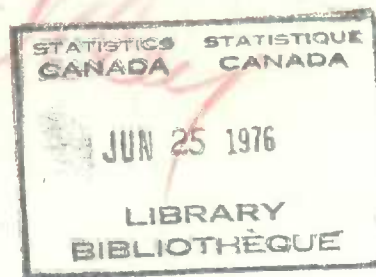


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*E. Buckley*



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SECOND QUARTER 1967

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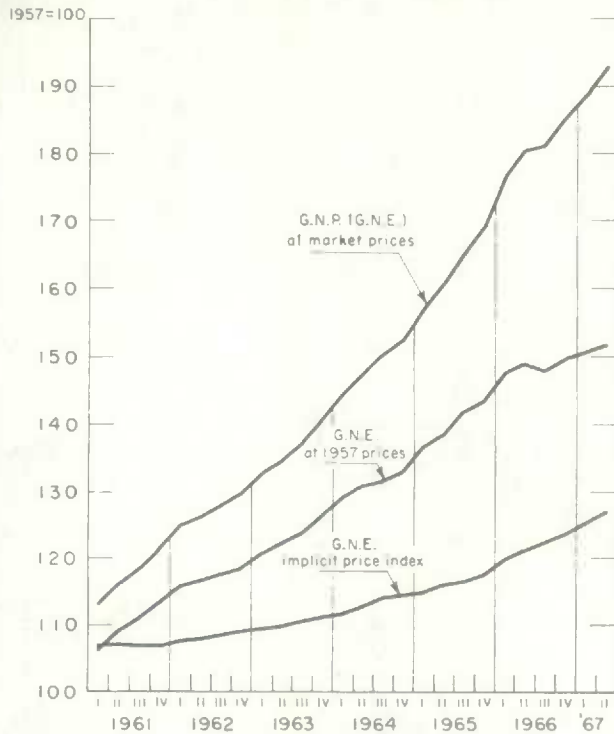
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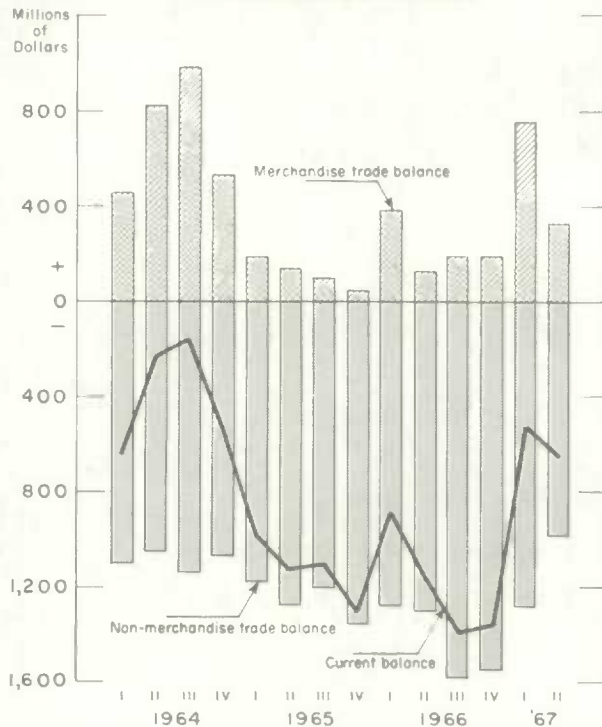
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G.N.P. rose 2.2 per cent in the second quarter.  
In real terms the advance was close to 1 per cent.

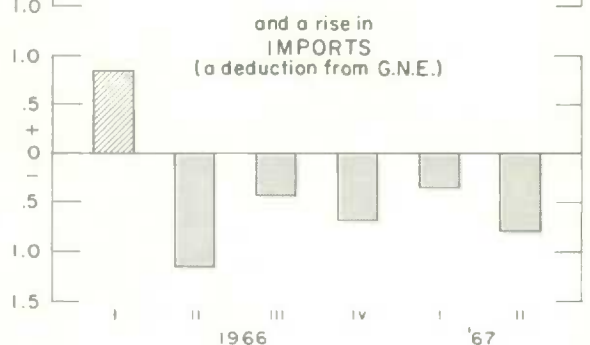
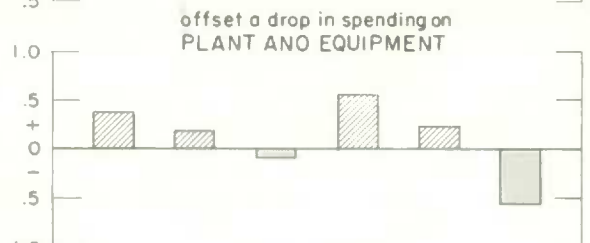
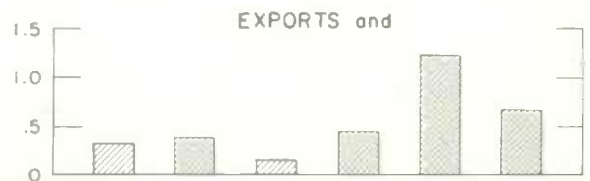
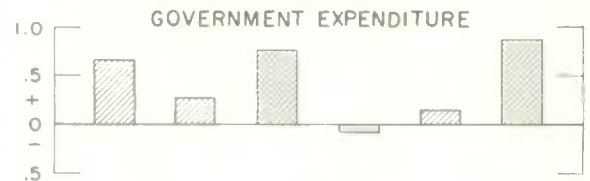
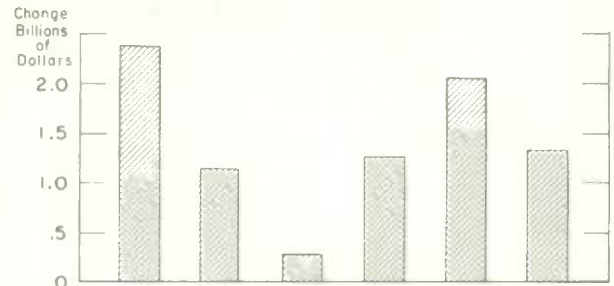


CURRENT ACCOUNT deficit increased as an improvement of \$300 million in service balance less than offset a drop of \$424 million in merchandise balance



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES

G.N.E. in current dollars rose \$1.3 billion in the second quarter as increases in



## SECOND QUARTER 1967

(This report incorporates revised Balance of Payments data for the years 1964, 1965, 1966 and the first quarter of 1967. Factors affecting some of these revisions are discussed in the "Quarterly Estimates of the Canadian Balance of International Payments, Second Quarter 1967", catalogue No. 67-001.

Series in this publication affected by these revisions are indicated by the letter 'R').

### INTRODUCTORY REVIEW

Gross National Product in the second quarter reached a level of \$61.5 billion, seasonally adjusted at annual rates, an increase of 2.2 per cent from the first quarter. With prices rising, this advance represented a gain of close to 1 per cent in real terms.

Although the rise in the current value of GNP roughly matches the average increase in three of the four preceding quarters, as a result of continuing price increases the advance in constant dollars compares less favourably, as shown in the following comparison:

Percentage Change from Preceding Quarter  
Seasonally Adjusted Data

	1Q'66	2Q'66	3Q'66	4Q'66	1Q'67	2Q'67
GNP Current \$ .....	4.5	2.0	0.5	2.2	1.8	2.2
GNE Constant \$ .....	2.7	1.0	-0.7	1.3	0.5	0.8
Price (Implicit) .....	1.8	1.0	1.2	0.9	1.3	1.4

At over \$2 billion, the increase in total demand (GNE plus imports) was the largest in five quarters; components of demand displayed wide fluctuations. On the income side the factors of production contributed fairly evenly to the domestic portion of this increase; this was strongly reinforced by supplies coming from abroad. Although its effect cannot be fully evaluated in quantitative terms, centennial celebrations and in particular EXPO had a pervasive effect on the economy.

In absolute terms, seasonally adjusted, the main strength in demand came about equally from the government sector and persons. Expenditures on new residential construction increased sharply after three quarters of decline. Exports continued to advance with a gain of nearly \$700 million, following a \$1 billion advance in the first quarter. Offsetting these increases were declines in business construction and machinery and equipment, while investment in non-farm inventories added very little to overall demand.

The \$800 million increase in personal expenditure was widely shared. Aided by a 14 per cent rise in new car purchases -- only the second increase in the last seven quarters -- durables reversed the decline of the two previous quarters and advanced by  $6\frac{1}{2}$  per cent, while many other items also increased substantially. A 22 per cent increase in outlays for new residential construction

added some \$472 million to demand; significantly affecting this rise was a special inflow of mortgage funds. This offset the declines of the last three quarters and restored expenditures to the level of a year ago. However, the availability of mortgage funds is decreasing, and housing starts in urban areas have been declining from the high point in May. The rate of investment in machinery and equipment declined for only the third time since 1961; a contributing factor to the lower value of investment was the reduction in April and the elimination in June of the sales tax on production machinery.

After a sizeable cut-back in the rate of accumulation in the first quarter, the rate of investment in non-farm business inventories showed virtually no change. Unlike the situation in the United States, where a substantial decline in the rate of accumulation took place in the last two quarters, in Canada this process was spread more evenly over the last four quarters.

The deficit on current account widened somewhat as the largest increase in imports in the expansion more than offset a considerable rise in exports. The gain in the exports was more than fully accounted for by a net gain in the travel account of \$800 million, while the surplus on merchandise account declined by over \$400 million as exports increased only fractionally from the exceptionally high levels of the first quarter.

On the income side, labour income increased by less than 2 per cent -- the smallest quarterly gain since the fourth quarter of 1964. The trend of the previous quarter continued with small payroll increases in the goods-producing industries compared with the service industries. Most of the gain in employment was absorbed by the service sector; employment in goods-producing industries actually declined. Seasonally adjusted unemployment rates showed month-to-month increases in May and June but declined in both July and August. Corporation profits increased some  $5\frac{1}{2}$  per cent from the low first quarter level, but remained significantly below the level of the first half of last year.

#### Price Movements

The implicit price index of gross national expenditure rose 1.4 per cent from the first quarter.

Seasonally adjusted food prices, which fell 1.2 per cent in the first quarter, declined fractionally this quarter; they were about 0.8 per cent below their level of the second quarter of 1966. Some increase occurred in miscellaneous meats, vegetables, and fish, but these were more than offset by price decreases in beef, eggs, pork, and poultry.

Non-food commodities showed an overall price increase of more than 1 per cent. This was partly a reflection of changes in sales tax. Tax increases in Quebec and in Newfoundland from 6 to 8 per cent and 5 to 6 per cent respectively affected the entire quarter, while a 5 per cent sales tax was introduced in Manitoba effective June first. Within non-durables, prices for men's clothing, footwear, and newspapers and magazines all increased by about 2 per cent on a seasonally adjusted basis. Electricity showed a sharp 10 per cent increase owing mainly to higher rates in Quebec and British Columbia. Price increase in durable goods was more moderate than in non-durables. Increases were relatively large in home furnishings, jewellery, and furniture, all of which increased by more than 1 per cent. A one-half per cent increase occurred in the seasonally adjusted price of cars.

Nearly all items contributed to the  $2\frac{1}{2}$  per cent rise in service prices. Purchased transportation, education, and recreation rose by more than 3 per cent; a similar increase in medical care was largely the result of rises in the fees charged by medical practitioners and dentists.

The implicit price index for business gross fixed capital formation declined fractionally, the net effect of an upward movement in construction prices and a fall in the prices of machinery and equipment. Price increases in residential and non-residential construction reflected higher costs -- mostly in labour, but also in materials. The 2½ per cent decline in seasonally adjusted machinery prices was largely due to changes in the federal sales tax on production machinery, which was lowered from 11 to 6 per cent in April and eliminated in June.

