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**NATIONAL ACCOUNTS  
INCOME AND EXPENDITURE  
FIRST QUARTER 1968**

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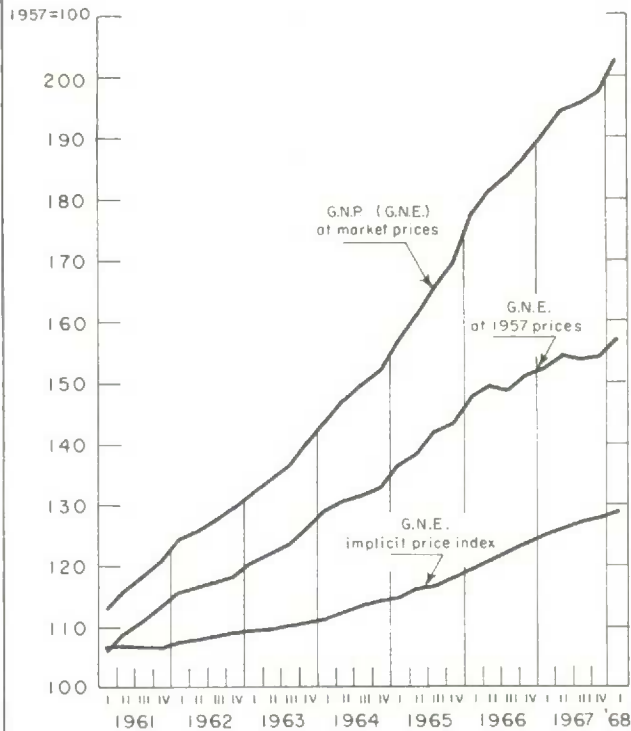
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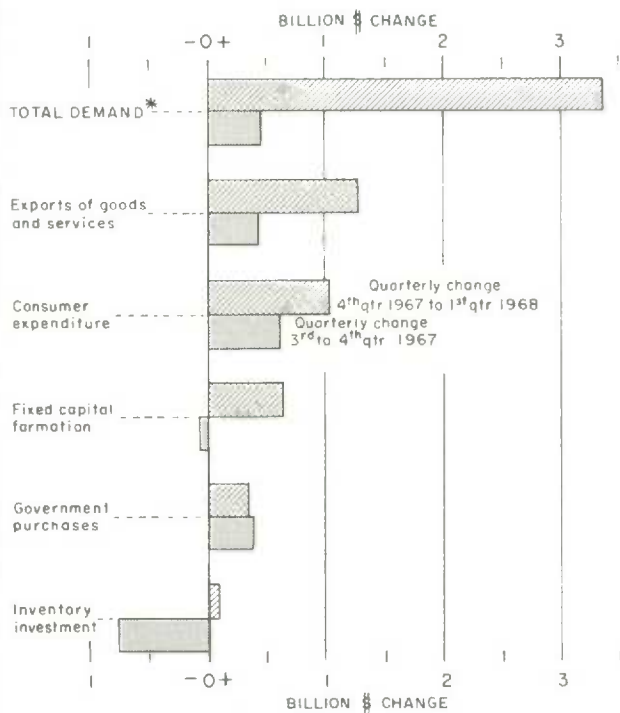
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G.N.P. in the first quarter rose 2.9 per cent at current prices and 2.0 per cent in real terms, the largest quarterly increase in two years.

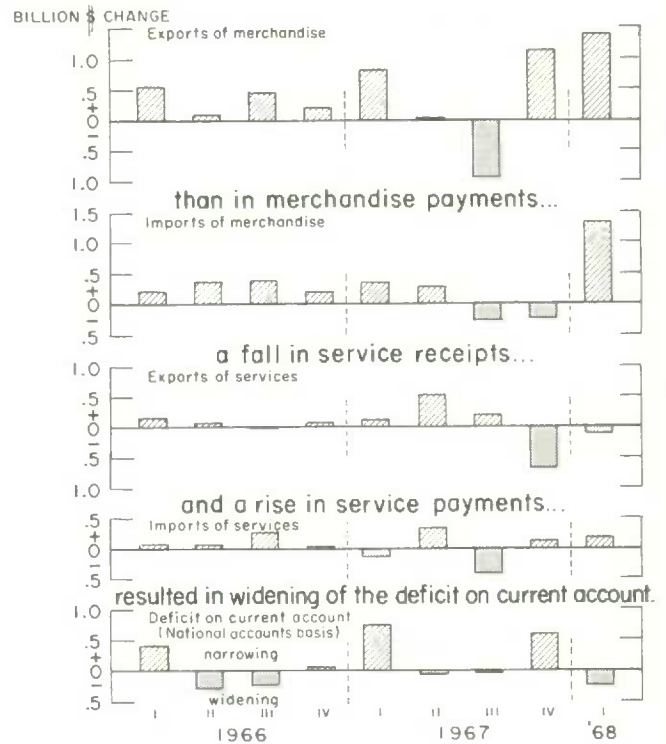


Total demand rose \$ 3.4 billion, or 4.3 per cent, with all components sharing in the increase.

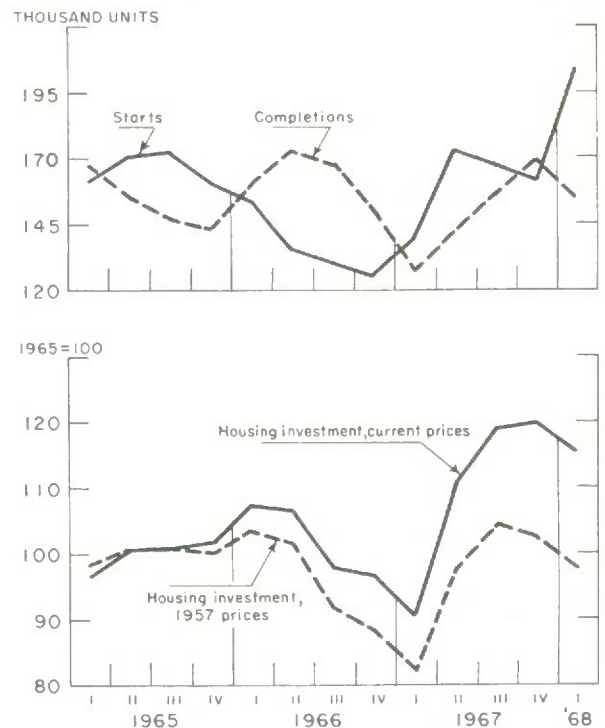


\* G.N.P. + Imports

Despite larger first quarter gains in merchandise receipts...



Housing investment dropped in the first quarter reflecting lower fourth quarter starts and first quarter completions; starts soared in the first quarter.



