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NATIONAL ACCOUNTS  
INCOME AND EXPENDITURE  
FIRST QUARTER  
1961

DOMINION BUREAU OF STATISTICS  
National Accounts Division



DOMINION BUREAU OF STATISTICS

National Accounts Division

NATIONAL ACCOUNTS  
INCOME AND EXPENDITURE  
FIRST QUARTER

1961

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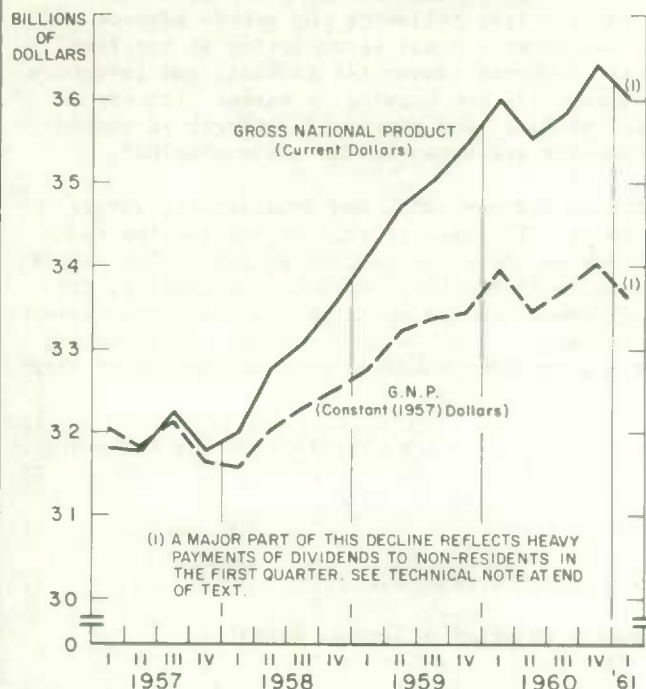
"National Accounts, Income and Expenditure, by Quarters, 1947-1957", for the years 1947-1954.

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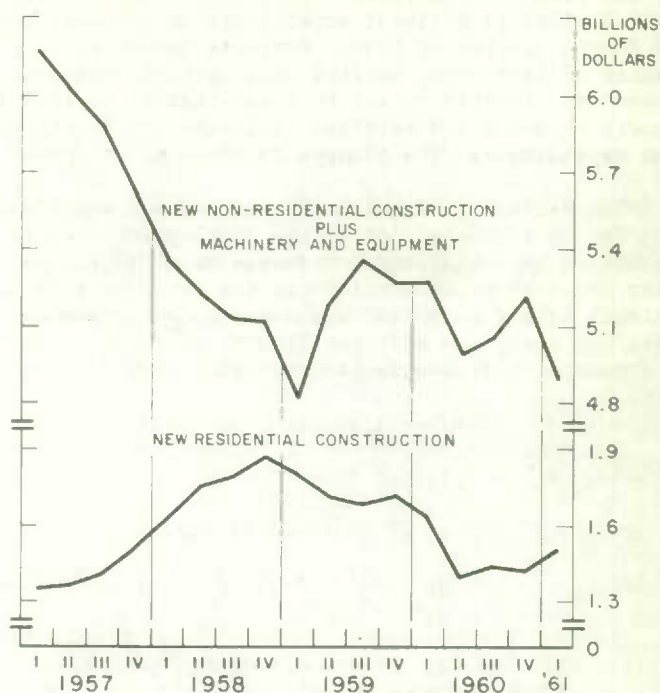
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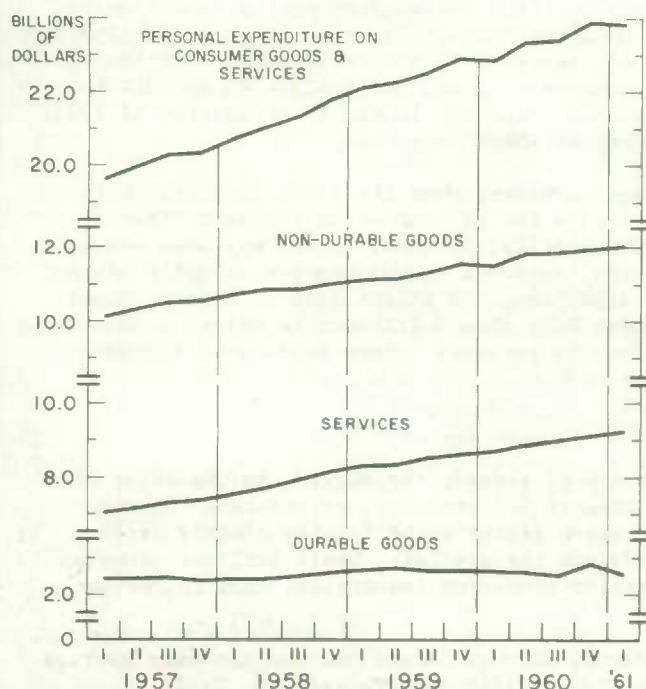
THE ADVANCE IN GROSS NATIONAL PRODUCT SINCE THE SECOND QUARTER OF 1960 WAS INTERRUPTED IN THE FIRST QUARTER OF 1961, AS A DECLINE OCCURRED IN BOTH THE VALUE AND VOLUME OF PRODUCTION



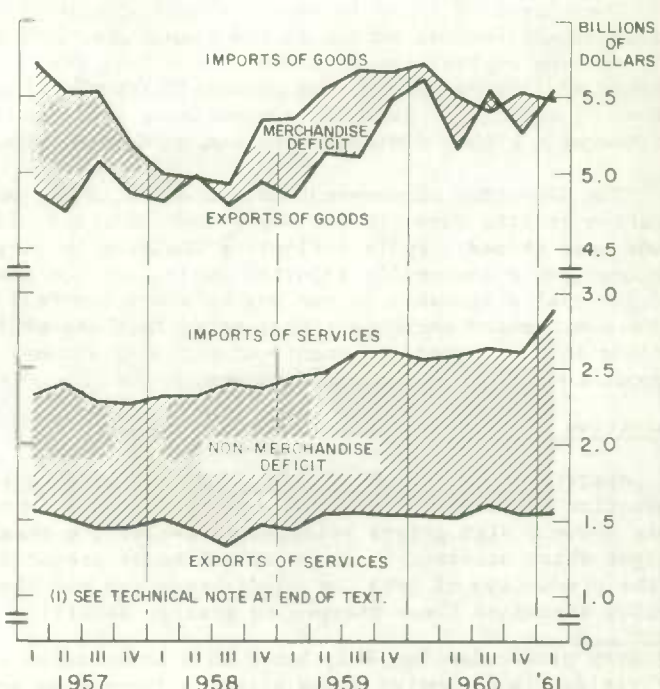
BUSINESS OUTLAYS FOR NEW PLANT AND EQUIPMENT WEAKENED IN THE FIRST QUARTER, BUT RESIDENTIAL CONSTRUCTION OUTLAYS INCREASED



CONSUMER EXPENDITURE DECLINED SLIGHTLY IN THE FIRST QUARTER DUE TO A SHARP DROP IN EXPENDITURES ON DURABLE GOODS



THE DEFICIT ON CURRENT ACCOUNT NARROWED SLIGHTLY IN THE FIRST QUARTER, AS THE BALANCE ON MERCHANDISE TRADE SHOWED A SMALL SURPLUS. THE DEFICIT ON INVISIBLES CONTINUED TO WIDEN, AS DIVIDENDS PAID ABROAD ADVANCED SHARPLY<sup>(i)</sup>



(IN ALL CHARTS DATA ARE SEASONALLY ADJUSTED AT ANNUAL RATES)



### INTRODUCTORY REVIEW

The pace of economic activity slackened a little in the first quarter of 1961, after seasonal factors are taken into account. This development was associated with a sharp drop in business outlays for new plant and equipment which had been moving upward in the preceding two quarters, and with a small decline in personal expenditure on consumer goods and services following the marked advance of the fourth quarter of 1960. Business inventories, which had shown a small accumulation in the final quarter of last year, shifted to a neutral position. These downward tendencies in final and inventory demand were largely offset by a substantial advance in outlays for new housing, a marked recovery in exports of goods and services following the fourth quarter decline, and continued strength in government expenditure. The changes in these major demand categories are shown in the table overleaf.

The decline in Gross National Product, which amounted to 1.2 per cent, was considerably larger than can be accounted for by the developments described above. The greater part of the decline reflected an unusually sharp increase in dividends paid abroad in the first quarter of 1961. The latter, being earnings of non-residents, are excluded from Gross National Product. Corporation profits, for national income purposes, are measured after payment of dividends paid abroad; and on the expenditure side, the deduction made for imports of goods and services includes as one of its component elements, an estimate of dividends paid abroad. (For further details, see the Technical Note at the end of this text).

The quantitative effect of this factor on the first quarter figures is apparent in the following Table:

	<u>4Q 1960</u>	<u>1Q 1961</u>	<u>Per cent</u>
	<u>\$ millions</u>	<u>\$ millions</u>	<u>Change</u>
(Seasonally Adjusted at Annual Rates)			
Gross National Product .....	36,436	36,012	- 1.2
Add: Dividends Paid Abroad.	404	744	84.2
Gross National Product Plus Dividends Paid Abroad ....	36,840	36,756	- 0.2

The unusually large increase in dividends paid abroad in the first quarter merits some comment, since the statistical effect on the change in the Gross National Product in the quarter is substantial. In part, the explanation is found in the fact that dividend payments to non-residents in the fourth quarter of 1960 rose less than seasonally, reflecting the absence of or contractions in amounts remitted by some large Canadian companies to their non-resident parents. In the first quarter of 1961, considerably higher dividend payments were made by a number of these companies.

The direction of movement of the major income aggregates diverged in the first quarter. Corporation profits were down by 9 per cent before dividends paid abroad, and by 23 per cent after dividends paid abroad. Fully reflecting the drop in corporate profits, National Income was down nearly 2 per cent, on a seasonally adjusted basis. At the same time, personal income was fractionally higher and personal disposable income was up about one-half of 1 per cent. A slight gain in labour income and a substantial increase in estimated farm income<sup>(1)</sup> were more than sufficient to offset a moderate decline in most other components of personal income; a drop in personal income taxes gave further support to personal disposable income.

### Production and Employment

Apart from the effect of the adjustment for dividends paid abroad, the decline in the value of production in the first quarter was small, and amounted to only 0.2 per cent, as indicated in the table above. With prices relatively stable, the changes shown in the value figures closely reflect changes which occurred in the real volume of production during the quarter. Small declines occurred in the production of both the goods-producing and the service-producing industries. The following section discusses these changes in greater detail.

(1) Crop production in 1961, based on a calculation involving acreage intentions and ten-year average yields, is estimated to be slightly lower than production in 1960 (see Footnote 3, Table 9). However, the drop was more than offset by increases in livestock production and in cash income from the sale of other farm products.

Quarter to Quarter Changes in Final Purchases

(Seasonally Adjusted at Annual Rates)

(\$ millions)

	1Q'58 to 2Q'58	2Q'58 to 3Q'58	3Q'58 to 4Q'58	4Q'58 to 1Q'59	1Q'59 to 2Q'59	2Q'59 to 3Q'59	3Q'59 to 4Q'59	4Q'59 to 1Q'60	1Q'60 to 2Q'60	2Q'60 to 3Q'60	3Q'60 to 4Q'60	4Q'60 to 1Q'61	1Q'61 to 2Q'61	2Q'61 to 3Q'61	3Q'61 to 4Q'61
1. Personal Expenditure .....	280	284	480	320	156	300	332	-24	480	44	524	-88			
2. Government Expenditure .....	264	104	-4	88	172	-208	60	88	132	212	92	32			
3. Residential Construction .....	136	36	76	-68	-84	-32	36	-84	-244	48	-20	88			
4. Non-Residential Construction .....	-4	-76	-96	-220	124	16	32	-44	-132	108	16	-192			
5. Machinery and Equipment .....	-116	-36	88	-84	256	148	-124	52	-156	-40	152	-136			
6. Exports .....	104	-248	248	-136	404	-24	372	128	-496	492	-356	300			
7. Total Final Purchases .....	664	64	792	-100	1,028	200	708	116	-416	864	408	4			
8. (Final Domestic Demand) .....	(560)	(312)	(544)	(36)	(624)	(224)	(336)	(-12)	(80)	(372)	(764)	(-296)			

Quarter to Quarter Changes in Other Selected Items

9. "Shift" in Non-Farm Business Inven- tories .....	460	192	32	464	-280	212	-148	372	-312	-512	284	-104			
10. Imports .....	-20	44	400	80	232	248	-12	4	-192	-48	96	240			
11. GNP (ex. farm) .....	748	384	452	552	684	232	624	216	-264	244	528	-520			



Among the primary industries, there was a distinct drop in output in forestry in the first quarter, largely a result of the decline in production of pulpwood. Output in mining was somewhat higher in the quarter, although the index remained well below the levels reached two years earlier. The recent movement of the mining index reflects a substantial increase in the output of iron ore, which more than offsets a fall in output of most other metals, and a slight decline in production of fuels. The downward drift of the mining index over the past eighteen months is largely the result of the "stretching out" of uranium contracts.

A less than 1 per cent drop in manufacturing production is attributable to the durable goods industries; output in non-durable goods industries was slightly higher. Production in the quarter was lower in all the durable goods industries but the declines were small in all cases, ranging from a fractional decline in non-ferrous metals to one of 5 per cent in transportation equipment. While production of primary iron and steel was down by 3 per cent on a seasonally adjusted quarterly comparison, there was a decided upward movement within the quarter, March production being 14 per cent higher than the January figure. Likewise, in non-durable manufacturing industries, changes in production in the first quarter were for the most part small; output was moderately higher in clothing, leather products and textiles and considerably lower in rubber products.

