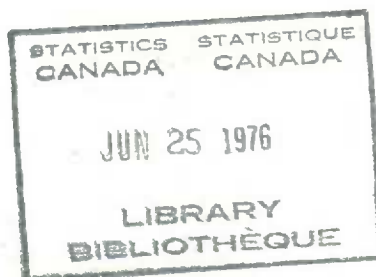


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THIRD QUARTER 1967

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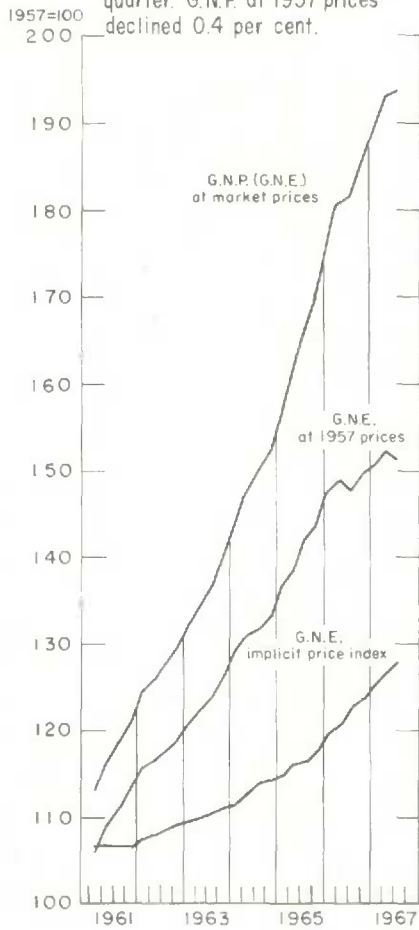
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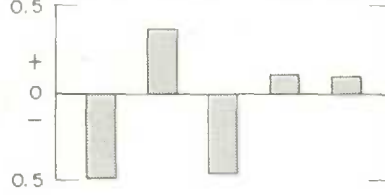
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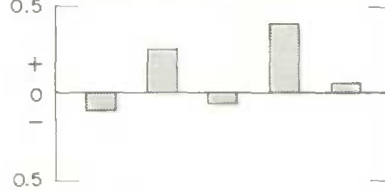
G.N.P. at current prices rose 0.5 per cent in the third quarter. G.N.P. at 1957 prices declined 0.4 per cent.



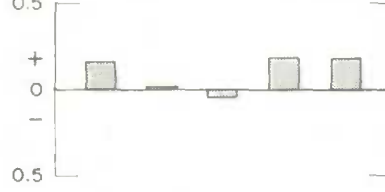
BILLION \$ CHANGE 0.5 CORPORATION PROFITS and I.V.A. (AFTER DIVIDENDS TO NON-RESIDENTS)



INVESTMENT INCOME and



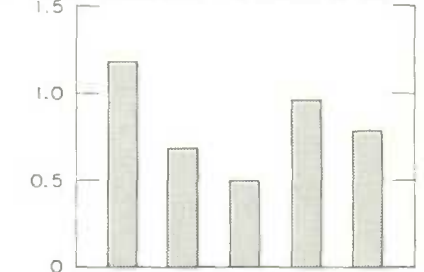
NON-CORPORATE BUSINESS INCOME



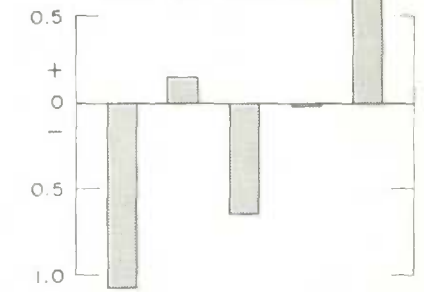
offset a drop in FARM ACCRUED INCOME



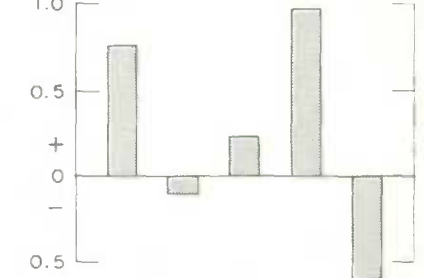
On the EXPENDITURE SIDE of the G.N.P. account Increases in CONSUMER EXPENDITURE and



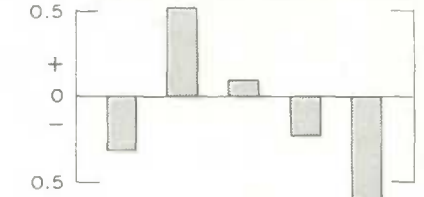
INVENTORY INVESTMENT



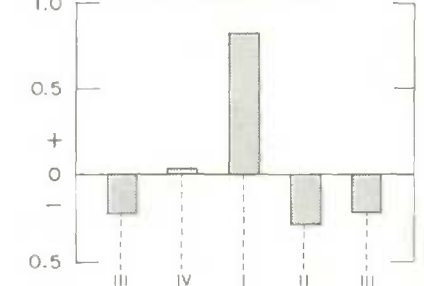
offset a drop in GOVERNMENT EXPENDITURE



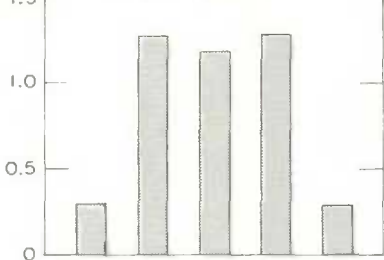
FIXED CAPITAL FORMATION and



NET EXPORTS (EXPORTS MINUS IMPORTS)



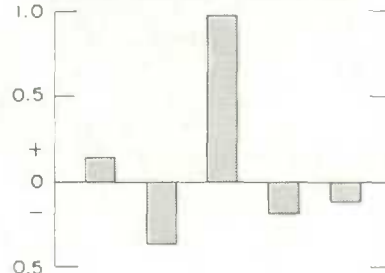
BILLION \$ CHANGE 1.5 G.N.P. in current dollars rose \$0.3 billion in the third quarter.



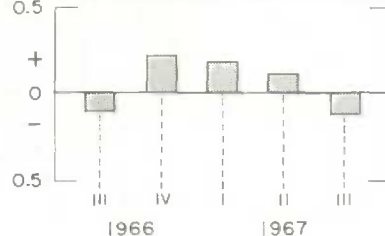
On the INCOME SIDE of the G.N.P. account Increases in



NET INDIRECT TAXES and



CAPITAL CONSUMPTION ALLOWANCES



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES.

INTRODUCTORY REVIEW, THIRD QUARTER 1967

Gross National Product in the third quarter rose to a level of \$61.9 billion, seasonally adjusted at annual rates, increasing by one-half of one per cent from the previous quarter; with prices rising by somewhat less than 1 per cent, this represented a slight decrease in real terms. Excluding accrued net income of farm operators, the advance in Gross National Product in current dollars was nearly 1 per cent.

With the data now available, it is possible to suggest orders of magnitude for the entire year. If, for instance, there were no increase in the fourth quarter after allowance for seasonal variations, the gain from 1966 would be 6.4 per cent. Assuming a 1 per cent rise in the fourth quarter, the advance for the year would be 6.6 per cent.

The weakening forces of expansion, evident in the small volume growth of GNP in the two previous quarters, have given way to a pause in the third quarter. While increases in demand by persons and in residential construction continued strong and the trend of diminishing rates of accumulation in business inventories gave way to a substantially higher rate of accumulation, sizeable declines occurred in investment in plant and equipment, government expenditures on goods and services, and exports. With imports declining less than exports the current account deficit widened.

On the income side there were a second successive 2 per cent increase in labour income, a small gain in net corporate profits and a significant decline in accrued net income of farm operators. More than half of the relatively small increase in labour income came from higher average earnings as employment rose only slightly overall. The employment trend of the preceding two quarters continued, with the bulk of the gain occurring in service industries; employment in goods-producing industries showed little change.

In absolute terms, the largest increase in demand, \$800 million seasonally adjusted at annual rates, came from consumer expenditure. Of this increase only about one third represented a real gain as prices rose 1.4 per cent. Considerably influencing the total movement were those series measuring spending connected with EXPO. Investment in business inventories rose from the previous quarter by \$700 million. About one-third of this increase related to automobiles, possibly in anticipation of strikes against the major U.S. producers and resultant shut-downs in Canada. The expansion in residential construction continued, adding \$216 million to demand. This gain resulted from work on previous starts, as new starts declined from an annual rate of 198,000 in the second quarter to 178,000.

Investment in plant and equipment registered a second successive decline. The 8 per cent reduction, larger than the rate of decrease in the previous quarter, consisted of drops of \$200 million in plant and \$600 million in machinery and equipment; however, in real terms, the decrease in the latter item was less pronounced as the value series declined in part because of the removal of the sales tax on production machinery last quarter. The rate of government expenditure on goods and services showed a decline of \$600 million at annual rates, with about two-thirds occurring at the federal level.

More severe, in terms of its impact on total demand, was a \$920 million reduction in the level of exports; this was concentrated in merchandise, as services actually increased by \$120 million. Although merchandise imports also showed a decline, partly the result of reduced machinery and equipment investment, the merchandise balance shifted from a surplus of \$344 million to a deficit of \$424 million; the overall current account deficit widened by \$220 million, as a \$548 million improvement in non-merchandise transactions was insufficient to offset the swing in the merchandise account.

