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Friday, April 19, 1968

Prices: Between March and February consumer price indexes advanced in six regional cities and city combinations and declined in four others. Movements ranged from an increase of 0.7% in Saskatoon-Regina to a decrease of 0.2% in Halifax. (page 15)

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Travel: Entries of vehicles registered in other countries numbered 577,088 in February, an increase of 128,833 or 26.7% over February 1967. Cumulative date for January and February show an increase of 192,394 or 20.6% over the same period of last year. (page 17)

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Transportation: During the final ten days of March revenue freight carloadings declined 10.1% to 92,048 from the previous year period in which the Easter holidays occurred. (page 18)

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Merchandising: Chain store sales during February climbed to \$559,712,000, up 13.9% over the 1967 month value of \$491,393,000. (page 18)

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Index of Industrial Production: The seasonally adjusted index of industrial production fell by 1.1% in February, dropping to 294.4 from the revised January level of 287.6. (page 18)

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Manufacturing: Steel ingot production for the week ending April 13, 1968 totalled 217,964 tons, a decrease of 1.6% from the preceding week's total of 221,552 tons (page 19)

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Census: Between the Census years, 1961 and 1966, the percentage of single detached dwellings in Canada decreased from 65% to 62% of all occupied dwellings, while apartments or flats increased from 25% to 29%. (page 20)

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Agriculture and Food: Cold storage holdings of cheddar cheese and skim milk powder were higher on April 1 this year than last, while stocks of creamery butter and evaporated whole milk were down. (page 21)

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Expenditures on Scientific Activities: Current expenditures on research and development by the Federal Government increased during each of the years of this latest survey. (page 21)

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Municipal Government Finance: Revenue and expenditure of Canadian municipalities continued to increase in 1964. (page 24)

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

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

Within the year, the pace of expansion in GNP was somewhat uneven -- 2 per cent in each of the first two quarters, of ½ of one per cent in the third and 1 per cent in the fourth. Personal expenditure rose continuously during the year while the capital formation aggregate declined throughout; other components displayed fluctuations, with considerable volatility occurring in non-farm inventories and in the external sector.

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

Developments in the external sector were among the highlights of the year. The current account deficit on a national accounts basis narrowed substantially to \$549 million from \$1207 million in 1966, as exports of goods and services increased by 11½ per cent while imports advanced 6 per cent overall but declined in the last two quarters. An increase in merchandise exports of 10½ per cent combined with an 8 per cent advance in imports more than doubled the merchandise surplus to \$480 million. Exports to the United States, where economic activity quickened in the second half of the year after a slowdown in the first half, rose 17 per cent while imports advanced 12½ per cent, substantially reducing the trade deficit; notable also was an increase of 45 per cent in exports to Japan. On non-merchandise transactions, receipts increased by over 17 per cent while payments rose barely 2 per cent; thus the deficit was reduced by \$402 million. Prominent in this development was the Expo-affected tourist and travel account which switched from a deficit of \$63 million to a surplus of \$427 million, only the second surplus since 1950.

Government expenditures on goods and services rose considerably less than in 1966 -- $9\frac{1}{2}$ per cent compared with $17\frac{1}{2}$. All levels of government reflected the reduced rate of advance: at the federal level, the rise was $8\frac{1}{2}$ per cent as against 19 per cent, while the increase at the provincial-municipal level was 10 per cent compared with $16\frac{1}{2}$ per cent. Inclusive of contributions to the Canada and Quebec pension plans, the combined government surplus was reduced by more than half, to \$157 million. Excluding the pension plan contributions the provincial-municipal deficit narrowed by \$62 million while the federal government switched from a small surplus to a deficit of \$256 million.

Notable differences from the pattern of the previous year occurred among the components of business gross fixed capital formation. Expenditures on new residential construction advanced $7\frac{1}{2}$ per cent, up sharply from 2 per cent in 1966. Aided by developments in the money market and government action relating to interest rates on NHA-approved loans and to CMHC direct loans to builders in the spring, housing starts jumped sharply in the second quarter and remained near this level in the latter half of the year; for the year, starts increased to 164,000, some 30,000 units over 1966. This was heavily concentrated in multiple units which rose to 92,000; single family unit starts advanced by 2,000.

In striking contrast, investment in plant and equipment declined by 3 per cent after annual increases of over 20 per cent in the period 1964-1966. A small decline in the first quarter deepened substantially in the next two before moderating in the fourth quarter; in the last three months of 1967, such investment was running 16 per cent below the peak of the fourth quarter of 1966. Movements in the two components diverged somewhat: non-residential construction declined for the first three quarters before recovering in the fourth, while machinery and equipment declined in the last three quarters after a small increase in the first. With the exception of investment in manufacturing, outlays on plant and equipment ran slightly ahead of last year; however, manufacturing investment declined by 14 per cent with drops of 9 and $19\frac{1}{2}$ per cent in non-durables and durables respectively.