The volume of output in the construction industry continued to decline in the first quarter, and was about 3 per cent lower than in the preceding quarter; the decline was centred in non-residential construction activity, with the volume of housing construction higher than in the preceding quarter.

Among the service-producing industries there was a moderate drop in the volume of trade as well as some falling off in activity in the government, community, business, recreation and personal services group. Transportation, communication and storage, and finance, insurance and real estate recorded a somewhat higher level of activity.

The slight falling off in the volume of production in the first quarter was accompanied by a small decline (0.3 per cent) in the number of persons employed, as well as somewhat shorter hours of work in some industries, after allowing for seasonal factors. Unemployment as a percentage of the labour force, averaging 7.7 per cent in the first quarter (seasonally adjusted), was slightly higher than in the preceding quarter.

#### Consumer Buying

Consumer buying eased slightly in the first quarter, in spite of some gain in personal disposable income. At a seasonally adjusted annual rate of \$23.9 billion, personal expenditure was almost one-half of 1 per cent lower than in the fourth quarter of 1960. Consumer prices on the whole were unchanged in the quarter, so that the change in the volume paralleled the change in the value of purchases.

A contraction in purchases of durables was the most important single factor depressing the level of consumer spending. The drop in purchases of new and used cars is estimated at 17 per cent from the high level of the fourth quarter. At the same time, purchases of other major durables -- furniture and appliances and radios -- were also somewhat lower, a trend that had been evident throughout most of 1960. Thus the recovery in sales of household durables that appeared to be developing in the closing months of 1960 was not maintained in the opening quarter of 1961. Factory shipments of the major household durables continued to be below the level of a year earlier, with declines ranging from about 3 per cent for electric stoves to about 20 per cent for refrigerators. Prices of new cars and of household appliances were somewhat lower, so that price declines account for a small part of the 10 per cent drop in total durable spending.

Purchases of non-durables were somewhat higher in the quarter, although experience varied as between trades. Spending on two major categories, food and clothing, were lower when seasonal factors are taken into account. Prices of non-durable goods as a whole were virtually unchanged.

Expenditure on services, continuing its steady advance, was about 1 1/2 per cent higher than in the fourth quarter of 1960. Part of this increase represents a moderate rise in prices, particularly in the shelter component.

The slight decline in consumer buying accompanied by a modest expansion in personal disposable income resulted in a distinct upward shift in the rate of personal saving between the fourth and the first quarters. The rate of 6.9 per cent compares with one of 6.1 per cent in the preceding quarter and one of 6.7 per cent for 1960 as a whole.

### Business Gross Fixed Capital Formation

After some recovery in total business gross fixed capital formation in the latter half of 1960, outlays in the first quarter fell by 3 1/2 per cent from the level of the fourth quarter, on a seasonally adjusted basis. As a percent of Gross National Product, the first quarter rate of capital spending amounted to 18 per cent, compared with the peak rate of 23 per cent for the full year 1957. The first quarter rate of capital spending, amounting to \$6.4 billion, is below the level of intentions stated for the year 1961 in "Private and Public Investment in Canada - Outlook 1961", by about 4 per cent. The weakness in the first quarter was in business outlays for plant and equipment; expenditures for new housing made a significant advance.

Housing starts, seasonally adjusted, had begun to rise in the third quarter of 1960, and by the fourth quarter had overtaken completions. The advance continued in the first quarter of 1961 when starts were at a very high level for the winter period. Completions were at a rate that was relatively low in terms of the past three years, but a gain of 11 per cent over the rate of the fourth quarter. Outlays for residential construction thus rose to \$1.5 billion, an increase of 6 per cent from the preceding quarterly rate. The improvement in housing starts is indicative of the response of the housing market to the easing of National Housing Act lending terms at the end of 1960. It should be noted that preliminary data on housing starts suggest that the first quarter's impressive margin of increase was reversed in the months of April and May.

Business expenditures for plant and equipment were at a seasonally adjusted annual rate of \$4.9 billion in the first quarter, about 6 per cent lower than in the preceding quarter. The major part of the decline was in expenditures on non-residential construction, but outlays for machinery and equipment were also appreciably lower. The fall-off in machinery and equipment items was fairly widespread but was more evident in imports than in domestic shipments.

### Investment in Business Inventories

During the course of 1960 the movement of business inventories had a considerable effect on the course of economic activity; the high rate of accumulation evident in the first quarter dropped sharply in the second, giving way to liquidation in the third and then to renewed stock-building, although on a modest scale, in the closing quarter of the year. By contrast, inventory behaviour in the first quarter of 1961 had little impact on the economy, with the rate of accumulation falling close to zero.

#### Changes in Business Inventories by Quarters

(Seasonally Adjusted at Annual Rates)

	1960				1961
	(1)	(2)	(3)	(4) <sup>r</sup>	(1)
	(millions of dollars)				
Manufacturing .....	304	216	- 188	32	24
Wholesale .....	88	36	- 100	8	68
Retail .....	248	112	220	148	- 32
Other .....	8	- 28	- 108	24	48
Adjusting Entry(1) .....				- 104	- 104
Total .....	648	336	- 176	108	4

(1) Revisions have been made to the figures of inventory change for manufacturing, and retail and wholesale trade in the fourth quarter of 1960. The change in total business inventories in the fourth quarter, however, has not been revised pending a complete revision of the Accounts. The correct relationship between the fourth and first quarter totals has been maintained by introducing an adjusting entry in the Table.



At the manufacturing level, both production and shipments declined in the first quarter, and manufacturing inventories showed little change from the position of limited accumulation which marked the fourth quarter of 1960. Available information suggests that there was very little movement in stocks of raw materials, and that a decline in finished products was more than offset by an increase in holdings of goods in process.

The rate at which goods were being built up in the non-durable manufacturing industries increased in the first quarter, primarily because of the build-up in the food industry. There was a continued liquidation of inventories in the durable goods industries, with a further reduction in stocks held in the iron and steel and electrical products industries, and a sharp reduction in the wood products group. The large accumulation in the non-ferrous metal products industry which occurred in the fourth quarter of 1960 was not repeated in the first quarter as production and demand moved into closer balance.

At the retail level, the most significant change occurred in stocks held by the motor vehicle dealers group, where the liquidation of inventories reflected attempts to reduce stocks in the face of a sharp decline in sales. This development was the main determinant of the over-all movement of retail stocks, which shifted from a position of moderate accumulation in the fourth quarter of 1960 to a position of slight inventory liquidation in the first quarter of 1961. There was a further build-up in stocks of food stores, but at no greater rate than that which prevailed in the fourth quarter. As noted earlier, this development is associated with a small decline in consumer spending on food in the first quarter.

The small build-up in wholesalers' inventories was centred in the non-durables group and was fairly widely distributed.

#### Exports and Imports of Goods and Services

Exports of goods and services were at a seasonally adjusted annual rate of \$7.1 billion in the first quarter, about 4 1/2 per cent higher than in the preceding quarter, while imports of goods and services, at a rate of \$8.4 billion, were up about 3 per cent. The merchandise account moved to a slight surplus. A decidedly sharp increase in payments on services, largely attributable to interest and dividends paid abroad, resulted in marked widening of the deficit on invisibles.

The rise in seasonally adjusted merchandise exports, in the first quarter, of 5.5 per cent, was concentrated in exports to both the United States and the United Kingdom, with the increase to the latter country being particularly sharp. Merchandise imports in total showed little change, with imports from the United States declining, and a sharp increase occurring in imports from the United Kingdom.

The recent adoption of the Standard Commodity Classification for exports has temporarily delayed compilation of commodity detail which would normally be available at this time. There is, therefore, not sufficient information at present to furnish the detailed information on the composition of trade that is usually included in these reports.

#### Labour Income

Labour income in the first quarter was at a seasonally adjusted annual rate of \$18.8 billion, slightly higher than in the fourth quarter of 1960. There was some increase within the quarter, following the small drop apparent at the turn of the year.

For the most part, the changes in labour income by industry in the first quarter were fairly small. Forestry is a notable exception; labour income in this industry was down about 10 per cent, reflecting a considerably lower level of employment. Labour income was also lower in construction and mining, although to a much lesser extent. In all other industrial groups, including manufacturing, there were small increases. In manufacturing, higher hourly rates of pay more than offset a decline in numbers employed and in hours of work.

#### Corporate Profits

Corporate profits before dividends paid abroad were running at a seasonally adjusted annual rate of \$2.8 billion in the first quarter of 1961, a decline of about 9 per cent from the fourth quarter level. However, dividends paid abroad were unusually large in the first quarter, with the result that corporate profits as measured in the National Accounts (that is, after deduction of dividends to non-residents), were down 23 per cent.

While some fall-off in profits was common to all major industry groups (with the single exception of public utilities, where there was no change), the sharpest declines were in wholesale and retail

trade where profits fell by 35 and 38 per cent respectively. These movements reflected the lack of buoyancy in consumer markets and the easing in some prices. In mining and manufacturing, profits fell by 4 per cent and 6 per cent respectively. The trend of profits in the individual manufacturing industries varied widely, but for the most part earnings were considerably improved in the non-durable lines and considerably reduced in the durable lines. As mentioned earlier, durable goods production was lower in the quarter, while output of non-durables was fractionally higher. Specific reference to three important manufacturing industries will indicate the diversity in the earnings experience in the first quarter; profits were up about 3 per cent in paper, down about 5 per cent in foods and beverages and down about 16 per cent in iron and steel.

Profits dropped by about 10 per cent in transportation, communication and storage, while profits in the finance, insurance and real estate group were only slightly lower.

#### Government Accounts and National Saving

Total revenues of all governments, seasonally adjusted, declined by 1 per cent from the fourth quarter of 1960 to the first quarter of 1961. Federal government revenues declined by about 2 per cent, whereas provincial and municipal revenues showed little change. Total expenditures of all levels of government also declined, again by about 1 per cent. Thus, the deficit of the combined levels of government (on the National Accounts' basis) remained relatively unchanged, a moderate decline in the federal deficit being offset by an increase at the provincial and municipal level.

Total national savings declined by 7 per cent from the fourth quarter of 1960 to the first quarter of 1961, on a seasonally adjusted basis. Within the total there were offsetting movements; personal net saving rose sharply, offset by an equally sharp decline in business gross saving. The latter reflected primarily a lower rate of retained profits. As noted above, there was no change in the deficit position of the consolidated government account.

#### TECHNICAL NOTE

A change in presentation has been made in Tables 1 and 9 of this report. In previous National Accounts reports, "Corporation Profits Before Taxes" (line 3) has been shown after payment of dividends to non-residents, as a single total. The adjustment for dividends paid to non-residents is made because Gross National Product is a measure of incomes accruing to Canadian factors of production, and earnings of non-residents are excluded, by definition, from this aggregate. In the present report, the adjustment to exclude dividend payments to non-residents has been made explicit, and the item has been treated in the following manner:

Line 3 - Corporation Profits Before Taxes and Before  
Dividends Paid to Non-Residents.

Line 4 - Deduct: Dividends Paid to Non-Residents.

This presentation of the statistics will be carried forward in future National Accounts' reports.

In principle, in order to exclude the earnings of non-resident factors of production from Gross National Product, undistributed corporation profits accruing to non-residents should also be deducted, in addition to the dividend payments to non-residents. However, statistics are not available which permit the complete adjustment to be carried out in this way. Dividends paid abroad are therefore taken as an approximate measure of the profits accruing to non-residents. Apart from the highly irregular behaviour of the series in the first quarter of 1961, this treatment appears to have provided a reasonably realistic and satisfactory solution to the statistical problem.

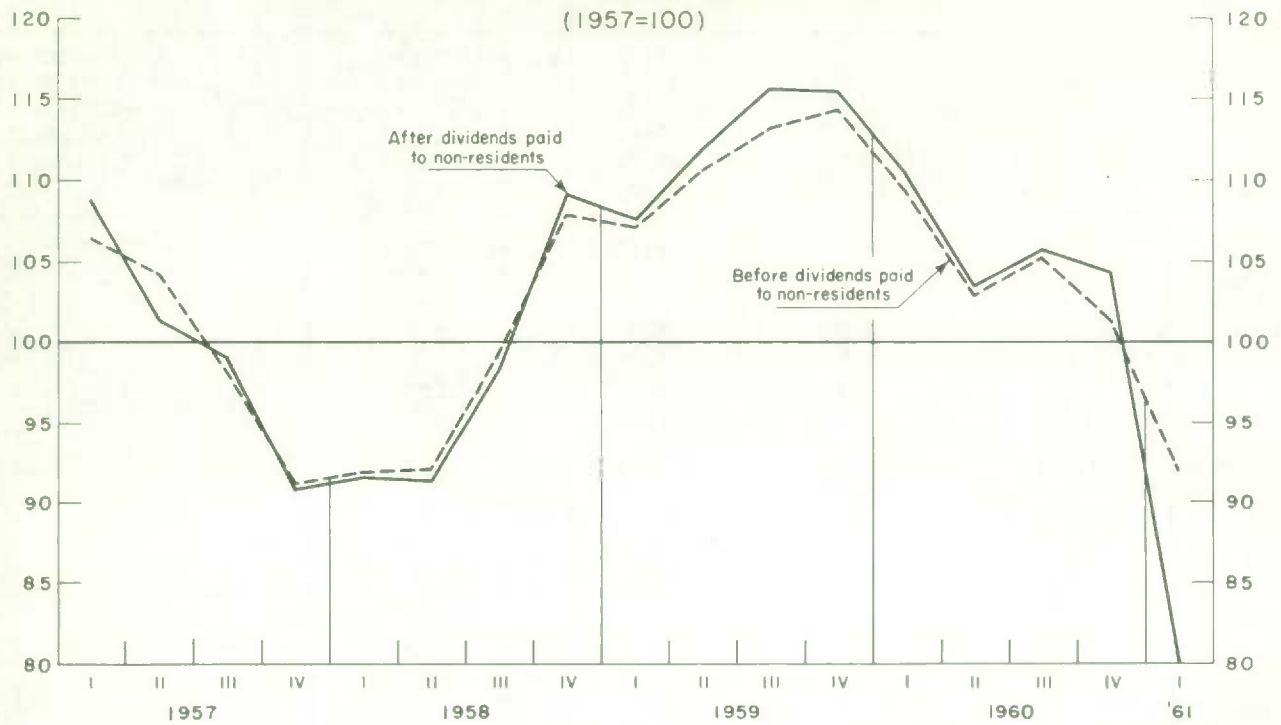
As has been indicated in the main text of this report, the unusually sharp increase in dividends paid to non-residents between the fourth quarter of 1960 and the first quarter of 1961 (seasonally adjusted), was the most important single factor affecting the movement of total Gross National Product; the greater part of the 1.2 per cent decline in Gross National Product in the first quarter is attributable to the sharp change occurring in this item. It is not evident that profits accruing to non-residents moved parallel to dividends paid abroad in the first quarter of this year.