Price Movements^{1/}

In the third quarter, prices rose by less than 1 per cent, a lower rate of increase than in the last several quarters. The main price rise in the quarter occurred in consumer expenditure, which advanced by 1.4 per cent, slightly higher than in the second quarter; price changes in most of the other categories were lower than in recent quarters with construction showing a significantly lower rate of advance.

^{1/} See footnote 1 on page 6.

Within consumer expenditure durable goods and services showed less increase than for the second quarter. The surge in non-durable prices was largely due to the rise in seasonally adjusted food prices, while in services price rise was more broadly spread.

Food prices which had declined for three quarters turned sharply upwards this quarter, increasing a full 2.5 per cent on a seasonally adjusted basis. This was due mainly to increases in beef, dairy products, fresh fruits and vegetables and was somewhat offset by declining prices for eggs, poultry, and pork. Within the rest of non-durable goods, clothing and footwear advanced by 1.3 and 1.7 per cent while hardware and cosmetics fell. Drug prices fell after the removal of the sales tax in September.

The price index of household appliances, radios and televisions rose by 1.6 per cent and was the strongest factor in the price rise of durables. Car prices rose by half of one per cent on a seasonally adjusted basis.

Most service components showed considerable price increase. Education, miscellaneous services, medical care, and rents all rose by more than one per cent. Purchased transportation rose only moderately while the price of recreation increased by more than 3 per cent.

The price of business gross fixed capital formation declined 0.3 per cent, almost the same as in the previous quarter. This resulted from a decline in the price of machinery and equipment caused by removal of the federal sales tax on June 1st. If the effect of the tax removal were excluded, prices of machinery and equipment would have shown about a 0.4 per cent increase instead of the decline of 1.5 per cent. In construction, the rate of advance in prices has been considerably moderated, largely by lower wage increases.

Within merchandise exports, the category food feed, beverages and tobacco registered a significant decline in price of over 3 per cent, mainly because of a sharp drop in the price of wheat. Most of the other categories increased by about one-half of one per cent, resulting in a slight increase in the overall price for merchandise exports.

Fixed Weight Price Indexes^{1/}
Percentage Change from the Preceding Quarter
(Based on Seasonally Adjusted Data)

	1966			1967		
	II	III	IV	I	II	III
Personal expenditure	1.0	0.6	0.9	0.5	1.3	1.4
Non-durable goods	1.1	0.6	0.4	-0.1	-0.8	1.5
Durable goods	0.8	-0.3	1.2	0.2	1.0	0.8
Total goods	1.1	0.4	0.6	-0.1	0.9	1.3
of which: food	1.2	0.8	-0.2	-1.2	-0.2	2.5
non-food goods	0.9	0.2	1.1	0.6	1.5	0.6
Services, excluding net expenditure abroad	1.1	1.0	1.2	1.3	2.0	1.5
Government expenditure on goods and services	1.1	1.3	1.9	2.4	2.5	0.8
Business gross fixed capital formation	1.1	0.8	1.5	1.2	-0.2	-0.3
New residential construction	1.1	0.9	2.1	1.0	2.2	0.9
New non-residential construction	1.5	1.0	1.5	1.0	1.4	0.6
New machinery and equipment	0.7	0.5	1.4	1.4	-2.7	-1.5
Exports of goods and services	0.7	1.6	0.5	0.2	0.1	0.1
Gross available supply	1.0	0.9	1.1	0.8	1.0	0.8
Imports of goods and services ^{2/}	0.5	0.4	1.1	-0.4	0.2	0.7
Gross national expenditure	1.2	1.1	1.1	1.1	1.3	0.8
(Implicit price index of gross national expenditure)	1.0	1.2	0.9	1.4	1.1	0.8

^{1/}Beginning with the current quarter the analysis of price movements is based on a new fixed weight price index. It is felt that this improves analysis. Previously the table summarizing percentage price change was based on implicit price indices derived from seasonally adjusted constant dollar aggregates. Implicit prices are affected by changes in current expenditure patterns as well as price, so that often an adjustment for weighting shifts is required in order to obtain a true picture of price change. The new index is weighted with expenditure patterns for the year 1966. For the most part the prices used are the seasonally adjusted prices used to derive seasonally adjusted constant dollars. In addition, the seasonally adjusted price detail used for the government index has been substantially improved.

^{2/}Quarter-to-quarter changes in this component are not necessarily analytically significant.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure reached a level of \$38.3 billion, seasonally adjusted at annual rates, an increase of some 2 per cent from the second quarter as compared with an increase of $2\frac{1}{2}$ per cent in the previous quarter. This total includes the adjusting item "net expenditure abroad", which is a large negative as a result of the expenditures of non-residents coincident with EXPO 67 and centennial celebrations;^{1/} the impact of this net foreign spending is shown in the following table:

	Millions of dollars, seasonally adjusted at annual rates				
	1Q'67	2Q'67	3Q'67	Change	
				1Q-2Q	2Q-3Q
Non-durables	17,740	18,408	18,820	668	412
Durables	4,168	4,440	4,568	272	128
Services (excluding NEA)	14,512	15,108	15,624	596	516
Total personal expenditure in Canada	36,420	37,956	39,012	1,536	1,056
Net expenditure abroad	68	- 492	-756	-560	-264
Personal expenditure	36,488	37,464	38,256	976	792

Both durable and non-durable goods as well as services shared in the 2 per cent rise in personal expenditure with the largest increase occurring in durables. A substantial portion of the increase in total spending is attributable to expenditures connected with EXPO, although this cannot be fully evaluated in quantitative terms.

The majority of the components of the non-durable category showed increases from the second quarter, but the gains were generally smaller; however, some declines were registered. Expenditure on energy sources (fuel, electricity, gas) decreased by over 8 per cent after a 7 per cent rise last quarter. Household non-durables went from a gain of $3\frac{1}{2}$ per cent to a decline of one-half of one per cent, while tobacco declined fractionally after increasing by $4\frac{1}{2}$ per cent previously. Total clothing expenditure rose by over 1 per cent as against a 6 per cent gain; women's clothing increased by $2\frac{1}{2}$ per cent but men's clothing declined almost $1\frac{1}{2}$ per cent. The food component rose by $2\frac{1}{2}$ per cent, nearly all of which represented price increases. Expenditure on alcoholic beverages, and on gasoline oil and grease each rose by 1 per cent, while the auto parts and accessories series gained $2\frac{1}{2}$ per cent.

The 3 per cent increase in durables was almost entirely concentrated in a 6 per cent gain in expenditures on new cars; the movements in all other components were virtually offsetting. The net value of used car purchases increased some $8\frac{1}{2}$ per cent, with both purchases and trade-ins rising noticeably. Declines were registered in home furnishings ($1\frac{1}{2}$ per cent), furniture (almost 5 per cent), and jewellery ($2\frac{1}{2}$ per cent), while spending on appliances and radios rose by $1\frac{1}{2}$ per cent.

All components contributed to the $3\frac{1}{2}$ per cent rise in services inclusive of non-resident spending. Largest was the 14 per cent increase in recreation expenditure, but noteworthy also was a further $3\frac{1}{2}$ per cent gain in purchased transportation, after increases of $10\frac{1}{2}$ per cent and $9\frac{1}{2}$ per cent in the two preceding quarters. The user-operated transportation series increased by one-half of one per cent,

^{1/} 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 and third quarters of 1967 the adjustment to exclude purchases by non-residents has become large, distorting the analytical continuity of the Services series.

personal services by 2 per cent, and medical care and household operations each by $2\frac{1}{2}$ per cent. Miscellaneous services, which includes expenditures on hotel and motel accommodations, rose by 4 per cent. The shelter component, accounting for nearly 40 per cent of the value of services, increased by 2 per cent as compared with a gain of one-half of one per cent in the previous quarter.

With personal disposable income increasing by less than 1 per cent -- the result of a $1\frac{1}{2}$ per cent increase in personal income and a $9\frac{1}{2}$ per cent rise in personal direct taxation -- and a 2 per cent gain in personal expenditure the level of personal savings declined by half a billion dollars.

Business Gross Fixed Capital Formation

Business gross fixed capital formation dropped by almost 5 per cent in the third quarter. The reduction of \$596 million at annual rates occurred in plant and equipment, which fell by \$204 and \$608 million respectively. Partially offsetting the drop was a \$216 million increase in outlays on housing.

Value of residential construction activity rose 9 per cent from the second quarter, to an annual rate of \$2,576 million. Dwelling completions advanced 26,000 units to a seasonally adjusted annual rate of 162,900 units. This followed an increase of 19,300 units between the first and second quarters. However, dwelling starts, which reached a record level of 193,200 units in the second quarter, dropped to a seasonally adjusted annual rate of 178,400 in the summer quarter.

Business outlays on plant and equipment declined by 8 per cent in the third quarter. Spending on non-residential construction was about $4\frac{1}{2}$ per cent lower at an annual rate of \$4,464 million, with a pronounced decline in the building construction component. Spending on machinery and equipment was about $11\frac{1}{2}$ per cent less at an annual rate of \$4,740 million. Over half of the drop is estimated to have occurred in imports of producers' durable goods (other than transportation equipment). As noted in the previous report, the 6 per cent sales tax on production equipment which was in effect in April and May was removed on June 1st, thus accentuating the decline of the value series; the decrease in real terms was somewhat smaller.