An anticipated $1\frac{1}{2}$ per cent rise in business capital formation is revealed in the 1968 investment intentions survey, with the entire increase coming from a $9\frac{1}{2}$ per cent rise in residential construction; outlays on plant and equipment are expected to be virtually unchanged, with a 1 per cent increase in non-residential construction offset by a 1 per cent decline in machinery and equipment.

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

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

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

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

(1) Components will not necessarily sum to totals because of rounding.

(2) GNP inclusive of the residual error of estimate.

Implicit in the aggregates of the income side are some significant developments relating to output and employment. Excluding agriculture, the gain in output as measured by the indexes of real domestic product was slightly more than 3 per cent; the increase in services was somewhat lower than in the last two years, while the rise in the goods-producing sector was much reduced largely due to an increase of only $\frac{1}{2}$ of 1 per cent in durable manufacturing. As a result, there was a considerable shift in the composition of output, with services accounting for over $\frac{2}{3}$ of the increase as compared with $\frac{2}{5}$ in the two previous years. The labour force increased almost as rapidly as in 1966, but employment rose by a substantially lesser amount and remained virtually stationary in the latter half of the year. The industrial composite employment index recorded a $1\frac{1}{2}$ per cent advance, while declines occurred in the durable manufacturing and construction indexes. The bulk of the increase in employment occurred in the service sector; with greater job opportunities for women in this area, the rise in female employment was much larger than that for men - 6 per cent as against 2 per cent - and for the first time since 1961 women accounted for more than half the total increase. The unemployment rate rose from 3.6 per cent in 1966 to 4.1 per cent, and reached 4.7 per cent during the last quarter before declining somewhat in early 1968.

Labour income increased by over 9 per cent, reduced from the exceptionally large $13\frac{1}{2}$ per cent rise of 1966; almost $\frac{3}{4}$ of the advance occurred in the service-producing sector, while pay increases in both goods and services were greater than last year. Preliminary indications are that the increase in output per person employed in the commercial non-agricultural industries during 1967 was lower than that of 1966, itself a below-average year. Unit costs continued to rise, and were partly absorbed by profit margins; gross profits advanced 1 per cent compared with 3 per cent in 1966, while net profits declined a further $2\frac{1}{2}$ per cent after a 1 per cent decline previously.

A special feature of 1967 was agriculture. The value of the grain crop was some 22 per cent lower than the value of the record 1966 crop. Reflecting this, accrued net income of farm operators declined 23 per cent after the 34 per cent increase of 1966, though it was some 3 per cent higher than in the less exceptional year of 1965. An unusual development, however, was a break in the downward trend of agricultural employment which increased for the first time since 1954; combined with lower production, this resulted in a very substantial reduction in output per person employed.

Price Movements

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

Implicit Price Indexes
Percentage change from the previous year

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

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

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

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

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

The Fourth Quarter 1967 The gross national product increased by 1 per cent in the fourth quarter to reach a level just below \$63 billion. After allowing for price increases, almost half of the advance represented a gain in real terms; this compared with a decline of about one-half of one per cent in the volume of production in the previous quarter. There were divergent movements in components of demand and some levelling on the income side.

Personal expenditure increased by \$640 million. Government expenditure rose by \$400 million to return to the second quarter level; increased outlays by provincial and municipal governments accounted for over three quarters of the advance. New non-residential construction reversed the trend of three previous quarters with an 8½ per cent advance. However, with residential construction little changed from the third quarter level, the 8½ per cent decline in machinery and equipment kept the capital formation component as a whole at approximately the same level as in the third quarter. There was a liquidation in inventories of \$312 million, three-quarters of which occurred at the manufacturing level.

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

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

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

The softening in the rate of increase in consumer prices was most apparent in non-food non-durable goods, which did not increase at all. There was a fall in the price of women's clothing and a further decline in drug prices due to the removal of the federal sales tax on pharmaceuticals last September. Food prices rose by 0.8 per cent, significantly lower than the 2.0 per cent rise registered in the previous quarter. Seasonally adjusted data reveal that last quarter's strong increase was based in dairy products, cereal products, beef, fresh fruits and fresh vegetables. All these items except beef showed lower rates of price increase in the

current period. Within services, prices of purchased transportation and recreation fell, while rents showed less of an increase than previously. For the third consecutive quarter, durable goods registered a very strong price increase of about 1 per cent. As in the last two quarters, increases in new car prices accounted for much of the increase but other durables also increased strongly. In contrast to most components, household appliances and radios declined slightly.