The Chart below compares the movement of corporation profits both before dividends paid abroad and after dividends paid abroad. The two series have shown a high degree of conformity in the past, and the first quarter of 1961 represents the only occasion in the post-war record in which a marked divergence has occurred. (The record of these series for the past decade is also shown on pages 12 and 13.)

# CORPORATION PROFITS BEFORE TAXES

Seasonally Adjusted

(1957=100)





Seasonally Unadjusted				Seasonally Adjusted At Annual Rates		
	Corporation Profits before Taxes and before Dividends Paid to Non-residents	Deduct: Dividends Paid to Non-residents	Corporation Profits before taxes and after Dividends Paid to Non-residents	Corporation Profits before taxes and before Dividends Paid to Non-residents	Deduct: Dividends Paid to Non-residents	Corporation Profits before taxes and after Dividends Paid to Non-residents
(millions of dollars)						
1950 .... 1	447	-80	367	2,040	-404	1,636
2	602	-98	504	2,236	-380	1,856
3	756	-61	695	2,844	-340	2,504
4	717	-165	552	2,968	-492	2,476
Year	2,522	-404	2,118	2,522	-404	2,118
1951 .... 1	703	-83	620	3,080	-380	2,700
2	788	-75	713	2,896	-348	2,548
3	696	-72	624	2,664	-380	2,284
4	638	-140	498	2,660	-372	2,288
Year	2,825	-370	2,455	2,825	-370	2,455
1952 .... 1	589	-67	522	2,664	-312	2,352
2	721	-63	658	2,616	-280	2,336
3	719	-79	640	2,688	-404	2,284
4	669	-125	544	2,824	-340	2,484
Year	2,698	-334	2,364	2,698	-334	2,364
1953 .... 1	608	-68	540	2,780	-304	2,476
2	740	-79	661	2,736	-364	2,372
3	681	-60	621	2,516	-300	2,216
4	582	-110	472	2,412	-300	2,112
Year	2,611	-317	2,294	2,611	-317	2,294
1954 .... 1	482	-71	411	2,240	-320	1,920
2	602	-64	538	2,252	-304	1,948
3	625	-62	563	2,320	-316	2,004
4	581	-130	451	2,348	-368	1,980
Year	2,290	-327	1,963	2,290	-327	1,963
1955 .... 1	552	-108	444	2,592	-468	2,124
2	773	-74	699	2,808	-356	2,452
3	844	-68	776	3,140	-360	2,780
4	796	-145	651	3,320	-396	2,924
Year	2,965	-395	2,570	2,965	-395	2,570

Seasonally Unadjusted				Seasonally Adjusted at Annual Rates		
	Corporation Profits before Taxes and before Dividends Paid to Non-residents	Deduct: Dividends Paid to Non-residents	Corporation Profits before taxes and after Dividends Paid to Non-residents	Corporation Profits before Taxes and before Dividends Paid to Non-residents	Deduct: Dividends Paid to Non-residents	Corporation Profits before taxes and after Dividends Paid to Non-residents
(millions of dollars)						
1956 .... 1	704	- 93	611	3,332	- 408	2,924
2	923	- 87	836	3,348	- 424	2,924
3	905	- 107	798	3,360	- 456	2,904
4	813	- 150	663	3,340	- 460	2,880
Year	3,345	- 437	2,908	3,345	- 437	2,908
1957 .... 1	682	- 101	581	3,256	- 448	2,808
2	876	- 118	758	3,184	- 568	2,616
3	806	- 109	697	3,000	- 444	2,556
4	692	- 147	545	2,784	- 440	2,344
Year	3,056	- 475	2,581	3,056	- 475	2,581
1958 .... 1	586	- 97	489	2,808	- 444	2,364
2	779	- 96	683	2,816	- 460	2,356
3	802	- 120	682	3,032	- 496	2,536
4	821	- 157	664	3,296	- 480	2,816
Year	2,988	- 470	2,518	2,988	- 470	2,518
1959 .... 1	688	- 106	582	3,272	- 496	2,776
2	939	- 104	835	3,380	- 492	2,888
3	887	- 116	771	3,460	- 476	2,984
4	887	- 168	719	3,492	- 512	2,980
Year	3,401	- 494	2,907	3,401	- 494	2,907
1960 .... 1	724	- 107	617	3,344	- 492	2,852
2	875	- 106	769	3,144	- 476	2,668
3	823	- 120	703	3,216	- 488	2,728
4	778	- 132	646	3,096	- 404	2,692
Year	3,200	- 465	2,735	3,200	- 465	2,735
1961 .... 1	599	- 160	439	2,812	- 744	2,068

TABLE 1. National Income and Gross National Product, by Quarters, 1960 and 1961

(millions of dollars)

	1960					1961
	I	II	III	IV	Year	I
1. Wages, Salaries, and Supplementary Labour Income .....	4,397	4,622	4,792	4,703	18,514	4,504
2. Military Pay and Allowances .....	119	129	127	134	509	129
3. Corporation Profits before Taxes and before Dividends Paid to Non-Residents(1) .....	724	875	823	778	3,200	599
4. Deduct: Dividends Paid to Non-Residents(2) .....	-107	-106	-120	-132	-465	-160
5. Rent, Interest, and Miscellaneous Investment Income .....	573	582	590	617	2,362	596
6. Accrued Net Income of Farm Operators from Farm Production(3) .....	5	112	988	102	1,207	44
7. Net Income of Non-Farm Unincorporated Business(4) .....	460	550	513	582	2,105	440
8. Inventory Valuation Adjustment(5) .....	-34	-26	-16	19	-57	22
9. NET NATIONAL INCOME AT FACTOR COST .....	6,137	6,738	7,697	6,803	27,375	6,174
10. Indirect Taxes less Subsidies .....	1,066	1,116	1,095	1,112	4,389	1,094
11. Capital Consumption Allowances and Miscellaneous Valuation Adjustments .....	1,008	1,091	1,080	1,112	4,291	1,000
12. Residual Error of Estimate .....	-86	-199	88	101	-96	-84
13. GROSS NATIONAL PRODUCT AT MARKET PRICES .....	8,125	8,746	9,960	9,128	35,959	8,184
14. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators) .....	(8,120)	(8,634)	(8,972)	(9,026)	(34,752)	(8,155)

- (1) In previous publications this item was shown after deduction of dividends paid to non-residents, it is now however inclusive of such dividends. In order to derive series consistent with past published figures, lines 3 and 4 must be combined.
- (2) Includes the withholding tax applicable to this item. Also includes some net profits of non-Canadian non-financial corporations. Since the withholding tax is also part of National Product, it is included again in Rent, Interest and Miscellaneous Investment Income.
- (3) 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.
- (4) Includes net income of independent professional practitioners.
- (5) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1960 and 1961

(millions of dollars)

	1960					1961
	I	II	III	IV	Year	I
1. Personal Expenditure on Consumer Goods and Services .....	5,377	5,858	5,755	6,419	23,409	5,581
2. Government Expenditure on Goods and Services(1)(2) .....	1,491	1,533	1,953	1,739	6,716	1,600
3. Business Gross Fixed Capital Formation(3) .....	1,411	1,740	1,788	1,673	6,612	1,293
4. New Residential Construction .....	317	365	399	395	1,476	291
5. New Non-Residential Construction .....	478	620	787	682	2,567	439
6. New Machinery and Equipment .....	616	755	602	596	2,569	563
7. Value of Physical Change in Inventories(4) .....	68	-112	670	-310	316	-33
8. Non-Farm Business Inventories .....	353	-35	-114	25	229	227
9. Farm Inventories and Grain in Commercial Channels .....	-285	-77	784	-335	87	-260
10. Exports of Goods and Services .....	1,582	1,692	1,918	1,765	6,957	1,561
11. Deduct: Imports of Goods and Services .....	-1,890	-2,164	-2,037	-2,057	-8,148	-1,902
12. Residual Error of Estimate .....	86	199	-87	-101	97	84
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES .....	8,125	8,746	9,960	9,128	35,959	8,184

- (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 Tables 6 and 14.
- (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. Sources of Personal Income, by Quarters, 1960 and 1961

(millions of dollars)

	1960					1961
	I	II	III	IV	Year	I
1. Wages, Salaries, and Supplementary Labour Income .....	4,397	4,622	4,792	4,703	18,514	4,504
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	-187	-176	-188	-188	-739	-188
3. Military Pay and Allowances .....	119	129	127	134	509	129
4. Net Income Received by Farm Operators from Farm Production(1) .....	22	117	979	83	1,201	67
5. Net Income of Non-Farm Unincorporated Business .....	460	550	513	582	2,105	440
6. Interest, Dividends, and Net Rental Income of Persons(2) ...	647	668	658	723	2,696	661
Transfer Payments to Persons:						
7. From Government (Excluding Interest) .....	901	754	712	749	3,116	1,007
8. Charitable Contributions by Corporations .....	10	10	10	10	40	9
9. PERSONAL INCOME .....	6,369	6,674	7,603	6,796	27,442	6,629

(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, 1960 and 1961

(millions of dollars)

	1960					1961
	I	II	III	IV	Year	I
1. Personal Direct Taxes .....	557	639	578	584	2,358	575
2. Income Taxes .....	428	548	501	500	1,977	454
3. Succession Duties .....	49	39	32	38	158	39
4. Miscellaneous .....	80	52	45	46	223	82
5. Personal Expenditure on Consumer Goods and Services .....	5,377	5,858	5,755	6,419	23,409	5,581
6. Non-Durable Goods .....	2,636	2,831	2,922	3,394	11,783	2,740
7. Durable Goods .....	586	763	602	736	2,687	560
8. Services(1) .....	2,155	2,264	2,231	2,289	8,939	2,281
9. Personal Net Saving .....	435	177	1,270	-207	1,675	473
10. Personal Saving Excluding Change in Farm Inventories .....	665	281	568	144	1,658	711
11. Value of Physical Change in Farm Inventories .....	-230	-104	702	-351	17	-238
12. PERSONAL INCOME .....	6,369	6,674	7,603	6,796	27,442	6,629
13. (Personal Disposable Income)(2) .....	(5,812)	(6,035)	(7,025)	(6,212)	(25,084)	(6,054)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.



TABLE 5. Government Revenue and Expenditure, by Quarters, 1960 and 1961

(millions of dollars)

REVENUE

	1960					1961
	I	II	III	IV	Year	I
1. Direct Taxes - Persons .....	557	639	578	584	2,358	575
2. Federal .....	447	556	506	507	2,016	461
3. Provincial and Municipal .....	110	83	72	77	342	114
4. Direct Taxes - Corporations .....	328	396	373	352	1,449	287
5. Federal .....	263	317	298	282	1,160	230
6. (Federal Tax Collections) .....	(307)	(406)	(364)	(306)	(1,383)	(302)
7. Provincial .....	65	79	75	70	289	57
Withholding Taxes:						
8. Federal .....	23	19	18	17	77	34
9. Indirect Taxes .....	1,120	1,174	1,155	1,174	4,623	1,146
10. Federal .....	501	570	541	569	2,181	496
11. Provincial and Municipal .....	619	604	614	605	2,442	650
12. Investment Income .....	233	253	243	331	1,060	234
13. Federal .....	67	86	72	129	354	64
14. Provincial and Municipal .....	166	167	171	202	706	170
15. Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	187	176	188	188	739	188
16. Federal .....	127	115	125	125	492	126
17. Provincial and Municipal .....	60	61	63	63	247	62
Transfers from Federal:						
18. Provincial and Municipal .....	249	247	241	254	991	257
19. Total Revenue .....	2,697	2,904	2,796	2,900	11,297	2,721
20. Federal .....	1,428	1,663	1,560	1,629	6,280	1,411
21. Provincial and Municipal .....	1,269	1,241	1,236	1,271	5,017	1,310

TABLE 6. Government Revenue and Expenditure, by Quarters, 1960 and 1961

(millions of dollars)

