand, with completions increasing slightly to 153.0 thousand; the number of dwellings under construction consequently increased and stood at a record 120.0 thousand at the year-end. The housing market was assisted by CMHC direct loans which helped to offset the decline in both conventional and NHA lending by institutions. Mortgage approvals in the last quarter of 1965 were considerably lower than the previous year's level.

Mortgage Loan Approvals Gross Basis
(Dwelling Units)

	1963	1964	1965	<u>1965</u> <u>1964</u>
Under National Housing Act				
Central Mortgage and Housing Corporation	25,034	29,939	33,942	13.4
Approved lenders	31,225	28,197	25,516	-9.5
Sub-total.....	56,259	58,136	59,458	2.3
Conventional lenders	76,601	93,925	90,221	-3.9
Total	132,860	152,061	149,679	-1.6

During 1965 as a result of the heavy construction program, pressures developed on construction wage and material costs. Costs rose by about 6 per cent in 1965 compared with increases of about 4 per cent in the preceding year.

Business capital spending plans for 1966, published in "Private and Public Investment in Canada - Outlook 1966", indicate a substantial increase in investment; thus the sector is expected to add to domestic demand and cost pressures. However, some Federal Government budgetary measures, announced in late March, were aimed at restraining the expenditures on capital.

Non-farm Business Inventories

The tempo of investment in business inventories accelerated in 1965, amounting to \$905 million as compared to \$516 million in 1964. Although this was by far the biggest stock accumulation during the current economic expansion, the accumulation in relation to the levels of production does not appear to be unduly high. Investment in manufacturing and retail trade was the major force of expansion, contributing about 50 and 28 per cent respectively of the total accumulation in 1965. The year 1965 has been noteworthy for the strength of durable goods. The quarterly pattern revealed that after a substantial accumulation in the first quarter of the current year, there was some slowing down in the rate of accumulation in the last three quarters of the year. The substantial build-up in the first quarter in part reflected unusually heavy restocking of automobiles in dealers' hands as a result of a sizeable involuntary depletion in the previous quarter due to strikes in the automobile industry.

The strongest influence in the 1965 accumulation was provided by the investment in manufacturers' durable goods, with significant increases in the stocks of primary metal, metal fabricating, machinery, transportation, and electrical goods-producing industries. Among non-durables, the increase in chemicals was noticeable. An offsetting movement in the stocks of other non-durable goods-producing industries left on balance a very small accumulation. The ratio of stock-to-shipping throughout the year remained below the average of the current expansion and slipped noticeably at the year-end.

Almost all the increase in the rate of accumulation in the stocks of wholesale trade was accounted for by the durable lines, in particular in the industrial and transportation machinery and equipment group. The movements in the non-durables were mixed, leaving a very small accumulation. The stock-to-sales ratio for the year as a whole was below the average of the current expansion.

A considerable amount of accumulation was concentrated in the holdings of retail traders. Modest increases in stocks were registered in non-durable goods, whilst there was a sharp accumulation in durable goods, concentrated mainly in the hands of motor vehicle dealers. The stock-to-sales ratio throughout the year was above the average of the current expansion.

Change in Non-Farm Business Inventories, Years 1964-1965

	1964	1965	1965 Minus 1964
	(millions of dollars)		
Manufacturing	235	442	207
Durables	442	366	224
Non-durables	93	76	-17
Wholesale	65	118	53
Retail	192	249	57
"Other" Industries	24	96	72
Total	516	905	389

Exports and Imports of Goods and Services

During 1965 the deficit in Canada's external account jumped to \$1,141 million from \$412 million in 1964 on the National Accounts basis. The change of \$729 million resulted from a fall of \$599 million in the surplus on merchandise trade as the increased demand for imports outpaced the growth in export sales, and a further deterioration of \$130 million in non-merchandise trade. About 80 per cent of the latter can be ascribed to higher deficits in the interest and dividend account and the freight and shipping account.

Exports and Imports of Goods and Services

	Goods			Services			Current Balance
	Exports	Imports	Net	Exports	Imports	Net	
	(millions of dollars)						
1961	5,889	5,716	173	1,742	2,826	-1,084	-911
1962	6,380	6,203	177	1,879	2,879	-1,000	-823
1963	7,082	6,579	503	2,029	3,039	-1,010	-507
1964	8,240	7,540	700	2,267	3,379	-1,112	-412
1965	8,737	8,636	101	2,419	3,661	-1,242	-1,141
1964-5 per cent change	6.0	14.5		6.7	8.3		

Export gains were made in live animals, crude materials such as metal ores, fabricated materials including pulp and paper and metals, and such products as machinery and transportation (cars, trucks and parts) and communication equipment. After showing little gain in the first part of the year compared with the latter half of 1964, exports climbed 8 per cent in the second half of the year.

Domestic exports, on a Trade of Canada basis, were \$429 million higher in 1965 than in the previous year. A gain of \$568 million in United States' markets offset declines of \$25 and \$114 million in United Kingdom and other markets. Fabricated materials and end-products contributed 43 and 36 per cent of gains made in the United States. A drop of \$214 million in the category "food, feed, beverages, and tobacco" accounted for the overall decline in exports to markets outside the United States and United Kingdom. Whereas shipments of wheat and flour under the first major contract with the Soviet Union were important throughout the first half of 1964, shipments on the second large contract began late in the third quarter of 1965.

Available import statistics suggest strength in Canadian demand for imported fabricated chemicals, metal and metal products, machinery, transportation and communication equipment and other equipment such as laboratory requirements and computers.

Merchandise Trade
(Trade of Canada basis)

	Domestic Exports		Per cent change	Imports		Per cent change
	12 months 1964	1965		10 months 1964	1965	
	(millions of dollars)			(millions of dollars)		
Live animals	34	79	132.4	15	8	-46.7
Food, feed, beverages, tobacco ^{1/}	1,806	1,630	-9.7	634	599	- 5.5
Inedible crude materials	1,616	1,763	9.1	789	813	3.0
Metals	803	862	7.3	157	166	5.7
Inedible fabricated materials	3,503	3,729	6.5	1,474	1,702	15.5
Lumber and wood	589	602	2.2	56	58	3.6
Pulp, paper, allied	1,359	1,432	5.4	54	58	7.4
Chemicals, allied	296	323	9.1	330	373	13.0
Metals and metal products	1,085	1,182	9.0	478	606	26.8
Inedible end products	1,109	1,298	17.1	3,075	3,609	17.4
Machinery	276	322	16.7	1,016	1,130	11.2
Transportation and communication equip- ment ^{2/}	539	668	23.9	977	1,268	29.8
Other equipment, tools	173	175	1.2	505	572	13.3
Personal, household goods	51	52	2.0	245	263	7.3
Miscellaneous	69	81	17.4	332	375	13.0
Special trade transactions	26	24	-7.7	171	221	29.2
Total	8,094	8,523	5.3	6,158	6,952	12.9

^{1/}Wheat clearances: 988 853 -13.9

^{2/}Before allowance for progress payments and deliveries.

The Government Sector

Total revenues of governments combined (excluding intergovernmental transfers) increased by \$1,676 million to a level of \$16,373 million, about 11½ per cent over the 1964 level of \$14,697 million. Total expenditures increased less sharply, by 9½ per cent above 1964 totals, to a level of \$16,127 million, resulting in a surplus of \$246 million (on a National Accounts basis) compared to a small deficit of \$21 million in 1964. The improvement in the overall position came entirely at the federal level. The increase in revenues was at a greater rate than the increase in expenditures, and resulted in an increase in the surplus to \$568 million from \$296 million in 1964, making this the second year in a row to record a federal surplus. The deficit at the provincial-municipal level of \$322 million was little changed from 1964.

All components of government revenue increased over the year, reflecting the continued buoyancy and expansion of activity in the economy in 1965. The largest increases occurred in revenues from indirect taxes and personal direct taxes.

Total indirect tax revenue rose by approximately 12 per cent, with the federal government and the provincial-municipal governments sharing almost equally in the absolute increase. The major part of the gain at the federal level was in excise taxes, which rose 19 per cent compared to 14 per cent for all federal indirect taxes; this was in part a reflection of the final stage of the imposition of the higher excise tax on production equipment and building materials. Provincial revenues from gasoline and sales taxes rose by 11 per cent and 16 per cent respectively, partially caused by some upward revision in rates. The gain in property taxes, due to both increased rates and bases, accounts for most of the rise at the municipal level.

Total corporate and personal direct taxes reached a level of \$6,076 million, an increase of 12 per cent from 1964. Reflecting the sustained improvement in employment conditions and rising incomes, total revenue from federal and provincial personal income taxes was 13½ per cent higher than in 1964, even after allowing for a reduction of about 10 per cent in the federal personal income tax rates from July 1, 1965. The provincial share of personal income taxes increased markedly during the year, a reflection of the increased abatement under the terms of the Federal-Provincial Fiscal Arrangements Act.

Total expenditures of all levels of government (excluding intergovernmental transfers) advanced by approximately 10 per cent or \$1.4 billion in 1965, with most of the gain occurring at the provincial-municipal level. Outlays on goods and services which increased by 11 per cent were strongly reinforced by a 29 per cent or \$533 million increase in capital expenditure with four-fifths of the increase occurring at the provincial-municipal level. Provincial-municipal expenditures on goods and services rose sharply by approximately 13 per cent. Federal outlays on goods and services rose by more than 7 per cent, which was accounted for by an increase of almost 14 per cent in non-defence goods and services and a decrease of 1 per cent in defence goods and services.

Transfer payments to persons (excluding interest on the public debt) showed a total increase of 9 per cent. The federal government recorded an increase of 3 per cent, but the increase at the provincial-municipal level was 15 per cent. The substantial increase by the provincial-municipal governments was caused by larger grants to hospitals and educational institutions.

Per Cent Change in Government Revenue and Expenditure

	1963 to 1964	1964 to 1965
Government Expenditure:		
Goods and services	7.2	10.9
Transfer payments to persons	7.4	8.9
Interest on the public debt	7.2	7.1
Subsidies	3.9	-4.0
Capital assistance	34.4	2.4
Total	7.3	9.6
Government Revenue:		
Direct taxes - persons	17.6	14.1
Direct taxes - corporations	9.3	8.4
Withholding taxes	10.2	20.0
Indirect taxes	13.3	11.8
Investment income	9.4	10.6
Employer-Employee contributions	7.0	5.2
Total	12.8	11.4

1/Excludes intergovernmental transfers.

Price Movements

With prices advancing by nearly 3 per cent between 1964 and 1965, the increase of 9.7 per cent in the value of GNP was reduced to a gain of 6.6 per cent when expressed in real terms. The following table shows annual price changes for the major components of GNE over the past three years. From this table it is apparent that there has been a moderate increase in the rate of over-all price increase over the past two years.

Implicit Price Indexes Percentage Change from Preceding Year

	1963	1964	1965
Personal Expenditure	1.5	1.6	2.0
Durable Goods	0.3	-1.0	-0.3
Non-Durable Goods	1.7	1.7	2.0
Total Goods	1.4	1.0	1.4
Food	2.6	1.6	2.6
Non-Food Goods	0.7	0.9	0.8
Services including Net Expenditure Abroad	1.4	2.3	2.8
Government Expenditure	4.1	3.1	4.4
Business Gross Fixed Capital Formation	3.1	4.4	4.3
New Residential Construction	3.4	5.5	4.9
New Non-Residential Construction	3.4	4.4	6.1
New Machinery & Equipment	2.6	3.8	2.6
Final Domestic Demand	2.2	2.4	2.9
Exports	1.2	1.9	1.2
Total Final Demand	2.0	2.3	2.6
Imports	2.9	1.2	0.4
Gross National Expenditure	1.8	2.5	2.9

In 1965 the price component of personal expenditure advanced by 2 per cent, as compared with 1.6 per cent in the preceding year. Prices associated with business gross fixed capital formation exhibited approximately the same rate of increase in both 1964 and 1965, while prices for both exports and imports showed a smaller increase in 1965 than in 1964.

Within personal expenditure, the various components showed somewhat diverse movements. Durable goods prices declined fractionally in 1965 as compared with a 1 per cent decline in 1964. Within 1965, the prices of new automobiles and appliances decreased by approximately one-half of 1 per cent, while prices of furniture increased by 2 per cent. Food prices, increasing by about 2½ per cent largely as the result of greatly increased meat prices brought about by short supply conditions in the United States, dominated the movement of non-durable goods prices. Prices of non-food commodities continued to increase by slightly less than 1 per cent. Prices of services rose by close to 3 per cent in 1965, reflecting advances of 3½ per cent or over in all major components other than rents and communication-related services, both of which increased by about one half of 1 per cent.

Prices associated with residential building showed somewhat less of an increase in 1965 than in 1964. This appeared to be associated with building material prices, wherein the price index of lumber and its products had increased by over 8 per cent in 1964, compared with 5 per cent in 1965, while prices of roofing materials, which had risen by about 6 per cent in 1964, fell by 3 per cent in 1965. The labour component of both the residential and non-residential price indexes increased by somewhat more in 1965 than the 4½ per cent increase recorded in 1964. Shifting expenditure patterns affected machinery and equipment prices both in 1964 and in 1965. Had a fixed pattern of

expenditures been used to estimate price changes the increases in the price of machinery and equipment would have been 3.3 per cent in 1964 and 2.9 per cent in 1965.

Within merchandise exports, price changes were somewhat diverse. The drop in the price of wheat early in 1965 was largely responsible for a $1\frac{1}{2}$ per cent price decline in the food, feed, beverages and tobacco group. Both the crude materials inedible, and the end products inedible groups increased by a little over 1 per cent while the fabricated materials inedible group showed a gain of 2 per cent. Within the last-mentioned group, the price of newsprint showed only a fractional change, while certain metal prices, responding to world market conditions, showed significant increases.