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

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

A. National Income and Gross National Product, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	25,112	25,736	26,500	27,368	26,179	28,548	29,308	29,964	30,824	29,661
2. Military pay and allowances .	596	592	600	560	587	684	568	588	644	621
3. Corporation profits before taxes	5,040	5,112	5,344	5,300	5,199	5,380	5,236	4,824	5,140	5,145
4. Deduct: Dividends paid to non-residents (1)	-800	-756	-788	-776	-780	-728	-768	-776	-916	-797
5. Rent, interest and miscellaneous investment income	3,384	3,484	3,528	3,752	3,537	3,708	3,844	3,832	3,992	3,844
6. Accrued net income of farm operators from farm production (2)	1,564	1,496	1,780	1,740	1,645	2,184	2,244	2,252	2,136	2,204
7. Net income of non-farm unincorporated business (3).	2,736	2,872	2,980	2,920	2,877	2,936	2,852	3,000	3,008	2,949
8. Inventory valuation adjustment	-188	-308	-340	-464	-325	-488	-232	-340	-224	-321
9. NET NATIONAL INCOME AT FACTOR COST	37,444	38,228	39,604	40,400	38,919	42,224	43,052	43,344	44,604	43,306
10. Indirect taxes less subsidies	6,968	7,144	7,440	7,400	7,238	7,860	7,912	8,180	7,848	7,950
11. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,404	6,624	6,696	6,768	6,623
12. Residual error of estimate ..	-104	-40	-176	64	-64	96	280	120	468	241
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	50,252	51,424	52,996	54,140	52,203	56,584	57,868	58,340	59,688	58,120
14. (Gross national product at market prices excluding accrued net income of farm operators)	48,688	49,928	51,216	52,400	50,558	54,400	55,624	56,088	57,552	55,916

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

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustment for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

A. National Income and Gross National Product, by Quarters, 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

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

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

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustment for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

B. Gross National Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services .	30,764	31,664	32,524	33,292	32,061	33,956	34,116	35,332	35,988	34,848
2. Government expenditure on goods and services (1)	9,244	9,520	9,668	10,024	9,614	10,656	10,964	11,632	11,892	11,286
3. Business gross fixed capital formation (2)	9,848	10,172	11,000	11,584	10,651	11,968	12,572	12,308	13,124	12,493
4. New residential construction	2,052	2,136	2,144	2,164	2,124	2,280	2,264	2,084	2,056	2,171
5. New non-residential construction	3,816	3,728	4,148	4,404	4,024	4,480	5,016	4,672	5,232	4,850
6. New machinery and equipment.	3,980	4,308	4,708	5,016	4,503	5,208	5,292	5,552	5,836	5,472
7. Value of physical change in inventories	1,288	1,168	728	608	948	988	1,668	588	516	940
8. Non-farm business inventories	1,108	980	836	696	905	792	1,392	564	360	777
9. Farm inventories and grain in commercial channels (3).	180	188	-108	-88	43	196	276	24	156	163
10. Exports of goods and services.	10,712	10,940	11,460	11,948	11,265	12,660	12,820	13,276	13,536	13,073
11. Deduct : Imports of goods and services	-11,704	-12,076	-12,564	-13,256	-12,400	-13,548	-13,996	-14,676	-14,900	-14,280
12. Residual error of estimate ...	100	36	180	-60	64	-96	-276	-120	-468	-240
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	50,252	51,424	52,996	54,140	52,203	56,584	57,868	58,340	59,688	58,120

Detail of Farm Inventories and GICC:

Value of grain crop production	1,300	1,300	1,300	1,304	1,301	1,564	1,564	1,564	1,564	1,564
Depletions of farm stocks of grain	-1,188	-1,168	-1,116	-1,340	-1,203	-1,224	-1,372	-1,612	-1,404	-1,403
Change in livestock inventories	-4	-40	-28	-96	-42	-100	36	48	-32	-12
Grain in commercial channels	72	96	-264	44	-13	-44	48	24	28	14

- (1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Includes net purchases of government commodity agencies, and also defence expenditures.
- (2) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.
- (3) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole. All other items in the farm inventories series are seasonally adjusted by standard techniques.