The following table summarizes the price changes outlined above:

Implicit Price Indexes  
Percentage Change from the Preceding Quarter  
(Based on Seasonally Adjusted Data)

	1966				1967	
	I	II	III	IV	I	II
Personal expenditure .....	1.3	1.1	0.5 <sup>1/</sup>	0.9	0.6	1.2
Non-durable goods .....	1.8	1.0	0.5 <sup>1/</sup>	0.5	-0.1	0.9
Durable goods .....	-0.5	1.0	-0.3 <sup>1/</sup>	1.3	0.4	0.8
Total goods .....	1.3	1.4	0.4 <sup>1/</sup>	0.8	0.1	0.8
of which: food .....	3.1	1.1	0.5	-	-1.2	-0.1
non-food goods .....	0.4	1.2	0.3 <sup>1/</sup>	1.2	0.7	1.3
Services, excluding net expenditure abroad	1.2	1.0	1.0	1.0	1.4	2.4
Government expenditure on goods and services	3.0 <sup>1/</sup>	0.6 <sup>1/</sup>	1.5 <sup>1/</sup>	2.1 <sup>1/</sup>	3.0 <sup>2/</sup>	2.1 <sup>2/</sup>
Business gross fixed capital formation .....	1.3	1.0	0.7	1.5	1.1	-0.2
New residential construction .....	1.6	0.9	1.1	2.3	0.6	2.2
New non-residential construction .....	1.4	1.5	1.1	1.5	0.9	1.5
New machinery and equipment .....	0.7	0.7	0.5	1.4	1.5	-2.7
Exports of goods and services .....	0.8	0.7	1.7 <sup>1/</sup>	0.1 <sup>1/</sup>	0.3 <sup>1/</sup>	0.1 <sup>1/</sup>
Imports of goods and services .....	0.3	0.4	0.5	0.9	-0.3	0.3
Gross national expenditure .....	1.8	1.0	1.2	0.9	1.3	1.4
(Base-weighted price index of gross national expenditure)	1.3	1.6	1.3	1.1	0.8	1.2

<sup>1/</sup> 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 notably in the third quarter of 1966. The quarter-to-quarter changes footnoted in the table are based on price indexes in which the effect of changes in expenditure patterns has been discounted.

<sup>2/</sup> Changes in this component for the first and second quarters of 1967 are not necessarily analytically significant.

# The Components of Demand

## Personal Expenditure on Consumer Goods and Services

Total personal expenditure reached a level of \$37.3 billion, seasonally adjusted at annual rates, an increase of more than 2 per cent from the first quarter as compared with a little less than  $1\frac{1}{2}$  per cent advance in the previous quarter. It should be noted that this total does not include the surge of expenditure made by foreign tourists coincident with EXPO 67 and centennial celebrations.<sup>1/</sup>

The table below indicates the impact of this item on total personal expenditure in Canada:

	Millions of dollars, seasonally adjusted, at annual rates				
	4Q'66	1Q'67	2Q'67	Change	
				4Q-1Q	1Q-2Q
Non-durables .....	17,520	17,740	18,372	220	632
Durables .....	4,268	4,168	4,440	-100	272
Services (excluding NEA) .....	14,104	14,512	15,108	408	596
Total personal expenditure in Canada .....	35,892	36,420	37,920	528	1,500
Net expenditure abroad (NEA) .....	96	68	-632	-28	-700
Personal expenditure on consumer goods and services	35,988	36,488	37,288	500	800

<sup>1/</sup> Personal expenditure on consumer goods and services is a measure of all expenditures by Canadian residents, including those temporarily abroad. Since measures of the value of outlays on consumer goods and services in Canada are derived from sales made within the territorial boundaries of Canada, the values must be adjusted to include expenditures abroad by Canadian residents and to exclude outlays in Canada by non-residents. This adjustment is called Net expenditure abroad.

Net expenditure abroad is composed of outlays on both commodities and services. As it is impossible to determine these elements in the net figures, the whole adjustment has traditionally been included with services. The item is generally small and does not significantly distort quarter-to-quarter comparisons of either aggregates or individual series. However, with the exceptional influx of tourists occurring in the second quarter of 1967 the adjustment to exclude purchases by non-residents has become large, distorting the analytical continuity of the Services series. The values of net expenditure abroad and the values of services excluding net expenditure abroad for the last six quarters are shown in the table below (in millions of dollars and seasonally adjusted at annual rates):

	<u>1Q'66</u>	<u>2Q'66</u>	<u>3Q'66</u>	<u>4Q'66</u>	<u>1Q'67</u>	<u>2Q'67</u>
Services including NEA .....	13,384	13,556	13,892	14,200	14,580	14,476
Services excluding NEA .....	13,268	13,488	13,772	14,104	14,512	15,108
Net expenditure abroad .....	116	68	120	96	68	-632

Almost all components of the non-durables category showed increases from the previous quarter. The largest increase occurred in expenditures on energy sources (fuel, electricity, gas) which rose by  $7\frac{1}{2}$  per cent. The clothing category increased by 5 per cent. Within this category men's clothing showed the strongest gain, while women's and children's clothing advanced more moderately. Expenditures on tobacco increased by  $4\frac{1}{2}$  per cent and on alcoholic beverages by 6 per cent. The food category rose by 2 per cent, while food prices decreased slightly. Spending for gasoline, oil and grease increased fractionally, declined 1 per cent for auto parts and accessories, and rose  $3\frac{1}{2}$  per cent for household non-durables.

The dominant feature of the  $6\frac{1}{2}$  per cent gain in durables was a  $1\frac{1}{4}$  per cent increase in expenditures on new automobiles. A parallel increase in trade-ins coupled with a small decline in used car purchases resulted in a large decline in the net value of used cars purchased; taken together, expenditures on new and used autos rose by 9 per cent. Furniture showed an 11 per cent gain as against a 3 per cent decline last quarter, while appliances and radios rose by  $\frac{1}{4}$  per cent and home furnishings registered a second successive  $4\frac{1}{2}$  per cent increase. Jewellery purchases rose by  $5\frac{1}{2}$  per cent.

The 4 per cent increase in services inclusive of non-resident spending was largely centered in the three components significantly affected by EXPO. Sharpest was the  $25\frac{1}{2}$  per cent gain in recreation expenditures, but notable also were the  $9\frac{1}{2}$  per cent increase in purchased transportation (the revenues of urban transit facilities in Québec in May and June were almost double those for the corresponding period in 1966) and the  $4\frac{1}{2}$  per cent increase in miscellaneous services, which includes accommodations in hotels and motels. Gains of 2 to  $2\frac{1}{2}$  per cent were made in user-operated transportation, household operations, and medical care; personal services rose by 1 per cent. The shelter component, accounting for nearly 40 per cent of the value of services, increased by one half of 1 per cent.

A 2 per cent increase in personal income, together with a  $6\frac{1}{2}$  per cent decline in personal direct taxes, a largely irregular effect resulting from later than usual income tax refunds, produced a 3 per cent rise in personal disposable income and permitted both a 2 per cent advance in personal expenditure and nearly half a billion dollar increase in personal net saving.

#### Business Gross Fixed Capital Formation

Gross fixed capital formation in the second quarter was running at a seasonally adjusted annual rate of \$12.5 billion, some 1 per cent lower than in the first quarter, as increased outlays for housing failed to offset lower expenditures for new plant and equipment.

Expenditures for residential construction rose by 22 per cent between the first and second quarters of 1967. Housing starts, seasonally adjusted and at annual rates, jumped by 76,600 units to a record level of 198,200 units. Housing completions climbed 19,300 units to a level of 136,900 units.

Starts in urban areas dropped from 98,000 units, seasonally adjusted, in January to 92,600 in February, then rose in each of the next three months to a peak of 171,400 units in May. They showed little change in June and then slipped to 151,000 in July.

According to the mid-year review of investment intentions, spending on new housing was expected to reach \$2.26 billion, raising housing starts to above the 134,000 of last year. Because of the reduced carryover of incomplete houses into 1967, the number of units completed was expected to be considerably less than the 162,000 last year.

Business outlays on plant and equipment dropped 5.1 per cent between the first and second quarters. Non-residential construction expenditures declined by 5.7 per cent, and outlays for machinery and equipment by 4.5 per cent. Both domestic shipments and imports of producers' non-farm durable goods (other than transportation equipment) dropped in the second quarter. A special factor in the second quarter was the tax change relating to production machinery and equipment. This accounted for about half of the decrease in value of investment in machinery and equipment; in constant dollars the decline was about 2 per cent.

In the first six months of 1967, business outlays for plant and equipment at \$10.4 billion were very close to the mid-year investment intentions figure of \$10.3 billion.

# Non-Farm Business Inventories

As in the first quarter, investment in non-farm business inventories contributed very little to the level of economic activity in the second quarter of 1967. Investment in inventories at a seasonally adjusted annual rate was \$184 million. From the following table it may be noted that although stocks of manufacturing industries increased, stocks of retailers declined while stocks of wholesalers remained virtually unchanged.

## Value of Physical Change in Non-Farm Business Inventories (Seasonally Adjusted, at Annual Rates)

	1Q 1967 (millions of dollars)	2Q 1967
Manufacturing .....	40	248
Durables .....	88	132
Non-durables .....	-48	116
Wholesale .....	124	12
Retail .....	108	-88
"Other" industries .....	-96	12
Grand Total .....	176	184

Among manufacturing industries, though the accumulation was almost equal at the total level between durable and non-durable goods-producing industries, the change in the rate of increase from the previous quarter was much more pronounced in non-durables, where a shift from liquidation to accumulation took place. A small liquidation in the stocks of electrical and non-metallic industries was more than offset by a general increase in the stocks of other durable goods industries. Among the non-durable goods industries, significant increases in the food, tobacco and petroleum industries handsomely counterbalanced the liquidation which occurred in the stocks of paper and rubber industries.

Classified by level of processing, manufacturing stocks increased at all levels but more evidently in finished goods. With shipments being higher than new orders, the quarter ended with a lower backlog of unfilled orders. The ratio of total stocks-to-shipment was below that of the preceding quarter, but above the average of the past six years.

Stocks of retail trades of both durable and non-durable lines were lower at the total level, partly as a result of a notable increase in retail sales. The substantial accumulation of stocks of non-durables in the previous quarter was reversed and stocks were liquidated with the exception of food. Retailers of non-durable goods reduced their stocks at a faster rate than those of durable goods. Motor vehicle dealers continued to draw down their inventories although at a lower rate than that of the previous quarter. Even so, this liquidation more than offset the total accumulation in the rest of the durable goods trades.

Wholesale trades were also responsible for the moderate investment in stocks in the present quarter, showing almost no change from the previous quarter. A small accumulation in the stocks of durable goods lines which was mainly concentrated in industrial, transportation, commercial, institutional, and service equipment and supplies, was to some extent offset by a small liquidation in the non-durable segment of wholesale trade.

## Exports and Imports of Goods and Services

The deficit in Canada's external account, on a national accounts basis, moved from a seasonally adjusted annual rate of \$536 million in the first quarter to \$660 million in the second. From the following table it may be noted that the change of \$124 million resulted from an improvement of \$300 million in non-merchandise trade failing to offset a drop of \$424 million in the merchandise trade surplus.

### 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	
1966	1st .....	9,968	9,576	392	2,692	3,972	-1,280	-888
	2nd .....	10,072	9,944	128	2,748	4,052	-1,304	-1,176
	3rd .....	10,532	10,344	188	2,744	4,332	-1,588	-1,400
	4th .....	10,732	10,544	188	2,804	4,356	-1,552	-1,364
1967	1st .....	11,596	10,840	756	2,912	4,204	-1,292	-536
	2nd .....	11,684	11,352	332	3,496	4,488	-992	-660
1Q'67 to 2Q'67 % .....		0.8	4.7		20.1	6.8		

\*National Accounts figures do not include estimates of migrant funds and inheritances.

The improvement in the non-merchandise trade can be ascribed to a very large increase in EXPO-oriented tourist and travel receipts. There was as well a sharp drop in travel payments, along with a minor increase in freight and shipping receipts. Offsetting these favourable changes in part, however, was a rise in payments combined with a smaller decline in receipts of interest, dividends and miscellaneous transactions.

The decline in merchandise surplus resulted from an increase in merchandise exports of \$88 million compared with a rise of \$512 million in merchandise imports.

In exports, gains were made over the first quarter in newsprint, wheat clearances, crude petroleum, non-farm machinery, asbestos, natural gas, iron ore and re-exports. Declines were recorded in lumber, wood pulp, fish, aluminum, nickel, copper, zinc, fertilizers, and farm machinery.

Data are not available to indicate the items which contributed to the increase in imports from the first quarter. It is known that these increases were largely from United States sources.

### The Government Sector

Total expenditures of all governments combined, excluding inter-governmental transfers, increased by over 7½ per cent in the second quarter to \$21,252 million from the first quarter of \$19,728 million. Over half of this increase resulted from higher expenditures on goods and services with the federal and provincial-municipal levels contributing about equally to the rise. At the federal level, higher outlays were made on both defence and non-defence items. The rise in expenditures on goods and services by provincial and municipal governments were in general the result of higher salaries and wages and higher spending on capital goods at the municipal level.

