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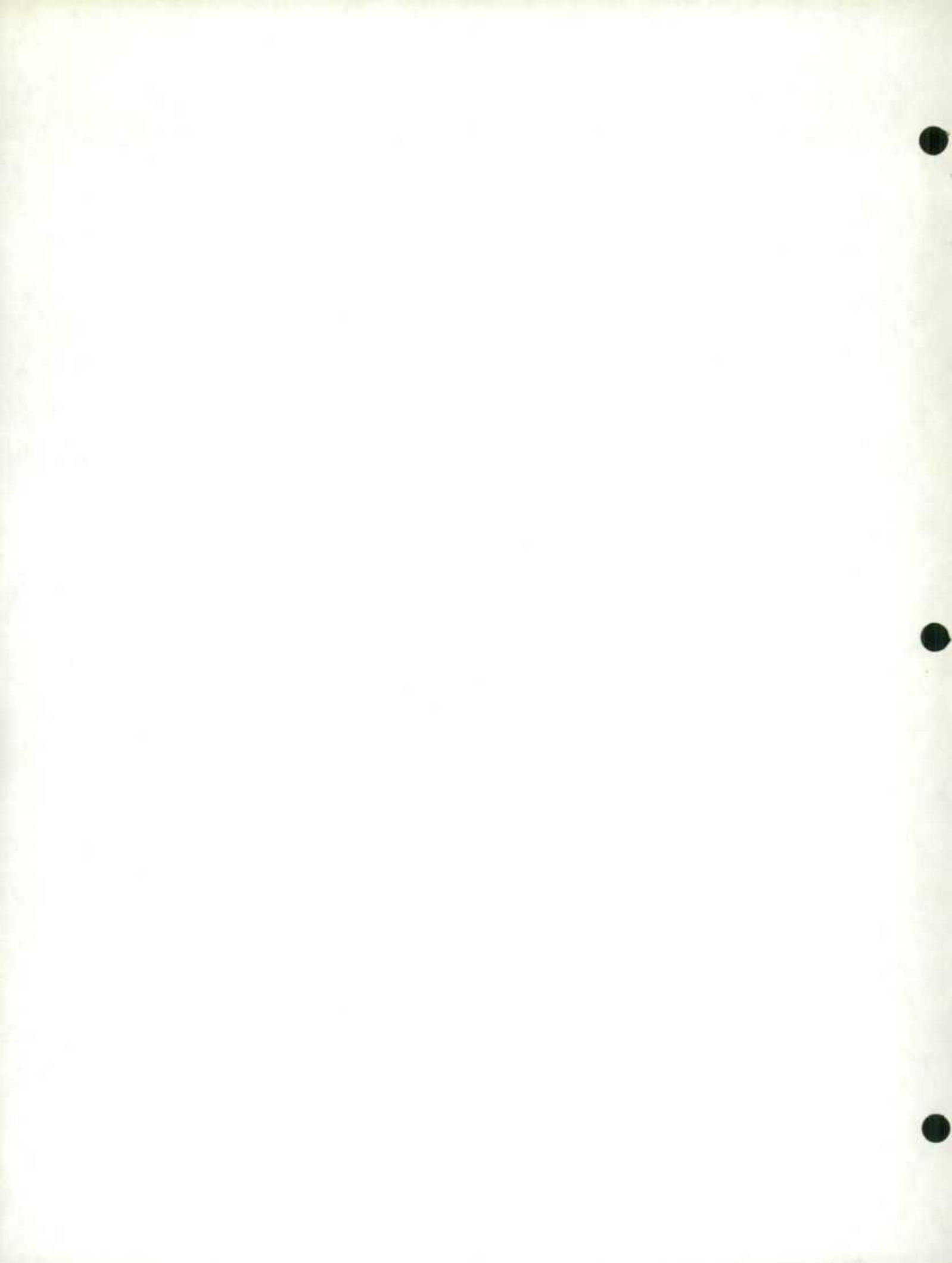


SYSTEM OF NATIONAL ACCOUNTS

NATIONAL INCOME AND
EXPENDITURE ACCOUNTS

SECOND QUARTER 1969

DOMINION BUREAU OF STATISTICS



DOMINION BUREAU OF STATISTICS
National Income and Expenditure Division

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SECOND QUARTER 1969

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13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 195950
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13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1967", for the year 196450
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1968", for the years 1965-196750
13-001	"National Accounts, Income and Expenditure, First Quarter 1969", for four quarters 1968 and first quarter 196975

NOTE

Data on revised First Quarter 1969, and preliminary Second Quarter 1969, consistent with previously published estimates are available on request from the National Income and Expenditure Division. See note on next page.

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NOTE

D.B.S. recently released the summary results of a complete and comprehensive revision of the National Income and Expenditure Accounts. This revision was carried out at the annual level only; a revision of quarterly estimates is now underway and will not be available for some time. During the interim period, 1968 quarterly data previously published have been restructured into the new framework of the accounts and then adjusted arithmetically to the new annual totals; these revised estimates have been linked forward for the first two quarters of 1969. In this publication, data are given for the income and expenditure tables only and for G.N.E. in constant (1961) dollars; a full set of tables will be prepared at the time of the fourth quarter. In the meantime, data for all tables on an unrevised basis are available on request from the National Income and Expenditure Division.