EXPENDITURE

	1960					1961
	I	II	III	IV	Year	I
1. Goods and Services .....	1,491	1,533	1,953	1,739	6,716	1,600
2. Federal .....	669	647	732	691	2,739	692
3. (Defence) .....	(434)	(349)	(388)	(390)	(1,561)	(438)
4. Provincial and Municipal .....	822	886	1,221	1,048	3,977	908
5. Transfer Payments to Persons (Excluding Interest on the Public Debt) .....	901	754	712	749	3,116	1,007
6. Federal .....	581	494	437	471	1,983	599
7. Provincial and Municipal .....	320	260	275	278	1,133	408
8. Interest on the Public Debt .....	230	254	232	333	1,049	228
9. Federal .....	168	169	177	242	756	160
10. Provincial and Municipal .....	62	85	55	91	293	68
11. Subsidies .....	54	58	60	62	234	52
12. Federal .....	52	56	57	57	222	50
13. Provincial .....	2	2	3	5	12	2
Transfers to Provincial and Municipal:						
14. Federal .....	249	247	241	254	991	257
15. Total Expenditure .....	2,925	2,846	3,198	3,137	12,106	3,144
16. Federal .....	1,719	1,613	1,644	1,715	6,691	1,758
17. Provincial and Municipal .....	1,206	1,233	1,554	1,422	5,415	1,386
18. Deficit (-) or Surplus (+) .....	-228	58	-402	-237	-809	-423
19. Federal .....	-291	50	-84	-86	-411	-347
20. Provincial and Municipal .....	63	8	-318	-151	-398	-76
21. Total Expenditure Minus Deficit or Plus Surplus .....	2,697	2,904	2,796	2,900	11,297	2,721
22. Federal .....	1,428	1,663	1,560	1,629	6,280	1,411
23. Provincial and Municipal .....	1,269	1,241	1,236	1,271	5,017	1,310



TABLE 7. National Saving Account, by Quarters, 1960 and 1961  
(millions of dollars)

SOURCE

	1960					1961
	I	II	III	IV	Year	I
1. Personal Net Saving .....	435	177	1,270	-207	1,675	473
2. Business Gross Saving .....	1,170	1,345	1,312	1,294	5,121	1,015
3. Undistributed Corporation Profits .....	179	259	223	163	824	38
4. Capital Consumption Allowances and Miscellaneous Valuation Adjustments .....	1,008	1,091	1,080	1,112	4,291	1,000
5. Adjustment on Grain Transactions(1) .....	-17	-5	9	19	6	-23
6. Inventory Valuation Adjustment .....	-34	-26	-16	19	-57	22
7. Government Surplus (+) or Deficit (-) .....	-228	58	-402	-237	-809	-423
8. Residual Error of Estimate .....	-86	-199	88	101	-96	-84
9. Totals .....	1,257	1,355	2,252	970	5,834	1,003

(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. National Saving Account, by Quarters, 1960 and 1961  
(millions of dollars)

DISPOSITION

	1960					1961
	I	II	III	IV	Year	I
1. Business Gross Fixed Capital Formation .....	1,411	1,740	1,788	1,673	6,612	1,293
2. New Residential Construction .....	317	365	399	395	1,476	291
3. New Non-Residential Construction .....	478	620	787	682	2,567	439
4. New Machinery and Equipment .....	616	755	602	596	2,569	563
5. Value of Physical Change in Inventories .....	68	-112	670	-310	316	-33
6. Surplus (+) or Deficit (-) on Current Account with Non-Residents .....	-308	-472	-119	-292	-1,191	-341
7. Residual Error of Estimate .....	86	199	-87	-101	97	84
8. Totals .....	1,257	1,355	2,252	970	5,834	1,003

TABLE 9. National Income and Gross National Product, by Quarters, 1960 and 1961 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1960					1961
	I	II	III	IV	Year	I
1. Wages, Salaries and Supplementary Labour Income .....	18,340	18,396	18,600	18,720	18,514	18,752
2. Military Pay and Allowances .....	496	500	504	536	509	540
3. Corporation Profits before Taxes and before Dividends						
Paid to Non-Residents(1) .....	3,344	3,144	3,216	3,096	3,200	2,812
4. Deduct: Dividends Paid to Non-Residents(2) .....	-492	-476	-488	-404	-465	-744
5. Rent, Interest, and Miscellaneous Investment Income .....	2,376	2,304	2,364	2,404	2,362	2,452
6. Accrued Net Income of Farm Operators from Farm						
Production(3) .....	1,308	1,124	1,164	1,232	1,207	1,328
7. Net Income of Non-Farm Unincorporated Business(4) .....	2,140	2,160	2,060	2,060	2,105	2,000
8. Inventory Valuation Adjustment .....	-136	-104	-64	76	-57	88
9. NET NATIONAL INCOME AT FACTOR COST .....	27,376	27,048	27,356	27,720	27,375	27,228
10. Indirect Taxes less Subsidies .....	4,408	4,420	4,320	4,408	4,389	4,520
11. Capital Consumption Allowances and Miscellaneous						
Valuation Adjustments .....	4,288	4,260	4,268	4,348	4,291	4,260
12. Residual Error of Estimate .....	-68	-172	-104	-40	-96	4
13. GROSS NATIONAL PRODUCT AT MARKET PRICES .....	36,004	35,556	35,840	36,436	35,959	36,012
14. (Gross National Product at Market Prices excluding						
Accrued Net Income of Farm Operators) .....	(34,696)	(34,432)	(34,676)	(35,204)	(34,752)	(34,684)

- (1) In previous publications this item was shown after deductions of dividends paid to non-residents, it is now however inclusive of such dividends. In order to derive series consistent with past published figures, lines 3 and 4 must be combined.
- (2) Includes the withholding tax applicable to this item. Also includes some net profits of non-Canadian non-financial corporations. Since the withholding tax is also part of National Product, it is included again in Rent, Interest and Miscellaneous Investment Income.
- (3) 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.
- (4) Includes net income of independent professional practitioners.

TABLE 10. Gross National Expenditure, by Quarters, 1960 and 1961 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1960					1961
	I	II	III	IV	Year	I
1. Personal Expenditure on Consumer Goods and Services .....	22,896	23,376	23,420	23,944	23,409	23,856
2. Government Expenditure on Goods and Services(1) .....	6,488	6,620	6,832	6,924	6,716	6,956
3. Business Gross Fixed Capital Formation(2) .....	6,916	6,384	6,500	6,648	6,612	6,408
4. New Residential Construction .....	1,640	1,396	1,444	1,424	1,476	1,512
5. New Non-Residential Construction .....	2,608	2,476	2,584	2,600	2,567	2,408
6. New Machinery and Equipment .....	2,668	2,512	2,472	2,624	2,569	2,488
7. Value of Physical Change in Inventories .....	752	424	-132	220	316	76
8. Non-Farm Business Inventories .....	648	336	-176	108	229	4
9. Farm Inventories and Grain in Commercial Channels(3) .....	104	88	44	112	87	72
10. Exports of Goods and Services .....	7,172	6,676	7,168	6,812	6,957	7,112
11. Deduct: Imports of Goods and Services .....	-8,292	-8,100	-8,052	-8,148	-8,148	-8,388
12. Residual Error of Estimate .....	72	176	104	36	97	-8
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES .....	36,004	35,556	35,840	36,436	35,959	36,012

- (1) See footnote 1, Table 2.
- (2) See footnote 3, Table 2.

	1960					1961
	I	II	III	IV	Year	I
(3) Detail of Farm Inventories and GICC:						
Value of grain crop production .....	1,016	1,016	1,016	1,020	1,017	984
Depletions of farm stocks of grain .....	-908	-1,016	-1,168	-964	-1,014	-1,028
Change in livestock inventories .....	92	-92	16	40	14	80
Grain in Commercial Channels .....	-96	180	180	16	70	36

In the seasonally adjusted series, the value of grain crop production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 3, Table 9). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 11. Sources of Personal Income, by Quarters, 1960 and 1961 Seasonally Adjusted at Annual Rates

(millions of dollars)

	1960					1961
	I	II	III	IV	Year	I
1. Wages, Salaries, and Supplementary Labour Income .....	18,340	18,396	18,600	18,720	18,514	18,752
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	-728	-732	-748	-748	-739	-728
3. Military Pay and Allowances .....	496	500	504	536	509	540
4. Net Income Received by Farm Operators from Farm Production(1) .....	1,296	1,100	1,180	1,228	1,201	1,340
5. Net Income of Non-Farm Unincorporated Business .....	2,140	2,160	2,060	2,060	2,105	2,000
6. Interest, Dividends, and Net Rental Income of Persons(2) ...	2,692	2,644	2,680	2,768	2,696	2,732
Transfer Payments to Persons:						
7. From Government (excluding interest) .....	2,920	3,056	3,208	3,280	3,116	3,260
8. Charitable Contributions by Corporations .....	40	40	40	40	40	36
9. PERSONAL INCOME .....	27,196	27,164	27,524	27,884	27,442	27,932

(1) This item differs from line 6, Table 9 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 12. Disposition of Personal Income, by Quarters, 1960 and 1961 Seasonally Adjusted at Annual Rates

(millions of dollars)

	1960					1961
	I	II	III	IV	Year	I
1. Personal Direct Taxes .....	2,240	2,476	2,336	2,380	2,358	2,296
2. Income Taxes .....	1,820	2,104	1,992	1,992	1,977	1,912
3. Succession Duties .....	196	156	128	152	158	156
4. Miscellaneous .....	224	216	216	236	223	228
5. Personal Expenditure on Consumer Goods and Services .....	22,896	23,376	23,420	23,944	23,409	23,856
6. Non-Durable Goods .....	11,516	11,824	11,848	11,944	11,783	12,008
7. Durable Goods .....	2,664	2,652	2,564	2,868	2,687	2,592
8. Services(1) .....	8,716	8,900	9,008	9,132	8,939	9,256
9. Personal Net Saving .....	2,060	1,312	1,768	1,560	1,675	1,780
10. PERSONAL INCOME .....	27,196	27,164	27,524	27,884	27,442	27,932
11. (Personal Disposable Income)(2) .....	(24,956)	(24,688)	(25,188)	(25,504)	(25,084)	(25,636)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 13. Government Revenue and Expenditure, by Quarters, 1960 and 1961 Seasonally Adjusted at Annual Rates

(millions of dollars)

REVENUE

	1960					1961
	I	II	III	IV	Year	I
1. Direct Taxes - Persons .....	2,240	2,476	2,336	2,380	2,358	2,296
2. Federal .....	1,892	2,132	2,016	2,024	2,016	1,936
3. Provincial and Municipal .....	348	344	320	356	342	360
4. Direct Taxes - Corporations .....	1,524	1,436	1,408	1,428	1,449	1,344
5. Federal .....	1,232	1,148	1,124	1,136	1,160	1,084
6. (Federal Tax Collections) .....	(1,276)	(1,520)	(1,424)	(1,312)	(1,383)	(1,260)
7. Provincial .....	292	288	284	292	289	260
Withholding Taxes:						
8. Federal .....	76	80	76	76	77	112
9. Indirect Taxes .....	4,628	4,644	4,564	4,656	4,623	4,732
10. Federal .....	2,192	2,204	2,132	2,196	2,181	2,176
11. Provincial and Municipal(1) .....	2,436	2,440	2,432	2,460	2,442	2,556
12. Investment Income .....	1,072	1,040	1,040	1,088	1,060	1,084
13. Federal .....	368	348	332	368	354	364
14. Provincial and Municipal .....	704	692	708	720	706	720
15. Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	728	732	748	748	739	728
16. Federal .....	488	488	496	496	492	480
17. Provincial and Municipal .....	240	244	252	252	247	248
Transfers from Federal:						
18. Provincial and Municipal .....	960	996	972	1,036	991	992
19. Total Revenue .....	11,228	11,404	11,144	11,412	11,297	11,288
20. Federal .....	6,248	6,400	6,176	6,296	6,280	6,152
21. Provincial and Municipal .....	4,980	5,004	4,968	5,116	5,017	5,136

(1) 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 distortions seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

TABLE 14. Government Revenue and Expenditure, by Quarters, 1960 and 1961 Seasonally Adjusted at Annual Rates

(millions of dollars)

EXPENDITURE

	1960					1961
	I	II	III	IV	Year	I
1. Goods and Services .....	6,488	6,620	6,832	6,924	6,716	6,956
2. Federal .....	2,700	2,676	2,800	2,780	2,739	2,816
3. (Defence) .....	(1,528)	(1,548)	(1,592)	(1,576)	(1,561)	(1,544)
4. Provincial and Municipal .....	3,788	3,944	4,032	4,144	3,977	4,140
5. Transfer Payments to Persons (excluding Interest on the Public Debt) .....	2,920	3,056	3,208	3,280	3,116	3,260
6. Federal .....	1,896	1,896	2,060	2,080	1,983	1,964
7. Provincial and Municipal .....	1,024	1,160	1,148	1,200	1,133	1,296
8. Interest on the Public Debt .....	1,064	1,032	1,004	1,096	1,049	1,048
9. Federal .....	764	752	708	800	756	724
10. Provincial and Municipal .....	300	280	296	296	293	324
11. Subsidies .....	220	224	244	248	234	212
12. Federal .....	208	212	232	236	222	200
13. Provincial .....	12	12	12	12	12	12
Transfers to Other Levels of Government:						
14. Federal .....	960	996	972	1,036	991	992
15. Total Expenditure .....	11,652	11,928	12,260	12,584	12,106	12,468
16. Federal .....	6,528	6,532	6,772	6,932	6,691	6,696
17. Provincial and Municipal .....	5,124	5,396	5,488	5,652	5,415	5,772
18. Deficit (-) or Surplus (+) .....	-424	-524	-1,116	-1,172	-809	-1,180
19. Federal .....	-280	-132	-596	-636	-411	-544
20. Provincial and Municipal .....	-144	-392	-520	-536	-398	-636
21. Total Expenditure Minus Deficit or Plus Surplus .....	11,228	11,404	11,144	11,412	11,297	11,288
22. Federal .....	6,248	6,400	6,176	6,296	6,280	6,152
23. Provincial and Municipal .....	4,980	5,004	4,968	5,116	5,017	5,136