The movement of merchandise import prices was again dominated by changes in the price of sugar, which declined by more than 50 per cent in 1965 relative to 1964. The fractional increase in the over-all import price index resulted from moderate increases in the crude materials inedible and the end products inedible groups, an increase of approximately 3 per cent in the fabricated materials group, and a decrease of over 16 per cent in the food, feed, beverages and tobacco group.

Income Flows

Labour Income

Wages, salaries, and supplementary labour income totalled \$26.0 billion for 1965 and were 11 per cent higher than in 1964. Labour income originating in the goods-producing industries advanced more rapidly than the service-producing group in 1965.

The rise in labour income resulted in part from the continued sharp increase in employment in non-agricultural industries, where expanded job opportunities more than absorbed new entries to the labour force, and the number of unemployed fell. Numbers in the labour force as a proportion of the population 14 and over rose in 1965 to a level not achieved since the late 1940's. In addition to the increased numbers employed, the year also witnessed an appreciable increase in average weekly wages and salaries.

Wages and salaries in the goods-producing industries rose $12\frac{1}{2}$ per cent with the largest gain, 24 per cent, occurring in construction, where about $\frac{2}{3}$ of the increase resulted from a higher volume of labour input. The mining industry advanced 13 per cent and the forestry and manufacturing groups each increased about $10\frac{1}{2}$ per cent. Gains in mining, manufacturing and construction wage and salary payments were the largest recorded in the past decade.

Wages and salaries in the service-producing industries were about $10\frac{1}{2}$ per cent above the 1964 total. The finance and service industries increased about $12\frac{1}{2}$ per cent and wages and salaries in trade advanced $10\frac{1}{2}$ per cent. Somewhat smaller increases were recorded in the transportation, communication and other utilities group, $8\frac{1}{2}$ per cent, and in government non-military wages and salaries, $7\frac{1}{2}$ per cent.

Corporation Profits

Corporation profits (before taxes and before dividends paid to non-residents) reached a new record level of \$5.2 billion in 1965, and were 8 per cent higher than in 1964. Starting the year with a moderate first quarter (about level with the exceptionally high fourth quarter of 1964) profits continued to climb through the second and third quarters before levelling off in the fourth.

Profits in the manufacturing group rose about 7 per cent over last year due to the general strength evident in most industries. Of particular significance were the increases in food and beverages (8 per cent), and metals (15 per cent), the latter reflecting the return to more stable production conditions in the transportation equipment industry. These movements were partly offset by increased costs in the wood and paper industries, the profits of each of which declined 15 per cent.

There was a 9 per cent rise in the profits of the transportation, storage and communication industry. The continued strength of consumer demand contributed to the 15 per cent increase in retail trade profits, while wholesale trade profits showed an upward movement of 10 per cent. The performance of banks and the improved revenues of insurance carriers resulted in a 9 per cent advance in the finance, insurance and real estate group. The profits of service industries continued to grow and increased 22.0 per cent, this rate being second only to that of 1962, the first full year of the current expansion.

The marginal decline in the profits of the mining, quarrying and oil wells group was due to the irregularly high level of foreign dividend receipts in 1964.

Investment Income

Rents, interest and miscellaneous investment income increased by 9 per cent over 1964, one of the larger increases in recent years. This item was marked by an increase in the government component as the profits of government business enterprises and other investment income showed a notable rise. The increase was largest at the provincial level.

Among the other investment income items the rental income of persons showed mixed movements with residential rents declining, reflecting rising expenses, while the rental income of farms increased sharply.

Net Income of Non-Farm Unincorporated Business

Benefitting from strong second and third quarters, net income of non-farm unincorporated business in 1965 reached a level of \$2,877 million, 6 per cent above the 1964 figure. The largest gain, $7\frac{1}{2}$ per cent, was in service industries which contributed more than half to the total increase in the net income of non-farm unincorporated business.

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production in 1965 was \$1,645 million, 12 per cent higher than in 1964 but slightly lower than in the bumper crop year 1963. Farm cash receipts, the largest component of farm income, increased 8 per cent and farm operating expenses 5 per cent from the corresponding 1964 data. Both items attained new record levels.

A large part of the increase in the accrued net income of farm operators can be attributed to considerably higher grain production. The value of crop production in 1965 was estimated to have been \$1,301 million, the third highest on record and close to 15 per cent above 1964. On the other hand, value of grain marketings in 1965 was smaller than in 1964.

Reflecting considerably higher receipts from sales of cattle, calves and hogs, livestock production increased 9 per cent above the 1964 level. Sales of potatoes, dairy products and eggs also increased.

Farm Income

	1964	1965	Change 1965 1964	Per Cent Change 1965 1964
	(millions of dollars)			
Farm Cash Income	3,456	3,741	285	8.2
Income-In-Kind	368	398	30	8.2
Farm Inventory Change	-99	56	155	-
Gross Income	3,725	4,195	470	12.6
Deduct:				
Farm Operating Expenses	1,957	2,058	101	5.2
Depreciation	349	376	27	7.7
Add:				
Adjustment on Grain Transactions ^{1/}	111	-44	-155	-
Other Adjustments	- 66	-72	-6	-
Accrued Net Income of Farm Operators	1,464	1,645	181	12.4

^{1/} This adjustment takes account of the undistributed profits of the Canadian Wheat Board.

Production by Industry

Gross domestic product less agriculture for the year 1965 was $6\frac{1}{2}$ per cent above the level of the previous year, with manufacturing contributing over one-third of this gain. Most major industry groupings showed increases well over their post-war average rates of growth. The exceptions were the primary industries and the public administration and defence and the finance, insurance and real estate groups from among the service-producing industries. The largest year-to-year gains were recorded by durable manufacturing, electric power and gas utilities, and wholesale trade, all of which increased by about 10 per cent in 1965. Gains of about 8 per cent occurred in construction and transportation, while non-durable manufacturing and retail trade advanced by $5\frac{1}{2}$ and 6 per cent respectively.

The Fourth Quarter

Introduction

Gross National Product rose by 2 per cent in the fourth quarter to an annual rate of \$53.8 billion after allowing for seasonal factors. Prices rose 1 per cent in the final quarter of the year reducing the gain in real terms to about 1 per cent.

The gains in the quarter were marked by the similarity which they bore to the preceding quarter with the exception of imports and government expenditure, both of which at least doubled their rate of increase, and some acceleration in price increases. Total final purchases rose by \$2 billion at annual rates in both periods, and the rate of inventory investment slackened by close to \$150 million in each quarter.

The main contribution came from personal spending which registered a gain of $2\frac{1}{2}$ per cent but a sizeable increase in business investment in plant and machinery also occurred, raising the annual rate in the fourth quarter well towards the anticipated level of outlays in 1966. The 8 per cent increase in machinery and equipment almost certainly contributed towards the deterioration in Canada's balance on current international transactions. A more than $6\frac{1}{2}$ per cent increase in imports well outpaced export gains with a resultant widening in the seasonally adjusted deficit to an annual rate of \$1.5 billion from \$1.1 billion in the third quarter. Government demands on production rose by 3 per cent with the federal and provincial/municipal areas showing approximately similar increases.

On the income side, labour income and rent, interest and miscellaneous investment accounted for almost the total increase. While corporation profits, and both farm and non-farm unincorporated business income showed slight percentage declines, the dollar values of these components showed relatively little change between the third and fourth quarters. The stability in the indirect taxes less subsidies component was due to the fact that increases in indirect taxes were offset by an increase of a like amount in subsidies. Data on non-agricultural production in real terms by industry indicate that gains in the fourth quarter were quite widespread with all major industry groups contributing to the advance.

Components of Expenditure

Total personal expenditure on goods and services, seasonally adjusted at annual rates, reached \$33.3 billion, an increase of $2\frac{1}{2}$ per cent over the third quarter. However, about one third of this advance must be attributed to an upward movement in consumer prices. The increase in consumer expenditure was accompanied by a more than 3 per cent increase in labour income.

Expenditure on goods accounted for 61 per cent of total personal expenditure. The fourth quarter rise of about $2\frac{1}{2}$ per cent in total outlays on goods was a less rapid expansion than in the third quarter as expenditure on new and used cars fell more than 3 per cent below the third quarter level; other durable goods expenditures were higher than in the third quarter.

Non-durable goods, which accounted for 48 per cent of total personal expenditure, advanced to a \$16.1 billion annual rate after a rise of $3\frac{1}{2}$ per cent from the third quarter when the advance was only 2 per cent. Some of this advance is accounted for by higher food prices. The greatest increases in non-durable expenditures were recorded by heating fuel, electricity and gas expenditures which when taken together climbed about 5 per cent; by alcoholic beverage sales which advanced over 4 per cent; and by gas, oil and grease which when taken as a total rose by 4 per cent. Expenditure on these items accounted for about $20\frac{1}{2}$ per cent of total non-durable purchases. On the other hand, tobacco expenditures fell 2 per cent in the fourth quarter after gaining $2\frac{1}{2}$ per cent in the previous period.

During the fourth quarter, services advanced about 3 per cent to reach a seasonally adjusted annual rate of \$13.1 billion. Again the advance in real terms was somewhat dampened by generally advancing prices. For the fourth quarter the dollar advance was general throughout all the components of services.

Business fixed capital formation, including residential construction, rose by $5\frac{1}{2}$ per cent from the third to the fourth quarter to reach an annual rate of \$11.3 billion after allowance for seasonal factors. The estimated increase of some \$590 million was the result of strength in business demands for plant and equipment either to increase capacity or replace existing fixed assets.

The value of housing put in place was virtually unchanged. Housing starts fell from 171,500 to 154,200 at annual rates, while completions edged up slightly to 149,000. The sharp decline in starts in urban areas was mainly concentrated in apartment starts. Direct CMHC loans in support of the winter incentive program helped to offset reduced activity of institutional lenders in both NHA and conventional mortgages. The year end levels of mortgage loan approvals, lower by 20 to 30 per cent than a year earlier, foreshadowed a drop in 1966 starts.

Business outlays on building and engineering plant and equipment amounted to an annual rate of \$9.1 billion, some 7 per cent above the third quarter, with structures up $5\frac{1}{2}$ and equipment up 8 per cent.

Investment in non-farm business inventories in the fourth quarter of 1965, at seasonally adjusted annual rates, was \$696 million as compared with \$1,108 million in the first quarter, \$980 million in the second quarter and \$836 million in the third quarter of 1965. The drop in the rate of accumulation in the fourth quarter was due to the reduced rate of stock building in retail and wholesale trade. Manufacturers were the largest contributors to the total accumulation in the fourth quarter and this demand for stocks towards the end of the period was in part reflected in the high level of merchandise imports.

Investment in manufacturers' stocks contributed 70 per cent to the total accumulation of business holdings. The considerable advance in the durables component formed the basis for this growth, with particular strength occurring in the primary metal, metal fabricating, machinery, and transportation industries. Offsetting movements in the non-durable goods producing industries left, on balance, a very small accumulation in this group.

Related information indicates that stock accumulation took place at all stages of production, most noticeably in goods-in-process. The ratio of stock-to-shipsments was below the average of the current economic expansion. Continued advances in business investment and in consumer expenditures were reflected in a rising flow of new orders and shipments leaving the rate of increase in unfilled orders almost unchanged from the previous quarter.

Investment at the wholesale level showed a moderate accumulation. A considerable amount of build-up which occurred in durables, mainly in industrial and transportation equipment and supplies, and commercial, institutional and service equipment and supplies groups, was to some extent offset by a liquidation in the stocks of all non-durable goods. For the industry as a whole the stock-to-sales ratio was below the average of the current economic expansion.

Within retail trade, modest increases were recorded both in durables and non-durables. In the non-durables, offsetting movements resulted in a very small stock accumulation. In the durable goods a small liquidation in the stocks of the rest of durables was more than offset by a substantial build-up of stocks of motor vehicle dealers. The stock-to-sales ratio in the current quarter was above the average of the current economic expansion.

The deficit in the external account moved from a seasonally adjusted annual rate of \$1,076 million in the third quarter to \$1,504 million in the fourth. The change of \$428 million resulted from a turn-round of \$304 million from surplus to deficit in merchandise trade augmenting a worsening by \$124 million in non-merchandise trade.

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)							
1964 - 1st quarter	7,864	7,448	416	2,228	3,372	-1,144	-728
2nd quarter	8,492	7,552	940	2,204	3,268	-1,064	-124
3rd quarter	8,524	7,524	1,000	2,240	3,372	-1,132	-132
4th quarter	8,080	7,636	444	2,396	3,504	-1,108	-664
1965 - 1st quarter	8,268	8,120	148	2,356	3,468	-1,112	-964
2nd quarter	8,552	8,312	240	2,420	3,680	-1,260	-1,020
3rd quarter	8,812	8,652	160	2,504	3,740	-1,236	-1,076
4th quarter	9,316	9,460	-144	2,396	3,756	-1,360	-1,504
3rd to 4th 1965 (per cent)	5.7	9.3		-4.3	0.4		

Discounting seasonality, export gains were made in aluminum, copper, iron, nickel, and zinc; in other materials such as crude petroleum, natural gas, asbestos, lumber, wood pulp and fertilizers; and in end products such as agricultural machinery. Declines were recorded in wheat clearances, fish and non-agricultural machinery. Data are not yet available to identify import commodity changes corrected for seasonal factors.

The worsening in services transactions was mainly concentrated in the travel account, the interest and dividend income account and, to a smaller degree, in the freight and shipping account.

Government Sector

Seasonally adjusted at annual rates, total revenues of all governments combined (excluding intergovernmental transfers) increased by almost 4 per cent from the third quarter to a level of \$17,152 million in the fourth quarter. All components showed increases of varying degree with the largest absolute increase occurring in indirect taxes and investment income.

