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**NATIONAL ACCOUNTS**  
**INCOME AND EXPENDITURE**  
**FIRST QUARTER**  
**1962**

*Published by Authority of*  
The Honourable George Hees, Minister of Trade and Commerce

**DOMINION BUREAU OF STATISTICS**

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

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

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1960", for the years 1955-1956.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1961", for the years 1957-1960.

The historical record of the recently introduced series of Gross National Expenditure in constant (1957) Dollars, both unadjusted and adjusted for seasonal variation, may be found in the publications:

"National Accounts, Income and Expenditure, First Quarter 1961", for the years 1947-1956.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1961", for the years 1957-1960.

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The tables in this report have been rearranged to correspond with the historical supplement, "National Accounts, Income and Expenditure, by Quarters, 1947-61", which will be published shortly.

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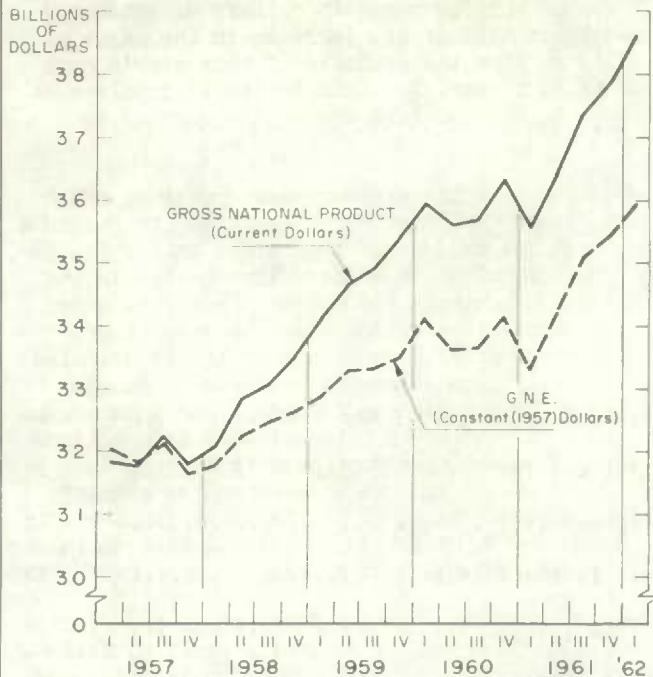
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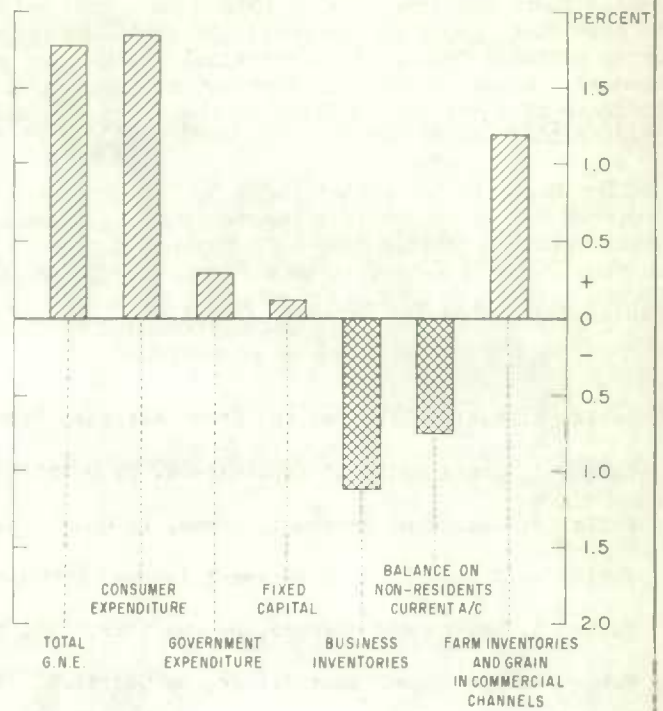
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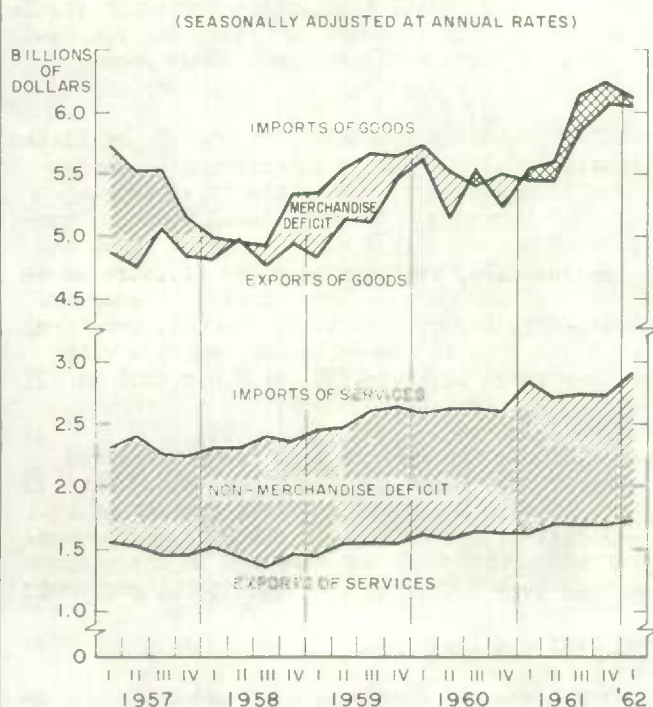
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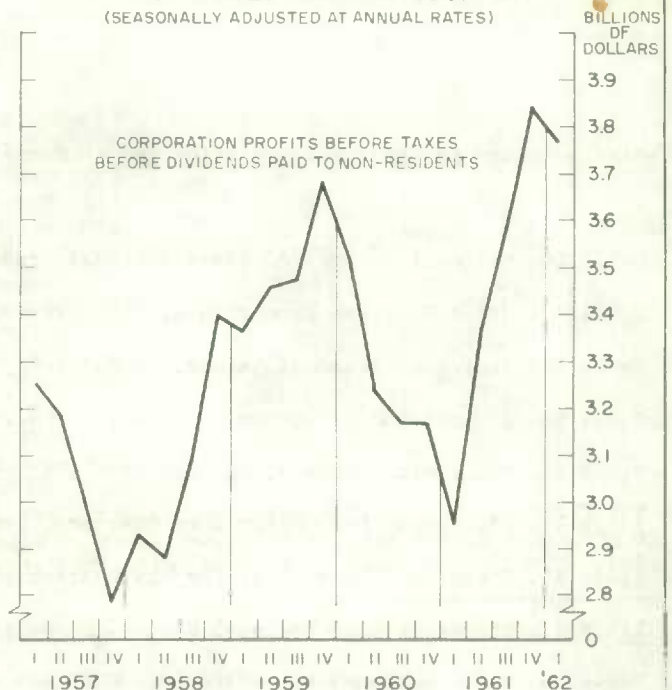
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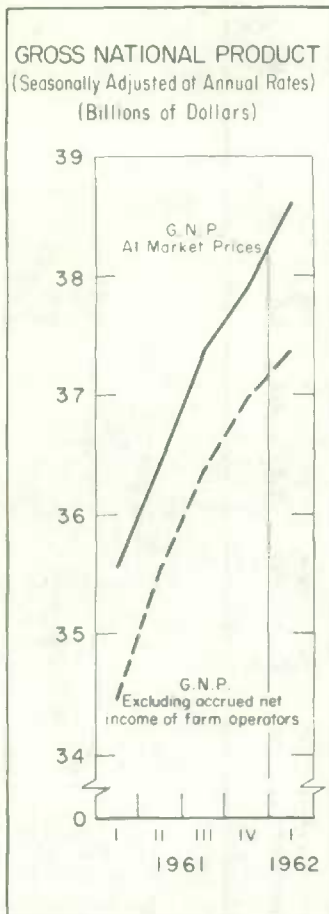
CORPORATION PROFITS LEVELLED OFF FOLLOWING THE SHARP QUARTER TO QUARTER INCREASES THROUGH 1961 (SEASONALLY ADJUSTED AT ANNUAL RATES)