TABLE 15. National Saving Account, by Quarters, 1960 and 1961 Seasonally Adjusted at Annual Rates  
(millions of dollars)

SOURCE

	1960					1961
	I	II	III	IV	Year	I
1. Personal Net Saving .....	2,060	1,312	1,768	1,560	1,675	1,780
2. Business Gross Saving .....	5,188	5,048	5,104	5,144	5,121	4,508
3. Undistributed Corporation Profits .....	888	764	852	792	824	260
4. Capital Consumption Allowances, etc. ....	4,288	4,260	4,268	4,348	4,291	4,260
5. Adjustment on Grain Transactions(1) .....	12	24	-16	4	6	-12
6. Inventory Valuation Adjustment .....	-136	-104	-64	76	-57	88
7. Government Surplus (+) or Deficit (-) .....	-424	-524	-1,116	-1,172	-809	-1,180
8. Residual Error of Estimate .....	-68	-172	-104	-40	-96	4
9. Totals .....	6,620	5,560	5,588	5,568	5,834	5,200

(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 16. National Saving Account, by Quarters, 1960 and 1961 Seasonally Adjusted at Annual Rates  
(millions of dollars)

DISPOSITION

	1960					1961
	I	II	III	IV	Year	I
1. Business Gross Fixed Capital Formation .....	6,916	6,384	6,500	6,648	6,612	6,408
2. New Residential Construction .....	1,640	1,396	1,444	1,424	1,476	1,512
3. New Non-Residential Construction .....	2,608	2,476	2,584	2,600	2,567	2,408
4. New Machinery and Equipment .....	2,668	2,512	2,472	2,624	2,569	2,488
5. Value of Physical Change in Inventories .....	752	424	-132	220	316	76
6. Surplus (+) or Deficit (-) on Current Account with Non-Residents .....	-1,120	-1,424	-884	-1,336	-1,191	-1,276
7. Residual Error of Estimate .....	72	176	104	36	97	-8
8. Totals .....	6,620	5,560	5,588	5,568	5,834	5,200





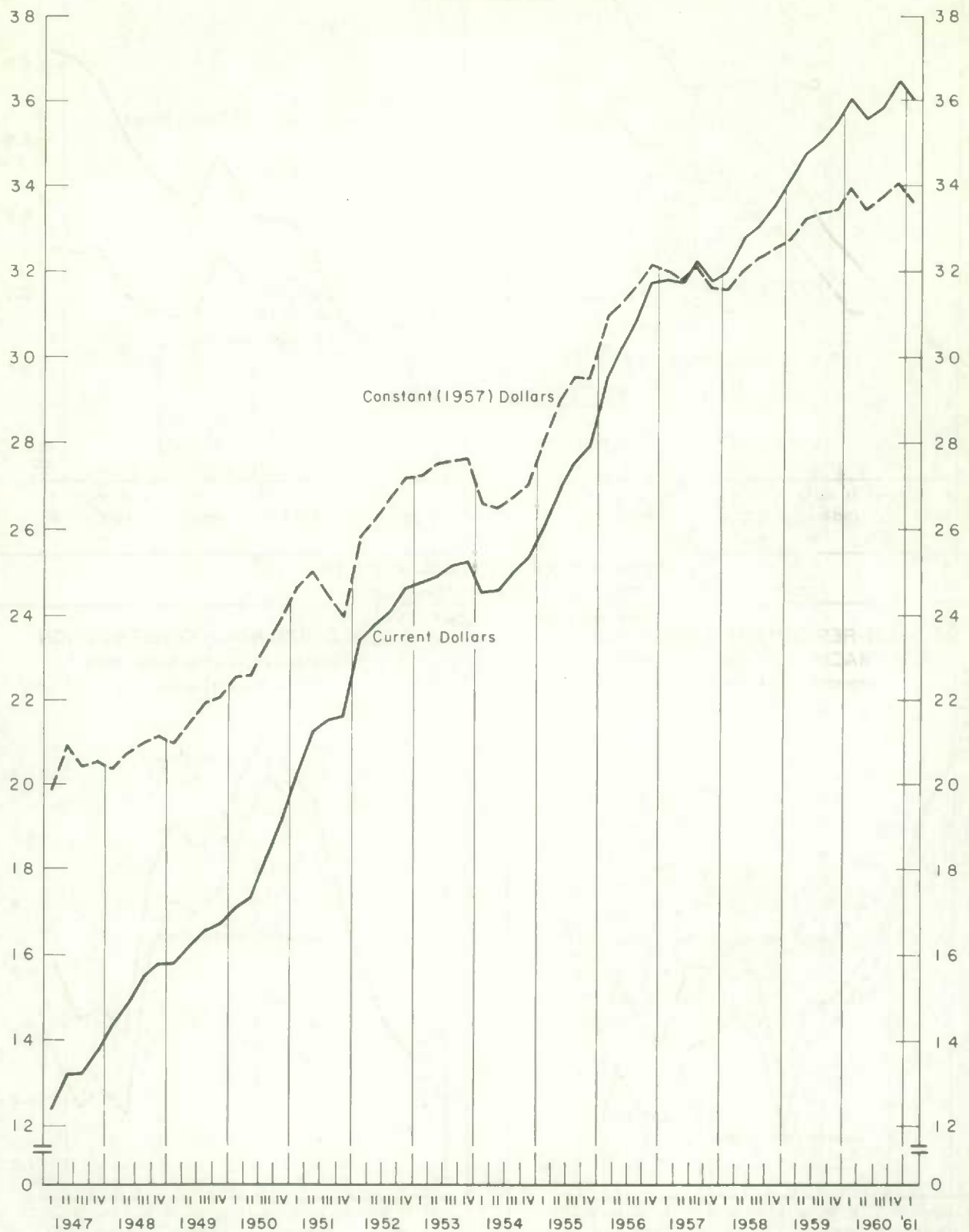
STATISTICAL APPENDIX

Gross National Expenditure in  
Constant (1957) Dollars,  
by quarters, 1947-1961.

# GROSS NATIONAL EXPENDITURE

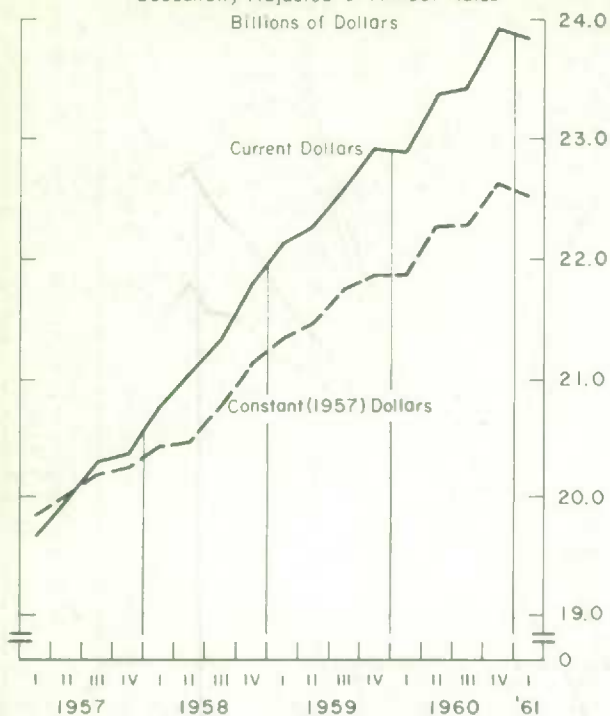
Seasonally Adjusted at Annual Rates

Billions of Dollars



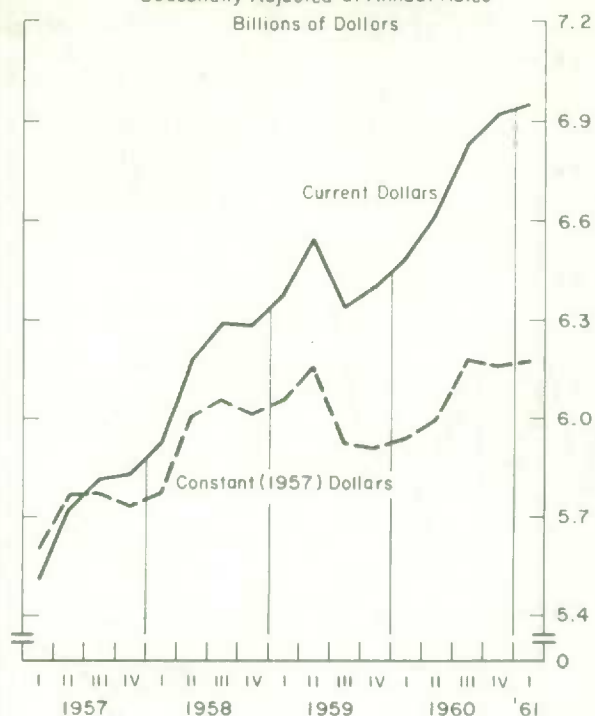
# PERSONAL EXPENDITURE ON CONSUMER GOODS AND SERVICES

Seasonally Adjusted at Annual Rates  
Billions of Dollars



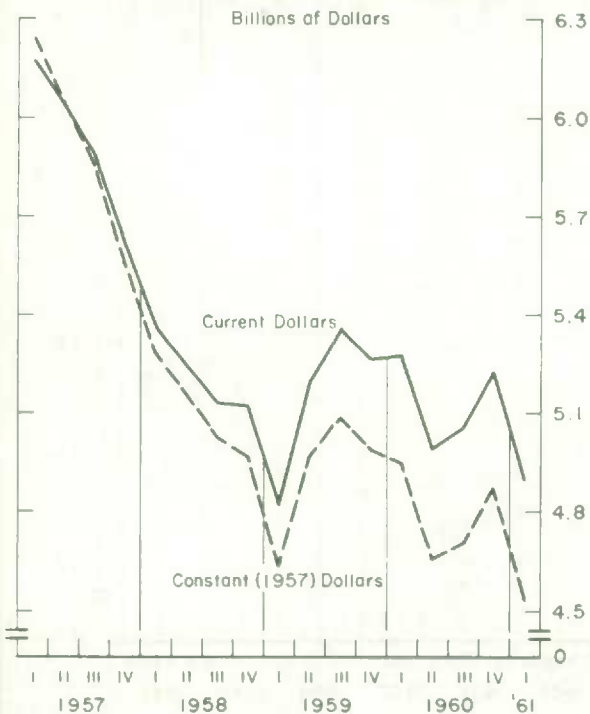
# GOVERNMENT EXPENDITURE ON GOODS AND SERVICES

Seasonally Adjusted at Annual Rates  
Billions of Dollars



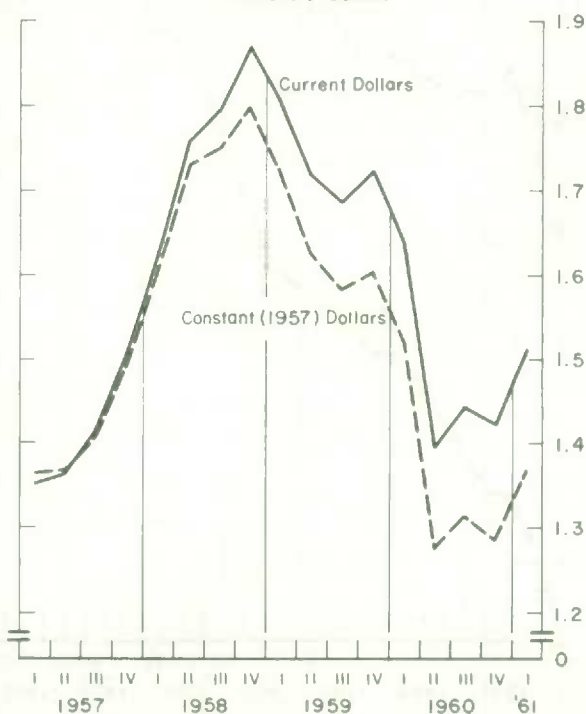
# NEW NON-RESIDENTIAL CONSTRUCTION PLUS MACHINERY AND EQUIPMENT

Seasonally Adjusted at Annual Rates  
Billions of Dollars



# NEW RESIDENTIAL CONSTRUCTION

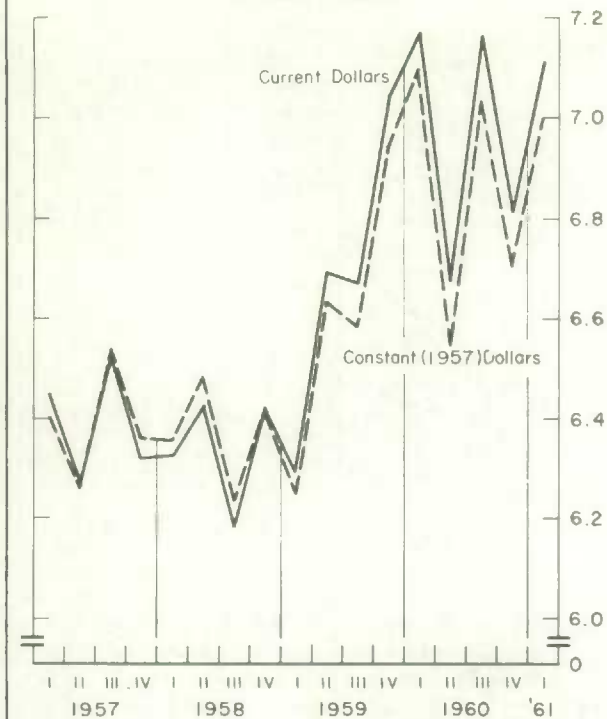
Seasonally Adjusted at Annual Rates  
Billions of Dollars



