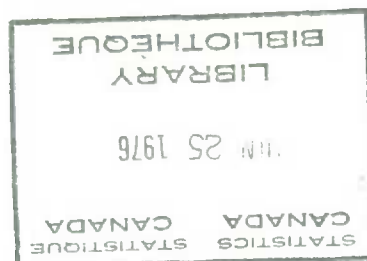


CATALOGUE No.

13-001

QUARTERLY



Labour Division
JH
Spave
APR 30 1968

NATIONAL ACCOUNTS INCOME AND EXPENDITURE

FOURTH QUARTER AND PRELIMINARY ANNUAL

1967

Published by Authority of
The Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS

National Accounts, Production and
Productivity Division
National Accounts Section

April 1968
2202-513

Price: 50 cents
\$2.00 a year

Vol. 15—No. 4

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

<u>Catalogue number</u>	<u>Title</u>	<u>Price</u>
13-519	"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58	1.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 195950
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 196050
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1965", for the years 1961-6350

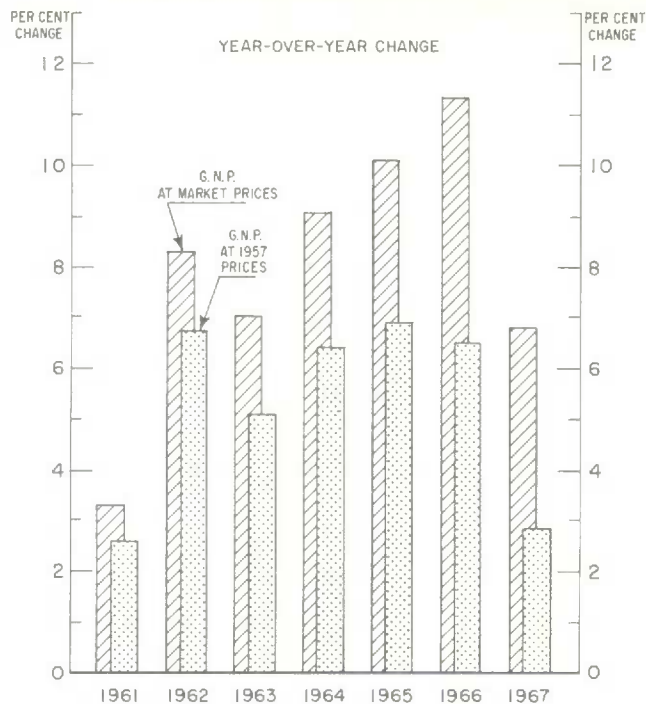
Contents of this publication are published in French in "Revue Statistique Du Canada" D.B.S. 11-003F.

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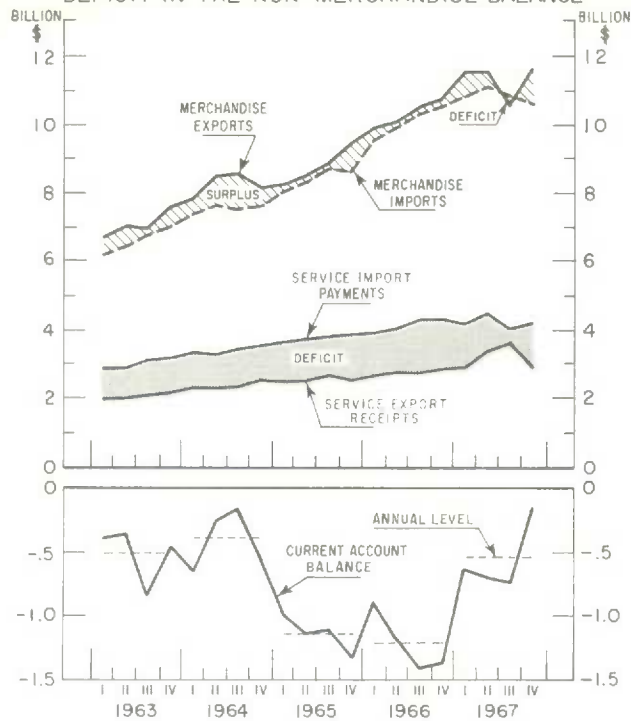
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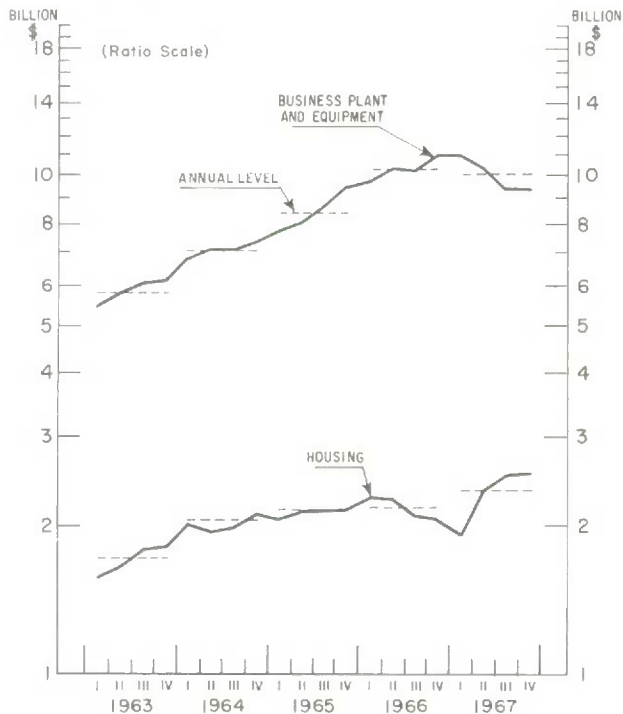
IN 1967 G.N.P. INCREASED BY 6.8 PER CENT.
A RISE OF 3.9 PER CENT IN PRICE REDUCED
THIS GAIN TO 2.8 PER CENT IN REAL TERMS



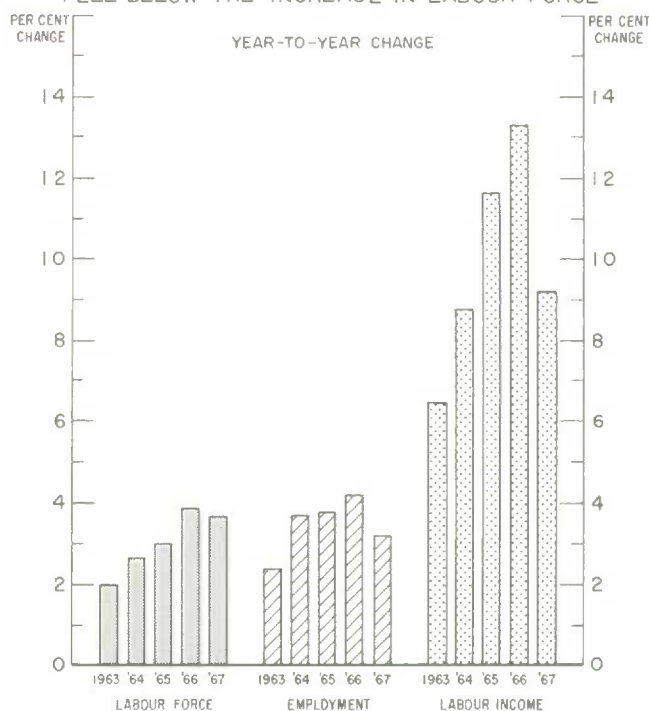
THE CURRENT ACCOUNT DEFICIT DROPPED AS A
HIGHER SURPLUS ON THE MERCHANDISE BALANCE
REINFORCED THE EXPO EFFECT OF A LOWER
DEFICIT IN THE NON-MERCHANDISE BALANCE



BUSINESS SPENDING ON PLANT AND EQUIPMENT
FELL 2.8 PER CENT IN 1967. HOUSING
OUTLAYS, HOWEVER, CLIMBED 7.6 PER CENT



EXPANSION IN LABOUR FORCE, EMPLOYMENT
AND LABOUR INCOME SLOWED DOWN IN 1967.
THE RATE AND LEVEL OF UNEMPLOYMENT
ROSE AS THE YEAR'S GAIN IN EMPLOYMENT
FELL BELOW THE INCREASE IN LABOUR FORCE



QUARTERLY DATA, SEASONALLY ADJUSTED, AT ANNUAL RATES

ANNUAL REVIEW 1967

(This report incorporates some revisions to data for the years 1964, 1965, 1966 and the first three quarters of 1967, mainly resulting from the availability of new information. The series affected are government revenue and expenditure for the years 1964 on; personal expenditure on consumer goods and services, and wages, salaries, and supplementary labour income starting with 1965 and, business gross fixed capital formation, value of physical change in inventories, corporation profits, and capital consumption allowances and miscellaneous valuation adjustments for the year 1966 and the first three quarters of 1967).

A seventh consecutive year of expansion carried the gross national product to a level of \$62.1 billion in 1967, an increase of 6.8 per cent following the exceptionally large advance of 11.3 per cent of the previous year. Prices continued to rise, but at a somewhat lower rate than in 1966 -- 3.9 per cent compared with 4.5; the gain in real terms was reduced to 2.8 per cent. A dampening influence on GNP was exerted by a western grain crop much smaller than the record crop of 1966 which bolstered that year's rise; excluding the accrued net income of farm operators, the advance in GNP in value terms was 8 per cent in 1967 compared with 10½ per cent in 1966.

For the year as a whole, the general profile of the economy was one of a widespread easing of demand pressures. Every major expenditure category showed a lower rate of increase than in 1966 except business gross fixed capital formation which dropped by 1 per cent; within this category divergent movements occurred, with residential construction expenditures rising much more strongly than in the prior year and outlays on plant and equipment declining by 3½ and 2 per cent respectively.

Within the year, the pace of expansion in GNP was somewhat uneven -- 2 per cent in each of the first two quarters, one-half of one per cent in the third and 1 per cent in the fourth. Personal expenditure rose continuously during the year while the capital formation aggregate declined throughout; other components displayed fluctuations, with considerable volatility occurring in non-farm inventories and in the external sector.

A major source of strength was personal expenditure; buoyed up by outlays related to Expo, it increased by over 8 per cent, not much lower than the 1966 rate of advance. Both non-durables and services continued to show strength, while durables advanced only moderately in spite of a 3 per cent rise in new and used car purchases which showed no change in the prior year. In real terms, the advance in total spending of over 4½ per cent was also close to the gain of last year. However, there was a shift in price movements; food prices were virtually unchanged, while a pronounced degree of price acceleration in durables and services accounted for half the increase in value terms.

Developments in the external sector were among the highlights of the year. The current account deficit on a national accounts basis narrowed substantially to \$549 million from \$1,207 million in 1966, as exports of goods and services increased by 11½ per cent while imports advanced 6 per cent overall but declined in the last two quarters. An increase in merchandise exports of 10½ per cent combined with an 8 per cent advance in imports more than doubled the merchandise surplus to \$480 million. Exports to the United States, where economic activity quickened in the second half of the year after a slowdown in the first half, rose 17 per cent while imports advanced 12½ per cent, substantially reducing the trade deficit; notable also was an increase of 45 per cent in exports to Japan. On non-merchandise transactions, receipts increased by over 17 per cent while payments rose barely 2 per cent; thus the deficit was reduced by \$402 million. Prominent in this development was the Expo-affected tourist and travel account which switched from a deficit of \$63 million to a surplus of \$427 million, only the second surplus since 1950.

Government expenditures on goods and services rose considerably less than in 1966 -- 9½ per cent compared with 17½. All levels of government reflected the reduced rate of advance: at the federal level, the rise was 8½ per cent as against 19 per cent, while the increase at the provincial-municipal level was 10 per cent compared with 16½ per cent. Inclusive of contributions to the Canada and Quebec Pension Plans, the combined government surplus was reduced by more than half, to \$157 million. Excluding the pension plan contributions the provincial-municipal deficit narrowed by \$62 million while the federal government switched from a small surplus to a deficit of \$256 million.

Notable differences from the pattern of the previous year occurred among the components of business gross fixed capital formation. Expenditures on new residential construction advanced 7½ per cent, up sharply from 2 per cent in 1966. Aided by developments in the money market and government action relating to interest rates on NHA-approved loans and to CMHC direct loans to builders in the spring, housing starts jumped sharply in the second quarter and remained near this level in the latter half of the year. For the year, starts increased to 164,000, some 30,000 units

over 1966. This was heavily concentrated in multiple units which rose to 92,000; single family unit starts advanced by 2,000.

In striking contrast, investment in plant and equipment declined by 3 per cent after annual increases of over 20 per cent in the period 1964-1966. A small decline in the first quarter deepened substantially in the next two before moderating in the fourth quarter; in the last three months of 1967, such investment was running 16 per cent below the peak of the fourth quarter of 1966. Movements in the two components diverged somewhat: non-residential construction declined for the first three quarters before recovering in the fourth, while machinery and equipment declined in the last three quarters after a small increase in the first. With the exception of investment in manufacturing, outlays on plant and equipment ran slightly ahead of last year; however, manufacturing investment declined by 14 per cent with drops of 9 and 19½ per cent in non-durables and durables respectively.

An anticipated 1½ per cent rise in business capital formation is revealed in the 1968 investment intentions survey, with the entire increase coming from a 9½ per cent rise in residential construction; outlays on plant and equipment are expected to be virtually unchanged, with a 1 per cent increase in non-residential construction offset by a 1 per cent decline in machinery and equipment.

Investment in non-farm business inventories showed a small increase for the year, but was almost \$600 million below the accumulation of 1966. Over three-quarters of the reduction was at the manufacturing level, where durables shifted from sizeable accumulation to moderate liquidation, but reduced investment also occurred at the retail and wholesale levels. Considerable accumulation in the third quarter followed two quarters of moderate investment; however, this gave way to liquidation in the fourth quarter.

The following table summarizes the pattern of demand and the sources of supply for the last three years. Interesting to note is the relative decline of imports in 1967 as a source of supply for the increase in demand.

Demand and its Sources of Supply
Value of Change from Preceding Year^{1/}
(billions of dollars)

	1965	1966	1967
<u>Demand</u>			
Persons	2.4	2.8	2.9
Government	1.0	1.7	1.1
Business investment	2.1	1.8	-0.8
Plant and equipment	1.4	1.8	-0.3
Housing	0.1	-	0.2
Inventory change	0.6	-	-0.7
Non-residents (exports)	0.7	1.8	1.5
Residual error	0.1	-0.3	0.2
Increase in demand	<u>6.2</u>	<u>7.8</u>	<u>4.8</u>
<u>Supply</u>			
National production ^{2/}	4.8	5.9	3.9
Imports	1.4	1.9	0.9
Increase in supply	<u>6.2</u>	<u>7.8</u>	<u>4.8</u>
Percentage of increased demand met by imports	23	24	18

^{1/} Components will not necessarily sum to totals because of rounding.

^{2/} GNP inclusive of the residual error of estimate.

Implicit in the aggregates of the income side are some significant developments relating to output and employment. Excluding agriculture, the gain in output as measured by the indexes of real domestic product was slightly more than 3 per cent; the increase in services was somewhat lower than in the last two years, while the rise in the goods-producing sector was much reduced largely due to an increase of only one-half of 1 per cent in durable manufacturing. As a result, there was a considerable shift in the composition of output, with services accounting for over two-thirds of the increase as compared with two-fifths in the two previous years. The labour force increased almost as rapidly as in 1966, but employment rose by a substantially lesser amount and remained virtually stationary in the latter half of the year. The industrial composite employment index recorded a $1\frac{1}{2}$ per cent advance, while declines occurred in the durable manufacturing and construction indexes. The bulk of the increase in employment occurred in the service sector; with greater job opportunities for women in this area, the rise in female employment was much larger than that for men -- 6 per cent as against 2 per cent -- and for the first time since 1961 women accounted for more than half the total increase. The unemployment rate rose from 3.6 per cent in 1966 to 4.1 per cent, and reached 4.7 per cent during the last quarter before declining somewhat in early 1968.