## INTRODUCTORY REVIEW

Gross National Product continued to advance in the first quarter of 1962. At a seasonally adjusted annual rate of \$38.6 billion it was about 2 per cent higher than in the fourth quarter of 1961. There was some rise in prices and gross national expenditure in constant dollars is estimated to have risen about  $1\frac{1}{2}$  per cent. It should be noted that about half of the increase in the value of Gross National Product is statistical rather than economic, in that the estimate of this year's crop assumes a normal harvest in contrast to the poor harvest of last year. <sup>1/</sup> This in itself involves an increase of about \$360 million in the value of production. In the non-farm sector the quarter to quarter increase is about 1 per cent.

The major factor contributing to the expansion in economic activity was consumer spending, which recorded one of the largest quarterly gains in recent years. On the other hand, additions to business inventories, which had been an important increment to the demands on current production in the fourth quarter of 1961, ceased to be an expansionary influence. The liquidation of farm inventories in the fourth quarter, a reflection of heavy sales and a poor crop, was sharply reduced in the first, given the crop estimate stated above. Government expenditure on goods and services added an element of support to the rising level of economic activity. Gross fixed capital formation gave little stimulus to economic expansion; a considerable increase in housing was partly offset by lower outlays for plant and equipment. Moreover, the deficit on current international transactions widened; payments on invisibles continued to advance in excess of receipts and the surplus on merchandise account, which had emerged in 1961 dwindled in the first quarter of 1962, as exports failed to maintain the rising rate characteristic of 1961 and imports remained level.



On the income side, the salient features in the first quarter were the levelling off in corporate profits, following the upsurge that accompanied the expansion in 1961, and the continuing rate of increase in labour income which has accompanied the upswing to date. Given the method of estimating farm income, it shows a large increase from the preceding quarter.

For the second quarter in succession, prices advanced by about one-half of 1 per cent, following a period of stable prices in 1961. Most of the increase in prices was recorded in the capital goods sector, while consumer goods showed little price increase.

The current expansion in economic activity was initiated in the first quarter of 1961. It is interesting to review progress thus far in the perspective of the first four quarters of previous upswings. Gross National Product, non-farm, in the first quarter of 1962 was 8 per cent above the trough a year earlier, with diminishing rates of increase -- 2.5, 2.3, 1.7, and 1.1 per cent -- from quarter to quarter. The 8 per cent increase in Gross National Product, non-farm, in the first four quarters of the expansion compares with one of nearly 10 per cent in 1949-1950, of 8 per cent in 1954-1955, and of 7 per cent in 1958-1959.

This expansion thus far differs from the short-lived expansion of 1958-1959 in three important respects. The shift in business inventories from the first quarter of 1961

to the first quarter of 1962 has been insignificant in contrast to a considerable swing in the comparable period of 1958-1959. Exports have risen considerably as opposed to being stagnant in the earlier period. Finally, business capital formation has shown a significant rise in this expansion, compared

<sup>1/</sup> The estimate is based on acreage intentions and 10-year average yields.

Quarter to Quarter Changes in Final Purchases  
(Seasonally Adjusted at Annual Rates)  
(\$ millions)

	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	4Q'61 to 1Q'62
1. Personal Expenditure .....	336	344	476	80	324	244	-4	476	44	528	-120	340	380	96	712
2. Government Expenditure .....	80	-	72	240	-232	84	36	52	260	88	32	216	144	100	112
3. Residential Construction ....	36	76	-52	-100	-32	20	-84	-252	24	-16	-36	92	140	-100	72
4. Non-Res. Construction .....	-76	-96	-200	124	-24	32	-8	-100	56	-	36	-56	92	108	n.c.
5. Machinery and Equipment .....	-36	88	-84	256	148	-124	144	-108	-64	100	-256	-168	128	72	-20
6. Exports .....	-248	248	-128	400	-20	372	192	-496	456	-312	292	132	540	100	-124
7. Total Final Purchases .....	92	660	84	1,000	164	628	276	-428	776	388	-52	556	1,424	376	752
8. (Final Domestic Demand) .....	(340)	(412)	(212)	(600)	(184)	(256)	(84)	(68)	(320)	(700)	(-344)	(424)	(884)	(276)	(876)

Quarter to Quarter Changes in Other Selected Items

9. "Shift" in Non-Farm Business Inventories .....	164	76	488	-336	308	-192	352	-312	-512	288	-96	108	-64	400	-432
10. Imports .....	44	400	112	208	244	4	40	-204	-108	76	232	-160	424	204	164
11. G.N.P. (ex. Farm) .....	304	388	652	536	292	568	368	-256	96	552	-436	860	824	616	384

Constant (1957) Dollars

Quarter to Quarter Percentage Changes in Selected Items

12. Final Domestic Demand .....	1.1	0.5	-	1.2	0.1	0.2	0.1	-0.4	0.6	1.5	-1.1	1.1	2.1	0.3	1.8
13. Total Final Purchases .....	0.3	0.9	-0.4	2.0	-0.1	1.0	0.6	-1.7	1.7	0.5	-0.2	1.2	2.7	0.4	1.1
14. Gross National Expenditure ..	0.8	0.4	0.9	1.1	0.1	0.6	1.8	-1.5	0.2	1.4	-2.4	2.7	2.5	1.1	1.4

