

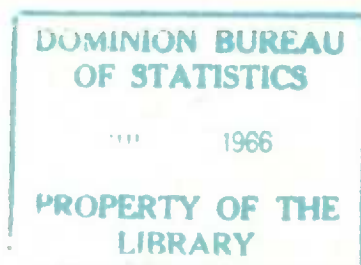
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FIRST QUARTER 1966



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

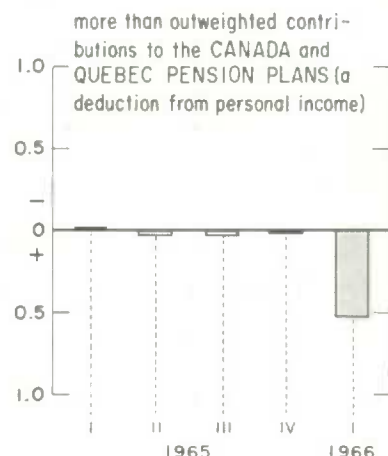
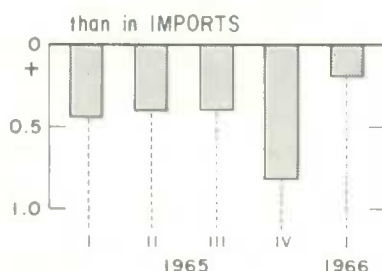
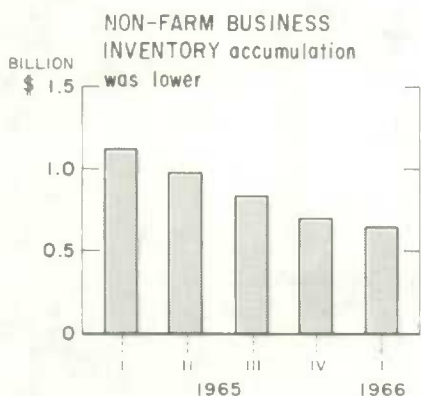
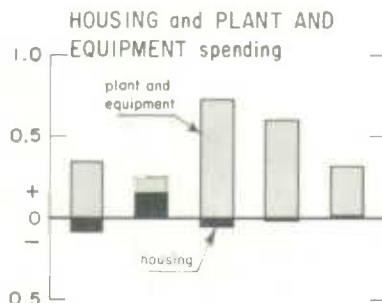
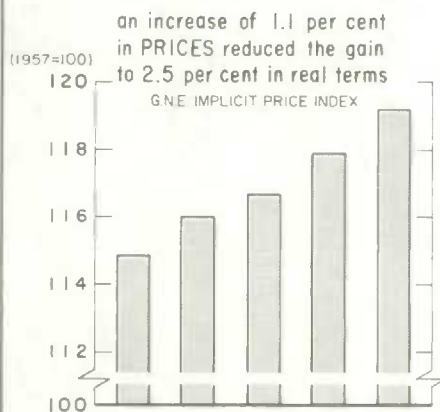
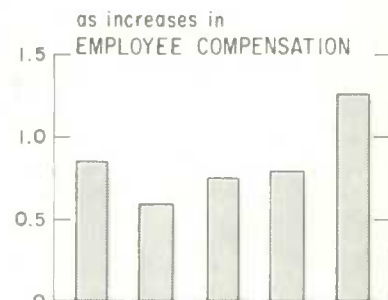
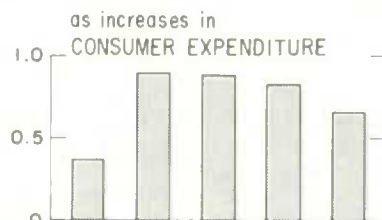
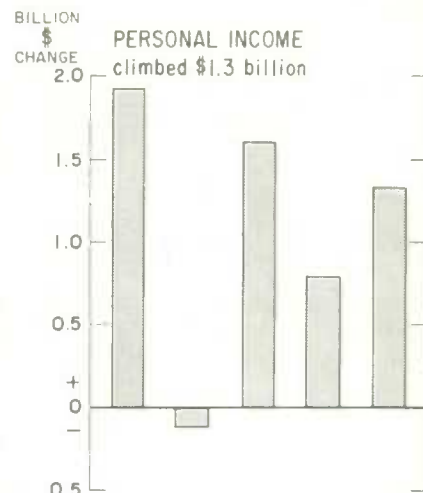
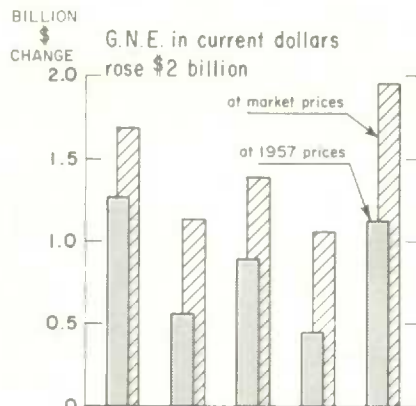
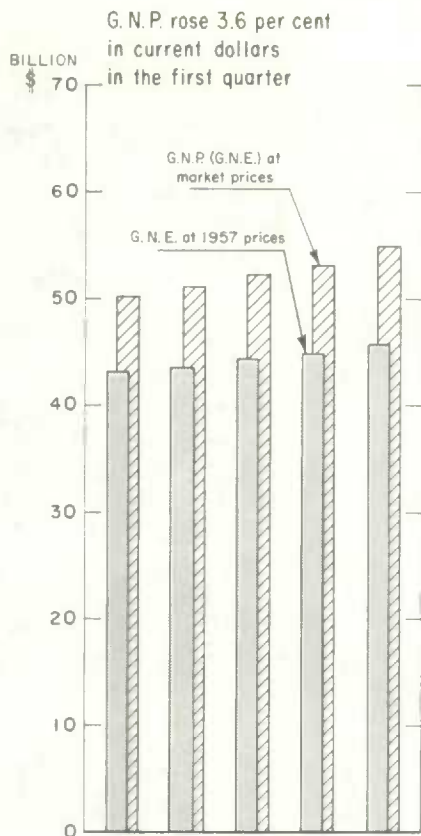
"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 1959.