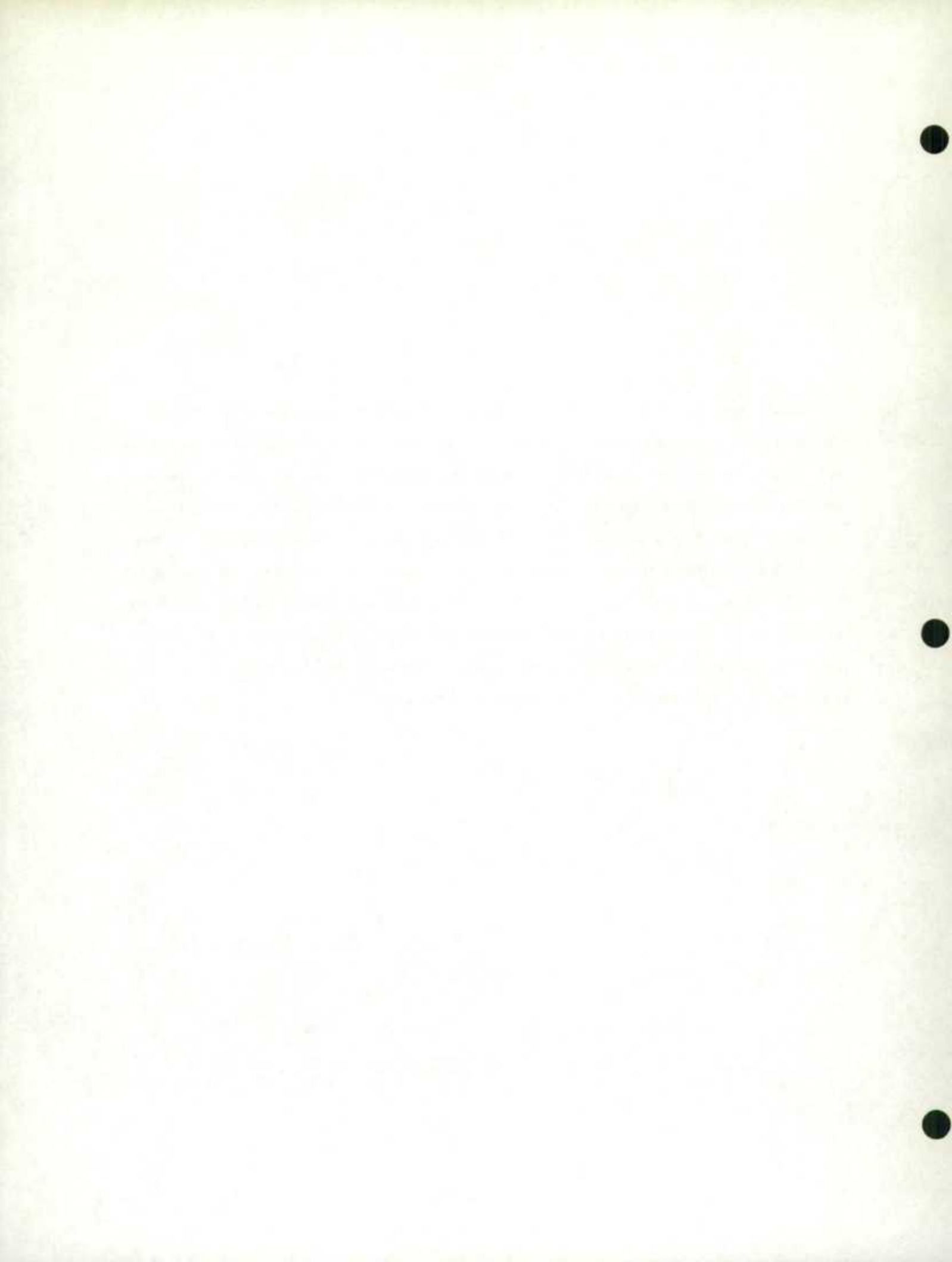


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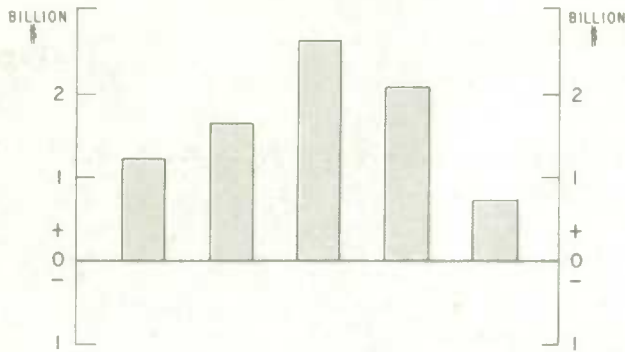
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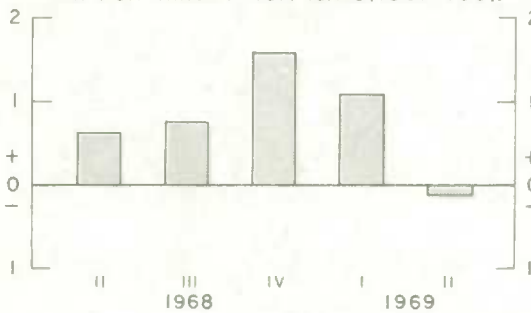
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G.N.P. in current prices rose \$0.7 billion in the second quarter but