Expenditures of all governments combined increased by 3 per cent, to a level of \$16,752 million in the fourth quarter of 1965. Almost half of the increase was accounted for by higher expenditures on goods and services by all governments. Subsidies increased substantially, the result of a large interim payment to the railways made during the quarter.

With revenues at the provincial-municipal level increasing more sharply than expenditures and with the surplus at the federal level remaining relatively constant the surplus on a national accounts basis, of all governments combined, rose from a seasonally adjusted rate of \$244 to \$400 million between the third and fourth quarter of 1965.

Price Movements

One-half of the two per cent gain in the value of GNP between the third and fourth quarters resulted from higher prices. With the exception of exports, prices of all major GNE components increased by more in the fourth quarter than they had in the third quarter. The following table shows quarter-to-quarter price changes for GNE and its components throughout the year 1965.

Implicit Price Indexes, Seasonally Adjusted
Percentage Change from the Preceding Quarter

	<u>1965</u>			
	4th to 1st	1st to 2nd	2nd to 3rd	3rd to 4th
Personal Expenditure	0.3	0.8	0.4	0.7
Durable Goods	-0.3	-0.1	-0.3	-0.1
Non-durable Goods	0.4	1.2	0.5	0.8
Total Goods	0.2	0.9	0.2	0.6
Non-food Goods	0.1	0.2	0.1	0.3
Food	0.5	2.2	0.5	1.4
Services	0.6	0.7	0.8	0.7
Government Expenditures	1.5	0.7	0.7	2.1 ^{1/}
New Residential Construction	1.2	1.4	0.4	1.5
New Non-Residential Construction	2.1	2.0	0.5	1.8
New Machinery and Equipment	2.1	-0.3	-	0.6
Final Domestic Demand	0.9	0.8	0.4	1.1
Exports	-0.1	0.5	1.1	0.4
Total Final Purchases	0.7	0.7	0.6	0.9
Imports	0.4	-0.3	0.5	0.7
Gross National Expenditure	0.5	1.0	0.6	1.0

^{1/} Quarter to Quarter price changes for this component cannot be measured with precision.

The price component of personal expenditure advanced by 0.7 per cent between the third and fourth quarters. As noted in the table, prices of food were largely responsible for the advance of 0.6 per cent in the price of goods. Prices of non-food commodities increased only fractionally, partly reflecting a continued slight decline in prices of durable goods. Service prices continued to advance by a little over one-half of one per cent with rents again showing only a fractional increase.

Preliminary data suggest that consumer prices advanced by close to 1½ per cent between the fourth quarter 1965 and the first quarter 1966. Much of this increase resulted from a significant increase in the prices of food.

Prices of the components of business gross fixed capital formation showed some acceleration in the fourth quarter, traceable mainly to pronounced advances in the labour component of the construction price indexes.

Prices of merchandise exports advanced by about one-half of one per cent during the quarter. There was little change in the price of fabricated materials inedible, crude products inedible, and of end products. However, prices of food, feed, beverages and tobacco advanced by 2 per cent, reflecting increases in the prices of wheat, tobacco and other foodstuffs.

Income Flows

Seasonally adjusted labour income, at \$27.2 billion, rose about 3 per cent in the fourth quarter, a somewhat accelerated rate of increase from the third quarter, already high by reason of retroactive payments. Much the highest rate of increase occurred in the goods-producing industries, where a rise of about 5 per cent contrasts with one of nearly 2 per cent in the service-producing industries.

Among the goods-producing industries, the greatest rate of gain was in construction; the 11 per cent increase was the largest since the first quarter of 1956. Labour income in manufacturing advanced over 4 per cent in the fourth quarter, the largest increase since the fourth quarter of 1952.

The 2 per cent increase in seasonally adjusted labour income in the service-producing industries in the fourth quarter was considerably lower than the gain in the third when it had been unusually high because of retroactive payments. But for this factor, the rate of increase in the two quarters would have been much the same. There were gains in labour income in all the service industries except government service where it declined nearly 2 per cent, largely in reflection of retroactive payments in the third quarter.

Corporation profits in the fourth quarter 1965, dipped to a seasonally adjusted annual rate of \$5.3 billion, about 1 per cent below the preceding quarter. In the manufacturing group the paper, metals, and petroleum and coal industries displayed some weakness, outweighing the small gains within the group. Retail trade, and finance, insurance and real estate also declined. Increases were registered by transportation, storage and communication, and wholesale trade.

Rents, interest and miscellaneous investment income increased \$284 million or 8 per cent from the third to the fourth quarter. This unusually large increase can be attributed to the profits of government business enterprises which reflect that portion of the interim subsidy payments to railways received by the C.N.R.

Accrued net income of farm operators from farm production, seasonally adjusted at annual rates, declined 2 per cent from the third quarter, to \$1,740 million. Income from grain production decreased nearly 4 per cent, mainly due to a drop in the profits of the Canadian Wheat Board, and income from production of livestock, notably cattle and calves, showed a similar decrease. Higher receipts from sales of other farm products partially offset the decline in grain and livestock production.

Production by Industry

Seasonally adjusted real domestic product at factor cost, less agriculture, for the fourth quarter of 1965 was about 2 per cent higher than in the preceding quarter, and over 30 per cent above its first quarter 1961 level. More than two-thirds of the aggregate gain in the fourth quarter came from manufacturing, trade, and electric power and gas utilities, with increases in all the other major components contributing the rest.

Manufacturing, with a 3 per cent gain, was the largest single contributor to the fourth quarter increase, accounting for about 40 per cent of the advance in non-agricultural real output. More than half of the gain in manufacturing came from durables which advanced by 4 per cent, while non-durables increased by $2\frac{1}{2}$ per cent.

Within the durable manufacturing component, all major groups showed increases in the fourth quarter, ranging from 2 to $7\frac{1}{2}$ per cent. The largest contributors to the gain in durables were wood products which advanced by $7\frac{1}{2}$ per cent, and transportation equipment, up by $4\frac{1}{2}$ per cent. The latter group owed the major part of its advance to continued strong gains in motor vehicles and parts production, which has more than doubled since the beginning of the current expansion. The electrical apparatus and non-ferrous metal groups recorded increases of more than 3 per cent, as did most of the components of the non-metallic minerals group.

Within non-durables manufacturing, increases were shown by all major groups except textiles and petroleum products. The 4 per cent gain in foods and beverages and the 5 per cent advance in chemical products jointly accounted for about two-thirds of the increase in non-durable manufacturing. Gains of over 4 per cent were also recorded by printing and publishing, and tobacco products.

The next largest contributions to the gain in non-agricultural real output came from trade, which advanced by 2 per cent, electric power and gas utilities, up $7\frac{1}{2}$ per cent, and construction, which recorded a $3\frac{1}{2}$ per cent increase. Jointly they accounted for over one-third of the aggregate gain. Within trade, the wholesale group showed a stronger increase than did retail trade, although gains were widespread among individual components of both groups. Motor vehicle dealers, grocery and clothing stores, fuel dealers, and farm implement and feed stores were among the retail trades showing the largest gains, while in wholesale trade, sales of commercial, institutional and industrial equipment and construction materials and supplies recorded the highest increases.

The other major industry groupings showed increases ranging from one-half of one per cent in finance, insurance and real estate to 6 per cent in fishing and trapping. Fairly strong gains in air, water and railway transport accounted for most of the 2 per cent increase in transportation. In mining, the fourth quarter advances in metal and non-metal mining were dampened by a drop in the fuel mining component, resulting in an increase in the aggregate of over 1 per cent.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1961-65
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Wages, salaries, and supplementary labour income	4,448	4,733	4,940	4,875	18,996	4,763	5,060	5,242	5,168	20,233
2	Military pay and allowances	129	140	137	144	550	147	152	145	142	586
3	Corporation profits before taxes	606	918	942	961	3,427	759	1,049	989	1,022	3,819
4	Deduct: Dividends paid to non-residents(1)	- 164	- 122	- 128	- 172	- 586	- 131	- 155	- 120	- 178	- 584
5	Rent, interest and miscellaneous investment income	628	628	685	729	2,670	670	681	675	806	2,832
6	Accrued net income of farm operators from farm production(2)	87	135	676	110	1,008	50	119	1,195	132	1,496
7	Net income of non-farm unincorporated business(3)	444	558	565	707	2,274	503	615	578	705	2,401
8	Inventory valuation adjustment(4) ...	- 10	- 11	- 41	- 27	- 89	- 29	- 43	- 51	- 7	- 130
9	NET NATIONAL INCOME AT FACTOR COST ..	6,168	6,979	7,776	7,327	28,250	6,732	7,478	8,653	7,790	30,653
10	Indirect taxes less subsidies	1,121	1,174	1,153	1,248	4,696	1,265	1,320	1,373	1,335	5,293
11	Capital consumption allowances and miscellaneous valuation adjustments	1,073	1,136	1,151	1,180	4,540	1,146	1,235	1,235	1,276	4,892
12	Residual error of estimate	- 80	- 60	54	71	- 15	- 130	- 169	30	6	- 263
13	GROSS NATIONAL PRODUCT AT MARKET PRICES	8,282	9,229	10,134	9,826	37,471	9,013	9,864	11,291	10,407	40,575
14	(Gross national product at market prices excluding accrued net income of farm operators)	(8,195)	(9,094)	(9,458)	(9,716)	(36,463)	(8,963)	(9,745)	(10,096)	(10,275)	(39,079)

(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.

TABLE 2. Gross National Expenditure, by Quarters, 1961-65
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Personal expenditure on consumer goods and services	5,615	6,102	6,049	6,700	24,466	6,053	6,483	6,294	7,096	25,926
2	Government expenditure on goods and services(1, 2)	1,561	1,767	2,029	1,879	7,236	1,698	1,957	2,120	1,942	7,717
3	Business gross fixed capital formation(3)	1,302	1,713	1,875	1,745	6,635	1,382	1,817	1,931	1,830	6,960
4	New residential construction	269	365	421	403	1,458	293	392	457	435	1,577
5	New non-residential construction ..	443	647	851	742	2,683	479	650	794	715	2,638
6	New machinery and equipment	590	701	603	600	2,494	610	775	680	680	2,745
7	Value of physical change in inventories(4)	45	- 117	279	- 177	30	69	- 201	1,014	- 350	532
8	Non-farm business inventories	272	- 5	- 75	247	439	316	- 77	54	17	310
9	Farm inventories and grain in commercial channels	- 227	- 112	354	- 424	- 409	- 247	- 124	960	- 367	222
10	Exports of goods and services	1,587	1,874	2,127	2,043	7,631	1,735	2,083	2,257	2,184	8,259
11	Deduct: Imports of goods and services	- 1,908	- 2,170	- 2,171	- 2,293	- 8,542	- 2,054	- 2,444	- 2,294	- 2,290	- 9,082
12	Residual error of estimate	80	60	- 54	- 71	15	130	169	- 31	- 5	263
13	GROSS NATIONAL EXPENDITURE AT MARKET PRICES	8,282	9,229	10,134	9,826	37,471	9,013	9,864	11,291	10,407	40,575

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

(2) For details of defence expenditures 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.

TABLE 1. National Income and Gross National Product, by Quarters, 1961-65
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
5,058	5,358	5,566	5,565	21,547	5,482	5,809	6,074	6,068	23,433	6,026	6,431	6,741	6,835	26,033	1
136	157	148	157	598	140	150	147	146	583	145	153	149	140	587	2
827	1,154	1,075	1,132	4,188	972	1,313	1,204	1,330	4,819	1,055	1,409	1,330	1,405	5,199	3
- 150	- 123	- 124	- 217	- 614	- 181	- 126	- 145	- 261	- 713	- 178	- 155	- 161	- 257	- 751	4
713	741	769	855	3,078	786	766	812	898	3,262	833	845	874	1,002	3,554	5
45	135	1,372	169	1,721	12	186	1,118	148	1,464	10	100	1,305	230	1,645	6
530	636	614	771	2,551	557	666	654	843	2,720	581	720	712	864	2,877	7
- 28	- 77	- 42	- 53	- 200	- 44	- 90	25	- 22	- 131	- 41	- 117	- 55	- 112	- 325	8
7,131	7,981	9,378	8,379	32,869	7,724	8,674	9,889	9,150	35,437	8,431	9,386	10,895	10,107	38,819	9
1,368	1,347	1,419	1,466	5,600	1,512	1,599	1,642	1,619	6,372	1,693	1,780	1,841	1,858	7,172	10
1,215	1,301	1,291	1,391	5,198	1,325	1,404	1,392	1,479	5,600	1,432	1,546	1,516	1,616	6,110	11
- 153	- 151	36	25	- 243	- 65	- 68	69	58	- 6	- 133	- 60	33	55	- 105	12
9,561	10,478	12,124	11,261	43,424	10,496	11,609	12,992	12,306	47,403	11,423	12,652	14,285	13,636	51,996	13
(9,516)	(10,343)	(10,752)	(11,092)	(41,703)	(10,484)	(11,423)	(11,874)	(12,158)	(45,939)	(11,413)	(12,552)	(12,980)	(13,406)	(50,351)	14