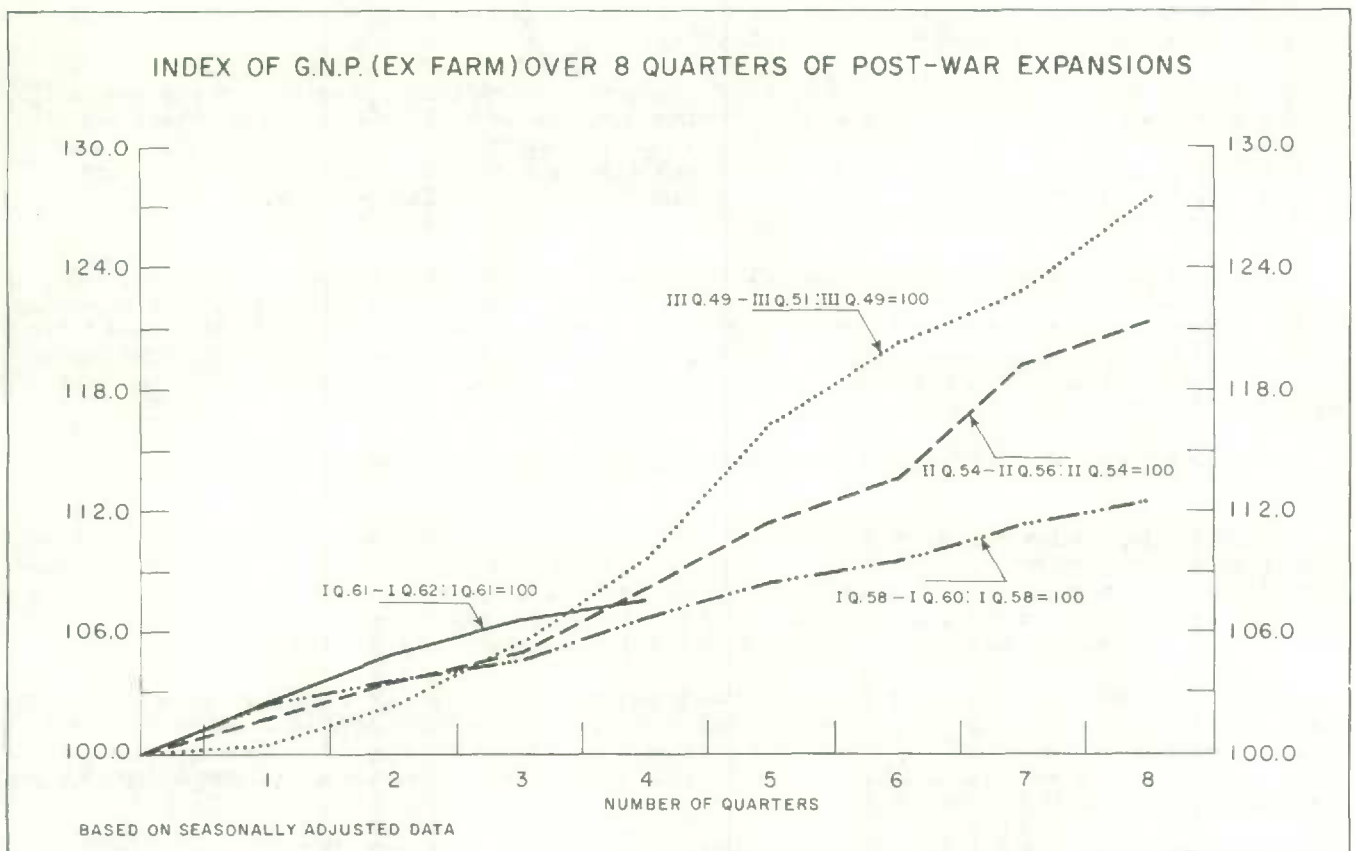
with some decline in the previous period, and the increase has occurred in the cyclically sensitive plant and equipment expenditures as well as in residential construction.

Quarter to Quarter Changes in Selected Expenditure Components  
Over Four Quarters of the Last Two Post-War Expansions

(Seasonally Adjusted at Annual Rates)

(\$ Millions)

	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>Total</u>
<u>1st Quarter, 1958 to 1st Quarter, 1959</u>					
'Shift' in Business Inventories .....	520	164	76	488	1,248
Exports .....	104	-248	248	-128	-24
Business Gross Fixed Capital Formation .....	16	-76	68	-336	-328
<u>1st Quarter, 1961 to 1st Quarter, 1962</u>					
'Shift' in Business Inventories .....	108	-64	400	-432	12
Exports .....	132	540	100	-124	648
Business Gross Fixed Capital Formation .....	-132	360	80	52	360



### Production and Employment

Real output showed an increase of about  $1\frac{1}{2}$  per cent on a seasonally adjusted basis in the first quarter compared with the fourth quarter of 1961. When agriculture is removed from the aggregate data the remainder reflects a nearly 1 per cent increase. The large advance in agriculture is due to the use of an "average crop" estimate in the seasonally adjusted data which, of course, is much higher than the actual, and very low, 1961 grain crop.

In the same comparison the seasonally adjusted and published monthly Index of Industrial Production was up by 1.4 per cent during the first quarter of 1962 to 182.0, a new high. On a quarterly basis this latest increase represented the fourth consecutive gain since the first quarter of 1961 for a total gain of almost 10 per cent.

All major industry components, with the exception of the construction and the finance, insurance, real estate groups, were up from fourth quarter, 1961 levels.

In the goods-producing industries, major groups showed the following gains: manufacturing over 1 per cent, mining about  $1\frac{1}{2}$  per cent, utilities 3 per cent, and forestry about 5 per cent.

One-half of 1 per cent gain in the output of the service industries reflected 1 per cent gains in trade and transportation, storage, communication, along with fractional gains in government and other services.

Within manufacturing, which advanced more than 1 per cent, non-durables output was up nearly 2 per cent, while that of durables was up less than one-half of 1 per cent. The non-durables change during the quarter was consistent in size with the changes of the previous three quarters. The durables change, however, represented a considerable slowing down in the rate of increase recorded in the past year. Although durables advanced 11 per cent from the first quarter of 1961, the group was still slightly below the fourth quarter 1956 all-time high.

Chemicals and the foods and beverages group of industries each contributed (with 5 per cent gains) to the non-durable advance. Both paper and petroleum products were up by 1 per cent. There was also a 4 per cent gain in tobacco products. Textile products declined 1 per cent after the strength exhibited during the past year, particularly in cotton goods and synthetic textiles. Clothing and rubber products were off by 2 per cent and 3 per cent respectively. Leather products and printing and publishing were unchanged during the quarter.

Led by an increase in the telecommunication equipment component, the electrical apparatus and supplies group was up by almost 6 per cent. With increases in almost every other component excepting iron castings and primary iron and steel, the iron and steel products group advanced less than 1 per cent. Wood products also gained about 1 per cent. A decline of 5 per cent in motor vehicles output brought total transportation equipment lower by 2 per cent. Declines of 2 per cent and 1 per cent were recorded in non-ferrous metal products and non-metallic mineral products.

Electricity and gas utilities, on the strength of increases in both components, were up by 3 per cent.

Within mining, which was up by about  $1\frac{1}{2}$  per cent, metal mining, in spite of large increases in both iron ore and 'other' metals (including uranium), gained less than 1 per cent. Smaller but widespread declines occurred in every other major metal. With crude petroleum output up marginally from its high level of the fourth quarter, natural gas mining was largely responsible for a 2 per cent fuels gain. Increased asbestos mining brought the non-metals group considerably higher.

The overall increase in real output was accompanied by gains of nearly 1 per cent in total employment and of nearly 2 per cent in non-agricultural employment in the first quarter. Hours of work in manufacturing industries were only fractionally higher, seasonally adjusted. The labour force increased by about  $1/2$  per cent and there was a decline in seasonally adjusted unemployment from 6.3 per cent to 5.9 per cent of the labour force.

### Personal Expenditure on Consumer Goods and Services

The rise of almost 3 per cent from the fourth quarter in personal expenditure to a level of \$25.3 billion was one of the largest in recent years, and with only fractional price changes in the price index for personal expenditure, reflected almost entirely a rise in the volume of purchases. This increase was associated with a rise of just over 2 per cent in personal disposable income and a drop in the rate of saving.

Strength was centred on goods purchasing, with non-durable goods increasing by  $3\frac{1}{2}$  per cent while durables increased by more than 4 per cent. Increases were widespread among the non-durables, with the main commodities showing the following increases: fuel (including gas) 10 per cent; clothing 4 per cent; electricity 2 per cent; and food  $1\frac{1}{2}$  per cent. Significant increases in expenditure on tobacco and alcoholic beverages were also recorded.