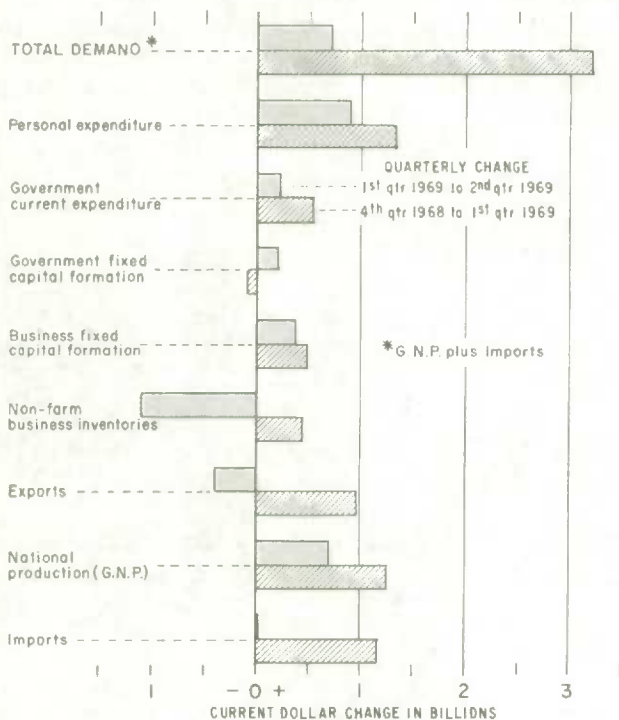
(Quarter-to-quarter change)



fell \$0.1 billion in real terms (1961=100).

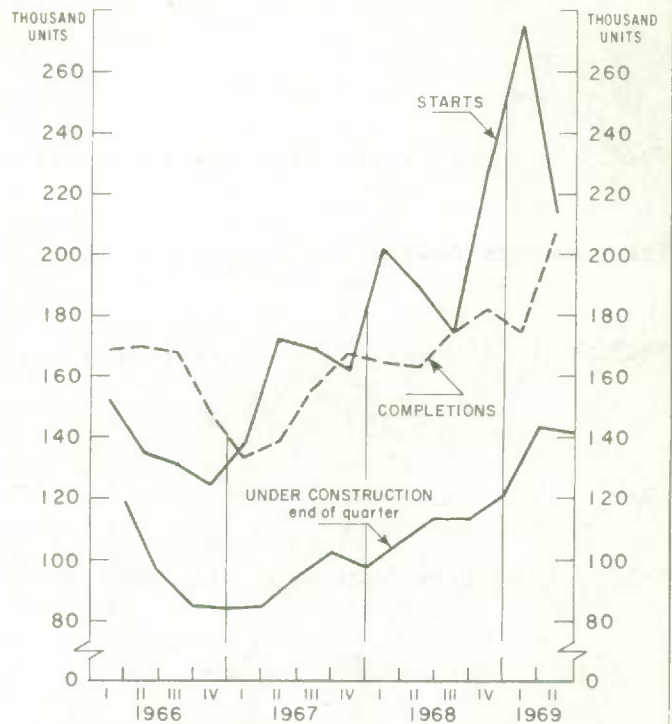


While government fixed capital formation rose after falling in the first quarter, inventories and exports declined and other categories of demand increased at a slower rate.

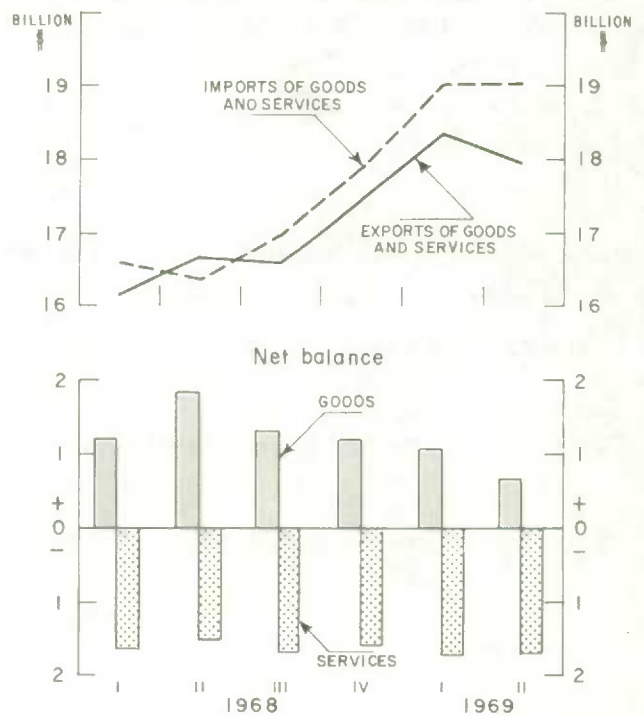


ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES.

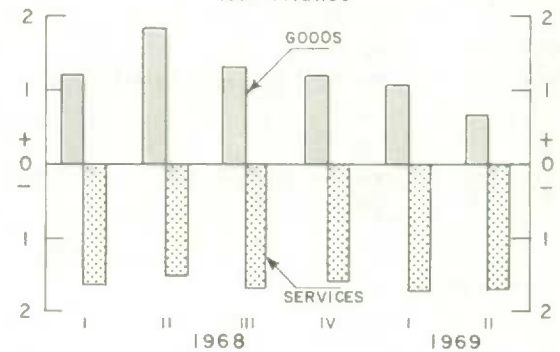
Investment in new housing rose 7.9 per cent in the second quarter reflecting higher starts in the previous two quarters. Completions and average units under construction were up in the second quarter.



A smaller surplus in the merchandise account than in recent quarters widened the deficit in goods and services transactions with non-residents.



Net balance



INTRODUCTORY REVIEW - SECOND QUARTER 1969

After five quarters of rapid growth, the pace of economic activity levelled off in the strike affected second quarter of 1969. Gross National Product at market prices rose by 0.9 per cent to reach a level of \$77.3 billion, seasonally adjusted at annual rates. With price increases of 1.1 per cent absorbing all of this gain, the volume of physical production remained virtually level with a decline of 0.2 per cent.