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1961-65
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
6,363	6,836	6,707	7,581	27,487	6,909	7,356	7,244	8,157	29,666	7,310	7,976	7,828	8,949	32,063	1
1,823	1,981	2,221	2,050	8,075	1,948	2,154	2,323	2,229	8,654	2,091	2,427	2,606	2,472	9,596	2
1,424	1,975	2,099	2,093	7,591	1,879	2,335	2,381	2,508	9,103	2,078	2,578	2,792	2,976	10,424	3
299	413	477	518	1,707	462	451	513	595	2,021	469	510	548	597	2,124	4
452	710	869	804	2,835	570	810	1,017	961	3,358	685	893	1,195	1,182	3,955	5
673	852	753	771	3,049	847	1,074	851	952	3,724	924	1,175	1,049	1,197	4,345	6
24	- 263	1,107	- 333	535	25	- 158	896	- 377	386	214	- 15	1,085	- 336	948	7
263	- 176	- 6	163	244	313	32	156	15	516	492	96	164	153	905	8
- 239	- 87	1,113	- 496	291	- 288	- 190	740	- 392	- 130	- 278	- 111	921	- 489	43	9
1,857	2,258	2,478	2,518	9,111	2,144	2,724	2,922	2,717	10,507	2,264	2,764	3,093	3,035	11,156	10
- 2,083	- 2,461	- 2,452	- 2,622	- 9,618	- 2,474	- 2,870	- 2,705	- 2,870	- 10,919	- 2,667	- 3,138	- 3,086	- 3,406	- 12,297	11
153	152	- 36	- 26	243	65	68	- 69	- 58	6	133	60	- 33	- 54	106	12
9,561	10,478	12,124	11,261	43,424	10,496	11,609	12,992	12,306	47,403	11,423	12,652	14,285	13,636	51,996	13

(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, 1961-65
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Wages, salaries, and supplementary labour income	4,448	4,733	4,940	4,875	18,996	4,763	5,060	5,242	5,168	20,233
2	Deduct: Employer and employee contributions to social insurance and government pension funds	- 197	- 189	- 202	- 199	- 787	- 200	- 195	- 208	- 209	- 812
3	Military pay and allowances	129	140	137	144	550	147	152	145	142	586
4	Net income received by farm operators from farm production(1)	107	114	660	97	978	19	217	1,152	102	1,490
5	Net income of non-farm unincorporated business	444	558	565	707	2,274	503	615	578	705	2,401
6	Interest, dividends and net rental income of persons(2)	727	751	755	797	3,030	783	820	819	883	3,305
	Transfer payments to persons:										
7	From government (excluding interest)	980	853	785	823	3,441	1,065	918	837	905	3,725
8	Charitable contributions by corporations	10	10	10	10	40	11	11	11	11	44
9	PERSONAL INCOME	6,648	6,970	7,650	7,254	28,522	7,091	7,598	8,576	7,707	30,972

(1) This item differs from line 6, of 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, 1961-65
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Personal direct taxes	577	678	627	629	2,511	632	724	680	693	2,729
2	Income taxes	454	586	540	545	2,125	503	627	587	599	2,316
3	Succession duties and estate taxes	37	33	38	38	146	41	40	43	41	165
4	Miscellaneous	86	59	49	46	240	88	57	50	53	248
5	Personal expenditure on consumer goods and services	5,615	6,102	6,049	6,700	24,466	6,053	6,483	6,294	7,096	25,926
6	Non-durable goods	2,734	2,937	3,016	3,491	12,178	2,966	3,098	3,203	3,698	12,965
7	Durable goods	556	750	648	762	2,716	645	838	632	845	2,960
8	Services(1)	2,325	2,415	2,385	2,447	9,572	2,442	2,547	2,459	2,553	10,001
9	Personal net saving	456	190	974	- 75	1,545	406	391	1,602	- 82	2,317
10	Personal saving excluding change in farm inventories	648	260	632	283	1,823	580	421	758	382	2,141
11	Value of physical change in farm inventories	- 192	- 70	342	- 358	- 278	- 174	- 30	844	- 464	176
12	PERSONAL INCOME	6,648	6,970	7,650	7,254	28,522	7,091	7,598	8,576	7,707	30,972
13	(Personal disposable income)(2)	(6,071)	(6,292)	(7,023)	(6,625)	(26,011)	(6,459)	(6,874)	(7,896)	(7,014)	(28,243)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 3. Source of Personal Income, by Quarters, 1961-65
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
5,058	5,358	5,566	5,565	21,547	5,482	5,809	6,074	6,068	23,433	6,026	6,431	6,741	6,835	26,033	1
- 210	- 204	- 219	- 219	- 852	- 223	- 222	- 233	- 234	- 912	- 232	- 231	- 247	- 249	- 959	2
136	157	148	157	598	140	150	147	146	583	145	153	149	140	587	3
16	186	1,315	65	1,582	162	97	1,020	74	1,353	262	55	1,226	146	1,689	4
530	636	614	771	2,551	557	666	654	843	2,720	581	720	712	864	2,877	5
856	900	896	964	3,616	920	951	936	992	3,799	998	1,015	1,019	1,097	4,129	6
1,023	976	892	957	3,848	1,119	1,025	979	1,010	4,133	1,204	1,104	1,096	1,098	4,502	7
11	11	11	11	44	11	11	11	11	44	11	11	11	11	44	8
7,420	8,020	9,223	8,271	32,934	8,168	8,487	9,588	8,910	35,153	8,995	9,258	10,707	9,942	38,902	9

TABLE 4. Disposition of Personal Income, by Quarters, 1961-65
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
683	748	725	760	2,916	768	916	856	888	3,428	911	1,044	958	999	3,912	1
556	646	628	657	2,487	624	801	756	776	2,957	746	914	830	865	3,355	2
36	41	44	50	171	41	55	37	46	179	42	49	60	58	209	3
91	61	53	53	258	103	60	63	66	292	123	81	68	76	348	4
6,363	6,836	6,707	7,581	27,487	6,909	7,356	7,244	8,157	29,666	7,310	7,976	7,828	8,949	32,063	5
3,091	3,212	3,367	3,848	13,518	3,259	3,408	3,578	4,144	14,389	3,417	3,663	3,847	4,507	15,434	6
680	915	691	960	3,246	805	1,002	803	982	3,592	827	1,115	889	1,170	4,001	7
2,592	2,709	2,649	2,773	10,723	2,845	2,946	2,863	3,031	11,685	3,066	3,198	3,092	3,272	12,628	8
374	436	1,791	- 70	2,531	491	215	1,488	- 135	2,059	774	238	1,921	- 6	2,927	9
593	487	761	379	2,220	757	338	740	323	2,158	1,029	326	984	532	2,871	10
- 219	- 51	1,030	- 449	311	- 266	- 123	748	- 458	- 99	- 255	- 88	937	- 538	56	11
7,420	8,020	9,223	8,271	32,934	8,168	8,487	9,588	8,910	35,153	8,995	9,258	10,707	9,942	38,902	12
(6,737)	(7,272)	(8,498)	(7,511)	(30,018)	(7,400)	(7,571)	(8,732)	(8,022)	(31,725)	(8,084)	(8,214)	(9,749)	(8,943)	(34,990)	13

TABLE 5. Government Revenue, by Quarters, 1961-65
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Direct taxes - Persons	577	678	627	629	2,511	632	724	680	693	2,729
2	Federal	461	582	543	546	2,132	468	563	526	531	2,088
3	Provincial and municipal	116	96	84	83	379	164	161	154	162	641
4	Direct taxes - Corporations	302	422	442	446	1,612	362	456	441	451	1,710
5	Federal	246	343	359	363	1,311	271	341	330	337	1,279
6	(Federal tax collections)	(297)	(360)	(314)	(296)	(1,267)	(317)	(367)	(322)	(288)	(1,294)
7	Provincial	56	79	83	83	301	91	115	111	114	431
8	(Provincial tax collections)	(76)	(70)	(74)	(64)	(284)	(91)	(76)	(101)	(91)	(359)
	Withholding taxes:										
9	Federal(1)	30	27	24	35	116	26	35	23	41	125
10	Indirect taxes	1,167	1,225	1,250	1,305	4,947	1,328	1,387	1,437	1,433	5,585
11	Federal	496	553	555	586	2,190	528	596	635	642	2,401
12	Provincial and municipal	671	672	695	719	2,757	800	791	802	791	3,184
13	Investment income	235	253	295	343	1,126	275	292	280	404	1,251
14	Federal	73	87	116	133	409	73	105	84	186	448
15	Provincial and municipal	162	166	179	210	717	202	187	196	218	803
16	Employer and employee contributions to social insurance and government pension funds	197	189	202	199	787	200	195	208	209	812
17	Federal	129	120	130	131	510	129	122	133	134	518
18	Provincial and municipal	68	69	72	68	277	71	73	75	75	294
	Transfers from Federal:										
19	Provincial and municipal	260	298	283	287	1,128	299	257	277	301	1,134
20	TOTAL REVENUE	2,768	3,092	3,123	3,244	12,227	3,122	3,346	3,346	3,532	13,346
21	FEDERAL	1,435	1,712	1,727	1,794	6,668	1,495	1,762	1,731	1,871	6,859
22	PROVINCIAL AND MUNICIPAL	1,333	1,380	1,396	1,450	5,559	1,627	1,584	1,615	1,661	6,487

(1) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 5. Government Revenue, by Quarters, 1961-65
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
683	748	725	760	2,916	768	916	856	888	3,428	911	1,044	958	999	3,912	1
488	572	555	578	2,193	549	699	648	662	2,558	621	757	661	676	2,715	2
195	176	170	182	723	219	217	208	226	870	290	287	297	323	1,197	3
387	490	460	490	1,827	428	535	500	533	1,996	447	580	544	593	2,164	4
289	365	343	365	1,362	321	402	375	400	1,498	335	435	408	445	1,623	5
(305)	(373)	(338)	(312)	(1,328)	(324)	(521)	(375)	(385)	(1,605)	(359)	(566)	(396)	(394)	(1,715)	6
98	125	117	125	465	107	133	125	133	498	112	145	136	148	541	7
(114)	(104)	(128)	(101)	(447)	(116)	(126)	(134)	(116)	(492)	(145)	(140)	(151)	(116)	(552)	8
31	30	23	43	127	30	34	25	51	140	37	44	29	58	168	9
1,423	1,437	1,503	1,548	5,911	1,577	1,664	1,719	1,735	6,695	1,745	1,836	1,924	1,977	7,482	10
551	592	621	687	2,451	616	719	739	773	2,847	689	800	845	913	3,247	11
572	845	882	861	3,460	961	945	980	962	3,848	1,056	1,036	1,079	1,064	4,235	12
305	339	344	407	1,395	346	345	379	456	1,526	377	397	402	512	1,688	13
96	134	128	152	510	122	123	143	182	570	123	153	145	197	618	14
209	205	216	255	885	224	222	236	274	956	254	244	257	315	1,070	15
210	204	219	219	852	223	222	233	234	912	232	231	247	249	959	16
134	126	136	138	534	142	140	145	147	574	148	144	154	156	602	17
76	78	83	81	318	81	82	88	87	338	84	87	93	93	357	18
304	311	266	288	1,169	298	326	305	323	1,252	386	367	313	361	1,427	19
3,343	3,559	3,540	3,755	14,197	3,670	4,042	4,017	4,220	15,949	4,135	4,499	4,417	4,749	17,800	20
1,589	1,819	1,806	1,963	7,177	1,780	2,117	2,075	2,215	8,187	1,953	2,333	2,242	2,445	8,973	21
1,754	1,740	1,734	1,792	7,020	1,890	1,925	1,942	2,005	7,762	2,182	2,166	2,175	2,304	8,827	22

TABLE 6. Government Expenditure, by Quarters, 1961-65
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Goods and services	1,561	1,767	2,029	1,879	7,236	1,698	1,957	2,120	1,942	7,717
2	Federal	689	716	811	766	2,982	759	767	776	723	3,025
3	(Defence)	(436)	(366)	(391)	(420)	(1,613)	(471)	(402)	(398)	(409)	(1,680)
4	Provincial and municipal	872	1,051	1,218	1,113	4,254	939	1,190	1,344	1,219	4,692
5	Transfer payments to persons (exclud- ing interest on the public debt) ...	980	853	785	823	3,441	1,065	918	837	905	3,725
6	Federal	600	516	423	467	2,006	663	521	451	477	2,112
7	Provincial and municipal	380	337	362	356	1,435	402	397	386	428	1,613
8	Interest on the public debt	261	308	290	311	1,170	292	339	325	349	1,305
9	Federal	183	203	200	200	786	200	219	230	217	866
10	Provincial and municipal	78	105	90	111	384	92	120	95	132	439
11	Subsidies	46	51	97	57	251	63	67	64	98	292
12	Federal	42	48	83	48	221	57	63	50	90	260
13	Provincial	4	3	14	9	30	6	4	14	8	31
	Capital Assistance: (2)										
14	Federal	1	2	1	2	6	3	4	11	9	27
	Transfers to other levels of government:										
15	Federal	260	298	283	287	1,128	299	257	277	301	1,134
16	Total expenditure	3,109	3,279	3,485	3,359	13,232	3,420	3,542	3,634	3,604	14,200
17	Federal	1,775	1,783	1,801	1,770	7,129	1,981	1,831	1,795	1,817	7,424
18	Provincial and municipal	1,334	1,496	1,684	1,589	6,103	1,439	1,711	1,839	1,787	6,776
19	Deficit (-) or surplus (+)	- 341	- 187	- 362	- 115	- 1,005	- 298	- 196	- 288	- 72	- 854
20	Federal	- 340	- 71	- 74	24	- 461	- 486(1)	- 69	- 64	54	- 565
21	Provincial and municipal	- 1	- 116	- 288	- 139	- 544	188(1)	- 127	- 224	- 126	- 289
22	TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	2,768	3,092	3,123	3,244	12,227	3,122	3,346	3,346	3,532	13,346
23	FEDERAL	1,435	1,712	1,727	1,794	6,668	1,495	1,762	1,731	1,871	6,859
24	PROVINCIAL AND MUNICIPAL	1,333	1,380	1,396	1,450	5,559	1,627	1,584	1,615	1,661	6,487

(1) In this quarter the federal deficit is irregularly high by about \$75 million and the provincial - municipal surplus also correspondingly high as a consequence of the introduction of the new tax collection arrangements and the continuation in this quarter of transfer payments to the provinces under the former tax rental agreements.