Non-Farm Business Inventories

The rate of investment in business inventories quickened in the third quarter of 1967. Seasonally adjusted estimates at annual rates show a stock increase of \$712 million, whereas increases in the first and second quarters had been \$176 million and \$132 million respectively. Although inventory accumulation took place in all major industrial groups, almost half of the overall stock increase was in retail trade.

The following table shows the value of physical change in non-farm business inventories in the first three quarters of 1967 by industry:

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

	1Q	1967	
		2Q	3Q
		(millions of dollars)	
Manufacturing	40	216	128
Durables	88	72	- 104
Non-durables	-48	144	232
Wholesale	124	44	88
Retail	108	-216	304
"Other" Industries	-96	88	192
Total	176	132	712

Manufacturing contributed about 20 per cent to the total investment in business inventories in the third quarter. The increase in stocks was the net result of opposite movements as between durables and non-durables, a \$104 million liquidation in the former being more than offset by a substantial accumulation of \$232 million in the latter. The bulk of this accumulation in the non-durable goods industries was due to a surge in the stocks of the paper industries and also to a sizeable increase in the stocks of the food and of the petroleum and coke producing industries. Among durables, there were declines in the stocks of the primary metal, metal fabricating and machinery industries.

The increase in manufacturing stocks occurred at all stages of production but was most marked in goods-in-process. The stock-to-shipsments ratio, though below the level of the previous quarter, was higher than that of the average of recent years.

Retail trade was responsible for over 40 per cent of the total stock accumulation. The large increase in retailers' stocks in the third quarter was in marked contrast to the substantial liquidation which occurred in the second quarter. Although increases in the stocks of both durable and non-durable goods were widespread, the accumulation was most pronounced in durable goods, where the bulk of the increase was in motor vehicle stocks, possibly as a protection against a shortage in supply due to anticipated strikes; thus the stocks of automobile dealers that had been dropping in the last four quarters increased markedly.

Wholesalers' stocks rose moderately. Most of the increase was in durable goods lines and was concentrated in industrial, transportation, machinery equipment and supplies, and commercial, institutional and service equipment and supplies trades. Offsetting movements of non-durables exerted a moderating influence on the pace of accumulation of total wholesalers' stocks. The stock-to-sales ratio was below the ratio of the previous quarter.

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 \$824 million in the second quarter to \$1,044 million in the third. The following table shows the change of \$220 million resulted from a turn-around of \$768 million (surplus to deficit) in merchandise trade swamping an improvement of \$548 million in non-merchandise transactions.

Exports and Imports of Goods and Services (Seasonally Adjusted, at Annual Rates)

Year	Quarter	Goods			Services			Current Balance
		Exports	Imports	Net	Exports	Imports	Net	
(millions of dollars)								
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 ^{1/}	11,596	10,840	756	2,912	4,204	-1,292	-536
	2nd	11,664	11,320	344	3,400	4,568	-1,168	-824
	3rd	10,620	11,044	-424	3,520	4,140	-620	-1,044
2Q'67 to 3Q'67, %		-9.0	-2.4		3.5	-2.4		

^{1/}First quarter 1967 does not incorporate Balance of Payments revisions in DBS 67-001.

The improvement in non-merchandise trade can be attributed to a large increase in EXPO-oriented tourist and travel receipts along with a sharp drop in some other payments such as official contributions, large payments of which were made in the second quarter.

After allowance for normal quarterly change between the second and third quarter, sales abroad were lower for wheat, fish, lumber, newsprint, wood pulp, aluminum, zinc, iron ore and scrap iron, natural gas, fertilizers and farm machinery. Sales were higher for copper and crude petroleum and

unchanged for non-farm machinery, nickel and asbestos. Data on commodity imports are not available, but there are indications of a drop in machinery and equipment. By area, three quarters of the fall in merchandise exports occurred in markets other than the United States and the United Kingdom, while the decline in imports was confined to the United States.

Government Sector

Seasonally adjusted at annual rates, total expenditures of all governments combined (excluding inter-government transfers) declined by almost 2½ per cent during the quarter. Most of the decline was attributable to lower spending on goods and services; other categories of spending showed only small changes.

The decline in expenditures on goods and services occurred at both the federal and provincial-municipal levels of government. Federal non-defence outlays fell by about \$400 million from the very high second quarter rate and reflected, in part, reduced outlays for international assistance. The drop in provincial-municipal spending was about half of the size of the decline in federal outlays.

Total revenues of all governments combined rose by almost 3 per cent in the quarter. Receipts from personal direct taxes rose sharply from an irregularly low second quarter rate when federal receipts were affected by a shift in the pattern of refunds. Small increases occurred in investment income and employer and employee contributions to social insurance. Offsetting this was a drop in indirect tax revenues at the federal level due to lower returns from customs import duties and excise taxes.

As a result of increasing revenues and declining expenditures, the government sector (including revenues of the Canada and Quebec Pension Plans of about \$900 million in both second and third quarters) moved from a deficit, on a national accounts basis, of \$780 million in the second quarter to a surplus of \$296 million in the third quarter. Most of the improvement came at the federal level and was in large part due to irregular movements in the second quarter.

The Components of Income

Labour Income

In the third quarter of 1967, labour income rose by just under 2 per cent. This roughly equalled the rise in the second quarter of 1967, though it was less than the over 2½ per cent expansion noted throughout 1966 and in the first quarter of 1967. As in the second quarter, the lower rate of increase was mainly due to a levelling off in the incomes in the goods-producing industries while the service industries continued to expand at roughly the rate established in 1966 and the first half of 1967. There was a relatively small increase in employment that was mainly absorbed by the non-commercial segment of the economy: schools, hospitals, other non-profit institutions and governments.

In the goods-producing industries total labour income increased by less than 1 per cent. This was almost entirely accounted for by increased earnings since the employment totals showed little change. There were slight increases in employment in manufacturing and mining but these were more than offset by decreases in construction.

In manufacturing, a combination of increases in average weekly hours worked and in rates of pay resulted in a rise of nearly 2 per cent in average weekly earnings; with only a small increase in employment in the quarter, total payrolls rose by somewhat more than 2 per cent.

Mining had a 1 per cent increase in employment, mainly in fuels and non-metals, with little change in hours but an increase in average weekly earnings. Wages and salaries advanced 2½ per cent, roughly the rate of increase for the past year.

Construction payrolls declined for the second successive quarter. There was a 5 per cent decline in employment in the third quarter, but because of a 1 per cent increase in average weekly hours worked and some increases in hourly wages, the decline in payrolls was less pronounced than the decline in employment.

The service-producing industries absorbed most of the total increase in employment. Total wages and salaries in these industries increased by about 3 per cent, with transportation and other utilities, trade and finance increasing by about 2 per cent and service and governments by about 3½ per cent. Average weekly earnings rose by around 2 per cent over most of the service-producing industries, but employment gains were mainly concentrated in service and government.

Investment Income

During the third quarter of 1967, net corporation profits (before taxes and before dividends paid to non-residents) sustained the rise which commenced in the second quarter and advanced over 2 per cent to a level of \$5 billion. From mid-1961 until the third quarter of 1965 net profits were on the uptrend, but a levelling began in the last quarter of 1965, and profits remained stable through the first half of 1966. Third quarter profits in 1966 dropped 7 per cent, but fourth quarter profits rebounded to previous high levels. A pronounced decline in the first quarter of 1967 has been followed by successive advances in the second and third quarters.

While there was a moderate rise in third quarter net corporation profits, there was an almost equally offsetting decline in corporate capital consumption allowances, with the result that on a gross basis corporation profits contributed very little strength to the movement in Gross National Product.

Expansion in net profit levels was noted in several industries -- the mining industry experienced a rise of 17 per cent, utilities 47 per cent, retail 32 per cent, and finance 12 per cent, with wholesale trade rising a more moderate 2 per cent. Reverses occurred in the service industry, with a 23 per cent drop, and in the transportation storage and communication industry, where a strike was a factor. Profits of the manufacturing group held virtually steady at the aggregate level but divergent results were recorded within the group. Gains of over 15 per cent were scored in the food and beverage, textile, and non-metallic mineral industries. The electrical industry profits rose substantially, reflecting recovery from the strike-affected second quarter. Profits of the petroleum and coal industry were little changed, but declines of over 10 per cent occurred in the paper industry and in both the strike-bound metal and chemical industries.

Rent, interest and miscellaneous investment income rose by $1\frac{1}{2}$ per cent from the level of the second quarter, on a seasonally adjusted basis. Profits of government enterprises were up by 3 per cent.

Non-Farm Unincorporated Business

Net income of non-farm unincorporated business rose to \$3,312 million, 5.6 per cent over the second quarter level of \$3,136 million.

The greater share of the increase was reflected in retail trade, while the construction and service industries maintained, but at a lower rate, the increases recorded in the second quarter.

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production dropped to \$1,696 million, 12 per cent below the previous quarter. There were declines in both livestock and grain production with the latter due to much lower Canadian Wheat Board profits, reflecting the sharp decrease in exports during the quarter. Partially offsetting these declines was a substantial increase in federal dairy subsidies.

Production by Industry^{1/}

Seasonally adjusted real domestic product less agriculture increased by 0.9 per cent in the third quarter of 1967. The non-agricultural goods-producing industries rose by 1.2 per cent, while the service-producing industries increased by 0.6 per cent. This latest advance in total non-agricultural output followed a 1.2 per cent increase in the second quarter and a decline of 0.2 per cent in the first quarter.