A lessening in demand pressure was evident in all major components except government capital expenditure, which rose by 6-1/2 per cent. The percentage gains shown by personal expenditure, 2 per cent, and by government current expenditure on goods and services, 1-1/2 per cent, were markedly lower than the corresponding increases of 3 and 4-1/2 per cent in the first quarter. The rise in the value of business gross fixed capital formation was mostly due to higher prices; in real terms, it rose by one-half of 1 per cent versus 2 per cent in the first quarter. Declines occurred in exports of goods and services and in business non-farm inventory investment; the former declined by 2 per cent while the latter showed a small liquidation compared with substantial accumulation in the three previous quarters.

Within personal expenditure, services continued to increase at about the same rate as in previous quarters, but there was a sharp slowdown in purchase of goods. Durable goods showed a decline, mainly the result of sharply curtailed consumer expenditure on new cars of North American manufacture, while non-durable goods eased markedly. Large price increases accounted for two-thirds of the increased expenditures.

A 6 per cent increase in housing construction accounted for most of the addition to business capital formation. Spending on plant and equipment rose by 1-1/2 per cent and was centered in machinery and equipment. Industrial disputes contributed to a slowdown in non-residential construction. The 1 per cent increase in outlays was entirely due to sharply rising material prices and wage rates; in constant dollars, non-residential construction showed a 2 per cent decline.

All of the inventory build-up in the second quarter took place in the farm sector and reflected accumulation in farm-held grain stocks associated with the slowdown in grain sales and in higher valued livestock inventories. Non-farm business inventories showed a small depletion after a billion dollar accumulation in the first quarter. The decline in business investment in non-farm inventories was widespread.

In the external sector, the net effect of a decline in exports and an unchanged level of imports was a widening in the deficit on current account (on a national accounts basis) from an annual rate of \$676 million in the previous quarter to \$1,080 million. The merchandise surplus dropped from \$1,056 to \$624 million, while the non-merchandise deficit narrowed slightly. Wheat and iron ore led the decline in merchandise exports.

On the income side, for the second consecutive quarter there was practically no change in corporation profits. Wages and salaries continued to advance rapidly, by about 3 per cent, with higher average weekly earnings accounting for most of the rise. Employment slowed down, largely the result of a number of strikes in the construction, mining and transportation industries. The unemployment rate, which had declined to 4.2 per cent in the first quarter from its high levels of around 5 per cent through the last three quarters of 1968, rose in the second quarter to 4.8 per cent.

Price Movements

The implicit price index of gross national expenditure advanced 1.1 per cent compared with an increase of 0.9 per cent in the first quarter. Higher rates of price increases occurred in all major components except exports which continued to show substantial increases.

Selected Implicit Price Indexes - Seasonally Adjusted
Percentage Change from the Previous Quarter

	1 9 6 8			1 9 6 9	
	2 Q	3 Q	4 Q	1 Q	2 Q
Personal expenditure on consumer goods and services.....	0.8	0.6	1.1	0.8	1.3
Business gross fixed capital formation.....	1.5	0.7	0.8	1.6	2.3
Residential construction.....	1.6	1.5	1.1	3.4	2.2
Non-residential construction.....	1.6	0.5	1.1	1.7	3.0
Machinery and equipment.....	0.4	0.8	-0.1	-	1.7
Exports of goods and services.....	0.3	-	0.1	1.2	1.0
Gross National Expenditure.....	0.7	1.0	1.0	0.9	1.1

Within personal expenditure, food prices advanced 1.9 per cent; a sharp increase of 11.2 per cent in the price of beef together with smaller increases in pork and other meats were slightly moderated by declines of 4.6 per cent in fresh fruits and 1.1 per cent in fresh vegetables. Alcoholic beverages and tobacco products rose 3.0 and 3.3 per cent respectively. Increases were also recorded in the price indexes of furniture, jewellery, household appliances, purchased transportation, medical care and rents; the price index of automobiles showed little change.

The price indexes of business residential and non-residential construction advanced markedly, by 2.2 and 3.0 per cent respectively. As in the last quarter, residential construction was particularly affected by sharp rises in the prices of lumber products. Both labour and materials components contributed to the acceleration in the price index of non-residential construction, but the most pronounced movement was shown by wage rates, especially in engineering construction. Prices of machinery and equipment, which had remained practically constant in the previous two quarters, jumped by 1.7 per cent in the second quarter.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure recorded an increase of 2 per cent in the second quarter, the smallest advance in a year and considerably lower than the 3 per cent rise in the first quarter. With price increases accelerating, the gain in volume was slightly more than one-half of 1 per cent. Both the slowdown in outlays and the acceleration in prices were centered in goods; expenditures and price increases for services rose at about the same rate as in recent quarters.

Within goods, purchases of new and used cars declined by 5-1/2 per cent after a 1-1/2 per cent drop in the first quarter. Outlays for new cars of North American manufacture recorded a second successive decline; purchases of used cars fell for the third consecutive quarter. Home furnishings, furniture and electrical appliances recorded increases of between 1 and 2 per cent, half as large as in the previous quarter. Food expenditures rose by 2 per cent, almost entirely the result of higher prices, while both tobacco and alcoholic beverages registered declines. Clothing outlays rose by 3 per cent, compared with 5 per cent in the first quarter, with the slowdown occurring in the women's and children's component.

Among components of services, increases of between 2-1/2 and 3-1/2 per cent were recorded in shelter, medical care, household operations and user-operated transportation, while personal care and recreation each rose by 1 per cent. The purchased transportation component declined 9-1/2 per cent, largely reflecting the Air Canada strike in April and May.