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

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1965", for the years 1961-64.

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INTRODUCTORY REVIEW

Gross National Product rose to a level of \$55.7 billion in the first quarter, an increase of 3.6 per cent from the preceding quarter. Prices again advanced by approximately 1 per cent reducing the gain to 2.5 per cent in real terms. This strong advance was partly attributable to irregular factors in the external sector.

Exports of goods and services showed the strongest advance of any quarter in the five year expansion. Most of this irregular increase was in merchandise exports which were unusually high for this season. This was supplemented by sharp advances in travel, freight and shipping and interest and dividend receipts. In addition imports advanced by only a small amount because of the Ontario trucking strike and other factors. The net effect of these external transactions was to narrow the deficit on current account, (on a National Accounts basis), from \$1.5 billion in the fourth quarter to \$.8 billion in the first quarter.

Fixed capital formation increased by less than 3 per cent between the fourth and first quarters, but this summary figure obscures some divergent movements among the components. Housing showed only a fractional increase and investment in machinery and equipment declined slightly. On the other hand, investment in plant continued to rise sharply. As in the last quarter, business accumulated stocks, thus adding to the demands on production, but the rate of accumulation was somewhat lower than in the preceding period.

Personal spending in the current quarter continued to show strength, advancing by 2 per cent from the previous quarter.

Expenditure on goods and services by all levels of government rose by nearly 4 per cent; the increase of 5 per cent at the federal level being almost entirely attributable to special increases in military pay and allowances, while provincial and municipal expenditures rose by 3 per cent. With revenues rising more than expenditures, the surplus for all levels combined reached a level of three quarters of a billion dollars, the highest since 1951. Most of this increase resulted from receipts from the Canada and Quebec pension plans.

The salient developments on the income side of the Accounts in the quarter were a marked gain in labour income, reflecting not only the buoyancy of the labour market but also sharp increases in supplementary labour income, following the introduction of the Canada and Quebec pension plans at the beginning of the year. There was a modest increase in corporate profits after a slight decline in the preceding period. Accrued net income of farm operators from farm production was estimated to have been somewhat higher, with larger receipts from livestock production exceeding the assumed drop in income from grain production if the 1966 crop is average rather than unusually large as it was last year. A decidedly large gain in military pay and allowances was the result of the payment of a bonus for re-engagement. The quarterly change in personal income in relation to Gross National Product and in the composition of personal income are of considerable interest and are described in some detail under a separate heading.

Price Movements

As previously mentioned, gross national product rose by 2½ per cent in constant dollars, while the price component of GNP increased by a little over 1 per cent.

The implicit price index of consumer expenditure rose by about 1 per cent on a seasonally adjusted basis. This increase is shown in some detail in the following table.

Personal Expenditure
Per cent Change in Implicit Price Indexes, Seasonally Adjusted

	IVQ 65 to IQ 66	IQ 65 to IQ 66
Total	1.1	3.1
Services	1.0	3.3
Durable Goods	-.5	-1.0
Non-durables (excluding food) ..	.6	1.8
Non-food Commodities3	.9
Food	3.1	7.5

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

	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	4Q'65 to 1Q'66
1. Personal expenditure	152	504	316	488	488	548	736	296	688	400	364	896	876	820	656
2. Government expenditure	- 116	28	200	- 48	248	12	340	64	- 48	376	320	292	120	276	376
3. Residential construction	72	- 88	12	88	140	12	200	- 64	52	140	- 92	148	- 60	- 4	12
4. Non-residential construction ..	- 28	56	- 12	248	32	52	268	84	124	52	316	- 76	316	232	344
5. Machinery and equipment	72	104	- 28	92	224	48	380	160	- 116	248	28	172	412	360	- 40
6. Exports of goods and services	48	68	260	324	8	752	332	604	68	- 288	148	348	344	396	900
7. Total final purchases	200	672	748	1,192	1,140	1,424	2,256	1,144	768	928	1,084	1,780	2,008	2,080	2,248
8. (Final domestic demand)	152	604	488	868	1,132	672	1,924	540	700	1,216	936	1,432	1,664	1,684	1,348

Quarter to Quarter Changes in Other Selected Items

9. "Shift" in non-farm business inventories	228	- 520	216	- 272	240	480	- 168	216	80	- 696	1,020	- 128	- 144	- 140	- 52
10. Imports of goods and services	48	- 396	168	284	488	372	608	-	76	244	448	404	400	824	192
11. G.N.P. (ex. farm)	420	612	684	628	804	1,096	1,508	888	1,044	636	1,472	1,196	1,096	1,096	1,836

Constant (1957) Dollars

Quarter to Quarter Percentage Changes in Select Items

12. Final domestic demand	- 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	1.0
13. Total final purchases	- 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	2.1
14. Gross national expenditure	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	2.5

It is apparent that much of the rise in prices in both the current quarter and over the past twelve months has occurred in food prices. Within food the increase is largely attributable to meat. Non-durable goods price increases were noted in items such as clothing. The following table summarizes selected food price movements in the consumer price index based on data unadjusted for seasonality.

Consumer Price Index
Percentage Change for Selected Food Prices

Item	IV Q 65 to I Q 66	IQ 65 to IQ 66
Beef	6.8	14.0
Pork	9.5	33.7
Other Meats	6.6	11.3
Fish	3.0	10.8
Poultry	5.5	8.7
Total Meat, Fish and Poultry	7.1	17.7

The substantial rise in meat prices, especially beef and pork, was largely the result of supply shortages in the United States.

The implicit price index for business gross fixed capital rose by 0.9 per cent as compared with 1.2 per cent for the fourth quarter 1965. Machinery and equipment prices showed a rise of 0.6 per cent for the second consecutive quarter. However, the bulk of the rise in the over-all index was due to sharp cost increases in the construction industry -- 1.6 per cent for new residential construction and 0.9 per cent for non-residential construction. Both wage rates and cost of materials moved upward, the former by 2.1 per cent and the latter by 0.8 per cent.