The rise in spending on durables stemmed from increases in purchases of furniture (up 4 per cent) and in the net purchases of automobiles. Sales to persons of new cars were up only slightly from the level achieved in the fourth quarter while trade-in allowances and dealer purchases of used cars returned to more normal levels from the unusually high level of the preceding quarter. As such sales of used cars and trade-in allowances are deducted from the value of purchases, the net purchases of cars thus showed an increase of about 6 per cent. The remaining durable goods showed declines; home furnishings and appliances and radios were down fractionally.

The  $1\frac{1}{2}$  per cent rise in expenditures on services can be attributed chiefly to the change in net expenditure abroad, reflecting in the main, increased spending by Canadians abroad. Other services increased fractionally; paid and imputed shelter showed a slight decline, while increased expenditures on transportation services and personal services of  $1/2$  and 1 per cent respectively were registered.

#### Business Gross Fixed Capital Formation

Business spending on fixed capital formation increased moderately in the first quarter, and remained in line with the intentions of business for the year 1962 as a whole, as reported at the beginning of the year in "Private and Public Investment - Outlook Survey". The level of \$6.7 billion represented an increase of almost 1 per cent over the previous quarter, and reflected increased expenditure on residential construction, unchanged non-residential construction activity and a partly offsetting lower level of investment in machinery and equipment. The increased spending on construction was accompanied by a  $1\frac{1}{2}$  per cent increase in employment in the industry. The improved profit position in business generally in the latter part of 1961 does not appear to have had any pronounced effect on the trend of overall business spending on plant and equipment in the first quarter.

In spite of the moderately upward trend since mid-1961 in overall capital spending the proportion of total current production being devoted to capital formation was slightly lower in the first quarter of the year than in the same period of the previous year.

Activity in residential building moved ahead again in the first quarter, after some slow-down in the final quarter of 1961. The estimate of \$1.5 billion of new residential construction put in place represented an increase of 5 per cent over the previous quarter. During the first quarter, the annual rate of dwelling unit starts, after allowance for seasonal influences, moved sharply up by 22 per cent to 144.5 thousand, a high level of activity in terms of the rate of starts over the past three years. The latest available information on the issuance of building permits for residential structures suggests some falling off in this level of activity.

The value of non-residential construction totalled \$2.8 billion in the first quarter, and was unchanged from the fourth quarter, 1961. This level, although higher now than on average over the past three years, continues to remain relatively stable with no clearly determinable trend. Viewed against this stability, the fluctuations in shipments and new orders in the industries producing mainly construction goods appear to be caused more by changes in the level of demand for housing than from non-residential construction demand.

Outlays on machinery and equipment dropped back by almost 1 per cent to a level of \$2.4 billion in the first quarter, after the fairly sharp recovery in spending in the latter half of 1961. Preliminary estimates suggest that the decline in demand was felt in the reduced flow of shipments from those domestic industries producing capital goods and that imports of machinery may have shown some slight increase. In spite of the decline in domestic shipments, new orders received by the capital goods producing industries, other than heavy transportation, rose by 2 per cent. Farm machinery sales from both foreign and domestic sources are estimated to have declined by about 5 per cent, while business spending on passenger and commercial vehicles increased slightly to add to the high level of consumer demand for automobiles.

#### Investment in Business Inventories

In contrast to the fourth quarter of 1961 when stocks were being built up rapidly, additions to inventories were not an important element of strength in the first quarter of 1962.

In manufacturing industries accumulation was much less substantial than in the preceding quarter. Some small build-up took place in a situation of rising production and the ratio of stocks to shipments was brought close to the average prevailing since 1952. The build-up appears to have taken place in goods in process and in finished products; stocks of raw materials appear to have been reduced.

There was fairly widespread accumulation in the non-durable segment of manufacturing, the most notable exception being petroleum products. The previous quarter's substantial accumulation of durables was reversed and stocks were liquidated in almost all durable groups.

Both wholesale and retail trade shifted from accumulation to liquidation between the fourth quarter of 1961 and the first quarter of 1962. A small liquidation in wholesale trade was the result of fairly general cutting back of stocks of durable goods and mixed movements in non-durables. The liquidation brought the ratio of wholesale stocks to sales to the lowest level since 1958. Stocks were reduced in both the durable and non-durable segments of retail trade, as consumers' spending rose sharply. Despite this depletion the ratio of stocks to sales remained above the average for the past decade.

#### Exports and Imports of Goods and Services

The deficit on foreign transactions rose to \$1.1 billion, seasonally adjusted at annual rates, from \$0.9 billion in the fourth quarter. Foreign demand for Canadian goods and services dropped by 1½ per cent to \$7.8 billion, while the value of imports of goods and payments for foreign services rose by 2 per cent to a record \$9.0 billion. There was a much smaller surplus on merchandise trade than in the fourth quarter and a larger deficit on invisibles.

Imports of merchandise at an annual rate of \$6.1 billion, showed almost no change from the previous quarter, although geographically, increased imports from the United States were offset by declines in goods received from the United Kingdom and all other countries. Imports in the final month of the quarter were particularly high. (The value of imports entering the National Accounts during the last two quarters is considerably lower than that shown in the Trade of Canada publication mainly because the value of military aircraft received from the United States under a mutual defence agreement has been removed for National Accounts purposes).

The most notable feature in the first quarter was the sharp increase in payments for services which rose to a level of \$2.9 billion at annual rates, after allowance for seasonal influences, or over 6 per cent. This is the highest figure on record and unlike the high level in the first quarter, 1961, which was primarily due to an irregularly large outflow of interest and dividends, the increase was distributed among most main components. Tourist expenditures rose almost 17 per cent, interest and dividends 8 per cent and freight and shipping by 4 per cent.

The value of merchandise exports fell by 2½ per cent from the previous quarter, to \$6.1 billion, as large declines in sales to the United Kingdom and all other countries were only partially offset by an increase to the United States. Details of movements in commodities are not yet available for the first quarter.

The seasonal adjustment of this series has been complicated by the fact that there appears to be emerging a changing seasonal pattern, since 1960, in which the relative increase in the level of merchandise exports in the first quarters has been more important than relative increases occurring in other quarters.

Receipts from abroad for Canadian services showed little change from the fourth quarter and at an annual rate of \$1.7 billion were only 1 per cent higher. This is the fourth successive quarter in which the rate of receipts for services has remained relatively stable. Some offsetting changes occurred in the first quarter; miscellaneous service receipts increased but both foreign tourist expenditures and receipts from freight and shipping were lower.

#### Corporation Profits

Following sharp increases in the last three quarters of 1961, corporation profits (before taxes and before dividends paid to non-residents) levelled off to an annual rate of \$3.8 billion in the first quarter of 1962 on a seasonally adjusted basis. Lower profits were experienced by almost all industry groups with the important exception of public utilities. Within manufacturing, there were offsetting movements; increases were recorded in foods and beverages, wood products, paper products, and petroleum and coal products, with declines recorded in iron and steel, textiles, and chemical products groups.

### Interest, Dividends and Net Rental Income of Persons

Interest, dividends and net rental income of persons dropped by about 2 per cent below the level of the fourth quarter of 1961 mainly because of a decline in bond interest and dividends received by persons.

### Net Income of Non-Farm Unincorporated Business

Net income of non-farm unincorporated business, seasonally adjusted at annual rates, increased over 2 per cent in the first quarter from the fourth quarter level. Net income in most industry groupings showed little or no change with the exception of the construction and retail trade industries which experienced increases of 8 and 7 per cent respectively, reflecting increased housing activity and much higher profit-sales ratios in retail trade.