Gross Fixed Capital Formation

Spending on gross fixed capital formation increased by 3-1/2 per cent in the second quarter, reaching an annual rate of \$17.4 billion. Government capital spending increased by 6-1/2 per cent to a level of \$3.3 billion, business spending by 3 per cent to a level of \$14.1 billion.

The strong increase in government capital expenditure, which occurred after declines in the three preceding quarters, was largely concentrated in municipal non-residential construction.

Among components of business capital spending, the rise in residential construction of over 6 per cent was the most pronounced. This rise reflected strong advances in housing starts in the previous two quarters. During the second quarter housing starts declined from an annual rate of 275,000 units to 213,600, while completions were up from 175,000 to 206,400 units. The average number of units under construction rose from 132,000 to 142,800.

Business non-residential construction, which was affected by a number of industrial disputes, continued at about the same rate as in the last two quarters. Business machinery and equipment rose by 2 per cent, all of which was due to non-farm capital goods, both imported and domestically produced.

Non-Farm Business Inventories

Stocks of non-farm business inventories in the second quarter of 1969 were liquidated by \$92 million, seasonally adjusted at annual rates. This liquidation was in contrast with a substantial accumulation of \$1 billion in the previous period. The decline in the current quarter was most notable in the stocks of non-durable goods producing industries.

In manufacturing, there were increases in the stocks of almost all the durable goods producing industries, though generally at a lower rate than in the previous quarter, but these were more than offset by a substantial liquidation in the stocks of the non-durable goods sector, especially in the food, paper and petroleum industries.

There were practically no net additions to inventories in wholesale trade, a general increase in the stocks of durable goods dealers being balanced by a liquidation in non-durable lines, mostly groceries and petroleum dealers. At the retail trade level, increases in stocks occurred in most lines of durable and non-durable goods, but the rate of accumulation was much smaller than in the previous quarter.

Exports and Imports of Goods and Services

The decline of merchandise exports, which fell by 3-1/2 per cent, was centered on wheat, iron ore, lumber, newsprint and primary iron and steel. Merchandise imports showed a smaller decrease, down 1 per cent.

Some differences exist between the movements of merchandise exports and imports shown by the Balance of Payments, and included in this report on a national accounts basis, and those recorded in "Trade of Canada" reports. In the second quarter a number of balance of payments adjustments were made to recorded merchandise trade to reflect the actual timing of wheat shipments and to take into account progress payments on aircraft for both exports and imports. In addition to these, adjustments were introduced this quarter to take account of differences in valuation concepts between the trade and balance of payments series relating to automotive products and an adjustment to eliminate from merchandise imports of automotive products certain charges which have been included in non-merchandise transactions. ^{1/}

^{1/} For further detail see "Quarterly Estimates of the Canadian Balance of International Payments", Second Quarter 1969 (67-001).

Transactions with Non-Residents
Seasonally adjusted, at annual rates
(National Accounts Basis)

	I Q 1969			II Q 1969			Change in Balance
	Exports	Imports	Net	Exports	Imports	Net	
(millions of dollars)							
Goods.....	14,992	13,936	1,056	14,444	13,820	624	-432
Services.....	3,348	5,080	-1,732	3,500	5,204	-1,704	28
Gold available for export..	116		116	116		116	
Tourist and travel.....	1,100	1,160	-60	1,112	1,284	-172	-112
Interest, dividends and miscellaneous income (1).	552	1,876	-1,324	656	1,928	-1,272	52
Freight and shipping	920	976	-56	920	992	-72	-16
Other transactions (2).....	660	1,068	-408	696	1,000	-304	104
Total.....	18,340	19,016	-676	17,944	19,024	-1,080	-404

(1) Includes withholding tax.

(2) Excludes personal and institutional remittances, official contributions and pension payments.

The Components of Income

Labour Income

During the second quarter, labour income increased by almost 3 per cent, approximately the same as the gains recorded during the preceding two quarters. The goods-producing industries advanced by about 2 per cent and the service-producing industries by over 3 per cent.

In the goods-producing industries, manufacturing increased by over 2 per cent with relatively larger increases in average weekly earnings than in employment. Wages and salaries in construction, which was seriously affected by industrial disputes, remained about the same. Mining was also affected by industrial disputes and declined by about 2 per cent.

In the service-producing industries, utilities, and transportation, storage and communication recorded an increase of 1-1/2 per cent despite the Air Canada strike. Trade increased by over 2-1/2 per cent mainly because of higher average weekly earnings. Finance increased by 5 per cent, service by almost 4 per cent and government by about 3-1/2 per cent.

Corporation Profits

Corporation profits before taxes for the second quarter 1969 remained almost level with those of the two previous quarters. Sizeable advances occurred in the mining industry, 13 per cent, and in the finance and services industries, 7 per cent each. Lesser gains of 2 per cent occurred in manufacturing and in transportation, storage and communication. Increases were almost entirely offset by substantial declines of about 18 per cent in each of the retail and wholesale trade groups. Within manufacturing, movements were mixed. Food and beverages, rubber, textiles, electrical products and chemicals all registered profit increases, while printing and publishing, metals, other manufacturing and non-metallic industries suffered declines.

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production rose to a rate of \$1,600 million, 3-1/2 per cent higher than in the first quarter. The value of livestock production rose sharply, due mainly to higher prices. Partially offsetting this increase were declines in the value of grain production, reflecting a lower rate of profits of the Canadian Wheat Board as both exports and prices fell, and in cash income from the sale of other farm products, notably in tobacco, dairy products and fruits.

