

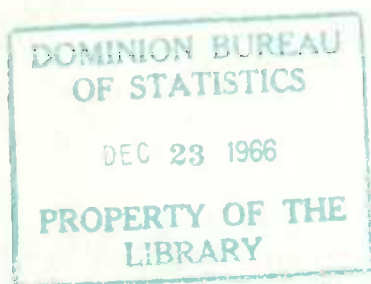
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INCOME AND EXPENDITURE
THIRD QUARTER 1966



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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.

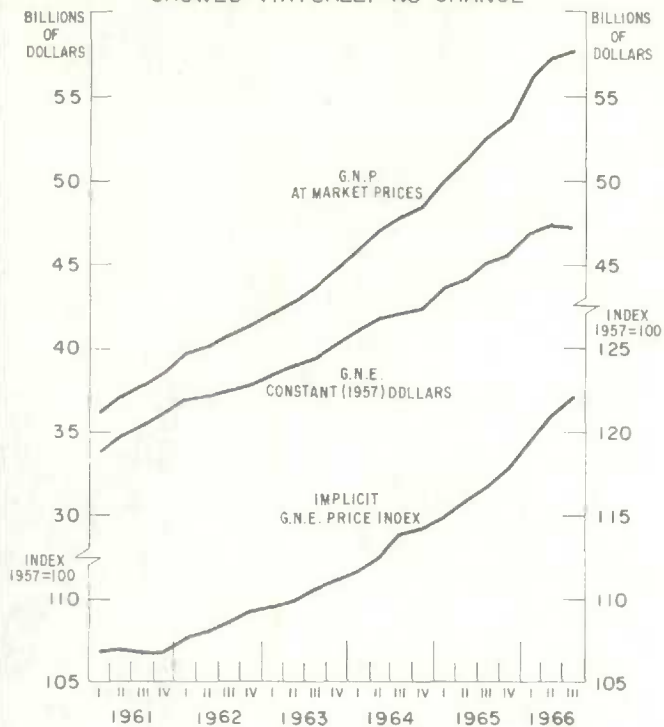
"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 1960.

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

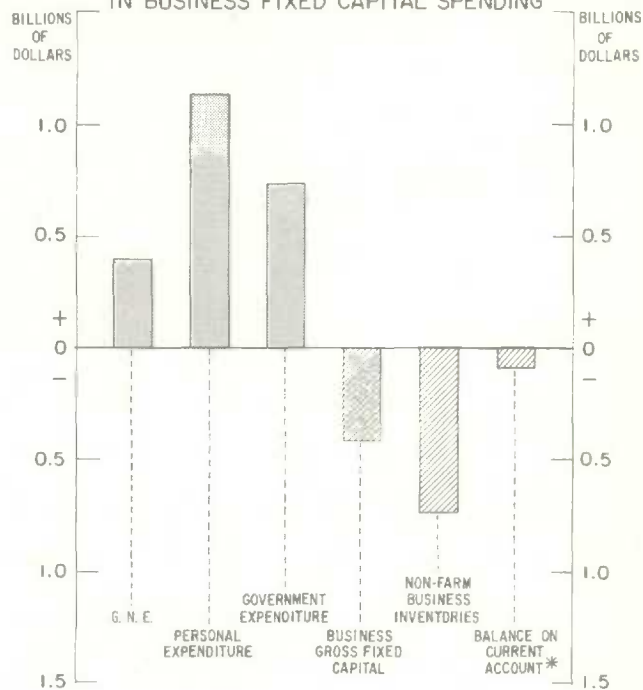
TABLE OF CONTENTS

	Page
Introductory Review	5
Tables Unadjusted for Seasonal Variation:	
Table 1. National Income and Gross National Product, by Quarters, 1965 and 1966	20
Table 2. Gross National Expenditure, by Quarters, 1965 and 1966	20
Table 3. Source of Personal Income, by Quarters, 1965 and 1966	21
Table 4. Disposition of Personal Income, by Quarters, 1965 and 1966	21
Table 5. Government Revenue, by Quarters, 1965 and 1966	22
Table 6. Government Expenditure, by Quarters, 1965 and 1966	23
Table 7. Source of National Saving, by Quarters, 1965 and 1966	24
Table 8. Disposition of National Saving, by Quarters, 1965 and 1966	24
Table 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966	25
Table 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966	25
Tables Adjusted for Seasonal Variation and at Annual Rates:	
Table 11. National Income and Gross National Product, by Quarters, 1965 and 1966	28
Table 12. Gross National Expenditure, by Quarters, 1965 and 1966	28
Table 13. Source of Personal Income, by Quarters, 1965 and 1966	29
Table 14. Disposition of Personal Income, by Quarters, 1965 and 1966	29
Table 15. Government Revenue, by Quarters, 1965 and 1966	30
Table 16. Government Expenditure, by Quarters, 1965 and 1966	31
Table 17. Source of National Saving, by Quarters, 1965 and 1966	32
Table 18. Disposition of National Saving, by Quarters, 1965 and 1966	32
Table 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966	33
Table 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966	33

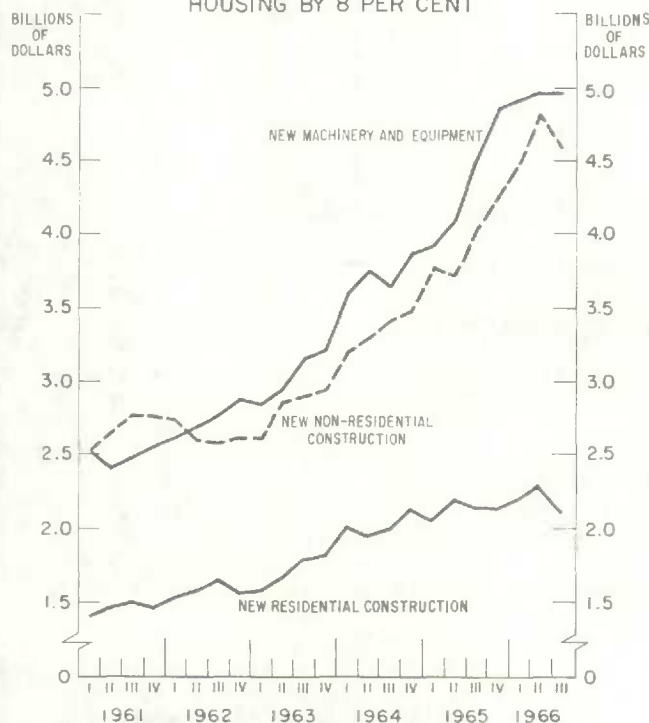
THE VALUE OF G.N.P. INCREASED BY 0.7 PER CENT IN THE THIRD QUARTER. IN REAL TERMS PRODUCTION SHOWED VIRTUALLY NO CHANGE



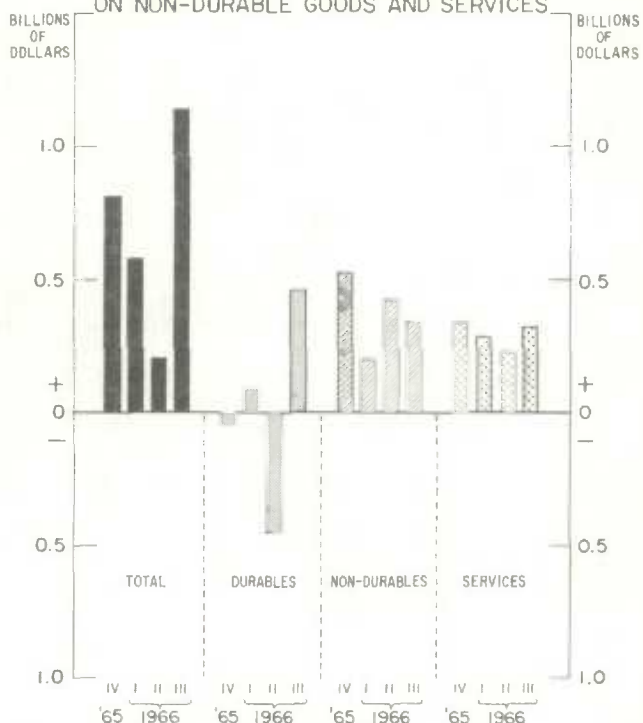
SHARP INCREASES IN CONSUMER AND GOVERNMENT SPENDING WERE LARGELY OFFSET BY A PRONOUNCED DECREASE IN THE AMOUNT OF ACCUMULATION IN BUSINESS INVENTORIES COUPLED WITH A DECLINE IN BUSINESS FIXED CAPITAL SPENDING



BUSINESS SPENDING ON MACHINERY SHOWED NO CHANGE, WHILE SPENDING ON PLANT DECLINED BY 5 PER CENT AND NEW HOUSING BY 8 PER CENT



PERSONAL EXPENDITURE ON GOODS AND SERVICES ROSE STRONGLY WITH A SHARP INCREASE IN DURABLE GOODS REINFORCED BY INCREASES IN SPENDING ON NON-DURABLE GOODS AND SERVICES



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES

* NATIONAL ACCOUNTS BASIS

INTRODUCTORY REVIEW, THIRD QUARTER 1966

Gross national product rose to a seasonally adjusted annual rate of \$57.7 billion in the third quarter of 1966, 3/4 of 1 per cent above the preceding period compared with a revised change of 2 per cent from the first to second quarter. With prices increasing by 1 per cent in the third quarter, production in real terms was virtually unchanged.