TABLE 6. Government Expenditure, by Quarters, 1961-65
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
1,823	1,981	2,221	2,050	8,075	1,948	2,154	2,323	2,229	8,654	2,091	2,427	2,606	2,472	9,596	1
731	707	776	720	2,934	780	738	781	747	3,046	823	761	866	817	3,267	2
(410)	(374)	(390)	(398)	(1,572)	(455)	(379)	(362)	(388)	(1,584)	(460)	(352)	(380)	(370)	(1,562)	3
1,092	1,274	1,445	1,330	5,141	1,168	1,416	1,542	1,482	5,608	1,268	1,666	1,740	1,655	6,329	4
1,023	976	892	957	3,848	1,119	1,025	979	1,010	4,133	1,204	1,104	1,096	1,098	4,502	5
626	533	461	513	2,133	633	566	505	535	2,239	657	594	534	531	2,316	6
397	443	431	444	1,715	486	459	474	475	1,894	547	510	562	567	2,186	7
323	375	348	377	1,423	350	404	366	406	1,526	375	436	389	435	1,635	8
216	244	243	232	935	236	259	253	247	995	253	271	262	266	1,052	9
107	131	105	145	488	114	145	113	159	531	122	165	127	169	583	10
55	90	84	82	311	65	65	77	116	323	52	56	83	119	310	11
51	86	64	74	275	61	60	51	105	277	44	50	56	109	259	12
4	4	20	8	36	4	5	26	11	46	8	6	27	10	51	13
15	13	21	12	61	20	28	22	12	82	20	21	21	22	84	14
304	311	266	288	1,169	298	326	305	323	1,252	386	367	313	361	1,427	15
3,543	3,746	3,832	3,766	14,887	3,800	4,002	4,072	4,096	15,970	4,128	4,411	4,508	4,507	17,554	16
1,943	1,894	1,831	1,839	7,507	2,028	1,977	1,917	1,969	7,891	2,183	2,064	2,052	2,106	8,405	17
1,600	1,852	2,001	1,927	7,380	1,772	2,025	2,155	2,127	8,079	1,945	2,347	2,456	2,401	9,149	18
- 200	- 187	- 292	- 11	- 690	- 130	40	- 55	124	- 21	7	88	- 91	242	246	19
- 354	- 75	- 25	124	- 330	- 248	140	158	246	296	- 230	269	190	339	568	20
154	- 112	- 267	- 135	- 360	118	- 100	- 213	- 122	- 317	237	- 181	- 281	- 97	- 322	21
3,343	3,559	3,540	3,755	14,197	3,670	4,042	4,017	4,220	15,949	4,135	4,499	4,417	4,749	17,800	22
1,589	1,819	1,806	1,963	7,177	1,780	2,117	2,075	2,215	8,187	1,953	2,333	2,242	2,445	8,973	23
1,754	1,740	1,734	1,792	7,020	1,890	1,925	1,942	2,005	7,762	2,182	2,166	2,175	2,304	8,827	24

(2) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as a capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1961-65
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Personal net saving	456	190	974	- 75	1,545	406	391	1,602	- 82	2,317
2	Business gross saving	1,081	1,428	1,431	1,393	5,333	1,313	1,441	1,584	1,524	5,862
3	Undistributed corporation profits ...	27	269	263	198	757	133	300	295	209	937
4	Capital consumption allowances and miscellaneous valuation adjustments	1,073	1,136	1,151	1,180	4,540	1,146	1,235	1,235	1,276	4,892
5	Adjustment on grain transac- tions(1)	- 20	21	16	13	30	31	- 98	43	30	6
6	Capital assistance	1	2	1	2	6	3	4	11	9	27
7	Inventory valuation adjustment	- 10	- 11	- 41	- 27	- 89	- 29	- 43	- 51	- 7	- 130
8	Government surplus (+) or deficit (-)	- 341	- 187	- 362	- 115	- 1,005	- 298	- 196	- 288	- 72	- 854
9	Residual error of estimate	- 80	- 60	54	71	- 15	- 130	- 169	30	6	- 263
10	Totals	1,106	1,360	2,056	1,247	5,769	1,262	1,424	2,877	1,369	6,932

(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, 1961-65
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Business gross fixed capital formation	1,302	1,713	1,875	1,745	6,635	1,382	1,817	1,931	1,830	6,960
2	New residential construction	269	365	421	403	1,458	293	392	457	435	1,577
3	New non-residential construction	443	647	851	742	2,683	479	650	794	715	2,638
4	New machinery and equipment	590	701	603	600	2,494	610	775	680	680	2,745
5	Value of physical change in inventories	45	- 117	279	- 177	30	69	- 201	1,014	- 350	532
6	Surplus (+) or deficit (-) on current account with non-residents	- 321	- 296	- 44	- 250	- 911	- 319	- 361	- 37	- 106	- 823
7	Residual error of estimate	80	60	- 54	- 71	15	130	169	- 31	- 5	253
8	Totals	1,106	1,360	2,056	1,247	5,769	1,262	1,424	2,877	1,369	6,932

TABLE 7. Source of National Saving, by Quarters, 1961-65
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
374	436	1,791	- 70	2,531	491	215	1,488	- 135	2,059	774	238	1,921	- 6	2,927	1
1,382	1,640	1,703	1,739	6,464	1,387	2,002	1,898	1,895	7,182	1,415	2,100	2,043	2,036	7,594	2
123	377	334	232	1,066	192	481	386	330	1,389	215	488	427	314	1,444	3
1,215	1,301	1,291	1,391	5,198	1,325	1,404	1,392	1,479	5,600	1,432	1,546	1,516	1,616	6,110	4
29	- 51	57	104	139	- 150	89	98	74	111	- 252	45	79	84	- 44	5
15	13	21	12	61	20	28	22	12	82	20	21	21	22	84	6
- 28	- 77	- 42	- 53	- 200	- 44	- 90	25	- 22	- 131	- 41	- 117	- 55	- 112	- 325	7
- 200	- 187	- 292	- 11	- 690	- 130	40	- 55	124	- 21	7	88	- 91	242	246	8
- 153	- 151	36	25	- 243	- 65	- 68	69	58	- 6	- 133	- 60	33	55	- 105	9
1,375	1,661	3,196	1,630	7,862	1,639	2,099	3,425	1,920	9,083	2,022	2,249	3,851	2,215	10,337	10

TABLE 8. Disposition of National Saving, by Quarters, 1961-65
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
1,424	1,975	2,099	2,093	7,591	1,879	2,335	2,381	2,508	9,103	2,078	2,578	2,792	2,976	10,424	1
299	413	477	518	1,707	462	451	513	595	2,021	469	510	548	597	2,124	2
452	710	869	804	2,835	570	810	1,017	961	3,358	685	893	1,195	1,182	3,955	3
673	852	753	771	3,049	847	1,074	851	952	3,724	924	1,175	1,049	1,197	4,345	4
24	- 263	1,107	- 333	535	25	- 158	896	- 377	386	214	- 15	1,085	- 336	948	5
- 226	- 203	26	- 104	- 507	- 330	- 146	217	- 153	- 412	- 403	- 374	7	- 371	- 1,141	6
153	152	- 36	- 36	243	65	68	- 69	- 58	6	133	60	- 33	- 54	106	7
1,375	1,661	3,196	1,630	7,862	1,639	2,099	3,425	1,920	9,083	2,022	2,249	3,851	2,215	10,337	8

TABLE 9. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1961-65(1)
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Personal expenditure on consumer goods and services	5,307	5,769	5,702	6,327	23,105	5,687	6,058	5,836	6,592	24,173
2	Non-durable goods	2,636	2,835	2,892	3,360	11,723	2,851	2,959	3,029	3,493	12,332
3	Durable goods	543	735	651	757	2,686	641	830	629	835	2,935
4	Services	2,128	2,199	2,159	2,210	8,696	2,195	2,269	2,178	2,264	8,906
5	Government expenditure on goods and services	1,365	1,612	1,916	1,669	6,562	1,430	1,741	1,956	1,684	6,811
6	Business gross fixed capital formation	1,201	1,585	1,733	1,606	6,125	1,254	1,636	1,732	1,632	6,254
7	New residential construction	246	333	383	366	1,328	263	348	402	382	1,395
8	New non-residential construction ...	409	600	795	690	2,494	437	591	724	647	2,399
9	New machinery and equipment	546	652	555	550	2,303	554	697	606	603	2,460
10	Change in inventories	51	- 152	243	- 113	29	108	- 204	897	- 293	508
11	Non-farm business inventories	263	1	- 83	252	433	312	- 72	30	23	293
12	Farm inventories and grain in commercial channels	- 212	- 153	326	- 365	- 404	- 204	- 132	867	- 316	215
13	Exports of goods and services	1,559	1,835	2,039	1,946	7,379	1,648	1,949	2,111	2,039	7,747
14	Deduct: Imports of goods and services	- 1,842	- 2,091	- 2,040	- 2,159	- 8,132	- 1,897	- 2,222	- 2,084	- 2,103	- 8,306
15	Residual error of estimate	74	56	- 51	- 66	13	120	156	- 29	- 5	242
16	GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	7,715	8,614	9,542	9,210	35,081	8,350	9,114	10,419	9,546	37,429

(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.

TABLE 9. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1961-65(1)
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
5,889	6,307	6,120	6,944	25,260	6,302	6,678	6,511	7,355	26,846	6,564	7,111	6,896	7,891	28,462	1
2,924	3,021	3,120	3,576	12,641	3,032	3,144	3,255	3,803	13,234	3,146	3,314	3,436	4,017	13,913	2
673	902	685	948	3,208	803	999	808	975	3,585	827	1,116	892	1,170	4,005	3
2,292	2,384	2,315	2,420	9,411	2,467	2,535	2,448	2,577	10,027	2,591	2,681	2,568	2,704	10,544	4
1,493	1,690	1,965	1,700	6,848	1,546	1,789	1,992	1,795	7,122	1,595	1,929	2,150	1,893	7,567	5
1,259	1,734	1,823	1,802	6,618	1,598	1,952	1,982	2,074	7,606	1,680	2,070	2,235	2,362	8,347	6
261	357	408	435	1,461	384	369	413	475	1,641	370	396	423	455	1,644	7
403	629	762	700	2,494	490	684	856	800	2,830	553	710	951	925	3,139	8
595	748	855	667	2,663	724	899	713	799	3,135	757	964	861	982	3,564	9
66	- 481	1,004	- 279	510	78	- 179	795	- 340	354	253	- 36	976	- 255	938	10
268	- 156	- 28	155	239	323	45	110	8	486	481	109	115	169	874	11
- 202	- 125	1,032	- 434	271	- 245	- 224	685	- 348	- 132	- 228	- 145	861	- 424	64	12
1,739	2,097	2,303	2,306	8,445	1,971	2,476	2,640	2,463	9,550	2,062	2,495	2,759	2,707	10,023	13
- 1,875	- 2,191	- 2,160	- 2,324	- 8,550	- 2,159	- 2,500	- 2,381	- 2,549	- 9,589	- 2,335	- 2,750	- 2,683	- 2,982	- 10,750	14
139	138	- 33	- 23	221	58	60	- 61	- 51	6	115	52	- 28	- 46	93	15
8,710	9,494	11,022	10,126	39,352	9,394	10,276	11,478	10,747	41,895	9,934	10,871	12,305	11,570	44,680	16

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 10. National Income and Gross National Product, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Wages, salaries, and supplementary labour income	18,504	18,832	19,200	19,448	18,996	19,800	20,128	20,396	20,608	20,233
2	Military pay and allowances	532	540	552	576	550	600	588	584	572	586
3	Corporation profits before taxes	2,956	3,384	3,608	3,760	3,427	3,712	3,800	3,816	3,948	3,819
4	Deduct: Dividends paid to non-residents(1)	- 656	- 540	- 564	- 584	- 586	- 520	- 676	- 572	- 568	- 584
5	Rent, interest and miscellaneous investment income	2,588	2,576	2,780	2,736	2,670	2,748	2,804	2,752	3,024	2,832
6	Accrued net income of farm operators from farm production(2)	1,040	1,008	1,096	888	1,008	1,500	1,404	1,540	1,540	1,496
7	Net income of non-farm unincorporated business(3)	2,056	2,224	2,400	2,416	2,274	2,388	2,456	2,372	2,388	2,401
8	Inventory valuation adjustment	- 40	- 44	- 164	- 108	- 89	- 136	- 92	- 248	- 44	- 130
9	NET NATIONAL INCOME AT FACTOR COST ...	26,980	27,980	28,908	29,132	28,250	30,092	30,412	30,640	31,468	30,653
10	Indirect taxes less subsidies	4,604	4,660	4,624	4,896	4,696	5,176	5,284	5,468	5,244	5,293
11	Capital consumption allowances and miscellaneous valuation adjustments	4,448	4,488	4,556	4,668	4,540	4,756	4,880	4,936	4,996	4,892
12	Residual error of estimate	104	92	- 220	- 36	- 15	- 180	- 332	- 244	- 296	- 263
13	GROSS NATIONAL PRODUCT AT MARKET PRICES	36,136	37,220	37,868	38,660	37,471	39,844	40,244	40,800	41,412	40,575
14	(Gross national product at market prices excluding accrued net income of farm operators)	(35,096)	(36,212)	(36,772)	(37,772)	(36,463)	(38,344)	(38,840)	(39,260)	(39,872)	(39,079)

(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.