Within the goods-producing industries, manufacturing, with a 1.0 per cent increase, contributed almost two-fifths of the third quarter increase in total non-agricultural output. The increase in manufacturing came mainly from the manufacture of durables, which increased by 1.9 per cent, while the manufacture of non-durables rose by 0.3 per cent. The most significant change occurred within the transportation equipment group, which rose by 9 per cent, because of the motor vehicles and the motor vehicle parts and accessories components, which recorded advances of 11 and 14 per cent, respectively. Electrical apparatus and supplies also made a significant contribution to the third quarter increase in total non-agricultural output, partly because of recoveries from strike effects and increased production of auto radios.

^{1/}A more extensive text and tables on Real Gross Domestic Product at Factor Cost, containing industrial details can be obtained by referring to the latest monthly issue of Catalogue No. 61-005, Index of Industrial Production.

Mining, which rose by 2.2 per cent, contributed nearly one-sixth of the third quarter increase in total non-agricultural output. This rise was largely due to crude petroleum fuel mining, and can be linked to increased oil exports to the U.S.

Electric power and gas utilities advanced by 2.2 per cent, thus contributing more than one-tenth of the third quarter increase in total non-agricultural output. Fishing and trapping rose by 10.9 per cent, because of a 13 per cent increase in fishing from a low second quarter level.

Forestry was the only one of the non-agricultural goods-producing industries to have a dampening effect on the third quarter.

Construction was fractionally higher than its second quarter level. There was a major increase of 10½ per cent in residential construction, which was at a level higher than any quarter since the first quarter of 1964. During the third quarter of this year the construction industry continued to be affected by strikes, mainly in Ontario.

Within the service-producing industries, the community, recreation, business and personal service grouping, for the second successive quarter, recorded the second largest contribution to the quarterly increase in total non-agricultural output. This contribution, of about one-fourth, was the result of a 2.4 per cent expansion in the grouping. Although the community group made a significant contribution, because of continued advances in the education and health components, the major contributions came from personal and business services, both of which reflected the effects of EXPO and centennial celebrations.

Public administration and defence, with an increase of 2.4 per cent, contributed one-eighth of the third quarter increase in total non-agricultural output.

Finance, insurance and real estate rose by 0.9 per cent, which was a contribution of more than one-tenth to the third quarter increase in total non-agricultural output.

The transportation, storage and communication grouping declined by 0.7 per cent. Within this grouping, a decrease of 1.4 per cent in transportation and a drop of 12.9 per cent in storage more than offset an increase of 3.2 per cent in communication. The tendency of EXPO and centennial celebrations to encourage travel was shown in passenger gains recorded for air transportation (5½ per cent), rail (5½ per cent), bus (8 per cent) and urban transit (1 per cent). Urban transit was affected by the Montreal transit strike. A strike in the shipping industry and a decreased demand for exports of grain were major contributors to the estimated decline of 29 per cent in the output of water freight shipping. Related declines occurred in grain elevators (down 17 per cent), stevedoring, railway freight transportation, and truck transportation. Communication rose by 3.2 per cent, because of increases in the postal and telephone services.

Within the trade grouping, retail trade declined by 0.9 per cent, while wholesale trade increased by 0.6 per cent. Within retail trade, most of the components registered decreases. Among the more significant of these were furniture and appliances (5 per cent), fuel dealers (15 per cent), clothing (3 per cent), and farm implement dealers (13 per cent). One of the few store-types to increase from the previous quarter was motor vehicle dealers, which rose by 2 per cent. This increase, which was the result of expanded sales in September, did not quite reach the record level which was achieved in the last quarter of 1965. Most of the components in wholesale trade fell, but two of those that rose were automotive parts and accessories (up 3 per cent), and clothing and furnishings (up 6 per cent). Of the components that fell, the most significant was construction materials and supplies, with a decrease of 4 per cent.

Introductory Review - First Nine Months 1967

For the first nine months of 1967, Gross National Product advanced $6\frac{1}{2}$ per cent over the same period of the previous year, a considerably lower rate of increase than the nearly 11 per cent gain for the full year 1966. Prices rose by $4\frac{1}{2}$ per cent, the same rate of advance as for 1966; consequently the gain in real terms was 2 per cent, reduced sharply from 6 per cent of the previous year.

Among categories of demand, only personal expenditure matched its 1966 rate of increase; all others showed substantially reduced rates of advance. Government expenditure at both the federal and provincial-municipal levels rose at a rate about one-third below that of 1966; the overall increase was $10\frac{1}{2}$ per cent as against $16\frac{1}{2}$. Both exports and imports grew at lesser rates, 13 per cent and 9 per cent respectively, substantially narrowing the current account deficit. Business gross fixed capital formation showed the most pronounced change, advancing only fractionally after a $14\frac{1}{2}$ per cent increase for the year 1966; among its components, residential construction rose at a slightly higher rate, but non-residential construction slumped from an advance of $19\frac{1}{2}$ per cent to a decline of 3 per cent, and machinery and equipment fell by almost as much -- from a 16 per cent increase to one of $1\frac{1}{2}$ per cent.

Labour income increased by 10 per cent as against the exceptionally high advance of $12\frac{1}{2}$ per cent in 1966. Gross corporation profits increased by 1 per cent compared with a 3 per cent rise last year. Rent and interest income and the net income of non-farm unincorporated business rose at higher rates than in 1966.

Significantly affecting several components of both income and demand were EXPO and other centennial events; perhaps the most dramatic influence was in the tourist and travel account, which shifted from a small deficit in the first nine months of 1966 to a surplus of about \$400 million in the comparable period this year.

Price Movements

The price component of gross national product rose $4\frac{1}{2}$ per cent for the first three quarters of 1967 from the like period a year ago; this was approximately the same advance as for the full year of 1966. The price increase was broadly based.

Prices of goods and services purchased by persons were 3.4 per cent higher than in the first three quarters of 1966. Much of this was caused by a sharp increase in the price of services, which rose about twice as fast as the prices of goods. All services showed strong price rises, but the most notable were those of rents, medical care, recreation and purchased transportation. In durable goods, the largest price rise was that of furniture. Other durables showed moderate price increases, with some important items, such as electric appliances and cars, advancing by less than 1 per cent. The 2.2 per cent price rise in non-durables was entirely due to rises in the non-food items.

Prices associated with business gross fixed capital formation rose by 3.4 per cent. Within this category the price increase for machinery and equipment was just over 1 per cent. In residential and non-residential construction prices were up by 5.9 and 4.9 per cent, both labour and material costs being responsible for the increases; labour cost rose by about 10 per cent and material cost advanced between 1 and 4 per cent.

Within exports the price of the merchandise component declined slightly, largely because of a decline in the price of wheat.

Personal Expenditure

The rate of increase for personal expenditure for the first three quarters of 1967 was virtually the same as for the full year 1966 both in current dollars, $8\frac{1}{2}$ per cent, and in real terms, 5 per cent. Of the main categories durables showed the largest change in the rate of increase compared with last year, $5\frac{1}{2}$ per cent as against 4 per cent; a large portion of the increase was due to a $4\frac{1}{2}$ per cent rise in automobile purchases which showed no change in 1966. The 10 per cent rise in non-durables is somewhat overstated because of the treatment of net expenditure abroad, while the 8 per cent increase in services is somewhat understated.^{1/}

^{1/} See note on page 5.

Value, Volume and Price
Per cent change, 9 months 1967 over 9 months 1966

	Value	Volume	Price ^{1/}
Personal expenditure	8.5	5.1	3.4
Non-durable goods	9.8	7.7	2.2
Durable goods	5.7	3.5	2.4
Total goods	9.0	6.7	2.2
Of which: food	6.5	6.4	0.1
non-food goods	10.5	6.9	3.5
Services, excluding N.E.A.	11.7	5.7	5.5
Government expenditure on goods and services	10.3	2.5	7.7
Business gross fixed capital formation	0.2	-3.1	3.4
New residential construction	3.3	-2.8	5.9
New non-residential construction	-2.9	-7.5	4.9
New machinery and equipment	1.6	0.5	1.1
Exports of goods and services	12.9	10.6	2.2
Gross available supply	8.2	4.5	3.9
Imports of goods and services	8.9	7.5	1.5
Gross National Expenditure	6.7	2.1	4.4
Gross National Expenditure Implicit Price			4.3

^{1/} The prices used are averages obtained from a new fixed weight price index and they are not used in the derivation of volume estimates. For further information see footnote 1/ on page 6.

The following table shows the pattern of increases in consumer expenditure in the first three quarters of the year 1967 compared with the same period of 1966 in relation to the changes between the full year 1966 from 1965.

	1965 to 1966 Per cent Change	3 Quarters 1966 to 3 Quarters 1967 Per cent Change
Total non-durable goods	+9.6	+9.8
Food	+7.1	+6.5
Tobacco	+6.2	+6.0
Clothing	+5.6	+7.8
Other	+15.7	+16.1
Total durable goods	+4.2	+5.7
Autos, new and used	-	+4.3
Household durables	+9.4	+6.9
Other	+7.2	+8.8
Total all goods	+8.5	+9.0
Total services excluding N.E.A.	+8.9	+11.7
Total services including N.E.A.	+8.9	+7.8
Total consumer expenditure	+8.7	+8.5

Business Gross Fixed Capital Formation

Business spending on fixed capital was practically unchanged from the three quarters of 1966. This was in line with spending plans reported at the end of 1966, but well below the 3 per cent increase for the full year anticipated in the mid-year survey of investment plans. While spending on housing was up by $3\frac{1}{2}$ per cent, and on machinery and equipment by $1\frac{1}{2}$ per cent, non-residential construction was down by about 3 per cent. In contrast to 1966, when housing outlays fell off in the second half of the year while plant and equipment outlays climbed in three quarters -- housing spending increased in both the second and third quarters of 1967, while plant and equipment spending dropped from the first to second, and second to third quarters.