B. Gross National Expenditure, by Quarters, 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967				Year
	I	II	III	IV	
1. Personal expenditure on consumer goods and services.	36,444	37,388	38,192	38,832	37,714
2. Government expenditure on goods and services (1)	11,860	12,672	12,288	12,688	12,377
3. Business gross fixed capital formation (2)	12,972	12,724	11,916	11,848	12,365
4. New residential construction	1,920	2,348	2,532	2,548	2,337
5. New non-residential construction	5,128	4,724	4,236	4,592	4,670
6. New machinery and equipment	5,924	5,652	5,148	4,708	5,358
7. Value of physical change in inventories	152	148	680	-80	225
8. Non-farm business inventories	176	208	684	-312	189
9. Farm inventories and grain in commercial channels (3)	-24	-60	-4	232	36
10. Exports of goods and services	14,468	15,004	14,252	14,708	14,608
11. Deduct: Imports of goods and services	-15,088	-15,692	-14,988	-14,860	-15,157
12. Residual error of estimate ..	28	-172	32	-144	-64
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	60,836	62,072	62,372	62,992	62,068

Detail of Farm Inventories and GICC:

Value of grain crop production	1,212	1,212	1,212	1,216	1,213
Depletions of farm stocks of grain	-1,280	-1,476	-1,460	-1,156	-1,343
Change in livestock inventories	8	72	-60	4	6
Grain in commercial channels	36	132	304	168	160

- (1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Includes net purchases of government commodity agencies, and also defence expenditures.
- (2) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.
- (3) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole. All other items in the farm inventories series are seasonally adjusted by standard techniques.

C. Gross National Expenditure in Constant (1957) Dollars, by Quarters 1965 and 1966(1)
Seasonally Adjusted at Annual Rates

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	27,584	28,164	28,808	29,288	28,461	29,508	29,296	30,256	30,548	29,902
2. Non-durable goods	13,540	13,792	14,008	14,340	13,920	14,296	14,516	14,784	15,052	14,662
3. Durable goods	3,704	3,892	4,232	4,192	4,005	4,312	3,824	4,328	4,240	4,176
4. Services	10,340	10,480	10,568	10,756	10,536	10,900	10,956	11,144	11,256	11,064
5. Government expenditure on goods and services	7,368	7,468	7,588	7,672	7,524	7,948	8,192	8,548	8,652	8,335
6. Business gross fixed capital formation	7,952	8,156	8,824	9,188	8,530	9,376	9,732	9,444	9,980	9,633
7. New residential construction	1,616	1,656	1,656	1,644	1,643	1,704	1,672	1,508	1,456	1,585
8. New non-residential construction	3,092	2,972	3,284	3,436	3,196	3,452	3,804	3,500	3,868	3,656
9. New machinery and equipment	3,244	3,528	3,884	4,108	3,691	4,220	4,256	4,436	4,656	4,392
10. Change in inventories	1,252	1,156	720	624	938	1,000	1,568	532	464	891
11. Non-farm business inventories	1,080	944	804	668	874	784	1,284	500	336	726
12. Farm inventories and grain in commercial channels	172	212	-84	-44	64	216	284	32	128	165
13. Exports of goods and services	9,700	9,872	10,216	10,604	10,098	11,152	11,212	11,380	11,636	11,345
(of which merchandise)	(7,708)	(7,856)	(8,116)	(8,604)	(8,071)	(9,048)	(9,088)	(9,300)	(9,540)	(9,244)
14. Deduct: Imports of goods and services	-10,248	-10,668	-10,944	-11,492	-10,838	-11,716	-12,044	-12,544	-12,656	-12,240
(of which merchandise)(2)	(7,248)	(7,596)	(7,852)	(8,364)	(7,765)	(8,564)	(8,848)	(9,172)	(9,260)	(8,961)
15. Residual error of estimate ...	88	32	152	-52	55	-80	-228	-96	-380	-196
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS ..	43,696	44,180	45,364	45,832	44,768	47,188	47,728	47,520	48,244	47,670

(continued)

G. N. P.

- (1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.
- (2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

C. Gross National Expenditure in Constant (1957) Dollars, by Quarters 1967 (1)
Seasonally Adjusted at Annual Rates

page 14

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

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

G. N. P. (continued)

*2. Consumer Price Indexes for Regional Cities Between March and February, consumer price indexes advanced in six regional cities and city combinations and declined in four others. Movements ranged from an increase of 0.7% in Saskatoon-Regina to a decrease of 0.2% in Halifax.

Among foodstuffs, lower quotations for most fresh vegetables, poultry, beef and pork contributed to declines in the food indexes for all cities except St. John's, where no change occurred. Slightly higher rents in most cities, together with increased home-ownership and household operation costs accounted for a general rise in the housing indexes. The clothing index registered advances in all cities, reflecting generally higher prices for most men's, women's and children's outerwear. The transportation indexes exhibited mixed movements, with higher gasoline prices in Ontario and Saskatchewan contributing to rises in this component in several cities and lower automobile prices in Winnipeg resulting in a decline in the index for that city. There were only marginal changes in the health and personal care indexes. Small increases were recorded in three cities while minor declines occurred in three others and there was no change at the remaining four locations. The recreation and reading indexes likewise showed varied movements, with advances in seven cities, no change in two and a marginal decline in one. There was an appreciable rise in the tobacco and alcohol indexes for the Ontario and Saskatchewan cities only, reflecting the imposition of higher taxes in these two provinces.