Labour income increased by over 9 per cent, reduced from the exceptionally large $13\frac{1}{2}$ per cent rise of 1966; almost three quarters of the advance occurred in the service-producing sector, while pay increases in both goods and services were greater than last year. Preliminary indications are that the increase in output per person employed in the commercial non-agricultural industries during 1967 was lower than that of 1966, itself a below-average year. Unit costs continued to rise, and were partly absorbed by profit margins; gross profits advanced 1 per cent compared with 3 per cent in 1966, while net profits declined a further $2\frac{1}{2}$ per cent after a 1 per cent decline previously.

A special feature of 1967 was agriculture. The value of the grain crop was some 22 per cent lower than the value of the record 1966 crop. Reflecting this, accrued net income of farm operators declined 23 per cent after the $3\frac{1}{4}$ per cent increase of 1966, though it was some 3 per cent higher than in the less exceptional year of 1965. An unusual development, however, was a break in the downward trend of agricultural employment which increased for the first time since 1954; combined with lower production, this resulted in a very substantial reduction in output per person employed.

Price Movements

Price increases in 1967, though somewhat lower than in the previous year, were still strong and widespread. Overall prices as measured by the implicit price index of Gross National Expenditure rose 3.9 per cent compared with 4.5 per cent in 1966. Quarterly price movements reveal a deceleration in the second part of the year and especially in the last quarter. The year-to-year movements in the implicit price indexes of the major components of Gross National Expenditure are shown in the following table:

Implicit Price Indexes
Percentage Change from the Previous Year

	1962	1963	1964	1965	1966	1967
Personal expenditure	1.3	1.6	1.5	1.9	3.5	3.3
Non-durable goods	1.2	1.7	1.7	1.9	4.1	1.9
Durable goods	-0.2	0.3	-1.0	-0.3	-	2.6
Total goods	0.9	1.4	1.0	1.5	3.2	2.2
of which: food	2.0	2.6	1.6	2.6	6.2	0.1
non-food goods	0.2	0.7	0.9	0.9	1.9	3.3
Services excluding net expenditure abroad	1.7	1.4	2.3	2.9	3.9	5.7
(Personal expenditure excluding food)	(1.0)	(1.1)	(1.6)	(1.7)	(2.8)	(4.2)
Government expenditure	2.7	4.1	3.2	5.0	5.9	6.2
Business gross fixed capital formation.....	2.8	3.1	4.4	4.3	3.8	2.3
Residential construction	2.9	3.4	5.5	5.0	6.0	7.2
Non-residential construction	2.2	3.4	4.4	6.1	5.4	5.0
Machinery and equipment	3.0	2.6	3.8	2.7	2.1	-1.8
Exports	3.1	1.2	2.0	1.4	3.2	1.7
Imports	4.1	2.9	1.2	0.4	2.0	1.2
Gross National Expenditure	1.5	1.8	2.6	3.0	4.5	3.9

The most striking increases occurred in non-food goods, in services, government expenditure and in construction. Within non-food goods there was an increase in the price of durables, reversing the apparent trend of the last few years towards slowly declining prices. Virtually unchanged food prices -- after the strong rises of previous years culminating with a 6.2 per cent increase in 1966 -- exerted a moderating influence on the overall price advance. Another notable factor dampening overall price pressure was the decline in machinery and equipment prices.

In personal expenditures all major non-food categories showed accelerating rates of price increase. These price increases were in part a reflection of increased indirect taxes by all levels of government. The rise in durable goods prices started in the second quarter and was maintained at a somewhat slower rate through the rest of the year. Particularly notable were the more than 5 per cent rise in the prices of furniture and miscellaneous durables and the 1.6 rise in car prices. There was a marked acceleration in the rate of price increase of non-durables other than food; many major items such as clothing, newspapers and magazines, electricity, tobacco, and gasoline, grease and oil showed increases of between 3 and 7 per cent. The implicit index for services rose by 5.7 per cent, the strongest increase in many years. Most prominent were the increases in prices associated with medical care, recreation, education and transportation. Rents also rose strongly, continuing the acceleration noted in 1966. Within food, the rate of price increase of most components was reduced, while some items -- pork, poultry, eggs, and fresh vegetables declined sharply.

More than half of the very strong rises in the implicit price indexes for both residential and non-residential construction was largely attributable to labour cost for the second successive year. Machinery and equipment prices declined for the first time since the current expansion began in 1961; this resulted from the complete removal in June of the federal sales tax on production machinery and equipment.

The increase in export prices was more moderate than in the previous year. Some important components showed price declines, notably wheat, and meat and meat preparations.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure on goods and services reached a level of \$37.7 billion in 1967, an increase of some 8 per cent compared with 8½ per cent in the preceding year. Expo and other centennial events had a considerable part in this rise, though it should be noted that the large expenditures made by foreign tourists are not included in this aggregate.^{1/}

The large increase in non-durables was broadly based, but especially notable were rises of some 11 per cent in alcoholic beverage purchases, 10 per cent in outlays on energy sources and 9 per cent on drugs and cosmetics. Total food outlays increased at a lower rate than in 1966 -- 6 per cent as against 7--with prices increasing only fractionally after a 6 per cent advance previously. The gain in volume terms, however, was significantly larger.

The slightly higher rate of advance in durables in 1967, 4½ as against 4 per cent, was due to a 3 per cent gain in new and used car purchases which showed no change in 1966. All other components had lower rates of increase than in the previous years, with furniture rising by 4 per cent, home furnishings by 8 per cent, and radios and appliances by 7 per cent. If price increases are allowed for, the real increase in durables outlays in 1967 was half the increase of the previous year.

The 11½ per cent increase in services excluding net expenditure abroad^{1/} was also broadly based, but the most pronounced increases were in the series affected by Expo. Recreation expenditures soared by almost 30 per cent, while outlays on purchased transportation rose by over 19 per cent. Other significant advances were registered in medical outlays and household operations (10½ per cent each) and in the shelter component (9 per cent). Also noticeable were sharp increases in price, which accounted for fully half the overall rise.

Personal Expenditure - Per Cent Changes

	Year 1963 to Year 1964	Year 1964 to Year 1965	Year 1965 to Year 1966	Year 1966 to Year 1967
Total non-durables	6.4	7.3	9.7	9.21/
Purchased food	5.1	5.7	7.3	5.8
Clothing (including footwear)	6.3	6.2	5.8	7.0
Alcoholic beverages	5.5	9.2	7.7	11.3
Tobacco	1.8	8.2	6.2	6.4
Total durables	10.7	11.4	4.2	4.7
New and used cars	11.8	14.2	-	2.9
Furniture	6.0	6.2	7.0	4.1
Home furnishings	11.6	8.9	9.4	7.8
Radios and appliances	7.9	8.5	10.9	7.0
Total goods	7.3	8.1	8.5	8.3
Total services (including net expenditure abroad)	9.0	8.0	8.9	8.11/
Shelter	6.3	6.8	8.5	8.8
Total transportation	7.4	7.9	7.9	14.3
Household operations	9.9	9.2	10.7	10.7
Total personal expenditure	7.9	8.1	8.7	8.2

^{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 period-to-period 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 non-durable and services aggregates and certain of their components.

Business Gross Fixed Capital Formation

Business gross fixed capital formation including housing totalled \$12.4 billion in 1967, a decline of 1 per cent from the revised 1966 level. While outlays for new housing advanced 7½ per cent, business expenditure on plant and equipment fell by 3 per cent consisting of declines of 3½ per cent and 2 per cent respectively in non-residential buildings and structures and in machinery and equipment. These decreases resulted from a considerable falling-off in investment activity by manufacturers of both durables and non-durables and by service establishments. Declines occurred in all four quarters, though outlays on structures recovered somewhat in the last three months of the year.

The diminution of 2 per cent in new machinery and equipment outlays from the final 1966 estimates (revised upward) reflected major cutbacks by manufacturers. The sharp drop of 3½ per cent in non-residential building and engineering construction expenditures in 1967 was associated with decreases for all industries except agriculture and, notably, electric power. However, the service industry expenditure decline was confined to the commercial sector, with university and hospital construction continuing its upward course.

A number of fiscal measures were effected in 1967 to prevent a larger decline in business investment expenditures. The sales tax on production machinery and apparatus was lowered from 11 to 6 percentage points in April and completely removed in June. Other measures included the termination on March 31, 1967 of the refundable tax on business profits and the removal of the previous year's measure regarding capital cost allowances.

The value of new residential construction rose by 7½ per cent between 1966 and 1967 to a level of \$2.3 billion. However, completions actually fell by close to 9 per cent from 162,000 to 149,000 units as a consequence of the low carryover of units under construction (89,000) at the beginning of the year. By the end of 1967, units under construction had risen to 103,000. Starts eased from a peak annual rate of 174,000 in the second quarter to 168,000 in the fourth, still well above the 1966 level of 134,000; the total number of starts for 1967 was 164,000.

The following table shows that, although total mortgage approvals increased from the low 1966 level, the major part of the improvement was the result of increased lending by approved lenders under the National Housing Act and continued provision of funds by CMHC. In particular, as a result of changes in the Bank Act in May of the year, chartered banks figured prominently in the mortgage market for the first time. Conventional mortgage lending, although up for the year, remained substantially below the 1965 level despite rises in interest rates during the year.

Mortgage Loan Approvals Gross Basis
(Dwelling Units)

	1965	1966	1967
NHA - approved lenders	25,516	14,567	27,154
Central Mortgage and Housing Corporation	33,942	37,560	42,689
Sub-total	59,458	52,127	69,843
Conventional lenders	90,221	54,489	68,586
Total	149,679	106,616	138,429

Investment in Non-Farm Business Inventories

Investment in non-farm business inventories showed an accumulation of \$189 million in 1967, a sharp drop from the \$777 million accumulation of the previous year. In the first half of the year there was a moderate accumulation, while a notable build-up followed by a sharp liquidation occurred in the latter half.

Manufacturing contributed about 20 per cent to the total accumulation in 1967. This was entirely concentrated in the investment of non-durable goods producing industries, which more than offset a noticeable liquidation in the stocks of durable goods. Mixed movements occurred in the components of both durables and non-durables. The stock-to-ships ratio for the year as a whole was much above the average ratio of the previous year.

Investment in wholesale trade contributed about 50 per cent to the total accumulation of non-farm business inventories in 1967. The accumulation in wholesale took place entirely in the stocks of durable goods. In non-durable goods there was a slight liquidation resulting from mixed movements in the components. The stock-to-sales ratio for the year was higher than in 1966.

About 20 per cent of the total increase in the investment of business inventories occurred in retail trade. This stock building was mainly concentrated in durable goods with the exception of stocks of motor vehicle dealers which showed a moderate depletion. At the total level in non-durable lines, there was a small build-up, with a noticeable accumulation in the stocks of food dealers offsetting a general liquidation in most other categories. The stock-to-sales ratio for the year was lower than in the previous year.

Value of Physical Change in Non-Farm Business Inventories

	Seasonally Adjusted at Annual Rates, 1967						1967 minus 1966
	1Q	2Q	3Q	4Q	1966	1967	
	(millions of dollars)						
Manufacturing	36	212	114	-248	496	36	-460
Durables	44	72	-140	-176	333	-50	-383
Non-durables	-8	140	284	-72	163	86	-77
Wholesale	132	56	96	40	125	81	-44
Retail	60	-188	260	-	153	33	-120
"Other" industries	-52	128	184	-104	3	39	36
Grand total	176	208	684	-312	777	189	-588

Exports and Imports of Goods and Services

Canada's exports of goods and services rose to \$14.6 billion in 1967, an increase of 11½ per cent over the level of 1966. At the same time, imports of goods and services rose 6 per cent. Thus, the improvement in the deficit on international current account from \$1.2 to \$0.5 billion (on a national accounts basis) was one of the feature developments of the year. Improvement in the deficit was attributable to an increase in the balance on merchandise trade of \$256 million, dramatically reinforced by a contraction of the deficit on non-merchandise trade of \$402 million.

Exports and Imports of Goods and Services
(millions of dollars)

	Goods			Services			Current Balance
	Exports	Imports	Net	Exports	Imports	Net	
1963	7,082	6,579	503	2,029	3,039	-1,010	-507
1964	8,238	7,537	701	2,340	3,433	-1,093	-392
1965	8,745	8,627	118	2,520	3,773	-1,253	-1,135
1966	10,326	10,102	224	2,747	4,178	-1,431	-1,207
1967	11,385	10,905	480	3,223	4,252	-1,029	-549
1966-67 (per cent)	10.3	7.9		17.3	1.8		

Merchandise exports rose in the first half of the year, dropped sharply in the third quarter, and moved to a peak in the fourth quarter. At \$11.4 billion for the year, they were 10½ per cent higher than in 1966. Trade of Canada figures for domestic exports show a gain of \$1,051 million in United States markets. Of this increase, \$963 million was in end products, in particular, cars and trucks, engines and parts, as well as aircraft engines and parts. A sharp drop in sales of wheat to Eastern Europe and Asia, in particular to the Soviet Union and China, was offset by very large increases in exports to Japan, Italy and the Netherlands.

Merchandise imports reached a peak in the second quarter and declined during the second half of 1967. At \$10.9 billion, they were about 8 per cent higher than in 1966. Trade of Canada revised data attribute \$752 million of the \$802 million increase to the United States suppliers. Increased imports of automotive products accounted for more than 70 per cent of the rise. Other important items included aircraft with engines and parts, and crude petroleum.

Turning to consider the service account, receipts rose nearly 17½ per cent, payments by less than 2 per cent. The major factor was the turnaround in the net tourist and travel account from a deficit of \$63 million to a surplus of \$427 million. This was only the second surplus since 1950; in 1963 there was a modest positive balance of \$24 million. The remarkable lift of Expo and other centennial activities along with a small decline in the deficit in freight and shipping transactions offset a drop in gold production available for export, higher official contribution payments, and larger deficits for income, business and other governmental transactions.

Domestic Exports^{1/}
(millions of dollars)^{2/}

	U.S.	U.K.	Other C'wealth and Pref.	E.C.M.	Other	Total
<u>1966</u>						
End products	1,626	56	154	71	213	2,119
Food, feed, beverages, tobacco	429	287	157	172	844	1,888
Crude materials	1,123	232	36	214	343	1,946
Fabricated materials	2,761	548	197	177	329	4,012
Live animals	69	-	-	2	6	78
Special	20	1	3	-	2	25
Total	6,028	1,123	547	637	1,736	10,071
<u>1967</u>						
End products	2,589	58	186	57	216	3,107
Food, feed, beverages, tobacco	430	293	180	178	521	1,602
Crude materials	1,186	246	48	219	410	2,108
Fabricated materials	2,822	571	221	222	395	4,230
Live animals	35	-	1	2	5	42
Special	18	-	2	-	2	22
Total	7,079	1,169	638	677	1,548	11,112

^{1/}Source: Trade of Canada, DBS 65-004.

^{2/}Components will not necessarily sum to totals because of roundings.

Imports^{1/3/}
(millions of dollars)^{2/}

	U.S.	U.K.	Other C'wealth and Pref.	E.C.M.	Other	Total
<u>1966</u>						
End products	4,452	380	41	307	304	5,483
Food, feed, beverages, tobacco	402	44	152	44	149	792
Crude materials	506	32	139	9	337	1,023
Fabricated materials	1,482	175	79	180	317	2,233
Live animals	12	-	-	-	2	13
Special	281	13	5	11	12	322
Total	7,136 (7,204)	645 (672)	416 (432)	551	1,119	9,866 (10,072)
<u>1967</u>						
End products	5,329	414	58	363	391	6,555
Food, feed, beverages, tobacco	429	43	169	49	172	862
Crude materials	512	30	126	8	387	1,063
Fabricated materials	1,495	177	78	197	363	2,310
Live animals	21	-	-	1	-	22
Special	236	9	5	9	11	269
Total	8,022 (7,966)	673 (649)	435 (419)	627	1,324	11,081 (10,874)

1/Source: Trade of Canada, DBS 65-007.

2/Components will not necessarily sum to totals because of roundings.

3/Revised figures showing the effect of delays in the receipt of customs documents as outlined in DBS 65-007 (Sept.'67) are shown in parentheses.