Real Domestic Product ^{1/}

Real Domestic Product dropped by 0.6 per cent in the second quarter, after large advances in the previous two quarters. This is the first decrease recorded in this index since the current economic upswing started in 1961. Major labour disturbances contributed to the setback in output of both goods and service-producing industries.

In goods, the decline originated mainly in the mining industries (down 7-1/2 per cent), where the production of iron ore was seriously affected by labour disputes. Output in agriculture and in construction was also down, whereas manufacturing recorded a small gain. Most of the drop in service-producing industries was attributable to transportation, which fell by 4.6 per cent - largely the result of major strikes directly or indirectly affecting air, railway and water transport.

^{1/} For further information, see "Index of Industrial Production", July 1969 (DBS 61-005).

TECHNICAL NOTE

The Balance of Payments and Financial Flows Division revised data for 1967 and 1968 in the second quarter of 1969. The revised figures are shown in "Quarter Estimates of the Canadian Balance of International Payments, Second Quarter 1969", DBS 67-001. These revisions have not been incorporated in the national accounts. The revised balance of payments figures for 1968 on a national accounts basis are shown in footnotes to Tables B., C., B1.* and C1.*

TABLES UNADJUSTED FOR SEASONAL VARIATION

A.* National Income and Gross National Product, by Quarters, 1968 and 1969

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Wages, salaries, and supplementary labour income	8,959	9,530	9,971	10,033	38,493	10,032	10,673			
2. Military pay and allowances .	216	197	218	229	860	209	210			
3. Corporation profits before taxes	1,433	1,993	1,853	2,163	7,442	1,774	2,291			
4. Deduct: Dividends paid to non-residents (1)	- 198	- 196	- 201	- 281	- 876	- 195	- 170			
5. Interest, and miscellaneous investment income	622	603	650	705	2,580	746	703			
6. Accrued net income of farm operators from farm production (2)	59	54	1,190	168	1,471	84	131			
7. Net income of non-farm unincorporated business including rents (3).....	882	1,037	1,061	1,238	4,218	937	1,053			
8. Inventory valuation adjustment (4)	- 86	- 56	- 41	- 134	- 317	- 168	- 209			
9. NET NATIONAL INCOME AT FACTOR COST	11,887	13,162	14,701	14,121	53,871	13,419	14,682			
10. Indirect taxes less subsidies	2,333	2,343	2,432	2,569	9,677	2,568	2,614			
11. Capital consumption allowances and miscellaneous valuation adjustments	2,057	2,205	2,074	2,113	8,449	2,158	2,244			
12. Residual error of estimate ..	- 345	- 247	197	- 148	- 543	- 398	- 286			
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	15,932	17,463	19,404	18,655	71,454	17,747	19,254			
14 (Gross national product at market prices excluding accrued net income of farm operators)	(15,873)	(17,409)	(18,214)	(18,487)	(69,983)	(17,663)	(19,123)			

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

(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.

(4) See footnote 1 Table B.

*This table corresponds to Table 1 of the previously published estimates.

B.* Gross National Expenditure, by Quarters, 1968 and 1969

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Personal expenditure on consumer goods and services ..	9,802	10,404	10,353	11,801	42,360	10,748	11,481			
2. Government current expenditure on goods and services	2,994	2,857	3,034	3,193	12,078	3,401	3,294			
3. Gross fixed capital formation	3,263	4,197	4,302	4,273	16,035	3,486	4,658			
4. Government	437	858	1,085	824	3,204	425	871			
5. Residential construction	4	3	3	2	12	4	3			
6. Non-residential construction	347	782	987	731	2,847	341	788			
7. Machinery and equipment	86	73	95	91	345	80	80			
8. Business	2,826	3,339	3,217	3,449	12,831	3,061	3,787			
9. Residential construction	639	831	870	954	3,294	825	1,066			
10. Non-residential construction	887	1,105	1,206	1,290	4,488	929	1,167			
11. Machinery and equipment	1,300	1,403	1,141	1,205	5,049	1,307	1,554			
12. Value of physical change in inventories(1)	- 202	- 189	1,632	- 500	741	18	- 83			
13. Government	- 21	14	37	- 1	29	- 25	11			
Business:										
14. Non-farm	248	48	181	- 4	473	472	- 91			
15. Farm and grain in commercial channels	- 429	- 251	1,414	- 495	239	- 429	- 3			
16. Exports of goods and services (2)	3,572	4,302	4,428	4,390	16,692	4,083	4,658			
17. Deduct: Imports of goods and services(2)	- 3,843	- 4,355	- 4,149	- 4,649	- 16,996	- 4,388	- 5,040			
18. Residual error of estimate ..	346	247	- 196	147	544	399	286			
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	15,932	17,463	19,404	18,655	71,454	17,747	19,254			

(1) 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 A).

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	3,586	4,290	4,443	4,388	16,707
Imports	3,829	4,348	4,149	4,625	16,951

* This table corresponds to Table 2 of the previously published estimates.