TABLE 11. Gross National Expenditure, by Quarters, 1961-65 Seasonally adjusted at annual Rates
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Personal expenditure on consumer goods and services	23,828	24,332	24,752	24,952	24,466	25,592	25,768	25,920	26,424	25,926
2	Government expenditure on goods and services(1, 2)	6,984	7,112	7,356	7,492	7,236	7,456	7,872	7,756	7,784	7,717
3	Business gross fixed capital formation(3)	6,456	6,544	6,768	6,772	6,635	6,884	6,884	7,000	7,072	6,960
4	New residential construction	1,404	1,468	1,500	1,460	1,458	1,536	1,572	1,644	1,556	1,577
5	New non-residential construction ...	2,532	2,660	2,780	2,760	2,683	2,740	2,604	2,576	2,632	2,638
6	New machinery and equipment	2,520	2,416	2,488	2,552	2,494	2,608	2,708	2,780	2,884	2,745
7	Value of physical change in inventories	- 20	184	- 452	408	30	640	336	832	320	532
8	Non-farm business inventories	312	528	- 8	924	439	452	284	512	- 8	310
9	Farm inventories and grain in commercial channels(4)	- 332	- 344	- 444	- 516	- 409	188	52	320	328	222
10	Exports of goods and services	7,308	7,328	7,916	7,972	7,631	7,972	8,300	8,348	8,416	8,259
11	Deduct: Imports of goods and services	- 8,316	- 8,184	- 8,692	- 8,976	- 8,542	- 8,884	- 9,248	- 9,296	- 8,900	- 9,082
12	Residual error of estimate	- 104	- 96	220	40	15	184	332	240	296	263
13	GROSS NATIONAL EXPENDITURE AT MARKET PRICES	36,136	37,220	37,868	38,660	37,471	39,844	40,244	40,800	41,412	40,575
	Detail of Farm Inventories and GICC:										
	Value of grain crop production	624	624	628	624	625	1,184	1,184	1,184	1,188	1,185
	Depletions of farm stocks of grain	- 1,060	- 1,044	- 912	- 744	- 940	- 872	- 908	- 1,160	- 1,192	- 1,033
	Change in livestock inventories	108	112	24	- 96	37	28	4	72	- 8	24
	Grain in Commercial Channels	- 4	- 36	- 184	- 300	- 131	- 152	- 328	- 224	- 360	- 46

(1) See footnote 1, Table 2.

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

(3) See footnote 3, Table 2.

TABLE 10. National Income and Gross National Product, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
20,996	21,308	21,712	22,172	21,547	22,744	23,112	23,724	24,152	23,433	25,008	25,600	26,344	27,180	26,033	1
560	608	596	628	598	572	576	584	600	583	596	592	600	560	587	2
4,016	4,180	4,220	4,336	4,188	4,692	4,756	4,772	5,056	4,819	5,040	5,112	5,344	5,300	5,199	3
- 604	- 568	- 620	- 664	- 614	- 724	- 644	- 712	- 772	- 713	- 700	- 788	- 772	- 744	- 751	4
2,912	3,072	3,112	3,216	3,078	3,224	3,176	3,276	3,372	3,262	3,384	3,516	3,516	3,800	3,554	5
1,704	1,692	1,716	1,772	1,721	1,404	1,676	1,424	1,352	1,464	1,564	1,496	1,780	1,740	1,645	6
2,524	2,524	2,564	2,592	2,551	2,644	2,676	2,736	2,824	2,720	2,736	2,872	2,980	2,920	2,877	7
- 136	- 204	- 232	- 228	- 200	- 200	- 224	4	- 104	- 131	- 188	- 308	- 340	- 464	- 325	8
31,972	32,612	33,068	33,824	32,869	34,356	35,104	35,808	36,480	35,437	37,440	38,092	39,452	40,292	38,819	9
5,556	5,380	5,660	5,804	5,600	6,148	6,396	6,548	6,396	6,372	6,924	7,128	7,320	7,316	7,172	10
5,024	5,124	5,208	5,436	5,198	5,488	5,520	5,632	5,760	5,600	5,944	6,092	6,128	6,276	6,110	11
- 292	- 240	- 232	- 208	- 243	4	136	- 40	- 124	- 6	- 112	12	- 196	- 124	- 105	12
42,260	42,876	43,704	44,856	43,424	45,996	47,156	47,948	48,512	47,403	50,196	51,324	52,704	53,760	51,996	13
(40,556)	(41,184)	(41,988)	(43,084)	(41,703)	(44,592)	(45,480)	(46,524)	(47,160)	(45,939)	(48,632)	(49,828)	(50,924)	(52,020)	(50,351)	14

(3) Includes net income of independent professional practitioners.

TABLE 11. Gross National Expenditure, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
26,740	27,228	27,716	28,264	27,487	29,000	29,296	29,984	30,384	29,666	30,748	31,644	32,520	33,340	32,063	1
7,984	7,936	8,184	8,196	8,075	8,536	8,600	8,552	8,928	8,654	9,248	9,540	9,660	9,936	9,596	2
7,044	7,472	7,868	7,980	7,591	8,828	9,008	9,068	9,508	9,103	9,760	10,004	10,672	11,260	10,424	3
1,568	1,656	1,796	1,808	1,707	2,008	1,944	1,996	2,136	2,021	2,044	2,192	2,132	2,128	2,124	4
2,620	2,868	2,900	2,952	2,835	3,220	3,304	3,428	3,480	3,358	3,796	3,720	4,036	4,268	3,955	5
2,856	2,948	3,172	3,220	3,049	3,600	3,760	3,644	3,892	3,724	3,920	4,092	4,504	4,864	4,345	6
592	348	540	660	535	364	516	436	228	386	1,288	1,168	728	608	948	7
208	- 64	176	656	244	488	704	784	88	516	1,108	980	836	696	905	8
384	412	364	4	291	- 124	- 188	- 348	140	- 130	180	188	- 108	- 88	43	9
8,676	9,000	9,008	9,760	9,111	10,092	10,696	10,764	10,476	10,507	10,624	10,972	11,316	11,712	11,156	10
- 9,068	- 9,352	- 9,840	- 10,212	- 9,618	- 10,820	- 10,820	- 10,896	- 11,140	- 10,919	- 11,588	- 11,992	- 12,392	- 13,216	- 12,297	11
292	244	228	208	243	- 4	- 140	40	128	6	116	- 12	200	120	106	12
42,260	42,876	43,704	44,856	43,424	45,996	47,156	47,948	48,512	47,403	50,196	51,324	52,704	53,760	51,996	13
1,380	1,380	1,384	1,380	1,381	1,132	1,132	1,136	1,132	1,133	1,300	1,300	1,300	1,304	1,301	
- 1,084	- 1,028	- 1,176	- 1,188	- 1,119	- 1,384	- 1,324	- 1,248	- 1,172	- 1,282	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203	
24	28	68	76	49	48	92	16	44	50	- 4	- 40	- 28	- 96	- 42	
64	32	88	- 264	- 20	80	- 88	- 252	136	- 31	72	96	- 264	44	- 13	

(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 income series are seasonally adjusted by standard technique.

TABLE 12. Source of Personal Income, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Wages, salaries, and supplementary labour income	18,504	18,832	19,200	19,448	18,996	19,800	20,128	20,396	20,608	20,233
2	Deduct: Employer and employee contributions to social insurance and government pension funds	- 784	- 776	- 800	- 788	- 787	- 796	- 804	- 824	- 824	- 812
3	Military pay and allowances ...	532	540	552	576	550	600	588	584	572	586
4	Net income received by farm operators from farm production(1)	1,000	880	1,092	940	978	1,128	1,744	1,508	1,580	1,490
5	Net income of non-farm unincorporated business	2,056	2,224	2,400	2,416	2,274	2,388	2,456	2,372	2,388	2,401
6	Interest, dividends and net rental income of persons(2)	2,960	2,980	3,072	3,108	3,030	3,200	3,256	3,340	3,424	3,305
	Transfer payments to persons:										
7	From government (excluding interest)	3,424	3,372	3,468	3,500	3,441	3,784	3,680	3,600	3,836	3,725
8	Charitable contributions by corporations	40	40	40	40	40	44	44	44	44	44
9	PERSONAL INCOME	27,732	28,092	29,024	29,240	28,522	30,148	31,092	31,020	31,628	30,972

(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, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Personal direct taxes	2,412	2,512	2,548	2,572	2,511	2,656	2,684	2,768	2,808	2,729
2	Income taxes	2,028	2,136	2,152	2,184	2,125	2,248	2,280	2,356	2,380	2,316
3	Succession duties and estate taxes	148	132	152	152	146	164	160	172	164	165
4	Miscellaneous	236	244	244	236	240	244	244	240	264	248
5	Personal expenditure on consumer goods and services	23,828	24,332	24,752	24,952	24,466	25,592	25,768	25,920	26,424	25,926
6	Non-durable goods	11,876	12,204	12,236	12,396	12,178	12,848	12,860	13,000	13,152	12,965
7	Durable goods	2,556	2,648	2,880	2,780	2,716	2,936	2,960	2,868	3,076	2,960
8	Services(1)	9,396	9,480	9,636	9,776	9,572	9,808	9,948	10,052	10,196	10,001
9	Personal net saving	1,492	1,248	1,724	1,716	1,545	1,900	2,640	2,332	2,396	2,317
10	PERSONAL INCOME	27,732	28,092	29,024	29,240	28,522	30,148	31,092	31,020	31,628	30,972
11	(Personal disposable income)(2)	(25,320)	(25,580)	(26,476)	(26,668)	(26,011)	27,492	28,408	28,252	28,820	28,243

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 12. Source of Personal Income, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

1963 ✓					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
20,996	21,308	21,712	22,172	21,547	22,744	23,112	23,724	24,152	23,433	25,008	25,600	26,344	27,180	26,033	1
- 832	- 840	- 868	- 868	- 852	- 884	- 912	- 924	- 928	- 912	- 920	- 948	- 980	- 988	- 959	2
560	608	596	628	598	572	576	584	600	583	596	592	600	560	587	3
1,252	1,820	1,668	1,588	1,582	1,572	1,248	1,272	1,320	1,353	2,080	1,244	1,720	1,712	1,689	4
2,524	2,524	2,564	2,592	2,551	2,644	2,676	2,736	2,824	2,720	2,736	2,872	2,980	2,920	2,877	5
3,488	3,580	3,644	3,752	3,616	3,748	3,784	3,812	3,852	3,799	4,048	4,044	4,164	4,260	4,129	6
3,656	3,888	3,820	4,028	3,848	4,080	4,104	4,136	4,212	4,133	4,404	4,424	4,604	4,576	4,502	7
44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	8
31,688	32,932	33,180	33,936	32,934	34,520	34,632	35,384	36,076	35,153	37,996	37,872	39,476	40,264	38,902	9

TABLE 13. Disposition of Personal Income, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
2,860	2,776	2,940	3,088	2,916	3,196	3,396	3,500	3,620	3,428	3,800	3,852	3,932	4,064	3,912	1
2,468	2,348	2,508	2,624	2,487	2,760	2,912	3,036	3,120	2,957	3,284	3,308	3,352	3,476	3,355	2
144	164	176	200	171	164	220	148	184	179	168	196	240	232	209	3
248	264	256	264	258	272	264	316	316	292	348	348	340	356	348	4
26,740	27,228	27,716	28,264	27,487	29,000	29,296	29,984	30,384	29,666	30,748	31,644	32,520	33,340	32,063	5
13,320	13,384	13,648	13,720	13,518	14,036	14,252	14,472	14,796	14,389	14,784	15,260	15,584	16,108	15,434	6
3,060	3,224	3,216	3,484	3,246	3,592	3,524	3,744	3,508	3,592	3,708	3,892	4,224	4,180	4,001	7
10,360	10,620	10,852	11,060	10,723	11,372	11,520	11,768	12,080	11,685	12,256	12,492	12,712	13,052	12,628	8
2,088	2,928	2,524	2,584	2,531	2,324	1,940	1,900	2,072	2,059	3,448	2,376	3,024	2,860	2,927	9
31,688	32,932	33,180	33,936	32,934	34,520	34,632	35,384	36,076	35,153	37,996	37,872	39,476	40,264	38,902	10
31,828	30,156	30,240	30,848	30,018	31,324	31,236	31,884	32,456	31,725	34,196	34,020	35,544	36,200	34,990	11

TABLE 14. Government Revenue, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Direct taxes - Persons	2,412	2,512	2,548	2,572	2,511	2,656	2,684	2,768	2,808	2,729
2	Federal	2,056	2,124	2,160	2,188	2,132	2,080	2,064	2,100	2,108	2,088
3	Provincial and municipal	356	388	388	384	379	576	620	668	700	641
4	Direct taxes - Corporations	1,424	1,576	1,696	1,752	1,612	1,680	1,684	1,728	1,748	1,710
5	Federal	1,164	1,288	1,376	1,416	1,311	1,260	1,264	1,296	1,296	1,279
6	(Federal tax collections)	(1,272)	(1,268)	(1,240)	(1,288)	(1,267)	(1,376)	(1,264)	(1,284)	(1,252)	(1,294)
7	Provincial	260	288	320	336	301	420	420	432	452	431
8	(Provincial tax collections)	(276)	(280)	(284)	(296)	(284)	(324)	(320)	(384)	(408)	(359)
	Withholding taxes:										
	Federal(1)	120	108	120	116	116	108	140	124	128	125
10	Indirect taxes	4,808	4,868	4,988	5,124	4,947	5,448	5,552	5,700	5,640	5,585
11	Federal	2,168	2,168	2,204	2,220	2,190	2,316	2,348	2,516	2,424	2,401
12	Provincial and municipal(2)	2,640	2,700	2,784	2,904	2,757	3,132	3,204	3,184	3,216	3,184
13	Investment income	1,044	1,052	1,212	1,196	1,126	1,192	1,216	1,168	1,428	1,251
14	Federal	380	348	480	428	409	372	428	356	636	448
15	Provincial and municipal	664	704	732	768	717	820	788	812	792	803
16	Employer and employee contributions to social insurance and government pension funds	784	776	800	788	787	796	804	824	824	812
17	Federal	512	500	512	516	510	512	512	524	524	518
18	Provincial and municipal	272	276	288	272	277	284	292	300	300	294
	Transfers from Federal:										
19	Provincial and municipal	1,016	1,176	1,172	1,148	1,128	1,172	1,008	1,140	1,216	1,134
20	TOTAL REVENUE	11,608	12,068	12,536	12,696	12,227	13,052	13,088	13,452	13,792	13,346
21	FEDERAL	6,400	6,536	6,852	6,884	6,668	6,648	6,756	6,916	7,116	6,859
22	PROVINCIAL and MUNICIPAL	5,208	5,532	5,684	5,812	5,559	6,404	6,332	6,536	6,676	6,487

(1) See footnote 1, Table 5.