## EXPORTS OF GOODS AND SERVICES

Seasonally Adjusted at Annual Rates

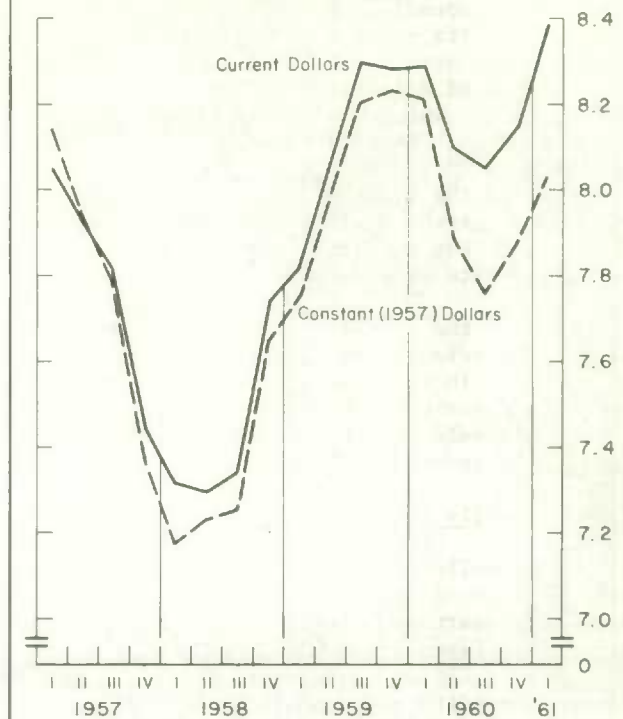
Billions of Dollars



## IMPORTS OF GOODS AND SERVICES

Seasonally Adjusted at Annual Rates

Billions of Dollars





## INTRODUCTION

With this Appendix, seasonally adjusted quarterly constant dollar estimates of Gross National Expenditure and its major components are published for the first time. Heretofore, the constant dollar estimates were available only on an unadjusted basis, with the year 1949 as the base period. The present set of data presents the series in seasonally adjusted form, and in addition, on a new base year, 1957 = 100. The complete post-war record for both unadjusted and seasonally adjusted data is published here. In future National Accounts' reports, both series will appear on a regular basis.

Changes in the value of Gross National Expenditure arise from changes both in quantities and in prices. The constant dollar estimates are designed to remove the effect of price changes from the value data and thus to facilitate an understanding of movements in real production and changes in the direction and rate of growth of real consumption and investment.

Since both the deflation and seasonal adjustment processes are attempts to derive basic underlying movements from actually collected statistical data by means of mathematical techniques, quarter-to-quarter changes in the constant dollar series are subject to a margin of error greater than in the current dollar series. This point should be borne in mind in interpreting the data, and little significance should be attached to small changes in either the constant dollar series or in the implicit price indexes.

### Uses of Seasonally Adjusted Constant Dollar Estimates

The seasonally adjusted constant dollar series are useful in providing an assessment of the pace and focal points of changes in real production and in prices. For example, from the cyclical trough in the second quarter of 1954, to the peak in the fourth quarter of 1956, the change in the value of Gross National Expenditure was 29 per cent. In terms of the constant dollar accounts, however, the change was only 21 per cent. In this same period, the most significant price increases (aside from government expenditure on goods and services), were in capital goods which increased in price by 10 per cent. Thus, at times of significant price and value changes, the constant dollar accounts provide an essential tool for evaluating real changes in production, and in assessing these changes in terms of the major demand components.

For any published component of Gross National Expenditure, as well as for total Gross National Expenditure, the current dollar series divided by the corresponding constant dollar series will yield an implicit price index that is currently weighted. Such price indexes may be derived both for the unadjusted and for the seasonally adjusted data. Quarter-to-quarter changes in these indexes reflect not only pure price change, but also changing expenditure patterns within and between groups. For the unadjusted data, these changes in expenditure patterns are significant because of seasonal variation. The implicit price indexes based on the unadjusted data, therefore, should not be used for price analysis. In the case of the seasonally adjusted data, however, only small changes in expenditure patterns occur and the implicit price indexes usually provide a reasonable measure of price change. The data are more accurate for the period that has been re-based, i.e., from 1956 to date.

### Method of Seasonal Adjustment

A seasonally adjusted constant dollar series may be obtained by either of two methods. The first, known as the direct method, involves the seasonal adjustment of the constant dollar data themselves. The second, known as the indirect method, involves the deflation of seasonally adjusted current dollars with price indexes which have also been adjusted for seasonality. Both approaches have been used in deriving the published estimates.

A problem inherent in the indirect method of seasonally adjusting the constant dollar data is the difficulty of seasonally adjusting price indexes. The irregular component of price indexes is generally large in relation to the size of the usually small seasonal component; the latter is, therefore, at times hard to identify. On the other hand, the direct method of seasonal adjustment requires that differences in judgement do not occur in the estimation of the seasonal component as between the current and constant dollar series.

Both approaches were tested for major components of Gross National Expenditure. The tests showed that the differences in the resulting constant dollar series were usually small, so that in practice either the direct or the indirect approach could be used. Since most of the current dollar series in the period 1947 to 1956 inclusive, had been seasonally adjusted by the electronic computer, the constant dollar series were also adjusted by the computer, in order to ensure consistency of treatment.

For the most part, the current dollar series from 1957 to date had not been adjusted on the electronic computer program, but were carried forward by manual techniques. In order to ensure that no inconsistencies developed in the derivation of seasonal patterns as between the current dollar and the constant dollar series, the indirect method of seasonal adjustment was employed; that is, the seasonally adjusted current dollar series were divided by a set of seasonally adjusted price indexes. Thus, the constant dollar data for both time segments -- 1947 to 1956, and 1957 to date -- were seasonally adjusted by the method best calculated to ensure consistency as between the current and constant dollar estimates.

#### Re-Basing

The 1949 constant dollar series, as formerly published, valued Gross National Expenditure and its components in average, annual 1949 prices. It was decided that prices of a recent year would be more appropriate for valuing production, currently. For this reason, the component series of Gross National Expenditure from 1956 forward were re-valued with the average annual prices prevailing in the year 1957. The Consumer Price Index of the Dominion Bureau of Statistics has recently been revised to incorporate weights based on the 1957 Family Expenditure Survey. Since approximately two-thirds of Gross National Expenditure is deflated with price indexes from the Consumer Price Index, 1957 seemed practical as the choice for a new base year.

The period from 1947 to 1955 inclusive, remains on a 1949 weight base, although it is expressed in 1957 dollars. This means that for the years 1947 to 1955, there will be no change in year-to-year movements between the 1957 dollar series, and the 1949 dollar series heretofore published. Each of the major components, as well as total Gross National Expenditure has been arithmetically converted from 1949 dollars to 1957 dollars. The conversion factors are based on price relations in the year of overlap, 1956. As a result of this conversion process, the components will no longer sum to the aggregates. Adjusting entries, reflecting the difference between the sum of the components and the aggregates appear in both the unadjusted and the seasonally adjusted data for the period 1947 to 1955. No statistical significance should be attached to these adjusting entries.

For a more detailed discussion of the concepts and methods underlying the construction of constant dollar data, the reader is referred to the National Accounts, Income and Expenditure, 1926-1956, Section "E".

TABLE 17. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1947-61,  
Unadjusted for Seasonality(1)

(millions of dollars)

	1947(2)					1948(2)				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	3,078	3,318	3,255	3,658	13,309	2,990	3,223	3,160	3,674	13,047
2. Non-Durable Goods .....	1,674	1,843	1,872	2,066	7,455	1,596	1,768	1,792	2,027	7,183
3. Durable Goods .....	236	277	274	339	1,126	218	259	253	362	1,092
4. Services ..	1,185	1,199	1,091	1,235	4,710	1,209	1,211	1,112	1,275	4,807
5. Adjusting Entry .....	-17	-1	18	18	18	-33	-15	3	10	-35
6. Government Expenditure on Goods and Services .....	850	570	678	664	2,762	779	572	742	746	2,839
7. Business Gross Fixed Capital Formation ..	700	942	951	983	3,576	810	1,054	1,021	1,071	3,956
8. New Residential Construction .....	141	246	240	234	861	120	251	274	256	901
9. New Non-Residential Construction .....	198	242	289	299	1,028	253	288	349	358	1,248
10. New Machinery and Equipment .....	360	452	420	447	1,679	435	511	396	456	1,798
11. Adjusting Entry .....	1	2	2	3	8	2	4	2	1	9
12. Change in Inventories .....	-137	62	755	-189	491	-311	-164	941	-370	96
13. Non-Farm Business Inventories .....	192	191	85	176	644	28	-47	68	37	86
14. Farm Inventories and Grain in Commercial Channels .....	-234	-82	516	-262	-62	-255	-93	668	-306	14
15. Adjusting Entry .....	-95	-47	154	-103	-91	-84	-24	205	-101	-4
16. Exports of Goods and Services .....	1,092	1,259	1,305	1,256	4,912	1,093	1,207	1,344	1,331	4,975
17. Deduct: Imports of Goods and Services ..	-1,162	-1,339	-1,241	-1,225	-4,967	-951	-1,208	-1,114	-1,185	-4,458
18. Residual Error of Estimate .....	7	84	50	-98	43	31	146	29	-82	124
19. Adjusting Entry .....	-2	70	209	36	313	-18	17	247	-4	242
20. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	4,426	4,966	5,962	5,085	20,439	4,423	4,847	6,370	5,181	20,821
	1949(2)					1950(2)				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	2,989	3,450	3,382	3,816	13,637	3,266	3,646	3,613	4,017	14,542
2. Non-Durable Goods ..	1,525	1,806	1,830	2,058	7,219	1,636	1,875	1,896	2,142	7,549
3. Durable Goods .....	236	347	327	403	1,313	336	419	429	457	1,641
4. Services ..	1,274	1,314	1,230	1,351	5,169	1,327	1,364	1,285	1,413	5,389
5. Adjusting Entry .....	-46	-17	-5	4	-64	-33	-12	3	5	-37
6. Government Expenditure on Goods and Services .....	772	652	888	863	3,175	887	677	887	898	3,349
7. Business Gross Fixed Capital Formation ..	958	1,167	1,133	1,092	4,350	966	1,208	1,219	1,150	4,543
8. New Residential Construction .....	213	311	312	285	1,121	217	309	339	311	1,176
9. New Non-Residential Construction .....	278	319	380	374	1,351	297	351	411	390	1,449
10. New Machinery and Equipment .....	463	532	439	430	1,864	449	543	466	447	1,905
11. Adjusting Entry .....	4	5	2	3	14	3	5	3	2	13
12. Change in Inventories .....	-118	-116	732	-444	54	-155	-51	909	-87	616
13. Non-Farm Business Inventories .....	180	35	38	-67	186	124	119	-22	272	493
14. Farm Inventories and Grain in Commercial Channels .....	-210	-112	530	-292	-84	-201	-118	705	-249	137
15. Adjusting Entry .....	-88	-39	164	-85	-48	-78	-52	226	-110	-14
16. Exports of Goods and Services .....	1,028	1,212	1,261	1,269	4,770	995	1,204	1,261	1,283	4,743
17. Deduct: Imports of Goods and Services ..	-1,020	-1,309	-1,137	-1,115	-4,581	-1,019	-1,291	-1,256	-1,437	-5,003
18. Residual Error of Estimate .....	23	81	-11	-34	59	-4	5	150	-64	87
19. Adjusting Entry .....	-5	11	181	-25	162	-15	27	208	17	237
20. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	4,627	5,148	6,429	5,422	21,626	4,921	5,425	6,991	5,777	23,114

See footnotes at end of table.