### Accrued Net Income of Farm Operators

Accrued net income of farm operators from farming operations increased 32 per cent in the first quarter of 1962 over the fourth quarter rate. Most of the increase is accounted for by the preliminary estimate of the 1962 crop which is based on acreage intentions and 10-year average yields and which is approximately \$360 million higher than the 1961 crop estimate. The higher crop estimate and an accumulation of stocks of cattle and calves on farms, together with slightly increased cash income, led to higher levels of both grain and livestock production.

Net income of farm operators from farming operations increased about 7½ per cent in the first quarter. The smaller increase in net income, compared to that of the accrued net income figure, reflects a very sharp decline in participation and equalization payments made by the Canadian Wheat Board.

### Labour Income

Labour income, which began to increase rapidly in 1961, continued to show large gains through the first quarter of 1962. Seasonally adjusted, the labour income gain from the fourth quarter of 1961 to the first quarter of 1962 amounted to nearly 2 per cent, an increase slightly larger than those recorded from quarter to quarter in 1961.

In recent years, labour income originating in goods-producing industries has tended to rise less rapidly than labour income originating in service-producing industries. However, during some stages of cyclical upswings the goods-producing estimates have shown the larger increases owing to the special sensitivity of these industries to cyclical influences. The economy appears to have been going through such a stage of the cycle in the winter of 1961-1962, with quarter-to-quarter gains in the seasonally-adjusted wage and salary estimates for the goods-producing segment exceeding those for the service-producing segment both between the third and fourth quarters of 1961 and between the latter quarter and the first quarter of 1962. The quarter-to-quarter gains most recently recorded amounted to over 2 per cent for the goods-producing industries and about 1.5 per cent for the service-producing industries.

Within the goods-producing segment, manufacturing showed a smaller gain, somewhat over 1 per cent, than over the immediately preceding quarters. Movements in employment indexes suggest that the reduced rate of gain in wages and salaries was associated with a declining rate of increase in numbers of employees. On the other hand, the increases in construction, and the primary industries were the largest quarter-to-quarter gains in those industries recorded for some time.

In the service-producing industries, the finance, service and government group continued to show the largest percentage gains through the first quarter of 1962. The seasonally adjusted estimates for this group have consistently risen by about 2 per cent from quarter to quarter in recent years. Wages and salaries rose more than 1 per cent from the fourth quarter of 1961 to the first quarter of 1962 both in trade and in the transportation, communications and other utilities group.

### The Government Sector

Total expenditures by all levels of government increased by about 2 per cent, with most of the increase accounted for by the Federal government. At the Federal level, transfer payments to persons rose by 10 per cent, reflecting the irregular payments to Western grain producers and larger payments from the Old Age Security Fund; subsidies advanced sharply, reflecting among other things large payments for past storage costs on grain and the higher estimated losses of the Agricultural Stabilization Board. Federal government expenditure on goods and services remained relatively unchanged while provincial and municipal expenditures on goods and services rose 3 per cent.

Although little change was shown at the total level, there were offsetting changes in the revenue components of the different levels of government as a result of the new tax arrangements. Thus Federal revenues from personal and corporate income taxes declined but provincial revenues increased substantially.

On a National Accounts basis, the seasonally adjusted total deficit of all levels of government combined rose by \$152 million at annual rates from the fourth to the first quarter. However, the total contains divergent and offsetting movements between the deficit of the Federal government and that of the provincial-municipal governments combined, largely accounted for by administrative procedures arising out of the lapse of tax rental agreements and the inception of the new tax collection arrangements. Commencing in the first quarter of 1962, the direct tax revenues of the Federal government have declined with corresponding amounts accruing to the provincial government. However, the transfer payments under the former taxation agreements from the Federal to the provincial governments do not lapse until the second quarter and as a consequence the deficit of the Federal government is irregularly high and of the provincial-municipal governments is irregularly low by almost \$300 million at annual rates in the first quarter of 1962.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1961 and 1962  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Wages, Salaries, and Supplementary Labour Income .....	4,423	4,702	4,903	4,856	18,884	4,730
2. Military Pay and Allowances .....	129	140	137	144	550	147
3. Corporation Profits before Taxes and before Dividends Paid to Non-Residents(1) .....	609	910	969	950	3,438	767
4. Deduct: Dividends Paid to Non-Residents(2) .....	- 164	- 120	- 132	- 172	- 588	- 130
5. Rent, Interest, and Miscellaneous Investment Income ..	610	601	666	652	2,529	626
6. Accrued Net Income of Farm Operators from Farm Production(3) .....	33	133	680	91	937	36
7. Net Income of Non-Farm Unincorporated business(4) ....	438	559	598	654	2,249	491
8. Inventory Valuation Adjustment(5) .....	12	- 16	- 31	- 51	- 86	- 33
9. NET NATIONAL INCOME AT FACTOR COST .....	6,090	6,909	7,790	7,124	27,913	6,634
10. Indirect Taxes less Subsidies .....	1,110	1,155	1,137	1,241	4,643	1,194
11. Capital Consumption Allowances and Miscellaneous Valuation Adjustments .....	1,025	1,080	1,124	1,120	4,349	1,056
12. Residual Error of Estimate .....	- 81	- 134	67	87	- 61	- 165
13. GROSS NATIONAL PRODUCT AT MARKET PRICES .....	8,144	9,010	10,118	9,572	36,844	8,719
14. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators) .....	(8,111)	(8,877)	(9,438)	(9,481)	(35,907)	(8,683)

- (1) In reports prior to 1961 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.
- (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, 1961 and 1962  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Personal Expenditure on Consumer Goods and Services ..	5,569	6,066	5,992	6,626	24,253	5,932
2. Government Expenditure on Goods and Services(1, 2) ...	1,581	1,630	2,074	1,898	7,183	1,683
3. Business Gross Fixed Capital Formation(3) .....	1,284	1,662	1,837	1,710	6,493	1,363
4. New Residential Construction .....	247	364	441	406	1,458	291
5. New Non-Residential Construction .....	476	623	814	734	2,647	512
6. New Machinery and Equipment .....	561	675	582	570	2,388	560
7. Value of Physical Change in Inventories(4) .....	- 49	- 187	331	- 333	- 238	- 81
8. Non-Farm Business Inventories .....	208	- 57	- 47	105	209	211
9. Farm Inventories and Grain in Commercial Channels ..	- 257	- 130	378	- 438	- 447	- 292
10. Exports of Goods and Services .....	1,578	1,861	2,117	2,022	7,578	1,731
11. Deduct: Imports of Goods and Services .....	- 1,900	- 2,157	- 2,165	- 2,265	- 8,487	- 2,075
12. Residual Error of Estimate .....	81	135	- 68	- 86	62	166
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES .....	8,144	9,010	10,118	9,572	36,844	8,719

- (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 Table 6.
- (3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.
- (4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 3. Source of Personal Income, by Quarters, 1961 and 1962  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Wages, Salaries, and Supplementary Labour Income .....	4,423	4,702	4,903	4,856	18,884	4,730
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	- 194	- 188	- 199	- 200	- 781	- 197
3. Military Pay and Allowances .....	129	140	137	144	550	147
4. Net Income Received by Farm Operators from Farm Production(1) .....	57	108	669	75	909	7
5. Net Income of Non-Farm Unincorporated Business .....	438	559	598	654	2,249	491
6. Interest, Dividends, and Net Rental Income of Persons(2) .....	672	706	686	786	2,850	687
Transfer Payments to Persons:						
7. From Government (Excluding Interest) .....	978	825	754	786	3,343	1,056
8. Charitable Contributions by Corporations .....	9	12	12	12	45	12
9. PERSONAL INCOME .....	6,512	6,864	7,560	7,113	28,049	6,933