All data seasonally adjusted at annual rates

## INTRODUCTORY REVIEW

The long Canadian economic expansion, which began in 1961 and had shown signs of slowing down in the past few quarters, resumed the advance in the first quarter of 1968. Gross National Product<sup>(1)</sup> increased by 2.9 per cent to a level of \$64.8 billion. After allowing for about a 1 per cent rise in prices, this gain was reduced to 2 per cent in real terms. The advance occurred despite major strikes in the automotive industry.

The increase of over 4 per cent in total final demand provided evidence of a quickening in economic activity. This was reflected in significantly higher exports which were largely attributable to the considerable upsurge in the U.S. economy. The rise of over 3 per cent in Canadian final domestic demand was also unusually high. Noteworthy were the sharp increase in gross fixed capital formation and the marked acceleration in consumer spending. Almost half of the increase in demand was met by foreign supplies, as total imports rose strongly in line with exports.

The percentage increases in total exports and imports of 8.8 and 10.4 per cent respectively were among the largest on record. In addition to the stimulus provided by buoyant economic conditions in the United States, Canadian merchandise exports, especially of motor vehicle parts and of metals, were helped by special strike-oriented factors in that country. A sharp rise in the rate of investment in machinery and equipment contributed to the spurt in imports. In absolute terms the deficit on current account (on a National Accounts basis) remained small relative to recent experience; it rose from \$152 to \$396 million, entirely due to adverse movements in invisibles.

The upturn in gross fixed capital formation was one of the more important developments in the quarter. After declining throughout 1967, business investment in plant and equipment rose by 8 per cent. Most of this increase was in machinery and equipment, but non-residential construction also recorded some advance. Although investment in new residential construction declined after three consecutive rises, it remained nearly 30 per cent higher than it was a year ago. There was an exceptionally large number of starts in the first months of this year.

Expenditures on goods and services by persons and governments, showing increases of 2.7 and 2.8 per cent respectively, contributed substantially to the rise in demand. There was a notable increase in the rate of personal spending; this was mainly attributable to a pick-up in motor vehicle purchases, after a decline in the fourth quarter. The increase in government spending was almost entirely at the federal level.

After a very large liquidation in the fourth quarter, business inventories remained practically unchanged at these lower levels. A large accumulation took place in retail trade, but most of these gains were offset by declines in the stocks held by manufacturing and other industries.

In contrast to final expenditures, where major categories displayed strength, movements among income components were less uniform. Labour income rose by almost 2 per cent, mainly because of higher rates of pay since employment expanded only slightly. Gross corporation profits rose by 2 per cent but, as a result of higher capital cost allowances, net profits remained at the fourth quarter level. There was a large rise in indirect taxes less subsidies, partly due to lower subsidy payments this quarter.

In the last two quarters of 1967, the ratio of personal savings to disposable income had declined from the high levels of over 10 per cent in the first half of last year. The savings ratio was further reduced this quarter from 8.8 to 7.0 per cent. Special factors have influenced personal saving in the current quarter. This year, only a negligible proportion of income tax refunds had been made by the end of March. Also, only about a quarter of the record final payments by the Canadian Wheat Board for the 1966-67 wheat crop was distributed during the quarter in contrast with recent years when final payments were completed during the first quarter. These developments and, to a lesser extent, the imposition at the beginning of the year of a surcharge on personal income limited the increase in personal disposable income.

(1) Includes an estimate of crop production based on acreage intentions and ten-year average yields. On these assumptions the value of the 1968 crop would be \$1.3 billion compared with the 1967 crop of \$1.2 billion. Seasonally adjusted quarterly figures are obtained by dividing the estimated annual crop by four.



## Price Movements

Within the price rise of 0.9 per cent of gross national expenditure, personal expenditure, export and import prices registered sharp increases ranging from 1.2 to 1.6 per cent. These were partially offset by lower price increases in gross fixed capital formation, 0.8 per cent, and in government expenditure which rose only marginally.

The very large 1.8 per cent rise in non-durable goods dominated price rises in consumer expenditure. Prices of tobacco and alcoholic beverages, up 5 per cent as a result of changes in excise taxes, were mainly responsible for this increase. The rise in food prices of 1.4 per cent was also very sharp. Within food, fresh fruits, fresh vegetables and eggs rose by more than 8 per cent.

After strong increases in three consecutive quarters, prices of durable goods fell somewhat. There was a reversal in the movement of new car prices, which fell slightly in spite of strong demand this quarter. Jewellery and home furnishings were the only major durable items showing increases.

In services, rents rising by 0.9 per cent continued the large advance evident since the early part of 1966. Prices of transportation and medical care showed substantial rises of more than one per cent.

After allowing for seasonality, both residential and non-residential construction registered lower changes in labour and material costs than have recently been experienced. Prices of new machinery and equipment, after recent declines due to the gradual removal of a federal sales tax in the first half of last year, showed strong increases this quarter. The rise was most apparent in the prices of agricultural machinery.

Most of the increase in merchandise export prices was attributable to a 2.8 per cent rise in fabricated materials. Price rises in lumber, copper, and nickel were especially prominent. Other export categories showed only moderate changes. Among foodstuffs, wheat prices rose somewhat after falling for the last few quarters; within end-products, machinery prices rose by more than one per cent. Prices of crude materials fell slightly.

Seasonally Adjusted Base Weighted Price Indexes  
Percentage Change from Previous Quarters

	1966			1967				1968
	II	III	IV	I	II	III	IV	I
Personal expenditure .....	1.0	0.6	0.9	0.4	1.3	1.3	0.7	1.2
Non-durable goods .....	1.1	0.5	0.5	-0.1	0.8	1.2	0.4	1.8
Durable goods .....	0.8	-0.3	1.2	-0.2	1.4	1.0	1.1	-0.2
Total goods .....	1.1	0.4	0.6	-	0.8	1.2	0.5	1.4
of which: food .....	1.2	0.7	-0.2	-0.9	-0.6	2.0	0.8	1.4
non-food .....	0.9	0.2	1.1	0.4	1.6	0.7	0.4	1.4
non-food non-durables .....	1.1	0.4	1.1	0.6	1.8	0.6	-	2.1
Services, excluding net expenditures abroad ..	1.1	1.0	1.2	1.3	2.1	1.5	0.8	0.9
Government expenditure(1) .....	1.4	1.7	1.6	2.9	-0.2	1.8	0.6	0.3
Business gross fixed capital formation .....	1.2	1.2	1.0	1.2	-0.8	-0.2	1.0	0.8
Residential construction .....	1.5	2.1	2.2	0.9	2.1	1.0	2.5	1.3
Non-residential construction .....	1.5	1.4	1.3	1.5	1.2	0.7	1.1	0.4
Machinery and equipment .....	0.7	0.8	0.2	1.0	-3.8	-1.6	0.1	1.2
Exports .....	0.5	1.6	0.6	0.4	-	0.1	0.6	1.3
of which: merchandise .....	0.5	1.6	0.4	0.2	-0.4	-0.3	0.4	1.2
Imports(1) .....	0.6	0.5	0.9	0.2	0.3	0.3	0.8	1.6
Gross National Expenditure (excluding inventories)	1.2	1.2	1.0	1.3	0.5	1.0	0.7	0.9
G.N.E. (implicit price) .....	1.1	1.3	0.7	1.3	0.6	1.0	0.5	0.9

(1) Quarter-to-quarter changes in this component are not necessarily analytically significant owing to incomplete price data.