Discounting weighting shifts, prices of merchandise exports rose by 1 per cent. However, this rise concealed fairly sharp compensating movements within constituent groups. Export prices of live animals rose 10.2 per cent; of meats and preparations 6.2 per cent; of wheat 3.1 per cent; and of copper 12.5 per cent, reflecting supply conditions in world markets. There were significant declines in the export prices of lumber, wood pulp and certain metals.

The Demand Components

Consumer expenditure on goods and services advanced about 2 per cent to reach a level of \$34.0 billion at seasonally adjusted annual rates. With prices increasing by about 1 per cent, there was an equivalent rise in real terms. Durable goods set the pace with a 5 per cent gain after showing a decline of 1 per cent in the previous quarter. Non-durable goods and services registered smaller gains of 1 and 2 per cent respectively.

Within the durable goods group, the pace was set by home furnishings, furniture and appliances which taken together showed a gain of about 7 per cent, the largest increase since the beginning of the current expansion. Purchases of new cars declined fractionally as did personal purchases of used cars. However trade-ins, which are deducted from purchases of new and used cars, declined substantially, with the result that net expenditures on new and used cars increased by close to 2 per cent.

During the first quarter of 1966 spending on most types of services increased. Expenditures on shelter and on household operations expanded by about 2½ per cent, a higher growth rate than at any time during the previous year. Expenditures on medical care, purchased transportation, and personal care were up between 1½ and 2 per cent. User operated transportation was off about 1½ per cent from its level in the previous quarter.

Most of the components contributed to the slightly more than 1 per cent rise in non-durable goods. In a period of rising prices outlays on food rose by 2 per cent. Purchases of alcoholic beverages and tobacco also increased, the latter by almost 6 per cent following a drop in the fourth quarter. Outlays on clothing continued the quarterly advances evident from the third quarter of 1962, rising by 2½ per cent in the most recent quarter. The strength exhibited by these commodities was dampened by a 1½ per cent decline in the purchases of fuel for home heating, while expenditures on gas, oil and grease were unchanged from the previous quarter.

Turning to capital formation, outlays for housing at \$2.1 billion were practically unchanged from the previous quarter. There may be some under-estimation in this figure as it is based partly on completions. The deadline under the Winter House-Building Incentive Program for single and small multiple dwelling structures was stretched from March 31 to April 15. This has caused a shift from March to April in the number of completions which may not represent a corresponding shift in the value of construction which took place.

The value of new non-residential construction totalled \$4.6 million in the first quarter, up 8 per cent from the fourth. Strong employment increases reported in both building and engineering construction, together with some increases in both labour and material input prices, raised the estimated value of work put in place.

Outlays on new machinery and equipment dropped 1 per cent to a level of \$4.8 billion in the first quarter. The drop was centered in spending on farm and non-farm machinery and equipment, partly reflecting less buoyant imports, which more than offset a sharp rise in outlays for commercial and passenger vehicles for business use.

Non-farm business inventories continued to increase but at a slightly diminished rate; allowing for seasonal variation, stocks were accumulated at an annual rate of \$644 million in the first quarter. While manufacturing and retail trade contributed equally to this stock build-up, wholesale trade showed a depletion. The following table shows the value of the physical change in non-farm business inventories in the first and previous quarter.

Change in Non-Farm Business Inventories
(Seasonally adjusted, annual rates)

	4Q 1965 (millions of dollars)	1Q 1966
Manufacturing	488	320
Durables	476	396
Non-durables	12	-76
Wholesale	72	-104
Retail	108	324
"Other" industries	28	104
Grand Total	696	644

Manufacturing stocks, at the total level, continued to increase but at a substantially reduced rate when compared with the previous quarter. This reduction was due to the slow-down in the addition to the stocks of durables and to the depletion in the stocks of non-durables. Within durables, all manufacturers increased their stock except those of primary metal, machinery and metal fabricating. Within non-durables, the accumulation of stock of the food and rubber industries was to a large extent offset by depletions in the leather, textiles and particularly the paper industries. Additions to stocks were evident at every stage of manufacture, with the stocks of finished products recording the highest rate. With new orders increasing by more than shipments, the quarter ended with an increase in the backlog of unfilled orders. The stock-to-shipments ratio fell below the average ratio of the present economic expansion.

Wholesale inventories were depleted as both durable and non-durable trades, at the total level, drew down their stocks. The stock-to-sales ratio increased slightly. Retail inventories increased faster than in the previous quarter. The small increment in the stocks of motor vehicle dealers in the first quarter, in part reflected the exceptionally high level of motor vehicle sales in the month of March, a sales level that may have been influenced by purchases made in anticipation of the increased sales tax in the province of Ontario. Data for April indicate that stocks subsequently rose.

The deficit in Canada's external account on a national accounts basis moved from a seasonally adjusted annual rate of \$1,504 million in the fourth quarter to \$796 million in the first. The change of \$708 million resulted from a turn-round of \$584 million from deficit to surplus in merchandise

Exports and Imports of Goods and Services
(Seasonally adjusted at annual rates in millions of dollars)

Year	Quarter	Goods			Services			Current balance
		Exports	Imports	Net	Exports	Imports	Net	
1965	1st	8,268	8,120	148	2,356	3,468	-1,112	- 944
	2nd	8,552	8,312	240	2,420	3,680	-1,260	-1,020
	3rd	8,812	8,652	160	2,504	3,740	-1,236	-1,076
	4th	9,316	9,460	-144	2,396	3,756	-1,360	-1,504
1966	1st	10,012	9,572	440	2,600	3,836	-1,236	- 796
65Q4 to 66Q1 %		7.5	1.2		8.5	2.1		

trade augmenting an improvement by \$124 million in non-merchandise trade.

Discounting for normal seasonality, export gains were made in wheat clearances, aluminum, copper, iron ore and scrap iron, asbestos, newsprint, motor vehicles and non-farm machinery. But exports of motor vehicles and parts have recently risen sharply and the new eventual seasonal patterns of these movements have not yet been established.

Declines were recorded in fish, lumber and wood pulp, nickel and zinc, natural gas, crude petroleum, fertilizers and farm machinery. Data are not yet available to identify import commodity changes. The Ontario trucking strike in the first quarter was a significant factor in retarding some imports.