Consumer Price Indexes for Regional Cities⁽¹⁾ of Canada
at the Beginning of March, 1968
(Base 1949=100)

	All-Items		Group Indexes - March 1968						
	March 1968	February 1968	Food	Housing	Clothing	Transportation	Health & Personal Care	Recreation & Reading	Tobacco and Alcohol
St. John's ⁽²⁾	132.6	132.1	128.3	123.2	132.2	128.8	190.8	158.0	126.2
Halifax	144.5	144.8	141.8	144.3	143.9	146.4	189.1	193.4	140.2
Saint John	148.3	147.9	146.6	140.8	145.7	158.3	214.5	179.5	139.6
Montreal	150.9	151.1	155.5	146.0	126.8	184.1	198.6	174.6	137.9
Ottawa	152.5	151.9	152.8	145.9	139.4	177.0	205.8	167.7	150.2
Toronto	154.7	153.8	146.0	155.9	143.4	159.9	190.3	216.2	148.9
Winnipeg	148.7	148.8	148.6	137.0	148.1	151.5	209.1	169.7	154.3
Saskatoon-Regina	143.9	142.9	145.3	136.5	149.3	147.6	168.3	168.5	140.1
Edmonton-Calgary	143.7	143.8	138.7	139.2	145.0	147.5	201.4	166.3	132.0
Vancouver	147.8	147.5	145.8	148.7	138.6	156.8	178.7	164.5	135.7

(1) All-Items Indexes for March and February and March group index detail are shown in the above table. These indexes show changes in retail prices of goods and services in each city. They do not indicate whether it costs more or less to live in one city than another.

(2) Index on the base June 1951=100

St. John's The all-items index moved up by 0.4%, for the third successive month, to 132.6 in March from 132.1 in February. While the food price level was unchanged, the clothing index registered an advance of 1.5%, and higher prices for tires, batteries and automobile repairs contributed to a rise of 0.8% in the transportation index. Increases of 0.3% were registered in both the housing and the recreation and reading components, while the indexes for health and personal care and tobacco and alcohol remained unchanged from their February levels.

Halifax After five consecutive monthly increases, a fractional decline of 0.2% reduced the all-items index to 144.5 in March from 144.8 in the preceding month. The decline was attributable to a dip of 1.5% in the level of food prices and to a marginal decrease of 0.1% in the index for health and personal care. The housing index rose by 0.3%, the clothing index advanced 0.7%, and increased charges for automobile repairs and lubrication contributed to an upward movement of 0.5% in the transportation component. Both the recreation and reading index and the tobacco and alcohol index were unchanged at their February levels.

Saint John The all-items index moved up by 0.3%, to 148.3 in March from its February level of 147.9. The clothing, housing, and transportation indexes advanced by 1.0%, 0.3%, and 0.8%, respectively. A lesser increase in the recreation and reading index was attributable to higher television repair charges. The food index and the health and personal care index each declined slightly, while that for tobacco and alcohol products remained unchanged.

Montreal The all-items index registered a dip of 0.1% to 150.9 in March from 151.1 in February. The food index declined by 0.9%, reflecting lower prices for meats and fresh vegetables, and a marginal decrease was also recorded in the recreation and reading index. Clothing prices advanced by 1.1% while the index for housing edged up by 0.1%. The remaining three components were unchanged from the preceding month.

Ottawa An increase of 0.4% brought the all-items index for March to 152.5 from its February level of 151.9. All components excepting food, which declined by 0.3%, registered advances. The housing index and the clothing index rose by 0.2% and 0.5%, respectively. The imposition of higher provincial taxes on gasoline and tobacco products contributed to advances of 1.2% and 2.2%, respectively, in the transportation and the tobacco and alcohol components. Lesser increases were registered in the indexes for health and personal care and for recreation and reading.

Toronto The all-items index moved up by 0.6% to 154.7 in March from 153.8 in February. Price increases for furniture and other home furnishings, together with higher rents, contributed to a rise of 0.4% in the housing index. Clothing prices advanced by 1.5% while higher charges for television repairs resulted in a 1.0% rise in the recreation and reading index. Increases of 1.0% and 3.6%, respectively, in the indexes for transportation and for tobacco and alcohol were a reflection of the imposition of higher taxes on gasoline and tobacco products. The components for food and for health and personal care each registered a decrease of 0.3%.

Winnipeg A fractional decline of 0.1%, for the second consecutive month, reduced the all-items index to 148.7 in March from 148.8 in the preceding month. A decrease of 0.9% in the transportation index was mainly attributable to lower prices for new automobiles, tires, batteries and some replacement parts. A marginal decline of 0.1% was registered in the food index, while the health and personal care and the tobacco and alcohol components both remained unchanged from the preceding month. The clothing index advanced by 0.6%, while lesser increases were registered in the indexes for housing and for recreation and reading.