## The Components of Demand

### Personal Expenditure on Consumer Goods and Services

Personal expenditure reached a level of \$39.9 billion, seasonally adjusted at annual rates, an increase of over 2½ per cent as compared with a 1½ per cent rise in the fourth quarter of 1967. All the major aggregates contributed to the rather strong advance, but most prominent was a 5 per cent increase in durables after a 4 per cent decline in the preceding quarter.

Among the components of durable goods, the dominant influence was exerted by new and used car purchases which advanced by 8 per cent after a 7 per cent decline in the fourth quarter. New car outlays advanced by 9½ per cent, while the net value of used car purchases rose by about 1 per cent with increases in both purchases and trade-ins. Non-automotive durable items advanced only slightly, the result of virtually offsetting movements among the components.

With the exception of a fractional decline in expenditures on tobacco and a ¼ per cent decline in expenditures on alcoholic beverages, large increases were recorded in most non-durable components. Food purchases advanced by 3½ per cent after a small decline in the previous quarter, with about two-fifths of the increase representing price rises. Outlays on clothing rose by 5 per cent, with increases in each of the three major sub-components. Expenditures on energy sources for home use also rose sharply -- 6 per cent -- with increases in all components. Gasoline, oil and grease rose by 8 per cent after declining by one per cent in the fourth quarter.

There was some divergence in movement among service components. Small increases were registered in purchased transportation and personal services, while larger increases occurred in household operations, shelter and user-operated transportation. Declines were recorded in recreation and miscellaneous services.

### Business Gross Fixed Capital Formation

Business spending on fixed capital formation increased 5½ per cent in the first quarter. The level of \$12.5 billion, for the quarter at annual rates, was close to the intentions of business for the year 1968 as a whole, as reported at the beginning of the year in "Private and Public Investment in Canada, Outlook 1968".

After three consecutive quarters of increase, expenditures for new residential construction dropped \$0.1 billion, or 4 per cent, reflecting the 4 per cent fourth quarter slowdown in housing starts and the 8½ per cent first quarter drop in housing completions; however, the level of outlays was almost 30 per cent above that of a year ago. Assisted by a high level of conventional lending, housing starts showed a sharp increase in the first quarter with a high concentration in multiple units. Building permits for residential structures also turned up strongly.

The value of non-residential construction totalled \$4.7 billion in the first quarter, about 2½ per cent higher than in the fourth quarter 1967. This was the second consecutive rise from the low third quarter level of 1967.

Outlays on machinery and equipment advanced 13½ per cent from the low fourth quarter 1967 to a level of \$5.3 billion. Preliminary estimates suggest the increase in demand resulted in an increased flow of shipments from domestic industries producing non-farm capital goods and in higher imports of non-farm machinery and equipment.

### Non-Farm Business Inventories

In the first quarter of 1968 non-farm business inventories showed virtually no change, in contrast to the liquidation of \$312 million which occurred in the previous quarter. Substantial accumulation at the retail level contrasted with continued liquidation in manufacturing and other industries.

The following table shows the value of physical change in non-farm business inventories in the fourth quarter of 1967 and the first quarter of 1968, by industry:

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

	4Q 1967	1Q 1968
	(millions of dollars)	
Manufacturing .....	-248	-136
Durables .....	-176	-116
Non-durables .....	-72	-20
Wholesale trade .....	40	24
Retail trade .....	-	236
"Other" industries .....	-104	-128
Grand total .....	-312	-4

In manufacturing, the previous quarter's liquidation continued but at reduced rates in the stocks of both durables and non-durables. Most of the liquidation occurred in the stocks of durable goods, particularly in wood, furniture, primary metal, metal fabricating, and machinery industries. Among non-durables there were widely divergent movements. Substantial accumulation in tobacco and chemicals-producing industries was more than offset by sharp liquidation in the stocks of food, clothing, paper and petroleum-producing industries. By stages of production, the stocks of raw materials and goods-in-process increased slightly, whereas the stocks of finished goods showed a decline. The stock-to-shipments ratio for manufacturing as a whole was higher than that of the previous quarter.

Slight accumulation was recorded in the stocks of wholesale traders. Divergent movements were evident both in durable and non-durable lines. On balance, accumulation was shown in both, although the major part of this increase was accounted for by the stocks of non-durable goods. The stock-to-sales ratio for the quarter was much higher than that of the previous quarter.

Stocks of retail traders rose steeply in the quarter. This resulted from widespread accumulation in non-durables, in contrast to considerable liquidation in the fourth quarter. There was nominal accumulation in durables, as motor vehicle dealers shifted from sizeable accumulation to a slight depletion, thus offsetting an increased investment in other durable items. The stock-to-sales ratio was a little lower than that of the previous quarter.

Exports and Imports of Goods and Services

With exports of goods and services rising by nearly 9 per cent and imports by about  $10\frac{1}{2}$  per cent, the total deficit on external account increased by \$244 million. This net change in the overall balance reflected an improvement of \$44 million in merchandise and a deterioration by \$288 million in non-merchandise trade.

Exports of goods rose almost 12 per cent from the high fourth quarter 1967 level. Over half of the export gains were made in American markets, stimulated by accelerating economic activity, and strike-oriented purchasing. The large first quarter increase was reflected in larger Canadian domestic exports of wheat, motor vehicle parts, copper, aluminum, alcoholic beverages, asbestos, lumber, newsprint, farm and non-farm machinery. Domestic exports were lower than fourth quarter levels for fish, tobacco, iron ore, crude petroleum, nickel, crude animal and vegetable products, and motor vehicles.

Imports of goods, which had been declining in the latter half of 1967, increased  $12\frac{1}{2}$  per cent in the first quarter. Over half of the increase came from the U.S. The pick-up in the machinery investment program was a contributing factor.