The Government Sector

Total revenue of all governments combined (excluding intergovernmental transfers) rose by \$2,265 million to \$21.3 billion, an increase of nearly 12 per cent. Of this, \$167 million were higher revenues of the Canada and Quebec Pension Plans. Total expenditure rose somewhat more, \$2,456 million, or 13 per cent, so that the overall surplus, on a national accounts basis, declined from \$348 to \$157 million.

On the revenue side, direct taxes increased by nearly \$1 billion or 14 per cent. Personal direct tax, almost all income tax, increased by rather more than this, while corporation tax revenue decreased slightly. The proportionately greater income of the provincial governments from these sources was the result of increased abatements to the provinces from the federal government. Part of the increase in personal direct taxes at the federal level can be attributed to the doubling of the maximum old age security tax on personal income imposed at the beginning of the year.

In indirect taxes the rise of \$761 million, or 9 per cent, went mainly to the provincial and municipal governments, with the federal government receiving only one-sixth. At the provincial level, larger sales tax revenue accounted for most of the increase, with higher rates levied in Quebec, New Brunswick and Newfoundland, and the introduction of a sales tax in Manitoba. The only other large gain was in gasoline taxes. The rise in municipal indirect tax revenue resulted from an 11½ per cent increase in property taxes. The smaller rise in federal indirect tax revenue came mainly from an increase of 1 per cent in the sales tax rate, partially offset by the abolition of sales tax on production machinery and equipment and drugs during the year.

In expenditures, total outlays on goods and services rose by over \$1 billion, with each of the three levels of government increasing its spending by about the same amount. At each level of government this was mainly caused by increases in wages and salaries, with capital formation rising more slowly than the previous year. Transfer payments rose by \$1.3 billion, with large increases in Old Age Security Fund payments resulting from the lower age limit and the introduction of the guaranteed minimum monthly income supplement to old age security recipients, and in hospital and education grants. Smaller increases occurred in employment benefits and Workmen's Compensation benefits.

With the inception of the Canada Assistance Plan, and higher transfers under taxation agreements, transfers from the federal government to the provincial and municipal governments rose by \$330 million.

Thus, with federal expenditures increasing by nearly 13 per cent while revenues were rising by 8½ per cent, the federal surplus of \$164 million in 1966 became a deficit of \$250 million in 1967. At the provincial-municipal level the deficit eased from \$535 million in 1966 to \$473 million in 1967.

Components of Income

Labour Income

Labour income was more than 9 per cent higher in 1967 than in 1966. Most of the increases reflected higher average earnings, largely the result of higher rates of pay. The increase in the number of employees was less than in the previous year.

Continuing the trend established in the latter half of 1966, labour income in the service-producing sector advanced more rapidly than in the goods-producing sector. The increase in the service-producing industries of 12 per cent, slightly higher than last year, accounted for almost three-quarters of the increase in total wages and salaries, compared with slightly more than one-half of last year's increase. The largest relative gains in wages and salaries were recorded in public utilities (15½ per cent), service (13 per cent), and transportation, storage and communication (12 per cent). Increases in average weekly earnings were greater this year than last, offsetting a slightly reduced rate of increase in employment. This trend was common to most components.

Government wages and salaries rose by almost 14 per cent in 1967; provincial government payrolls showed a greater increase than the federal government, 20 per cent compared with 10½ per cent. Municipal government payrolls rose by about 12 per cent over the year.

In the goods-producing sector, wages and salaries increased by approximately 6 per cent as compared to about 13½ per cent in 1966. The primary industries showed an increase of 7 per cent, about the same rate as last year. Within the group, wages and salaries in mining increased faster than in 1966, in spite of lower average hours worked and a lower rate of increase in employment. Declining rates of increase were recorded in the other primary industries. Manufacturing wages and salaries advanced by about 6 per cent, compared with 11½ per cent in 1966. Employment in this industry showed little change for the year, and average hours worked were lower, but the increase in average hourly earnings was somewhat greater than in 1966. Wages and salaries in construction were about 4 per cent higher than last year, as compared with increases of almost 25 per cent in both 1965 and 1966. The slowdown in the rate of increase was the result of declines in employment and in average weekly hours worked, although average hourly earnings increased at a slightly faster rate than in the prior year.

Corporation Profits

Net corporation profits declined a further 2½ per cent in 1967 following a 1 per cent dip in the previous year. However, these annual levels conceal some fluctuations within the period. A rising trend in profits came to a high point in the first quarter of 1966 and was followed for several quarters by movements around a generally declining trend. Profits have moved upward through the last three quarters of 1967, but are still slightly below the first quarter 1966 peak.

Three factors influenced the fluctuations of the last two years. First, the drop in profits in the third quarter of 1966 was reinforced by a number of strikes in the economy. Second, those rail subsidies which are included in corporation profits were particularly high in the fourth quarter of 1966, and had the effect of bolstering the rise in that quarter. Third, fluctuations in the movements of quarterly capital consumption allowances over the past two years influenced movements in net profits.

Net profits in 1967 were lower in the mining industry by 1 per cent, manufacturing 4 per cent, and wholesale trade 5 per cent. A 21 per cent drop in transportation, storage and communication was related to a significant rise in capital consumption allowances, when a tax ruling was introduced in the early part of the year permitting telephone companies to claim higher allowances than previously permissible. Profits of the utility group expanded nearly 25 per cent, while advances of 6, 7 and 15 per cent respectively were experienced in the retail trade, finance, and service industries.

Within the manufacturing industry, profit changes in 1967 were varied with more declines than gains. The textile, wood, paper, electrical, non-metallic mineral, and chemical categories all marked profit declines. The profits of the rubber, petroleum and coal, and printing and publishing groups progressed from their 1966 level, while little change was noted in the food and beverage, and metal industry profits.

Other Investment Income

Rent, interest and miscellaneous investment income rose by nearly 13 per cent in 1967 compared with about 9 per cent in 1966. Government investment income for all levels combined was higher by \$336 million against a rise of \$142 million in 1966. About 40 per cent of the increase in government investment income came from higher trading profits of government enterprises. This was mainly at the provincial level, with the trading profits of liquor commissions accounting for about half the rise.

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production fell by 23 per cent from the exceptionally high level of the previous year.

Predominant in the decline in the value of grain production was a much smaller grain crop than the record crop of 1966; moreover, Canadian Wheat Board profits were considerably reduced from the record level of 1966, reflecting much lower exports in the third and fourth quarters.

Slightly offsetting this movement were advances in livestock production and higher income from other farm products -- mainly dairy products, where subsidies were a factor, and tobacco.

Operating expenses again recorded a moderate increase and contributed further to the decline in net income.

Net income of farm operators from farm production, which is reflected in the personal account, declined by nearly 13 per cent in 1967. The smaller decline in this component resulted from the record high final payments made by the Canadian Wheat Board in the first quarter.

Net Income of Non-Farm Unincorporated Business

Net income of non-farm unincorporated business rose to \$3,194 million, slightly more than 8 per cent over the 1966 total.

Most industries registered gains over the levels reached in 1966. The service industries alone accounted for just under half the increase -- a portion of which was due to Expo -- while smaller gains were recorded in retail trade and construction.

Production by Industry^{1/}

Non-agricultural real output rose by 3.1 per cent during 1967, compared to the 6.7 per cent expansion that was recorded for 1966. The rate of growth for 1967 is also considerably less than the average annual rate of growth of 4.8 per cent that took place in the 1946 to 1966 period. Several of the major industry groupings showed increases that were well below their post-war average rates of growth. Manufacturing, for example, increased by only 1.1 per cent in 1967 compared to 4.9 per cent in the same period, while construction fell by several percentage points from its 1966 level. Of the major industry groupings that rose, the transportation, storage and communication grouping registered the most significant increase, rising to 5.8 per cent from 4.8 per cent during 1946 to 1966.

^{1/} For further information see Index of Industrial Production, January 1968, DBS 61-005.

FOURTH QUARTER 1967

Introduction

The Gross National Product increased by 1 per cent in the fourth quarter to reach a level just below \$63 billion. After allowing for price increases, almost half of the advance represented a gain in real terms; this compared with a decline of about one-half of one per cent in the volume of production in the previous quarter. There were divergent movements in components of demand and some levelling on the income side.

Personal expenditure increased by \$640 million. Government expenditure rose by \$400 million to return to the second quarter level; increased outlays by provincial and municipal governments accounted for over three quarters of the advance. New non-residential construction reversed the trend of three previous quarters with an $8\frac{1}{2}$ per cent advance. However, with residential construction little changed from the third quarter level, the $8\frac{1}{2}$ per cent decline in machinery and equipment kept the capital formation component as a whole at approximately the same level as in the third quarter. There was a liquidation in inventories of \$312 million, three quarters of which occurred at the manufacturing level.

Merchandise exports increased by 11 per cent, all of it going to the United States; the gain was largely in crude and fabricated metals, with little change in automobiles and automotive components. Non-merchandise receipts declined some 19 per cent, with all of the \$700 million decline occurring in tourist receipts as Expo came to an end in October. The combination of an overall rise of 3 per cent in exports and a 1 per cent decline in imports resulted in a current account deficit of \$152 million, the lowest deficit since the surpluses of the first three quarters of 1952.

Some slowdown in the rate of increase of labour income was the most notable development on the income side, the 1 per cent rise being the smallest since the first quarter of 1961. A fractional drop in employment occurred in the quarter while unemployment increased from 4.1 to 4.6 per cent.

Price Movements

As measured by the base weighted price index of GNE, prices advanced by 0.7 per cent in the fourth quarter; this compared with a 1.0 per cent increase in the third. Significantly slowing down the aggregate index were lower rates of increase in all major components of personal expenditures except durables. Business gross fixed capital formation, exports and imports all showed stronger movements this quarter than in the last two.

The softening in the rate of increase in consumer prices was most apparent in non-food non-durable goods, which did not increase at all. There was a fall in the price of women's clothing and a further decline in drug prices due to the removal of the federal sales tax on pharmaceuticals last September. Food prices rose by 0.8 per cent, significantly lower than the 2.0 per cent rise registered in the previous quarter. Seasonally adjusted data reveal that last quarter's strong increase was based in dairy products, cereal products, beef, fresh fruits and fresh vegetables. All these items except beef showed lower rates of price increase in the current period. Within services, prices of purchased transportation and recreation fell, while rents showed less of an increase than previously. For the third consecutive quarter, durable goods registered a very strong price increase of about 1 per cent. As in the last two quarters, increases in new car prices accounted for much of the increase but other durables also increased strongly. In contrast to most components, household appliances and radios declined slightly.

Within business gross fixed capital formation, machinery and equipment prices, which had been declining sharply in the second and third quarters largely as a result of the removal in June of the federal sales tax on production machinery, remained stable at these lower levels. Prices associated with construction showed increases, most of which were due to increases in the labour cost components of the indexes.

The most notable price rises in merchandise exports were recorded in crude vegetable materials, lumber, copper, nickel, and zinc.

Base Weighted Price Indexes - Seasonally Adjusted^{1/}
Percentage Changes from Previous Quarters

	1967			
	I	II	III	IV
Personal expenditure	0.4	1.3	1.3	0.7
Non-durable goods	-0.1	0.8	1.2	0.4
Durable goods	-0.2	1.4	1.0	1.1
Total goods	-	0.8	1.2	0.5
of which: food	-0.9	-0.6	2.0	0.8
non-food	0.4	1.6	0.7	0.4
Services, excluding net expenditure abroad	1.3	2.1	1.5	0.8
Government expenditure ^{2/}	2.9	-0.2	1.8	0.6
Business gross fixed capital formation	1.2	-0.8	-0.2	1.0
Residential construction	0.9	2.1	1.0	2.5
Non-residential construction	1.5	1.2	0.7	1.1
Machinery and equipment	1.0	-3.8	-1.6	0.1
Exports	0.4	-	0.1	0.6
Imports ^{2/}	-0.2	0.3	0.3	0.8
Gross National Expenditure	1.3	0.5	1.0	0.7
(excluding inventories)				
G.M.E. (implicit price)	1.3	0.6	1.0	0.5

^{1/} Beginning with the third quarter the analysis of price movements is based on a new base weighted price index. It is felt that this improves analysis. Previously the table summarizing percentage price change was based on implicit price indexes 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 owing to incomplete price data.

The Components of Demand

Personal expenditure reached a level of \$38.8 billion, seasonally adjusted at annual rates, an increase of about $1\frac{1}{2}$ per cent as compared with a 2 per cent rise in the previous quarter. The total includes the adjusting item "net expenditure abroad", which swung sharply as Expo and other centennial events came to an end^{1/}; the impact of the net non-resident spending is shown in the following table:

Millions of Dollars, Seasonally Adjusted at Annual Rates

	1Q'67	2Q'67	3Q'67	4Q'67	Qr. to Qr. Change		
					1Q-2Q	2Q-3Q	3Q-4Q
Non-durables	17,768	18,388	18,844	18,952	620	456	108
Durables	4,136	4,408	4,544	4,372	272	136	-172
Services (ex NEA)	14,500	15,132	15,672	15,608	632	540	-64
Total personal expenditure in Canada	36,404	37,928	39,060	38,932	1,524	1,132	-128
Net expenditure abroad	40	-540	-868	-100	-580	-328	768
Personal expenditure	36,444	37,388	38,192	38,832	944	804	640

Non-durables and services both contributed to the advance. However, certain of their components are affected by the shift in net expenditure abroad, thereby qualifying their analytical usefulness.

After two quarters of increase, durable goods turned down by some 4 per cent, reflecting a 7 per cent decline in net purchases of new and used cars; excluding this category durables rose fractionally.

Mixed movements occurred among non-durable components. Increases occurred in tobacco ($5\frac{1}{2}$ per cent) and liquor ($1\frac{1}{2}$ per cent) which were affected by new excise taxes introduced in the November budget; expenditures on energy sources (fuel, electricity and gas) rose by 3 per cent and on household non-durables by one-half of one per cent. Outlays on clothing declined by $1\frac{1}{2}$ per cent as a 3 per cent decline in women's and children's clothing outweighed increases of $1\frac{1}{2}$ per cent and one-half per cent in footwear and men's clothing respectively. Declines of about 1 per cent occurred in both gasoline, oil and grease, and in food, with the latter affected in the meals sub-series by the end of Expo.

The fractional decline in services inclusive of net non-resident spending was confined to the Expo-affected series, though the Montreal transit strike also contributed to the $3\frac{1}{2}$ per cent decline in purchased transportation. After the exceptional increases of the previous two quarters, the $17\frac{1}{2}$ per cent decline in recreation was quite natural; also registering decreases were user-operated transportation ($2\frac{1}{2}$ per cent) and miscellaneous services where hotel and motel accommodations are included (1 per cent). Increases of about 2 per cent were noted in medical care, household operations, and shelter.

Business gross fixed capital formation dropped by one-half of one per cent in the fourth quarter, continuing the quarterly declines from the peak fourth quarter 1966 level.

Expansion was recorded in both the construction components, with a sharp step-up of $8\frac{1}{2}$ per cent in non-residential buildings and structures, and a small advance of one-half per cent in residential outlays. However, investment in machinery and equipment dropped by $8\frac{1}{2}$ per cent and more than outweighed the increases in the other components.

^{1/}See footnote on page 2.

Housing outlays increased only slightly in the last quarter of 1967. While dwelling starts dropped slightly to an adjusted annual rate of 168,000 units, completions moved up from 156,000 to 170,000 units -- a feedback from the high levels of starts in the spring and summer months.

The sizeable decline in demand for machinery and equipment was reflected in lower shipments of producer's durables as well as lower imports of non-farm machinery.

In contrast with the pronounced rate of accumulation in non-farm business inventories evident in the third quarter of 1967, a sharp liquidation took place in the fourth quarter, mainly at the manufacturing level. Seasonally adjusted estimates show a liquidation of \$312 million at annual rates, compared with a build-up of \$684 million in the previous quarter.

The decline in the stocks of manufacturing was the first since 1963. In non-durables, there was a swing from a noticeable accumulation to a significant liquidation, whereas in durables the third quarter liquidation deepened further in the fourth quarter. Though the major part of depletion in the stocks of manufacturers took place among durables, the turnaround was much sharper among non-durables. In durable goods-producing industries, the declines were general with the exception of the transportation goods-producing industries where there was a considerable accumulation. Among non-durables, the movements were mixed. A small amount of accumulation in tobacco, textiles, and paper industries was largely offset by a liquidation in the food, leather, clothing, petroleum and chemicals producing industries. There were declines in the stocks at every stage of processing. With new orders increasing more than shipments, the result was a backlog of unfilled orders. The stock-to-shipments ratio was lower than in the previous quarter.