Saskatoon-Regina The all-items index rose by 0.7% to 143.9 in March from 142.9 in February. Increases were recorded in all components of the index except that for food, which declined by 0.5%. Higher rents, together with increased prices for household furnishings, contributed to an advance of 0.7% in the housing index. An increase of 1.9% in the clothing index was mainly attributable to higher prices for many items which had been on sale in the previous month. The transportation index rose by 1.5% and the tobacco and alcohol index by 2.3%, reflecting higher provincial taxes on gasoline and tobacco. Lesser advances were registered in the health and personal care and in the recreation and reading indexes.

Edmonton-Calgary The all-items index dipped by 0.1% to 143.7 in March from 143.8 in the preceding month as the result of a 1.1% decline in the food price level. The clothing index registered a 0.8% rise and lesser increases occurred in the housing, transportation and recreation and reading components. The indexes for health and personal care and for tobacco and alcohol were unchanged.

Vancouver The all-items index edged up by 0.2% to 147.8 in March from its February level of 147.5. An increase of 0.7% in the housing index was largely attributable to higher rents and higher prices for furniture and floor coverings. The clothing index rose by 1.1%, and a fractional increase was registered in the health and personal care component. The indexes for transportation, for recreation and reading, and for tobacco and alcohol remained unchanged. Food prices, on average, declined by 0.5%, partially offsetting advances in the other components.

*3. Wholesale Price Indexes

(1935 - 1939 = 100)	Mar.* 1968	Feb.* 1968	Mar. 1967	Feb. 1967
General Wholesale Index	268.0	266.9	262.4	262.9
Vegetable Products	230.7	229.9	231.2	232.2
Animal Products	285.8	286.2	290.6	294.5
Textile Products	255.7	255.9	251.4	249.9
Wood Products	360.9	358.7	343.3	342.0
Iron Products	276.5	276.3	272.9	273.2
Non-ferrous Metals	258.8	253.0	236.6	236.5
Non-metallic Minerals	204.5	204.1	198.4	196.9
Chemical Products	213.7	213.8	209.3	210.0
Iron and Non-ferrous Metals (excluding gold)	319.4	314.9	300.8	301.0
Raw and Partly Mfg. Goods	250.2	247.7	245.0	246.7
Fully and Chiefly Mfg. Goods	277.9	277.6	272.2	271.8

* These indexes are preliminary.

T R A V E L

4. Non-Resident Vehicles Entering Canada Entries of vehicles registered in other countries numbered 577,088 in February, an increase of 128,833 or 26.7% over February 1967. Cumulative data for January and February show an increase of 192,394 or 20.6% over the same period of last year. The largest gains for February occurred in Quebec (62.7%) and Manitoba (58.6%). The same two provinces also registered the greatest gains in the cumulative period; 43.3% and 40.9% respectively.

5. Carloadings During the final ten days of March revenue freight carloadings declined 10.1% to 92,048 from the previous year period in which the Easter holidays occurred. Among commodities moved in fewer cars were: wheat, 3,979 (versus 4,987 in 1967); pulpwood, 4,116 (5,908); fuel oil, 2,882 (4,233); miscellaneous carload commodities, 10,516 (12,189); and merchandise l.c.l., 4,592 (6,737). Commodities requiring more cars were iron ore, 11,307 (9,097) and fertilizers, 4,349 (3,107). Receipts from both Canadian and U.S. rail connections dropped 1.7% to 35,344 cars.

Piggyback loadings during the current period dropped 3.2% to 4,639. During March, carloadings declined 5.4% to 299,175 from the previous year. Commodities reflecting significant declines included: wheat, 13,608 (as against 15,943 in 1967); pulpwood, 15,574 (18,929); newsprint paper, 9,907 (12,438); miscellaneous carload commodities, 33,295 (37,458) and merchandise l.c.l., 15,443 (21,839). Principal commodities moved in more cars were iron ore, 34,132 (28,586) and fertilizers, 12,698 (9,006). Cars received from connections were down 4.0% to 109,458 and piggyback loadings increased 4.8% to 15,526.

During the first quarter of the current year, 861,169 railway cars were loaded in Canada, down 3.8% from the previous year. Cars received from connections dropped 3.5% to 308,484 cars while piggyback loadings increased 2.2% to 41,807 cars.

6. Passenger Bus Statistics Revenue passengers carried by 44 passenger bus companies during January numbered 3,423,549, down from the 1967 month total of 4,076,646 and revenue vehicle miles run numbered 8,257,166 compared with 8,165,927. Total operating revenues during the month amounted to \$4,662,606 against \$4,626,575 in January last year.