Also, federal transfer payments to other levels of government rose markedly in the quarter. This reflected, in part, changes in the new fiscal arrangements with the provinces which resulted in larger equalization payments. The new arrangements included a system of post-secondary education payments to the provinces which began in the second quarter and overlapped the former system of grants to universities. Payments under the Canada Assistance Plan, which commenced during the second quarter, also contributed to the sharp increase in federal transfers to other levels.

Total revenues of all governments combined increased only slightly from \$20,536 million in the first quarter to \$20,580 million in the second quarter. However, there were divergent and irregular movements in the components.

Revenues from personal direct taxes declined by  $6\frac{1}{2}$  per cent from the unusually high rate of the first quarter. The irregular movement in this series is partly a reflection of a later start in processing of the 1966 income tax returns, causing a shift in the pattern of refunds from the first to the second quarter.

Revenues from indirect taxes declined by slightly less than 1 per cent. Federal revenues from this source declined by almost 3 per cent, mainly due to changes in the sales tax rate on production machinery and equipment. The federal decline was partially offset by rising provincial-municipal revenues which were affected by higher retail sales tax rates in Quebec and the imposition of a retail sales tax in Manitoba.

Offsetting the declines in revenues from personal direct taxes and from indirect taxes were increased corporation tax liabilities and a sharp rise in investment income, largely due to higher trading profits of federal government enterprises.

With total government spending increasing by over  $7\frac{1}{2}$  per cent while government revenues remained virtually unchanged, the government sector as a whole (inclusive of the Canada and Quebec pension plans) moved from a surplus, on a National Accounts basis and seasonally adjusted at annual rates, of \$808 million in the first quarter to a deficit of \$672 million in the second quarter. Most of the change came at the federal level and resulted, in part, from the irregular movements mentioned above in both the revenue and expenditure series in the first and second quarters. It should be noted that in a period of such irregularities the averaging process inherent in the seasonal procedure may sometimes not fully reflect the true movement of the current situation. This is particularly true where a series is not seasonally adjusted directly but is obtained as a difference of large, seasonally adjusted aggregates, such as in the case of the surplus or deficit position of government.

The deficit at the provincial-municipal level narrowed slightly during the quarter while the surplus of the Canada and Quebec pension plans showed little change.

#### The Components of Income

##### Labour Income

During the second quarter of 1967 the total labour income (seasonally adjusted) increased by almost 2 per cent. This compared with an increase of over  $2\frac{1}{2}$  per cent in the first quarter of 1967. The goods-producing industries were responsible for this reduced rate of payroll increase, showing little change compared with a 2 per cent rise in the first quarter, while the service-producing industries continued their advance, increasing by over 3 per cent.

The total labour force in the country continued to grow with increasing participation from females and juveniles as well as regular growth increases. The bulk of the increase in the quarter was absorbed by the service industries. The goods-producing industries experienced a decline in employment which was apparent in most of the industries, notably so in manufacturing, construction (especially in the engineering sector), and forestry. This decline in the goods-producing industries was partially offset by increases in average weekly hours worked from a low in the first quarter and by slight increases in average hourly earnings.

Seasonally adjusted, the increase in wages and salaries in the manufacturing industries was 1 per cent and in mining, 3 per cent. However, in construction and forestry they declined by  $2\frac{1}{2}$  per cent and 5 per cent respectively. All service-producing industries showed continued increases in wages and salaries, roughly at the rate established in 1966 and in the first quarter of 1967. Lower average weekly wages and salaries in the service-producing industries, relative to the goods-producing industries, affected the lower rate of increase in total labour income in the second quarter.

##### Corporation Profits

Seasonally adjusted at annual rates, net corporation profits (before taxes and before dividends paid to non-residents) moved ahead to a level of \$4.9 billion in the second quarter of 1967. This represents an improvement of  $5\frac{1}{2}$  per cent over the first quarter level.

The long pronounced general rise in the level of net profits which commenced in mid-1961 levelled off in the last quarter of 1965 and remained stable through the first half of 1966. After a fall-off in the profit level in the third quarter of 1966, profits rebounded in the fourth quarter, but slipped again in the first quarter of 1967. Second quarter profits moved ahead at a brisk pace, but failed to advance to the high levels that prevailed in the late stages of the upswing in profits.

Within the industry groupings, marked rises were recorded in the transportation storage and communication industry, where subsidies influenced the upward trend, and the retail and service industries, whereas a moderate rise of 5 per cent was experienced in the wholesale trade industry. Profits in the manufacturing and finance industries held virtually steady with changes of less than 1 per cent.

A widespread mixture of rises and declines was scored in the manufacturing group. The strike-affected electrical industry experienced a slight rise in profits but remained at a relatively low level compared with profits achieved in earlier periods. Profits in the textile, wood, non-metallic mineral and miscellaneous categories decreased by more than 12 per cent from their first quarter level, whereas declines in the paper, printing, and petroleum and coal industries were more moderate -- 7, 10 and 4 per cent respectively. Offsetting these declines was a step-up in the profit level of the food and beverage industry, with a rise of 12 per cent, metal, 6 per cent, and chemicals, 2 per cent.

Net profits for the first half of 1967 showed a decline of 9 per cent from the corresponding period of 1966. This decline was more pronounced in the first quarter. The advance in capital consumption allowances in the first half of 1967 accounts for the greater part of this drop. On a gross basis, corporate profits edged down only 3 per cent.

In the half year comparison, net corporation profits slipped noticeably in the mining, manufacturing, transportation storage and communication, and wholesale trade industries with all showing declines exceeding 10 per cent. Profits in the retail trade industry drifted down 6 per cent. Profit rises were pronounced in the utility and service industries each with gains of over 15 per cent. The finance industry profits rose by 4 per cent.

Total manufacturing half year profits, as noted above, fell off with a large portion of the industries following this pattern. The electrical products industry experienced a significant slump in profits, with the food and beverage, textile, wood, paper, metal, non-metallic mineral, and chemical industries all registering drops of more than 10 per cent. Profits in the rubber, printing, and petroleum and coal industries exceeded their respective first half of 1966 levels.

#### Rent, Interest and Miscellaneous Investment Income

Seasonally adjusted, rent, interest and miscellaneous investment income rose by 7.4 per cent during the second quarter, reaching a record level of \$4,304 million at annual rates. Profits of government business enterprises accounted for \$228 million of the total increase of \$296 million in the quarter.

#### Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production seasonally adjusted showed little change from the first quarter. The value of livestock production increased sharply due mainly to inventory accumulation, while the value of grain production rose slightly. Offsetting these increases was a decline in cash income from the sale of other farm products, mostly the result of a substantial drop in cash income from the sale of tobacco from an irregularly high first quarter.

#### Net Income of Non-farm Unincorporated Business

Net income of non-farm unincorporated business rose to a seasonally adjusted annual rate of \$3,124 million, 5.5 per cent above the first quarter. Higher net incomes in the construction and service industries were mainly responsible for the increase.

1228  
911  
2147

1256  
873  
2134

## Real Gross Domestic Product at Factor Cost

### Production by Industry

Seasonally adjusted real domestic product less agriculture for the second quarter of 1967 rose by 1.6 per cent, resuming the quarter-to-quarter upward climb in non-agricultural output that had been interrupted by the slight drop that occurred in the first quarter of this year.

The service-producing industries provided the strength shown in the second-quarter increase, with the goods-producing industries adding only fractionally to their production.

Within the service industries, trade showed the largest advance, increasing by  $4\frac{1}{2}$  per cent. This increase amounted to a contribution of 40 per cent toward the total increase in non-agricultural output. Wholesale trade rose by 6 per cent, while retail trade went up  $3\frac{1}{2}$  per cent. Sales by motor vehicle dealers, which rose by  $9\frac{1}{2}$  per cent, contributed significantly to the increase in retail trade; most of the other retail components also recorded advances. Many of the components of wholesale trade also increased, recovering from the low levels experienced in the first quarter of this year.

The community, recreation, business and personal service group contributed 21 per cent to the second quarter increase in total output. Production in both the business and personal service groups was apparently increased by EXPO.

The transportation, storage and communication grouping accounted for 18 per cent of the total increase in non-agricultural output. An increase of 3 per cent in this grouping was concentrated mainly in the transportation components. Statistics for the transportation of passengers appear to indicate that travel to and from EXPO was a major factor.

Within the goods-producing industries, mining, with a rise of 3 per cent, contributed 12 per cent to the total increase in non-agricultural output, largely because of a 7½ per cent advance in the mining of crude petroleum.

Manufacturing, in contrast to most quarters, made only a minor contribution, of 9 per cent, to the change in total non-agricultural output. Almost all of this contribution came from the manufacturing of non-durables, chiefly the textile products and foods and beverages components. Although durables-manufacturing as a whole contributed little to the increase in total output for this quarter, the manufacture of motor vehicles rose by 11 per cent.

Electric power and gas utilities rose by  $2\frac{1}{2}$  per cent. The contribution of this grouping, of 7 per cent, was divided almost evenly between the two components.

Construction, which was strike-affected, was one of the few industries to show a drop in the second-quarter. This decrease of  $1\frac{1}{2}$  per cent, was the result of a 7 per cent fall in public construction. Within the private construction component, a large increase in housing, which represented a recovery to the levels of the first half of 1966, was almost totally offset by a decrease in non-residential construction. The decrease in total construction had only a minor dampening effect on the rise in total non-agricultural output.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1964 and 1965  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income .....	5,482	5,809	6,074	6,068	23,433	6,026	6,431	6,741	6,835	26,033
Military pay and allowances .....	140	150	147	146	583	145	153	149	140	587
Corporation profits before taxes .....	972	1,313	1,204	1,330	4,819	1,055	1,409	1,330	1,405	5,199
Deduct: Dividends paid to non-residents(1)†	- 185	- 137	- 164	- 267	- 753	- 197	- 148	- 161	- 274	- 780
Rent, interest and miscellaneous investment income .....	786	766	812	898	3,262	833	845	874	1,002	3,554
Accrued net income of farm operators from farm production(2) .....	12	186	1,118	148	1,464	10	100	1,305	230	1,645
Net income of non-farm unincorporated business(3) .....	557	666	654	843	2,720	581	720	712	864	2,877
Inventory valuation adjustment(4) .....	- 44	- 90	25	- 22	- 131	- 41	- 117	- 55	- 112	- 325
NET NATIONAL INCOME AT FACTOR COST†	7,720	8,663	9,870	9,144	35,397	8,412	9,393	10,895	10,090	38,790
Indirect taxes less subsidies .....	1,512	1,599	1,642	1,619	6,372	1,693	1,780	1,841	1,858	7,172
Capital consumption allowances and miscellaneous valuation adjustments ....	1,325	1,404	1,392	1,479	5,600	1,432	1,546	1,516	1,616	6,110
Residual error of estimate†	- 62	- 62	78	70	24	- 103	- 26	81	74	26
GROSS NATIONAL PRODUCT AT MARKET PRICES†	10,495	11,604	12,982	12,312	47,393	11,434	12,693	14,333	13,638	52,098
(Gross national product at market prices excluding accrued net income of farm operators)†	(10,483)	(11,418)	(11,864)	(12,164)	(45,929)	(11,424)	(12,593)	(13,028)	(13,408)	(50,453)

(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.

† Revised figures. See page 5.

TABLE 2. Gross National Expenditure, by Quarters, 1964 and 1965  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services .....	6,909	7,356	7,244	8,157	29,666	7,310	7,976	7,828	8,949	32,063
Government expenditure on goods and services(1,2) .....	1,948	2,154	2,323	2,229	8,654	2,091	2,427	2,606	2,472	9,596
Business gross fixed capital formation(3)	1,879	2,335	2,381	2,508	9,103	2,136	2,650	2,866	2,999	10,651
New residential construction .....	462	451	513	595	2,021	469	510	548	597	2,124
New non-residential construction .....	570	810	1,017	961	3,358	714	912	1,219	1,179	4,024
New machinery and equipment .....	847	1,074	851	952	3,724	953	1,228	1,099	1,223	4,503
Value of physical change in inventories(4)	25	- 158	896	- 377	386	214	- 15	1,085	- 336	948
Non-farm business inventories .....	313	32	156	15	516	492	96	164	153	905
Farm inventories and grain in commercial channels .....	- 288	- 190	740	- 392	- 130	- 278	- 111	921	- 489	43
Exports of goods and services†	2,155	2,739	2,939	2,745	10,578	2,289	2,782	3,128	3,066	11,265
Deduct: Imports of goods and services†	- 2,483	- 2,885	- 2,723	- 2,879	- 10,970	- 2,709	- 3,154	- 3,098	- 3,439	- 12,400
Residual error of estimate†	62	63	- 78	- 71	- 24	103	27	- 82	- 73	- 25
GROSS NATIONAL EXPENDITURE AT MARKET PRICES†	10,495	11,604	12,982	12,312	47,393	11,434	12,693	14,333	13,638	52,098

(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).