Investment at the wholesale level showed a moderate accumulation which was entirely concentrated in the hands of durable goods dealers. Though there was a modest accumulation in the stocks of groceries, stocks of non-durable goods dealers declined somewhat. The stock-to-sales ratio was a little higher than in the previous quarter.

At the total retail level, investment in inventories showed no increase at all -- a large and widespread build-up in the stocks of durable goods was offset by an equal liquidation in those of non-durable goods. Among durables, the major strength came from the stocks of motor vehicle dealers. Disinvestment in the stocks of non-durables was general with the exception of stocks of food which showed a fractional increase. The stock-to-sales ratio for the current quarter was higher than that of the previous quarter.

With exports of goods and services rising by 3 per cent and imports declining by about 1 per cent, the deficit on external account narrowed by \$584 million. This net change in the overall balance of trade reflected an improvement of \$1,388 million in merchandise and a deterioration by \$804 million in non-merchandise trade.

Exports of goods rose almost 11 per cent. Lower shipments of wheat and lumber were offset by higher shipments of fish, iron ore, aluminum, copper, nickel, zinc, natural gas, asbestos, newsprint, fertilizers, primary iron and steel, steel bars-rods-plate, non-farm and farm machinery. Part of the 2 per cent drop in imports was due to the current quarter decline in investment outlays, particularly machinery and equipment.

Most of the deterioration in the services account resulted from sharply reduced tourist and travel receipts with the closing of Expo in October.

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

	<u>Goods</u>			<u>Services</u>			<u>Current balance</u>
	<u>Exports</u>	<u>Imports</u>	<u>Net</u>	<u>Exports</u>	<u>Imports</u>	<u>Net</u>	
1966 - 1st quarter	9,968	9,576	392	2,692	3,972	-1,280	-888
2nd quarter	10,072	9,944	128	2,748	4,052	-1,304	-1,176
3rd quarter	10,532	10,344	188	2,744	4,332	-1,588	-1,400
4th quarter	10,732	10,544	188	2,804	4,356	-1,552	-1,364
1967- 1st quarter	11,556	10,896	660	2,912	4,192	-1,280	-620
2nd quarter	11,576	11,176	400	3,428	4,516	-1,088	-688
3rd quarter	10,628	10,892	-264	3,624	4,096	-472	-736
4th quarter	11,780	10,656	1,124	2,928	4,204	-1,276	-152
1967 3rd quarter - 1967 4th quarter (per cent)	10.8	-2.2		-19.2	2.6		

The Government Sector

Seasonally adjusted at annual rates, total expenditures of all governments combined (excluding intergovernmental transfers) rose by \$296 million to a rate of \$22,092 million. Higher outlays on goods and services, particularly at the provincial-municipal level, accounted for almost half the increase. An increase of similar size occurred in transfer payments, again mainly at the provincial-municipal level, partly associated with higher education and adult training grants.

Total revenues rose by \$484 million to a rate of \$22,032 million. Most of the increase resulted from higher returns from personal direct taxes, and was divided fairly evenly between the federal and provincial governments. Indirect taxes rose by \$148 million, partly because of higher sales tax revenue from a higher volume of sales, especially at the provincial level.

With expenditures rising more rapidly than revenues, the government sector as a whole moved from a surplus, on a national accounts basis, of \$452 million in the third quarter to a deficit of \$60 million in the fourth quarter. Most of this change resulted from movements at the provincial-municipal level, where the deficit showed a sharp increase from \$236 million to \$676 million. The federal deficit increased somewhat, from \$208 million to \$296 million, while the surplus of the Canada and Quebec Pension Plans showed little change.

Components of Income

In the fourth quarter of 1967, labour income rose by slightly more than 1 per cent. This was lower than the rise in the second and third quarters of 1967, and less than half as large as the quarterly increases recorded throughout 1966 and the first quarter of 1967. The lower rate of increase was partially due to a reduction in employment in the goods-producing industries, although the rise in payrolls in the service-producing sector was also lower than that recorded throughout 1966 and the first three quarters of 1967.

In the goods-producing sector, total labour income increased slightly. This was almost entirely accounted for by increased earnings since declines in employment were recorded. In manufacturing, a slight increase in hours worked and continuing increases in average hourly earnings were partially offset by a decline in employment, resulting in a small increase in total payrolls. In the primary industries, wages and salaries rose by slightly more than 1 per cent after a decline during the third quarter and a slight increase in the second. Construction payrolls declined for the third successive quarter.

The service-producing sector showed an increase in total wages and salaries of almost 2 per cent. Employment increased in all components except transportation and other utilities. The largest relative gains in labour income were recorded in public utilities, governments and service.

Net corporation profits advanced by $1\frac{1}{2}$ per cent in the fourth quarter to return to the level of the second quarter of 1966. This increase was related to a 5 per cent decline in capital consumption allowances; on a gross basis, profits dipped by 1 per cent.

By industry, net profit gains were recorded in all but four categories. The industries experiencing advances were mining with a 6 per cent increase in profits, manufacturing, 7 per cent, transportation, storage and communication, 5 per cent, and wholesale trade, 4 per cent. Profits in retail trade, service, and utilities slipped 24, 18, and 3 per cent respectively, whereas the profits of the finance industry dropped 1 per cent.

Within the manufacturing group, profits of a majority of industries mounted. Improvements of over 10 per cent were registered in the rubber, textile, chemical and electrical industries, while more moderate rises occurred in the wood, petroleum and coal and metal industries. Profits held steady in the printing and publishing group, but declined in the food and beverage, paper and non-metallic minerals industries.

Rent, interest and miscellaneous investment income rose by \$96 million or just over 2 per cent from the level of the third quarter, on a seasonally adjusted basis.

Accrued net income of farm operators from farm production declined by 2½ per cent from the level of the previous quarter. Much of the decrease occurred in the value of grain production, due mainly to the unusually low level of profits of the Canadian Wheat Board reflecting declining exports.

Net income of non-farm unincorporated business fell slightly below the third quarter level to \$3,316 million, seasonally adjusted at annual rates. Mixed movements occurred, but most significant were declines in retail trade and service.

Production by Industry^{1/}

Real gross domestic product less agriculture increased by 0.6 per cent in the fourth quarter of 1967.

Over 60 per cent of the increase in non-agricultural output came from manufacturing which rose by 1.3 per cent. Durables and non-durables manufacturing rose by 1.5 and 1 per cent respectively.

Within durables, the largest expansion occurred in iron and steel production, particularly the manufacture of pipe. Production of motor vehicles also rose in the quarter despite a decline in October attributable to the effects of labour disputes in the U.S. automobile industry. More than half of the increase in non-durables came from clothing and textile production.

There was a 1.3 per cent rise in mining, mainly the result of a substantial gain in iron ore offsetting a decline in crude petroleum from an unusually high third quarter level.

Electric power and gas utilities increased by 0.5 per cent in the fourth quarter, whereas forestry declined by 5.5 per cent, because of decreased cuttings of pulpwood and other types of wood.

Rising 1.9 per cent, the transportation, storage and communication industries contributed over 30 per cent of the total gain in non-agricultural real output. The transportation industry was the major source of strength. Water transportation recovered from the strike effects of the previous quarter. Air transport and transportation by pipelines were also strong, but passenger transport declined, a reflection of the urban transit strike in Montreal and declining traffic after the close of Expo. Within communication, the telephone component rose.

Construction declined by about 2 per cent, with a drop in public construction partially offset by an increase in private construction.

Wholesale and retail trade increased by 0.9 per cent. Farm implement dealers was the only store-type to record a large increase, of 10 per cent, which represented a partial recovery from a very low third-quarter level. Within wholesale trade movements were mixed.

^{1/}For further information see Index of Industrial Production, January 1968, DBS 61-005

The community, recreation, business and personal service grouping declined by 1.3 per cent over the third quarter of 1967, mainly because of a drop of $4\frac{1}{2}$ per cent in the personal service group. This drop, which was concentrated in the restaurants and the hotels, motels and lodging houses components, reflected the closing of Expo at the end of October.

The finance, insurance and real estate grouping rose by 1.4 per cent, with more than half of this increase coming from the rents component.

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
1. Wages, salaries, and supplementary labour income	5,482	5,809	6,074	6,068	23,433	6,052	6,465	6,781	6,881	26,179
2. Military pay and allowances	140	150	147	146	583	145	153	149	140	587
3. Corporation profits before taxes	972	1,313	1,204	1,330	4,819	1,055	1,409	1,330	1,405	5,199
4. Deduct: Dividends paid to non-residents(1)	- 185	- 137	- 164	- 267	- 753	- 197	- 148	- 161	- 274	- 780
5. Rent, interest and miscellaneous investment income	786	766	812	898	3,262	824	848	869	996	3,537
6. Accrued net income of farm operators from farm production(2)	12	186	1,118	148	1,464	10	100	1,305	230	1,645
7. Net income of non-farm unincorporated business(3)	557	666	654	843	2,720	581	720	712	864	2,877
8. Inventory valuation adjustment(4)	- 44	- 90	25	- 22	- 131	- 41	- 117	- 55	- 112	- 325
9. NET NATIONAL INCOME AT FACTOR COST ...	7,720	8,663	9,870	9,144	35,397	8,429	9,430	10,930	10,130	38,919
10. Indirect taxes less subsidies	1,512	1,599	1,642	1,619	6,372	1,713	1,780	1,869	1,876	7,238
11. 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
12. Residual error of estimate	- 62	- 62	78	70	24	- 108	- 38	46	36	- 64
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	10,495	11,604	12,982	12,312	47,393	11,466	12,718	14,361	13,658	52,203
14. (Gross national product at market prices excluding accrued net income of farm operators)	(10,483)	(11,418)	(11,864)	(12,164)	(45,929)	(11,456)	(12,618)	(13,056)	(13,428)	(50,558)

(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, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	6,909	7,356	7,244	8,157	29,666	7,313	7,975	7,824	8,949	32,061
2. Government expenditure on goods and services(1,2)	1,948	2,154	2,323	2,229	8,654	2,115	2,441	2,603	2,455	9,614
3. 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
4. New residential construction	462	451	513	595	2,021	469	510	548	597	2,124
5. New non-residential construction ...	570	810	1,017	961	3,358	714	912	1,219	1,179	4,024
6. New machinery and equipment	847	1,074	851	952	3,724	953	1,228	1,099	1,223	4,503
7. Value of physical change in inventories(4)	25	- 158	896	- 377	386	214	- 15	1,085	- 336	948
8. Non-farm business inventories	313	32	156	15	516	492	96	164	153	905
9. Farm inventories and grain in commercial channels	- 288	- 190	740	- 392	- 130	- 278	- 111	921	- 489	43
10. 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
11. 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
12. Residual error of estimate	62	63	- 78	- 71	- 24	108	39	- 47	- 36	64
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	10,495	11,604	12,982	12,312	47,393	11,466	12,718	14,361	13,658	52,203

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

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

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

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

TABLE 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
1. Wages, salaries, and supplementary labour income	6,894	7,364	7,665	7,738	29,661	7,629	8,076	8,369	8,315	32,389
2. Military pay and allowances	168	145	147	161	621	183	172	173	176	704
3. Corporation profits before taxes	1,130	1,440	1,209	1,366	5,145	1,016	1,354	1,270	1,380	5,020
4. Deduct: Dividends paid to non-residents(1)	- 174	- 144	- 152	- 327	- 797	- 153	- 153	- 174	- 275	- 755
5. Rent, interest and miscellaneous investment income	903	937	940	1,064	3,844	979	1,055	1,090	1,215	4,339
6. Accrued net income of farm operators from farm production(2)	100	201	1,662	241	2,204	148	215	1,211	124	1,698
7. Net income of non-farm unincorporated business(3)	622	712	722	893	2,949	626	776	820	972	3,194
8. Inventory valuation adjustment(4)	- 118	- 86	- 65	- 52	- 321	- 79	- 85	- 33	- 94	- 291
9. NET NATIONAL INCOME AT FACTOR COST ...	9,525	10,569	12,128	11,084	43,306	10,349	11,410	12,726	11,813	46,298
10. Indirect taxes less subsidies	1,932	1,974	2,053	1,991	7,950	2,168	2,163	2,164	2,210	8,705
11. Capital consumption allowances and miscellaneous valuation adjustments	1,547	1,700	1,647	1,729	6,623	1,695	1,852	1,718	1,735	7,000
12. Residual error of estimate	- 105	47	119	180	241	- 168	44	56	133	65
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	12,899	14,290	15,947	14,984	58,120	14,044	15,469	16,664	15,891	62,068
14. (Gross national product at market prices excluding accrued net income of farm operators)	(12,799)	(14,089)	(14,285)	(14,743)	(55,916)	(13,896)	(15,254)	(15,453)	(15,767)	(60,370)

(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	IV	Year
1. Personal expenditure on consumer goods and services	8,065	8,548	8,556	9,679	34,848	8,678	9,369	9,224	10,443	37,714
2. Government expenditure on goods and services(1,2)	2,449	2,743	3,156	2,938	11,286	2,736	3,157	3,341	3,143	12,377
3. Business gross fixed capital formation(3)	2,638	3,328	3,120	3,407	12,493	2,864	3,412	3,006	3,083	12,365
4. New residential construction	512	563	534	562	2,171	405	597	663	672	2,337
5. New non-residential construction ...	866	1,247	1,315	1,422	4,850	1,021	1,187	1,187	1,275	4,670
6. New machinery and equipment	1,260	1,518	1,271	1,423	5,472	1,438	1,628	1,156	1,136	5,358
7. Value of physical change in inventories(4)	45	120	1,219	- 444	940	- 67	- 129	966	- 545	225
8. Non-farm business inventories	390	272	67	48	777	248	- 5	105	- 159	189
9. Farm inventories and grain in commercial channels	- 345	- 152	1,152	- 492	163	- 315	- 124	861	- 386	36
10. Exports of goods and services	2,729	3,253	3,624	3,467	13,073	3,151	3,842	3,878	3,737	14,608
11. Deduct: Imports of goods and services	- 3,133	- 3,655	- 3,609	- 3,883	- 14,280	- 3,485	- 4,139	- 3,695	- 3,838	- 15,157
12. Residual error of estimate	106	- 47	- 119	- 180	- 240	167	- 43	- 56	- 132	- 64
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	12,899	14,290	15,947	14,984	58,120	14,044	15,469	16,664	15,891	62,068

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

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

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

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

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

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	5,482	5,809	6,074	6,068	23,433	6,052	6,465	6,781	6,881	26,179
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 223	- 222	- 233	- 234	- 912	- 247	- 249	- 265	- 266	- 1,027
3. Military pay and allowances	140	150	147	146	583	145	153	149	140	587
4. Net income received by farm operators from farm production(1)	162	97	1,020	74	1,353	262	55	1,226	146	1,689
5. Net income of non-farm unincorporated business	557	666	654	843	2,720	581	720	712	864	2,877
6. Interest, dividends and net rental income of persons(2)	920	951	936	992	3,799	998	1,016	1,023	1,102	4,139
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	1,119	1,025	979	1,010	4,133	1,222	1,113	1,110	1,129	4,574
8. Charitable contributions by corporations	11	11	11	11	44	11	11	11	11	44
9. PERSONAL INCOME	8,168	8,487	9,588	8,910	35,153	9,024	9,284	10,747	10,007	39,062