Housing starts have recovered significantly from the 1966 level, totalling 121,271 units in the first nine months of the year, up from 94,968 units in the year before. Two-thirds of this increase was in rental dwellings.

A major program of direct CMHC loans was undertaken in the spring rather than in the fall which has been the timing of such programs for a number of years and there was a very significant injection of private mortgage funds in March. These two developments resulted in extremely high levels of housing starts in the second and third quarters of the year and helped to account for the significant increase in new residential investment in these periods.

Completions in nine months in 1967 were 103,155, down from 123,164 a year earlier. This can be attributed to the low level of units under construction at the beginning of 1967 and low first quarter starts. High second and third quarters for starts raised recent levels of completions.

Non-Farm Business Inventories

In the first nine months of 1967 business inventory investment increased by \$327 million compared with a \$729 million increase in the same period of 1966. All industry groups showed a lower rate of investment in 1967. In contrast to the first nine months of 1966, when there was a balanced accumulation of both durables and non-durables, in 1967 there was more emphasis on non-durables.

Exports and Imports of Goods and Services

During the first nine months of the year the deficit on current account with non-residents, on a national accounts basis, narrowed to \$478 million from \$791 million in the same period of the previous year. The improvement of \$313 million came about almost wholly from a change of \$306 million in the deficit on non-merchandise trade.

The main element in the improvement in non-merchandise trade was the turn-around in the tourist and travel account from a deficit of \$32 million in 1966 to a surplus of \$383 million in the first nine months of 1967. A smaller deficit on freight and shipping transactions also contributed.

Exports and Imports of Goods and Services (Not seasonally adjusted)

		Goods			Services			Current Balance
		Exports	Imports	Net	Exports	Imports	Net	
(millions of dollars)								
3 Quarters	1966	7,520	7,336	184	2,086	3,061	-975	-791
	1967 ¹	8,335	8,144	191	2,509	3,178	-669	-478
Per cent change		10.8	11.0		20.3	3.8		

¹ First quarter 1967 does not incorporate Balance of Payments revisions in DBS 67-001.

The overall stability of the merchandise surplus conceals a shift in the balance of trade with various countries. A larger surplus with the United Kingdom and the rest of the Sterling Area and a smaller deficit with the United States offset smaller surpluses with the OECD countries in Europe and with the rest of the world.

Automotive products accounted for over 70 per cent of the increase in merchandise exports and over 60 per cent of the gain in merchandise imports.

The Government Sector

In the first nine months of 1967, total spending of all governments combined (excluding inter-government transfers) increased by \$1,208 million, 14 per cent higher than the same period of 1966.

Outlays on goods and services increased by \$856 million in the first nine months of 1967. Increases occurred at all levels of government and were in general the result of higher wage and salary payments.

Transfer payments to persons also increased by over \$850 million in 1967. Over half of the increase was at the provincial-municipal level and was caused by larger grants to hospitals and educational and other institutions. Higher federal transfer payments reflected increased old age security payments, due to the introduction of the guaranteed minimum monthly income supplement to old age security recipients and to a further lowering of the age requirement for the pensions.

Total revenues of all governments combined increased by \$1,702 million, about 12½ per cent higher in 1967 compared with the same period of 1966. Most of the increase resulted from higher receipts from personal direct and indirect taxes.

Revenue from personal direct taxes rose by \$761 million in the period. The rise was greatest at the federal level and was associated with higher rates, introduced in June 1966, and the doubling of the maximum old age security tax on personal income imposed at the beginning of 1967.

A rise of \$400 million in indirect tax revenue at the provincial-municipal level accounted for most of the gain in this component and reflected higher retail sales tax rates as well as increased property tax rates. At the federal level, the increase was \$127 million. The sales tax rate was raised to 12 per cent from 11 per cent on January 1, 1967, while the tax on production machinery and equipment was lowered and then eliminated.

With expenditure increasing more rapidly than revenue, the government sector moved from a surplus, on a national accounts basis, of \$146 million in the first nine months of 1966 to a deficit of \$60 million in the same period of 1967. At the federal level, a deficit of \$395 million was registered, compared with a surplus of \$7 million in 1966. Offsetting the federal movement to some extent was an increased surplus in the Canada and Quebec Pension Plans of \$174 million and a slight narrowing in the deficit at the provincial-municipal level.

The Components of Income

Labour Income

In the first 9 months of 1967 labour income was 10 per cent higher than in the equivalent period of 1966. There was some employment increase, primarily in the service-producing industries, but the greater part of the rise in labour income was caused by gains in average weekly earnings.

In the goods-producing industries labour income was 6½ per cent higher than in the first three quarters of 1966. With employment unchanged and a decline of about 1½ per cent in average weekly hours worked, the rise in labour income resulted entirely from higher wage and salary rates.

Partly because of EXPO and other centennial celebrations, labour income in the service-producing industries rose by 12½ per cent, nearly twice the rate for the goods-producing industries. This was a reversal from the previous year, when labour income was advancing more rapidly in the latter industries. Within the service-producing industries the greatest payroll increases were noted in transportation and public utilities, and service and government, all of which rose by nearly 14 per cent.

Investment Income

Net corporation profits (before taxes and before dividends paid to non-residents) for the first three quarters of 1967 fell nearly 4 per cent below the level of the corresponding period of 1966, while corporate capital consumption allowances for the same period climbed about 9 per cent. On a gross basis corporation profits rose slightly over 1 per cent.

On an industry basis, for the first three quarters of 1967 as compared to 1966, net profits slipped in the mining industry by 8 per cent, manufacturing, 8 per cent, transportation, storage, and communication, 14 per cent, and wholesale trade, 7 per cent. Profit levels mounted substantially in the utility and service industries, each with rises in excess of 20 per cent, whereas gains in retail and finance were somewhat smaller. Within the manufacturing group, varying results were recorded. Declines of 10 per cent or over occurred in the textiles, wood, paper, electrical, non-metallic mineral, and chemical industries, while a less pronounced edging down was experienced in the food and beverage and metal industries. Advances occurred in the rubber, printing, and petroleum and coal industries.

Rent, interest and miscellaneous investment income for the first three quarters of 1967 increased by 12½ per cent over the corresponding period of 1966. Profits of government enterprises rose by 14 per cent.

Accrued Net Income of Farm Operators

Accrued net income of farm operators declined sharply to \$1,586 million, 19 per cent below the level reached in the same period in 1966.

The change in the value of grain production was almost wholly responsible for the decline, as the value of the 1967 crop is estimated to be \$1,243 million, 20½ per cent below the record level of \$1,564 million reached in 1966.

Livestock production increased only marginally. Cash income from other farm products rose with higher receipts from the sale of dairy products (including dairy subsidies), tobacco and vegetables. Offsetting these increases were higher operating expenses.

Net Income of Non-Farm Unincorporated Business

Over the first nine months of 1967, net income of non-farm unincorporated business was over 8 per cent higher than the corresponding period last year. The major gains were made in net income of the service industries, reflecting in part the effect of EXPO, and retail trade.

Production by Industry

Non-agricultural real domestic product rose by 2.8 per cent in the first nine months of this year over the first nine months of 1966, on a seasonally unadjusted basis. This increase is in sharp contrast to the average rate of growth of 4.8 per cent in the 1946-66 period.

TABLES UNADJUSTED FOR SEASONAL VARIATION

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
1. Wages, salaries, and supplementary labour income ..	6,840	7,269	7,571	7,644	29,324	7,563	7,991	8,284
2. Military pay and allowances	168	145	147	161	621	183	172	173
3. Corporation profits before taxes	1,124	1,449	1,234	1,380	5,187	997	1,382	1,282
4. Deduct: Dividends paid to non-residents(1)	- 174	- 144	- 152	- 327	- 797	- 151	- 153	- 173
5. Rent, interest, and miscellaneous investment income ..	921	948	947	1,087	3,903	984	1,078	1,107
6. Accrued net income of farm operators from farm production(2)	100	201	1,662	241	2,204	138	213	1,235
7. Net income of non-farm unincorporated business(3) ..	622	712	722	893	2,949	629	778	820
8. Inventory valuation adjustment(4)	- 118	- 86	- 65	- 49	- 318	- 77	- 88	- 30
9. NET NATIONAL INCOME AT FACTOR COST	9,483	10,494	12,066	11,030	43,073	10,266	11,373	12,698
10. Indirect taxes less subsidies	1,902	1,962	2,002	1,934	7,800	2,102	2,109	2,091
11. Capital consumption allowances and miscellaneous valuation adjustments	1,554	1,691	1,613	1,733	6,591	1,696	1,839	1,674
12. Residual error of estimate	- 87	9	201	151	274	- 128	- 41	92
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	12,852	14,156	15,882	14,848	57,738	13,936	15,280	16,555
14. (Gross national product at market prices excluding accrued net income of farm operators)	(12,752)	(13,955)	(14,220)	(14,607)	(55,534)	(13,798)	(15,067)	(15,320)