With the data now available it is possible to suggest orders of magnitude for the year 1966 as a whole. If, for instance, there were no change other than the normal seasonal increase in the fourth quarter, the advance in gross national product from 1965 would be 10.1 per cent. Assuming, for example, a gain of 1 per cent in the fourth quarter, the advance would be 10.4 per cent.

Over-all demand was buoyant in the third quarter. The effect of sharp increases in personal and government spending, as well as in exports, was somewhat dampened by a decline in investment in plant and equipment and new housing. With the value of production increasing only fractionally, partly owing to industrial disputes, the greater part of the \$2.0 billion rise in final demand was met from an increase in imports and from a sharp reduction in the accumulation of business inventories.

The value of personal expenditures on goods and services rose by over 3 per cent, the largest increase in the current expansion in both value and real terms. Approximately one-third of this increase resulted from a 30 per cent gain in spending on new cars, a gain which followed a sharp decline in new automobile purchases in the second quarter. Most of this increase in demand was met by a running down of the large stocks in the hands of motor vehicle dealers. Demand for other goods and services also rose significantly, contributing some \$700 million to the over-all increase of \$1,140 million in consumer spending. About 55 per cent of the \$700 million gain was attributable to expenditures on goods other than motor vehicles, while 45 per cent resulted from increased spending on services, where price increases were more pronounced than in goods.

Government expenditure on goods and services rose by 7 per cent between the second and third quarters with similar increases occurring at all levels of government. At the federal level there was a marked increase in official contributions between the second and third quarters, a large part of which represented wheat shipments to India. This rise in official contributions was reflected in similar increases in the three series, government expenditure, exports and imports.

When this increase in foreign aid is removed from total exports and imports of goods and services, the increases were 2½ per cent and 3 per cent respectively. The deficit in the external account^{2/} widened by about \$100 million at annual rates, with an increase in the deficit on non-merchandise trade partly offset by a rise in the merchandise surplus.

Business investment in plant and equipment declined by 2½ per cent between the second and third quarters with virtually all of the decrease accounted for by a 5 per cent decline in the value of new non-residential construction. Outlays on new housing also were down significantly by about 8 per cent, following small increases in the preceding two quarters.

In contrast to a \$1.3 billion accumulation in business inventories in the second quarter of 1966, the business sector's stocks increased by \$0.6 billion in the third quarter. Retail and wholesale trades were mainly responsible for this decline in the rate of inventory investment and, as previously mentioned, retail motor vehicle dealers showed a sharp liquidation in stocks.

Turning to the components of income, net national income, increasing at approximately the same rate as gross national product, reflected certain interesting and partially offsetting movements among the components. Labour income, profits and other investment income all were adversely affected by third quarter strikes, notably that of the railways. Labour income increased by about 2 per cent, maintaining the same rate of change as in the second quarter, while profits, which had shown little change since the third quarter of 1965, declined by nearly 8 per cent, with the declines widespread among the various industries and particularly in the transportation industry. Other investment income declined by 2 per cent, and net income of both unincorporated business and accrued farm income advanced by nearly 6 per cent.

^{1/} As a result of the incorporation of the November estimate of the 1966 crop, seasonally adjusted Gross National Product for the first quarter has been revised upwards by \$64 million. This revision has also been included in the changes made to the second quarter.

^{2/} National Accounts basis.

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

	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	1Q'66 to 2Q'66	2Q'66 to 3Q'66
1. Personal expenditure	316	488	488	548	736	296	688	400	364	896	876	820	584	208	1,140
2. Government expenditure	200	- 48	248	12	340	64	- 48	376	320	292	120	276	512	216	740
3. Residential construction	12	88	140	12	200	- 64	52	140	- 92	148	- 60	- 4	72	92	- 184
4. Non-residential construction ..	- 12	248	32	52	268	84	124	52	316	- 76	316	232	244	300	- 228
5. Machinery and equipment	- 28	92	224	48	380	160	- 116	248	28	172	412	360	64	52	- 4
6. Exports of goods and services	260	324	8	752	332	604	68	- 288	148	348	344	396	968	- 172	580
7. Total final purchases	748	1,192	1,140	1,424	2,256	1,144	768	928	1,084	1,780	2,008	2,080	2,444	696	2,044
8. (Final domestic demand)	488	868	1,132	672	1,924	540	700	1,216	936	1,432	1,664	1,684	1,476	868	1,464

Quarter to Quarter Changes in Other Selected Items

9. "Shift" in non-farm business inventories	216	- 272	240	480	- 168	216	80	- 696	1,020	- 128	- 144	- 140	- 36	632	- 732
10. Imports of goods and services	168	284	488	372	608	-	76	244	448	404	400	824	196	100	668
11. G.N.P. (ex. farm)	684	628	804	1,096	1,508	888	1,044	636	1,472	1,196	1,096	1,096	1,920	1,108	280

Constant (1957) Dollars

Quarter to Quarter Percentage Changes in Selected Items

12. Final domestic demand	0.7	1.6	1.8	1.0	3.9	0.4	0.9	2.0	1.0	2.1	2.8	2.1	1.2	0.4	2.0
13. Total final purchases	1.1	1.9	1.5	2.1	3.7	1.4	0.7	1.2	1.1	2.2	2.7	2.3	2.4	- 0.1	2.1
14. Gross national expenditure	1.7	1.2	1.3	2.0	2.1	1.7	0.5	0.8	3.0	1.3	2.0	1.0	3.0	0.9	- 0.3

Price Movements

As previously mentioned, the price component of gross national product advanced by 1 per cent in the third quarter, a slightly reduced rate from the rates of the preceding two quarters.

All major components shared in the price rise. The price component of personal expenditure, however, showed only a moderate increase, in contrast to the preceding two quarters. This was partly because of a decline in the rate of increase in food prices, and partly because of smaller increases in non-food goods prices, the latter having been affected in the second quarter by an increase in the Ontario sales tax.

Prices of women's and children's clothing and footwear all increased by about 1 per cent, while prices of new automobiles declined by about one-half of 1 per cent, seasonality discounted.

Prices associated with services, many of which are generally thought of as labour intensive, increased by about 1 per cent, with changes in the components, i.e., user operated transportation, personal care and recreation increasing more than the average. The rent component increased by 0.8 per cent. From the fourth quarter of 1965, rents have increased by 1.6 per cent in contrast to the increase of 0.6 per cent between the fourth quarter of 1964 and the third quarter of 1965.

The price component of business gross fixed capital formation advanced by 0.7 per cent, with machinery prices increasing by 1 per cent and construction prices by 0.7 per cent.

Export prices rose by about $1\frac{1}{2}$ per cent, reflecting price increases for commodities such as wheat, copper and newsprint.

Implicit Price Indexes
(Seasonally Adjusted)
Percentage Change from Preceding Quarter

	I/66	II/66	III/66
Personal expenditure	1.2	1.2	0.51/
Non-durable goods	1.9	1.1	0.51/
Durable goods	-0.4	0.9	-0.31/
Total goods	1.4	1.3	0.11/
of which: food	3.0	1.4	0.71/
goods other than food	0.5	1.1	0.31/
Services, including net expenditure abroad	1.0	0.9	0.81/
Government expenditure	2.9	0.5	1.3
Business gross fixed capital formation	0.9	1.0	0.7
New residential construction	1.4	1.2	0.7
New non-residential construction	0.9	1.9	0.6
New machinery and equipment	0.6	0.1	1.0
Exports	0.9	0.8	1.01/
Imports	0.3	0.4	0.61/
Gross national expenditure	1.4	1.2	1.0
(Base-weighted price index of gross national expenditure)	(1.2)	(1.5)	(1.0)

1/ The implicit price indexes in some quarters may not provide reasonable measures of price change as a result of marked quarter to quarter changes in expenditure patterns. Such was the case in the third quarter of 1966. The quarter to quarter changes noted in the table for the third quarter of 1966 are based on price indexes in which the effect of changes in expenditure have been discounted. For example, in the third quarter the sharp increase in consumer spending on new cars affected the price movements as shown by the implicit price indexes.

The Components of Demand

Consumer Expenditure

After a slight advance in the second quarter, personal expenditure surged upwards with an increase of 3.3 per cent -- a record for the current expansion -- to reach a level of \$35.3 billion seasonally adjusted at annual rates. In real terms, the gain was somewhat less, although it was also a record.