(1) This item differs from line 6, of Table 1, by excluding the adjustment which has been made to take account of the deferred 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
1. Personal direct taxes	768	916	856	888	3,428	907	1,042	959	1,005	3,913
2. Income taxes	624	801	756	776	2,957	746	909	835	865	3,355
3. Succession duties and estate taxes ..	41	55	37	46	179	42	50	55	65	212
4. Miscellaneous	103	60	63	66	292	119	83	69	75	346
5. Personal expenditure on consumer goods and services	6,909	7,356	7,244	8,157	29,666	7,313	7,975	7,824	8,949	32,061
6. Non-durable goods	3,259	3,408	3,578	4,144	14,389	3,416	3,663	3,849	4,510	15,438
7. Durable goods	805	1,002	803	982	3,592	827	1,115	889	1,170	4,001
8. Services(1)	2,845	2,946	2,863	3,031	11,685	3,070	3,197	3,086	3,269	12,622
9. Personal net saving	491	215	1,488	- 135	2,059	804	267	1,964	53	3,088
10. Personal saving excluding change in farm inventories	757	338	740	323	2,158	1,059	355	1,027	591	3,032
11. Value of physical change in farm inventories	- 266	- 123	748	- 458	- 99	- 255	- 88	937	- 538	56
12. PERSONAL INCOME	8,168	8,487	9,588	8,910	35,153	9,024	9,284	10,747	10,007	39,062
13. (Personal disposable income)(2)	(7,400)	(7,571)	(8,732)	(8,022)	(31,725)	(8,117)	(8,242)	(9,788)	(9,002)	(35,149)

(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
1. Wages, salaries, and supplementary labour income	6,894	7,364	7,665	7,738	29,661	7,629	8,076	8,369	8,315	32,389
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 392	- 483	- 496	- 472	- 1,843	- 491	- 533	- 556	- 451	- 2,031
3. Military pay and allowances	168	145	147	161	621	183	172	173	176	704
4. Net income received by farm operators from farm production(1)	275	112	1,525	136	2,048	400	121	1,161	103	1,785
5. Net income of non-farm unincorporated business	622	712	722	893	2,949	626	776	820	972	3,194
6. Interest, dividends and net rental income of persons(2)	1,092	1,122	1,122	1,200	4,536	1,173	1,211	1,211	1,299	4,894
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	1,292	1,218	1,235	1,302	5,047	1,588	1,533	1,489	1,613	6,223
8. Charitable contributions by corporations	11	11	11	11	44	11	11	11	11	44
9. PERSONAL INCOME	9,962	10,201	11,931	10,969	43,063	11,119	11,367	12,678	12,038	47,202

(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
1. Personal direct taxes	1,071	1,109	1,116	1,188	4,484	1,398	1,309	1,347	1,439	5,493
2. Income taxes	901	968	981	1,053	3,903	1,213	1,167	1,224	1,300	4,904
3. Succession duties and estate taxes ..	46	56	66	56	224	54	51	53	57	215
4. Miscellaneous	124	85	69	79	357	131	91	70	82	374
5. Personal expenditure on consumer goods and services	8,065	8,548	8,556	9,679	34,848	8,678	9,369	9,224	10,443	37,714
6. Non-durable goods	3,754	4,024	4,234	4,918	16,930	4,090	4,415	4,665	5,318	18,488
7. Durable goods	958	1,062	951	1,198	4,169	921	1,225	990	1,229	4,365
8. Services(1)	3,353	3,462	3,371	3,563	13,749	3,667	3,729	3,569	3,896	14,861
9. Personal net saving	826	544	2,259	102	3,731	1,043	689	2,107	156	3,995
10. Personal saving excluding change in farm inventories	1,120	661	1,159	642	3,582	1,328	809	1,363	619	4,119
11. Value of physical change in farm inventories	- 294	- 117	1,100	- 540	149	- 285	- 120	744	- 463	- 124
12. PERSONAL INCOME	9,962	10,201	11,931	10,969	43,063	11,119	11,367	12,678	12,038	47,202
13. (Personal disposable income) (2)	(8,891)	(9,092)	(10,815)	(9,781)	(38,579)	(9,721)	(10,058)	(11,331)	(10,599)	(41,709)

(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)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	768	916	856	888	3,428	907	1,042	959	1,005	3,913
2. Federal	549	699	648	662	2,558	621	757	661	677	2,716
3. Provincial and municipal	219	217	208	226	870	286	285	298	328	1,197
4. Direct taxes - Corporations	439	551	517	546	2,053	460	595	562	608	2,225
5. Federal(1)	331	415	389	411	1,546	346	448	423	458	1,675
6. (Federal tax collections)(1)	(324)	(521)	(375)	(385)	(1,605)	(359)	(566)	(396)	(394)	(1,715)
7. Provincial	108	136	128	135	507	114	147	139	150	550
8. (Provincial tax collections)	(116)	(126)	(134)	(116)	(492)	(145)	(149)	(143)	(117)	(554)
<u>Withholding taxes</u>										
9. Federal(2)	30	34	25	51	140	37	44	29	58	168
10. Indirect taxes	1,577	1,664	1,719	1,735	6,695	1,766	1,837	1,958	2,003	7,564
11. Federal	616	719	739	773	2,847	689	801	848	914	3,252
12. Provincial and municipal	961	945	980	962	3,848	1,077	1,036	1,110	1,089	4,302
13. Investment income	346	345	379	456	1,526	372	403	392	504	1,671
14. Federal	122	123	143	182	570	126	161	142	201	630
15. Provincial and municipal	224	222	236	274	956	246	242	250	303	1,041
16. Canada Pension Plan										
17. Employer and employee contributions to social insurance and government pension funds	223	222	233	234	912	247	249	265	266	1,027
18. Federal	142	140	145	147	574	151	149	158	160	618
19. Provincial and municipal	81	82	88	87	338	96	100	107	106	409
20. Canada Pension Plan										
21. Quebec Pension Plan										
<u>Transfers from Federal</u>										
22. Provincial and municipal	298	326	305	323	1,252	387	364	313	370	1,434
23. TOTAL REVENUE	3,681	4,058	4,034	4,233	16,006	4,176	4,534	4,478	4,814	18,002
24. FEDERAL	1,790	2,130	2,089	2,226	8,235	1,970	2,360	2,261	2,468	9,059
25. PROVINCIAL AND MUNICIPAL	1,891	1,928	1,945	2,007	7,771	2,206	2,174	2,217	2,346	8,943
26. CANADA PENSION PLAN										
27. QUEBEC PENSION PLAN										

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected in 1966 were: second quarter \$19 million, third quarter \$57 million and fourth quarter \$56 million. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million, third quarter \$10 million and fourth quarter \$8 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 5. Government Revenue, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	1,071	1,109	1,116	1,188	4,484	1,398	1,309	1,347	1,439	5,493
2. Federal	661	746	752	796	2,955	859	896	881	936	3,572
3. Provincial and municipal	410	363	364	392	1,529	539	413	466	503	1,921
4. Direct taxes - Corporations	462	626	559	605	2,252	441	604	555	608	2,208
5. Federal(1)	348	471	421	456	1,696	325	446	410	449	1,630
6. (Federal tax collections)(1)	(398)	(528)	(409)	(392)	(1,727)	(400)	(569)	(423)	(413)	(1,805)
7. Provincial	114	155	138	149	556	116	158	145	159	578
8. (Provincial tax collections)	(143)	(159)	(147)	(123)	(572)	(149)	(160)	(162)	(141)	(612)
<u>Withholding taxes</u>										
9. Federal(2)	39	53	34	77	203	41	66	37	74	218
10. Indirect taxes	2,023	2,072	2,174	2,197	8,466	2,255	2,275	2,330	2,367	9,227
11. Federal	806	899	910	960	3,575	879	942	921	965	3,707
12. Provincial and municipal	1,217	1,173	1,264	1,237	4,891	1,376	1,333	1,409	1,402	5,520
13. Investment income	409	452	432	520	1,813	440	523	546	640	2,149
14. Federal	127	188	157	218	690	126	210	215	249	800
15. Provincial and municipal	282	264	273	299	1,118	307	306	321	378	1,312
16. Canada Pension Plan			2	3	5	7	7	10	13	37
17. Employer and employee contributions to social insurance and government pension funds	392	483	496	472	1,843	491	533	556	451	2,031
18. Federal	162	169	182	177	690	172	173	198	161	704
19. Provincial and municipal	104	107	114	114	439	114	117	124	123	478
20. Canada Pension Plan	95	150	147	139	531	152	179	172	121	624
21. Quebec Pension Plan	31	57	53	42	183	53	64	62	46	225
<u>Transfers from Federal</u>										
22. Provincial and municipal	396	421	393	452	1,662	446	538	495	513	1,992
23. TOTAL REVENUE	4,792	5,216	5,204	5,511	20,723	5,512	5,848	5,866	6,092	23,318
24. FEDERAL	2,143	2,526	2,456	2,684	9,809	2,402	2,733	2,662	2,834	10,631
25. PROVINCIAL AND MUNICIPAL	2,523	2,483	2,546	2,643	10,195	2,898	2,865	2,960	3,078	11,801
26. CANADA PENSION PLAN	95	150	149	142	536	159	186	182	134	661
27. QUEBEC PENSION PLAN	31	57	53	42	183	53	64	62	46	225

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected in 1966 were: second quarter \$19 million, third quarter \$57 million and fourth quarter \$56 million. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million, third quarter \$10 million and fourth quarter \$8 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, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Goods and services	1,948	2,154	2,323	2,229	8,654	2,115	2,441	2,603	2,455	9,614
2. Federal	780	738	781	747	3,046	834	770	878	811	3,293
3. (Defence)	(455)	(379)	(362)	(388)	(1,584)	(460)	(352)	(380)	(367)	(1,559)
4. Provincial and municipal	1,168	1,416	1,542	1,482	5,608	1,281	1,671	1,725	1,644	6,321
5. Transfer payments to persons (excluding interest on the public debt)	1,119	1,025	979	1,010	4,133	1,222	1,113	1,110	1,129	4,574
6. Federal	633	566	505	535	2,239	656	594	533	529	2,312
7. Provincial and municipal	486	459	474	475	1,894	566	519	577	600	2,262
8. Interest on the public debt	350	404	366	406	1,526	379	440	388	438	1,645
9. Federal	236	259	253	247	995	253	271	262	266	1,052
10. Provincial and municipal	114	145	113	159	531	126	169	126	172	593
11. Subsidies	65	65	77	116	323	53	57	89	127	326
12. Federal	61	60	51	105	277	44	50	55	110	259
13. Provincial	4	5	26	11	46	9	7	34	17	67
<u>Capital Assistance(1)</u>										
14. Federal	20	28	22	12	82	20	21	21	22	84
Transfers to other levels of government:										
15. Federal	298	326	305	323	1,252	387	364	313	370	1,434
16. Total expenditure	3,800	4,002	4,072	4,096	15,970	4,176	4,436	4,524	4,541	17,677
17. Federal	2,028	1,977	1,917	1,969	7,891	2,194	2,070	2,062	2,108	8,434
18. Provincial and municipal	1,772	2,025	2,155	2,127	8,079	1,982	2,366	2,462	2,433	9,243
19. Deficit (-) or Surplus	- 119	56	- 38	137	36	-	98	- 46	273	325
20. Federal	- 238	153	172	257	344	- 224	290	199	360	625
21. Provincial and municipal	119	- 97	- 210	- 120	- 308	224	- 192	- 245	- 87	- 300
22. Canada Pension Plan										
23. Quebec Pension Plan										
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	3,681	4,058	4,034	4,233	16,006	4,176	4,534	4,478	4,814	18,002
25. FEDERAL	1,790	2,130	2,089	2,226	8,235	1,970	2,360	2,261	2,468	9,059
26. PROVINCIAL AND MUNICIPAL	1,891	1,928	1,945	2,007	7,771	2,206	2,174	2,217	2,346	9,943
27. CANADA PENSION PLAN										
28. QUEBEC PENSION PLAN										

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

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

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Goods and services	2,449	2,743	3,156	2,938	11,286	2,736	3,157	3,341	3,143	12,377
2. Federal	939	906	1,056	1,019	3,920	1,034	1,084	1,112	1,029	4,259
3. (Defence)	(481)	(369)	(406)	(453)	(1,709)	(470)	(426)	(471)	(438)	(1,805)
4. Provincial and municipal	1,510	1,837	2,100	1,919	7,366	1,702	2,073	2,229	2,114	8,118
5. Transfer payments to persons (excluding interest on the public debt)	1,292	1,218	1,235	1,302	5,047	1,588	1,533	1,489	1,613	6,223
6. Federal	676	622	581	599	2,478	771	778	686	701	2,936
7. Provincial and municipal	616	596	654	703	2,569	817	755	803	912	3,287
8. Interest on the public debt	417	483	429	476	1,805	438	525	474	545	1,982
9. Federal	278	293	293	287	1,151	283	314	320	328	1,245
10. Provincial and municipal	139	190	136	189	654	155	211	154	217	737
11. Subsidies	91	98	121	206	516	87	112	166	157	522
12. Federal	55	75	69	176	375	61	99	110	120	390
13. Provincial	36	23	52	30	141	26	13	56	37	132
<u>Capital Assistance(1)</u>										
14. Federal	8	22	14	15	59	13	15	12	25	65
Transfers to other levels of government:										
15. Federal	396	421	393	452	1,662	446	538	495	513	1,992
16. Total expenditure	4,653	4,985	5,348	5,389	20,375	5,308	5,880	5,977	5,996	23,161
17. Federal	2,352	2,339	2,406	2,548	9,645	2,608	2,828	2,735	2,716	10,887
18. Provincial and municipal	2,301	2,646	2,942	2,841	10,730	2,700	3,052	3,242	3,280	12,274
19. Deficit (-) or Surplus	139	231	- 144	122	348	204	- 32	- 111	96	157
20. Federal	- 209	187	50	136	164	- 206	- 95	- 73	118	- 256
21. Provincial and municipal	222	- 163	- 396	- 198	- 535	198	- 187	- 282	- 202	- 473
22. Canada Pension Plan	95	150	149	142	536	159	186	182	134	661
23. Quebec Pension Plan	31	57	53	42	183	53	64	62	46	225
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,792	5,216	5,204	5,511	20,723	5,512	5,848	5,866	6,092	23,318
25. FEDERAL	2,143	2,526	2,456	2,684	9,809	2,402	2,733	2,662	2,834	10,631
26. PROVINCIAL AND MUNICIPAL	2,523	2,483	2,546	2,643	10,195	2,898	2,865	2,960	3,078	11,801
27. CANADA PENSION PLAN	95	150	149	142	536	159	186	182	134	661
28. QUEBEC PENSION PLAN	31	57	53	42	183	53	64	62	46	225

(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, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal net saving	491	215	1,488	- 135	2,059	804	267	1,964	53	3,088
2. Business gross saving	1,372	1,975	1,862	1,876	7,085	1,383	2,092	2,025	2,004	7,504
3. Undistributed corporation profits	177	454	350	311	1,292	183	480	409	282	1,354
4. 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
5. Adjustment on grain transactions(1) ..	- 150	89	98	74	111	- 252	45	79	84	- 44
6. Capital assistance	20	28	22	12	82	20	21	21	22	84
7. Inventory valuation adjustment	- 44	- 90	25	- 22	- 131	- 41	- 117	- 55	- 112	- 325
8. Government surplus or deficit (-)	- 119	56	- 38	137	36	-	98	- 46	273	325
9. Residual error of estimate	- 62	- 62	78	70	24	- 108	- 38	46	36	- 64
10. Totals	1,638	2,094	3,415	1,926	9,073	2,038	2,302	3,934	2,254	10,528

(1) This item is an adjustment to take account of the reduced 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, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. 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
2. New residential construction	462	451	513	595	2,021	469	510	548	597	2,124
3. New non-residential construction	570	810	1,017	961	3,358	714	912	1,219	1,179	4,024
4. New machinery and equipment	847	1,074	851	952	3,724	953	1,228	1,099	1,223	4,503
5. Value of physical change in inventories	25	- 158	896	- 377	386	214	- 15	1,085	- 336	948
6. Surplus or deficit (-) on current account with non-residents	- 328	- 146	216	- 134	- 392	- 420	- 372	30	- 373	- 1,135
7. Residual error of estimate	62	63	- 78	- 71	- 24	108	39	- 47	- 36	64
8. Totals	1,638	2,094	3,415	1,926	9,073	2,038	2,302	3,934	2,254	10,528