The improvement in service transactions can be ascribed mainly to changes in the interest and dividend and the tourist and travel accounts.

The Income Components

Seasonally adjusted wages, salaries, and supplementary labour income had a record increase of 4.2 per cent in the first quarter.^{1/} The supplementary labour income component, which includes employer contributions under pension plans, rose sharply this quarter because of the introduction of the Canada and Quebec pension plans. Total wages and salaries in the first quarter advanced 3.6 per cent from the previous quarter. This disparity in rates of increase is the result of the introduction of the Canada and Quebec pension plans through which employer contributions raised supplementary labour income payments to a new high level. The gain in total wages and salaries was about equally shared by higher average earnings and an increase in the numbers of paid workers.

The goods-producing industries advanced 4 per cent. Wages and salaries in both the primary industry group and in manufacturing rose about 3½ per cent in the first quarter.

Seasonally-adjusted wages and salaries in the service-producing industries advanced more than 3 per cent in the quarter. The effect of retroactive wage payments to federal government employees was almost completely offset by industrial disputes in transportation and in community services. The gain of over 5 per cent in government non-military wages and salaries reflects the retroactive wage payments, while the smaller increase of 1½ per cent in the transportation, communication and other utilities group reflects industrial disputes in the Ontario trucking industry. Advances of over 3 per cent were recorded in the finance and service industries and wages and salaries in trade increased almost 3½ per cent in the first quarter.

^{1/} Estimates of labour income in the National Accounts are usually based on complete data for the quarter. However, on this occasion, because of implementation of the new standard industrial classification, together with methodological changes affecting the underlying employment data, it was necessary to make the estimates on the basis of figures for the first two months of the year only.

Corporation profits (before taxes and before dividends paid to non-residents) rose in the first quarter to a seasonally adjusted annual rate of \$ 5.5 billion, an advance of about 3 per cent over the previous quarter.

Total profits of the manufacturing group increased 10 per cent or \$236 million at annual rates. Considerable strength was displayed by the wood, chemical and metals industries, advancing 49, 16 and 14 per cent respectively. In absolute terms these advances amounted to \$68, \$36 and \$108 million. Further increases were recorded by petroleum and coal, 23 per cent, and food and beverages, 8 per cent. Profits in the paper industry declined for the fifth consecutive quarter; first quarter profits were down \$48 million, 24 per cent from the previous quarter.

Other industries advancing vigorously were wholesale trade which was up 16 per cent, and services which were up 37 per cent. Mining profits remained unchanged. Profits fell in transportation, storage and communication by \$144 million, in finance by \$28 million, and in other non-manufacturing by \$44 million.

Rent, interest and miscellaneous investment income declined by one per cent over the fourth quarter of last year.

Accrued net income of farm operators from farm production increased by almost 7 per cent in the first quarter from the fourth quarter rate. The strength in farm net income came mainly from much higher livestock production in large part a reflection of sharply rising livestock prices. Income from grain production is estimated to have declined during the quarter as the value of the 1966 crop, based on acreage intentions and ten year average yields, would be 10 per cent lower than the value of the 1965 crop.

Net income received by farm operators increased by over 16 per cent to a level of \$1992 million in the quarter. This very sharp increase was due to large payments made by the Canadian Wheat Board.

Net income of unincorporated business, seasonally adjusted at annual rates, showed little change in the first quarter of 1966; the changes in the individual industries were small and largely offsetting.

The Personal Sector

To summarize developments in the personal sector, the 3.3 per cent increase in personal income in the first quarter was significantly lower than the 3.6 per cent increase in Gross National Product. The inauguration of the Canada and Quebec pension plans at the beginning of the year raised the outlays in respect of employer and employee contributions to social insurance and government pension funds (which are deducted from personal income) to approximately \$1.5 billion, that is more than \$500 million higher than in the previous quarter. These supplementary payments explain in part the relatively large increase in total labour income of 4.2 per cent when wages and salaries were up only 3.6 per cent. Other changes in the composition of personal income may be noted. The effect on farm income of higher receipts from livestock production has already been referred to. In addition, large payments were made to farmers by the Wheat Board. In this situation net income received by farm operators rose 16½ per cent in the quarter. Military pay and allowances rose more than 20 per cent, largely as a result of the bonus given to members of the Armed Services who re-engaged for a specified period of years.

Personal disposable income rose fractionally less than personal income, partly as a result of higher income tax payments. With personal spending rising 2 per cent as against a gain of 3.2 per cent in income available for spending, the quarterly rate of personal saving rose sharply. The large payment to farmers by the Wheat Board is undoubtedly one of the important factors in this development.

The Government Sector

Seasonally adjusted at annual rates, total revenues of all governments combined, excluding inter-governmental transfers, rose by almost 4 per cent in the first quarter to a rate of \$17,824 million. Most of the increase was the result of employer and employee contributions to the Canada and Quebec pension plans which began operations 1st January 1966. Other revenue components showed partially offsetting movements. Revenue from direct taxes remained virtually flat as the gain in personal direct taxes was almost offset by a decline in corporation direct taxes. Revenue from indirect taxes rose by about 3 per cent, the largest gain occurring in municipal real property taxes. Investment income declined by 4 per cent from an irregularly high fourth quarter rate.

Total expenditures of all governments combined increased by almost 2 per cent to a rate of \$17,076 million. Expenditures on goods and services experienced the largest absolute gain. At the federal level, defence outlays rose sharply largely due to the re-engagement bonuses received by service personnel. Non-defence outlays were almost unchanged as increases in salaries and wages and payments out of the International Assistance Fund were offset by declines in most of the other components.

Transfer payment to persons rose by \$200 million during the quarter. Old age security payments, reflecting the lowering of the age limit, effective at the beginning of the year, showed the largest increase.

With total government revenues rising more sharply than expenditures, the government surplus, on a National Accounts basis, almost doubled from a rate of \$400 million in the fourth quarter to a rate of \$748 million in the first quarter, the highest since 1951; much of this improvement in the surplus position was caused by the employer and employee contributions to the Canada and Quebec pension plans.