Personal income advanced by 3 per cent but, with personal direct taxes increasing by over 10 per cent, mainly as a result of increased tax rates, personal disposable income rose by only 2 per cent. With personal spending increasing at a greater rate than disposable income, saving in the personal sector declined by about \$350 million.

In the preceding quarter, a decline of $10\frac{1}{2}$ per cent in durables offset an increase of $2\frac{1}{2}$ per cent in non-durables, leaving total goods fractionally below the first quarter level. In contrast to the second quarter, this time a record $12\frac{1}{2}$ per cent advance reinforced a 2 per cent increase in non-durables to raise spending on goods by 4 per cent. Expenditures on services increased by $2\frac{1}{2}$ per cent.

In the durables category, the dominant item was new cars, spending on which increased by some 29 per cent above the low second quarter level. This sharp advance was accompanied by declines in 1966 model car prices. Purchases and trade-ins of used cars also rose strongly. Both furniture and home furnishings sales showed increases of between $4\frac{1}{2}$ and 5 per cent, after declines of more than 6 per cent last quarter, while purchases of appliances and radios rose almost 8 per cent; the introduction of colour television may have been a factor here.

Within non-durables, soaps and cleaning supplies and household supplies increased by 8 and 9 per cent respectively. Expenditures on fuel and natural gas registered declines of 6 and 8 per cent. Other non-durable components showed moderate increases. Food purchases rose by 2 per cent, of which one-third was price increase. Sales of total clothing including footwear increased by 3 per cent, electricity by 2 per cent, and drugs and cosmetics by 1 per cent. Expenditure on tobacco and alcoholic beverages rose by 2 and 1 per cent respectively. Fractional declines were shown by gasoline, auto parts and accessories, and stationery and books.

Increases among service components were also moderate. The extra revenue of Canadian air carriers as a result of the strike against five major American domestic airlines in July and August contributed to a rise in purchased transportation of more than 6 per cent above the second quarter level. An increase of about 3 per cent was shown by the personal care series, while household operations rose some $2\frac{1}{2}$ per cent. Shelter, which accounts for about 40 per cent of all spending on services, rose by about 2 per cent, as did personal services, medical care and financial and miscellaneous services.

Business Gross Fixed Capital Formation

Business spending on fixed capital, including housing, was about $3\frac{1}{2}$ per cent lower than in the second quarter at an adjusted annual rate of \$11,668 million. The drop of \$416 million from a decline in construction, with outlays on residential construction down \$184 million, and outlays on non-residential construction down \$228 million. Spending on machinery and equipment was maintained at almost the second quarter rate.

The value of housing put in place dropped 8 per cent to an annual rate of \$2,108 million. Housing starts dropped from 134,500 to 128,800 at adjusted annual rates, while completions fell from 175,400 to 168,400.

Units under construction in urban areas at the beginning of the third quarter totalled 83,100, at an adjusted annual rate, compared with 106,600 at the start of the second quarter.

The annual rate of non-residential construction activity slowed from \$4,812 to \$4,584 million after allowance for seasonal factors. Although a breakdown of this figure is not available, indications are that the decline was noticeable in both building and engineering-type construction work.

The estimate of outlays on machinery and equipment showed virtually no change from the second quarter. A rise in demand for imported non-farm machinery and equipment together with larger outlays for commercial vehicles was offset by a drop in domestic demand for farm machinery and non-farm domestic machinery.

Non-Farm Business Inventories

The rate of investment in business inventories slackened appreciably in the third quarter of 1966 in contrast to the significant accumulation in the second quarter of 1966. Seasonally adjusted estimates show a stock increase of \$560 million at annual rates, compared with \$1,292 million in the previous quarter. The substantial drop in the rate of increase in the third quarter was spread among all the major industry groups except for non-durables within manufacturing. It was most notable in wholesale and retail trades. There was a significant liquidation in the stocks of motor vehicles at the retail level, reflecting strong sales.

Among all major industry groups, the strongest accumulation was in manufacturing, contributing about 70 per cent to the total build-up of business holdings in the present quarter. The following table shows the value of physical change in non-farm business inventories by industry for the first three quarters of 1966.

Change in Non-Farm Business Inventories
(Seasonally Adjusted, at Annual Rates)

	1Q	1966 2Q	3Q
	(millions of dollars)		
Manufacturing	432	460	388
Durables	436	336	180
Non-durables	-4	124	208
Wholesale trade	-88	372	36
Retail trade	240	392	116
Other industries	76	68	20
Grand total	660	1,292	560

Manufacturers' total stocks increased in the present quarter but at a lower rate when compared with the previous quarter. All the components of durables and non-durables showed stock accumulation, with the exception of the stocks of transportation, in durable goods, and the stocks of tobacco, in non-durable goods.

Increases in manufacturing stocks took place at all stages of production, the highest being in the stocks of goods-in-process. The stock-to-shipsments ratio for manufacturing as a whole was higher when compared with the ratio of the previous quarter, because of the effect of stock accumulation coupled with a decline in shipments of close to 2 per cent.

Within retail trade, there was a build-up of stocks of all non-durable goods. A small increase in the stocks of all other durable goods was more than offset by a large liquidation in the stocks of motor vehicle dealers leaving, on balance, a small accumulation at the total retail level. The stock-to-sales ratio for the industry as a whole was lower than the ratio of the previous quarter but was above the average ratio of the current economic expansion.

Modest increases were recorded in the stocks of wholesale traders. All the increase in the stocks of wholesalers was accounted for by durable goods. There were offsetting movements within non-durable goods. The stock-to-sales ratio for the industry as a whole was lower than the ratio of the previous quarter.

Exports and Imports of Goods and Services

The deficit in the external account^{1/}, at an adjusted rate of \$1,092 million, was \$88 million higher than in the previous quarter. This increase resulted from a \$304 million rise in the non-merchandise trade deficit, that was partly offset by an improvement of \$216 million in the merchandise trade surplus. As previously mentioned, foreign aid had a marked effect, raising both the merchandise surplus, and the non-merchandise deficit, although, of course, the overall balance remained largely unaffected by this transaction.

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	-964
	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	10,056	9,528	528	2,624	3,884	-1,260	-732
	2nd	9,888	9,580	308	2,620	3,932	-1,312	-1,004
	3rd	10,424	9,900	524	2,664	4,280	-1,616	-1,092
2Q'66 to 3Q'66, %		5.4	3.3		1.7	8.9		

*Seasonally adjusted figures for 1965 and first quarter 1966 do not incorporate revisions to the original data made by the Balance of Payments Section as shown in DBS 67-001 for the third quarter 1966. National Accounts figures do not include allowances for immigrants' or emigrants' funds and inheritances.

After allowance for seasonal factors, exports were higher for wheat, fish, newsprint, woodpulp, crude petroleum, copper, asbestos and zinc, while sales were lower for lumber, nickel, natural gas, iron ore and fertilizers. Data on commodity imports on a detailed basis are not available.

Country-of-origin trade figures show a drop from the second quarter in both exports to and imports from the United States. The increase in exports was primarily in markets other than the United States and the United Kingdom.

Larger deficits in the travel account, interest and dividend account, and particularly in the miscellaneous service account (reflecting a sharp increase in official contributions) were the main elements in the change in non-merchandise trade.

Government Sector

Seasonally adjusted at annual rates, total expenditures of all governments combined (excluding inter-government transfers) increased by 5½ per cent during the quarter. Total government revenues increased at a slower rate, just over 3 per cent, with the result that the surplus, on a National Accounts basis, declined from a rate of \$576 million in the second quarter to a rate of \$192 million in the third quarter.

Higher outlays which raised government expenditure to an annual rate of \$18,748 million were mainly due to a 7 per cent increase in expenditure on goods and services. This increase was mainly associated with higher international assistance payments at the federal level and an expansion in capital spending at the provincial-municipal level. The remainder of the increase in government spending resulted from higher subsidy payments at the provincial level and higher transfers to persons at the federal level. The introduction of new home owner property tax rebate programmes in Alberta and Saskatchewan, and increased payments in Manitoba accounted for most of the increase in subsidies. Increased outlays on unemployment insurance benefits and grants to universities were responsible for the increase in federal transfer payments.

^{1/} National Accounts basis.

Total combined revenue reached an annual rate of \$18,940 million in the third quarter, a rise of almost \$600 million from the preceding quarter. About three-quarters of the increase was attributable to higher personal tax receipts, particularly at the federal level. This sharp rise in federal personal income taxes from an unusually low rate in the second quarter was in part due to higher rates of tax effective 1 June 1966, which were not reflected in tax receipts until the following month.

Revenue from indirect taxes rose by $2\frac{1}{2}$ per cent with most of the gain at the provincial level, and resulted both from an increased volume of transactions and from tax rate changes in a miscellaneous group of taxes in Newfoundland, Quebec and Ontario. Contributions to the Canada and Quebec Pension Plans continued at a high level and were responsible for the increase in employer and employee contributions.

Offsetting these increases somewhat were declines in corporation tax liabilities.