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
1. Personal net saving	826	544	2,259	102	3,731	1,043	689	2,107	156	3,995
2. Business gross saving	1,643	2,263	2,066	2,015	7,987	1,630	2,327	2,080	2,014	8,051
3. Undistributed corporation profits	263	452	268	166	1,149	174	366	300	233	1,073
4. Capital consumption allowances and miscellaneous valuation adjustments	1,547	1,700	1,647	1,729	6,623	1,695	1,852	1,718	1,735	7,000
5. Adjustment on grain transactions(1) ..	- 175	89	137	105	156	- 252	94	50	21	- 87
6. Capital assistance	8	22	14	15	59	13	15	12	25	65
7. Inventory valuation adjustment	- 118	- 86	- 65	- 52	- 321	- 79	- 85	- 33	- 94	- 291
8. Government surplus or deficit (-)	139	231	- 144	122	348	204	- 32	- 111	96	157
9. Residual error of estimate	- 105	47	119	180	241	- 168	44	56	133	65
10. Totals	2,385	2,999	4,235	2,367	11,986	2,630	2,943	4,099	2,305	11,977

(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	IV	Year
1. Business gross fixed capital formation ..	2,638	3,328	3,120	3,407	12,493	2,864	3,412	3,006	3,083	12,365
2. New residential construction	512	563	534	562	2,171	405	597	663	672	2,337
3. New non-residential construction	866	1,247	1,315	1,422	4,850	1,021	1,187	1,187	1,275	4,670
4. New machinery and equipment	1,260	1,518	1,271	1,423	5,472	1,438	1,628	1,156	1,136	5,358
5. Value of physical change in inventories	45	120	1,219	- 444	940	- 67	- 129	966	- 545	225
6. Surplus or deficit (-) on current account with non-residents	- 404	- 402	15	- 416	- 1,207	- 334	- 297	183	- 101	- 549
7. Residual error of estimate	106	- 47	- 119	- 180	- 240	167	- 43	- 56	- 132	- 64
8. Totals	2,385	2,999	4,235	2,367	11,986	2,630	2,943	4,099	2,305	11,977

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
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	10,495	11,604	12,982	12,312	47,393	11,466	12,718	14,361	13,658	52,203
2. Deduct: Residual error of estimate	62	62	- 78	- 70	- 24	108	38	- 46	- 36	64
Indirect taxes less subsidies	- 1,512	- 1,599	- 1,642	- 1,619	- 6,372	- 1,713	- 1,780	- 1,869	- 1,876	- 7,238
Income received from non-residents	- 67	- 60	- 54	- 151	- 332	- 70	- 76	- 73	- 103	- 322
5. Add: Income paid to non-residents	239	219	219	333	1,010	260	244	225	357	1,086
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	9,217	10,226	11,427	10,805	41,675	10,051	11,144	12,598	12,000	45,793

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
1. Personal expenditure on consumer goods and services	6,302	6,678	6,511	7,355	26,846	6,566	7,111	6,892	7,892	28,461
2. Non-durable goods	3,032	3,144	3,255	3,803	13,234	3,145	3,316	3,438	4,021	13,920
3. Durable goods	803	999	808	975	3,585	827	1,115	893	1,170	4,005
4. Services	2,467	2,535	2,448	2,577	10,027	2,594	2,680	2,561	2,701	10,536
5. Government expenditure on goods and services	1,546	1,791	1,989	1,787	7,113	1,615	1,918	2,128	1,863	7,524
6. Business gross fixed capital formation	1,598	1,952	1,982	2,074	7,606	1,727	2,121	2,297	2,385	8,530
7. New residential construction	384	369	413	475	1,641	370	395	423	455	1,643
8. New non-residential construction ..	490	684	856	800	2,830	576	725	971	924	3,196
9. New machinery and equipment	724	899	713	799	3,135	781	1,001	903	1,006	3,691
10. Change in inventories	78	- 179	795	- 340	354	253	- 36	976	- 255	938
11. Non-farm business inventories	323	45	110	8	486	481	109	115	169	874
12. Farm inventories and grain in commercial channels	- 245	- 224	685	- 348	- 132	- 228	- 145	861	- 424	64
13. Exports of goods and services	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)
14. Deduct: Imports of goods and services (of which merchandise)(2)	- 2,167	- 2,513	- 2,397	- 2,555	- 9,632	- 2,364	- 2,779	- 2,692	- 3,003	- 10,838
	(1,500)	(1,812)	(1,653)	(1,789)	(6,754)	(1,666)	(2,016)	(1,891)	(2,192)	(7,765)
15. Residual error of estimate	54	56	- 69	- 62	- 21	92	33	- 40	- 30	55
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	9,392	10,273	11,466	10,745	41,876	9,970	10,877	12,344	11,577	44,768

(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.

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
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	12,899	14,290	15,947	14,984	58,120	14,044	15,469	16,664	15,891	62,068
2. Deduct: Residual error of estimate	105	- 47	- 119	- 180	- 241	168	- 44	- 56	- 133	- 65
3. Indirect taxes less subsidies	- 1,932	- 1,974	- 2,053	- 1,991	- 7,950	- 2,168	- 2,163	- 2,164	- 2,210	- 8,705
4. Income received from non-residents	- 71	- 81	- 55	- 116	- 323	- 62	- 54	- 63	- 102	- 281
5. Add: Income paid to non-residents	247	250	230	408	1,135	242	269	263	375	1,149
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	11,248	12,438	13,950	13,105	50,741	12,224	13,477	14,644	13,821	54,166

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
1. Personal expenditure on consumer goods and services	7,024	7,354	7,284	8,240	29,902	7,344	7,830	7,579	8,574	31,327
2. Non-durable goods	3,313	3,493	3,622	4,234	14,662	3,555	3,767	3,906	4,480	15,708
3. Durable goods	972	1,065	959	1,180	4,176	917	1,205	967	1,169	4,258
4. Services	2,739	2,796	2,703	2,826	11,064	2,872	2,858	2,706	2,925	11,361
5. Government expenditure on goods and services	1,763	2,047	2,404	2,121	8,335	1,857	2,219	2,386	2,144	8,606
6. Business gross fixed capital formation	2,068	2,575	2,396	2,594	9,633	2,156	2,590	2,271	2,301	9,318
7. New residential construction	385	415	386	399	1,585	285	409	450	447	1,591
8. New non-residential construction ..	664	943	992	1,057	3,656	740	851	854	905	3,350
9. New machinery and equipment	1,019	1,217	1,018	1,138	4,392	1,131	1,330	967	949	4,377
10. Change in inventories	106	66	1,052	- 333	891	- 27	- 187	819	- 431	174
11. Non-farm business inventories	380	272	- 4	78	726	229	8	38	- 113	162
12. Farm inventories and grain in commercial channels	- 274	- 206	1,056	- 411	165	- 256	- 195	781	- 318	12
13. Exports of goods and services	2,415	2,846	3,095	2,989	11,345	2,714	3,281	3,273	3,199	12,467
(of which merchandise)	(2,025)	(2,346)	(2,379)	(2,494)	(9,244)	(2,321)	(2,680)	(2,418)	(2,711)	(10,130)
14. Deduct: Imports of goods and services	- 2,701	- 3,140	- 3,077	- 3,322	- 12,240	- 2,956	- 3,505	- 3,126	- 3,247	- 12,834
(of which merchandise) (2)	(1,971)	(2,350)	(2,197)	(2,443)	(8,961)	(2,210)	(2,653)	(2,315)	(2,429)	(9,607)
15. Residual error of estimate	88	- 39	- 98	- 147	- 196	133	- 35	- 45	- 104	- 51
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	10,763	11,709	13,056	12,142	47,670	11,221	12,193	13,157	12,436	49,007

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

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	22,744	23,112	23,724	24,152	23,433	25,112	25,736	26,500	27,368	26,179
2. Military pay and allowances	572	576	584	600	583	596	592	600	560	587
3. Corporation profits before taxes	4,692	4,756	4,772	5,056	4,819	5,040	5,112	5,344	5,300	5,199
4. Deduct: Dividends paid to non-residents(1)	- 748	- 684	- 792	- 788	- 753	- 800	- 756	- 788	- 776	- 780
5. Rent, interest and miscellaneous investment income	3,224	3,176	3,276	3,372	3,262	3,384	3,484	3,528	3,752	3,537
6. 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
7. 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
8. Inventory valuation adjustment	- 200	- 224	4	- 104	- 131	- 188	- 308	- 340	- 464	- 325
9. NET NATIONAL INCOME AT FACTOR COST	34,332	35,064	35,728	36,464	35,397	37,444	38,228	39,604	40,400	38,919
10. Indirect taxes less subsidies	6,148	6,396	6,548	6,396	6,372	6,968	7,144	7,440	7,400	7,238
11. 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
12. Residual error of estimate	56	104	- 12	- 52	24	- 104	- 40	- 176	64	- 64
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	46,024	47,084	47,896	48,568	47,393	50,252	51,424	52,996	54,140	52,203
14. (Gross national product at market prices excluding accrued net income of farm operators)	(44,620)	(45,408)	(46,472)	(47,216)	(45,929)	(48,688)	(49,928)	(51,216)	(52,400)	(50,558)

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

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	29,000	29,296	29,984	30,384	29,666	30,764	31,664	32,524	33,292	32,061
2. Government expenditure on goods and services(1, 2)	8,536	8,600	8,552	8,928	8,654	9,244	9,520	9,668	10,024	9,614
3. 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
4. New residential construction	2,008	1,944	1,996	2,136	2,021	2,052	2,136	2,144	2,164	2,124
5. New non-residential construction	3,220	3,304	3,428	3,480	3,358	3,816	3,728	4,148	4,404	4,024
6. New machinery and equipment	3,600	3,760	3,644	3,892	3,724	3,980	4,308	4,708	5,016	4,503
7. Value of physical change in inventories	364	516	436	228	386	1,288	1,168	728	608	948
8. Non-farm business inventories	488	704	784	88	516	1,108	980	836	696	905
9. Farm inventories and grain in commercial channels(4)	- 124	- 188	- 348	140	- 130	180	188	- 108	- 88	43
10. Exports of goods and services	10,096	10,748	10,832	10,636	10,578	10,712	10,940	11,460	11,948	11,265
11. Deduct: Imports of goods and services ..	- 10,740	- 10,976	- 10,992	- 11,172	- 10,970	- 11,704	- 12,076	- 12,564	- 13,256	- 12,400
12. Residual error of estimate	- 60	- 108	16	56	- 24	100	36	180	- 60	64
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	46,024	47,084	47,896	48,568	47,393	50,252	51,424	52,996	54,140	52,203
<u>Detail of Farm Inventories and GICC</u>										
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.

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
1. Wages, salaries, and supplementary labour income	28,548	29,308	29,964	30,824	29,661	31,512	32,140	32,772	33,132	32,389
2. Military pay and allowances	684	568	588	644	621	740	680	692	704	704
3. Corporation profits before taxes	5,380	5,236	4,824	5,140	5,145	4,796	4,900	5,148	5,236	5,020
4. Deduct: Dividends paid to non-residents(1)	- 728	- 768	- 776	- 916	- 797	- 640	- 808	- 852	- 720	- 755
5. Rent, interest and miscellaneous investment income	3,708	3,844	3,832	3,992	3,844	4,012	4,360	4,444	4,540	4,339
6. Accrued net income of farm operators from farm production(2)	2,184	2,244	2,252	2,136	2,204	1,996	1,856	1,488	1,452	1,698
7. Net income of non-farm unincorporated business(3)	2,936	2,852	3,000	3,008	2,949	2,948	3,176	3,336	3,316	3,194
8. Inventory valuation adjustment	- 488	- 232	- 340	- 224	- 321	- 292	- 268	- 228	- 376	- 291
9. NET NATIONAL INCOME AT FACTOR COST	42,224	43,052	43,344	44,604	43,306	45,072	46,036	46,800	47,284	46,298
10. Indirect taxes less subsidies	7,860	7,912	8,180	7,848	7,950	8,792	8,688	8,624	8,716	8,705
11. Capital consumption allowances and miscellaneous valuation adjustments ..	6,404	6,624	6,696	6,768	6,623	7,000	7,176	6,980	6,844	7,000
12. Residual error of estimate	96	280	120	468	241	- 28	172	- 32	148	65
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	56,584	57,868	58,340	59,688	58,120	60,836	62,072	62,372	62,992	62,068
14. (Gross national product at market prices excluding accrued net income of farm operators)	(54,400)	(55,624)	(56,088)	(57,552)	(55,916)	(58,840)	(60,216)	(60,884)	(61,540)	(60,370)

(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
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	33,956	34,116	35,332	35,988	34,848	36,444	37,388	38,192	38,832	37,714
2. Government expenditure on goods and services(1, 2)	10,656	10,964	11,632	11,892	11,286	11,860	12,672	12,288	12,688	12,377
3. Business gross fixed capital formation(3)	11,968	12,572	12,308	13,124	12,493	12,972	12,724	11,916	11,848	12,365
4. New residential construction	2,280	2,264	2,084	2,056	2,171	1,920	2,348	2,532	2,548	2,337
5. New non-residential construction	4,480	5,016	4,672	5,232	4,850	5,128	4,724	4,236	4,592	4,670
6. New machinery and equipment	5,208	5,292	5,552	5,836	5,472	5,924	5,652	5,148	4,708	5,358
7. Value of physical change in inventories	988	1,668	588	516	940	152	148	680	- 80	225
8. Non-farm business inventories	792	1,392	564	360	777	176	208	684	- 312	189
9. Farm inventories and grain in commercial channels(4)	196	276	24	156	163	- 24	- 60	- 4	232	36
10. Exports of goods and services	12,660	12,820	13,276	13,536	13,073	14,468	15,004	14,252	14,708	14,608
11. Deduct: Imports of goods and services ..	13,548	13,996	14,676	14,900	14,280	15,088	15,692	14,988	14,860	15,157
12. Residual error of estimate	- 96	- 276	- 120	- 468	- 240	28	- 172	32	- 144	- 64
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	56,584	57,868	58,340	59,688	58,120	60,836	62,072	62,372	62,992	62,068
Detail of Farm Inventories and GICC										
Value of grain crop production	1,564	1,564	1,564	1,564	1,564	1,212	1,212	1,212	1,216	1,213
Depletions of farm stocks of grain	- 1,224	- 1,372	- 1,612	- 1,404	- 1,403	- 1,280	- 1,476	- 1,460	- 1,156	- 1,343
Change in livestock inventories	- 100	36	48	- 32	- 12	8	72	- 60	4	6
Grain in Commercial Channels	- 44	48	24	28	14	36	132	304	168	160

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

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	22,744	23,112	23,724	24,152	23,433	25,112	25,736	26,500	27,368	26,179
2. Deduct: Employer and employee contributions to social insurance and government pension funds ..	- 884	- 912	- 924	- 928	- 912	- 980	- 1,020	- 1,048	- 1,060	- 1,027
3. Military pay and allowances	572	576	584	600	583	596	592	600	560	587
4. 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
5. 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
6. Interest, dividends and net rental income of persons(2) ...	3,748	3,784	3,812	3,852	3,799	4,036	4,048	4,196	4,276	4,139
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	4,080	4,104	4,136	4,212	4,133	4,480	4,496	4,664	4,656	4,574
8. Charitable contributions by corporations	44	44	44	44	44	44	44	44	44	44
9. PERSONAL INCOME	34,520	34,632	35,384	36,076	35,153	38,104	38,012	39,656	40,476	39,062

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

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal direct taxes	3,196	3,396	3,500	3,620	3,428	3,676	3,932	3,932	4,112	3,913
2. Income taxes	2,760	2,912	3,036	3,120	2,957	3,176	3,380	3,368	3,496	3,355
3. Succession duties and estate taxes	164	220	148	184	179	168	200	220	260	212
4. Miscellaneous	272	264	316	316	292	332	352	344	356	346
5. Personal expenditure on consumer goods and services	29,000	29,296	29,984	30,384	29,666	30,764	31,664	32,524	33,292	32,061
6. Non-durable goods	14,036	14,252	14,472	14,796	14,389	14,812	15,268	15,588	16,084	15,438
7. Durable goods	3,592	3,524	3,744	3,508	3,592	3,708	3,892	4,224	4,180	4,001
8. Services(1)	11,372	11,520	11,768	12,080	11,685	12,244	12,504	12,712	13,028	12,622
9. Personal net saving	2,324	1,940	1,900	2,072	2,059	3,664	2,416	3,200	3,072	3,088
10. PERSONAL INCOME	34,520	34,632	35,384	36,076	35,153	38,104	38,012	39,656	40,476	39,062
11. (Personal disposable income) (2)	(31,324)	(31,236)	(31,884)	(32,456)	(31,725)	(34,428)	(34,080)	(35,724)	(36,364)	(35,149)