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

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

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

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

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services ..	8,059	8,553	8,556	9,672	34,840	8,689	9,381	9,242
2. Government expenditure on goods and services(1, 2) ..	2,438	2,676	3,177	2,878	11,169	2,798	3,055	3,294
3. Business gross fixed capital formation(3)	2,626	3,218	3,116	3,254	12,214	2,733	3,260	2,984
4. New residential construction	514	564	536	564	2,178	406	598	663
5. New non-residential construction	920	1,187	1,356	1,348	4,811	977	1,145	1,241
6. New machinery and equipment	1,192	1,467	1,224	1,342	5,225	1,350	1,517	1,080
7. Value of physical change in inventories(4)	45	120	1,219	- 389	995	- 88	- 147	970
8. Non-farm business inventories	390	272	67	103	832	243	- 12	96
9. Farm inventories and grain in commercial channels ..	- 345	- 152	1,152	- 492	163	- 331	- 135	874
10. Exports of goods and services	2,729	3,253	3,624	3,467	13,073	3,151	3,835	3,858
11. Deduct: Imports of goods and services	- 3,133	- 3,655	- 3,609	- 3,883	- 14,280	- 3,475	- 4,145	- 3,702
12. Residual error of estimate	88	- 9	- 201	- 151	- 273	128	41	- 91
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	12,852	14,156	15,882	14,848	57,738	13,936	15,280	16,555

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

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

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

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

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

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	6,840	7,269	7,571	7,644	29,324	7,563	7,991	8,284
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 384	- 477	- 487	- 468	- 1,816	- 490	- 535	- 540
3. Military pay and allowances	168	145	147	161	621	183	172	173
4. Net income received by farm operators from farm production(1)	275	112	1,525	136	2,048	389	118	1,185
5. Net income of non-farm unincorporated business	622	712	722	893	2,949	629	778	820
6. Interest, dividends, and net rental income of persons(2)	1,084	1,111	1,129	1,212	4,536	1,159	1,199	1,208
Transfer payments to persons:								
7. From government (excluding interest)	1,276	1,217	1,224	1,289	5,006	1,576	1,537	1,472
8. Charitable contributions by corporations	11	11	11	11	44	11	11	11
9. PERSONAL INCOME	9,892	10,100	11,842	10,878	42,712	11,020	11,271	12,613

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

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

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

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	1,029	1,106	1,113	1,186	4,434	1,347	1,311	1,351
2. Income taxes	852	968	981	1,053	3,854	1,165	1,167	1,223
3. Succession duties and estate taxes	59	53	63	53	228	54	54	56
4. Miscellaneous	118	85	69	80	352	128	90	72
5. Personal expenditure on consumer goods and services ..	8,059	8,553	8,556	9,672	34,840	8,689	9,381	9,242
6. Non-durable goods	3,751	4,023	4,227	4,912	16,913	4,097	4,421	4,662
7. Durable goods	958	1,062	951	1,198	4,169	924	1,229	990
8. Services(1)	3,350	3,468	3,378	3,562	13,758	3,668	3,731	3,590
9. Personal net saving	804	441	2,173	20	3,438	984	579	2,020
10. Personal saving excluding change in farm inventories	1,098	558	1,073	560	3,289	1,285	710	1,263
11. Value of physical change in farm inventories	- 294	- 117	1,100	- 540	149	- 301	- 131	757
12. PERSONAL INCOME	9,892	10,100	11,842	10,878	42,712	11,020	11,271	12,613
13. (Personal disposable income)(2)	(8,863)	(8,994)	(10,729)	(9,692)	(38,278)	(9,673)	(9,960)	(11,262)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

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

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	1,029	1,106	1,113	1,186	4,434	1,347	1,311	1,351
2. Federal	661	746	752	796	2,955	860	896	881
3. Provincial and municipal	368	360	361	390	1,479	487	415	470
4. Direct taxes - Corporations	452	607	544	587	2,190	431	586	540
5. Federal(1)	339	455	408	440	1,642	315	428	394
6. (Federal tax collections)(1)	(399)	(528)	(411)	(392)	(1,730)	(400)	(569)	(423)
7. Provincial	113	152	136	147	548	116	158	146
8. (Provincial tax collections)	(143)	(159)	(146)	(124)	(572)	(149)	(161)	(162)
Withholding taxes:								
9. Federal(2)	39	53	34	77	203	42	66	37
10. Indirect taxes	1,985	2,045	2,114	2,133	8,277	2,194	2,221	2,356
11. Federal	806	900	910	961	3,577	879	943	911
12. Provincial and municipal	1,179	1,145	1,204	1,172	4,700	1,315	1,278	1,335
13. Investment income	427	460	436	537	1,860	443	543	561
14. Federal	133	178	151	201	663	118	211	216
15. Provincial and municipal	294	282	285	336	1,197	318	325	335
16. Canada Pension Plan						7	7	10
17. Employer and employee contributions to social insurance and government pension funds	384	477	487	468	1,816	490	535	540
18. Federal	158	167	178	178	681	172	173	184
19. Provincial and municipal	100	103	109	109	421	113	116	124
20. Canada Pension Plan	95	150	147	139	531	152	182	170
21. Quebec Pension Plan	31	57	53	42	183	53	64	62
Transfers from Federal:								
22. Provincial and municipal	391	432	388	448	1,659	441	539	496
23. TOTAL REVENUE	4,707	5,180	5,116	5,436	20,439	5,388	5,801	5,781
24. FEDERAL	2,136	2,499	2,433	2,653	9,721	2,386	2,717	2,633
25. PROVINCIAL AND MUNICIPAL	2,445	2,474	2,483	2,602	10,004	2,790	2,831	2,906
26. CANADA PENSION PLAN	95	150	147	139	531	159	189	180
27. QUEBEC PENSION PLAN	31	57	53	42	183	53	64	62

- (1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected in 1966 were: second quarter, \$19 million and third quarter, \$57 million and fourth quarter, \$56 million. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million and third quarter \$10 million.
- (2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

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

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,438	2,676	3,177	2,878	11,169	2,798	3,055	3,294
2. Federal	952	870	1,047	1,011	3,880	1,052	1,054	1,082
3. (Defence)	(481)	(371)	(406)	(455)	(1,713)	(471)	(426)	(457)
4. Provincial and municipal	1,486	1,806	2,130	1,867	7,289	1,746	2,001	2,212
5. Transfer payments to persons (excluding interest on the public debt)	1,276	1,217	1,224	1,289	5,006	1,576	1,537	1,472
6. Federal	675	623	580	600	2,478	777	778	687
7. Provincial and municipal	601	594	644	689	2,528	799	759	785
8. Interest on the public debt	409	474	433	473	1,789	426	515	471
9. Federal	278	293	293	287	1,151	282	315	320
10. Provincial and municipal	131	181	140	186	638	144	200	151
11. Subsidies	83	83	112	199	477	92	112	165
12. Federal	54	73	68	175	370	58	100	109
13. Provincial	29	10	44	24	107	34	12	56
Capital Assistance:(1)								
14. Federal	8	22	14	15	59	13	16	12
Transfers to other levels of government:								
15. Federal	391	432	388	448	1,659	441	539	496
16. Total expenditure	4,605	4,904	5,348	5,302	20,159	5,346	5,774	5,910
17. Federal	2,358	2,313	2,390	2,536	9,597	2,623	2,802	2,706
18. Provincial and municipal	2,247	2,591	2,958	2,766	10,562	2,723	2,972	3,204
19. Deficit (-) or Surplus	102	276	- 232	134	280	42	27	- 129
20. Federal	- 222	186	43	117	124	- 237	- 85	- 73
21. Provincial and municipal	198	- 117	- 475	- 164	- 558	67	- 141	- 298
22. Canada Pension Plan	95	150	147	139	531	159	189	180
23. Quebec Pension Plan	31	57	53	42	183	53	64	62
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,707	5,180	5,116	5,436	20,439	5,388	5,801	5,781
25. FEDERAL	2,136	2,499	2,433	2,653	9,721	2,386	2,717	2,633
26. PROVINCIAL AND MUNICIPAL	2,445	2,474	2,483	2,602	10,004	2,790	2,831	2,906
27. CANADA PENSION PLAN	95	150	147	139	531	159	189	180
28. QUEBEC PENSION PLAN	31	57	53	42	183	53	64	62

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

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

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	804	441	2,173	20	3,438	984	579	2,020
2. Business gross saving	1,654	2,287	2,072	2,042	8,055	1,628	2,367	2,066
3. Undistributed corporation profits	267	485	308	189	1,249	170	417	330
4. Capital consumption allowances and miscellaneous valuation adjustments	1,554	1,691	1,613	1,733	6,591	1,696	1,839	1,674
5. Adjustment on grain transactions(1)	- 175	89	137	105	156	- 251	95	50
6. Capital assistance	8	22	14	15	59	13	16	12
7. Inventory valuation adjustment	- 118	- 86	- 65	- 49	- 318	- 77	- 88	- 30
8. Government surplus or deficit (-)	102	276	- 232	134	280	42	27	- 129
9. Residual error of estimate	- 87	9	201	151	274	- 128	- 41	92
10. Totals	2,355	2,927	4,149	2,298	11,729	2,449	2,844	4,019