† Revised figures. See page 5.

TABLE 1. National Income and Gross National Product, by Quarters, 1966 and 1967  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income .....	6,840	7,269	7,571	7,644	29,324	7,563	7,987			
Military pay and allowances .....	168	145	147	161	621	183	172			
Corporation profits before taxes .....	1,124	1,449	1,234	1,380	5,187	997	1,382			
Deduct: Dividends paid to non-residents(1) .....	- 174	- 144	- 152	- 327	- 797	- 151	- 145			
Rent, interest and miscellaneous investment income .....	921	948	947	1,087	3,903	980	1,045			
Accrued net income of farm operators from farm production(2) .....	100	201	1,662	241	2,204	138	206			
Net income of non-farm unincorporated business(3) .....	622	712	722	893	2,949	629	775			
Inventory valuation adjustment(4) .....	- 118	- 86	- 65	- 49	- 318	- 77	- 82			
NET NATIONAL INCOME AT FACTOR COST <sup>F</sup> .....	9,483	10,494	12,066	11,030	43,073	10,262	11,340			
Indirect taxes less subsidies .....	1,902	1,962	2,002	1,934	7,800	2,099	2,111			
Capital consumption allowances and miscellaneous valuation adjustments ....	1,554	1,691	1,613	1,733	6,591	1,696	1,839			
Residual error of estimate <sup>F</sup> .....	- 87	9	201	151	274	- 167	- 64			
GROSS NATIONAL PRODUCT AT MARKET PRICES <sup>F</sup> .....	12,852	14,156	15,882	14,848	57,738	13,890	15,226			
(Gross national product at market prices excluding accrued net income of farm operators) <sup>F</sup> .....	(12,752)	(13,955)	(14,220)	(14,607)	(55,534)	(13,752)	(15,020)			

(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.

<sup>F</sup> Revised figures. See page 5.

TABLE 2. Gross National Expenditure, by Quarters, 1966 and 1967  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services .....	8,059	8,553	8,556	9,672	34,840	8,689	9,370			
Government expenditure on goods and services(1,2) .....	2,438	2,676	3,177	2,878	11,169	2,712	2,935			
Business gross fixed capital formation(3) .....	2,626	3,218	3,116	3,254	12,214	2,733	3,303			
New residential construction .....	514	564	536	564	2,178	406	598			
New non-residential construction .....	920	1,187	1,356	1,348	4,811	977	1,158			
New machinery and equipment .....	1,192	1,467	1,224	1,342	5,225	1,350	1,547			
Value of physical change in inventories(4) .....	45	120	1,219	- 389	995	- 88	- 148			
Non-farm business inventories .....	390	272	67	103	832	243	- 5			
Farm inventories and grain in commercial channels .....	- 345	- 152	1,152	- 492	163	- 331	- 143			
Exports of goods and services <sup>F</sup> .....	2,729	3,253	3,624	3,467	13,073	3,151	3,834			
Deduct: Imports of goods and services <sup>F</sup> .....	- 3,133	- 3,655	- 3,609	- 3,883	- 14,280	- 3,475	- 4,133			
Residual error of estimate <sup>F</sup> .....	88	- 9	- 201	- 151	- 273	168	65			
GROSS NATIONAL EXPENDITURE AT MARKET PRICES <sup>F</sup> .....	12,852	14,156	15,882	14,848	57,738	13,890	15,226			

(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). Revised figures. See page 5.

TABLE 3. Source of Personal Income, by Quarters, 1964 and 1965  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income .....	5,482	5,809	6,074	6,068	23,433	6,026	6,431	6,741	6,835	26,033
Deduct: Employer and employee contributions to social insurance and government pension funds .....	- 223	- 222	- 233	- 234	- 912	- 232	- 231	- 247	- 249	- 959
Military pay and allowances .....	140	150	147	146	583	145	153	149	140	587
Net income received by farm operators from farm production(1) .....	162	97	1,020	74	1,353	262	55	1,226	146	1,689
Net income of non-farm unincorporated business .....	557	666	654	843	2,720	581	720	712	864	2,877
Interest, dividends and net rental income of persons(2) .....	920	951	936	992	3,799	998	1,015	1,019	1,097	4,129
Transfer payments to persons:										
From government (excluding interest) ....	1,119	1,025	979	1,010	4,133	1,204	1,104	1,096	1,098	4,502
Charitable contributions by corporations	11	11	11	11	44	11	11	11	11	44
PERSONAL INCOME .....	8,168	8,487	9,588	8,910	35,153	8,995	9,258	10,707	9,942	38,902

- (1) This item differs from line 6, of Table 1, by excluding the adjustment which has been used to take account of the recorded 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, 1964 and 1965  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal direct taxes .....	768	916	856	888	3,428	911	1,044	958	999	3,912
Income taxes .....	624	801	756	776	2,957	746	914	830	865	3,355
Succession duties and estate taxes .....	41	55	37	46	179	42	49	60	58	209
Miscellaneous .....	103	60	63	66	292	123	81	68	76	348
Personal expenditure on consumer goods and services .....	6,909	7,356	7,244	8,157	29,666	7,310	7,976	7,828	8,949	32,063
Non-durable goods .....	3,259	3,408	3,578	4,144	14,389	3,417	3,663	3,847	4,507	15,434
Durable goods .....	805	1,002	803	982	3,592	827	1,115	889	1,170	4,001
Services(1) .....	2,845	2,946	2,863	3,031	11,685	3,066	3,198	3,092	3,272	12,628
Personal net saving .....	491	215	1,488	- 135	2,059	774	238	1,921	- 6	2,927
Personal saving excluding change in farm inventories .....	757	338	740	323	2,158	1,029	326	984	532	2,871
Value of physical change in farm inventories .....	- 266	- 123	748	- 458	- 99	- 255	- 88	937	- 538	56
PERSONAL INCOME .....	8,168	8,487	9,588	8,910	35,153	8,995	9,258	10,707	9,942	38,902
(Personal disposable income)(2) .....	(7,400)	(7,571)	(8,732)	(8,022)	(31,725)	(8,084)	(8,214)	(9,749)	(8,943)	(34,990)

- (1) Includes net expenditure abroad.
- (2) Personal Income less Total Personal Direct Taxes.

TABLE 3. Source of Personal Income, by Quarters, 1966 and 1967  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income .....	6,840	7,269	7,571	7,644	29,324	7,563	7,987			
Deduct: Employer and employee contributions to social insurance and government pension funds .....	- 384	- 477	- 487	- 468	- 1,816	- 490	- 533			
Military pay and allowances .....	168	145	147	161	621	183	172			
Net income received by farm operators from farm production(1) .....	275	112	1,525	136	2,048	389	111			
Net income of non-farm unincorporated business .....	622	712	722	893	2,949	629	775			
Interest, dividends and net rental income of persons(2) .....	1,084	1,111	1,129	1,212	4,536	1,165	1,203			
Transfer payments to persons:										
From government (excluding interest) ....	1,276	1,217	1,224	1,289	5,006	1,542	1,536			
Charitable contributions by corporations	11	11	11	11	44	11	11			
PERSONAL INCOME .....	9,892	10,100	11,842	10,878	42,712	10,992	11,262			

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

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

TABLE 4. Disposition of Personal Income, by Quarters, 1966 and 1967  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal direct taxes .....	1,029	1,106	1,113	1,186	4,434	1,319	1,349			
Income taxes .....	852	968	981	1,053	3,854	1,144	1,204			
Succession duties and estate taxes .....	59	53	63	53	228	49	53			
Miscellaneous .....	118	85	69	80	352	126	92			
Personal expenditure on consumer goods and services .....	8,059	8,553	8,556	9,672	34,840	8,689	9,370			
Non-durable goods .....	3,751	4,023	4,227	4,912	16,913	4,097	4,421			
Durable goods .....	958	1,062	951	1,198	4,169	924	1,229			
Services(1) .....	3,350	3,468	3,378	3,562	13,758	3,668	3,720			
Personal net saving .....	804	441	2,173	20	3,438	984	543			
Personal saving excluding change in farm inventories .....	1,098	558	1,073	560	3,289	1,285	682			
Value of physical change in farm inventories .....	- 294	- 117	1,100	- 540	149	- 301	- 139			
PERSONAL INCOME .....	9,892	10,100	11,842	10,878	42,712	10,992	11,262			
(Personal disposable income)(2) .....	(8,863)	(8,994)	(10,729)	(9,692)	(38,278)	(9,673)	(9,913)			

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1964 and 1965  
(millions of dollars)

[illegible]

TABLE 5. Government Revenue, by Quarters, 1966 and 1967  
(millions of dollars)

No.	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Direct taxes - Persons .....	1,029	1,106	1,113	1,186	4,434	1,319	1,349			
Federal .....	661	746	752	796	2,955	860	896			
Provincial and municipal .....	368	360	361	390	1,479	459	453			
Direct taxes - Corporations .....	452	607	544	587	2,190	431	586			
Federal .....	339	455	408	440	1,642	315	428			
(Federal tax collections) .....	(399)	(528)	(411)	(392)	(1,730)	(400)	(569)			
Provincial .....	113	152	136	147	548	116	158			
(Provincial tax collections) .....	(143)	(159)	(146)	(124)	(572)	(144)	(165)			
Withholding taxes:										
Federal .....	39	53	34	77	203	42	66			
Indirect taxes .....	1,985	2,045	2,114	2,133	8,277	2,192	2,220			
Federal .....	806	900	910	961	3,577	879	943			
Provincial and municipal .....	1,179	1,145	1,204	1,172	4,700	1,313	1,277			
Investment Income .....	427	460	436	537	1,860	440	510			
Federal .....	133	178	151	201	663	118	194			
Provincial .....	294	282	285	336	1,197	315	309			
Canada Pension Plan .....						7	7			
Employer and employee contributions to social insurance and government pension funds .....	384	477	487	468	1,816	490	533			
Federal .....	158	167	178	178	681	172	174			
Provincial and municipal .....	100	103	109	109	421	113	116			
Canada Pension Plan .....	95	150	147	139	531	152	179			
Quebec Pension Plan .....	31	57	53	42	183	53	64			
Transfers from Federal:										
Provincial and municipal .....	391	432	388	448	1,659	441	539			
TOTAL REVENUE .....	4,707	5,180	5,116	5,436	20,439	5,355	5,803			
FEDERAL .....	2,136	2,499	2,433	2,653	9,721	2,386	2,701			
PROVINCIAL AND MUNICIPAL .....	2,445	2,474	2,483	2,602	10,004	2,757	2,852			
CANADA PENSION PLAN .....	95	150	147	139	531	159	186			
QUEBEC PENSION PLAN .....	31	57	53	42	183	53	64			

TABLE 6. Government Expenditure, by Quarters, 1964 and 1965  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Goods and services .....	1,948	2,154	2,323	2,229	8,654	2,091	2,427	2,606	2,472	9,596
Federal .....	780	738	781	747	3,046	823	761	866	817	3,267
(Defence) .....	(455)	(379)	(362)	(388)	(1,584)	(460)	(352)	(380)	(370)	(1,562)
Provincial and municipal .....	1,168	1,416	1,542	1,482	5,608	1,268	1,666	1,740	1,655	6,329
Transfer payments to persons (excluding interest on the public debt) .....	1,119	1,025	979	1,010	4,133	1,204	1,104	1,096	1,098	4,502
Federal .....	633	566	505	535	2,239	657	594	534	531	2,316
Provincial and municipal .....	486	459	474	475	1,894	547	510	562	567	2,186
Interest on the public debt .....	350	404	366	406	1,526	375	436	389	435	1,635
Federal .....	236	259	253	247	995	253	271	262	266	1,052
Provincial and municipal .....	114	145	113	159	531	122	165	127	169	583
Subsidies .....	65	65	77	116	323	52	56	83	119	310
Federal .....	61	60	51	105	277	44	50	56	109	259
Provincial .....	4	5	26	11	46	8	6	27	10	51
Capital Assistance: (1)										
Federal .....	20	28	22	12	82	20	21	21	22	84
Transfers to other levels of government:										
Federal .....	298	326	305	323	1,252	386	367	313	361	1,427
Total expenditure .....	3,800	4,002	4,072	4,096	15,970	4,128	4,411	4,508	4,507	17,554
Federal .....	2,028	1,977	1,917	1,969	7,891	2,183	2,064	2,052	2,106	8,405
Provincial and municipal .....	1,772	2,025	2,155	2,127	8,079	1,945	2,347	2,456	2,401	9,149
Deficit (-) or Surplus .....	- 130	40	- 55	124	- 21	7	88	- 91	242	246
Federal(2) .....	- 248	140	158	246	296	- 230	269	190	339	568
Provincial and municipal .....	118	- 100	- 213	- 122	- 317	237	- 181	- 281	- 97	- 322
Canada Pension Plan .....										
Quebec Pension Plan .....										
TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS .....	3,670	4,042	4,017	4,220	15,949	4,135	4,499	4,417	4,749	17,800
FEDERAL .....	1,780	2,117	2,075	2,215	8,187	1,953	2,333	2,242	2,445	8,973
PROVINCIAL AND MUNICIPAL .....	1,890	1,925	1,942	2,005	7,762	2,182	2,166	2,175	2,304	8,827
CANADA PENSION PLAN .....										
QUEBEC PENSION PLAN .....										