The Components of Income

Labour Income

Wages, salaries and supplementary labour income seasonally adjusted rose 2.1 per cent from the second to the third quarter ^{1/}. This change was similar to that recorded between the first and second quarters.

The goods-producing industries advanced $1\frac{1}{2}$ per cent, largely the result of a $2\frac{1}{2}$ per cent increase in manufacturing wages and salaries. Construction wages and salaries declined by 1 per cent in the third quarter.

Seasonally adjusted wages and salaries for the service-producing industries were up 3 per cent. Government non-military wages and salaries showed a gain of $5\frac{1}{2}$ per cent in the third quarter with part of this increase attributable to retroactive wage payments made to both federal and provincial government employees. Trade advanced 2 per cent and the finance, insurance and real estate, and non-government service industries were up about $2\frac{1}{2}$ per cent. Transportation, communication and other utilities wages and salaries rose $2\frac{1}{2}$ per cent. This gain would have been approximately $3\frac{1}{2}$ per cent, had there not been a major industrial dispute in this industry.

Investment Income

Corporation profits (before taxes and before dividends paid to non-residents) declined almost 8 per cent in the third quarter to a level of \$4,916 million seasonally adjusted at annual rates. This movement followed a relatively stable level of profits in the preceding three quarters. It was the first large decline since the first quarter of 1961, and may have been affected to some degree by the work stoppages that took place during the quarter.

The decline was widespread among many industries. Within manufacturing the wood, paper, metal, electrical, and petroleum and coal industries showed large decreases. Some manufacturing industries increased their level of profits, notably food and beverages, printing and publishing and non-metallic minerals. However, profits of the manufacturing group in total declined by 13 per cent. Among the other industries, only retail trade showed increased profits, while profits in the utilities remained unchanged. Declines were registered in the mining, wholesale trade, transportation, finance and service industries.

Rent, interest and miscellaneous investment income declined on a seasonally adjusted basis by 2 per cent from the level of the second quarter. The decline was largely attributable to trading profits of federal government enterprises which were down by \$96 million at annual rates. This change was influenced by the nationwide rail strike that occurred during the quarter. Time lost in the entire transportation industry rose to 319,400 man-working days in August alone compared to 206,700 man-working days for the full year 1965.

^{1/} Estimates of labour income are usually the summation of monthly figures for the respective quarter. However, because of implementation of the new standard industrial classification, together with methodological changes affecting the monthly indicators, it was necessary to make the third quarter estimates on the basis of actual figures for the first two months and a projected figure for the third month.

Non-Farm Unincorporated Business

Net income of non-farm unincorporated business increased by 6 per cent in the third quarter to \$3,032 million at seasonally adjusted annual rates. Retail trade was mainly responsible for the increase, rising sharply over the second quarter figure. This gain in trade was partly offset by a decline of over 10 per cent in the construction industry.

Accrued Net Income of Farm Operators

Accrued net income of farm operators at seasonally adjusted rates increased to \$2,412 million, a rise of $5\frac{1}{2}$ per cent over the second quarter.

The changes in the value of grain and livestock production showed offsetting movements. While the value of grain production rose, largely as a result of the higher profits of the Canadian Wheat Board, the value of livestock production fell on account of lower marketings. Cash income from all other farm products were up sharply, notably dairy products, rapeseed and vegetables.

Production by Industry

Seasonally adjusted Real Domestic Product less Agriculture for the third quarter of 1966 showed no change from the previous quarter, as a result of the one per cent increase in the service-producing industry group being offset by a decline of equal magnitude in the output of the goods-producing industry group.

Among the goods-producing industries, declines ranging from about 3 to $7\frac{1}{2}$ per cent were recorded in mining, construction and forestry. Manufacturing increased fractionally from its second quarter level, as a result of the recovery of its durable manufacturing component from a marginal decline in the second quarter. Movements within non-durables were mixed, and largely offsetting. Electric power and gas utilities increased by about 2 per cent.

Among the service-producing industries, all but one of the major industry groups showed increases in the second quarter, ranging from about one per cent in community, recreation, business and personal services to $2\frac{1}{2}$ per cent in trade.

The only decline within the service-producing group was recorded by transportation. This was almost entirely the result of a drop in the output of the strike-affected railway transport industry.

Trade was the largest contributor to the third quarter gain, accounting for about three-quarters of the advance in service-industry output. Within trade, the 3 per cent increase at the retail level accounted for the larger part of the increase in the third quarter, while wholesale trade showed a more moderate increase of just over one per cent.

Introductory Review - First Nine Months 1966

For the first nine months of 1966 gross national product advanced 11.3 per cent over the same period in the preceding year. Although this 11.3 rate of advance in the value of GNP was higher than the 9.7 per cent recorded in the full year 1965, in real terms the increases were 6.6 per cent for both periods because of some acceleration in the rate of price rise. Within the year 1966 quarter to quarter increases in gross national product have become successively smaller, ranging from the unusually strong first quarter advance of 4.5 per cent to the current advance of 0.7 per cent.

Turning again to the nine-month comparison, final demand increased at a slightly greater rate than did the value of production, and as a consequence there was an advance in imports of over 14 per cent. The strength in demand was broadly based, extending to all categories other than new housing which increased by only $4\frac{1}{2}$ per cent. In contrast to this, business expenditures on plant and equipment rose by 19 per cent, exports 17 per cent, government expenditures 15 per cent, and consumer spending 9 per cent.

Advances in the income components were more diverse with labour income increasing by 13 per cent, while profits showed virtually no change.

Accrued net farm income rose by 43 per cent, while net income of the unincorporated business sector increased by only 3 per cent.

Price Movements

The price component of gross national product advanced by 4.4 per cent in the first nine months of 1966 compared with the like period of 1965. The annual change from 1964 to 1965 was 2.9 per cent. In most cases price advances in the first nine months of 1966 were greater than those in 1965.

With the exception of durable goods, all major categories of personal expenditure showed an acceleration in the rate of price increase. Food prices rose by nearly 7 per cent so that the advance of 8 per cent in value of food expenditures was reduced to $1\frac{1}{2}$ per cent in real terms. Prices of goods other than food increased by only $1\frac{1}{2}$ per cent, with the durable goods component declining by half of 1 per cent. Service prices advanced by $3\frac{1}{2}$ per cent compared with 3 per cent in the previous year.

Prices associated with business fixed capital formation showed less of an increase in 1966 than in the preceding year, largely due to the machinery and equipment component which increased by $1\frac{1}{2}$ per cent in 1966 compared with the $2\frac{1}{2}$ per cent rise in 1965. Construction prices^{1/} advanced by 5 per cent in the first nine months of 1966, compared with an annual increase of $5\frac{1}{2}$ per cent in the preceding year.

The price components of exports and imports rose by $3\frac{1}{2}$ and 2 per cent respectively, in contrast with changes of 1 per cent in exports and half of 1 per cent in imports in the preceding year.

Personal Expenditure

Consumer expenditure for the first three quarters of 1966 was almost 9 per cent higher than for the corresponding period of 1965, and almost 1 per cent above the rate of increase for 1965 as a whole. With prices rising by somewhat more in 1966 than in 1965, the advances in personal spending in real terms were 6 per cent in 1965 as a whole and $5\frac{1}{2}$ per cent in the first three quarters of 1966. For the first nine months of 1966 spending on non-durable goods and services increased by 10 and 9 per cent respectively while spending on durable goods rose by 5 per cent. In real terms, however, the increases in all major categories were around $5\frac{1}{2}$ per cent.

^{1/} The price components of construction do not take account of changes in productivity or in profit margins. If profit margins increased in 1966, these indexes would understate price change.

Value, Volume and Price
Per cent Change

	<u>1965</u> <u>1964</u>			<u>9 Mos. 1966</u> <u>9 Mos. 1965</u>		
	Value	Volume	Price	Value	Volume	Price
Personal expenditure	8.1	6.0	1.9	8.9	5.4	3.3
Durable goods	11.4	11.7	-0.3	5.0	5.6	-0.6
Non-durable goods	7.3	5.1	2.0	9.9	5.3	4.3
Total goods	8.1	6.5	1.5	8.9	5.4	3.2
of which: food	5.8	2.9	2.8	8.2	1.4	6.7
goods other than food	8.2	7.4	0.8	6.3	4.7	1.4
Services, including net expenditure	8.1	5.2	2.8	9.0	5.5	3.4
Government expenditure	10.9	6.2	4.4	14.6	7.2	6.8
Business gross fixed capital formation	14.5	9.7	4.3	16.0	12.2	3.5
New residential construction	5.1	0.2	4.9	4.5	-0.3	4.9
New non-residential construction	17.8	10.9	6.1	23.0	16.8	5.3
New machinery and equipment	16.7	13.7	2.6	15.5	14.0	1.4
Final domestic demand	9.8	6.7	2.9	11.4	7.0	4.1
Exports	6.2	5.0	1.2	16.8	13.0	3.4
Total final demand	9.2	6.4	2.6	12.3	8.1	4.0
Imports	12.6	12.1	0.4	14.3	12.2	1.8
Gross National Expenditure	9.7	6.6	2.9	11.3	6.6	4.4

The following table shows the pattern of increases in consumer expenditure in the first three quarters of this year compared with the same period of 1965 in relation to the changes between full years 1964 and 1965.