(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, 1961 and 1962  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Personal Direct Taxes .....	573	670	628	633	2,504	622
2. Income Taxes .....	454	584	543	545	2,126	498
3. Succession Duties .....	37	33	38	38	146	40
4. Miscellaneous .....	82	53	47	50	232	84
5. Personal Expenditure on Consumer Goods and Services ..	5,569	6,066	5,992	6,626	24,253	5,932
6. Non-Durable Goods .....	2,713	2,926	3,002	3,498	12,139	2,884
7. Durable Goods .....	554	743	642	755	2,694	633
8. Services(1) .....	2,302	2,397	2,348	2,373	9,420	2,415
9. Personal Net Saving .....	370	128	940	- 146	1,292	379
10. Personal Saving Excluding Change in Farm Inventories ..	605	204	575	222	1,606	600
11. Value of Physical Change in Farm Inventories .....	- 235	- 76	365	- 368	- 314	- 221
12. PERSONAL INCOME .....	6,512	6,864	7,560	7,113	28,049	6,933
13. (Personal Disposable Income)(2) .....	(5,939)	(6,194)	(6,932)	(6,480)	(25,545)	(6,311)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1961 and 1962  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Direct Taxes - Persons .....	573	670	628	633	2,504	622
2. Federal .....	461	582	543	546	2,132	468
3. Provincial and Municipal .....	112	88	85	87	372	154
4. Direct Taxes - Corporations .....	314	425	455	416	1,610	378
5. Federal .....	258	348	373	341	1,320	287
6. (Federal Tax Collections) .....	(302)	(367)	(319)	(301)	(1,289)	(322)
7. Provincial .....	56	77	82	75	290	91
8. (Provincial Tax Collections) .....	(77)	(70)	(75)	(63)	(285)	(80)
Withholding Taxes:						
9. Federal(1) .....	34	26	26	23	109	26
10. Indirect Taxes .....	1,153	1,207	1,233	1,300	4,893	1,260
11. Federal .....	496	553	554	587	2,190	528
12. Provincial and Municipal .....	657	654	679	713	2,703	732
13. Investment Income .....	232	252	284	344	1,112	242
14. Federal .....	67	84	112	143	406	68
15. Provincial and Municipal .....	165	168	172	201	706	174
16. Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	194	188	199	200	781	197
17. Federal .....	128	119	129	131	507	128
18. Provincial and Municipal .....	66	69	70	69	274	69
Transfers from Federal:						
19. Provincial and Municipal .....	258	298	283	284	1,123	300
20. Total Revenue .....	2,758	3,066	3,108	3,200	12,132	3,025
21. Federal .....	1,444	1,712	1,737	1,771	6,664	1,505
22. Provincial and Municipal .....	1,314	1,354	1,371	1,429	5,468	1,520

(1) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1961 and 1962  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Goods and Services .....	1,581	1,630	2,074	1,898	7,183	1,683
2. Federal .....	696	716	793	765	2,970	735
3. (Defence) .....	(438)	(367)	(391)	(421)	(1,617)	(469)
4. Provincial and Municipal .....	885	914	1,281	1,133	4,213	948
5. Transfer Payments to Persons (Excluding Interest on the Public Debt) .....	978	825	754	786	3,343	1,056
6. Federal .....	601	519	425	469	2,014	667
7. Provincial and Municipal .....	377	306	329	317	1,329	389
8. Interest on the Public Debt .....	229	289	235	373	1,126	230
9. Federal .....	160	187	169	267	783	157
10. Provincial and Municipal .....	69	102	66	106	343	73
11. Subsidies .....	43	52	96	59	250	66
12. Federal .....	40	49	83	48	220	62
13. Provincial .....	3	3	13	11	30	4
Transfers to Provincial and Municipal:						
14. Federal .....	258	298	283	284	1,123	300
15. Total Expenditure .....	3,089	3,094	3,442	3,400	13,025	3,335
16. Federal .....	1,755	1,769	1,753	1,833	7,110	1,921
17. Provincial and Municipal .....	1,334	1,325	1,689	1,567	5,915	1,414
18. Deficit (-) or Surplus (+) .....	- 331	- 28	- 334	- 200	- 893	- 310
19. Federal .....	- 311	- 57	- 16	- 62	- 446	- 416(1)
20. Provincial and Municipal .....	- 20	29	- 318	- 138	- 447	106(1)
21. Total Expenditure Minus Deficit or Plus Surplus .....	2,758	3,066	3,108	3,200	12,132	3,025
22. Federal .....	1,444	1,712	1,737	1,771	6,664	1,505
23. Provincial and Municipal .....	1,314	1,354	1,371	1,429	5,468	1,520

(1) In this quarter the federal deficit is irregularly high by about \$75 million and the provincial deficit correspondingly low as a consequence of the introduction of the new tax collection arrangements and the continuation in this quarter of transfer payments to the provinces under the former tax rental agreements.

TABLE 7. Source of National Saving, by Quarters, 1961 and 1962  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Personal Net Saving .....	370	128	940	- 146	1,292	379
2. Business Gross Saving .....	1,024	1,364	1,410	1,358	5,156	1,233
3. Undistributed Corporation Profits .....	23	259	275	222	779	148
4. Capital Consumption Allowances and Miscellaneous Valuation Adjustments .....	1,025	1,080	1,124	1,120	4,349	1,056
5. Adjustment on Grain Transactions(1) .....	- 24	25	11	16	28	29
6. Inventory Valuation Adjustment .....	12	- 16	- 31	- 51	- 86	- 33
7. Government Surplus (+) or Deficit (-) .....	- 331	- 28	- 334	- 200	- 893	- 310
8. Residual Error of Estimate .....	- 81	- 134	67	87	- 61	- 165
9. Totals .....	994	1,314	2,052	1,048	5,408	1,104

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

TABLE 8. Disposition of National Saving, by Quarters, 1961 and 1962  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Business Gross Fixed Capital Formation .....	1,284	1,662	1,837	1,710	6,493	1,363
2. New Residential Construction .....	247	364	441	406	1,458	291
3. New Non-Residential Construction .....	476	623	814	734	2,647	512
4. New Machinery and Equipment .....	561	675	582	570	2,388	560
5. Value of Physical Change in Inventories .....	- 49	- 187	331	- 333	- 238	- 81
6. Surplus (+) or Deficit (-) on Current Account with Non-Residents .....	- 322	- 296	- 48	- 243	- 909	- 344
7. Residual Error of Estimate .....	81	135	- 68	- 86	62	166
8. Totals .....	994	1,314	2,052	1,048	5,408	1,104