The deterioration of \$288 million in services resulted from a swing from a positive to negative balance in tourist and travel transactions, together with larger deficits on interest and dividends and freight and shipping services, offset in part by an improvement in the net payments for miscellaneous current transactions.

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

	Goods			Services			Current Balance
	Exports	Imports	Net	Exports	Imports	Net	
1966 - 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
1968 - 1st quarter .....	13,180	12,012	1,168	2,824	4,388	-1,564	-396
Per cent change, 4 Q, 1967 to 1 Q, 1968	11.9	12.7		-3.6	4.4		

The Government Sector

Total revenues of all governments combined (excluding intergovernmental transfers) rose by \$976 million to \$23 billion. The largest increase occurred in personal direct taxes, which rose by \$492 million, or over 8 per cent. This rise was almost entirely concentrated at the federal level, which rose partly because of the imposition by the federal government of a surcharge on personal income, and partly because of lower refunds, a result of delays in the processing of the 1967 income tax returns. Corporation direct taxes also rose, by the smaller margin of 4 per cent.

Indirect taxes rose by \$388 million, or 4 per cent. This increase came mainly at the provincial-municipal level, where property taxes rose by about 10 per cent.

Investment income declined sharply at the federal level, mainly because of a large fall in trading profits; the slight rise at the provincial-municipal level was not enough to offset this fall.

Total expenditures excluding intergovernmental transfers rose by \$196 million to \$22,288 million. Expenditures on goods and services rose by \$360 million with almost all of it concentrated at the federal level; provincial-municipal expenditures were virtually unchanged. Within the latter, however, the municipal expenditures declined because of a fall in capital spending, while the provincial outlays rose.

Transfer payments to persons moved up at the federal level, due mainly to higher Old Age Security Fund payments caused by the further reduction in the age limit, but declined slightly at the provincial-municipal level.

Subsidies fell sharply, largely because of smaller payments to the railways in the quarter.

Transfer payments from the federal government to the provincial and municipal governments rose by \$292 million, because of higher technical and vocational training payments and Canada Assistance Plan payments.

With total revenues of all governments combined (including the Canada and Quebec Pension Plans) rising by almost  $4\frac{1}{2}$  per cent and total expenditures rising less sharply, by about 1 per cent, the government sector moved from a deficit, on a National Accounts basis, seasonally adjusted at annual rates, of \$60 million in the fourth quarter 1967 to a surplus of \$720 million in the first quarter of 1968. Most of the change came at the provincial-municipal level; at the federal level there was some narrowing of the deficit.

#### Components of Income

##### Labour Income

During the first quarter of 1968, total labour income (seasonally adjusted) increased by about 2 per cent. This was almost double the increase recorded during the fourth quarter of 1967, and about equal to the increase recorded during the second and third quarters of 1967.

Wages and salaries in the service-producing industries increased by 2.5 per cent. This increase, which represents about 60 per cent of the total gain, was larger than that in the fourth quarter of 1967, but was slightly lower than the advances in the second and third quarters of 1967. All components showed increases ranging from 2 per cent to 2.5 per cent, except government non-military which rose by over 3 per cent.

A 1 per cent gain was recorded in the goods-producing industries, where wages and salaries increased at a faster rate than during the last three quarters. Labour income in manufacturing increased by over 0.5 per cent in spite of labour disputes, which affected this group to a greater degree in the first quarter of 1968 than during any quarter of 1967.

After three successive declines during the last three quarters of 1967, the construction industry advanced by 2.5 per cent. The primary industries registered a second consecutive advance of one per cent after a decline in the third quarter of 1967.

##### Investment Income

Net corporation profits held virtually steady in the first quarter of 1968. Profits before capital consumption allowances rose just over 2 per cent, but a 6 per cent increase in capital consumption allowances resulted in no gain in net profits.

Considerable strength emerged in some industries. Net profits rose 5 per cent in mining, 17 per cent in utilities, 7 per cent in wholesale trade, and 15 per cent in retail trade. Profits in manufacturing edged up fractionally, and held flat in the service industry. Declines of 19 per cent and 6 per cent respectively occurred in transportation, storage and communication, and in the finance industry.

Within the manufacturing group, widely divergent movements were registered. Substantial gains were made in the food and beverage, wood and paper industries, with a more moderate advance in non-metallic minerals. Sizeable profit declines occurred in the metal, electrical products, and petroleum and coal industries, with lesser decreases in the rubber and textile industries.

Seasonally adjusted rent, interest and miscellaneous investment income rose by one half of one per cent from the fourth quarter of 1967. Government investment income declined by \$120 million, as a result of lower trading profits of federal government enterprises.

##### Accrued Net Income of Farm Operators

Accrued net income of farm operators rose to \$1,656 million, 14 per cent above the previous quarter, almost entirely due to a sharp increase in the seasonally adjusted value of grain production. The rise in grain production resulted from higher profits of the Canadian Wheat Board, reflecting increased grain exports from the very low rates of the fourth quarter, and from an 8 per cent increase in the estimated value of the 1968 grain crop.

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

Net income of non-farm unincorporated business declined 1.3 per cent to \$3,272 million. A decline in net income from construction was mainly responsible for the change. Partially offsetting this movement were marginal gains in retail trade and services.

Real Domestic Product by Industry(1)

Real domestic product, including agriculture(2), rose by 1.0 per cent in the first quarter. Agriculture accounted for over 50 per cent of the total increase, rising by 13 per cent. Transportation, storage and communication increased by one per cent, while electric power, gas and water utilities rose by 3 per cent. Manufacturing and trade fell fractionally, the latter because a drop in wholesale trade offset the increase in retail trade. Both manufacturing and wholesale trade were affected by labour disputes in the motor vehicle and the motor vehicle parts industries.

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(1) Based on the 1960 Standard Industrial Classification and on a 1961 weight and reference base. These revised R.D.P. data will be released shortly in Occasional Paper 61-506, "Indexes of Real Domestic Product by Industry - 1961 Base".

(2) Agriculture is now computed on a net basis, thus permitting its inclusion in the aggregate on a quarterly basis.





TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1967 and 1968  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	7,629	8,076	8,369	8,315	32,389	8,201		
2. Military pay and allowances .....	183	172	173	176	704	173		
3. Corporation profits before taxes .....	1,016	1,354	1,270	1,380	5,020	1,120		
4. Deduct: Dividends paid to non-residents(1) .....	- 153	- 153	- 174	- 275	- 755	- 192		
5. Rent, interest, and miscellaneous investment income ..	979	1,055	1,090	1,215	4,339	1,124		
6. Accrued net income of farm operators from farm production(2) .....	148	215	1,211	124	1,698	56		
7. Net income of non-farm unincorporated business(3) ..	626	776	820	972	3,194	691		
8. Inventory valuation adjustment(4) .....	- 79	- 85	- 33	- 94	- 291	- 81		
9. NET NATIONAL INCOME AT FACTOR COST .....	10,349	11,410	12,726	11,813	46,298	11,092		
10. Indirect taxes less subsidies .....	2,168	2,163	2,164	2,210	8,705	2,300		
11. Capital consumption allowances and miscellaneous valuation adjustments .....	1,695	1,852	1,718	1,735	7,000	1,769		
12. Residual error of estimate .....	- 168	44	56	133	65	- 144		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES .....	14,044	15,469	16,664	15,891	62,068	15,017		
14. (Gross national product at market prices excluding accrued net income of farm operators) .....	(13,896)	(15,254)	(15,453)	(15,767)	(60,370)	(14,961)		

(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, 1967 and 1968  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services ..	8,678	9,369	9,224	10,443	37,714	9,471		
2. Government expenditure on goods and services(1, 2) ..	2,736	3,157	3,341	3,143	12,377	3,001		
3. Business gross fixed capital formation(3) .....	2,864	3,412	3,006	3,083	12,365	2,751		
4. New residential construction .....	405	597	663	672	2,337	526		
5. New non-residential construction .....	1,021	1,187	1,187	1,275	4,670	929		
6. New machinery and equipment .....	1,438	1,628	1,156	1,136	5,358	1,296		
7. Value of physical change in inventories(4) .....	- 67	- 129	966	- 545	225	- 112		
8. Non-farm business inventories .....	248	- 5	105	- 159	189	204		
9. Farm inventories and grain in commercial channels ..	- 315	- 124	861	- 386	36	- 316		
10. Exports of goods and services .....	3,151	3,842	3,878	3,737	14,608	3,544		
11. Deduct: Imports of goods and services .....	- 3,485	- 4,139	- 3,695	- 3,838	-15,157	- 3,783		
12. Residual error of estimate .....	167	- 43	- 56	- 132	- 64	145		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES .....	14,044	15,469	16,664	15,891	62,068	15,017		

(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, 1967 and 1968  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ....	7,629	8,076	8,369	8,315	32,389	8,201		
2. Deduct: Employer and employee contributions to social insurance and government pension funds .....	- 491	- 533	- 556	- 451	- 2,031	- 540		
3. Military pay and allowances .....	183	172	173	176	704	173		
4. Net income received by farm operators from farm production(1) .....	400	121	1,161	103	1,785	157		
5. Net income of non-farm unincorporated business .....	626	776	820	972	3,194	691		
6. Interest, dividends, and net rental income of persons(2) .....	1,173	1,211	1,211	1,299	4,894	1,255		
Transfer payments to persons:								
7. From government (excluding interest) .....	1,588	1,533	1,489	1,613	6,223	1,786		
8. Charitable contributions by corporations .....	11	11	11	11	44	11		
9. PERSONAL INCOME .....	11,119	11,367	12,678	12,038	47,202	11,734		

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

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

TABLE 4. Disposition of Personal Income, by Quarters, 1967 and 1968  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes .....	1,398	1,309	1,347	1,439	5,493	1,661		
2. Income taxes .....	1,213	1,167	1,224	1,300	4,904	1,464		
3. Succession duties and estate taxes .....	54	51	53	57	215	60		
4. Miscellaneous .....	131	91	70	82	374	137		
5. Personal expenditure on consumer goods and services ..	8,678	9,369	9,224	10,443	37,714	9,471		
6. Non-durable goods .....	4,090	4,415	4,665	5,318	18,488	4,455		
7. Durable goods .....	921	1,225	990	1,229	4,365	1,029		
8. Services(1) .....	3,667	3,729	3,569	3,896	14,861	3,987		
9. Personal net saving .....	1,043	689	2,107	156	3,995	602		
10. Personal saving excluding change in farm inventories	1,328	809	1,363	619	4,119	918		
11. Value of physical change in farm inventories .....	- 285	- 120	744	- 463	- 124	- 316		
12. PERSONAL INCOME .....	11,119	11,367	12,678	12,038	47,202	11,734		
13. (Personal disposable income)(2) .....	(9,721)	(10,058)	(11,331)	(10,599)	(41,709)	(10,073)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1967 and 1968  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons .....	1,398	1,309	1,347	1,439	5,493	1,661		
2. Federal .....	859	896	881	936	3,572	1,037		
3. Provincial and municipal .....	539	413	466	503	1,921	624		
4. Direct taxes - Corporations .....	441	604	555	608	2,208	488		
5. Federal(1) .....	325	446	410	449	1,630	360		
6. (Federal tax collections)(1) .....	(400)	(569)	(423)	(413)	(1,805)	(406)		
7. Provincial .....	116	158	145	159	578	128		
8. (Provincial tax collections) .....	(149)	(160)	(162)	(141)	(612)	(173)		
Withholding taxes:								
9. Federal(2) .....	41	66	37	74	218	44		
10. Indirect taxes .....	2,255	2,275	2,330	2,367	9,227	2,395		
11. Federal .....	879	942	921	965	3,707	855		
12. Provincial and municipal .....	1,376	1,333	1,409	1,402	5,520	1,540		
13. Investment income .....	440	523	546	640	2,149	528		
14. Federal .....	126	210	215	249	800	165		
15. Provincial and municipal .....	307	306	321	378	1,312	349		
16. Canada Pension Plan .....	7	7	10	13	37	14		
17. Employer and employee contributions to social insurance and government pension funds .....	491	533	556	451	2,031	540		
18. Federal .....	172	173	198	161	704	191		
19. Provincial and municipal .....	114	117	124	123	478	121		
20. Canada Pension Plan .....	152	179	172	121	624	168		
21. Quebec Pension Plan .....	53	64	62	46	225	60		
Transfers from Federal:								
22. Provincial and municipal .....	446	538	495	513	1,992	596		
23. TOTAL REVENUE .....	5,512	5,848	5,866	6,092	23,318	6,252		
24. FEDERAL .....	2,402	2,733	2,662	2,834	10,631	2,652		
25. PROVINCIAL AND MUNICIPAL .....	2,898	2,865	2,960	3,078	11,801	3,358		
26. CANADA PENSION PLAN .....	159	186	182	134	661	188		
27. QUEBEC PENSION PLAN .....	53	64	62	46	225	60		