(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
1. Wages, salaries, and supplementary labour income	28,548	29,308	29,964	30,824	29,661	31,512	32,140	32,772	33,132	32,389
2. Deduct: Employer and employee contributions to social insurance and government pension funds ..	- 1,548	- 1,872	- 1,964	- 1,988	- 1,843	- 1,972	- 2,028	- 2,132	- 1,992	- 2,031
3. Military pay and allowances	684	568	588	644	621	740	680	692	704	704
4. Net income received by farm operators from farm production(1) ..	2,044	2,080	2,056	2,012	2,048	2,136	1,732	1,620	1,652	1,785
5. Net income of non-farm unincorporated business	2,936	2,852	3,000	3,008	2,949	2,948	3,176	3,336	3,316	3,194
6. Interest, dividends and net rental income of persons(2) ...	4,420	4,484	4,568	4,672	4,536	4,748	4,848	4,924	5,056	4,894
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	4,760	4,928	5,156	5,344	5,047	5,884	6,236	6,200	6,572	6,223
8. Charitable contributions by corporations	44	44	44	44	44	44	44	44	44	44
9. PERSONAL INCOME	41,888	42,392	43,412	44,560	43,063	46,040	46,828	47,456	48,484	47,202

(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	IV	Year
1. Personal direct taxes	4,256	4,208	4,604	4,868	4,484	5,532	4,980	5,540	5,920	5,493
2. Income taxes	3,724	3,628	3,984	4,276	3,903	4,948	4,396	4,964	5,308	4,904
3. Succession duties and estate taxes	184	224	264	224	224	216	204	212	228	215
4. Miscellaneous	348	356	356	368	357	368	380	364	384	374
5. Personal expenditure on consumer goods and services	33,956	34,116	35,332	35,988	34,848	36,444	37,388	38,192	38,832	37,714
6. Non-durable goods	16,332	16,740	17,124	17,524	16,930	17,768	18,388	18,844	18,952	18,488
7. Durable goods	4,272	3,828	4,308	4,268	4,169	4,136	4,408	4,544	4,372	4,365
8. Services(1)	13,352	13,548	13,900	14,196	13,749	14,540	14,592	14,804	15,508	14,861
9. Personal net saving	3,676	4,068	3,476	3,704	3,731	4,064	4,460	3,724	3,732	3,995
10. PERSONAL INCOME	41,888	42,392	43,412	44,560	43,063	46,040	46,828	47,456	48,484	47,202
11. (Personal disposable income)(2) ..	(37,632)	(38,184)	(38,808)	(39,692)	(38,579)	(40,508)	(41,848)	(41,916)	(42,564)	(41,709)

(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
1. Direct taxes - Persons	3,196	3,396	3,500	3,620	3,428	3,676	3,932	3,932	4,112	3,913
2. Federal	2,412	2,552	2,604	2,664	2,558	2,680	2,784	2,668	2,732	2,716
3. Provincial and municipal	784	844	896	956	870	996	1,148	1,264	1,380	1,197
4. Direct taxes - Corporations	2,044	2,032	2,052	2,084	2,053	2,168	2,196	2,248	2,288	2,225
5. Federal(1)	1,548	1,532	1,540	1,564	1,546	1,640	1,652	1,692	1,716	1,675
6. (Federal tax collections)(1)	(1,416)	(1,744)	(1,540)	(1,720)	(1,605)	(1,604)	(1,836)	(1,660)	(1,760)	(1,715)
7. Provincial	496	500	512	520	507	528	544	556	572	550
8. (Provincial tax collections)	(436)	(532)	(480)	(520)	(492)	(564)	(580)	(536)	(536)	(554)
<u>Withholding taxes</u>										
9. Federal(2)	132	136	140	152	140	164	164	168	176	168
10. Indirect taxes	6,452	6,668	6,796	6,864	6,695	7,220	7,412	7,720	7,904	7,564
11. Federal	2,708	2,840	2,920	2,920	2,847	3,024	3,152	3,360	3,472	3,252
12. Provincial and municipal(3)	3,744	3,828	3,876	3,944	3,848	4,196	4,260	4,360	4,432	4,312
13. Investment income	1,472	1,444	1,556	1,632	1,526	1,588	1,644	1,624	1,828	1,671
14. Federal	564	496	572	648	570	604	616	568	732	639
15. Provincial and municipal	908	948	984	984	956	984	1,028	1,056	1,096	1,041
16. Canada Pension Plan										
17. Employer and employee contributions to social insurance and government pension funds	884	912	924	928	912	980	1,020	1,048	1,060	1,027
18. Federal	560	584	572	580	574	596	620	620	636	618
19. Provincial and municipal	324	328	352	348	338	384	400	428	424	409
20. Canada Pension Plan(4)										
21. Quebec Pension Plan(4)										
<u>Transfers from Federal</u>										
22. Provincial and municipal	1,160	1,272	1,272	1,304	1,252	1,516	1,420	1,308	1,492	1,434
23. TOTAL REVENUE	15,340	15,860	16,240	16,584	16,006	17,312	17,788	18,048	18,860	18,002
24. FEDERAL	7,924	8,140	8,348	8,528	8,235	8,708	8,988	9,076	9,464	9,059
25. PROVINCIAL AND MUNICIPAL	7,416	7,720	7,892	8,056	7,771	8,604	8,800	8,972	9,396	8,943
26. CANADA PENSION PLAN										
27. 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
1. Direct taxes - Persons	4,256	4,208	4,604	4,868	4,484	5,532	4,980	5,540	5,920	5,493
2. Federal	2,808	2,732	3,060	3,220	2,955	3,632	3,276	3,588	3,792	3,572
3. Provincial and municipal	1,448	1,476	1,544	1,648	1,529	1,900	1,704	1,952	2,128	1,921
4. Direct taxes - Corporations	2,204	2,312	2,236	2,256	2,252	2,120	2,228	2,224	2,260	2,208
5. Federal(1)	1,668	1,740	1,684	1,692	1,696	1,568	1,648	1,644	1,660	1,630
6. (Federal tax collections)(1)	(1,764)	(1,672)	(1,736)	(1,736)	(1,727)	(1,776)	(1,808)	(1,800)	(1,836)	(1,805)
7. Provincial	536	572	552	564	556	552	580	580	600	578
8. (Provincial tax collections)	(560)	(604)	(556)	(568)	(572)	(584)	(600)	(616)	(648)	(612)
<u>Withholding taxes</u>										
9. Federal(2)	180	196	204	232	203	192	240	220	220	218
10. Indirect taxes	8,276	8,368	8,564	8,656	8,466	9,208	9,224	9,164	9,312	9,227
11. Federal	3,512	3,536	3,608	3,644	3,575	3,820	3,712	3,644	3,652	3,707
12. Provincial and municipal(3)	4,764	4,832	4,956	5,012	4,891	5,388	5,512	5,520	5,660	5,520
13. Investment income	1,736	1,836	1,792	1,888	1,813	1,856	2,144	2,268	2,328	2,149
14. Federal	612	720	636	792	690	612	808	872	908	800
15. Provincial and municipal	1,124	1,116	1,148	1,084	1,118	1,216	1,308	1,356	1,368	1,312
16. Canada Pension Plan			8	12	5	28	28	40	52	37
17. Employer and Employee contributions to social insurance and government pension funds	1,548	1,872	1,964	1,988	1,843	1,972	2,028	2,132	1,992	2,031
18. Federal	640	700	716	704	690	680	716	780	640	704
19. Provincial and municipal	416	428	456	456	439	456	468	496	492	478
20. Canada Pension Plan(4)	372	552	584	616	531	620	620	628	628	624
21. Quebec Pension Plan(4)	120	192	208	212	183	216	224	228	232	225
<u>Transfers from Federal</u>										
22. Provincial and municipal	1,544	1,640	1,644	1,820	1,662	1,752	2,112	2,064	2,040	1,992
23. TOTAL REVENUE	19,744	20,432	21,008	21,708	20,723	22,632	22,956	23,612	24,072	23,318
24. FEDERAL	9,420	9,624	9,908	10,284	9,809	10,504	10,400	10,748	10,872	10,631
25. PROVINCIAL AND MUNICIPAL	9,832	10,064	10,300	10,584	10,195	11,264	11,684	11,968	12,288	11,801
26. CANADA PENSION PLAN	372	552	592	628	536	648	648	668	680	661
27. QUEBEC PENSION PLAN	120	192	208	212	183	216	224	228	232	225

(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
1. Goods and services	8,536	8,600	8,552	8,928	8,654	9,244	9,520	9,668	10,024	9,614
2. Federal	3,028	3,052	2,996	3,108	3,046	3,236	3,180	3,368	3,388	3,293
3. (Defence)	(1,620)	(1,616)	(1,512)	(1,588)	(1,584)	(1,616)	(1,532)	(1,588)	(1,500)	(1,559)
4. Provincial and municipal	5,508	5,548	5,556	5,820	5,608	6,008	6,340	6,300	6,636	6,321
5. Transfer payments to persons (excluding interest on the public debt)	4,080	4,104	4,136	4,212	4,133	4,480	4,496	4,664	4,656	4,574
6. Federal	2,196	2,228	2,252	2,280	2,239	2,320	2,336	2,332	2,260	2,312
7. Provincial and municipal	1,884	1,876	1,884	1,932	1,894	2,160	2,160	2,332	2,396	2,262
8. Interest on the public debt	1,488	1,520	1,528	1,568	1,526	1,596	1,636	1,644	1,704	1,645
9. Federal	976	996	992	1,016	995	1,020	1,044	1,048	1,096	1,052
10. Provincial and municipal	512	524	536	552	531	576	592	596	608	593
11. Subsidies	304	272	248	468	323	252	268	280	504	326
12. Federal	260	228	200	420	277	196	208	204	428	259
13. Provincial	44	44	48	48	46	56	60	76	76	67
<u>Capital Assistance(1)</u>										
14. Federal	80	112	88	48	82	80	84	84	88	84
<u>Transfers to other levels of government</u>										
15. Federal	1,160	1,272	1,272	1,304	1,252	1,516	1,420	1,308	1,492	1,434
16. Total expenditure	15,648	15,880	15,824	16,528	15,970	17,168	17,424	17,648	18,468	17,677
17. Federal	7,700	7,888	7,800	8,176	7,891	8,368	8,272	8,344	8,752	8,434
18. Provincial and municipal	7,948	7,992	8,024	8,352	8,079	8,800	9,152	9,304	9,716	9,243
19. Deficit (-) or surplus	- 308	- 20	416	56	36	144	364	400	392	325
20. Federal	224	252	548	352	344	340	716	732	712	625
21. Provincial and municipal	- 532	- 272	- 132	- 296	- 308	- 196	- 352	- 332	- 320	- 300
22. Canada Pension Plan										
23. Quebec Pension Plan										
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	15,340	15,860	16,240	16,584	16,006	17,312	17,788	18,048	18,860	18,002
25. FEDERAL	7,924	8,140	8,348	8,528	8,235	8,708	8,988	9,076	9,464	9,059
26. PROVINCIAL AND MUNICIPAL	7,416	7,720	7,892	8,056	7,771	8,604	8,800	8,972	9,396	8,943
27. CANADA PENSION PLAN										
28. QUEBEC PENSION PLAN										

(1) See footnote 1, Table 6.

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
1. Goods and services	10,656	10,964	11,632	11,892	11,286	11,860	12,672	12,288	12,688	12,377
2. Federal	3,700	3,752	3,992	4,236	3,920	4,096	4,472	4,196	4,272	4,259
3. (Defence)	(1,688)	(1,608)	(1,692)	(1,848)	(1,709)	(1,644)	(1,844)	(1,952)	(1,780)	(1,805)
4. Provincial and municipal	6,956	7,212	7,640	7,656	7,366	7,764	8,200	8,092	8,416	8,118
5. Transfer payments to persons (excluding interest on the public debt)	4,760	4,928	5,156	5,344	5,047	5,884	6,236	6,200	6,572	6,223
6. Federal	2,420	2,428	2,516	2,548	2,478	2,772	3,032	2,972	2,968	2,936
7. Provincial and municipal	2,340	2,500	2,640	2,796	2,569	3,112	3,204	3,228	3,604	3,287
8. Interest on the public debt	1,756	1,780	1,820	1,864	1,805	1,844	1,928	2,020	2,136	1,982
9. Federal	1,124	1,128	1,168	1,184	1,151	1,140	1,208	1,280	1,352	1,245
10. Provincial and municipal	632	652	652	680	654	704	720	740	784	737
11. Subsidies	416	456	384	808	516	416	536	540	596	522
12. Federal	252	320	248	680	375	292	436	396	436	390
13. Provincial	164	136	136	128	141	124	100	144	160	132
<u>Capital Assistance(1)</u>										
14. Federal	32	88	56	60	59	52	60	48	100	65
<u>Transfers to other levels of government</u>										
15. Federal	1,544	1,640	1,644	1,820	1,662	1,752	2,112	2,064	2,040	1,992
16. Total expenditure	19,164	19,856	20,692	21,788	20,375	21,808	23,544	23,160	24,132	23,161
17. Federal	9,072	9,356	9,624	10,528	9,645	10,104	11,320	10,956	11,168	10,887
18. Provincial and municipal	10,092	10,500	11,068	11,260	10,730	11,704	12,224	12,204	12,964	12,274
19. Deficit (-) or surplus	580	576	316	- 80	348	824	- 588	452	- 60	157
20. Federal	348	268	284	- 244	164	400	- 920	- 208	- 296	- 256
21. Provincial and municipal	- 260	- 436	- 768	- 676	- 535	- 440	- 540	- 236	- 676	- 473
22. Canada Pension Plan	372	552	592	628	536	648	648	668	680	661
23. Quebec Pension Plan	120	192	208	212	183	216	224	228	232	225
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	19,744	20,432	21,008	21,708	20,723	22,632	22,956	23,612	24,072	23,318
25. FEDERAL	9,420	9,624	9,908	10,284	9,809	10,504	10,400	10,748	10,872	10,631
26. PROVINCIAL AND MUNICIPAL	9,832	10,064	10,300	10,584	10,195	11,264	11,684	11,968	12,288	11,801
27. CANADA PENSION PLAN	372	552	592	628	536	648	648	668	680	661
28. QUEBEC PENSION PLAN	120	192	208	212	183	216	224	228	232	225

(1) See footnote 1, Table 6.

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
1. Personal net saving	2,324	1,940	1,900	2,072	2,059	3,664	2,416	3,200	3,072	3,088
2. Business gross saving	6,616	7,388	7,052	7,284	7,085	6,728	7,808	7,720	7,760	7,504
3. Undistributed corporation profits	1,216	1,328	1,180	1,444	1,292	1,220	1,380	1,448	1,368	1,354
4. 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
5. Adjustment on grain trans- actions(1)	- 168	428	152	32	111	- 516	252	60	28	- 44
6. Capital assistance	80	112	88	48	82	80	84	84	88	84
7. Inventory valuation adjustment	- 200	- 224	4	- 104	- 131	- 188	- 308	- 340	- 464	- 325
8. Government surplus or deficit (-)	- 308	- 20	416	56	36	144	364	400	392	325
9. Residual error of estimate	56	104	- 12	- 52	24	- 104	- 40	- 176	64	- 64
10. Totals	8,488	9,188	9,360	9,256	9,073	10,244	10,240	10,804	10,824	10,528

(1) This item is an adjustment to take account of the accrued earnings of grain operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 2.