Production by Industry

Seasonally adjusted Real Domestic Product (at factor cost), less agriculture, for the first quarter of 1966 was about 2 per cent higher than in the preceding quarter and 38 per cent above its first quarter, 1961, cyclical low.

Manufacturing was the largest single contributor to the first quarter gain in non-agricultural real output, followed by trade and construction. Jointly these industry groups accounted for almost 60 per cent of the aggregate increase. Most of the other major industry groupings also showed advances in output from their fourth quarter levels, the exceptions being public administration and defence and fishing and trapping.

Manufacturing advanced by 2 per cent in the first quarter, with the non-durable manufacturing component accounting for close to 60 per cent of this gain. Within non-durables, which increased by 2.2 per cent, most major groups (except clothing and leather products) showed gains from the fourth quarter. The largest contributor was paper products (up by $6\frac{1}{2}$ per cent), which accounted for nearly half of the total increase in non-durables. Chemicals and the foods and beverages group contributed another 27 per cent of the gain in non-durable manufacturing. Within durable manufacturing, which was up by 1.9 per cent, most of the increase came from the 3.7 per cent gain in iron and steel products and the 1.8 per cent advance in the output of transportation equipment. A strong increase of 4.6 per cent was also shown by the non-metallic mineral products group. The only major industry group to show a decline in the first quarter was wood products, which declined by 2.7 per cent, largely as a result of a drop in the output of sawmills.

The next largest contribution to the first quarter gain in non-agricultural real output came from trade, which was up by 1.7 per cent, construction, up by 3.1 per cent, and finance, insurance and real estate and electric power and gas utilities, which increased by 1.9 and 4.4 per cent, respectively. Within trade, the retail trade component showed a gain of 3.5 per cent, while wholesale trade declined moderately. Department stores, furniture and appliance stores, lumber and building material dealers, farm implement dealers and farm feed stores were among the retail trades to show the largest gains. Sales of motor vehicle dealers showed little change from the levels achieved in the previous quarter, although sales for the month of March were quite high. Among the components of wholesale trade to show strong gains in the first quarter were farm machinery, construction material and supply dealers, hardware dealers, wholesalers of meat and dairy products and clothing products. Sales of commercial, institutional and service equipment and industrial and transportation equipment and supplies also increased sharply. These gains, however, were more than offset by declines in many of the other components of wholesale trade.

First quarter gains among other major industry groupings ranged from about 1 to 7 per cent. Transportation, storage and communication showed an increase of 1.3 per cent, with most of the gain coming from the transportation industries. Within transportation, which advanced by 1.8 per cent, the strong gains in railway and water transport were considerably dampened by the decline in the output of the strike-affected trucking industry. Mining increased by 2.2 per cent in the first quarter, largely as a result of the 3 per cent advance in metal mining. The community, recreation, business and personal services group advanced by 1.2 per cent, with the business service component accounting for most of this gain. Electric power and gas utilities and forestry increased by about 4 and 7 per cent respectively.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	6,026	6,431	6,741	6,835	26,033	6,840		
2. Military pay and allowances	145	153	149	140	587	168		
3. Corporation profits before taxes	1,055	1,409	1,330	1,405	5,199	1,133		
4. Deduct: Dividends paid to non-residents(1)	- 178	- 155	- 161	- 257	- 751	- 187		
5. Rent, interest, and miscellaneous investment income	833	845	874	1,002	3,554	933		
6. Accrued net income of farm operators from farm production(2)	10	100	1,305	230	1,645	107		
7. Net income of non-farm unincorporated business(3)	581	720	712	864	2,877	620		
8. Inventory valuation adjustment(4)	- 41	- 117	- 55	- 112	- 325	- 112		
9. NET NATIONAL INCOME AT FACTOR COST	8,431	9,386	10,895	10,107	38,819	9,502		
10. Indirect taxes less subsidies	1,693	1,780	1,841	1,858	7,172	1,881		
11. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,545		
12. Residual error of estimate	- 133	- 60	33	55	- 105	- 180		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	11,423	12,652	14,285	13,636	51,996	12,748		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(11,413)	(12,552)	(12,980)	(13,406)	(50,351)	(12,641)		

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

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

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	7,310	7,976	7,828	8,949	32,063	8,015		
2. Government expenditure on goods and services(1, 2)	2,091	2,427	2,606	2,472	9,596	2,419		
3. Business gross fixed capital formation(3)	2,078	2,578	2,792	2,976	10,424	2,501		
4. New residential construction	469	510	548	597	2,124	492		
5. New non-residential construction	685	893	1,195	1,182	3,955	890		
6. New machinery and equipment	924	1,175	1,049	1,197	4,345	1,119		
7. Value of physical change in inventories(4)	214	- 15	1,085	- 336	948	38		
8. Non-farm business inventories	492	96	164	153	905	388		
9. Farm inventories and grain in commercial channels	- 278	- 111	921	- 489	43	(- 72)		
10. Exports of goods and services	2,264	2,764	3,093	3,035	11,156	2,693		
11. Deduct: Imports of goods and services	- 2,667	- 3,138	- 3,086	- 3,406	- 12,297	- 3,098		
12. Residual error of estimate	133	60	- 33	- 54	106	180		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	11,423	12,652	14,285	13,636	51,996	12,748		

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

(2) For details of defence 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.