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

(2) The federal surplus/deficit position has been affected by irregular movements in both the income and expenditure series. For details see pages 7 and 8.

TABLE 6. Government Expenditure, by Quarters, 1966 and 1967  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Goods and services .....	2,438	2,676	3,177	2,878	11,169	2,712	2,935			
Federal .....	952	870	1,047	1,011	3,880	1,036	1,025			
(Defence) .....	(481)	(371)	(406)	(455)	(1,713)	(471)	(429)			
Provincial and municipal .....	1,486	1,806	2,130	1,867	7,289	1,676	1,910			
Transfer payments to persons (excluding interest on the public debt) .....	1,276	1,217	1,224	1,289	5,006	1,542	1,536			
Federal .....	675	623	580	600	2,478	777	778			
Provincial and municipal .....	601	594	644	689	2,528	765	758			
Interest on the public debt .....	409	474	433	473	1,789	433	515			
Federal .....	278	293	293	287	1,151	282	315			
Provincial and municipal .....	131	181	140	186	638	151	200			
Subsidies .....	83	83	112	199	477	93	109			
Federal .....	54	73	68	175	370	58	100			
Provincial .....	29	10	44	24	107	35	9			
Capital Assistance: (1)										
Federal .....	8	22	14	15	59	13	16			
Transfers to other levels of government:										
Federal .....	391	432	388	448	1,659	441	539			
Total expenditure .....	4,605	4,904	5,348	5,302	20,159	5,234	5,650			
Federal .....	2,358	2,313	2,390	2,536	9,597	2,607	2,773			
Provincial and municipal .....	2,247	2,591	2,958	2,766	10,562	2,627	2,877			
Deficit (-) or Surplus .....	102	276	- 232	134	280	121	153			
Federal (2) .....	- 222	186	43	117	124	- 221	- 72			
Provincial and municipal .....	198	- 117	- 475	- 164	- 558	130	- 25			
Canada Pension Plan .....	95	150	147	139	531	159	186			
Quebec Pension Plan .....	31	57	53	42	183	53	64			
TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS .....	4,707	5,180	5,116	5,436	20,439	5,355	5,803			
FEDERAL .....	2,136	2,499	2,433	2,653	9,721	2,386	2,701			
PROVINCIAL AND MUNICIPAL .....	2,445	2,474	2,483	2,602	10,004	2,757	2,852			
CANADA PENSION PLAN .....	95	150	147	139	531	159	186			
QUEBEC PENSION PLAN .....	31	57	53	42	183	53	64			

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

(2) The federal surplus/deficit position has been affected by irregular movements in both the income and expenditure series.  
For details see pages 7 and 8.

TABLE 7. Source of National Saving, by Quarters, 1964 and 1965  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal net saving .....	491	215	1,488	- 135	2,059	774	238	1,921	- 6	2,927
Business gross saving <sup>r</sup> .....	1,383	1,991	1,879	1,889	7,142	1,396	2,107	2,043	2,019	7,565
Undistributed corporation profits <sup>r</sup> .....	188	470	367	324	1,349	196	495	427	297	1,415
Capital consumption allowances and miscellaneous valuation adjustments ....	1,325	1,404	1,392	1,479	5,600	1,432	1,546	1,516	1,616	6,110
Adjustment on grain transactions(1) .....	- 150	89	98	74	111	- 252	45	79	84	- 44
Capital assistance .....	20	28	22	12	82	20	21	21	22	84
Inventory valuation adjustment .....	- 44	- 90	25	- 22	- 131	- 41	- 117	- 55	- 112	- 325
Government surplus or deficit (-) .....	- 130	40	- 55	124	- 21	7	88	- 91	242	246
Residual error of estimate <sup>r</sup> .....	- 62	- 62	78	71	25	- 103	- 26	81	74	26
Totals <sup>r</sup> .....	1,638	2,094	3,415	1,927	9,074	2,033	2,290	3,899	2,217	10,439

(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 1.

<sup>r</sup> Revised figures. See page 5.

TABLE 8. Disposition of National Saving, by Quarters, 1964 and 1965  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Business gross fixed capital formation ....	1,879	2,335	2,381	2,508	9,103	2,136	2,650	2,866	2,999	10,651
New residential construction .....	462	451	513	595	2,021	469	510	548	597	2,124
New non-residential construction .....	570	810	1,017	961	3,358	714	912	1,219	1,179	4,024
New machinery and equipment .....	847	1,074	851	952	3,724	953	1,228	1,099	1,223	4,503
Value of physical change in inventories ....	25	- 158	896	- 377	386	214	- 15	1,085	- 336	948
Surplus or deficit (-) on current account with non-residents <sup>r</sup> .....	- 328	- 146	216	- 134	- 392	- 420	- 372	30	- 373	- 1,135
Residual error of estimate <sup>r</sup> .....	62	63	- 78	- 70	- 23	103	27	- 82	- 73	- 25
Totals <sup>r</sup> .....	1,638	2,094	3,415	1,927	9,074	2,033	2,290	3,899	2,217	10,439

<sup>r</sup> Revised figures. See page 5.

TABLE 7. Source of National Saving, by Quarters, 1966 and 1967  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal net saving .....	804	441	2,173	20	3,438	984	543			
Business gross saving <sup>r</sup> .....	1,654	2,287	2,072	2,042	8,055	1,628	2,371			
Undistributed corporation profits <sup>r</sup> .....	267	485	308	189	1,249	170	421			
Capital consumption allowances and miscellaneous valuation adjustments ....	1,554	1,691	1,613	1,733	6,591	1,696	1,839			
Adjustment on grain transactions(1) .....	- 175	89	137	105	156	- 251	95			
Capital assistance .....	8	22	14	15	59	13	16			
Inventory valuation adjustment .....	- 118	- 86	- 65	- 49	- 318	- 77	- 82			
Government surplus or deficit (-) .....	102	276	- 232	134	280	121	153			
Residual error of estimate <sup>r</sup> .....	- 87	9	201	151	274	- 167	- 64			
Totals <sup>r</sup> .....	2,355	2,927	4,149	2,298	11,729	2,489	2,921			

(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.

<sup>r</sup> Revised figures. See page 5.

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

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Business gross fixed capital formation .....	2,626	3,218	3,116	3,254	12,214	2,733	3,303			
New residential construction .....	514	564	536	564	2,178	406	598			
New non-residential construction .....	920	1,187	1,356	1,348	4,811	977	1,158			
New machinery and equipment .....	1,192	1,467	1,224	1,342	5,225	1,350	1,547			
Value of physical change in inventories ....	45	120	1,219	- 389	995	- 88	- 148			
Surplus or deficit (-) on current account with non-residents <sup>r</sup> .....	- 404	- 402	15	- 416	- 1,207	- 324	- 299			
Residual error of estimate <sup>r</sup> .....	88	- 9	- 201	- 151	- 273	168	65			
Totals <sup>r</sup> .....	2,355	2,927	4,149	2,298	11,729	2,489	2,921			

<sup>r</sup> Revised figures. See page 5.

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1964 and 1965  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
GROSS NATIONAL PRODUCT AT MARKET PRICES <sup>r</sup>	10,495	11,604	12,982	12,312	47,393	11,434	12,693	14,333	13,638	52,098
Deduct: Residual error of estimate <sup>r</sup> ...	62	62	- 78	- 70	- 24	103	26	- 81	- 74	- 26
Indirect taxes less subsidies	- 1,512	- 1,599	- 1,642	- 1,619	- 6,372	- 1,693	- 1,780	- 1,841	- 1,858	- 7,172
Income received from non-residents <sup>r</sup> .....	- 67	- 60	- 54	- 151	- 332	- 70	- 76	- 73	- 103	- 322
Add: Income paid to non-residents <sup>r</sup>	239	219	219	333	1,010	260	244	225	357	1,086
GROSS DOMESTIC PRODUCT AT FACTOR COST <sup>r</sup> ..	9,217	10,226	11,427	10,805	41,675	10,034	11,107	12,563	11,960	45,664

(1) Annual data for earlier years are available in "National Accounts, Income and Expenditure, 1966", and previous years; (Catalogue No. 13-201); quarterly data are available on request.

<sup>r</sup> Revised figures. See page 5.

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1964 and 1965(1)  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services .....	6,302	6,678	6,511	7,355	26,846	6,564	7,111	6,896	7,891	28,462
Non-durable goods .....	3,032	3,144	3,255	3,803	13,234	3,146	3,314	3,436	4,017	13,913
Durable goods .....	803	999	808	975	3,585	827	1,116	892	1,170	4,005
Services .....	2,467	2,535	2,448	2,577	10,027	2,591	2,681	2,568	2,704	10,544
Government expenditure on goods and services .....	1,546	1,791	1,989	1,787	7,113	1,595	1,919	2,166	1,891	7,571
Business gross fixed capital formation ..	1,598	1,952	1,982	2,074	7,606	1,729	2,124	2,299	2,382	8,534
New residential construction .....	384	369	413	475	1,641	370	396	423	455	1,644
New non-residential construction .....	490	684	856	800	2,830	576	725	971	924	3,196
New machinery and equipment .....	724	899	713	799	3,135	783	1,003	905	1,003	3,694
Change in inventories .....	78	- 179	795	- 340	354	253	- 36	976	- 255	938
Non-farm business inventories .....	323	45	110	8	486	481	109	115	169	874
Farm inventories and grain in commercial channels .....	- 245	- 224	685	- 348	- 132	- 228	- 145	861	- 424	64
Exports of goods and services <sup>r</sup> .....	1,981	2,488	2,655	2,486	9,610	2,081	2,509	2,783	2,725	10,098
(of which merchandise) .....	(1,626)	(2,039)	(2,015)	(1,974)	(7,654)	(1,710)	(2,032)	(2,076)	(2,253)	(8,071)
Deduct: Imports of goods and services <sup>r</sup> ..	- 2,167	- 2,513	- 2,397	- 2,555	- 9,632	- 2,364	- 2,779	- 2,692	- 3,003	- 10,838
(of which merchandise)(2) .....	(1,500)	(1,812)	(1,653)	(1,789)	(6,754)	(1,666)	(2,016)	(1,891)	(2,192)	(7,765)
Residual error of estimate <sup>r</sup> .....	54	56	- 69	- 62	- 21	88	23	- 70	- 62	- 21
GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS <sup>r</sup> .....	9,392	10,273	11,466	10,745	41,876	9,946	10,871	12,358	11,569	44,744

(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.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

<sup>r</sup> Revised figures. See page 5.

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1966 and 1967  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
GROSS NATIONAL PRODUCT AT MARKET PRICES <sup>F</sup>	12,852	14,156	15,882	14,848	57,738	13,890	15,226			
Deduct: Residual error of estimate <sup>F</sup> ...	87	- 9	- 201	- 151	- 274	167	64			
Indirect taxes less subsidies	- 1,902	- 1,962	- 2,002	- 1,934	- 7,800	- 2,099	- 2,111			
Income received from non-residents <sup>F</sup> .....	- 71	- 81	- 55	- 116	- 323	- 62	- 54			
Add: Income paid to non-residents <sup>F</sup> ..	247	250	230	408	1,135	237	261			
GROSS DOMESTIC PRODUCT AT FACTOR COST <sup>F</sup> ..	11,213	12,354	13,854	13,055	50,476	12,133	13,386			

(1) Annual data for earlier years are available in "National Accounts, Income and Expenditure, 1966", and previous years; (Catalogue No. 13-201); quarterly data are available on request.