TABLE 9. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1961 and 1962(1)  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Personal Expenditure on Consumer Goods and Services .....	5,254	5,728	5,637	6,240	22,859	5,565
2. Non-Durable Goods .....	2,618	2,825	2,874	3,352	11,669	2,764
3. Durable Goods .....	540	729	648	758	2,675	638
4. Services .....	2,096	2,174	2,115	2,130	8,515	2,163
5. Government Expenditure on Goods and Services .....	1,406	1,511	1,970	1,721	6,608	1,441
6. Business Gross Fixed Capital Formation .....	1,184	1,534	1,696	1,576	5,990	1,238
7. New Residential Construction .....	226	332	402	369	1,329	262
8. New Non-Residential Construction .....	439	577	760	684	2,460	469
9. New Machinery and Equipment .....	519	625	534	523	2,201	587
10. Change in Inventories .....	- 34	- 221	268	- 275	- 262	- 22
11. Non-Farm Business Inventories .....	204	- 51	- 49	105	209	212
12. Farm Inventories and Grain in Commercial Channels .....	- 238	- 170	317	- 380	- 471	- 234
13. Exports of Goods and Services .....	1,550	1,816	2,035	1,942	7,343	1,654
14. Deduct: Imports of Goods and Services .....	- 1,830	- 2,070	- 2,033	- 2,134	- 8,067	- 1,928
15. Residual Error of Estimate .....	75	127	- 64	- 80	58	153
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	7,605	8,425	9,509	8,990	34,529	8,101

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 9, 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.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 10. National Income and Gross National Product, by Quarters, 1961 and 1962 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Wages, Salaries, and Supplementary Labour Income .....	18,412	18,736	19,060	19,328	18,884	19,692
2. Military Pay and Allowances .....	540	544	544	572	550	600
3. Corporation Profits before Taxes and before Dividends paid to Non-Residents(1) .....	2,956	3,364	3,588	3,844	3,438	3,768
4. Deduct: Dividends Paid to Non-Residents(2) .....	- 748	- 544	- 548	- 512	- 588	- 576
5. Rent, Interest, and Miscellaneous Investment Income ..	2,480	2,468	2,616	2,552	2,529	2,584
6. Accrued Net Income of Farm Operators from Farm Production(3) .....	864	932	1,016	936	937	1,236
7. Net Income of Non-Farm Unincorporated Business(4) ....	2,092	2,224	2,372	2,308	2,249	2,360
8. Inventory Valuation Adjustment .....	48	- 64	- 124	- 204	- 86	- 132
9. NET NATIONAL INCOME AT FACTOR COST .....	26,644	27,660	28,524	28,824	27,913	29,532
10. Indirect Taxes less Subsidies .....	4,556	4,584	4,540	4,892	4,643	4,892
11. Capital Consumption Allowances and Miscellaneous Valuation Adjustments .....	4,312	4,284	4,388	4,412	4,349	4,452
12. Residual Error of Estimate .....	48	- 40	- 56	- 196	- 61	- 260
13. GROSS NATIONAL PRODUCT AT MARKET PRICES .....	35,560	36,488	37,396	37,932	36,844	38,616
14. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators) .....	(34,696)	(35,556)	(36,380)	(36,996)	(35,907)	(37,380)

(1) See footnote 1, Table 1.

(2) See footnote 2, Table 1.

(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 11. Gross National Expenditure, by Quarters, 1961 and 1962 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Personal Expenditure on Consumer Goods and Services ..	23,784	24,124	24,504	24,600	24,253	25,312
2. Government Expenditure on Goods and Services(1, 2) ...	6,924	7,140	7,284	7,384	7,183	7,496
3. Business Gross Fixed Capital Formation(3) .....	6,392	6,260	6,620	6,700	6,493	6,752
4. New Residential Construction .....	1,344	1,436	1,576	1,476	1,458	1,548
5. New Non-Residential Construction .....	2,616	2,560	2,652	2,760	2,647	2,760
6. New Machinery and Equipment .....	2,432	2,264	2,392	2,464	2,388	2,444
7. Value of Physical Change in Inventories .....	- 332	- 212	- 316	- 92	- 238	- 60
8. Non-Farm Business Inventories .....	60	168	104	504	209	72
9. Farm Inventories and Grain in Commercial Channels(4) ..	- 392	- 380	- 420	- 596	- 447	- 132
10. Exports of Goods and Services .....	7,184	7,316	7,856	7,956	7,578	7,832
11. Deduct: Imports of Goods and Services .....	- 8,344	- 8,184	- 8,608	- 8,812	- 8,487	- 8,976
12. Residual Error of Estimate .....	- 48	44	56	196	62	260
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES .....	35,560	36,488	37,396	37,932	36,844	38,616
Detail of Farm Inventories and GICC:						
Value of grain crop production .....	636	636	636	640	637	1,004
Depletions of farm stocks of grain .....	- 1,156	- 1,040	- 928	- 828	- 988	- 976
Change in livestock inventories .....	92	160	12	- 116	37	- 4
Grain in Commercial Channels .....	36	- 136	- 140	- 292	- 133	- 156

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 15.

(3) See footnote 3, Table 2.

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

TABLE 12. Source of Personal Income, by Quarters, 1961 and 1962 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Wages, Salaries and Supplementary Labour Income .....	18,412	18,736	19,060	19,328	18,884	19,692
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	- 752	- 780	- 800	- 792	- 781	- 768
3. Military Pay and Allowances .....	540	544	544	572	550	600
4. Net Income Received by Farm Operators from Farm Production(1) .....	872	808	1,008	948	909	1,020
5. Net Income of Non-Farm Unincorporated Business .....	2,092	2,224	2,372	2,308	2,249	2,360
6. Interest, Dividends, and Net Rental Income of Persons(2) .....	2,800	2,832	2,828	2,940	2,850	2,876
Transfer Payments to Persons:						
7. From Government (Excluding Interest) .....	3,268	3,304	3,360	3,440	3,343	3,576
8. Charitable Contributions by Corporations .....	44	44	44	48	45	48
9. PERSONAL INCOME .....	27,276	27,712	28,416	28,792	28,049	29,404

(1) This item differs from line 6, Table 10 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 13. Disposition of Personal Income, by Quarters, 1961 and 1962 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Personal Direct Taxes .....	2,396	2,460	2,584	2,576	2,504	2,616
2. Income Taxes .....	2,024	2,088	2,192	2,200	2,126	2,220
3. Succession Duties .....	148	132	152	152	146	160
4. Miscellaneous .....	224	240	240	224	232	236
5. Personal Expenditure on Consumer Goods and Services ..	23,784	24,124	24,504	24,600	24,253	25,312
6. Non-Durable Goods .....	11,976	12,164	12,280	12,136	12,139	12,572
7. Durable Goods .....	2,532	2,592	2,768	2,884	2,694	3,008
8. Services(1) .....	9,276	9,368	9,456	9,580	9,420	9,732
9. Personal Net Saving .....	1,096	1,128	1,328	1,616	1,292	1,476
10. PERSONAL INCOME .....	27,276	27,712	28,416	28,792	28,049	29,404
11. (Personal Disposable Income)(2) .....	(24,880)	(25,252)	(25,832)	(26,216)	(25,545)	(26,788)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 14. Government Revenue, by Quarters, 1961 and 1962 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Direct Taxes - Persons .....	2,396	2,460	2,584	2,576	2,504	2,616
2. Federal .....	2,048	2,084	2,192	2,204	2,132	2,068
3. Provincial and Municipal .....	348	376	392	372	372	548
4. Direct Taxes - Corporations .....	1,432	1,588	1,716	1,704	1,610	1,716
5. Federal .....	1,176	1,304	1,404	1,396	1,320	1,304
6. (Federal Tax Collections) .....	(1,332)	(1,276)	(1,252)	(1,296)	(1,289)	(1,384)
7. Provincial .....	256	284	312	308	290	412
8. (Provincial Tax Collections) .....	(280)	(276)	(288)	(296)	(285)	(296)
Withholding Taxes:						
9. Federal(1) .....	112	112	108	104	109	104
10. Indirect Taxes .....	4,764	4,792	4,904	5,112	4,893	5,188
11. Federal .....	2,164	2,156	2,196	2,244	2,190	2,288
12. Provincial and Municipal(2) .....	2,600	2,636	2,708	2,868	2,703	2,900
13. Investment Income .....	1,060	1,060	1,208	1,120	1,112	1,120
14. Federal .....	364	360	496	404	406	392
15. Provincial and Municipal .....	696	700	712	716	706	728
16. Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	752	780	800	792	781	768
17. Federal .....	488	504	520	516	507	492
18. Provincial and Municipal .....	264	276	280	276	274	276
Transfers from Federal:						
19. Provincial and Municipal .....	1,004	1,176	1,156	1,156	1,123	1,180
20. Total Revenue .....	11,520	11,968	12,476	12,564	12,132	12,692
21. Federal .....	6,352	6,520	6,916	6,868	6,664	6,648
22. Provincial and Municipal .....	5,168	5,448	5,560	5,696	5,468	6,044