(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, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	6,026	6,431	6,741	6,835	26,033	6,840		
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 232	- 231	- 247	- 249	- 959	- 380		
3. Military pay and allowances	145	153	149	140	587	168		
4. Net income received by farm operators from farm production(1)	262	55	1,226	146	1,689	283		
5. Net income of non-farm unincorporated business	581	720	712	864	2,877	620		
6. Interest, dividends, and net rental income of persons(2)	998	1,015	1,019	1,097	4,129	1,071		
Transfer payments to persons:								
7. From government (excluding interest)	1,204	1,104	1,096	1,098	4,502	1,291		
8. Charitable contributions by corporations	11	11	11	11	44	11		
9. PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,904		

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

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

TABLE 4. Disposition of Personal Income, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	911	1,044	958	999	3,912	1,027		
2. Income taxes	746	914	830	865	3,355	850		
3. Succession duties and estate taxes	42	49	60	58	209	52		
4. Miscellaneous	123	81	68	76	348	125		
5. Personal expenditure on consumer goods and services ..	7,310	7,976	7,828	8,949	32,063	8,015		
6. Non-durable goods	3,417	3,663	3,847	4,507	15,434	3,721		
7. Durable goods	827	1,115	889	1,170	4,001	958		
8. Services(1)	3,066	3,198	3,092	3,272	12,628	3,336		
9. Personal net saving	774	238	1,921	- 6	2,927	862		
10. Personal saving excluding change in farm inventories	1,029	326	984	532	2,871	1,161		
11. Value of physical change in farm inventories	- 255	- 88	937	- 538	56	- 299		
12. PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,904		
13. (Personal disposable income)(2)	(8,084)	(8,214)	(9,749)	(8,943)	(34,990)	(8,877)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	911	1,044	958	999	3,912	1,027		
2. Federal	621	757	661	676	2,715	661		
3. Provincial and municipal	290	287	297	323	1,197	366		
4. Direct taxes - Corporations	447	580	544	593	2,164	452		
5. Federal	335	435	408	445	1,623	339		
6. (Federal tax collections)	(359)	(566)	(396)	(394)	(1,715)	(399)		
7. Provincial	112	145	136	148	541	113		
8. (Provincial tax collections)	(145)	(140)	(151)	(116)	(552)	(150)		
Withholding taxes:								
9. Federal(1)	37	44	29	58	168	39		
10. Indirect taxes	1,745	1,836	1,924	1,977	7,482	1,844		
11. Federal	689	800	845	913	3,247	805		
12. Provincial and municipal	1,056	1,036	1,079	1,064	4,235	1,139		
13. Investment income	377	397	402	512	1,688	431		
14. Federal	123	153	145	197	618	144		
15. Provincial and municipal	254	244	257	315	1,070	287		
16. Employer and employee contributions to social insurance and government pension funds	232	231	247	249	959	380		
17. Federal	148	144	154	156	602	154		
18. Provincial and municipal	84	87	93	93	357	100		
19. Canada Pension Plan						95		
20. Quebec Pension Plan						31		
Transfers from Federal:								
21. Provincial and municipal	386	367	313	361	1,427	400		
22. TOTAL REVENUE	4,135	4,499	4,417	4,749	17,800	4,673		
23. FEDERAL	1,953	2,333	2,242	2,445	8,973	2,142		
24. PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,405		
25. CANADA PENSION PLAN						95		
26. QUEBEC PENSION PLAN						31		

(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 6. Government Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,091	2,427	2,606	2,472	9,596	2,419		
2. Federal	823	761	866	817	3,267	943		
3. (Defence)	(460)	(352)	(380)	(370)	(1,562)	(487)		
4. Provincial and municipal	1,268	1,666	1,740	1,655	6,329	1,476		
5. Transfer payments to persons (excluding interest on the public debt)	1,204	1,104	1,096	1,098	4,502	1,291		
6. Federal	657	594	534	531	2,316	677		
7. Provincial and municipal	547	510	562	567	2,186	614		
8. Interest on the public debt	375	436	389	435	1,635	393		
9. Federal	253	271	262	266	1,052	263		
10. Provincial and municipal	122	165	127	169	583	130		
11. Subsidies	52	56	83	119	310	63		
12. Federal	44	50	56	109	259	57		
13. Provincial	8	6	27	10	51	6		
Capital Assistance: (1)								
14. Federal	20	21	21	22	84	8		
Transfers to other levels of government:								
15. Federal	386	367	313	361	1,427	400		
16. Total expenditure	4,128	4,411	4,508	4,507	17,554	4,574		
17. Federal	2,183	2,064	2,052	2,106	8,405	2,348		
18. Provincial and municipal	1,945	2,347	2,456	2,401	9,149	2,226		
19. Deficit (-) or Surplus (+)	7	88	- 91	242	246	99		
20. Federal	- 230	269	190	339	568	- 206		
21. Provincial and municipal	237	- 181	- 281	- 97	- 322	179		
22. Canada Pension Plan	-	-	-	-	-	95		
23. Quebec Pension Plan	-	-	-	-	-	31		
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,135	4,499	4,417	4,749	17,800	4,673		
25. FEDERAL	1,953	2,333	2,242	2,445	8,973	2,142		
26. PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,405		
27. CANADA PENSION PLAN						95		
28. QUEBEC PENSION PLAN						31		

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

TABLE 7. Source of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	774	238	1,921	- 6	2,927	862		
2. Business gross saving	1,415	2,100	2,043	2,036	7,594	1,645		
3. Undistributed corporation profits	215	488	427	314	1,444	268		
4. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,545		
5. Adjustment on grain transactions(1)	- 252	45	79	84	- 44	- 176		
6. Capital assistance	20	21	21	22	84	8		
7. Inventory valuation adjustment	- 41	- 117	- 55	- 112	- 325	- 112		
8. Government surplus (+) or deficit (-)	7	88	- 91	242	246	99		
9. Residual error of estimate	- 133	- 60	33	55	- 105	- 180		
10. Totals	2,022	2,249	3,851	2,215	10,337	2,314		

(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, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,078	2,578	2,792	2,976	10,424	2,501		
2. New residential construction	469	510	548	597	2,124	492		
3. New non-residential construction	685	893	1,195	1,182	3,955	890		
4. New machinery and equipment	924	1,175	1,049	1,197	4,345	1,119		
5. Value of physical change in inventories	214	- 15	1,085	- 336	948	38		
6. Surplus (+) or deficit (-) on current account with non-residents	- 403	- 374	7	- 371	- 1,141	- 405		
7. Residual error of estimate	133	60	- 33	- 54	106	180		
8. Totals	2,022	2,249	3,851	2,215	10,337	2,314		