(2) 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 14. Government Revenue, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
2,860	2,776	2,940	3,088	2,916	3,196	3,396	3,500	3,620	3,428	3,800	3,852	3,932	4,064	3,912	1
2,160	2,100	2,208	2,304	2,193	2,412	2,552	2,604	2,664	2,558	2,720	2,760	2,660	2,720	2,715	2
700	676	732	784	723	784	844	896	956	870	1,080	1,092	1,272	1,344	1,197	3
1,796	1,796	1,828	1,888	1,827	1,984	1,964	1,988	2,048	1,996	2,060	2,136	2,192	2,268	2,164	4
1,344	1,340	1,360	1,404	1,362	1,492	1,476	1,484	1,540	1,498	1,544	1,600	1,636	1,712	1,623	5
(1,320)	(1,260)	(1,348)	(1,384)	(1,328)	(1,416)	(1,744)	(1,540)	(1,720)	(1,605)	(1,576)	(1,896)	(1,628)	(1,760)	(1,715)	6
452	456	468	484	465	492	488	504	508	498	516	536	556	556	541	7
(420)	(440)	(476)	(452)	(447)	(436)	(532)	(480)	(520)	(492)	(544)	(584)	(544)	(536)	(552)	8
132	120	128	128	127	132	136	140	152	140	160	172	164	176	168	9
5,808	5,748	5,952	6,136	5,911	6,452	6,668	6,796	6,864	6,695	7,164	7,372	7,592	7,800	7,482	10
2,416	2,336	2,460	2,592	2,451	2,708	2,840	2,920	2,920	2,847	3,040	3,172	3,332	3,444	3,247	11
3,392	3,412	3,492	3,544	3,460	3,744	3,828	3,876	3,944	3,848	4,124	4,200	4,260	4,356	4,235	12
1,304	1,420	1,420	1,436	1,395	1,472	1,444	1,556	1,632	1,526	1,592	1,660	1,644	1,856	1,688	13
460	544	528	508	510	564	496	572	648	570	568	612	572	720	618	14
844	876	892	928	885	908	948	984	984	956	1,024	1,048	1,072	1,136	1,070	15
832	840	868	868	852	884	912	924	928	912	920	948	980	988	959	16
528	528	536	544	534	560	584	572	580	574	584	600	608	616	602	17
304	312	332	324	318	324	328	352	348	338	336	348	372	372	357	18
1,192	1,220	1,104	1,160	1,169	1,160	1,272	1,272	1,304	1,252	1,496	1,444	1,316	1,452	1,427	19
13,924	13,920	14,240	14,704	14,197	15,280	15,792	16,176	16,548	15,949	17,192	17,584	17,820	18,604	17,800	20
7,040	6,968	7,220	7,480	7,177	7,868	8,084	8,292	8,504	8,187	8,616	8,916	8,972	9,388	8,973	21
6,884	6,952	7,020	7,224	7,020	7,412	7,708	7,884	8,044	7,762	8,576	8,668	8,848	9,216	8,827	22

TABLE 15. Government Expenditure, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Goods and services	6,984	7,112	7,356	7,492	7,236	7,456	7,872	7,756	7,784	7,717
2	Federal	2,852	2,920	3,068	3,088	2,982	3,040	3,140	2,972	2,948	3,025
3	(Defence)	(1,572)	(1,592)	(1,612)	(1,676)	(1,613)	(1,700)	(1,720)	(1,652)	(1,648)	(1,680)
4	Provincial and municipal	4,132	4,192	4,288	4,404	4,254	4,416	4,732	4,784	4,836	4,692
5	Transfer payments to persons (exclud- ing interest on the public debt)	3,424	3,372	3,468	3,500	3,441	3,784	3,680	3,600	3,836	3,725
6	Federal	2,012	2,004	1,992	2,016	2,006	2,252	2,056	2,064	2,076	2,112
7	Provincial and municipal	1,412	1,368	1,476	1,484	1,435	1,532	1,624	1,536	1,760	1,613
8	Interest on the public debt	1,124	1,168	1,180	1,208	1,170	1,260	1,276	1,332	1,352	1,305
9	Federal	764	788	768	824	786	836	844	892	892	866
10	Provincial and municipal	360	380	412	384	384	424	432	440	460	439
11	Subsidies	204	208	364	228	251	272	268	232	396	292
12	Federal	176	180	332	196	221	240	236	200	364	260
13	Provincial	28	28	32	32	30	32	32	32	32	32
	Capital assistance:(2)										
14	Federal	4	8	4	8	6	12	16	44	36	27
	Transfers to other levels of government										
15	Federal	1,016	1,176	1,172	1,148	1,128	1,172	1,008	1,140	1,216	1,134
16	Total expenditure	12,756	13,044	13,544	13,584	13,232	13,956	14,120	14,104	14,620	14,200
17	Federal	6,824	7,076	7,336	7,280	7,129	7,552	7,300	7,312	7,532	7,424
18	Provincial and municipal	5,932	5,968	6,208	6,304	6,103	6,404	6,820	6,792	7,088	6,776
19	Deficit (-) or surplus (+)	- 1,148	- 976	- 1,008	- 888	- 1,005	- 904	- 1,032	- 652	- 828	- 854
20	Federal	- 424	- 540	- 484	- 396	- 461	- 904(1)	- 544	- 396	- 416	- 565
21	Provincial and municipal	- 724	- 436	- 524	- 492	- 544	- (1) - 488	- 256	- 412	- 289	- 289
22	TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	11,608	12,068	12,536	12,696	12,227	13,052	13,088	13,452	13,792	13,346
23	FEDERAL	6,400	6,536	6,852	6,884	6,668	6,648	6,756	6,916	7,116	6,859
24	PROVINCIAL AND MUNICIPAL	5,208	5,532	5,684	5,812	5,559	6,404	6,332	6,536	6,676	6,487

(1) In this quarter the federal deficit is irregularly high by about \$300 million and the provincial-municipal balance correspondingly high as a consequence of the introduction of the new tax collection arrangements and the continuation in this quarter of transfer payments to the provinces under the former tax rental agreements.

TABLE 15. Government Expenditure, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
7,984	7,936	8,184	8,196	8,075	8,536	8,600	8,552	8,928	8,654	9,248	9,540	9,660	9,936	9,596	1
2,896	2,904	2,988	2,948	2,934	3,028	3,052	2,996	3,108	3,046	3,204	3,132	3,312	3,420	3,267	2
(1,480)	(1,580)	(1,624)	(1,604)	(1,572)	(1,620)	(1,616)	(1,512)	(1,588)	(1,584)	(1,620)	(1,512)	(1,584)	(1,532)	(1,562)	3
5,088	5,032	5,196	5,248	5,141	5,508	5,548	5,556	5,820	5,608	6,044	6,408	6,348	6,516	6,329	4
3,656	3,888	3,820	4,028	3,848	4,080	4,104	4,136	4,212	4,133	4,404	4,424	4,604	4,576	4,502	5
2,124	2,100	2,096	2,212	2,133	2,196	2,228	2,252	2,280	2,239	2,292	2,348	2,360	2,264	2,316	6
1,532	1,788	1,724	1,816	1,715	1,884	1,876	1,884	1,932	1,894	2,112	2,076	2,244	2,312	2,186	7
1,380	1,412	1,440	1,460	1,423	1,488	1,520	1,528	1,568	1,526	1,608	1,624	1,640	1,668	1,635	8
900	936	948	956	935	976	996	992	1,016	995	1,052	1,036	1,040	1,080	1,052	9
480	476	492	504	488	512	524	536	552	531	556	588	600	588	583	10
352	368	292	332	311	304	272	248	468	323	240	244	272	484	310	11
216	332	256	296	275	260	228	200	420	277	192	192	220	432	259	12
36	36	36	36	36	44	44	48	48	46	48	52	52	52	51	13
60	52	84	48	61	80	112	88	48	82	80	84	84	88	84	14
1,192	1,220	1,104	1,160	1,169	1,160	1,272	1,272	1,304	1,252	1,496	1,444	1,316	1,452	1,427	15
14,524	14,876	14,924	15,224	14,887	15,648	15,880	15,824	16,528	15,970	17,076	17,360	17,576	18,204	17,554	16
7,388	7,544	7,476	7,620	7,507	7,700	7,888	7,800	8,176	7,891	8,316	8,236	8,332	8,736	8,405	17
7,136	7,332	7,448	7,604	7,380	7,948	7,992	8,024	8,352	8,079	8,760	9,124	9,244	9,468	9,149	18
- 600	- 956	- 684	- 520	- 690	- 368	- 88	+ 352	+ 20	- 21	+ 116	+ 224	+ 244	+ 400	+ 246	19
- 348	- 576	- 256	- 140	- 330	+ 168	+ 196	+ 492	+ 328	+ 296	+ 300	+ 680	+ 640	+ 652	+ 568	20
- 252	- 380	- 428	- 380	- 360	- 536	- 284	- 140	- 308	- 317	- 184	- 456	- 396	- 252	- 322	21
13,924	13,920	14,240	14,704	14,197	15,280	15,792	16,176	16,548	15,949	17,192	17,584	17,820	18,604	17,800	22
7,040	6,968	7,220	7,480	7,177	7,868	8,084	8,292	8,504	8,187	8,616	8,916	8,972	9,388	8,973	23
8,884	6,952	7,020	7,224	7,020	7,412	7,708	7,884	8,044	7,762	8,576	8,668	8,848	9,216	8,827	24

(?) See footnote 3, Table 5.

TABLE 16. Source of National Saving, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Personal net saving	1,492	1,248	1,724	1,716	1,545	1,900	2,640	2,332	2,396	2,317
2	Business gross saving	4,916	5,456	5,428	5,532	5,333	6,116	5,420	5,936	5,976	5,862
3	Undistributed corporation profits ...	424	832	864	908	757	976	864	924	984	937
4	Capital consumption allowances and miscellaneous valuation adjustments	4,448	4,488	4,556	4,668	4,540	4,756	4,880	4,936	4,996	4,892
5	Adjustment on grain transactions(1)	40	128	4	- 52	30	372	- 340	32	- 40	6
6	Capital assistance	4	8	4	8	6	12	16	44	36	27
7	Inventory valuation adjustment	- 40	- 44	- 164	- 108	- 89	- 136	- 92	- 248	- 44	- 130
8	Government surplus (+) or deficit (-)	- 1,148	- 976	- 1,008	- 888	- 1,005	- 904	- 1,032	- 652	- 828	- 854
9	Residual error of estimate	104	92	- 220	- 36	- 15	- 180	- 332	- 244	- 296	- 263
10	Totals	5,324	5,776	5,760	6,216	5,769	6,796	6,604	7,124	7,204	6,932

(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, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Business gross fixed capital formation	6,456	6,544	6,768	6,772	6,635	6,884	6,884	7,000	7,072	6,960
2	New residential construction	1,404	1,468	1,500	1,460	1,458	1,536	1,572	1,644	1,556	1,577
3	New non-residential construction	2,532	2,660	2,780	2,760	2,683	2,740	2,604	2,576	2,632	2,638
4	New machinery and equipment	2,520	2,416	2,488	2,552	2,494	2,608	2,708	2,780	2,884	2,745
5	Value of physical change in inventories	- 20	184	- 452	408	30	640	336	832	320	532
6	Surplus (+) or deficit (-) on current account with non-residents	- 1,008	- 856	- 776	- 1,004	- 911	- 912	- 948	- 948	- 484	- 823
7	Residual error of estimate	- 104	- 96	220	40	15	184	332	240	296	263
8	Totals	5,324	5,776	5,760	6,216	5,769	6,796	6,604	7,124	7,204	6,932

TABLE 16. Source of National Saving, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
2,088	2,928	2,524	2,584	2,531	2,324	1,940	1,900	2,072	2,059	3,448	2,376	3,024	2,860	2,927	1
6,476	6,184	6,428	6,768	6,464	6,700	7,496	7,196	7,336	7,182	6,936	7,836	7,792	7,812	7,594	2
940	1,136	1,088	1,100	1,066	1,300	1,436	1,324	1,496	1,389	1,428	1,408	1,520	1,420	1,444	3
5,024	5,124	5,208	5,436	5,198	5,488	5,520	5,632	5,760	5,600	5,944	6,092	6,128	6,276	6,110	4
452	- 128	48	184	139	- 168	428	152	32	111	- 516	252	60	28	- 44	5
60	52	84	48	61	80	112	88	48	82	80	84	84	88	84	6
- 136	- 204	- 232	- 228	- 200	- 200	- 224	4	- 104	- 131	- 188	- 308	- 340	- 464	- 325	7
- 600	- 956	- 684	- 520	- 690	- 368	- 88	352	20	- 21	116	224	244	400	246	8
- 292	- 240	- 232	- 208	- 243	4	136	- 40	- 124	- 6	- 112	12	- 196	- 124	- 105	9
7,536	7,712	7,804	8,396	7,862	8,460	9,260	9,412	9,200	9,083	10,200	10,140	10,524	10,484	10,337	10