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. In 1967 the following amounts were collected, first quarter \$64 million, second quarter \$27 million, third quarter \$10 million and fourth quarter \$8 million. Refunds were begun in the first quarter of 1968 and exceeded collections by \$3 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, 1967 and 1968  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Goods and services .....	2,736	3,157	3,341	3,143	12,377	3,001		
2. Federal .....	1,034	1,084	1,112	1,029	4,259	1,176		
3. (Defence) .....	(470)	(426)	(471)	(438)	(1,805)	(489)		
4. Provincial and municipal .....	1,702	2,073	2,229	2,114	8,118	1,825		
5. Transfer payments to persons (excluding interest on the public debt) .....	1,588	1,533	1,489	1,613	6,223	1,786		
6. Federal .....	771	778	686	701	2,936	860		
7. Provincial and municipal .....	817	755	803	912	3,287	926		
8. Interest on the public debt .....	438	525	474	545	1,982	476		
9. Federal .....	283	314	320	328	1,245	305		
10. Provincial and municipal .....	155	211	154	217	737	171		
11. Subsidies .....	87	112	166	157	522	95		
12. Federal .....	61	99	110	120	390	68		
13. Provincial .....	26	13	56	37	132	27		
Capital Assistance: (1)								
14. Federal .....	13	15	12	25	65	20		
Transfers to other levels of government:								
15. Federal .....	446	538	495	513	1,992	596		
16. Total expenditure .....	5,308	5,880	5,977	5,996	23,161	5,974		
17. Federal .....	2,608	2,828	2,735	2,716	10,887	3,025		
18. Provincial and municipal .....	2,700	3,052	3,242	3,280	12,274	2,949		
19. Deficit (-) or Surplus .....	204	- 32	- 111	96	157	278		
20. Federal .....	- 206	- 95	- 73	118	- 256	- 373		
21. Provincial and municipal .....	198	- 187	- 282	- 202	- 473	409		
22. Canada Pension Plan .....	159	186	182	134	661	182		
23. Quebec Pension Plan .....	53	64	62	46	225	60		
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS .....	5,512	5,848	5,866	6,092	23,318	6,252		
25. FEDERAL .....	2,402	2,733	2,662	2,834	10,631	2,652		
26. PROVINCIAL AND MUNICIPAL .....	2,898	2,865	2,960	3,078	11,801	3,358		
27. CANADA PENSION PLAN .....	159	186	182	134	661	182		
28. QUEBEC PENSION PLAN .....	53	64	62	46	225	60		

(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, 1967 and 1968  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal net saving .....	1,043	689	2,107	156	3,995	602		
2. Business gross saving .....	1,630	2,327	2,080	2,014	8,051	1,890		
3. Undistributed corporation profits .....	174	366	300	233	1,073	202		
4. Capital consumption allowances and miscellaneous valuation adjustments .....	1,695	1,852	1,718	1,735	7,000	1,769		
5. Adjustment on grain transactions(1) .....	- 252	94	50	21	- 87	- 101		
6. Capital assistance .....	13	15	12	25	65	20		
7. Inventory valuation adjustment .....	- 79	- 85	- 33	- 94	- 291	- 81		
8. Government surplus or deficit (-) .....	204	- 32	- 111	96	157	278		
9. Residual error of estimate .....	- 168	44	56	133	65	- 144		
10. Totals .....	2,630	2,943	4,099	2,305	11,977	2,545		

(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, 1967 and 1968  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation .....	2,864	3,412	3,006	3,083	12,365	2,751		
2. New residential construction .....	405	597	663	672	2,337	526		
3. New non-residential construction .....	1,021	1,187	1,187	1,275	4,670	929		
4. New machinery and equipment .....	1,438	1,628	1,156	1,136	5,358	1,296		
5. Value of physical change in inventories .....	- 67	- 129	966	- 545	225	- 112		
6. Surplus or deficit (-) on current account with non-residents .....	- 334	- 297	183	- 101	- 549	- 239		
7. Residual error of estimate .....	167	- 43	- 56	- 132	- 64	145		
8. Totals .....	2,630	2,943	4,099	2,305	11,977	2,545		

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	14,044	15,469	16,664	15,891	62,068	15,017		
2. Deduct: Residual error of estimate .....	168	- 44	- 56	- 133	- 65	144		
3. Indirect taxes less subsidies ..	- 2,168	- 2,163	- 2,164	- 2,210	- 8,705	- 2,300		
4. Income received from non-residents .....	- 62	- 54	- 63	- 102	- 281	- 68		
5. Add: Income paid to non-residents ...	242	269	263	375	1,149	295		
6. GROSS DOMESTIC PRODUCT AT FACTOR COST ....	12,224	13,477	14,644	13,821	54,166	13,088		

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1967 and 1968 (1)  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services .....	7,344	7,830	7,579	8,574	31,327	7,693		
2. Non-durable goods .....	3,555	3,767	3,906	4,480	15,708	3,728		
3. Durable goods .....	917	1,205	967	1,169	4,258	999		
4. Services .....	2,872	2,858	2,706	2,925	11,361	2,966		
5. Government expenditure on goods and services .....	1,857	2,219	2,386	2,144	8,606	1,947		
6. Business gross fixed capital formation ..	2,156	2,590	2,271	2,301	9,318	2,060		
7. New residential construction .....	285	409	450	447	1,591	345		
8. New non-residential construction .....	740	851	854	905	3,350	650		
9. New machinery and equipment .....	1,131	1,330	967	949	4,377	1,065		
10. Change in inventories .....	- 27	- 187	819	- 431	174	- 81		
11. Non-farm business inventories .....	229	8	38	- 113	162	174		
12. Farm inventories and grain in commercial channels .....	- 256	- 195	781	- 318	12	- 255		
13. Exports of goods and services .....	2,714	3,281	3,273	3,199	12,467	2,996		
(of which merchandise) .....	(2,321)	(2,680)	(2,418)	(2,711)	(10,130)	(2,632)		
14. Deduct: Imports of goods and services ...	- 2,956	- 3,505	- 3,126	- 3,247	- 12,834	- 3,132		
(of which merchandise) (2) .....	(2,210)	(2,653)	(2,315)	(2,429)	(9,607)	(2,389)		
15. Residual error of estimate .....	133	- 35	- 45	- 104	- 51	112		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	11,221	12,193	13,157	12,436	49,007	11,595		