	Year 1964 to Year 1965 Per cent Change	3 Quarters 1965 to 3 Quarters 1966 Per cent Change
Total non-durable goods	7.3	9.9
Food	5.8	8.5
Tobacco	8.2	6.4
Clothing	5.9	6.3
Other	10.1	14.4
Total durable goods	11.4	5.0
Autos, new and used	14.2	1.2
Household durables	7.9	9.8
Other	9.8	9.3
Total all goods	8.1	8.8
Total services	8.1	9.0
Total consumer expenditure	8.1	8.9

Business Gross Fixed Capital Formation

Business spending on fixed capital, including housing, was 16 per cent higher than the three quarters of 1965. The rise in business fixed capital spending on plant and equipment was 19 per cent. The latter figure of 19 per cent is higher than the 16 per cent increase in investment intentions for the full year as contained in the March report^{1/}, but lower than the 23 per cent increase in investment intentions recorded in the mid-year survey^{2/}. The main element of strength recorded in the National Accounts projectors was the demand for non-residential construction, which was 23 per cent higher than the comparable period of last year. Spending on machinery and equipment was up 15½ per cent. New residential construction increased by only 4½ per cent. Although industrial detail is not available, the mid-year survey suggested that the main strength was centred in such manufacturing industries as food and beverages, paper, primary metals and transportation equipment; and in such utilities as electric power, railway transport, telephones, air transport, and oil and gas pipelines.

Exports and Imports of Goods and Services

During the first three quarters of 1966 the deficit in the external account on a national accounts basis narrowed somewhat from what it was in the same period in 1965.

This change resulted from an improvement of about \$240 million in merchandise trade surplus, partially offset by an increase of \$185 million in the deficit on non-merchandise trade.

Trade of Canada figures DBS 65-002 and DBS 65-005 for eight months provide information on the various components of merchandise trade. Notable increases among the export categories were wheat, up nearly 50 per cent, pulp, paper, etc., up 11 per cent, metals and metal products, up 10 per cent, and motor vehicles up a striking 240 per cent or \$205 million. In merchandise imports, machinery and equipment other than motor vehicles rose 24 per cent, responding to strong demand by business for capital goods.

There was little change in the freight and shipping account balance between 1965 and 1966. However, other service account balances deteriorated, particularly interest and dividends, official contributions, and travel.

Exports and Imports of Goods and Services* (Not Seasonally Adjusted, in Millions of Dollars)

	Goods			Services			Current Balance
	Exports	Imports	Net	Exports	Imports	Net	
3 quarters							
1965	6,280	6,185	95	1,916	2,737	-821	-726
1966	7,483	7,147	336	2,000	3,006	-1,006	-670
Per cent change	19.2	15.6		4.4	9.8		

*The figures here do not exactly correspond to the data included in Table 2 of this report because they include the revisions made to the data by the Balance of Payments Section and published in DBS 67-001. They exclude, however, migrants' funds and inheritances.

^{1/} DBS 61-205.

^{2/} DBS 61-206.

Merchandise Trade
(Trade of Canada Basis, in Millions of Dollars)

	Domestic Exports			Imports		
	8 months			8 months		
	1965	1966	Change	1965	1966	Change
Live animals	32	45	13	7	8	1
Food, feed, beverages, tobacco	912	1,185	273	461	493	32
Inedible crude materials	1,131	1,248	117	633	665	32
Animal and vegetable products	129	156	27	83	95	12
Metals	559	590	31	129	133	4
Non-metallic minerals	392	451	53	306	332	26
Textiles, allied	11	7	-4	88	84	-4
Inedible fabricated materials	2,440	2,697	257	1,343	1,466	123
Lumber and wood	402	431	29	45	47	2
Pulp, paper, allied ..	932	1,036	104	46	48	2
Chemicals, allied	207	242	35	292	316	24
Metals and metal products	776	853	77	479	531	52
Non-metallic minerals	51	59	8	187	200	13
Textiles, allied	30	36	6	198	213	15
Inedible end products	826	1,233	407	2,843	3,500	657
Machinery	223	272	49	915	1,075	160
Transportation and communication equipment	406	724	318	989	1,326	337
Other equipment, tools	115	130	15	447	551	104
Personal, household goods	30	36	6	202	215	13
Miscellaneous	52	71	19	291	332	41
Special trade transactions	16	15	-1	178	210	32
Total	5,357	6,422	1,065	5,464	6,342	878

Government Sector

Reflecting the continuing high levels of income and employment, total revenues of all governments combined, excluding inter-governmental transfers, increased by 14 per cent, or \$1,714 million, in the first nine months of 1966 compared with the same period of 1965. Over \$500 million of the increase in government revenues was due to employer and employee contributions to the Canada and Quebec Pension Plans which began operations in January 1966. Receipts from indirect taxes rose sharply and accounted for over one-third of the gain in absolute terms. Federal indirect tax revenues rose almost 12 per cent, attributable to higher returns from customs duties and excise taxes. The increase in provincial-municipal revenues reflected mainly gains in sales and gasoline taxes, associated in part with higher tax rates in Ontario and extended tax bases in Ontario and Saskatchewan, as well as increased real property tax revenues.

Much of the rest of the gain in total revenues occurred in personal direct taxes which rose by 11½ per cent. This rate of increase was much higher at the provincial-municipal level, where personal income tax receipts rose by about 25 per cent, than at the federal level where the increase was 6 per cent. The differing rates of increase were, in part, caused by changes in the federal tax rates which occurred in July 1965 and June 1966 and a further abatement of three percentage points of basic income tax in favour of the provinces, on January 1, 1966.

Total expenditures of all governments rose by 12½ per cent, with most of the increase accounted for by higher outlays on goods and services and transfer payments to persons. Increases in expenditures on goods and services occurred at all levels of government and were in general the result of higher outlays on capital goods and salaries and wages. At the federal level, there was also a marked increase in international assistance payments.

Transfer payments to persons increased by about \$300 million. Two-thirds of the increase was at the provincial-municipal level and was caused by larger grants to hospitals and educational institutions. The gain at the federal level reflected the lowering of the age limit for old age security payments.

With total revenues exceeding total expenditures in the first nine months of 1966, the surplus, on a National Accounts basis, increased by over \$200 million to a level of \$220 million. The improvement in the surplus position resulted from contributions to the Canada and Quebec Pension Plans. Exclusive of these pension plans, at the federal level, the surplus fell from \$229 million in the first three quarters of 1965 to \$19 million in the first three quarters of 1966 and at the provincial-municipal level the deficit widened from \$225 million to \$332 million.

Labour Income

Reflecting increases in remuneration of approximately 6 per cent and continuing increases in employment, wages and salaries in the first three quarters of 1966 were 13 per cent higher than in the corresponding period of 1965.

The goods-producing industries advanced sharply, by about 14½ per cent. The gains were concentrated in the manufacturing industries, which increased by over 12 per cent, and the construction industry, where the increase was about 28 per cent.

The service-producing industries increased by 11 per cent, somewhat less than the goods-producing industries. The industry increases ranged from 11 to 14 per cent with the exception of the finance and insurance group and the transportation, storage and communication group, the latter having been affected by a major strike in 1966.

Investment Income

The level of corporation profits for the first three quarters of 1966 was virtually unchanged from the same period of the previous year. Significant movements took place within these periods as the level of profits was increasing in the second and third quarters of 1965, while it was declining in the second and third quarters of 1966.

As usual, the movements of profits by industry over the nine-month period were mixed. Declines in excess of 10 per cent were registered by the textile, paper and transportation equipment industries. Most of the other industries showed moderate gains.

During the same period, corporate capital consumption allowances increased by almost 10 per cent, with the result that the level of earnings before provision for capital consumption showed an increase of 4 per cent.

Rent, interest and miscellaneous investment income for the first three quarters of 1966 increased by 9 per cent over the corresponding period of 1965. Trading profits of government enterprises were affected by strikes, particularly in transportation, and moved up by 5 per cent over the nine months.

Accrued Net Income of Farm Operators

Accrued net income of farm operators in the first three quarters of 1966 increased 43 per cent over the corresponding period of 1965.

The increase can be attributed to all components of farm production. The value of grain production increased largely as a result of the record high level of the 1966 crop, while increased prices for cattle and hogs contributed to the rise in livestock income.

Non-Farm Unincorporated Business

During the first three quarters of 1966, net income of non-farm unincorporated business rose by 2½ per cent over the same period of last year.

The service industries were mainly responsible for the increase which was partly offset by a 2 per cent decline in retail trade.