(1) See footnote 1, Table 5.

(2) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward, this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

TABLE 15. Government Expenditure, by Quarters, 1961 and 1962 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Goods and Services .....	6,924	7,140	7,284	7,384	7,183	7,496
2. Federal .....	2,848	2,968	3,008	3,056	2,970	3,040
3. (Defence) .....	(1,560)	(1,636)	(1,592)	(1,680)	(1,617)	(1,684)
4. Provincial and Municipal .....	4,076	4,172	4,276	4,328	4,213	4,456
5. Transfer Payments to Persons (Excluding Interest on the Public Debt) .....	3,268	3,304	3,360	3,440	3,343	3,576
6. Federal .....	1,984	2,024	2,000	2,048	2,014	2,244
7. Provincial and Municipal .....	1,284	1,280	1,360	1,392	1,329	1,332
8. Interest on the Public Debt .....	1,084	1,136	1,112	1,172	1,126	1,104
9. Federal .....	748	800	764	820	783	748
10. Provincial and Municipal .....	336	336	348	352	343	356
11. Subsidies .....	208	208	364	220	250	296
12. Federal .....	180	180	332	188	220	264
13. Provincial .....	28	28	32	32	30	32
Transfers to Other Levels of Government:						
14. Federal .....	1,004	1,176	1,156	1,156	1,123	1,180
15. Total Expenditure .....	12,488	12,964	13,276	13,372	13,025	13,652
16. Federal .....	6,764	7,148	7,260	7,268	7,110	7,476
17. Provincial and Municipal .....	5,724	5,816	6,016	6,104	5,915	6,176
18. Deficit (-) or Surplus (+) .....	- 968	- 996	- 800	- 808	- 893	- 960
19. Federal .....	- 412	- 628	- 344	- 400	- 446	(1)
20. Provincial and Municipal .....	- 556	- 368	- 456	- 408	- 447	(1)
21. Total Expenditure Minus Deficit or Plus Surplus .....	11,520	11,968	12,476	12,564	12,132	12,692
22. Federal .....	6,352	6,520	6,916	6,868	6,664	6,648
23. Provincial and Municipal .....	5,168	5,448	5,560	5,696	5,468	6,044

(1) In this quarter the federal deficit is irregularly high by about \$300 million and the provincial deficit correspondingly low as a consequence of the introduction of the new tax collection arrangements and the continuation in this quarter of transfer payments to the provinces under the former tax rental agreements. Reflecting this overlap, the federal deficit amounts to \$828 million and the provincial-municipal deficit to \$132 million seasonally adjusted and at annual rates.

TABLE 16. Source of National Saving, by Quarters, 1961 and 1962 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Personal Net Saving .....	1,096	1,128	1,328	1,616	1,292	1,476
2. Business Gross Saving .....	4,628	5,196	5,260	5,540	5,156	5,684
3. Undistributed Corporation Profits .....	324	788	864	1,140	779	1,016
4. Capital Consumption Allowances, etc. ....	4,312	4,284	4,388	4,412	4,349	4,452
5. Adjustment on Grain Transactions(1) .....	- 8	124	8	- 12	28	216
6. Inventory Valuation Adjustment .....	48	- 64	- 124	- 204	- 86	- 132
7. Government Surplus (+) or Deficit (-) .....	- 968	- 996	- 800	- 808	- 893	- 960
8. Residual Error of Estimate .....	48	- 40	- 56	- 196	- 61	- 260
9. Totals .....	4,852	5,224	5,608	5,948	5,408	5,808

(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 17. Disposition of National Saving, by Quarters, 1961 and 1962 Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Business Gross Fixed Capital Formation .....	6,392	6,260	6,620	6,700	6,493	6,752
2. New Residential Construction .....	1,344	1,436	1,576	1,476	1,458	1,548
3. New Non-Residential Construction .....	2,616	2,560	2,652	2,760	2,647	2,760
4. New Machinery and Equipment .....	2,432	2,264	2,392	2,464	2,388	2,444
5. Value of Physical Change in Inventories .....	- 332	- 212	- 316	- 92	- 238	- 60
6. Surplus (+) or Deficit (-) on Current Account with Non-Residents .....	- 1,160	- 868	- 752	- 856	- 909	- 1,144
7. Residual Error of Estimate .....	- 48	44	56	196	62	260
8. Totals .....	4,852	5,224	5,608	5,948	5,408	5,808



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TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1961 and 1962(1)  
Seasonally Adjusted at Annual Rates  
(millions of dollars)

	1961					1962
	I	II	III	IV	Year	I
1. Personal Expenditure on Consumer Goods and Services .....	22,476	22,776	23,068	23,116	22,859	23,744
2. Non-Durable Goods .....	11,532	11,736	11,792	11,616	11,669	12,020
3. Durable Goods .....	2,504	2,544	2,744	2,908	2,675	3,024
4. Services .....	8,440	8,496	8,532	8,592	8,515	8,700
5. Government Expenditure on Goods and Services ....	6,392	6,608	6,720	6,712	6,608	6,740
6. Business Gross Fixed Capital Formation .....	5,904	5,780	6,108	6,168	5,990	6,144
7. New Residential Construction .....	1,220	1,312	1,440	1,344	1,329	1,388
8. New Non-Residential Construction .....	2,424	2,376	2,476	2,564	2,460	2,536
9. New Machinery and Equipment .....	2,260	2,092	2,192	2,260	2,201	2,220
10. Change in Inventories .....	- 364	- 248	- 340	- 96	- 262	8
11. Non-Farm Business Inventories .....	64	176	112	484	209	72
12. Farm Inventories and Grain in Commercial Channels .....	- 428	- 424	- 432	- 580	- 471	- 64
13. Exports of Goods and Services .....	7,036	7,148	7,564	7,624	7,343	7,464
14. Deduct: Imports of Goods and Services .....	- 8,068	- 7,884	- 8,080	- 8,236	- 8,067	- 8,360
15. Residual Error of Estimate .....	- 44	40	52	184	58	240
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS .....	33,332	34,220	35,092	35,472	34,529	35,980

(1) See also footnote 1, Table 9.