C.* Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1968 and 1969(1)

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Personal expenditure on consumer goods and services	8,424	8,840	8,699	9,890	35,853	8,930	9,393			
2. Government current expenditure on goods and services	2,137	2,021	2,166	2,139	8,463	2,302	2,174			
3. Gross fixed capital formation	2,695	3,448	3,518	3,504	13,165	2,756	3,666			
4. Government	318	676	868	687	2,549	295	686			
5. Residential construction ..	4	2	2	1	9	2	1			
6. Non-residential construction	234	605	779	603	2,221	219	613			
7. Machinery and equipment ...	80	69	87	83	319	74	72			
8. Business	2,377	2,772	2,650	2,817	10,616	2,461	2,980			
9. Residential construction ..	501	636	659	713	2,509	599	751			
10. Non-residential construction	733	903	988	1,046	3,670	728	892			
11. Machinery and equipment	1,143	1,233	1,003	1,058	4,437	1,134	1,337			
12. Value of physical change in inventories	- 101	- 167	1,181	- 302	611	124	- 177			
13. Government	- 20	12	33	- 2	23	- 24	9			
Business:										
14. Non-farm	232	88	101	60	481	449	- 48			
15. Farm and grain in commercial channels	- 313	- 267	1,047	- 360	107	- 301	- 138			
16. Exports of goods and services(2)	3,117	3,737	3,799	3,832	14,485	3,513	3,942			
17. Deduct: Imports of goods and services(2)	- 3,393	- 3,842	- 3,639	- 4,104	- 14,978	- 3,788	- 4,315			
18. Residual error of estimate ...	282	200	- 157	117	442	314	222			
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	13,161	14,237	15,567	15,076	58,041	14,151	14,905			

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, 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) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	3,129	3,727	3,810	3,829	14,495
Imports	3,380	3,834	3,639	4,082	14,935

* This table corresponds to Table 10 of the previously published estimates.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

Al.* National Income and Gross National Product, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Wages, salaries, and supplementary labour income	36,920	38,076	38,828	40,148	38,493	41,396	42,584			
2. Military pay and allowances .	844	808	900	888	860	832	860			
3. Corporation profits before taxes	6,744	7,164	7,548	8,312	7,442	8,284	8,312			
4. Deduct: Dividends paid to non-residents(1)	- 836	- 980	- 940	- 748	- 876	- 868	- 856			
5. Interest, and miscellaneous investment income	2,460	2,536	2,600	2,724	2,580	2,952	2,932			
6. Accrued net income of farm operators from farm production(2)	1,492	1,304	1,496	1,592	1,471	1,544	1,600			
7. Net income of non-farm unincorporated business including rents(3)	4,040	4,188	4,288	4,356	4,218	4,316	4,236			
8. Inventory valuation adjustment (4).....	- 296	- 184	- 296	- 492	- 317	- 596	- 780			
9. NET NATIONAL INCOME AT FACTOR COST	51,368	52,912	54,424	56,780	53,871	57,860	58,888			
10. Indirect taxes less subsidies	9,520	9,488	9,628	10,072	9,677	10,500	10,492			
11. Capital consumption allowances and miscellaneous valuation adjustments	8,444	8,420	8,484	8,448	8,449	8,840	8,548			
12. Residual error of estimate ..	- 252	- 528	- 616	- 776	- 543	- 624	- 652			
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	69,080	70,292	71,920	74,524	71,454	76,576	77,276			
14. (Gross national product at market prices excluding accrued net income of farm operators)	(67,588)	(68,988)	(70,424)	(72,932)	(69,983)	(75,032)	(75,676)			

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

(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.

(4) See footnote 1 Table B.

* This table corresponds to Table II of the previously published estimates.

81.* Gross National Expenditure, by Quarters, 1968 and 1969 Seasonally adjusted at Annual Rates

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services ...	41,300	41,576	42,832	43,732	42,360	45,068	45,976			
2. Government current expenditure on goods and services ...	11,716	11,732	12,020	12,844	12,078	13,392	13,620			
3. Gross fixed capital formation	15,812	15,848	16,104	16,376	16,035	16,788	17,388			
4. Government	3,092	3,280	3,268	3,176	3,204	3,088	3,296			
5. Residential construction	16	12	12	8	12	16	12			
6. Non-residential construction.....	2,732	2,916	2,904	2,836	2,847	2,740	2,896			
7. Machinery and equipment	344	352	352	332	345	332	388			
8. Business	12,720	12,568	12,836	13,200	12,831	13,700	14,092			
9. Residential construction	3,012	3,292	3,312	3,560	3,294	3,892	4,132			
10. Non-residential construction	4,432	4,420	4,468	4,632	4,488	4,580	4,616			
11. Machinery and equipment	5,276	4,856	5,056	5,008	5,049	5,228	5,344			
12. Value of physical change in inventories	524	400	768	1,272	741	1,376	720			
13. Government	4	24	48	40	29	- 4	12			
Business:										
14. Non-farm	284	392	672	544	473	1,004	- 92			
15. Farm and grain in commercial channels (1)	236	- 16	48	688	239	376	800			
16. Exports of goods and services(2)	16,116	16,692	16,592	17,368	16,692	18,340	17,944			
17. Deduct: Imports of goods and services(2)	- 16,644	- 16,484	- 17,012	- 17,844	- 16,996	- 19,016	- 19,024			
18. Residual error of estimate	256	528	616	776	544	628	652			
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	69,080	70,292	71,920	74,524	71,454	76,576	77,276			

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

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	16,128	16,648	16,576	17,476	16,707
Imports	16,580	16,360	16,968	17,896	16,951

* This table corresponds to Table 12 of the previously published estimates.