MERCHANDISING

7. Chain Store Sales and Stocks Chain store sales during February climbed to \$559,712,000, up 13.9% over the 1967 month value of \$491,393,000. Stocks at cost at the first of the month were valued to \$521,930,000, a 3.5% increase from February 1967's value of \$504,289,000. Increases ranging from 5.1% in hardware stores to 14.8% in grocery and combination stores were recorded in all business areas in the year-to-year comparison.

INDEX OF INDUSTRIAL PRODUCTION

*8. February Index of Industrial Production The seasonally adjusted index of industrial production fell by 1.1% in February, dropping to 284.4 from the revised January level of 287.6. A 1.9% fall in manufacturing and a 0.8% decline in electric power and gas utilities were only partially offset by a 2.4% increase in mining. All of the reduction in manufacturing output was due to the 5.0% contraction in durables as non-durables rose by 0.9%.

The decline in durables' manufacturing was largely due to the effects of labour disputes on both the motor vehicles, (-31%), and the motor vehicle parts, (-26%), industries. If these two industries had maintained their January levels, durables manufactures would have risen by 0.7%, total manufacturing by 0.8%, and the index as a whole by 0.9%. With the industries still affected by labour disputes in March, little or no recovery in these areas is expected before April. Also contributing to the durables' decrease were declines of 1% in wood products and 2% in iron and steel products. The major factor in the latter decline was a near 9% drop in iron castings; primarily due to decreased pipe production.

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Partially offsetting the above declines were increases of 3% in non-ferrous metal products, 7% in non-metallic mineral products, (from an abnormally low January level), and 4% in electrical apparatus and supplies. Virtually all of this latter gain was due to the 17% increase in telecommunication equipment, and was in part due to increased production of colour television sets.

In non-durables, (+0.9%), three of the eleven major groups, (tobacco, clothing and rubber), fell, by 1, 2 and 7% respectively. The remaining eight rose by amounts ranging from fractional to more than 6%. In foods and beverages, (+0.7%), a better than 2% rise in the foods component was offset to a considerable extent by a more than 3% decline in beverages as distilleries fell by more than 14% from their record January level.

Other major contributors to the non-durables' upturn were paper products which rose by 3%, (largely due to the more than 2% increase in pulp and paper), and products of petroleum and coal which rose by 6%.

In mining, (+2.4%), all major components shared in the gain, as metals rose by 2%, non-metals by 6%, and fuels rose fractionally. While almost all metals components rose, the major contributors were iron ore, (+4%), and copper, (+4%). In non-metals, the gain was largely due to the potash component.

In electric power and gas utilities, (-0.8%), a 1% increase in electricity was more than offset by a decline in gas.

MANUFACTURING

- *9. Steel Ingots Steel ingot production for the week ending April 13, 1968 totalled 217,964 tons, a decrease of 1.6% from the preceding week's total of 221,552 tons. The total for the comparable week of 1967 was 193,371 tons. The index of production based on the average weekly output during 1957-1959 of 96,108 equalling 100 was 227 in the current week, 232 a week earlier and 201 one year ago.
10. Steel Ingots and Pig Iron According to preliminary figures, March production of steel ingots totalled 982,581 tons, compared with 879,153 in March 1967. Production for the year to date stands at 2,708,208 tons, an increase over the 2,300,340 in the same period last year. Preliminary figures for pig iron production, show 774,190 tons produced in March, compared to 612,324 tons in the 1967 month. Cumulative figures are 2,066,576 for 1968 and 1,605,027 for 1967.
11. Vinyl-Asbestos Floor Tile Production of vinyl-asbestos tile totalled 16,791,712 square feet or 7,826 tons in March, a decrease from the 18,551,928 square feet and 8,654 tons produced in March 1967. Production for the two months ended February was 30,820,597 square feet or 14,284 tons, a decrease from the 1967 figures for the same period of 31,739,258 square feet and 14,911 tons.
12. Asphalt Roofing Shipments of asphalt roofing numbered 161,240 roof squares during February compared with 98,031 in the same month last year. During the year-to-date shipments amounted to 255,657 roof squares compared with 219,417.

13. Cement Shipments of Portland, masonry and other cement during February totalled 369,398 tons compared with 323,232 in the 1967 month and during the year to date amounted to 658,888 tons (including January revisions) against 659,800. Stocks at the end of February at 925,018 tons were below the 1967 end of the month total of 1,076,257.

*14. Sawmills East of the Rockies Production in sawmills east of the Rockies in February rose to 250,011,000 feet board measure from 246,249,000 feet board measure in February 1967. For the two months ended February 29 production amounted to 461,765,000 feet board measure compared to 471,450,000 feet board measure for the same period of last year. Stocks on hand at February 29 totalled 515,244,000 feet board measure.