<sup>F</sup> Revised figures. See page 5.

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1966 and 1967(1)  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services .....	7,019	7,358	7,282	8,233	29,892	7,346	7,832			
Non-durable goods .....	3,310	3,494	3,616	4,227	14,647	3,554	3,774			
Durable goods .....	972	1,063	957	1,181	4,173	920	1,210			
Services .....	2,737	2,801	2,709	2,825	11,072	2,872	2,848			
Government expenditure on goods and services .....	1,753	2,004	2,436	2,057	8,250	1,831	2,009			
Business gross fixed capital formation ..	2,060	2,498	2,399	2,473	9,430	2,055	2,488			
New residential construction .....	386	418	394	407	1,605	290	417			
New non-residential construction .....	704	899	1,024	1,001	3,628	711	833			
New machinery and equipment .....	970	1,181	981	1,065	4,197	1,054	1,238			
Change in inventories .....	106	66	1,052	- 282	942	- 37	- 202			
Non-farm business inventories .....	380	272	- 4	129	777	224	12			
Farm inventories and grain in commercial channels .....	- 274	- 206	1,056	- 411	165	- 261	- 214			
Exports of goods and services <sup>F</sup> .....	2,415	2,846	3,095	2,989	11,345	2,714	3,288			
(of which: merchandise) .....	(2,025)	(2,346)	(2,379)	(2,494)	(9,244)	(2,321)	(2,692)			
Deduct: Imports of goods and services <sup>F</sup> ..	- 2,701	- 3,140	- 3,077	- 3,322	- 12,240	- 2,947	- 3,506			
(of which: merchandise)(2) .....	(1,971)	(2,350)	(2,197)	(2,443)	(8,961)	(2,205)	(2,658)			
Residual error of estimate <sup>F</sup> .....	73	- 8	- 165	- 123	- 223	134	51			
GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS <sup>F</sup> .....	10,725	11,624	13,022	12,025	47,396	11,096	11,960			

(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.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

<sup>F</sup> Revised figures. See page 5.



TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income .....	22,744	23,112	23,724	24,152	23,433	25,008	25,600	26,344	27,180	26,033
Military pay and allowances .....	572	576	584	600	583	596	592	600	560	587
Corporation profits before taxes .....	4,692	4,756	4,772	5,056	4,819	5,040	5,112	5,344	5,300	5,199
Deduct: Dividends paid to non-residents(1) <sup>F</sup> ..	- 748	- 684	- 792	- 788	- 753	- 800	- 756	- 788	- 776	- 780
Rent, interest and miscellaneous investment income .....	3,224	3,176	3,276	3,372	3,262	3,384	3,516	3,516	3,800	3,554
Accrued net income of farm operators from farm production(2) .....	1,404	1,676	1,424	1,352	1,464	1,564	1,496	1,780	1,740	1,645
Net income of non-farm unincorporated business(3) .....	2,644	2,676	2,736	2,824	2,720	2,736	2,872	2,980	2,920	2,877
Inventory valuation adjustment .....	- 200	- 224	4	- 104	- 131	- 188	- 308	- 340	- 464	- 325
NET NATIONAL INCOME AT FACTOR COST <sup>F</sup> .....	34,332	35,064	35,728	36,464	35,397	37,340	38,124	39,436	40,260	38,790
Indirect taxes less subsidies .....	6,148	6,396	6,548	6,396	6,372	6,924	7,128	7,320	7,316	7,172
Capital consumption allowances and miscellaneous valuation adjustments .....	5,488	5,520	5,632	5,760	5,600	5,944	6,092	6,128	6,276	6,110
Residual error of estimate <sup>F</sup> .....	56	104	- 12	- 52	24	- 32	24	- 40	152	26
GROSS NATIONAL PRODUCT AT MARKET PRICES <sup>F</sup> ...	46,024	47,084	47,896	48,568	47,393	50,176	51,368	52,844	54,004	52,098
(Gross national product at market prices excluding accrued net income of farm operators) <sup>F</sup> .....	(44,620)	(45,408)	(46,472)	(47,216)	(45,929)	(48,612)	(49,872)	(51,064)	(52,264)	(50,453)

(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.

<sup>F</sup> Revised figures. See page 5.

TABLE 12. Gross National Expenditure, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services .....	29,000	29,296	29,984	30,384	29,666	30,748	31,644	32,520	33,340	32,063
Government expenditure on goods and services(1, 2) .....	8,536	8,600	8,552	8,928	8,654	9,248	9,540	9,660	9,936	9,596
Business gross fixed capital formation(3) ..	8,828	9,008	9,068	9,508	9,103	9,848	10,172	11,000	11,584	10,651
New residential construction .....	2,008	1,944	1,996	2,136	2,021	2,052	2,136	2,144	2,164	2,124
New non-residential construction .....	3,220	3,304	3,428	3,480	3,358	3,816	3,728	4,148	4,404	4,024
New machinery and equipment .....	3,600	3,760	3,644	3,892	3,724	3,980	4,308	4,708	5,016	4,503
Value of physical change in inventories ....	364	516	436	228	386	1,288	1,168	728	608	948
Non-farm business inventories .....	488	704	784	88	516	1,108	980	836	696	905
Farm inventories and grain in commercial channels(4) .....	- 124	- 188	- 348	140	- 130	180	188	- 108	- 88	43
Exports of goods and services <sup>F</sup> .....	10,096	10,748	10,832	10,636	10,578	10,712	10,940	11,460	11,948	11,265
Deduct: Imports of goods and services <sup>F</sup> .....	-10,740	-10,976	-10,992	-11,172	-10,970	-11,704	-12,076	-12,564	-13,256	-12,400
Residual error of estimate <sup>F</sup> .....	- 60	- 108	16	56	- 24	36	- 20	40	- 156	- 25
GROSS NATIONAL EXPENDITURE AT MARKET PRICES <sup>F</sup>	46,024	47,084	47,896	48,568	47,393	50,176	51,368	52,844	54,004	52,098
Detail of Farm Inventories and GICC:										
Value of grain crop production .....	1,132	1,132	1,136	1,132	1,133	1,300	1,300	1,300	1,304	1,301
Depletions of farm stocks of grain .....	- 1,384	- 1,324	- 1,248	- 1,172	- 1,282	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203
Change in livestock inventories .....	48	92	16	44	50	- 4	- 40	- 28	- 96	- 42
Grain in Commercial Channels .....	80	- 88	- 252	136	- 31	72	96	- 264	44	- 13

(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.

<sup>F</sup> Revised figures. See page 5.

TABLE 11. National Income and Gross National Product, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income .....	28,332	28,960	29,592	30,412	29,324	31,244	31,844			
Military pay and allowances .....	684	568	588	644	621	748	676			
Corporation profits before taxes .....	5,292	5,272	4,896	5,288	5,187	4,656	4,912			
Deduct: Dividends paid to non-residents(1) <sup>r</sup> ..	- 728	- 768	- 776	- 916	- 797	- 640	- 772			
Rent, interest and miscellaneous investment income .....	3,772	3,932	3,828	4,080	3,903	4,008	4,304			
Accrued net income of farm operators from farm production(2) .....	2,184	2,244	2,252	2,136	2,204	1,880	1,892			
Net income of non-farm unincorporated business(3) .....	2,936	2,852	3,000	3,008	2,949	2,960	3,124			
Inventory valuation adjustment .....	- 488	- 232	- 340	- 212	- 318	- 308	- 240			
NET NATIONAL INCOME AT FACTOR COST <sup>r</sup> .....	41,984	42,828	43,040	44,440	43,073	44,548	45,740			
Indirect taxes less subsidies .....	7,772	7,844	7,976	7,608	7,800	8,580	8,388			
Capital consumption allowances and miscellaneous valuation adjustments .....	6,428	6,644	6,536	6,756	6,591	6,936	7,128			
Residual error of estimate <sup>r</sup> .....	240	240	296	320	274	116	260			
GROSS NATIONAL PRODUCT AT MARKET PRICES <sup>r</sup> ...	56,424	57,556	57,848	59,124	57,738	60,180	61,516			
(Gross national product at market prices excluding accrued net income of farm operators) <sup>r</sup> .....	(54,240)	(55,312)	(55,596)	(56,988)	(55,534)	(58,300)	(59,624)			

(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.

<sup>r</sup> Revised figures. See page 5.

TABLE 12. Gross National Expenditure, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services .....	33,956	34,112	35,304	35,988	34,840	36,488	37,288			
Government expenditure on goods and services(1, 2) .....	10,592	10,872	11,648	11,564	11,169	11,708	12,596			
Business gross fixed capital formation(3) ..	12,016	12,324	12,000	12,516	12,214	12,612	12,504			
New residential construction .....	2,220	2,336	2,096	2,060	2,178	1,928	2,360			
New non-residential construction .....	4,788	4,832	4,628	4,996	4,811	5,008	4,724			
New machinery and equipment .....	5,008	5,156	5,276	5,460	5,225	5,676	5,420			
Value of physical change in inventories ....	988	1,668	588	736	995	24	52			
Non-farm business inventories .....	792	1,392	564	580	832	176	184			
Farm inventories and grain in commercial channels(4) .....	196	276	24	156	163	-152	-132			
Exports of goods and services <sup>r</sup> .....	12,660	12,820	13,276	13,536	13,073	14,508	15,180			
Deduct: Imports of goods and services <sup>r</sup> ...	-13,548	-13,996	-14,676	-14,900	-14,280	-15,044	-15,840			
Residual error of estimate <sup>r</sup> .....	-240	-244	-292	-316	-273	-116	-264			
GROSS NATIONAL EXPENDITURE AT MARKET PRICES <sup>r</sup>	56,424	57,556	57,848	59,124	57,738	60,180	61,516			
Detail of Farm Inventories and GICC:										
Value of grain crop production .....	1,564	1,564	1,564	1,564	1,564	1,172	1,172			
Depletions of farm stocks of grain .....	-1,224	-1,372	-1,612	-1,404	-1,403	-1,324	-1,512			
Change in livestock inventories .....	-100	36	48	-32	-12	-36	96			
Grain in Commercial Channels .....	-44	48	24	28	14	36	112			

(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.

<sup>r</sup> Revised figures. See page 5.