TABLE 9. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	6,564	7,111	6,896	7,891	28,462	6,987		
2. Non-durable goods	3,146	3,314	3,436	4,017	13,913	3,284		
3. Durable goods	827	1,116	892	1,170	4,005	971		
4. Services	2,591	2,681	2,568	2,704	10,544	2,732		
5. Government expenditure on goods and services	1,595	1,929	2,150	1,893	7,567	1,732		
6. Business gross fixed capital formation	1,680	2,070	2,235	2,362	8,347	1,962		
7. New residential construction	370	396	423	455	1,644	369		
8. New non-residential construction	553	710	951	925	3,139	683		
9. New machinery and equipment	757	964	861	982	3,564	910		
10. Change in inventories	253	- 36	976	- 255	938	101		
11. Non-farm business inventories	481	109	115	169	874	378		
12. Farm inventories and grain in commercial channels	- 228	- 145	861	- 424	64	- 277		
13. Exports of goods and services	2,062	2,495	2,759	2,707	10,023	2,383		
14. Deduct: Imports of goods and services	- 2,335	- 2,750	- 2,683	- 2,982	- 10,750	- 2,671		
15. Residual error of estimate	115	52	- 28	- 46	93	149		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	9,934	10,871	12,305	11,570	44,680	10,643		

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

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 10. National Income and Gross National Product, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates (millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	25,008	25,600	26,344	27,180	26,033	28,320		
2. Military pay and allowances	596	592	600	560	587	680		
3. Corporation profits before taxes	5,040	5,112	5,344	5,300	5,199	5,452		
4. Deduct: Dividends paid to non-residents(1)	- 700	- 788	- 772	- 744	- 751	- 740		
5. Rent, interest, and miscellaneous investment income	3,384	3,516	3,516	3,800	3,554	3,764		
6. Accrued net income of farm operators from farm production(2)	1,564	1,496	1,780	1,740	1,645	1,856		
7. Net income of non-farm unincorporated business(3)	2,736	2,872	2,980	2,920	2,877	2,940		
8. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 472		
9. NET NATIONAL INCOME AT FACTOR COST	37,440	38,092	39,452	40,292	38,819	41,800		
10. Indirect taxes less subsidies	6,924	7,128	7,320	7,316	7,172	7,740		
11. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,388		
12. Residual error of estimate	- 112	12	- 196	- 124	- 105	- 216		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	50,196	51,324	52,704	53,760	51,996	55,712		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(48,632)	(49,828)	(50,924)	(52,020)	(50,351)	(53,856)		

(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 element, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 11. Gross National Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates (million of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,996		
2. Government expenditure on goods and services(1, 2)	9,248	9,540	9,660	9,936	9,596	10,312		
3. Business gross fixed capital formation(3)	9,760	10,004	10,672	11,260	10,424	11,576		
4. New residential construction	2,044	2,192	2,132	2,128	2,124	2,140		
5. New non-residential construction	3,796	3,720	4,036	4,268	3,955	4,612		
6. New machinery and equipment	3,920	4,092	4,504	4,864	4,345	4,824		
7. Value of physical change in inventories	1,288	1,168	728	608	948	408		
8. Non-farm business inventories	1,108	980	836	696	905	644		
9. Farm inventories and grain in commercial channels(4)	180	188	- 108	- 88	43	- 236		
10. Exports of goods and services	10,624	10,972	11,316	11,712	11,156	12,612		
11. Deduct: Imports of goods and services	- 11,588	- 11,992	- 12,392	- 13,216	- 12,297	- 13,408		
12. Residual error of estimate	116	- 12	200	120	106	216		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	50,196	51,324	52,704	53,760	51,996	55,712		
Detail of Farm Inventories and GICC:								
Value of grain crop production	1,300	1,300	1,300	1,304	1,301	1,168		
Depletions of farm stocks of grain	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203	- 1,208		
Change in livestock inventories	- 4	- 40	- 28	- 96	- 42	- 156		
Grain in commercial channels	72	96	- 264	44	- 13	- 40		

(1) See footnote 1, Table 2.

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

(3) See footnote 3, Table 2.

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

TABLE 12. Source of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	25,008	25,600	26,344	27,180	26,033	28,320		
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 920	- 948	- 980	- 988	- 959	- 1,512		
3. Military pay and allowances	596	592	600	560	587	680		
4. Net income received by farm operators from farm production(1)	2,080	1,244	1,720	1,712	1,689	1,992		
5. Net income of non-farm unincorporated business	2,736	2,872	2,980	2,920	2,877	2,940		
6. Interest, dividends, and net rental income of persons(2)	4,048	4,044	4,164	4,260	4,129	4,344		
Transfer payments to persons:								
7. From government (excluding interest)	4,404	4,424	4,604	4,576	4,502	4,784		
8. Charitable contributions by corporations	44	44	44	44	44	44		
9. PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,592		

(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, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	3,800	3,852	3,932	4,064	3,912	4,244		
2. Income taxes	3,284	3,308	3,352	3,476	3,355	3,680		
3. Succession duties and estate taxes	168	196	240	232	209	208		
4. Miscellaneous	348	348	340	356	348	356		
5. Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,996		
6. Non-durable goods	14,784	15,260	15,584	16,108	15,434	16,304		
7. Durable goods	3,708	3,892	4,224	4,180	4,001	4,376		
8. Services(1)	12,256	12,492	12,712	13,052	12,628	13,316		
9. Personal net saving	3,448	2,376	3,024	2,860	2,927	3,352		
10. PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,592		
11. (Personal disposable income)(2)	34,196	34,020	35,544	36,200	34,990	(37,348)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 14. Government Revenue, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	3,800	3,852	3,932	4,064	3,912	4,244		
2. Federal	2,720	2,760	2,660	2,720	2,715	2,836		
3. Provincial and municipal	1,080	1,092	1,272	1,344	1,197	1,408		
4. Direct taxes - Corporations	2,060	2,136	2,192	2,268	2,164	2,108		
5. Federal	1,544	1,600	1,636	1,712	1,623	1,576		
6. (Federal tax collections)	(1,576)	(1,896)	(1,628)	(1,760)	(1,715)	(1,752)		
7. Provincial	516	536	556	556	541	532		
8. (Provincial tax collections)	(544)	(584)	(544)	(536)	(552)	(564)		
Withholding taxes:								
9. Federal(1)	160	172	164	176	168	168		
10. Indirect taxes	7,164	7,372	7,592	7,800	7,482	8,008		
11. Federal	3,040	3,172	3,332	3,444	3,247	3,528		
12. Provincial and municipal(2)	4,124	4,200	4,260	4,356	4,235	4,480		
13. Investment income	1,592	1,660	1,644	1,856	1,688	1,784		
14. Federal	568	612	572	720	618	624		
15. Provincial and municipal	1,024	1,048	1,072	1,136	1,070	1,160		
16. Employer and employee contributions to social insurance and government pension funds	920	948	980	988	959	1,512		
17. Federal	584	600	608	616	602	608		
18. Provincial and municipal	336	348	372	372	357	400		
19. Canada Pension Plan						380		
20. Quebec Pension Plan						124		
Transfers from Federal:								
21. Provincial and municipal	1,496	1,444	1,316	1,452	1,427	1,544		
22. TOTAL REVENUE	17,192	17,584	17,820	18,604	17,800	19,368		
23. FEDERAL	8,616	8,916	8,972	9,388	8,973	9,340		
24. PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,524		
25. CANADA PENSION PLAN						380		
26. QUEBEC PENSION PLAN						124		