Production by Industry

Real domestic product less agriculture for the first nine months of 1966 was 5½ per cent higher than in the corresponding period of 1965. About 40 per cent of this gain came from the 8 per cent advance in manufacturing, with both the non-durable and the durable manufacturing components contributing about equally to the increase. Trade and the transportation, storage and communication group contributed another 21 per cent to the increase in non-agricultural real output. The largest increase was recorded by electric power and gas utilities which advanced by over 13 per cent. Among other industry groups to show strong gains in 1966 were construction and transportation, up by 7½ and 8 per cent, respectively. Increases ranging from 4½ to 6½ per cent occurred in forestry, trade, finance, insurance and real estate, the community, recreation, business and personal service group and in mining. Public administration and defence advanced by 2 per cent.

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	7,269	7,568
2. Military pay and allowances	145	153	149	140	587	168	145	147
3. Corporation profits before taxes	1,055	1,409	1,330	1,405	5,199	1,124	1,449	1,234
4. Deduct: Dividends paid to non-residents(1)	- 178	- 155	- 161	- 257	- 751	- 186	- 159	- 162
5. Rent, interest, and miscellaneous investment income	833	845	874	1,002	3,554	919	933	938
6. Accrued net income of farm operators from farm production(2)	10	100	1,305	230	1,645	109	219	1,693
7. Net income of non-farm unincorporated business(3)	581	720	712	864	2,877	619	712	735
8. Inventory valuation adjustment(4)	- 41	- 117	- 55	- 112	- 325	- 118	- 86	- 70
9. NET NATIONAL INCOME AT FACTOR COST	8,431	9,386	10,895	10,107	38,819	9,475	10,482	12,083
10. Indirect taxes less subsidies	1,693	1,780	1,841	1,858	7,172	1,892	1,943	2,004
11. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,554	1,691	1,612
12. Residual error of estimate	- 133	- 60	33	55	- 105	- 146	- 30	145
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	11,423	12,652	14,285	13,636	51,996	12,775	14,086	15,844
14. (Gross national product at market prices excluding accrued net income of farm operators)	(11,413)	(12,552)	(12,980)	(13,406)	(50,351)	(12,666)	(13,867)	(14,151)

(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	8,054	8,558	8,561
2. Government expenditure on goods and services(1, 2)	2,091	2,427	2,606	2,472	9,596	2,426	2,631	3,105
3. Business gross fixed capital formation(3)	2,078	2,578	2,792	2,976	10,424	2,521	3,117	3,005
4. New residential construction	469	510	548	597	2,124	509	554	533
5. New non-residential construction	685	893	1,195	1,182	3,955	884	1,175	1,351
6. New machinery and equipment	924	1,175	1,049	1,197	4,345	1,128	1,388	1,121
7. Value of physical change in inventories(4)	214	- 15	1,085	- 336	948	40	116	1,212
8. Non-farm business inventories	492	96	164	153	905	390	272	58
9. Farm inventories and grain in commercial channels	- 278	- 111	921	- 489	43	- 350	- 156	1,154
10. Exports of goods and services	2,264	2,764	3,093	3,035	11,156	2,702	3,198	3,586
11. Deduct: Imports of goods and services	- 2,667	- 3,138	- 3,086	- 3,406	- 12,297	- 3,114	- 3,565	- 3,480
12. Residual error of estimate	133	60	- 33	- 54	106	146	31	- 145
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	11,423	12,652	14,285	13,636	51,996	12,775	14,086	15,844

(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 3, 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	7,269	7,568
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 232	- 231	- 247	- 249	- 959	- 384	- 461	- 468
3. Military pay and allowances	145	153	149	140	587	168	145	147
4. Net income received by farm operators from farm production(1)	262	55	1,226	146	1,689	285	131	1,559
5. Net income of non-farm unincorporated business	581	720	712	864	2,877	619	712	735
6. Interest, dividends, and net rental income of persons(2)	998	1,015	1,019	1,097	4,129	1,077	1,102	1,113
Transfer payments to persons:								
7. From government (excluding interest)	1,204	1,104	1,096	1,098	4,502	1,279	1,225	1,207
8. Charitable contributions by corporations	11	11	11	11	44	11	11	11
9. PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,895	10,134	11,872

(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. Dispositions 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	1,030	1,106	1,112
2. Income taxes	746	914	830	865	3,355	852	969	981
3. Succession duties and estate taxes	42	49	60	58	209	58	53	63
4. Miscellaneous	123	81	68	76	348	120	84	68
5. Personal expenditure on consumer goods and services ..	7,310	7,976	7,828	8,949	32,063	8,054	8,558	8,561
6. Non-durable goods	3,417	3,663	3,847	4,507	15,434	3,749	4,024	4,231
7. Durable goods	827	1,115	889	1,170	4,001	958	1,063	951
8. Services(1)	3,066	3,198	3,092	3,272	12,628	3,347	3,471	3,379
9. Personal net saving	774	238	1,921	- 6	2,927	811	470	2,199
10. Personal saving excluding change in farm inventories	1,029	326	984	532	2,871	1,110	591	1,097
11. Value of physical change in farm inventories	- 255	- 88	937	- 538	56	- 299	- 121	1,102
12. PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,895	10,134	11,872
13. (Personal disposable income)(2)	(8,084)	(8,214)	(9,749)	(8,943)	(34,990)	(8,865)	(9,028)	(10,760)

(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	1,030	1,106	1,112
2. Federal	621	757	661	676	2,715	661	746	751
3. Provincial and municipal	290	287	297	323	1,197	369	360	361
4. Direct taxes - Corporations	447	580	544	593	2,164	452	607	544
5. Federal(1)	335	435	408	445	1,623	339	455	408
6. (Federal tax collections)(1)	(359)	(566)	(396)	(394)	(1,715)	(399)	(528)	(411)
7. Provincial	112	145	136	148	541	113	152	136
8. (Provincial tax collections)	(145)	(140)	(151)	(116)	(552)	(143)	(159)	(146)
Withholding taxes:								
9. Federal(2)	37	44	29	58	168	39	53	34
10. Indirect taxes	1,745	1,836	1,924	1,977	7,482	1,957	2,027	2,115
11. Federal	689	800	845	913	3,247	805	897	908
12. Provincial and municipal	1,056	1,036	1,079	1,064	4,235	1,152	1,130	1,207
13. Investment income	377	397	402	512	1,688	424	449	437
14. Federal	123	153	145	197	618	135	178	153
15. Provincial and municipal	254	244	257	315	1,070	289	271	284
16. Employer and employee contributions to social insurance and government pension funds	232	231	247	249	959	384	461	468
17. Federal	148	144	154	156	602	158	151	160
18. Provincial and municipal	84	87	93	93	357	100	103	108
19. Canada Pension Plan						95	150	147
20. Quebec Pension Plan						31	57	53
Transfers from Federal:								
21. Provincial and municipal	386	367	313	361	1,427	396	424	389
22. TOTAL REVENUE	4,135	4,499	4,417	4,749	17,800	4,682	5,127	5,099
23. FEDERAL	1,953	2,333	2,242	2,445	8,973	2,137	2,480	2,414
24. PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,419	2,440	2,485
25. CANADA PENSION PLAN						95	150	147
26. QUEBEC PENSION PLAN						31	57	53

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected were: second quarter, \$15 million and third quarter, \$57 million.

(2) 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	2,426	2,631	3,105
2. Federal	823	761	866	817	3,267	941	852	1,026
3. (Defence)	(460)	(352)	(380)	(370)	(1,562)	(480)	(354)	(393)
4. Provincial and municipal	1,268	1,666	1,740	1,655	6,329	1,485	1,779	2,079
5. Transfer payments to persons (excluding interest on the public debt)	1,204	1,104	1,096	1,098	4,502	1,279	1,225	1,207
6. Federal	657	594	534	531	2,316	676	624	580
7. Provincial and municipal	547	510	562	567	2,186	603	601	627
8. Interest on the public debt	375	436	389	435	1,635	403	470	430
9. Federal	253	271	262	266	1,052	278	293	293
10. Provincial and municipal	122	165	127	169	583	125	177	137
11. Subsidies	52	56	83	119	310	65	84	111
12. Federal	44	50	56	109	259	56	74	67
13. Provincial	8	6	27	10	51	9	10	44
Capital Assistance: (1)								
14. Federal	20	21	21	22	84	8	21	14
Transfers to other levels of government:								
15. Federal	386	367	313	361	1,427	396	424	389
16. Total expenditure	4,128	4,411	4,508	4,507	17,554	4,577	4,855	5,256
17. Federal	2,183	2,064	2,052	2,106	8,405	2,355	2,288	2,369
18. Provincial and municipal	1,945	2,347	2,456	2,401	9,149	2,222	2,567	2,887
19. Deficit (-) or Surplus (+)	7	88	- 91	242	246	105	272	- 157
20. Federal	- 230	269	190	339	568	- 218	192	45
21. Provincial and municipal	237	- 181	- 281	- 97	- 322	197	- 127	- 402
22. Canada Pension Plan	-	-	-	-	-	95	150	147
23. Quebec Pension Plan	-	-	-	-	-	31	57	53
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,135	4,499	4,417	4,749	17,800	4,682	5,127	5,099
25. FEDERAL	1,953	2,333	2,242	2,445	8,973	2,137	2,480	2,414
26. PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,419	2,440	2,485
27. CANADA PENSION PLAN						95	150	147
28. QUEBEC PENSION PLAN						31	57	53