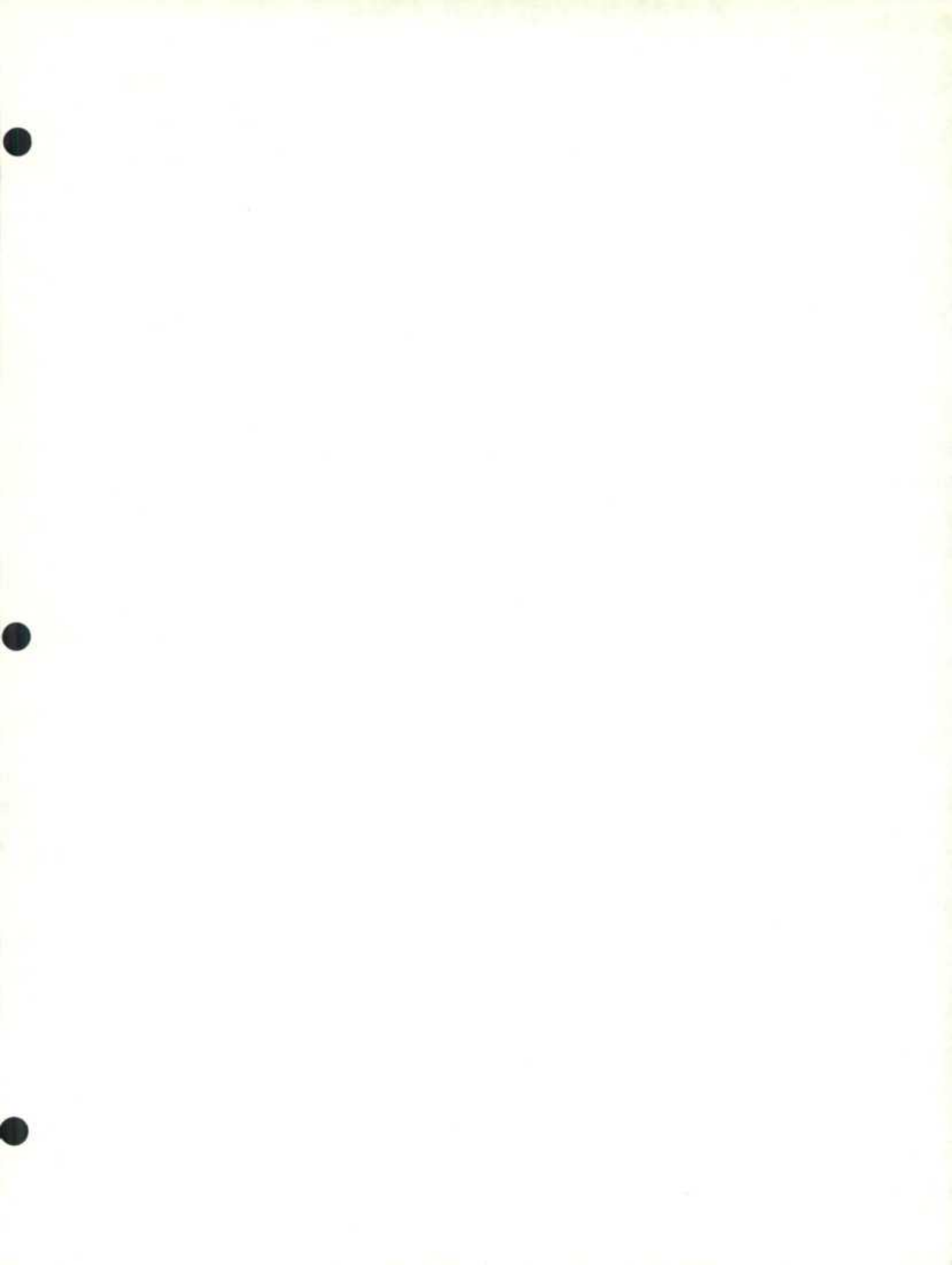
Cl.* Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1968 and 1969 (1)
Seasonally Adjusted at Annual Rates

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Personal expenditure on consumer goods and services	35,372	35,332	36,168	36,540	35,853	37,348	37,600			
2. Government current expenditure on goods and services	8,420	8,400	8,300	8,732	8,463	9,128	9,128			
3. Gross fixed capital formation	13,196	12,984	13,112	13,368	13,165	13,372	13,612			
4. Government	2,492	2,560	2,548	2,596	2,549	2,360	2,540			
5. Residential construction ..	16	8	8	4	9	8	4			
6. Non-residential construction	2,152	2,216	2,224	2,292	2,221	2,044	2,184			
7. Machinery and equipment ...	324	336	316	300	319	308	352			
8. Business	10,704	10,424	10,564	10,772	10,616	11,012	11,072			
9. Residential construction ..	2,348	2,524	2,504	2,660	2,509	2,812	2,920			
10. Non-residential construction	3,688	3,620	3,640	3,732	3,670	3,628	3,552			
11. Machinery and equipment ...	4,668	4,280	4,420	4,380	4,437	4,572	4,600			
12. Value of physical change in inventories	360	356	700	1,028	611	1,256	960			
13. Government	4	20	44	24	23	- 4	8			
Business :										
Non-farm	268	424	624	608	481	964	- 52			
Farm and grain in commercial channels	88	- 88	32	396	107	296	1,004			
16. Exports of goods and services(2)	14,016	14,472	14,396	15,056	14,485	15,708	15,212			
17. Deduct: Imports of goods and services(2)	- 14,744	- 14,552	- 15,004	- 15,612	- 14,978	- 16,492	- 16,320			
18. Residual error of estimate ...	212	432	500	624	442	500	512			
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	56,832	57,424	58,172	59,736	58,041	60,820	60,704			

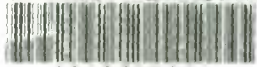
- (1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted 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) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	14,024	14,436	14,376	15,144	14,495
Imports	14,684	14,440	14,960	15,656	14,935

* This table corresponds to Table 20 of the previously published estimates.



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