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

TABLE 8. Disposition of National Saving, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,626	3,218	3,116	3,254	12,214	2,733	3,260	2,984
2. New residential construction	514	564	536	564	2,178	406	598	663
3. New non-residential construction	920	1,187	1,356	1,348	4,811	977	1,145	1,241
4. New machinery and equipment	1,192	1,467	1,224	1,342	5,225	1,350	1,517	1,080
5. Value of physical change in inventories	45	120	1,219	- 389	995	- 88	- 147	970
6. Surplus or deficit (-) on current account with non-residents	- 404	- 402	15	- 416	- 1,207	- 324	- 310	156
7. Residual error of estimate	88	- 9	- 201	- 151	- 273	128	41	- 91
8. Totals	2,355	2,927	4,149	2,298	11,729	2,449	2,844	4,019

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
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	12,852	14,156	15,882	14,848	57,738	13,936	15,280	16,555
2. Deduct: Residual error of estimate	87	- 9	- 201	- 151	- 274	128	41	- 92
3. Indirect taxes less subsidies ..	- 1,902	- 1,962	- 2,002	- 1,934	- 7,800	- 2,102	- 2,109	- 2,091
4. Income received from non-residents	- 71	- 81	- 55	- 116	- 323	- 62	- 54	- 62
5. Add: Income paid to non-residents ...	247	250	230	408	1,135	237	269	263
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	11,213	12,354	13,854	13,055	50,476	12,137	13,427	14,573

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
1. Personal expenditure on consumer goods and services	7,019	7,358	7,282	8,233	29,892	7,346	7,840	7,571
2. Non-durable goods	3,310	3,494	3,616	4,227	14,647	3,554	3,774	3,892
3. Durable goods	972	1,063	957	1,181	4,173	920	1,210	967
4. Services	2,737	2,801	2,709	2,825	11,072	2,872	2,856	2,712
5. Government expenditure on goods and services	1,753	2,004	2,436	2,057	8,250	1,892	2,105	2,348
6. Business gross fixed capital formation ..	2,060	2,498	2,399	2,473	9,430	2,055	2,454	2,234
7. New residential construction	386	418	394	407	1,605	290	417	458
8. New non-residential construction	704	899	1,024	1,001	3,628	711	823	897
9. New machinery and equipment	970	1,181	981	1,065	4,197	1,054	1,214	879
10. Change in inventories	106	66	1,052	- 282	942	- 37	- 206	806
11. Non-farm business inventories	380	272	- 4	129	777	224	1	38
12. Farm inventories and grain in commercial channels	- 274	- 206	1,056	- 411	165	- 261	- 207	768
13. Exports of goods and services	2,415	2,846	3,095	2,989	11,345	2,714	3,281	3,250
(of which merchandise)	(2,025)	(2,346)	(2,379)	(2,494)	(9,244)	(2,321)	(2,683)	(2,405)
14. Deduct: Imports of goods and services ...	- 2,701	- 3,140	- 3,077	- 3,322	- 12,240	- 2,947	- 3,516	- 3,127
(of which merchandise) (2)	(1,971)	(2,350)	(2,197)	(2,443)	(8,961)	(2,205)	(2,656)	(2,311)
15. Residual error of estimate	73	- 8	- 165	- 123	- 223	102	32	- 72
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	10,725	11,624	13,022	12,025	47,396	11,125	11,990	13,010

(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.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

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
1. Wages, salaries, and supplementary labour income	28,332	28,960	29,592	30,412	29,324	31,244	31,860	32,464
2. Military pay and allowances	684	568	588	644	621	748	676	692
3. Corporation profits before taxes	5,292	5,272	4,896	5,288	5,187	4,656	4,912	5,024
4. Deduct: Dividends paid to non-residents(1)	- 728	- 768	- 776	- 916	- 797	- 640	- 812	- 860
5. Rent, interest, and miscellaneous investment income	3,772	3,932	3,828	4,080	3,903	4,016	4,424	4,488
6. Accrued net income of farm operators from farm production(2)	2,184	2,244	2,252	2,136	2,204	1,948	1,928	1,696
7. Net income of non-farm unincorporated business(3)	2,936	2,852	3,000	3,008	2,949	2,960	3,136	3,312
8. Inventory valuation adjustment	- 488	- 232	- 340	- 212	- 318	- 308	- 268	- 216
9. NET NATIONAL INCOME AT FACTOR COST	41,984	42,828	43,040	44,440	43,073	44,624	45,856	46,600
10. Indirect taxes less subsidies	7,772	7,844	7,976	7,608	7,800	8,584	8,400	8,280
11. Capital consumption allowances and miscellaneous valuation adjustments	6,428	6,644	6,536	6,756	6,591	6,936	7,048	6,924
12. Residual error of estimate	240	240	296	320	274	164	288	68
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	56,424	57,556	57,848	59,124	57,738	60,308	61,592	61,872
14. (Gross national product at market prices excluding accrued net income of farm operators)	(54,240)	(55,312)	(55,596)	(56,988)	(55,534)	(58,360)	(59,664)	(60,176)

(1) See footnote 1, Table 1.

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

(3) Includes net income of independent professional practitioners.

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

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	33,956	34,112	35,304	35,988	34,840	36,488	37,464	38,256
2. Government expenditure on goods and services(1, 2)	10,592	10,872	11,648	11,564	11,169	11,816	12,788	12,180
3. Business gross fixed capital formation(3)	12,016	12,324	12,000	12,516	12,214	12,612	12,376	11,780
4. New residential construction	2,220	2,336	2,096	2,060	2,178	1,928	2,360	2,576
5. New non-residential construction	4,788	4,832	4,628	4,996	4,811	5,008	4,668	4,464
6. New machinery and equipment	5,008	5,156	5,276	5,460	5,225	5,676	5,348	4,740
7. Value of physical change in inventories	988	1,668	588	736	995	92	72	768
8. Non-farm business inventories	792	1,392	564	580	832	176	132	712
9. Farm inventories and grain in commercial channels(4)	196	276	24	156	163	- 84	- 60	56
10. Exports of goods and services	12,660	12,820	13,276	13,536	13,073	14,508	15,064	14,140
11. Deduct: Imports of goods and services	- 13,548	- 13,996	- 14,676	- 14,900	- 14,280	- 15,044	- 15,888	- 15,184
12. Residual error of estimate	- 240	- 244	- 292	- 316	- 273	- 164	- 284	- 68
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	56,424	57,556	57,848	59,124	57,738	60,308	61,592	61,872

Detail of Farm Inventories and GICC:

Value of grain crop production	1,564	1,564	1,564	1,564	1,564	1,240	1,244	1,244
Depletions of farm stocks of grain	- 1,224	- 1,372	- 1,612	- 1,404	- 1,403	- 1,324	- 1,484	- 1,468
Change in livestock inventories	- 100	36	48	- 32	- 12	- 36	48	- 44
Grain in commercial channels	- 44	48	24	28	14	36	132	324

(1) See footnote 1, Table 2.

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

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

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

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	28,332	28,960	29,592	30,412	29,324	31,244	31,860	32,464
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 1,504	- 1,852	- 1,928	- 1,980	- 1,816	- 1,988	- 2,060	- 2,120
3. Military pay and allowances	684	568	588	644	621	748	676	692
4. Net income received by farm operators from farm production(1)	2,044	2,080	2,056	2,012	2,048	2,056	1,780	1,756
5. Net income of non-farm unincorporated business	2,936	2,852	3,000	3,008	2,949	2,960	3,136	3,312
6. Interest, dividends, and net rental income of persons(2)	4,396	4,444	4,596	4,708	4,536	4,700	4,824	4,908
Transfer payments to persons:								
7. From government (excluding interest)	4,692	4,904	5,084	5,344	5,006	5,844	6,136	6,096
8. Charitable contributions by corporations	44	44	44	44	44	44	44	44
9. PERSONAL INCOME	41,624	42,000	43,032	44,192	42,712	45,608	46,396	47,152

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

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

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

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	4,216	4,156	4,564	4,800	4,434	5,560	5,028	5,504
2. Income taxes	3,652	3,580	3,972	4,212	3,854	4,972	4,428	4,912
3. Succession duties and estate taxes	236	212	252	212	228	216	216	224
4. Miscellaneous	328	364	340	376	352	372	384	368
5. Personal expenditure on consumer goods and services	33,956	34,112	35,304	35,988	34,840	36,488	37,464	38,256
6. Non-durable goods	16,300	16,728	17,104	17,520	16,913	17,740	18,408	18,820
7. Durable goods	4,272	3,828	4,308	4,268	4,169	4,168	4,440	4,568
8. Services(1)	13,384	13,556	13,892	14,200	13,758	14,580	14,616	14,868
9. Personal net saving	3,452	3,732	3,164	3,404	3,438	3,560	3,904	3,392
10. PERSONAL INCOME	41,624	42,000	43,032	44,192	42,712	45,608	46,396	47,152
11. (Personal disposable income)(2)	(37,408)	(37,844)	(38,468)	(39,392)	(38,278)	(40,048)	(41,368)	(41,648)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