TABLE 17. Disposition of National Saving, by Quarters, 1961-65 Seasonally Adjusted at Annual Rates
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
7,044	7,472	7,868	7,980	7,591	8,828	9,008	9,068	9,508	9,103	9,760	10,004	10,672	11,260	10,424	1
1,568	1,656	1,796	1,808	1,707	2,008	1,944	1,996	2,136	2,021	2,044	2,192	2,132	2,128	2,124	2
2,620	2,868	2,900	2,952	2,835	3,220	3,304	3,428	3,480	3,358	3,796	3,720	4,036	4,268	3,955	3
2,856	2,948	3,172	3,220	3,049	3,600	3,760	3,644	3,892	3,724	3,920	4,092	4,504	4,864	4,345	4
592	348	540	660	535	364	516	436	228	386	1,288	1,168	728	608	948	5
- 392	- 352	- 832	- 452	- 507	- 728	- 124	- 132	- 664	- 412	- 964	- 1,020	- 1,076	- 1,504	- 1,141	6
392	244	228	208	243	- 4	- 140	40	128	6	116	- 12	200	120	106	7
7,536	7,712	7,804	8,396	7,862	8,460	9,260	9,412	9,200	9,083	10,200	10,140	10,524	10,484	10,337	8

TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1961-65(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Personal expenditure on consumer goods and services	22,516	22,988	23,412	23,504	23,105	24,016	24,072	24,116	24,488	24,173
2	Non-durable goods	11,436	11,748	11,792	11,916	11,723	12,300	12,264	12,352	12,412	12,332
3	Durable goods	2,496	2,600	2,884	2,764	2,686	2,916	2,944	2,840	3,040	2,935
4	Services	8,584	8,640	8,736	8,824	8,696	8,800	8,864	8,924	9,036	8,906
5	Government expenditure on goods and services	6,400	6,468	6,636	6,744	6,562	6,652	6,972	6,820	6,800	6,811
6	Business gross fixed capital formation	5,964	6,052	6,252	6,232	6,125	6,256	6,208	6,264	6,288	6,254
7	New residential construction	1,280	1,340	1,364	1,328	1,328	1,376	1,396	1,444	1,364	1,395
8	New non-residential construction	2,348	2,472	2,596	2,560	2,494	2,508	2,372	2,340	2,376	2,399
9	New machinery and equipment	2,336	2,240	2,292	2,344	2,303	2,372	2,440	2,480	2,548	2,460
10	Change in inventories	- 72	156	- 448	480	29	588	308	832	304	508
11	Non-farm business inventories	304	540	- 12	900	433	416	236	524	- 4	293
12	Farm inventories and grain in commercial channels	- 376	- 384	- 436	- 420	- 404	172	72	308	308	215
13	Exports of goods and services	7,156	7,176	7,600	7,584	7,379	7,536	7,800	7,808	7,844	7,747
14	Deduct: Imports of goods and services	- 8,028	- 7,920	- 8,204	- 8,376	- 8,132	- 8,216	- 8,428	- 8,476	- 8,104	- 8,306
15	Residual error of estimate	- 96	- 88	200	36	13	172	308	220	268	242
16	GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	33,840	34,832	35,448	36,204	35,081	37,004	37,240	37,584	37,888	37,429

(1) See footnote 1, Table 9.

TABLE 19. Implicit Price Indexes - Seasonally Adjusted
Gross National Expenditure, 1961-65(1)
(1957 = 100)

No.		1961					1962				
		I	II	III	IV	Year	I	II	III	IV	Year
1	Personal expenditure on consumer goods and services	105.8	105.9	105.7	106.2	105.9	106.6	107.0	107.5	107.9	107.3
2	Non-durable goods	103.8	103.9	103.8	104.0	103.9	104.5	104.9	105.2	106.0	105.1
3	Durable goods	102.4	101.5	99.9	100.7	101.1	100.7	100.5	101.0	101.2	100.9
4	Services	109.5	109.7	110.3	110.8	110.1	111.5	112.2	112.6	112.8	112.3
5	Government expenditure on goods and services	109.1	110.0	110.8	111.1	110.3	112.1	112.9	113.7	114.5	113.3
6	Business gross fixed capital formation	108.2	108.1	108.3	108.7	108.3	110.0	110.9	111.7	112.5	111.3
7	New residential construction	109.7	109.6	110.0	109.9	109.8	111.6	112.6	113.9	114.1	113.0
8	New non-residential construction	107.8	107.6	107.1	107.8	107.6	109.3	109.8	110.1	110.8	110.0
9	New machinery and equipment	107.9	107.9	108.6	108.9	108.3	109.9	111.0	112.1	113.2	111.6
10	Exports of goods and services	102.1	102.1	104.2	105.1	103.4	105.8	106.4	106.9	107.3	106.6
11	Imports of goods and services	103.6	103.3	105.9	107.2	105.0	108.1	109.7	109.7	109.8	109.3
12	GROSS NATIONAL EXPENDITURE	106.8	106.9	106.8	106.8	106.8	107.7	108.1	108.6	109.3	108.4

(1) These implicit indexes are currently weighted price indexes. They reflect not only pure price changes, but also changing expenditure patterns within and between major groups. Quarter to quarter comparisons based on the seasonally adjusted data are less subject to the problem of shifting weights than are similar comparisons based on data unadjusted for seasonality, and therefore may be used as indicators of price change.

TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1961-65(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
24,712	25,104	25,396	25,828	25,260	26,404	26,568	27,076	27,336	26,846	27,564	28,144	28,808	29,332	28,462	1
12,536	12,568	12,720	12,740	12,641	12,968	13,132	13,256	13,580	13,234	13,512	13,780	14,000	14,360	13,913	2
3,028	3,192	3,172	3,440	3,208	3,576	3,516	3,756	3,492	3,585	3,704	3,888	4,236	4,192	4,005	3
9,148	9,344	9,504	9,648	9,411	9,860	9,920	10,064	10,264	10,027	10,348	10,476	10,572	10,780	10,544	4
6,872	6,756	6,912	6,852	6,848	7,136	7,124	6,980	7,248	7,122	7,396	7,580	7,620	7,672	7,567	5
6,240	6,568	6,816	6,848	6,618	7,520	7,536	7,528	7,840	7,606	7,900	8,024	8,548	8,916	8,347	6
1,368	1,428	1,536	1,512	1,461	1,664	1,592	1,608	1,700	1,641	1,608	1,700	1,648	1,620	1,644	7
2,348	2,544	2,528	2,556	2,494	2,780	2,792	2,864	2,884	2,830	3,080	2,960	3,196	3,320	3,139	8
2,524	2,596	2,752	2,780	2,663	3,076	3,152	3,056	3,256	3,135	3,212	3,364	3,704	3,976	3,564	9
532	320	536	652	510	332	480	392	212	354	1,252	1,156	720	624	938	10
200	- 64	192	628	239	468	676	736	64	486	1,080	944	804	668	874	11
332	384	344	24	271	- 136	- 196	- 344	148	- 132	172	212	- 84	- 44	64	12
8,088	8,376	8,368	8,948	8,445	9,228	9,748	9,728	9,496	9,550	9,644	9,908	10,112	10,428	10,023	13
- 8,168	- 8,344	- 8,704	- 8,984	- 8,550	- 9,448	- 9,460	- 9,640	- 9,808	- 9,589	- 10,156	- 10,540	- 10,828	- 11,476	- 10,750	14
268	224	204	188	221	- 4	- 120	36	112	6	104	- 12	176	104	93	15
38,344	39,096	39,508	40,312	39,212	41,168	41,876	42,100	42,424	41,895	42,704	44,220	45,152	45,500	44,820	18

TABLE 19. Implicit Price Indexes - Seasonally Adjusted
Gross National Expenditure, 1961-65(1)
(1957 = 100)

1963					1964					1965					No.
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
108.2	108.5	109.1	109.4	108.8	109.8	110.3	110.7	111.2	110.5	111.6	112.4	112.9	113.7	112.7	1
106.3	106.5	107.3	107.7	106.9	108.2	108.5	109.2	109.0	108.7	109.4	110.7	111.3	112.2	110.9	2
101.1	101.0	101.4	101.3	101.2	100.4	100.2	99.7	100.5	100.2	100.1	100.1	99.7	99.7	99.9	3
113.2	113.7	114.2	114.6	113.9	115.3	116.1	116.9	117.7	116.5	118.4	119.2	120.2	121.1	119.8	4
116.2	117.5	118.4	119.6	117.9	119.6	120.7	122.5	123.2	121.5	125.0	125.9	126.8	129.5	126.8	5
112.9	113.8	115.4	116.5	114.7	117.4	119.5	120.5	121.3	119.7	123.5	124.7	124.8	126.3	124.9	6
114.6	116.0	116.9	119.6	116.8	120.7	122.1	124.1	125.6	123.2	127.1	128.9	129.4	131.4	129.2	7
111.6	112.7	114.7	115.5	113.7	115.8	118.3	119.7	120.7	118.7	123.2	125.7	126.3	128.6	126.0	8
113.2	113.6	115.3	115.8	114.5	117.0	119.3	119.2	119.5	118.8	122.0	121.6	121.6	122.3	121.9	9
107.3	107.4	107.6	109.1	107.9	109.4	109.7	110.6	110.3	110.0	110.2	110.7	111.9	112.3	111.3	10
111.0	112.1	113.1	113.7	112.5	114.5	114.4	113.0	113.6	113.9	114.1	113.8	114.4	115.2	114.4	11
109.6	109.9	110.6	111.2	110.3	111.7	112.6	113.9	114.3	113.1	114.9	116.0	116.7	117.9	116.4	12

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TABLE 20. Business Gross Fixed Capital Formation, by Industry, 1961-65(1)
(millions of dollars)

	1961	1962	1963	1964	1965
1. Agriculture	576	663	762	836	928
2. Fishing and trapping					
3. Forestry	50	54	60	88	102
4. Mining, quarrying, and oil wells	449	480	521	632	687
5. Manufacturing	1,085	1,269	1,358	1,831	2,238
6. Construction	136	109	135	197	235
7. Transportation	645	490	566	730	810
8. Storage					
9. Communication(2)	340	385	435	426	455
10. Electric power, gas and water utilities ...	706	720	763	892	1,141
11. Trade	307	319	338	368	368
12. Finance, insurance and real estate(3)	1,770	1,875	1,980	2,363	2,537
13. Services(4)	571	596	673	740	923
14. Totals	6,635	6,960	7,591	9,103	10,424

(1) This table is derived from "Private and Public Investment in Canada", publications. Additional detail has been provided by the DBS Business Finance Division, and adjustments have been made to bring the data into line with national accounting concepts. See reconciliation statement, Table 21. For an industrial distribution of total private and public investment, see Table 1 in the cited publication.

(2) Excludes investment expenditures by the Canadian Broadcasting Corporation.

(3) Includes all new residential construction, (including government enterprises, but excluding general government). See Table 2.

(4) Excludes government departmental expenditures, federal hospital, provincial hospital and school, and municipal school expenditures, which are included with "Government Expenditure on Goods and Services". Investment expenditure of government business enterprises (railway, power commissions, etc), are included under appropriate industry headings.

TABLE 21. Business Gross Fixed Capital Formation, 1961-65
Reconciliation Statement
(millions of dollars)

	1961	1962	1963	1964	1965
1. Total private and public investment in Canada(1)	8,172	8,715	9,393	10,944	12,798
2. Deduct - New residential construction by governments(2)	- 9	- 10	- 6	- 7	- 9
3. New non-residential construction by governments	- 1,368	- 1,562	- 1,609	- 1,618	- 2,113
4. New machinery and equipment outlays by governments	- 160	- 183	- 187	- 216	- 252
5. Business gross fixed capital formation	6,635	6,960	7,591	9,103	10,424

(1) As presented in the publications "Private and Public Investment in Canada".

(2) General government non-rental housing. Government enterprise housing included under line 5.

TABLE 22. Exports and Imports of Goods and Services, 1961-65(1)
Reconciliation Statement
(millions of dollars)

	1961	1962	1963	1964	1965
<u>Exports of goods and services:</u>					
1. Merchandise exports	5,889	6,380	7,082	8,240	8,737
2. Gold production available for export	162	155	154	145	138
3. Interest and dividends received from non-residents	209	202	230	313	315
4. Other receipts for services	1,474	1,646	1,796	1,978	2,177
5. Sub-total - "Current receipts" as per Canadian Balance of International Payments	7,734	8,383	9,262	10,676	11,367
6. Inheritances and immigrants' funds	- 103	- 124	- 151	- 169	- 211
7. Total "exports of goods and services" as per National Accounts(2)	7,631	8,259	9,111	10,507	11,156
<u>Imports of goods and services:</u>					
8. Merchandise imports	5,716	6,203	6,579	7,540	8,636
9. Interest and dividends paid to non-residents	770	794	860	978	1,048
10. Other payments for services	2,230	2,260	2,365	2,591	2,819
11. Sub-total - "Current payments" as per Canadian Balance of International Payments	8,716	9,257	9,804	11,109	12,503
12. Inheritances and emigrants' funds	- 174	- 175	- 186	- 190	- 206
13. Total "imports of goods and services" as per National Accounts(2)	8,542	9,082	9,618	10,919	12,297

(1) Data sources are the reports "Canadian Balance of International Payments" (Balance of Payments section, Dominion Bureau of Statistics), and other information received from the Balance of Payments Section. Figures exclude mutual aid to N.A.T.O. countries.

(2) See Table 2.

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