TABLE 17. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1947-51.  
Unadjusted for Seasonality(1) - (Continued)

(millions of dollars)

	1951(2)					1952(2)				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	3,481	3,720	3,563	3,995	14,759	3,493	3,973	3,882	4,427	15,775
2. Non-Durable Goods ..	1,661	1,907	1,914	2,174	7,656	1,717	1,977	2,018	2,347	8,059
3. Durable Goods .....	421	395	313	357	1,486	328	484	427	510	1,749
4. Services ..	1,442	1,442	1,355	1,475	5,714	1,508	1,540	1,451	1,567	6,066
5. Adjusting Entry .....	-43	-24	-19	-11	-97	-60	-28	-14	3	-99
6. Government Expenditure on Goods and Services .....	990	851	1,193	1,154	4,188	1,266	1,234	1,394	1,356	5,250
7. Business Gross Fixed Capital Formation ..	1,052	1,271	1,235	1,178	4,736	1,031	1,392	1,388	1,335	5,146
8. New Residential Construction .....	230	292	265	239	1,026	168	264	295	313	1,040
9. New Non-Residential Construction .....	315	373	448	442	1,578	346	448	528	490	1,812
10. New Machinery and Equipment .....	504	601	521	497	2,123	514	677	564	531	2,286
11. Adjusting Entry .....	3	5	1	-	9	3	3	1	1	8
12. Change in Inventories .....	5	249	1,348	-670	932	-252	-177	1,549	-583	537
13. Non-Farm Business Inventories .....	280	393	149	-211	611	12	90	62	-64	100
14. Farm Inventories and Grain in Commercial Channels .....	-184	-75	924	-367	298	-199	-195	1,135	-400	341
15. Adjusting Entry .....	-91	-69	275	-92	23	-65	-72	352	-119	96
16. Exports of Goods and Services .....	1,083	1,241	1,429	1,440	5,193	1,232	1,448	1,499	1,572	5,751
17. Deduct: Imports of Goods and Services ..	-1,270	-1,521	-1,466	-1,311	-5,568	-1,250	-1,471	-1,484	-1,601	-5,806
18. Residual Error of Estimate .....	24	64	28	-11	105	16	-146	-67	-25	-221
19. Adjusting Entry .....	-9	46	254	-105	186	-62	-41	292	-126	83
20. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	5,356	5,921	7,584	5,670	24,531	5,474	6,212	8,453	6,375	26,514
	1953(2)					1954(2)				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	3,830	4,216	4,045	4,567	16,658	3,842	4,273	4,195	4,734	17,044
2. Non-Durable Goods ..	1,849	2,088	2,085	2,413	8,435	1,854	2,113	2,167	2,516	8,650
3. Durable Goods .....	450	550	463	526	1,989	441	539	473	523	1,976
4. Services ..	1,577	1,597	1,509	1,623	6,306	1,597	1,647	1,570	1,695	6,509
5. Adjusting Entry .....	-46	-19	-12	5	-72	-50	-26	-15	-	-91
6. Government Expenditure on Goods and Services .....	1,317	1,190	1,436	1,308	5,251	1,220	1,167	1,408	1,303	5,098
7. Business Gross Fixed Capital Formation ..	1,192	1,510	1,533	1,393	5,628	1,138	1,445	1,415	1,342	5,340
8. New Residential Construction .....	232	328	362	356	1,278	239	326	381	389	1,335
9. New Non-Residential Construction .....	368	454	580	514	1,916	382	449	549	487	1,867
10. New Machinery and Equipment .....	589	725	590	522	2,426	515	665	485	465	2,130
11. Adjusting Entry .....	3	3	1	1	8	2	5	-	1	8
12. Change in Inventories .....	-187	-79	1,414	-500	648	-156	-131	621	-571	-237
13. Non-Farm Business Inventories .....	124	226	102	-56	396	155	19	-53	-168	-47
14. Farm Inventories and Grain in Commercial Channels .....	-225	-213	1,005	-342	225	-223	-112	507	-320	-148
15. Adjusting Entry .....	-86	-92	307	-102	27	-88	-38	167	-83	-42
16. Exports of Goods and Services .....	1,201	1,474	1,565	1,462	5,702	1,163	1,349	1,483	1,481	5,476
17. Deduct: Imports of Goods and Services ..	-1,442	-1,709	-1,599	-1,513	-6,263	-1,355	-1,573	-1,471	-1,562	-5,961
18. Residual Error of Estimate .....	60	-3	-89	-124	-156	85	-3	-26	-41	15
19. Adjusting Entry .....	-76	-35	253	-85	57	-50	-36	114	-89	-41
20. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	5,895	6,564	8,558	6,508	27,525	5,887	6,491	7,739	6,597	26,714

See footnotes at end of table.



TABLE 17. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1947-61,  
Unadjusted for Seasonality(1) - Continued

(millions of dollars)

	1955(2)(4)					1956(4)				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	4,065	4,627	4,514	5,098	18,304	4,460	4,896	4,787	5,335	19,478
2. Non-Durable Goods(3) .....	2,064	2,294	2,311	2,735	9,404	2,249	2,390	2,453	2,904	9,996
3. Durable Goods .....	439	677	605	647	2,368	505	751	630	645	2,531
4. Services(3) .....	1,599	1,657	1,595	1,686	6,537	1,706	1,755	1,704	1,786	6,951
5. Adjusting Entry .....	-37	-1	3	30	-5					
6. Government Expenditure on Goods and Services .....	1,357	1,184	1,450	1,328	5,319	1,329	1,255	1,610	1,470	5,664
7. Business Gross Fixed Capital Formation ..	1,081	1,489	1,603	1,509	5,682	1,331	1,891	1,976	1,816	7,014
8. New Residential Construction .....	256	376	424	412	1,468	303	426	439	399	1,567
9. New Non-Residential Construction .....	373	477	609	545	2,004	443	645	830	748	2,666
10. New Machinery and Equipment .....	452	633	570	549	2,204	585	820	707	669	2,781
11. Adjusting Entry .....	-	3	-	3	6					
12. Change in Inventories .....	-194	-108	1,145	-382	461	213	-	929	-56	1,086
13. Non-Farm Business Inventories .....	182	-41	-4	28	165	463	140	14	195	812
14. Farm Inventories and Grain in Commercial Channels .....	-270	-54	872	-310	238	-250	-140	915	-251	274
15. Adjusting Entry .....	-106	-13	277	-100	58					
16. Exports of Goods and Services .....	1,278	1,471	1,607	1,538	5,894	1,357	1,621	1,720	1,635	6,333
17. Deduct: Imports of Goods and Services ..	-1,496	-1,709	-1,776	-1,844	-6,825	-1,749	-2,126	-2,004	-2,042	-7,921
18. Residual Error of Estimate .....	37	67	39	-27	116	-15	100	-39	-192	-146
19. Adjusting Entry .....	-53	-16	203	-67	67					
20. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	6,075	7,005	8,785	7,153	29,018	6,926	7,637	8,979	7,966	31,508
1957						1958				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	4,629	5,023	4,959	5,461	20,072	4,786	5,122	5,094	5,700	20,702
2. Non-Durable Goods(3) .....	2,333	2,503	2,555	3,011	10,402	2,422	2,531	2,592	3,087	10,632
3. Durable Goods .....	518	677	609	626	2,430	532	681	598	655	2,466
4. Services(3) .....	1,778	1,843	1,795	1,824	7,240	1,832	1,910	1,904	1,958	7,604
5. Government Expenditure on Goods and Services .....	1,309	1,343	1,623	1,447	5,722	1,329	1,394	1,717	1,524	5,964
6. Business Gross Fixed Capital Formation ..	1,555	1,998	1,999	1,783	7,335	1,385	1,850	1,878	1,714	6,827
7. New Residential Construction .....	251	359	391	408	1,409	298	449	481	494	1,722
8. New Non-Residential Construction .....	582	776	946	799	3,103	526	709	842	690	2,767
9. New Machinery and Equipment .....	722	863	662	576	2,823	561	692	555	530	2,338
10. Change in Inventories .....	114	-29	546	-400	231	-277	-252	546	-341	-324
11. Non-Farm Business Inventories .....	366	29	-9	-81	305	-1	-123	-72	-10	-206
12. Farm Inventories and Grain in Commercial Channels .....	-252	-58	555	-319	-74	-276	-129	618	-331	-118
13. Exports of Goods and Services .....	1,399	1,574	1,771	1,647	6,391	1,393	1,634	1,672	1,673	6,372
14. Deduct: Imports of Goods and Services ..	-1,852	-2,130	-1,973	-1,858	-7,813	-1,625	-1,923	-1,838	-1,942	-7,328
15. Residual Error of Estimate .....	84	88	-72	-129	-29	115	30	-122	-126	-103
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	7,238	7,867	8,853	7,951	31,909	7,106	7,855	8,947	8,202	32,110

See footnotes at end of table.

TABLE 17. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1947-61.  
Unadjusted for Seasonality(1) - Continued

(millions of dollars)

	1959					1960					1961
	I	II	III	IV	Year	I	II	III	IV	Year	I
1. Personal Expenditure on Consumer Goods and Services .....	5,012	5,381	5,321	5,903	21,617	5,140	5,578	5,471	6,084	22,273	5,265
2. Non-Durable Goods(3) .....	2,498	2,625	2,704	3,200	11,027	2,572	2,750	2,827	3,267	11,416	2,639
3. Durable Goods .....	567	745	618	669	2,599	560	737	596	726	2,619	550
4. Services(3) .....	1,947	2,011	1,999	2,034	7,991	2,008	2,091	2,048	2,091	8,238	2,076
5. Government Expenditure on Goods and Services .....	1,389	1,432	1,686	1,506	6,013	1,358	1,381	1,788	1,545	6,072	1,413
6. Business Gross Fixed Capital Formation .....	1,273	1,784	1,829	1,664	6,550	1,318	1,616	1,660	1,552	6,146	1,188
7. New Residential Construction ...	329	424	436	444	1,633	295	334	362	359	1,350	265
8. New Non-Residential Construction	434	624	758	657	2,473	446	579	735	637	2,397	405
9. New Machinery and Equipment ....	510	736	635	563	2,444	577	703	563	556	2,399	518
10. Change in Inventories .....	-10	-148	726	-294	274	69	-124	655	-288	312	-16
11. Non-Farm Business Inventories ..	270	-25	46	45	336	340	-27	-112	19	220	219
12. Farm Inventories and Grain in Commercial Channels .....	-280	-123	680	-339	-62	-271	-97	767	-307	92	-235
13. Exports of Goods and Services ....	1,335	1,708	1,758	1,802	6,603	1,571	1,657	1,879	1,740	6,847	1,536
14. Deduct: Imports of Goods and Services .....	-1,729	-2,151	-2,075	-2,088	-8,043	-1,861	-2,102	-1,975	-1,996	-7,934	-1,813
15. Residual Error of Estimate .....	106	155	-14	-50	197	81	186	-82	-94	91	78
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	7,376	8,161	9,231	8,443	33,211	7,676	8,192	9,396	8,543	33,807	7,651

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, which can be derived by dividing the value figures in Table 2 by the constant dollar figures in Table 17, 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) For an explanation of the adjusting entries, see the technical note.

(3) Beginning with the year 1955, the classification of the items electricity and gas was changed from services to non-durable goods. The following gives the data from 1955 to date.

Gas and Electricity, in Millions of Constant (1957) Dollars, by Quarters, 1955-61  
Seasonally Unadjusted at Annual Rates

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1955 .....	73	63	53	65	255
1956 .....	81	73	60	72	286
1957 .....	92	79	64	82	317
1958 .....	104	86	69	90	349
1959 .....	118	98	74	105	395
1960 .....	133	107	83	107	430
1961 .....	137				

(4) Annual comparisons between the years 1955 and 1956 are quite valid, but comparisons made on a year-over-year, quarterly basis should not be made with the seasonally unadjusted data, because the timing process introduces some distortions into these data.

TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1947-61(1)  
Seasonally Adjusted at Annual Rates

(millions of dollars)

	1947(2)					1948(2)				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	13,356	13,308	13,384	13,188	13,309	13,048	12,904	12,996	13,240	13,047
2. Non-Durable Goods .....	7,492	7,480	7,504	7,344	7,455	7,244	7,140	7,160	7,188	7,183
3. Durable Goods .....	1,160	1,108	1,140	1,096	1,126	1,072	1,040	1,072	1,184	1,092
4. Services .....	4,672	4,704	4,720	4,744	4,710	4,752	4,760	4,808	4,908	4,807
5. Adjusting Entry .....	32	16	20	4	18	-20	-36	-44	-40	-35
6. Government Expenditure on Goods and Services .....	2,996	2,796	2,628	2,628	2,762	2,808	2,804	2,836	2,908	2,839
7. Business Gross Fixed Capital Formation ..	3,208	3,492	3,712	3,892	3,576	3,672	3,940	3,960	4,252	3,956
8. New Residential Construction .....	768	868	864	944	861	664	916	992	1,032	901
9. New Non-Residential Construction .....	932	1,020	1,056	1,104	1,028	1,192	1,216	1,264	1,320	1,248
10. New Machinery and Equipment .....	1,504	1,592	1,784	1,836	1,679	1,812	1,800	1,692	1,888	1,798
11. Adjusting Entry .....	4	12	8	8	8	4	8	12	12	9
12. Change in Inventories .....	264	924	284	492	491	-248	140	428	64	96
13. Non-Farm Business Inventories .....	436	1,092	388	660	644	-220	-48	364	248	86
14. Farm Inventories and Grain in Commercial Channels .....	-96	-36	-44	-72	-62	-44	140	76	-116	14
15. Adjusting Entry .....	-76	-132	-60	-96	-91	16	48	-12	-68	-4
16. Exports of Goods and Services .....	4,968	5,008	4,868	4,804	4,912	4,988	4,876	5,000	5,036	4,975
17. Deduct: Imports of Goods and Services ..	-5,420	-4,888	-4,880	-4,680	-4,967	-4,428	-4,396	-4,440	-4,568	-4,458
18. Residual Error of Estimate .....	308	-160	140	-116	43	320	252	-108	32	124
19. Adjusting Entry .....	216	428	288	320	313	204	244	308	212	242
20. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	19,896	20,908	20,424	20,528	20,439	20,364	20,764	20,980	21,176	20,821
	1949(2)					1950(2)				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	13,040	13,764	13,832	13,912	13,637	14,332	14,360	14,704	14,772	14,542
2. Non-Durable Goods .....	6,940	7,296	7,300	7,340	7,219	7,596	7,460	7,528	7,612	7,549
3. Durable Goods .....	1,136	1,360	1,368	1,388	1,313	1,520	1,576	1,768	1,700	1,641
4. Services .....	5,052	5,160	5,228	5,236	5,169	5,236	5,372	5,444	5,504	5,389
5. Adjusting Entry .....	-88	-52	-64	-52	-64	-20	-48	-36	-44	-37
6. Government Expenditure on Goods and Services .....	2,836	3,164	3,356	3,344	3,175	3,296	3,296	3,332	3,472	3,349
7. Business Gross Fixed Capital Formation ..	4,372	4,332	4,332	4,364	4,350	4,436	4,484	4,628	4,624	4,543
8. New Residential Construction .....	1,128	1,120	1,112	1,124	1,121	1,152	1,136	1,208	1,208	1,176
9. New Non-Residential Construction .....	1,324	1,332	1,356	1,392	1,351	1,416	1,456	1,468	1,456	1,449
10. New Machinery and Equipment .....	1,904	1,868	1,852	1,832	1,864	1,852	1,884	1,940	1,944	1,905
11. Adjusting Entry .....	16	12	12	16	14	16	8	12	16	13
12. Change in Inventories .....	304	-48	252	-292	54	396	352	240	1,476	616
13. Non-Farm Business Inventories .....	396	140	296	-88	186	184	320	104	1,364	493
14. Farm Inventories and Grain in Commercial Channels .....	-36	-128	-12	-160	-84	176	52	112	208	137
15. Adjusting Entry .....	-56	-60	-32	-44	-48	36	-20	24	-96	-14
16. Exports of Goods and Services .....	4,740	4,848	4,712	4,780	4,770	4,588	4,788	4,700	4,896	4,743
17. Deduct: Imports of Goods and Services ..	-4,664	-4,812	-4,544	-4,304	-4,581	-4,660	-4,792	-5,000	-5,560	-5,003
18. Residual Error of Estimate .....	160	112	-180	144	59	-12	-96	564	-108	87
19. Adjusting Entry .....	192	136	196	124	162	216	208	156	368	237
20. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	20,980	21,496	21,956	22,072	21,626	22,592	22,600	23,324	23,940	23,114

See footnotes at the end of table.



TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1947-61(1)  
Seasonally Adjusted at Annual Rates - Continued

(millions of dollars)

	1951(2)					1952(2)				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	15,072	14,740	14,544	14,680	14,759	15,100	15,724	15,908	16,368	15,775
2. Non-Durable Goods .....	7,584	7,684	7,624	7,732	7,656	7,768	8,004	8,152	8,312	8,059
3. Durable Goods .....	1,852	1,472	1,328	1,292	1,486	1,472	1,768	1,784	1,972	1,749
4. Services .....	5,716	5,668	5,700	5,772	5,714	6,000	6,048	6,060	6,156	6,066
5. Adjusting Entry .....	-80	-84	-108	-116	-97	-140	-96	-88	-72	-99
6. Government Expenditure on Goods and Services .....	3,676	4,080	4,496	4,500	4,188	4,936	5,364	5,152	5,548	5,250
7. Business Gross Fixed Capital Formation .	4,836	4,708	4,664	4,736	4,736	4,784	5,132	5,220	5,448	5,146
8. New Residential Construction .....	1,200	1,080	932	892	1,026	896	1,012	1,068	1,184	1,040
9. New Non-Residential Construction ....	1,532	1,556	1,568	1,656	1,578	1,712	1,856	1,832	1,848	1,812
10. New Machinery and Equipment .....	2,092	2,068	2,152	2,180	2,123	2,164	2,264	2,316	2,400	2,286
11. Adjusting Entry .....	12	4	12	8	9	12	-	4	16	8
12. Change in Inventories .....	1,276	1,768	940	-256	932	664	160	852	472	537
13. Non-Farm Business Inventories .....	820	1,328	776	-480	611	-268	-	384	284	100
14. Farm Inventories and Grain in Commercial Channels .....	416	452	192	132	298	684	120	392	168	341
15. Adjusting Entry .....	40	-12	-28	92	23	248	40	76	20	96
16. Exports of Goods and Services .....	5,024	4,948	5,380	5,420	5,193	5,708	5,748	5,664	5,884	5,751
17. Deduct: Imports of Goods and Services .	-5,616	-5,684	-5,760	-5,212	-5,568	-5,460	-5,540	-5,876	-6,348	-5,806
18. Residual Error of Estimate .....	100	128	64	128	105	-16	-408	-332	-132	-222
19. Adjusting Entry .....	304	332	136	-28	186	160	24	152	-4	53
20. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	24,672	25,020	24,464	23,968	24,531	25,876	26,204	26,740	27,236	26,514
	1953(2)					1954(2)				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	16,568	16,624	16,636	16,804	16,658	16,592	16,912	17,284	17,388	17,044
2. Non-Durable Goods .....	8,380	8,456	8,428	8,476	8,435	8,308	8,604	8,840	8,848	8,650
3. Durable Goods .....	2,008	1,968	1,960	2,020	1,989	2,024	1,924	1,976	1,980	1,976
4. Services .....	6,256	6,268	6,320	6,380	6,306	6,348	6,476	6,552	6,660	6,509
5. Adjusting Entry .....	-76	-68	-72	-72	-72	-88	-92	-84	-100	-91
6. Government Expenditure on Goods and Services .....	5,176	5,224	5,296	5,308	5,251	4,920	5,124	5,128	5,220	5,098
7. Business Gross Fixed Capital Formation .	5,608	5,588	5,724	5,592	5,628	5,452	5,388	5,216	5,304	5,340
8. New Residential Construction .....	1,236	1,260	1,292	1,324	1,278	1,288	1,264	1,356	1,432	1,335
9. New Non-Residential Construction ....	1,840	1,880	1,988	1,956	1,916	1,920	1,836	1,844	1,868	1,867
10. New Machinery and Equipment .....	2,520	2,444	2,436	2,304	2,426	2,236	2,276	2,008	2,000	2,130
11. Adjusting Entry .....	12	4	8	8	8	8	12	8	4	8
12. Change in Inventories .....	516	592	756	728	648	64	-320	-316	-376	-237
13. Non-Farm Business Inventories .....	64	568	600	352	396	176	-160	-100	-104	-47
14. Farm Inventories and Grain in Commercial Channels .....	348	68	172	312	225	-68	-132	-176	-216	-148
15. Adjusting Entry .....	104	-44	-16	64	27	-44	-28	-40	-56	-42
16. Exports of Goods and Services .....	5,564	5,856	5,852	5,536	5,702	5,344	5,436	5,416	5,708	5,476
17. Deduct: Imports of Goods and Services .	-6,244	-6,460	-6,336	-6,012	-6,263	-5,868	-5,976	-5,872	-6,128	-5,961
18. Residual Error of Estimate .....	80	84	-404	-384	-156	112	16	-36	-32	15
19. Adjusting Entry .....	8	56	80	84	57	-20	-100	-52	-72	-61
20. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	27,276	27,564	27,604	27,656	27,525	26,596	26,480	26,768	27,012	26,714

See footnotes at the end of table.



TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1947-61(1)  
Seasonally Adjusted at Annual Rates - Continued

(millions of dollars)

	1955(2)					1956				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	17,600	18,180	18,512	18,924	18,304	19,104	19,464	19,636	19,708	19,478
2. Non-Durable Goods(3) .....	9,164	9,328	9,456	9,668	9,404	9,832	9,940	10,092	10,120	9,996
3. Durable Goods .....	2,076	2,364	2,472	2,560	2,368	2,428	2,624	2,576	2,496	2,531
4. Services(3) .....	6,396	6,492	6,584	6,676	6,537	6,844	6,900	6,968	7,092	6,951
5. Adjusting Entry .....	-36	-4	-	20	-5					
6. Government Expenditure on Goods and Services .....	5,504	5,200	5,256	5,316	5,319	5,536	5,472	5,824	5,824	5,664
7. Business Gross Fixed Capital Formation ..	5,244	5,548	5,844	6,092	5,682	6,516	7,008	7,232	7,300	7,014
8. New Residential Construction .....	1,388	1,464	1,500	1,520	1,468	1,636	1,624	1,552	1,456	1,567
9. New Non-Residential Construction .....	1,932	1,972	2,016	2,096	2,004	2,336	2,632	2,792	2,904	2,666
10. New Machinery and Equipment .....	1,924	2,104	2,320	2,468	2,204	2,544	2,752	2,888	2,940	2,781
11. Adjusting Entry .....	-	8	8	8	6					
12. Change in Inventories .....	236	416	788	404	461	1,396	836	696	1,416	1,086
13. Non-Farm Business Inventories .....	100	-224	388	396	165	1,108	676	500	964	812
14. Farm Inventories and Grain in Commercial Channels .....	112	468	336	36	238	288	160	196	452	274
15. Adjusting Entry .....	24	172	64	-28	58					
16. Exports of Goods and Services .....	5,868	5,856	5,940	5,912	5,894	6,236	6,396	6,332	6,368	6,333
17. Deduct: Imports of Goods and Services ..	-6,472	-6,488	-7,040	-7,300	-6,825	-7,696	-7,908	-7,940	-8,140	-7,921
18. Residual Error of Estimate .....	16	156	116	176	116	-172	-4	-104	-304	-146
19. Adjusting Entry .....	24	116	124	4	67					
20. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	28,020	28,984	29,540	29,528	29,018	30,920	31,264	31,676	32,172	31,508
	1957					1958				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services .....	19,852	20,004	20,192	20,240	20,072	20,416	20,460	20,788	21,144	20,702
2. Non-Durable Goods(3) .....	10,236	10,356	10,472	10,544	10,402	10,564	10,524	10,656	10,784	10,632
3. Durable Goods .....	2,432	2,412	2,452	2,424	2,430	2,448	2,412	2,468	2,536	2,466
4. Services(3) .....	7,184	7,236	7,268	7,272	7,240	7,404	7,524	7,664	7,824	7,604
5. Government Expenditure on Goods and Services .....	5,604	5,772	5,776	5,736	5,722	5,772	6,008	6,064	6,012	5,964
6. Business Gross Fixed Capital Formation ..	7,608	7,408	7,268	7,056	7,335	6,884	6,884	6,776	6,764	6,827
7. New Residential Construction .....	1,364	1,368	1,408	1,496	1,409	1,604	1,732	1,752	1,800	1,722
8. New Non-Residential Construction .....	3,088	3,128	3,128	3,068	3,103	2,856	2,836	2,752	2,624	2,767
9. New Machinery and Equipment .....	3,156	2,912	2,732	2,492	2,823	2,424	2,316	2,272	2,340	2,338
10. Change in Inventories .....	696	312	224	-308	231	-784	-304	-88	-120	-324
11. Non-Farm Business Inventories .....	744	292	384	-200	305	-652	-204	-12	44	-206
12. Farm Inventories and Grain in Commercial Channels .....	-48	20	-160	-108	-74	-132	-100	-76	-164	-118
13. Exports of Goods and Services .....	6,404	6,260	6,540	6,360	6,391	6,356	6,488	6,232	6,412	6,372
14. Deduct: Imports of Goods and Services ..	-8,144	-7,944	-7,792	-7,372	-7,813	-7,172	-7,232	-7,256	-7,652	-7,328
15. Residual Error of Estimate .....	24	16	-84	-72	-29	112	-276	-204	-44	-103
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	32,044	31,828	32,124	31,640	31,909	31,584	32,028	32,312	32,516	32,110

See footnotes at the end of table.

TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1947-61<sup>(1)</sup>  
Seasonally Adjusted at Annual Rates - Concluded

(millions of dollars)

	1959					1960					1961
	I	II	III	IV	Year	I	II	III	IV	Year	I
1. Personal Expenditure on Consumer Goods and Services .....	21,348	21,484	21,756	21,880	21,617	21,880	22,288	22,292	22,632	22,273	22,528
2. Non-Durable Goods(3) .....	10,844	10,936	11,116	11,212	11,027	11,192	11,488	11,516	11,468	11,416	11,536
3. Durable Goods .....	2,612	2,632	2,588	2,564	2,599	2,580	2,572	2,500	2,824	2,619	2,576
4. Services(3) .....	7,892	7,916	8,052	8,104	7,991	8,108	8,228	8,276	8,340	8,238	8,416
5. Government Expenditure on Goods and Services .....	6,060	6,164	5,920	5,908	6,013	5,936	6,000	6,188	6,164	6,072	6,178
6. Business Gross Fixed Capital Formation .....	6,352	6,588	6,668	6,592	6,550	6,468	5,932	6,020	6,164	6,146	5,902
7. New Residential Construction ...	1,720	1,624	1,584	1,604	1,633	1,520	1,276	1,316	1,288	1,350	1,370
8. New Non-Residential Construction	2,396	2,500	2,488	2,508	2,473	2,440	2,316	2,404	2,428	2,397	2,228
9. New Machinery and Equipment ....	2,236	2,464	2,596	2,480	2,444	2,508	2,340	2,300	2,448	2,399	2,304
10. Change in Inventories .....	372	144	440	140	274	740	428	-136	216	312	84
11. Non-Farm Business Inventories ..	468	216	408	252	336	640	332	-192	100	220	-16
12. Farm Inventories and Grain in Commercial Channels .....	-96	-72	32	-112	-62	100	96	56	116	92	100
13. Exports of Goods and Services ....	6,248	6,636	6,584	6,944	6,603	7,100	6,548	7,036	6,704	6,847	7,000
14. Deduct: Imports of Goods and Services .....	-7,756	-7,980	-8,204	-8,232	-8,043	-8,212	-7,888	-7,760	-7,876	-7,934	-8,034
15. Residual Error of Estimate .....	140	184	232	232	197	68	168	96	32	91	-8
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	32,764	33,220	33,396	33,464	33,211	33,980	33,476	33,736	34,036	33,807	33,450

(1) See also footnote 1, Table 17.

(2) For an explanation of the adjusting entries, see the technical note.

(3) Beginning with the year 1955, the classification of the items electricity and gas was changed from services to non-durable goods. The following gives the data from 1955 to date.

Gas and Electricity, in Millions of Constant (1957) Dollars, by Quarters, 1955-61  
Seasonally Adjusted at Annual Rates

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1955 .....	248	248	260	264	255
1956 .....	268	284	296	296	286
1957 .....	304	312	320	332	317
1958 .....	340	340	352	364	349
1959 .....	380	388	388	424	395
1960 .....	428	428	424	440	430
1961 .....	432				



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