(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 15. Government Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Goods and services	9,248	9,540	9,660	9,936	9,596	10,312		
2. Federal	3,204	3,132	3,312	3,420	3,267	3,580		
3. (Defence)	(1,620)	(1,512)	(1,584)	(1,532)	(1,562)	(1,664)		
4. Provincial and municipal	6,044	6,408	6,348	6,516	6,329	6,732		
5. Transfer payments to persons (excluding interest on the public debt)	4,404	4,424	4,604	4,576	4,502	4,784		
6. Federal	2,292	2,348	2,360	2,264	2,316	2,396		
7. Provincial and municipal	2,112	2,076	2,244	2,312	2,186	2,388		
8. Interest on the public debt	1,608	1,624	1,640	1,668	1,635	1,680		
9. Federal	1,052	1,036	1,040	1,080	1,052	1,092		
10. Provincial and municipal	556	588	600	588	583	588		
11. Subsidies	240	244	272	484	310	268		
12. Federal	192	192	220	432	259	244		
13. Provincial	48	52	52	52	51	24		
Capital Assistance:(1)								
14. Federal	80	84	84	88	84	32		
Transfers to other levels of government:								
15. Federal	1,496	1,444	1,316	1,452	1,427	1,544		
16. Total expenditure	17,076	17,360	17,576	18,204	17,554	18,620		
17. Federal	8,316	8,236	8,332	8,736	8,405	8,888		
18. Provincial and municipal	8,760	9,124	9,244	9,468	9,149	9,732		
19. Deficit (-) or surplus (+)	+ 116	+ 224	+ 244	+ 400	+ 246	+ 748		
20. Federal	+ 300	+ 680	+ 640	+ 652	+ 568	+ 452		
21. Provincial and municipal	- 184	- 456	- 396	- 252	- 322	- 208		
22. Canada Pension Plan						+ 380		
23. Quebec Pension Plan						+ 124		
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	17,192	17,584	17,820	18,604	17,800	19,368		
25. FEDERAL	8,616	8,916	8,972	9,388	8,973	9,340		
26. PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,524		
27. CANADA PENSION PLAN						380		
28. QUEBEC PENSION PLAN						124		

(1) See footnote 1, Table 6.

TABLE 16. Source of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	3,448	2,376	3,024	2,860	2,927	3,352		
2. Business gross saving	6,936	7,836	7,792	7,812	7,594	7,992		
3. Undistributed corporation profits	1,428	1,408	1,520	1,420	1,444	1,708		
4. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,388		
5. Adjustment on grain transactions(1)	- 516	252	60	28	- 44	- 136		
6. Capital assistance	80	84	84	88	84	32		
7. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 472		
8. Government surplus (+) or deficit (-)	116	224	244	400	246	748		
9. Residual error of estimate	- 112	12	- 196	- 124	- 105	- 216		
10. Totals	10,200	10,140	10,524	10,484	10,337	11,404		

(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, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	9,760	10,004	10,672	11,260	10,424	11,576		
2. New residential construction	2,044	2,192	2,132	2,128	2,124	2,140		
3. New non-residential construction	3,796	3,720	4,036	4,268	3,955	4,612		
4. New machinery and equipment	3,920	4,092	4,504	4,864	4,345	4,824		
5. Value of physical change in inventories	1,288	1,168	728	608	948	408		
6. Surplus (+) or deficit (-) on current account with non-residents	- 964	- 1,020	- 1,076	- 1,504	- 1,141	- 796		
7. Residual error of estimate	116	- 12	200	120	106	216		
8. Totals	10,200	10,140	10,524	10,484	10,337	11,404		

TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	27,564	28,144	28,808	29,332	28,462	29,568		
2. Non-durable goods	13,512	13,780	14,000	14,360	13,913	14,280		
3. Durable goods	3,704	3,888	4,236	4,192	4,005	4,416		
4. Services	10,348	10,476	10,572	10,780	10,544	10,872		
5. Government expenditure on goods and services	7,396	7,580	7,620	7,672	7,567	7,724		
6. Business gross fixed capital formation	7,900	8,024	8,548	8,916	8,347	9,088		
7. New residential construction	1,608	1,700	1,648	1,620	1,644	1,604		
8. New non-residential construction	3,080	2,960	3,196	3,320	3,139	3,564		
9. New machinery and equipment	3,212	3,364	3,704	3,976	3,564	3,920		
10. Change in inventories	1,252	1,156	720	624	938	548		
11. Non-farm business inventories	1,080	944	804	668	874	648		
12. Farm inventories and grain in commercial channels	172	212	- 84	- 44	64	- 100		
13. Exports of goods and services	9,644	9,908	10,112	10,428	10,023	11,160		
14. Deduct: Imports of goods and services	- 10,156	- 10,540	- 10,828	- 11,476	- 10,750	- 11,548		
15. Residual error of estimate	104	- 12	176	104	93	180		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	43,704	44,260	45,156	45,600	44,680	46,720		

(1) See footnote 1, Table 9.

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