(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	811	470	2,199
2. Business gross saving	1,415	2,100	2,043	2,036	7,594	1,643	2,271	2,061
3. Undistributed corporation profits	215	488	427	314	1,444	257	471	301
4. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,554	1,691	1,612
5. Adjustment on grain transactions(1)	- 252	45	79	84	- 44	- 176	88	134
6. Capital assistance	20	21	21	22	84	8	21	14
7. Inventory valuation adjustment	- 41	- 117	- 55	- 112	- 325	- 118	- 86	- 70
8. Government surplus (+) or deficit (-)	7	88	- 91	242	246	105	272	- 157
9. Residual error of estimate	- 133	- 60	33	55	- 105	- 146	- 30	145
10. Totals	2,022	2,249	3,851	2,215	10,337	2,295	2,897	4,178

(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	2,521	3,117	3,005
2. New residential construction	469	510	548	597	2,124	509	554	533
3. New non-residential construction	685	893	1,195	1,182	3,955	884	1,175	1,351
4. New machinery and equipment	924	1,175	1,049	1,197	4,345	1,128	1,388	1,121
5. Value of physical change in inventories	214	- 15	1,085	- 336	948	40	116	1,212
6. Surplus (+) or deficit (-) on current account with non-residents	- 403	- 374	7	- 371	- 1,141	- 412	- 367	106
7. Residual error of estimate	133	60	- 33	- 54	106	146	31	- 145
8. Totals	2,022	2,249	3,851	2,215	10,337	2,295	2,897	4,178

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966(1)
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	11,423	12,652	14,285	13,636	51,996	12,775	14,086	15,844
2. Deduct: Residual error of estimate	133	60	- 33	- 55	105	146	30	- 145
3. Indirect taxes less subsidies ..	- 1,693	- 1,780	- 1,841	- 1,858	- 7,172	- 1,892	- 1,943	- 2,004
4. Income received from non-residents	- 65	- 78	- 65	- 107	- 315	- 67	- 69	- 48
5. Add: Income paid to non-residents ...	236	247	224	341	1,048	258	263	242
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	10,034	11,101	12,570	11,957	45,662	11,220	12,367	13,889

(1) Annual data for earlier years are available in "National Accounts, Income and Expenditure, 1965", and previous years; (Catalogue No. 13-201); quarterly data are available on request.

TABLE 10. 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	7,019	7,371	7,300
2. Non-durable goods	3,146	3,314	3,436	4,017	13,913	3,309	3,493	3,621
3. Durable goods	827	1,116	892	1,170	4,005	971	1,065	958
4. Services	2,591	2,681	2,568	2,704	10,544	2,739	2,813	2,721
5. Government expenditure on goods and services	1,595	1,929	2,150	1,893	7,567	1,739	1,965	2,377
6. Business gross fixed capital formation ..	1,680	2,070	2,235	2,362	8,347	1,979	2,424	2,312
7. New residential construction	370	396	423	455	1,644	383	411	391
8. New non-residential construction	553	710	951	925	3,139	678	888	1,021
9. New machinery and equipment	757	964	861	982	3,564	918	1,125	900
10. Change in inventories	253	- 36	976	- 255	938	103	72	1,057
11. Non-farm business inventories	481	109	115	169	874	380	272	- 10
12. Farm inventories and grain in commercial channels	- 228	- 145	861	- 424	64	- 277	- 200	1,067
13. Exports of goods and services	2,062	2,495	2,759	2,707	10,023	2,391	2,805	3,068
14. Deduct: Imports of goods and services ...	- 2,335	- 2,750	- 2,683	- 2,982	- 10,750	- 2,689	- 3,063	- 2,962
15. Residual error of estimate	115	52	- 28	- 46	93	121	26	- 119
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	9,934	10,871	12,305	11,570	44,680	10,663	11,600	13,033

(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 10, 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 11. 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	28,328	28,956	29,568
2. Military pay and allowances	596	592	600	560	587	680	560	592
3. Corporation profits before taxes	5,040	5,112	5,344	5,300	5,199	5,368	5,320	4,916
4. Deduct: Dividends paid to non-residents(1)	- 700	- 788	- 772	- 744	- 751	- 756	- 792	- 772
5. Rent, interest, and miscellaneous investment income	3,384	3,516	3,516	3,800	3,554	3,752	3,864	3,780
6. Accrued net income of farm operators from farm production(2)	1,564	1,496	1,780	1,740	1,645	2,236	2,288	2,412
7. Net income of non-farm unincorporated business(3)	2,736	2,872	2,980	2,920	2,877	2,940	2,856	3,032
8. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 488	- 264	- 360
9. NET NATIONAL INCOME AT FACTOR COST	37,440	38,092	39,452	40,292	38,819	42,060	42,788	43,168
10. Indirect taxes less subsidies	6,924	7,128	7,320	7,316	7,172	7,760	7,812	7,916
11. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,428	6,656	6,528
12. Residual error of estimate	- 112	12	- 196	- 124	- 105	- 72	80	128
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	50,196	51,324	52,704	53,760	51,996	56,176	57,336	57,740
14. (Gross national product at market prices excluding accrued net income of farm operators)	(48,632)	(49,828)	(50,924)	(52,020)	(50,351)	(53,940)	(55,048)	(55,328)

(1) See footnote 1, Table 1.

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

(3) Includes net income of independent professional practitioners.

TABLE 12. 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	33,924	34,132	35,272
2. Government expenditure on goods and services(1, 2)	9,248	9,540	9,660	9,936	9,596	10,448	10,664	11,404
3. Business gross fixed capital formation(3)	9,760	10,004	10,672	11,260	10,424	11,640	12,084	11,668
4. New residential construction	2,044	2,192	2,132	2,128	2,124	2,200	2,292	2,108
5. New non-residential construction	3,796	3,720	4,036	4,268	3,955	4,512	4,812	4,584
6. New machinery and equipment	3,920	4,092	4,504	4,864	4,345	4,928	4,980	4,976
7. Value of physical change in inventories	1,288	1,168	728	608	948	820	1,540	612
8. Non-farm business inventories	1,108	980	836	696	905	660	1,292	560
9. Farm inventories and grain in commercial channels(4)	180	188	- 108	- 88	43	160	248	52
10. Exports of goods and services	10,624	10,972	11,316	11,712	11,156	12,680	12,508	13,088
11. Deduct: Imports of goods and services	- 11,588	- 11,992	- 12,392	- 13,216	- 12,297	- 13,412	- 13,512	- 14,180
12. Residual error of estimate	116	- 12	200	120	106	76	- 80	- 124
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	50,196	51,324	52,704	53,760	51,996	56,176	57,336	57,740

Detail of Farm Inventories and GICC:

Value of grain crop production	1,300	1,300	1,300	1,304	1,301	1,564	1,564	1,568
Depletions of farm stocks of grain	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203	- 1,208	- 1,360	- 1,580
Change in livestock inventories	- 4	- 40	- 28	- 96	- 42	- 156	0	40
Grain in commercial channels	72	96	- 264	44	- 13	- 40	44	24

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(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 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. 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	28,328	28,956	29,568
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 920	- 948	- 980	- 988	- 959	- 1,516	- 1,740	- 1,844
3. Military pay and allowances	596	592	600	560	587	680	560	592
4. Net income received by farm operators from farm production(1)	2,080	1,244	1,720	1,712	1,689	2,372	1,960	2,204
5. Net income of non-farm unincorporated business	2,736	2,872	2,980	2,920	2,877	2,940	2,856	3,032
6. Interest, dividends, and net rental income of persons(2)	4,048	4,044	4,164	4,260	4,129	4,368	4,396	4,528
Transfer payments to persons:								
7. From government (excluding interest)	4,404	4,424	4,604	4,576	4,502	4,736	4,940	5,056
8. Charitable contributions by corporations	44	44	44	44	44	44	44	44
9. PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,952	41,972	43,180