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
1. Direct taxes - Persons	4,216	4,156	4,564	4,800	4,434	5,560	5,028	5,504
2. Federal	2,832	2,744	3,048	3,196	2,955	3,692	3,296	3,592
3. Provincial and municipal	1,384	1,412	1,516	1,604	1,479	1,868	1,732	1,912
4. Direct taxes - Corporations	2,128	2,248	2,188	2,196	2,190	2,052	2,164	2,164
5. Federal(1)	1,596	1,688	1,636	1,648	1,642	1,500	1,584	1,576
6. (Federal tax collections)(1)	(1,724)	(1,724)	(1,740)	(1,732)	(1,730)	(1,740)	(1,856)	(1,800)
7. Provincial	532	560	552	548	548	552	580	588
8. (Provincial tax collections)	(548)	(636)	(540)	(564)	(572)	(572)	(636)	(600)
Withholding taxes:								
9. Federal(2)	176	204	200	232	203	196	240	224
10. Indirect taxes	8,148	8,208	8,344	8,408	8,277	8,972	8,908	8,866
11. Federal	3,524	3,556	3,596	3,632	3,577	3,832	3,720	3,636
12. Provincial and municipal(3)	4,624	4,652	4,748	4,776	4,700	5,140	5,188	5,230
13. Investment income	1,796	1,912	1,804	1,928	1,860	1,872	2,220	2,316
14. Federal	612	716	608	716	663	572	812	868
15. Provincial and municipal	1,184	1,196	1,196	1,212	1,197	1,272	1,380	1,408
16. Canada Pension Plan						28	28	40
17. Employer and employee contributions to social insurance and government pension funds	1,504	1,852	1,928	1,980	1,816	1,988	2,060	2,120
18. Federal	624	696	700	704	681	680	716	724
19. Provincial and municipal	400	412	436	436	421	452	464	496
20. Canada Pension Plan(4)	360	552	584	628	531	640	660	668
21. Quebec Pension Plan(4)	120	192	208	212	183	216	220	232
Transfers from Federal:								
22. Provincial and municipal	1,508	1,684	1,636	1,808	1,659	1,720	2,124	2,088
23. TOTAL REVENUE	19,476	20,264	20,664	21,352	20,439	22,360	22,744	23,280
24. FEDERAL	9,364	9,604	9,788	10,128	9,721	10,472	10,368	10,620
26. PROVINCIAL AND MUNICIPAL	9,632	9,916	10,084	10,384	10,004	11,004	11,468	11,720
26. CANADA PENSION PLAN	360	552	584	628	531	668	688	708
27. QUEBEC PENSION PLAN	120	192	208	212	183	216	220	232

(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, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Goods and services	10,592	10,872	11,648	11,564	11,169	11,816	12,788	12,180
2. Federal	3,652	3,676	3,992	4,200	3,880	4,056	4,520	4,132
3. (Defence)	(1,664)	(1,612)	(1,720)	(1,856)	(1,713)	(1,660)	(1,852)	(1,904)
4. Provincial and municipal	6,940	7,196	7,656	7,364	7,289	7,760	8,268	8,048
5. Transfer payments to persons (excluding interest on the public debt)	4,692	4,904	5,084	5,344	5,006	5,844	6,136	6,096
6. Federal	2,392	2,452	2,520	2,548	2,478	2,784	3,048	2,992
7. Provincial and municipal	2,300	2,452	2,564	2,796	2,528	3,060	3,088	3,104
8. Interest on the public debt	1,732	1,764	1,832	1,828	1,789	1,816	1,904	1,988
9. Federal	1,124	1,128	1,168	1,184	1,151	1,140	1,212	1,280
10. Provincial and municipal	608	636	664	644	638	676	692	708
11. Subsidies	376	364	368	800	477	388	508	584
12. Federal	240	296	252	692	370	276	396	428
13. Provincial	136	68	116	108	107	112	112	156
Capital Assistance:(1)								
14. Federal	32	88	56	60	59	52	64	48
Transfers to other levels of government:								
15. Federal	1,508	1,684	1,636	1,808	1,659	1,720	2,124	2,088
16. Total expenditure	18,932	19,676	20,624	21,404	20,159	21,636	23,524	22,984
17. Federal	8,948	9,324	9,624	10,492	9,597	10,028	11,364	10,968
18. Provincial and municipal	9,984	10,352	11,000	10,912	10,562	11,608	12,160	12,016
19. Deficit (-) or surplus	544	588	40	- 52	280	724	- 780	296
20. Federal	416	280	164	- 364	124	444	- 996	- 348
21. Provincial and municipal	- 352	- 436	- 916	- 528	- 558	- 604	- 692	- 296
22. Canada Pension Plan	360	552	584	628	531	668	688	708
23. Quebec Pension Plan	120	192	208	212	183	216	220	232
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	19,476	20,264	20,664	21,352	20,439	22,360	22,744	23,280
25. FEDERAL	9,364	9,604	9,788	10,128	9,721	10,472	10,368	10,620
26. PROVINCIAL AND MUNICIPAL	9,632	9,916	10,084	10,384	10,004	11,004	11,468	11,720
27. CANADA PENSION PLAN	360	552	584	628	531	668	688	708
28. QUEBEC PENSION PLAN	120	192	208	212	183	216	220	232

(1) See footnote 1, Table 6.

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
1. Personal net saving	3,452	3,732	3,164	3,404	3,438	3,560	3,904	3,392
2. Business gross saving	8,128	8,244	7,736	8,112	8,055	7,864	8,196	7,896
3. Undistributed corporation profits	1,528	1,348	948	1,172	1,249	984	936	984
4. Capital consumption allowances and miscellaneous valuation adjustments	6,428	6,644	6,536	6,756	6,591	6,936	7,048	6,924
5. Adjustment on grain transactions(1)	140	164	196	124	156	- 108	148	- 60
6. Capital assistance	32	88	56	60	59	52	64	48
7. Inventory valuation adjustment	- 488	- 232	- 340	- 212	- 318	- 308	- 268	- 216
8. Government surplus or deficit (-)	544	588	40	- 52	280	724	- 780	296
9. Residual error of estimate	240	240	296	320	274	164	288	68
10. Totals	11,876	12,572	10,896	11,572	11,729	12,004	11,340	11,436

(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 13.

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
1. Business gross fixed capital formation	12,016	12,324	12,000	12,516	12,214	12,612	12,376	11,780
2. New residential construction	2,220	2,336	2,096	2,060	2,178	1,928	2,360	2,576
3. New non-residential construction	4,788	4,832	4,628	4,996	4,811	5,008	4,668	4,464
4. New machinery and equipment	5,008	5,156	5,276	5,460	5,225	5,676	5,348	4,740
5. Value of physical change in inventories	988	1,668	588	736	995	92	72	768
6. Surplus or deficit (-) on current account with non-residents	- 888	- 1,176	- 1,400	- 1,364	- 1,207	- 536	- 824	- 1,044
7. Residual error of estimate	- 240	- 244	- 292	- 316	- 273	- 164	- 284	- 68
8. Totals	11,876	12,572	10,896	11,572	11,729	12,004	11,340	11,436

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
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	56,424	57,556	57,848	59,124	57,738	60,308	61,592	61,872
2. Deduct: Residual error of estimate	- 240	- 240	- 296	- 320	- 274	- 164	- 288	- 68
3. Indirect taxes less subsidies ..	- 7,772	- 7,844	- 7,976	- 7,608	- 7,800	- 8,584	- 8,400	- 8,280
4. Income received from non-residents	- 340	- 340	- 280	- 332	- 323	- 292	- 228	- 312
5. Add: Income paid to non-residents ...	1,052	1,108	1,136	1,244	1,135	1,028	1,184	1,276
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	49,124	50,240	50,432	52,108	50,476	52,296	53,860	54,488

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
1. Personal expenditure on consumer goods and services	29,484	29,292	30,240	30,552	29,892	30,808	31,260	31,500
2. Non-durable goods	14,256	14,508	14,772	15,052	14,647	15,268	15,712	15,840
3. Durable goods	4,308	3,820	4,332	4,232	4,173	4,124	4,356	4,456
4. Services	10,920	10,964	11,136	11,268	11,072	11,416	11,192	11,204
5. Government expenditure on goods and services	7,924	8,148	8,600	8,328	8,250	8,264	8,844	8,320
6. Business gross fixed capital formation ..	9,416	9,560	9,248	9,496	9,430	9,472	9,304	8,848
7. New residential construction	1,664	1,736	1,540	1,480	1,605	1,376	1,648	1,784
8. New non-residential construction	3,684	3,664	3,472	3,692	3,628	3,668	3,372	3,208
9. New machinery and equipment	4,068	4,160	4,236	4,324	4,197	4,428	4,284	3,856
10. Change in inventories	1,004	1,564	528	672	942	28	28	620
11. Non-farm business inventories	788	1,280	496	544	777	160	116	600
12. Farm inventories and grain in commercial channels	216	284	32	128	165	- 132	- 88	20
13. Exports of goods and services	11,152	11,212	11,380	11,636	11,345	12,464	12,876	12,004
(of which merchandise)	(9,048)	(9,088)	(9,300)	(9,540)	(9,244)	(10,308)	(10,376)	(9,432)
14. Deduct: Imports of goods and services ...	- 11,708	- 12,044	- 12,568	- 12,640	- 12,240	- 12,804	- 13,500	- 12,856
(of which merchandise)(2)	(8,556)	(8,848)	(9,188)	(9,252)	(8,961)	(9,576)	(10,016)	(9,688)
15. Residual error of estimate	- 200	- 200	- 236	- 256	- 223	- 132	- 224	- 52
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	47,072	47,532	47,192	47,788	47,396	48,100	48,588	48,384

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

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