5272  
4896  
1000  
92.9  
-7.1

TABLE 13. Source of Personal Income, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income .....	22,744	23,112	23,724	24,152	23,433	25,008	25,600	26,344	27,180	26,033
Deduct: Employer and employee contributions to social insurance and government pension funds .....	- 884	- 912	- 924	- 928	- 912	- 920	- 948	- 980	- 988	- 959
Military pay and allowances .....	572	576	584	600	583	596	592	600	560	587
Net income received by farm operators from farm production(1) .....	1,572	1,248	1,272	1,320	1,353	2,080	1,244	1,720	1,712	1,689
Net income of non-farm unincorporated business .....	2,644	2,676	2,736	2,824	2,720	2,736	2,872	2,980	2,920	2,877
Interest, dividends and net rental income of persons(2) .....	3,748	3,784	3,812	3,852	3,799	4,048	4,044	4,164	4,260	4,129
Transfer payments to persons:										
From government (excluding interest) .....	4,080	4,104	4,136	4,212	4,133	4,404	4,424	4,604	4,576	4,502
Charitable contributions by corporations .....	44	44	44	44	44	44	44	44	44	44
PERSONAL INCOME .....	34,520	34,632	35,384	36,076	35,153	37,996	37,872	39,476	40,264	38,902

(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 14. Disposition of Personal Income, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal direct taxes .....	3,196	3,396	3,500	3,620	3,428	3,800	3,852	3,932	4,064	3,912
Income taxes .....	2,760	2,912	3,036	3,120	2,957	3,284	3,308	3,352	3,476	3,355
Succession duties and estate taxes .....	164	220	148	184	179	168	196	240	232	209
Miscellaneous .....	272	264	316	316	292	348	348	340	356	348
Personal expenditure on consumer goods and services .....	29,000	29,296	29,984	30,384	29,666	30,748	31,644	32,520	33,340	32,063
Non-durable goods .....	14,036	14,252	14,472	14,796	14,389	14,784	15,260	15,584	16,108	15,434
Durable goods .....	3,592	3,524	3,744	3,508	3,592	3,708	3,892	4,224	4,180	4,001
Services(1) .....	11,372	11,520	11,768	12,080	11,685	12,256	12,492	12,712	13,052	12,628
Personal net saving .....	2,324	1,940	1,900	2,072	2,059	3,448	2,376	3,024	2,860	2,927
PERSONAL INCOME .....	34,520	34,632	35,384	36,076	35,153	37,996	37,872	39,476	40,264	38,902
(Personal disposable income)(2) ....	(31,324)	(31,236)	(31,884)	(32,456)	(31,725)	(34,196)	(34,020)	(35,544)	(36,200)	(34,990)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 13. Source of Personal Income, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income .....	28,332	28,960	29,592	30,412	29,324	31,244	31,844			
Deduct: Employer and employee contributions to social insurance and government pension funds .....	- 1,504	- 1,852	- 1,928	- 1,980	- 1,816	- 1,988	- 2,064			
Military pay and allowances .....	684	568	588	644	621	748	676			
Net income received by farm operators from farm production(1) .....	2,044	2,080	2,056	2,012	2,048	1,988	1,720			
Net income of non-farm unincorporated business .....	2,936	2,852	3,000	3,008	2,949	2,960	3,124			
Interest, dividends and net rental income of persons(2) .....	4,396	4,444	4,596	4,708	4,536	4,724	4,828			
Transfer payments to persons:										
From government (excluding interest) .....	4,692	4,904	5,084	5,344	5,006	5,744	6,168			
Charitable contributions by corporations .....	44	44	44	44	44	44	44			
PERSONAL INCOME .....	41,624	42,000	43,032	44,192	42,712	45,464	46,340			

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

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

TABLE 14. Disposition of Personal Income, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal direct taxes .....	4,216	4,156	4,564	4,800	4,434	5,472	5,112			
Income taxes .....	3,652	3,580	3,972	4,212	3,854	4,912	4,508			
Succession duties and estate taxes .....	236	212	252	212	228	196	212			
Miscellaneous .....	328	364	340	376	352	364	392			
Personal expenditure on consumer goods and services .....	33,956	34,112	35,304	35,988	34,840	36,488	37,288			
Non-durable goods .....	16,300	16,728	17,104	17,520	16,913	17,740	18,372			
Durable goods .....	4,272	3,828	4,308	4,268	4,169	4,168	4,440			
Services(1) .....	13,384	13,556	13,892	14,200	13,758	14,580	14,476			
Personal net saving .....	3,452	3,732	3,164	3,404	3,438	3,504	3,940			
PERSONAL INCOME .....	41,624	42,000	43,032	44,192	42,712	45,464	46,340			
(Personal disposable income)(2) ....	(37,408)	(37,844)	(38,468)	(39,392)	(38,278)	(39,992)	(41,228)			

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Direct taxes - Persons .....	3,196	3,396	3,500	3,620	3,428	3,800	3,852	3,932	4,064	3,912
Federal .....	2,412	2,552	2,604	2,664	2,558	2,720	2,760	2,660	2,720	2,715
Provincial and municipal .....	784	844	896	956	870	1,080	1,092	1,272	1,344	1,197
Direct taxes - Corporations .....	1,984	1,964	1,988	2,048	1,996	2,060	2,136	2,192	2,268	2,164
Federal(1) .....	1,492	1,476	1,484	1,540	1,498	1,544	1,600	1,636	1,712	1,623
(Federal tax collections)(1) .....	(1,416)	(1,744)	(1,540)	(1,720)	(1,605)	(1,576)	(1,896)	(1,628)	(1,760)	(1,715)
Provincial .....	492	488	504	508	498	516	536	556	556	541
(Provincial tax collections) .....	(436)	(532)	(480)	(520)	(492)	(544)	(584)	(544)	(536)	(552)
Withholding taxes:										
Federal(2) .....	132	136	140	152	140	160	172	164	176	168
Indirect taxes .....	6,452	6,668	6,796	6,864	6,695	7,164	7,372	7,592	7,800	7,482
Federal .....	2,708	2,840	2,920	2,920	2,847	3,040	3,172	3,332	3,444	3,247
Provincial and municipal(3) .....	3,744	3,828	3,876	3,944	3,848	4,124	4,200	4,260	4,356	4,235
Investment income .....	1,472	1,444	1,556	1,632	1,526	1,592	1,660	1,644	1,856	1,688
Federal .....	564	496	572	648	570	568	612	572	720	618
Provincial and municipal .....	908	948	984	984	956	1,024	1,048	1,072	1,136	1,070
Canada Pension Plan .....										
Employer and employee contributions to social insurance and government pension funds ....	884	912	924	928	912	920	948	980	988	959
Federal .....	560	584	572	580	574	584	600	608	616	602
Provincial and municipal .....	324	328	352	348	338	336	348	372	372	357
Canada Pension Plan(4) .....										
Quebec Pension Plan(4) .....										
Transfers from Federal:										
Provincial and municipal .....	1,160	1,272	1,272	1,304	1,252	1,496	1,444	1,316	1,452	1,427
TOTAL REVENUE .....	15,280	15,792	16,176	16,548	15,949	17,192	17,584	17,820	18,604	17,800
FEDERAL .....	7,868	8,084	8,292	8,504	8,187	8,616	8,916	8,972	9,388	8,973
PROVINCIAL AND MUNICIPAL .....	7,412	7,708	7,884	8,044	7,762	8,576	8,668	8,848	9,216	8,827
CANADA PENSION PLAN .....										
QUEBEC PENSION PLAN .....										

(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 15. Government Revenue, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Direct taxes - Persons .....	4,216	4,156	4,564	4,800	4,434	5,472	5,112			
Federal .....	2,832	2,744	3,048	3,196	2,955	3,692	3,296			
Provincial and municipal .....	1,384	1,412	1,516	1,604	1,479	1,780	1,816			
Direct taxes - Corporations .....	2,128	2,248	2,188	2,196	2,190	2,052	2,164			
Federal(1) .....	1,596	1,688	1,636	1,648	1,642	1,500	1,584			
(Federal tax collections)(1) .....	(1,724)	(1,724)	(1,740)	(1,732)	(1,730)	(1,740)	(1,856)			
Provincial .....	532	560	552	548	548	552	580			
(Provincial tax collections) .....	(548)	(636)	(540)	(564)	(572)	(548)	(652)			
Withholding taxes:										
Federal(2) .....	176	204	200	232	203	196	240			
Indirect taxes .....	8,148	8,208	8,344	8,408	8,277	8,968	8,900			
Federal .....	3,524	3,556	3,596	3,632	3,577	3,832	3,720			
Provincial and municipal(3) .....	4,624	4,652	4,748	4,776	4,700	5,136	5,180			
Investment income .....	1,796	1,912	1,804	1,928	1,860	1,860	2,100			
Federal .....	612	716	608	716	663	572	756			
Provincial and municipal .....	1,184	1,196	1,196	1,212	1,197	1,260	1,316			
Canada Pension Plan .....						28	28			
Employer and employee contributions to social insurance and government pension funds ....	1,504	1,852	1,928	1,980	1,816	1,988	2,064			
Federal .....	624	696	700	704	681	680	720			
Provincial and municipal .....	400	412	436	436	421	452	464			
Canada Pension Plan(4) .....	360	552	584	628	531	640	660			
Quebec Pension Plan(4) .....	120	192	208	212	183	216	220			
Transfers from Federal:										
Provincial and municipal .....	1,508	1,684	1,636	1,808	1,659	1,720	2,172			
TOTAL REVENUE .....	19,476	20,264	20,664	21,352	20,439	22,256	22,752			
FEDERAL .....	9,364	9,604	9,788	10,128	9,721	10,472	10,316			
PROVINCIAL AND MUNICIPAL .....	9,632	9,916	10,084	10,384	10,004	10,900	11,528			
CANADA PENSION PLAN .....	360	552	584	628	531	668	688			
QUEBEC PENSION PLAN .....	120	192	208	212	183	216	220			

(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, 1964 and 1965, Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Goods and services .....	8,536	8,600	8,552	8,928	8,654	9,248	9,540	9,660	9,936	9,596
Federal .....	3,028	3,052	2,996	3,108	3,046	3,204	3,132	3,312	3,420	3,267
(Defence) .....	(1,620)	(1,616)	(1,512)	(1,588)	(1,584)	(1,620)	(1,512)	(1,584)	(1,532)	(1,562)
Provincial and municipal .....	5,508	5,548	5,556	5,820	5,608	6,044	6,408	6,348	6,516	6,329
Transfer payments to persons (excluding interest on the public debt) .....	4,080	4,104	4,136	4,212	4,133	4,404	4,424	4,604	4,576	4,502
Federal .....	2,196	2,228	2,252	2,280	2,239	2,292	2,348	2,360	2,264	2,316
Provincial and municipal .....	1,884	1,876	1,884	1,932	1,894	2,112	2,076	2,244	2,312	2,186
Interest on the public debt .....	1,488	1,520	1,528	1,568	1,526	1,608	1,624	1,640	1,668	1,635
Federal .....	976	996	992	1,016	995	1,052	1,036	1,040	1,080	1,052
Provincial and municipal .....	512	524	536	552	531	556	588	600	588	583
Subsidies .....	304	272	248	468	323	240	244	272	484	310
Federal .....	260	228	200	420	277	192	192	220	432	259
Provincial .....	44	44	48	48	46	48	52	52	52	51
Capital Assistance: (1)										
Federal .....	80	112	88	48	82	80	84	84	88	84
Transfers to other levels of government:										
Federal .....	1,160	1,272	1,272	1,304	1,252	1,496	1,444	1,316	1,452	1,427
Total expenditure .....	15,648	15,880	15,824	16,528	15,970	17,076	17,360	17,576	18,204	17,554
Federal .....	7,700	7,888	7,800	8,176	7,891	8,316	8,236	8,332	8,736	8,405
Provincial and municipal .....	7,948	7,992	8,024	8,352	8,079	8,760	9,124	9,244	9,468	9,149
Deficit (-) or surplus .....	- 368	- 88	352	20	- 21	116	224	244	400	246
Federal (2) .....	168	196	492	328	296	300	680	640	652	568
Provincial and municipal .....	- 536	- 284	- 140	- 308	- 317	- 184	- 456	- 396	- 252	- 322
Canada Pension Plan .....										
Quebec Pension Plan .....										
TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS .....	15,280	15,792	16,176	16,548	15,949	17,192	17,584	17,820	18,604	17,800
FEDERAL .....	7,868	8,084	8,292	8,504	8,187	8,616	8,916	8,972	9,388	8,973
PROVINCIAL AND MUNICIPAL .....	7,412	7,708	7,884	8,044	7,762	8,576	8,668	8,848	9,216	8,827
CANADA PENSION PLAN .....										
QUEBEC PENSION PLAN .....										

(1) See footnote 1, Table 6.

(2) The federal surplus deficit position has been affected by irregular movements in both the income and expenditure series.  
For details see pages 7 and 8.

TABLE 16. Government Expenditure, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Goods and services .....	10,592	10,872	11,648	11,564	11,169	11,708	12,596			
Federal .....	3,652	3,676	3,992	4,200	3,880	4,036	4,488			
(Defence) .....	(1,664)	(1,612)	(1,720)	(1,856)	(1,713)	(1,660)	(1,864)			
Provincial and municipal .....	6,940	7,196	7,656	7,364	7,289	7,672	8,108			
Transfer payments to persons (excluding interest on the public debt) .....	4,692	4,904	5,084	5,344	5,006	5,744	6,168			
Federal .....	2,392	2,452	2,520	2,548	2,478	2,784	3,048			
Provincial and municipal .....	2,300	2,452	2,564	2,796	2,528	2,960	3,120			
Interest on the public debt .....	1,732	1,764	1,832	1,828	1,789	1,836	1,912			
Federal .....	1,124	1,128	1,168	1,184	1,151	1,140	1,212			
Provincial and municipal .....	608	636	664	644	638	696	700			
Subsidies .....	376	364	368	800	477	388	512			
Federal .....	240	296	252	692	370	276	412			
Provincial .....	136	68	116	108	107	112	100			
Capital Assistance:(1)										
Federal .....	32	88	56	60	59	52	64			
Transfers to other levels of government:										
Federal .....	1,508	1,684	1,636	1,808	1,659	1,720	2,172			
Total expenditure .....	18,932	19,676	20,624	21,404	20,159	21,448	23,424			
Federal .....	8,948	9,324	9,624	10,492	9,597	10,008	11,396			
Provincial and municipal .....	9,984	10,352	11,000	10,912	10,562	11,440	12,028			
Deficit (-) or surplus .....	544	588	40	- 52	280	808	- 672			
Federal(2) .....	416	280	164	- 364	124	464	- 1,080			
Provincial and municipal .....	- 352	- 436	- 916	- 528	- 558	- 540	- 500			
Canada Pension Plan .....	360	552	584	628	531	668	688			
Quebec Pension Plan .....	120	192	208	212	183	216	220			
TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS .....	19,476	20,264	20,664	21,352	20,439	22,256	22,752			
FEDERAL .....	9,364	9,604	9,788	10,128	9,721	10,472	10,316			
PROVINCIAL AND MUNICIPAL .....	9,632	9,916	10,084	10,384	10,004	10,900	11,528			
CANADA PENSION PLAN .....	360	552	584	628	531	668	688			
QUEBEC PENSION PLAN .....	120	192	208	212	183	216	220			

(1) See footnote 1, Table 6.