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
1. 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
2. New residential construction	2,008	1,944	1,996	2,136	2,021	2,052	2,136	2,144	2,164	2,124
3. New non-residential construction	3,220	3,304	3,428	3,480	3,358	3,816	3,728	4,148	4,404	4,024
4. New machinery and equipment	3,600	3,760	3,644	3,892	3,724	3,980	4,308	4,708	5,016	4,503
5. Value of physical change in inventories	364	516	436	228	386	1,288	1,168	728	608	948
6. Surplus or deficit (-) on current account with non-residents	- 644	- 228	- 160	- 536	- 392	- 992	- 1,136	- 1,104	- 1,308	- 1,135
7. Residual error of estimate	- 60	- 108	16	56	- 24	100	36	180	- 60	- 54
8. Totals	8,488	9,188	9,360	9,256	9,073	10,244	10,240	10,804	10,824	10,528

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
1. Personal net saving	3,676	4,068	3,476	3,704	3,731	4,064	4,460	3,724	3,732	3,995
2. Business gross saving	8,108	8,096	7,804	7,940	7,987	7,964	8,236	7,976	8,028	8,051
3. Undistributed corporation profits	1,532	1,220	856	988	1,149	1,052	876	1,080	1,284	1,073
4. Capital consumption allowances and miscellaneous valuation adjustments	6,404	6,624	6,696	6,768	6,623	7,000	7,176	6,980	6,844	7,000
5. Adjustment on grain transactions(1)	140	164	196	124	156	- 140	124	- 132	- 200	- 87
6. Capital assistance	32	88	56	60	59	52	60	48	100	65
7. Inventory valuation adjustment	- 488	- 232	- 340	- 224	- 321	- 292	- 268	- 228	- 376	- 291
8. Government surplus or deficit (-)	580	576	316	- 80	348	824	- 588	452	- 60	157
9. Residual error of estimate	96	280	120	468	241	- 28	172	- 32	148	65
10. Totals	11,972	12,788	11,376	11,808	11,986	12,532	12,012	11,892	11,472	11,977

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

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

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Business gross fixed capital formation	11,968	12,572	12,308	13,124	12,493	12,972	12,724	11,916	11,848	12,365
2. New residential construction	2,280	2,264	2,084	2,056	2,171	1,920	2,348	2,532	2,548	2,337
3. New non-residential construction	4,480	5,016	4,672	5,232	4,850	5,128	4,724	4,236	4,592	4,670
4. New machinery and equipment	5,208	5,292	5,552	5,836	5,472	5,924	5,652	5,148	4,708	5,358
5. Value of physical change in inventories	988	1,668	588	516	940	152	148	680	- 80	225
6. Surplus or deficit (-) on current account with non-residents	- 888	- 1,176	- 1,400	- 1,364	- 1,207	- 620	- 688	- 736	- 152	- 549
7. Residual error of estimate	- 96	- 276	- 120	- 468	- 240	28	- 172	32	- 144	- 64
8. Totals	11,972	12,788	11,376	11,808	11,986	12,532	12,012	11,892	11,472	11,977

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
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	46,024	47,084	47,896	48,568	47,393	50,252	51,424	52,996	54,140	52,203
2. Deduct: Residual error of estimate	- 56	- 104	12	52	- 24	104	40	176	- 64	64
3. Indirect taxes less subsidies ..	- 6,148	- 6,396	- 6,548	- 6,396	- 6,372	- 6,968	- 7,144	- 7,440	- 7,400	- 7,238
4. Income received from non-residents	- 340	- 264	- 292	- 432	- 332	- 328	- 312	- 368	- 280	- 322
5. Add: Income paid to non-residents ...	992	940	1,052	1,056	1,010	1,092	1,068	1,088	1,096	1,086
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	40,472	41,260	42,120	42,848	41,675	44,152	45,076	46,452	47,492	45,793

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
1. Personal expenditure on consumer goods and services	26,404	26,568	27,076	27,336	26,846	27,584	28,164	28,808	29,338	28,461
2. Non-durable goods	12,968	13,132	13,256	13,580	13,234	13,540	13,792	14,008	14,340	13,920
3. Durable goods	3,576	3,516	3,756	3,492	3,585	3,704	3,892	4,232	4,192	4,005
4. Services	9,860	9,920	10,064	10,264	10,027	10,340	10,480	10,568	10,756	10,536
5. Government expenditure on goods and services	7,220	7,120	6,908	7,204	7,113	7,368	7,468	7,588	7,672	7,524
6. Business gross fixed capital formation ..	7,520	7,536	7,528	7,840	7,606	7,952	8,156	8,824	9,188	8,530
7. New residential construction	1,664	1,592	1,608	1,700	1,641	1,616	1,656	1,656	1,644	1,643
8. New non-residential construction	2,780	2,792	2,864	2,884	2,830	3,092	2,972	3,284	3,436	3,196
9. New machinery and equipment	3,076	3,152	3,056	3,256	3,135	3,244	3,528	3,884	4,108	3,691
10. Change in inventories	332	480	392	212	354	1,252	1,156	720	624	938
11. Non-farm business inventories	468	676	736	64	486	1,080	944	804	668	874
12. Farm inventories and grain in commercial channels	- 136	- 196	- 344	148	- 132	172	212	- 84	- 44	64
13. Exports of goods and services	9,232	9,792	9,788	9,628	9,610	9,700	9,872	10,216	10,604	10,098
(of which merchandise)	(7,300)	(7,892)	(7,860)	(7,564)	(7,654)	(7,708)	(7,856)	(8,116)	(8,604)	(8,071)
14. Deduct: Imports of goods and services ...	- 9,400	- 9,596	- 9,704	- 9,828	- 9,632	-10,248	-10,668	-10,944	-11,492	-10,838
(of which merchandise) (2)	(6,540)	(6,804)	(6,812)	(6,860)	(6,754)	(7,248)	(7,596)	(7,852)	(8,364)	(7,765)
15. Residual error of estimate	- 52	- 96	16	48	- 21	88	32	152	- 52	55
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	41,256	41,804	42,004	42,440	41,876	43,596	44,180	45,364	45,832	44,748

(1) See footnote 1, Table 19.

(2) See footnote 2, Table 19.

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
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	56,584	57,868	58,340	59,688	58,120	60,836	62,072	62,372	62,992	62,068
2. Deduct: Residual error of estimate	- 96	- 280	- 120	- 468	- 241	28	- 172	32	- 148	- 65
3. Indirect taxes less subsidies ..	- 7,860	- 7,912	- 8,180	- 7,848	- 7,950	- 8,792	- 8,688	- 8,624	- 8,716	- 8,705
4. Income received from non-residents	- 340	- 340	- 280	- 332	- 323	- 292	- 228	- 316	- 288	- 281
5. Add: Income paid to non-residents ...	1,052	1,108	1,136	1,244	1,135	1,040	1,180	1,260	1,116	1,149
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	49,340	50,444	50,896	52,284	50,741	52,820	54,164	54,724	54,956	54,166

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, 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
1. Personal expenditure on consumer goods and services	29,508	29,296	30,256	30,548	29,902	30,788	31,224	31,508	31,788	31,327
2. Non-durable goods	14,296	14,516	14,784	15,052	14,662	15,284	15,708	15,896	15,944	15,708
3. Durable goods	4,312	3,824	4,328	4,240	4,176	4,100	4,308	4,424	4,200	4,258
4. Services	10,900	10,956	11,144	11,256	11,064	11,404	11,208	11,188	11,644	11,361
5. Government expenditure on goods and services	7,948	8,192	8,548	8,652	8,335	8,312	8,932	8,460	8,720	8,606
6. Business gross fixed capital formation ..	9,376	9,732	9,444	9,980	9,633	9,748	9,636	9,036	8,852	9,318
7. New residential construction	1,704	1,672	1,508	1,456	1,585	1,348	1,608	1,720	1,688	1,591
8. New non-residential construction	3,452	3,804	3,500	3,868	3,656	3,732	3,400	3,024	3,244	3,350
9. New machinery and equipment	4,220	4,256	4,436	4,656	4,392	4,668	4,628	4,292	3,920	4,377
10. Change in inventories	1,000	1,568	532	464	891	116	100	556	- 76	174
11. Non-farm business inventories	784	1,284	500	336	726	160	180	572	- 264	162
12. Farm inventories and grain in commercial channels	216	284	32	128	165	- 44	- 80	- 16	188	12
13. Exports of goods and services	11,152	11,212	11,380	11,636	11,345	12,396	12,796	12,148	12,528	12,467
(of which merchandise)	(9,048)	(9,088)	(9,300)	(9,540)	(9,244)	(10,252)	(10,304)	(9,524)	(10,440)	(10,130)
14. Deduct: Imports of goods and services ...	-11,716	-12,044	-12,544	-12,656	-12,240	-12,832	-13,296	-12,720	-12,488	-12,834
(of which merchandise) (2)	(8,564)	(8,848)	(9,172)	(9,260)	(8,961)	(9,624)	(9,868)	(9,604)	(9,332)	(9,607)
15. Residual error of estimate	- 80	- 228	- 96	- 380	- 196	24	- 140	24	- 112	- 51
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	47,188	47,728	47,520	48,244	47,670	48,552	49,252	49,012	49,212	49,007

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

TABLE 21. Implicit Price Indexes - Seasonally Adjusted
Gross National Expenditure, 1964 and 1965 (1)
(1957 = 100)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	109.8	110.3	110.7	111.2	110.5	111.5	112.4	112.9	113.7	112.7
2. Non-durable goods	108.2	108.5	109.2	109.0	108.7	109.4	110.7	111.3	112.2	110.9
3. Durable goods	100.4	100.2	99.7	100.5	100.2	100.1	100.0	99.8	99.7	99.9
4. Services	115.3	116.1	116.9	117.7	116.5	118.4	119.3	120.3	121.1	119.8
5. Government expenditure on goods and services	118.2	120.8	123.8	123.9	121.7	125.5	127.5	127.4	130.7	127.8
6. Business gross fixed capital formation ..	117.4	119.5	120.5	121.3	119.7	123.8	124.7	124.7	126.1	124.9
7. New residential construction	120.7	122.1	124.1	125.6	123.2	127.0	129.0	129.5	131.6	129.3
8. New non-residential construction	115.8	118.3	119.7	120.7	118.7	123.4	125.4	126.3	128.2	125.9
9. New machinery and equipment	117.0	119.3	119.2	119.5	118.8	122.7	122.1	121.2	122.1	122.0
10. Exports of goods and services	109.4	109.8	110.7	110.5	110.1	110.4	110.8	112.2	112.7	111.6
(merchandise)	107.1	107.5	108.3	107.6	107.6	107.2	107.7	108.9	109.4	108.4
11. Imports of goods and services	114.3	114.4	113.3	113.7	113.9	114.2	113.2	114.8	115.3	114.4
(merchandise) (2)	112.5	112.5	110.6	110.8	111.6	111.4	109.5	111.4	112.0	111.1
12. GROSS NATIONAL EXPENDITURE	111.6	112.6	114.0	114.4	113.2	115.0	116.4	116.8	118.1	116.6

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

(2) See footnote 2, Table 10.

TABLE 21. Implicit Price Indexes - Seasonally Adjusted
Gross National Expenditure, 1966 and 1967(1)
(1957 = 100)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	115.1	116.5	116.8	117.8	116.5	118.4	119.7	121.2	122.2	120.4
2. Non-durable goods	114.2	115.3	115.8	116.4	115.5	116.3	117.1	118.5	118.9	117.7
3. Durable goods	99.1	100.1	99.5	100.7	99.8	100.9	102.3	102.7	104.1	102.5
4. Services	122.5	123.7	124.7	126.1	124.3	127.5	130.2	132.3	133.2	130.8
5. Government expenditure on goods and services	134.1	133.8	136.1	137.4	135.4	142.7	141.9	145.2	145.5	143.8
6. Business gross fixed capital formation ..	127.6	129.2	130.3	131.5	129.7	133.1	132.0	131.9	133.8	132.7
7. New residential construction	133.8	135.4	138.2	141.2	137.0	142.4	146.0	147.2	150.9	146.9
8. New non-residential construction	129.8	131.9	133.5	135.3	132.7	137.4	138.9	140.1	141.6	139.4
9. New machinery and equipment	123.4	124.3	125.2	125.3	124.6	126.9	122.1	119.9	120.1	122.4
10. Exports of goods and services	113.5	114.3	116.7	116.3	115.2	116.7	117.3	117.3	117.4	117.2
(merchandise)	110.2	110.8	113.2	112.5	111.7	112.7	112.3	111.6	112.8	112.4
11. Imports of goods and services	115.6	116.2	117.0	117.8	116.7	117.6	118.0	117.8	119.0	118.1
(merchandise)(2)	111.8	112.4	112.8	113.9	112.7	113.2	113.3	113.4	114.2	113.5
12. GROSS NATIONAL EXPENDITURE	119.9	121.2	122.8	123.7	121.9	125.3	126.0	127.3	128.0	126.7

- (1) These implicit indexes are currently weighted price indexes. They reflect not only pure price changes, but also changing expenditure patterns within and between major groups. Quarter to quarter comparisons based on the seasonally adjusted data are less subject to the problem of shifting weights than are similar comparisons based on data unadjusted for seasonality, and therefore may be used as indicators of price change.
- (2) See footnote 2, Table 10.

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TABLE 22. Business Gross Fixed Capital Formation, by Industry, 1964-1967 (1)
(millions of dollars)

	1964	1965	1966	1967
1. Agriculture				
2. Fishing and trapping				
3. Forestry	88	96	92	89
4. Mining, quarrying, and oil wells	632	735	1,030	1,005
5. Manufacturing	1,831	2,340	2,914	2,516
6. Construction	197	263	249	253
7. Transportation				
8. Storage				
9. Communication(2)	426	458	567	579
10. Electric power, gas and water utilities	892	1,131	1,360	1,485
11. Trade	368	395	468	468
12. Finance, insurance and real estate(3)	2,363	2,551	2,643	2,795
13. Services(4)	740	936	1,157	1,105
14. Totals	9,103	10,651	12,493	12,365

(1) This table is derived from "Private and Public Investment in Canada", DBS 61-205. Additional detail has been provided by the DBS Business Finance Division, and adjustments have been made to bring the data into line with national accounting concepts. See reconciliation statement, Table 23. For an industrial distribution of total private and public investment, see Table 1 in the cited publication.

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

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

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

TABLE 23. Business Gross Fixed Capital Formation, 1964-1967
Reconciliation Statement
(millions of dollars)

	1964	1965	1966	1967
1. Total private and public investment in Canada(1) ...	10,944	12,865	15,090	15,174
2. Deduct - New residential construction by governments(2)	- 7	- 9	- 10	- 15
3. New non-residential construction by governments	- 1,618	- 1,958	- 2,252	- 2,464
4. New machinery and equipment outlays by governments	- 216	- 247	- 335	- 330
5. Business gross fixed capital formation	9,103	10,651	12,493	12,365

(1) As presented in the publications "Private and Public Investment in Canada", DBS 61-205

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

TABLE 24. Exports and Imports of Goods and Services, 1964-1967(1)
Reconciliation Statement
(millions of dollars)

	1964	1965	1966	1967
<u>Exports of goods and services</u>				
1. Merchandise exports	8,238	8,745	10,326	11,385
2. Gold production available for export	145	138	125	112
3. Interest and dividends received from non- residents	332	322	323	281
4. Other receipts for services	2,032	2,276	2,567	3,167
5. Sub-total - "Current receipts" as per Canadian Balance of International Payments	10,747	11,481	13,341	14,945
6. Inheritances and immigrants' funds	- 169	- 216	- 268	- 337
7. Total "exports of goods and services" as per National Accounts(2)	10,578	11,265	13,073	14,608
<u>Imports of goods and services</u>				
8. Merchandise imports	7,537	8,627	10,102	10,905
9. Interest and dividends paid to non-residents	1,010	1,086	1,135	1,149
10. Other payments for services	2,624	2,898	3,241	3,316
11. Sub-total - "Current payments" as per Canadian Balance of International Payments	11,171	12,611	14,478	15,370
12. Inheritances and emigrants' funds	- 201	- 211	- 198	- 213
13. Total "imports of goods and services" as per National Accounts(2)	10,970	12,400	14,280	15,157

(1) Data sources are the reports "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001.

(2) See Table 2.

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