(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, 1967 and 1968 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	31,512	32,140	32,772	33,132	32,389	33,756		
2. Military pay and allowances	740	680	692	704	704	700		
3. Corporation profits before taxes	4,796	4,900	5,148	5,236	5,020	5,232		
4. Deduct: Dividends paid to non-residents(1)	- 640	- 808	- 852	- 720	- 755	- 828		
5. Rent, interest, and miscellaneous investment income	4,012	4,360	4,444	4,540	4,339	4,572		
6. Accrued net income of farm operators from farm production(2)	1,996	1,856	1,488	1,452	1,698	1,656		
7. Net income of non-farm unincorporated business(3)	2,948	3,176	3,336	3,316	3,194	3,272		
8. Inventory valuation adjustment	- 292	- 268	- 228	- 376	- 291	- 300		
9. NET NATIONAL INCOME AT FACTOR COST	45,072	46,036	46,800	47,284	46,298	48,060		
10. Indirect taxes less subsidies	8,792	8,688	8,624	8,716	8,705	9,260		
11. Capital consumption allowances and miscellaneous valuation adjustments	7,000	7,176	6,980	6,844	7,000	7,288		
12. Residual error of estimate	- 28	172	- 32	148	65	220		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	60,836	62,072	62,372	62,992	62,068	64,828		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(58,840)	(60,216)	(60,884)	(61,540)	(60,370)	(63,172)		

(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, 1967 and 1968 Seasonally Adjusted at Annual Rates  
(million of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	36,444	37,388	38,192	38,832	37,714	39,876		
2. Government expenditure on goods and services(1, 2)	11,860	12,672	12,288	12,688	12,377	13,048		
3. Business gross fixed capital formation(3)	12,972	12,724	11,916	11,848	12,365	12,492		
4. New residential construction	1,920	2,348	2,532	2,548	2,337	2,448		
5. New non-residential construction	5,128	4,724	4,236	4,592	4,670	4,700		
6. New machinery and equipment	5,924	5,652	5,148	4,708	5,358	5,344		
7. Value of physical change in inventories	152	148	680	- 80	225	28		
8. Non-farm business inventories	176	208	684	- 312	189	- 4		
9. Farm inventories and grain in commercial channels(4)	- 24	- 60	- 4	232	36	32		
10. Exports of goods and services	14,468	15,004	14,252	14,708	14,608	16,004		
11. Deduct: Imports of goods and services	-15,088	-15,692	-14,988	-14,860	-15,157	-16,400		
12. Residual error of estimate	28	- 172	32	- 144	- 64	- 220		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	60,836	62,072	62,372	62,992	62,068	64,828		
Detail of Farm Inventories and GICC:								
Value of grain crop production	1,212	1,212	1,212	1,216	1,213	1,308		
Depletions of farm stocks of grain	- 1,280	- 1,476	- 1,460	- 1,156	- 1,343	- 1,440		
Change in livestock inventories	8	72	- 60	4	6	- 20		
Grain in commercial channels	36	132	304	168	160	184		

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 13.

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

TABLE 13. Source of Personal Income, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ....	31,512	32,140	32,772	33,132	32,389	33,756		
2. Deduct: Employer and employee contributions to social insurance and government pension funds .....	- 1,972	- 2,028	- 2,132	- 1,992	- 2,031	- 2,120		
3. Military pay and allowances .....	740	680	692	704	704	700		
4. Net income received by farm operators from farm production(1) .....	2,136	1,732	1,620	1,652	1,785	1,884		
5. Net income of non-farm unincorporated business .....	2,948	3,176	3,336	3,316	3,194	3,272		
6. Interest, dividends, and net rental income of persons(2) .....	4,748	4,848	4,924	5,056	4,894	5,084		
Transfer payments to persons:								
7. From government (excluding interest) .....	5,884	6,236	6,200	6,572	6,223	6,684		
8. Charitable contributions by corporations .....	44	44	44	44	44	44		
9. PERSONAL INCOME .....	46,040	46,828	47,456	48,484	47,202	49,304		

(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, 1967 and 1968 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes .....	5,532	4,980	5,540	5,920	5,493	6,412		
2. Income taxes .....	4,948	4,396	4,964	5,308	4,904	5,784		
3. Succession duties and estate taxes .....	216	204	212	228	215	240		
4. Miscellaneous .....	368	380	364	384	374	388		
5. Personal expenditure on consumer goods and services .....	36,444	37,388	38,192	38,832	37,714	39,876		
6. Non-durable goods .....	17,768	18,388	18,844	18,952	18,488	19,440		
7. Durable goods .....	4,136	4,408	4,544	4,372	4,365	4,596		
8. Services(1) .....	14,540	14,592	14,804	15,508	14,861	15,840		
9. Personal net saving .....	4,064	4,460	3,724	3,732	3,995	3,016		
10. PERSONAL INCOME .....	46,040	46,828	47,456	48,484	47,202	49,304		
11. (Personal disposable income)(2) .....	(40,508)	(41,848)	(41,916)	(42,564)	(41,709)	(42,892)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rate<sup>1</sup>  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons .....	5,532	4,980	5,540	5,920	5,493	6,412		
2. Federal .....	3,632	3,276	3,588	3,792	3,572	4,268		
3. Provincial and municipal .....	1,900	1,704	1,952	2,128	1,921	2,144		
4. Direct taxes - Corporations .....	2,120	2,228	2,224	2,260	2,208	2,352		
5. Federal(1) .....	1,568	1,648	1,644	1,660	1,630	1,736		
6. (Federal tax collections)(1) .....	(1,776)	(1,808)	(1,800)	(1,836)	(1,805)	(1,816)		
7. Provincial .....	552	580	580	600	578	616		
8. (Provincial tax collections) .....	(584)	(600)	(616)	(648)	(612)	(704)		
Withholding taxes:								
9. Federal(2) .....	192	240	220	220	218	216		
10. Indirect taxes .....	9,208	9,224	9,164	9,312	9,227	9,700		
11. Federal .....	3,820	3,712	3,644	3,652	3,707	3,724		
12. Provincial and municipal(3) .....	5,388	5,512	5,520	5,660	5,520	5,976		
13. Investment income .....	1,856	2,144	2,268	2,328	2,149	2,208		
14. Federal .....	612	808	872	908	800	772		
15. Provincial and municipal .....	1,216	1,308	1,356	1,368	1,312	1,380		
16. Canada Pension Plan .....	28	28	40	52	37	56		
17. Employer and employee contributions to social insurance and government pension funds .....	1,972	2,028	2,132	1,992	2,031	2,120		
18. Federal .....	680	716	780	640	704	752		
19. Provincial and municipal .....	456	468	496	492	478	484		
20. Canada Pension Plan(4) .....	620	620	628	628	624	644		
21. Quebec Pension Plan(4) .....	216	224	228	232	225	240		
Transfers from Federal:								
22. Provincial and municipal .....	1,752	2,112	2,064	2,040	1,992	2,332		
23. TOTAL REVENUE .....	22,632	22,956	23,612	24,072	23,318	25,340		
24. FEDERAL .....	10,504	10,400	10,748	10,872	10,631	11,468		
25. PROVINCIAL AND MUNICIPAL .....	11,264	11,684	11,968	12,288	11,801	12,932		
26. CANADA PENSION PLAN .....	648	648	668	680	661	700		
27. QUEBEC PENSION PLAN .....	216	224	228	232	225	240		