(1) This item differs from line 6, Table 11, 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 14. 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	4,280	4,156	4,580
2. Income taxes	3,284	3,308	3,352	3,476	3,355	3,704	3,580	3,988
3. Succession duties and estate taxes	168	196	240	232	209	232	212	252
4. Miscellaneous	348	348	340	356	348	344	364	340
5. Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,924	34,132	35,272
6. Non-durable goods	14,784	15,260	15,584	16,108	15,434	16,316	16,744	17,088
7. Durable goods	3,708	3,892	4,224	4,180	4,001	4,272	3,820	4,292
8. Services(1)	12,256	12,492	12,712	13,052	12,628	13,336	13,568	13,892
9. Personal net saving	3,448	2,376	3,024	2,860	2,927	3,748	3,684	3,328
10. PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,952	41,972	43,180
11. (Personal disposable income)(2)	(34,196)	(34,020)	(35,544)	(36,200)	(34,990)	(37,672)	(37,816)	(38,600)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. 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	4,280	4,156	4,580
2. Federal	2,720	2,760	2,660	2,720	2,715	2,864	2,720	3,060
3. Provincial and municipal	1,080	1,092	1,272	1,344	1,197	1,416	1,436	1,520
4. Direct taxes - Corporations	2,060	2,136	2,192	2,268	2,164	2,108	2,240	2,188
5. Federal(1)	1,544	1,600	1,636	1,712	1,623	1,576	1,676	1,632
6. (Federal tax collections)(1)	(1,576)	(1,896)	(1,628)	(1,760)	(1,715)	(1,752)	(1,760)	(1,748)
7. Provincial	516	536	556	556	541	532	564	556
8. (Provincial tax collections)	(544)	(584)	(544)	(536)	(552)	(552)	(644)	(540)
Withholding taxes:								
9. Federal(2)	160	172	164	176	168	168	196	192
10. Indirect taxes	7,164	7,372	7,592	7,800	7,482	8,048	8,136	8,344
11. Federal	3,040	3,172	3,332	3,444	3,247	3,524	3,548	3,576
12. Provincial and municipal(3)	4,124	4,200	4,260	4,356	4,235	4,524	4,588	4,768
13. Investment income	1,592	1,660	1,644	1,856	1,688	1,780	1,876	1,792
14. Federal	568	612	572	720	618	620	716	612
15. Provincial and municipal	1,024	1,048	1,072	1,136	1,070	1,160	1,160	1,180
16. Employer and employee contributions to social insurance and government pension funds	920	948	980	988	959	1,516	1,740	1,844
17. Federal	584	600	608	616	602	624	632	628
18. Provincial and municipal	336	348	372	372	357	400	412	432
19. Canada Pension Plan(4)						372	504	576
20. Quebec Pension Plan(4)						120	192	208
Transfers from Federal:								
21. Provincial and municipal	1,496	1,444	1,316	1,452	1,427	1,528	1,672	1,644
22. TOTAL REVENUE	17,192	17,584	17,820	18,604	17,800	19,428	20,016	20,584
23. FEDERAL	8,616	8,916	8,972	9,388	8,973	9,376	9,488	9,700
24. PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,560	9,832	10,100
25. CANADA PENSION PLAN						372	504	576
26. QUEBEC PENSION PLAN						120	192	208

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) 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.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. 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	10,448	10,664	11,404
2. Federal	3,204	3,132	3,312	3,420	3,267	3,628	3,616	3,884
3. (Defence)	(1,620)	(1,512)	(1,584)	(1,532)	(1,562)	(1,640)	(1,540)	(1,620)
4. Provincial and municipal	6,044	6,408	6,348	6,516	6,329	6,820	7,048	7,520
5. Transfer payments to persons (excluding interest on the public debt)	4,404	4,424	4,604	4,576	4,502	4,736	4,940	5,056
6. Federal	2,292	2,348	2,360	2,264	2,316	2,400	2,456	2,548
7. Provincial and municipal	2,112	2,076	2,244	2,312	2,186	2,336	2,484	2,508
8. Interest on the public debt	1,608	1,624	1,640	1,668	1,635	1,700	1,756	1,804
9. Federal	1,052	1,036	1,040	1,080	1,052	1,124	1,128	1,164
10. Provincial and municipal	556	588	600	588	583	576	628	640
11. Subsidies	240	244	272	484	310	288	324	428
12. Federal	192	192	220	432	259	252	284	252
13. Provincial	48	52	52	52	51	36	40	176
Capital Assistance:(1)								
14. Federal	80	84	84	88	84	32	84	56
Transfers to other levels of government:								
15. Federal	1,496	1,444	1,316	1,452	1,427	1,528	1,672	1,644
16. Total expenditure	17,076	17,360	17,576	18,204	17,554	18,732	19,440	20,392
17. Federal	8,316	8,236	8,332	8,736	8,405	8,964	9,240	9,548
18. Provincial and municipal	8,760	9,124	9,244	9,468	9,149	9,768	10,200	10,844
19. Deficit (-) or surplus (+)	+ 116	+ 224	+ 244	+ 400	+ 246	+ 696	+ 576	+ 192
20. Federal	+ 300	+ 680	+ 640	+ 652	+ 568	+ 412	+ 248	+ 152
21. Provincial and municipal	- 184	- 456	- 396	- 252	- 322	- 208	- 368	- 744
22. Canada Pension Plan						372	504	576
23. Quebec Pension Plan						120	192	208
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	17,192	17,584	17,820	18,604	17,800	19,428	20,016	20,584
25. FEDERAL	8,616	8,916	8,972	9,388	8,973	9,376	9,488	9,700
26. PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,560	9,832	10,100
27. CANADA PENSION PLAN						372	504	576
28. QUEBEC PENSION PLAN						120	192	208

(1) See footnote 1, Table 6.

TABLE 17. 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	3,748	3,684	3,328
2. Business gross saving	6,936	7,836	7,792	7,812	7,594	7,920	8,464	7,776
3. Undistributed corporation profits	1,428	1,408	1,520	1,420	1,444	1,596	1,396	984
4. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,428	6,656	6,528
5. Adjustment on grain transactions(1)	- 516	252	60	28	- 44	- 136	328	208
6. Capital assistance	80	84	84	88	84	32	84	56
7. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 488	- 264	- 360
8. Government surplus (+) or deficit (-)	116	224	244	400	246	696	576	192
9. Residual error of estimate	- 112	12	- 196	- 124	- 105	- 72	80	128
10. Totals	10,200	10,140	10,524	10,484	10,337	11,804	12,540	11,064

(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 18. 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	11,640	12,084	11,668
2. New residential construction	2,044	2,192	2,132	2,128	2,124	2,200	2,292	2,108
3. New non-residential construction	3,796	3,720	4,036	4,268	3,955	4,512	4,812	4,584
4. New machinery and equipment	3,920	4,092	4,504	4,864	4,345	4,928	4,980	4,976
5. Value of physical change in inventories	1,288	1,168	728	608	948	820	1,540	612
6. Surplus (+) or deficit (-) on current account with non-residents	- 964	- 1,020	- 1,076	- 1,504	- 1,141	- 732	- 1,004	- 1,092
7. Residual error of estimate	116	- 12	200	120	106	76	- 80	- 124
8. Totals	10,200	10,140	10,524	10,484	10,337	11,804	12,540	11,064

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, 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. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	50,196	51,324	52,704	53,760	51,996	56,176	57,336	57,740
2. Deduct: Residual error of estimate	112	- 12	196	124	105	72	- 80	- 128
3. Indirect taxes less subsidies ..	- 6,924	- 7,128	- 7,320	- 7,316	- 7,172	- 7,760	- 7,812	- 7,916
4. Income received from non-residents	- 312	- 328	- 336	- 284	- 315	- 308	- 324	- 260
5. Add: Income paid to non-residents ...	976	1,084	1,064	1,068	1,048	1,096	1,128	1,140
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	44,048	44,940	46,308	47,352	45,662	49,276	50,248	50,576

(1) See footnote 1, Table 9.

TABLE 20. 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	29,508	29,344	30,236
2. Non-durable goods	13,512	13,780	14,000	14,360	13,913	14,296	14,532	14,752
3. Durable goods	3,704	3,888	4,236	4,192	4,005	4,308	3,816	4,316
4. Services	10,348	10,476	10,572	10,780	10,544	10,904	10,996	11,168
5. Government expenditure on goods and services	7,396	7,580	7,620	7,672	7,567	7,836	7,960	8,404
6. Business gross fixed capital formation ..	7,900	8,024	8,548	8,916	8,347	9,140	9,388	9,004
7. New residential construction	1,608	1,700	1,648	1,620	1,644	1,652	1,700	1,552
8. New non-residential construction	3,080	2,960	3,196	3,320	3,139	3,480	3,644	3,448
9. New machinery and equipment	3,212	3,364	3,704	3,976	3,564	4,008	4,044	4,004
10. Change in inventories	1,252	1,156	720	624	938	852	1,448	564
11. Non-farm business inventories	1,080	944	804	668	874	656	1,188	488
12. Farm inventories and grain in commercial channels	172	212	- 84	- 44	64	196	260	76
13. Exports of goods and services	9,644	9,908	10,112	10,428	10,023	11,192	10,952	11,236
14. Deduct: Imports of goods and services ...	- 10,156	- 10,540	- 10,828	- 11,476	- 10,750	- 11,604	- 11,640	- 12,100
15. Residual error of estimate	104	- 12	176	104	93	64	- 64	- 100
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	43,704	44,260	45,156	45,600	44,680	46,988	47,388	47,244

(1) See footnote 1, Table 10.

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