(2) The federal surplus or deficit position has been affected by irregular movements in both the income and expenditure series. For details see pages 7 and 8.

TABLE 17. Source of National Saving, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal net saving .....	2,324	1,940	1,900	2,072	2,059	3,448	2,376	3,024	2,860	2,927
Business gross saving <sup>r</sup> .....	6,676	7,456	7,116	7,320	7,142	6,836	7,868	7,776	7,780	7,565
Undistributed corporation profits <sup>r</sup> ..	1,276	1,396	1,244	1,480	1,349	1,328	1,440	1,504	1,388	1,415
Capital consumption allowances and miscellaneous valuation adjustments	5,488	5,520	5,632	5,760	5,600	5,944	6,092	6,128	6,276	6,110
Adjustment on grain transactions(1)	- 168	428	152	32	111	- 516	252	60	28	- 44
Capital assistance .....	80	112	88	48	82	80	84	84	88	84
Inventory valuation adjustment .....	- 200	- 224	4	- 104	- 131	- 188	- 308	- 340	- 464	- 325
Government surplus or deficit (-) .....	- 368	- 88	352	20	- 21	116	224	244	400	246
Residual error of estimate <sup>r</sup> .....	56	104	- 12	- 52	24	- 32	24	- 40	152	26
Totals <sup>r</sup> .....	8,488	9,188	9,360	9,256	9,073	10,180	10,184	10,664	10,728	10,439

(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.

<sup>r</sup> Revised figures. See page 5.

TABLE 18. Disposition of National Saving, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Business gross fixed capital formation	8,828	9,008	9,068	9,508	9,103	9,848	10,172	11,000	11,584	10,651
New residential construction .....	2,008	1,944	1,996	2,136	2,021	2,052	2,136	2,144	2,164	2,124
New non-residential construction ....	3,220	3,304	3,428	3,480	3,358	3,816	3,728	4,148	4,404	4,024
New machinery and equipment .....	3,600	3,760	3,644	3,892	3,724	3,980	4,308	4,708	5,016	4,503
Value of physical change in inventories	364	516	436	228	386	1,288	1,168	728	608	948
Surplus or deficit (-) on current account with non-residents <sup>r</sup> .....	- 644	- 228	- 160	- 536	- 392	- 992	- 1,136	- 1,104	- 1,308	- 1,135
Residual error of estimate <sup>r</sup> .....	- 60	- 108	16	56	- 24	36	- 20	40	- 156	- 25
Totals <sup>r</sup> .....	8,488	9,188	9,360	9,256	9,073	10,180	10,184	10,664	10,728	10,439

<sup>r</sup> Revised figures. See page 5.

TABLE 17. Source of National Saving, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal net saving .....	3,452	3,732	3,164	3,404	3,438	3,504	3,940			
Business gross saving <sup>r</sup> .....	8,128	8,244	7,736	8,112	8,055	7,864	8,344			
Undistributed corporation profits <sup>r</sup> ..	1,528	1,348	948	1,172	1,249	984	980			
Capital consumption allowances and miscellaneous valuation adjustments	6,428	6,644	6,536	6,756	6,591	6,936	7,128			
Adjustment on grain transactions(1)	140	164	196	124	156	- 108	172			
Capital assistance .....	32	88	56	60	59	52	64			
Inventory valuation adjustment .....	- 488	- 232	- 340	- 212	- 318	- 308	- 240			
Government surplus or deficit (-) .....	544	588	40	- 52	280	808	- 672			
Residual error of estimate <sup>r</sup> .....	240	240	296	320	274	116	260			
Totals <sup>r</sup> .....	11,876	12,572	10,896	11,572	11,729	11,984	11,632			

(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.

<sup>r</sup> Revised figures. See page 5.

TABLE 18. Disposition of National Saving, by Quarters, 1966 and 1967 Seasonally adjusted at Annual Rates  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Business gross fixed capital formation	12,016	12,324	12,000	12,516	12,214	12,612	12,504			
New residential construction .....	2,220	2,336	2,096	2,060	2,178	1,928	2,360			
New non-residential construction ....	4,788	4,832	4,628	4,996	4,811	5,008	4,724			
New machinery and equipment .....	5,008	5,156	5,276	5,460	5,225	5,676	5,420			
Value of physical change in inventories	988	1,668	588	736	995	24	52			
Surplus or deficit (-) on current account with non-residents <sup>r</sup> .....	- 888	- 1,176	- 1,400	- 1,364	- 1,207	- 536	- 660			
Residual error of estimate <sup>r</sup> .....	- 240	- 244	- 292	- 316	- 273	- 116	- 264			
Totals <sup>r</sup> .....	11,876	12,572	10,896	11,572	11,729	11,984	11,632			

<sup>r</sup> Revised figures. See page 5.

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product  
at Factor Cost, by Quarters, 1964 and 1965  
Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
GROSS NATIONAL PRODUCT AT MARKET PRICES <sup>F</sup> ....	46,024	47,084	47,896	48,568	47,393	50,176	51,368	52,844	54,004	52,098
Deduct: Residual error of estimate <sup>F</sup> .....	- 56	- 104	12	52	- 24	32	- 24	40	- 152	- 26
Indirect taxes less subsidies .....	- 6,148	- 6,396	- 6,548	- 6,396	- 6,372	- 6,924	- 7,128	- 7,320	- 7,316	- 7,172
Income received from non-residents <sup>F</sup> .....	- 340	- 264	- 292	- 432	- 332	- 328	- 312	- 368	- 280	- 322
Add: Income paid to non-residents <sup>F</sup> .....	992	940	1,052	1,056	1,010	1,092	1,068	1,088	1,096	1,086
GROSS DOMESTIC PRODUCT AT FACTOR COST <sup>F</sup> .....	40,472	41,260	42,120	42,848	41,675	44,048	44,972	46,284	47,352	45,664

(1) See footnote 1, Table 9.

<sup>F</sup> Revised figures. See page 5.

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1964 and 1965(1)  
Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services .....	26,404	26,568	27,076	27,336	26,846	27,564	28,144	28,808	29,332	28,452
Non-durable goods .....	12,968	13,132	13,256	13,580	13,234	13,512	13,780	14,000	14,360	13,913
Durable goods .....	3,576	3,516	3,756	3,492	3,585	3,704	3,888	4,236	4,192	4,005
Services .....	9,860	9,920	10,064	10,264	10,027	10,348	10,476	10,572	10,780	10,544
Government expenditure on goods and services .....	7,220	7,120	6,908	7,204	7,113	7,380	7,544	7,676	7,684	7,571
Business gross fixed capital formation .....	7,520	7,536	7,528	7,840	7,606	7,956	8,156	8,828	9,196	8,534
New residential construction .....	1,664	1,592	1,608	1,700	1,641	1,616	1,656	1,656	1,648	1,644
New non-residential construction .....	2,780	2,792	2,864	2,884	2,830	3,096	2,968	3,284	3,436	3,196
New machinery and equipment .....	3,076	3,152	3,056	3,256	3,135	3,244	3,532	3,888	4,112	3,694
Change in inventories .....	332	480	392	212	354	1,252	1,156	720	624	938
Non-farm business inventories .....	468	676	736	64	486	1,080	944	804	668	874
Farm inventories and grain in commercial channels .....	- 136	- 196	- 344	148	- 132	172	212	- 84	- 44	64
Exports of goods and services <sup>F</sup> .....	9,232	9,792	9,788	9,628	9,610	9,708	9,860	10,216	10,608	10,098
(of which merchandise) .....	(7,300)	(7,892)	(7,860)	(7,564)	(7,654)	(7,708)	(7,848)	(8,116)	(8,612)	(8,071)
Deduct: Imports of goods and services <sup>F</sup> .....	- 9,400	- 9,596	- 9,704	- 9,828	- 9,632	- 10,240	- 10,668	- 10,960	- 11,484	- 10,838
(of which merchandise)(2) .....	(6,540)	(6,804)	(6,812)	(6,860)	(6,754)	(7,240)	(7,596)	(7,868)	(8,356)	(7,765)
Residual error of estimate <sup>F</sup> .....	- 52	- 96	16	48	- 21	28	- 16	36	- 132	- 21
GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS <sup>F</sup> .....	41,256	41,804	42,004	42,440	41,876	43,648	44,176	45,324	45,828	44,744

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

<sup>F</sup> Revised figures. See page 5.

TABLE 19. Relation Between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1966 and 1967  
Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
GROSS NATIONAL PRODUCT AT MARKET PRICES <sup>r</sup> ....	56,424	57,556	57,848	59,124	57,738	60,180	61,516			
Deduct: Residual error of estimate <sup>r</sup> .....	- 240	- 240	- 296	- 320	- 274	- 116	- 260			
Indirect taxes less subsidies ....	- 7,772	- 7,844	- 7,976	- 7,608	- 7,800	- 8,580	- 8,388			
Income received from non-residents <sup>r</sup> .....	- 340	- 340	- 280	- 332	- 323	- 292	- 228			
Add: Income paid to non-residents <sup>r</sup> .....	1,052	1,108	1,136	1,244	1,135	1,028	1,144			
GROSS DOMESTIC PRODUCT AT FACTOR COST <sup>r</sup> .....	49,124	50,240	50,432	52,108	50,476	52,220	53,784			

(1) See footnote 1, Table 9.

<sup>r</sup> Revised figures. See page 5.

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters 1966 and 1967(1)  
Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services .....	29,484	29,292	30,240	30,552	29,892	30,808	31,124			
Non-durable goods .....	14,256	14,508	14,772	15,052	14,647	15,268	15,680			
Durable goods .....	4,308	3,820	4,332	4,232	4,173	4,124	4,356			
Services .....	10,920	10,964	11,136	11,268	11,072	11,416	11,088			
Government expenditure on goods and services .....	7,924	8,148	8,600	8,328	8,250	8,180	8,620			
Business gross fixed capital formation .....	9,416	9,560	9,248	9,496	9,430	9,472	9,400			
New residential construction .....	1,664	1,736	1,540	1,480	1,605	1,376	1,648			
New non-residential construction .....	3,684	3,664	3,472	3,692	3,628	3,668	3,408			
New machinery and equipment .....	4,068	4,160	4,236	4,324	4,197	4,428	4,344			
Change in inventories .....	1,004	1,564	528	672	942	- 8	- 36			
Non-farm business inventories .....	788	1,280	496	544	777	152	132			
Farm inventories and grain in commercial channels .....	216	284	32	128	165	- 160	- 168			
Exports of goods and services <sup>r</sup> .....	11,152	11,212	11,380	11,636	11,345	12,464	12,956			
(of which merchandise) .....	(9,048)	(9,088)	(9,300)	(9,540)	(9,244)	(10,308)	(10,384)			
Deduct: Imports of goods and services <sup>r</sup> .....	-11,708	-12,044	-12,568	-12,640	-12,240	-12,804	-13,448			
(of which merchandise) (2) .....	(8,556)	(8,848)	(9,188)	(9,252)	(8,961)	(9,576)	(10,028)			
Residual error of estimate <sup>r</sup> .....	- 200	- 200	- 236	- 256	- 223	- 92	- 208			
GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS <sup>r</sup> .....	47,072	47,532	47,192	47,788	47,396	48,020	48,408			

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

<sup>r</sup> Revised figures. See page 5.





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