(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, 1967 and 1968 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Goods and services .....	11,860	12,672	12,288	12,688	12,377	13,048		
2. Federal .....	4,096	4,472	4,196	4,272	4,259	4,616		
3. (Defence) .....	(1,644)	(1,844)	(1,952)	(1,780)	(1,805)	(1,732)		
4. Provincial and municipal .....	7,764	8,200	8,092	8,416	8,118	8,432		
5. Transfer payments to persons (excluding interest on the public debt) .....	5,884	6,236	6,200	6,572	6,223	6,684		
6. Federal .....	2,772	3,032	2,972	2,968	2,936	3,096		
7. Provincial and municipal .....	3,112	3,204	3,228	3,604	3,287	3,588		
8. Interest on the public debt .....	1,844	1,928	2,020	2,136	1,982	2,036		
9. Federal .....	1,140	1,208	1,280	1,352	1,245	1,256		
10. Provincial and municipal .....	704	720	740	784	737	780		
11. Subsidies .....	416	536	540	596	522	440		
12. Federal .....	292	436	396	436	390	308		
13. Provincial .....	124	100	144	160	132	132		
Capital Assistance:(1)								
14. Federal .....	52	60	48	100	65	80		
Transfers to other levels of government:								
15. Federal .....	1,752	2,112	2,064	2,040	1,992	2,332		
16. Total expenditure .....	21,808	23,544	23,160	24,132	23,161	24,620		
17. Federal .....	10,104	11,320	10,956	11,168	10,887	11,688		
18. Provincial and municipal .....	11,704	12,224	12,204	12,964	12,274	12,932		
19. Deficit (-) or surplus .....	824	- 588	452	- 60	157	720		
20. Federal .....	400	- 920	- 208	- 296	- 256	- 220		
21. Provincial and municipal .....	- 440	- 540	- 236	- 676	- 473	-		
22. Canada Pension Plan .....	648	648	668	680	661	700		
23. Quebec Pension Plan .....	216	224	228	232	225	240		
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS ....	22,632	22,956	23,612	24,072	23,318	25,340		
25. FEDERAL .....	10,504	10,400	10,748	10,872	10,631	11,468		
26. PROVINCIAL AND MUNICIPAL .....	11,264	11,684	11,968	12,288	11,801	12,932		
27. CANADA PENSION PLAN .....	648	648	668	680	661	700		
28. QUEBEC PENSION PLAN .....	216	224	228	232	225	240		

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal net saving .....	4,064	4,460	3,724	3,732	3,995	3,016		
2. Business gross saving .....	7,964	8,236	7,976	8,028	8,051	8,248		
3. Undistributed corporation profits .....	1,052	876	1,080	1,284	1,073	1,108		
4. Capital consumption allowances and miscellaneous valuation adjustments .....	7,000	7,176	6,980	6,844	7,000	7,288		
5. Adjustment on grain transactions(1) .....	- 140	124	- 132	- 200	- 87	- 228		
6. Capital assistance .....	52	60	48	100	65	80		
7. Inventory valuation adjustment .....	- 292	- 268	- 228	- 376	- 291	- 300		
8. Government surplus or deficit (-) .....	824	- 588	452	- 60	157	720		
9. Residual error of estimate .....	- 28	172	- 32	148	65	220		
10. Totals .....	12,532	12,012	11,892	11,472	11,977	11,904		

(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, 1967 and 1968 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation .....	12,972	12,724	11,916	11,848	12,365	12,492		
2. New residential construction .....	1,920	2,348	2,532	2,548	2,337	2,448		
3. New non-residential construction .....	5,128	4,724	4,236	4,592	4,670	4,700		
4. New machinery and equipment .....	5,924	5,652	5,148	4,708	5,358	5,344		
5. Value of physical change in inventories .....	152	148	680	- 80	225	28		
6. Surplus or deficit (-) on current account with non-residents .....	- 620	- 688	- 736	- 152	- 549	- 396		
7. Residual error of estimate .....	28	- 172	32	- 144	- 64	- 220		
8. Totals .....	12,532	12,012	11,892	11,472	11,977	11,904		

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product  
at Factor Cost, by Quarters, 1967 and 1968  
Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	60,836	62,072	62,372	62,992	62,068	64,828		
2. Deduct: Residual error of estimate .....	28	- 172	32	- 148	- 65	- 220		
3. Indirect taxes less subsidies ..	- 8,792	- 8,688	- 8,624	- 8,716	- 8,705	- 9,260		
4. Income received from non-residents .....	- 292	- 228	- 316	- 288	- 281	- 308		
5. Add: Income paid to non-residents ...	1,040	1,180	1,260	1,116	1,149	1,284		
6. GROSS DOMESTIC PRODUCT AT FACTOR COST ....	52,820	54,164	54,724	54,956	54,166	56,324		

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1967 and 1968(1)  
Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services .....	30,788	31,224	31,508	31,788	31,327	32,312		
2. Non-durable goods .....	15,284	15,708	15,896	15,944	15,708	16,088		
3. Durable goods .....	4,100	4,308	4,424	4,200	4,258	4,432		
4. Services .....	11,404	11,208	11,188	11,644	11,361	11,792		
5. Government expenditure on goods and services .....	8,312	8,932	8,460	8,720	8,606	8,836		
6. Business gross fixed capital formation ..	9,748	9,636	9,036	8,852	9,318	9,312		
7. New residential construction .....	1,348	1,608	1,720	1,688	1,591	1,604		
8. New non-residential construction .....	3,732	3,400	3,024	3,244	3,350	3,308		
9. New machinery and equipment .....	4,668	4,628	4,292	3,920	4,377	4,400		
10. Change in inventories .....	116	100	556	- 76	174	16		
11. Non-farm business inventories .....	160	180	572	- 264	162	- 4		
12. Farm inventories and grain in commercial channels .....	- 44	- 80	- 16	188	12	20		
13. Exports of goods and services .....	12,396	12,796	12,148	12,528	12,467	13,496		
(of which merchandise) .....	(10,252)	(10,304)	(9,524)	(10,440)	(10,130)	(11,500)		
14. Deduct: Imports of goods and services ...	- 12,832	- 13,296	- 12,720	- 12,488	- 12,834	- 13,620		
(of which merchandise) (2) .....	(9,624)	(9,868)	(9,604)	(9,332)	(9,607)	(10,356)		
15. Residual error of estimate .....	24	- 140	24	- 112	- 51	- 172		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	48,552	49,252	49,012	49,212	49,007	50,180		

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

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