15. Production of Motor Vehicles Preliminary figures show the production of motor vehicles at 67,812 units in March, of which 50,003 were automobiles and 17,809 were commercial vehicles. Figures for the year to date are: total vehicles, 238,168 units; automobiles, 174,783; and commercial vehicles, 63,385.

C E N S U S

16. Census Maps This report, issued today by the Dominion Bureau of Statistics, provides a series of reference maps to assist users in locating the areas and their boundaries used in the 1966 Census of Canada. Reference maps are provided in this report under three main categories; a summary map of Canada showing counties and census divisions; a map of each province showing counties, census divisions, municipal and census subdivisions; and a map of each Census Metropolitan Area and Census Major Urban Area. The report also includes a brief outline of the main elements of the municipal organization of each province as employed in census statistics.

17. Dwellings by Structural Type and Tenure Between the Census years, 1961 and 1966, the percentage of single detached dwellings in Canada decreased from 65% to 62% of all occupied dwellings, while apartments or flats have increased from 25% to 29%.

Most of the change can be accounted for in the cities of 500,000 population and over, where single detached dwellings account for approximately 42% of occupied dwellings, and apartments or flats for 48%.

In the cities of the largest size group, the distribution of owned and rented homes was almost exactly equal in 1966, whereas in cities of between 100,000 and 500,000 population the proportion was 60% owned to 40% rented. In cities of less than 100,000 population, comparative figures were 63% to 37%.

In rural areas the proportion of owned dwellings was still high, 83%, compared with 17% rented, showing virtually no change in habits of tenure since 1951.

Data on Dwellings by Structural Type and Tenure are to be found in Bulletin No. 93-602 of the 1966 Census of Canada released to-day.

18. Stocks of Dairy Products Cold storage holdings of cheddar cheese and skim milk powder were higher on April 1 this year than last, while stocks of creamery butter and evaporated whole milk were down. April 1 stocks were as follows: creamery butter, 18,844,000 pounds (27,076,000 in 1967); cheddar cheese, 72,172,000 pounds (66,454,000); evaporated whole milk, 14,244,000 pounds (23,128,000); and skim milk powder, 130,792,000 pounds (22,135,000).
19. Dairy Factory Production Production of creamery butter decreased 7% in March to 16,441,000 pounds from 17,753,000 in the 1967 month, while cheddar cheese production was down 12% to 7,074,000 pounds from 8,075,000. Evaporated whole milk production decreased by 2% to 20,851,000 pounds from 21,190,000 and skim milk powder was down 6% to 14,983,000 pounds from 15,988,000.
20. Stocks of Meat Stocks of meat reported and estimated in cold storage at April 1, were as follows: frozen, 66,431,000 pounds (73,490,000 at April 1, 1967); fresh, 27,382,000 pounds (27,841,000); cured, 10,311,000 pounds (8,261,000); and total, 104,124,000 (109,592,000).
21. Salt Production of salt during February amounted to 413,890 tons and during the two month period totalled 863,059 tons. Producers' shipments reached 451,356 tons during the month and 1,052,001 tons during the January-February period and stocks at the end of February totalled 177,104 tons.
22. Report on the Poultry Survey The total number of all poultry on farms in Canada, excluding Newfoundland, at December 1, 1967 is estimated at 66.0 million birds, down 4% from the 68.9 million at December 1, 1966. The December 1, 1967 estimate includes 61,443,000 hens and chickens; 4,119,000 turkeys; 177,900 geese and 236,600 ducks. The estimate of 61.4 million hens and chickens is 4% lower than the 63.8 million at December 1, 1966.

The number of turkeys on farms at December 1 was 11% lower than last year. The number of turkeys on farms increased in P.E.I., N.S., N.B. and B.C. but this was more than offset by decreases in the other provinces.

FEDERAL EXPENDITURES ON SCIENTIFIC ACTIVITIES

*23. Federal Expenditures on Scientific Activities Current expenditures on Research and Development by the Federal Government increased during each of the years of this latest survey. Comparison of the expenditures for 1965-66, 1966-67 and 1967-68 yields annual increases of 12% and 27% for these last two years. However, the 1967-68 estimates include \$19.3 million budgeted for grants under the Industrial Research and Development Incentives Act. Since this programme replaces the additional allowance for Research and Development of Section 72 A of the Income Tax Act, these grants supersede foregone tax revenue. Hence there is not a real increase in cost of \$19.3 million. Without these IRDIA grants the annual increase for 1967-68 would be about 21%.

Total expenditures on scientific activities have also increased. After revising the 1965-66 total to include the costs of the Meteorological Branch's data collection and information activities, these increases would be 12% and 25% for 1966-67 and 1967-68 respectively. Without the IRDIA grants budget the 1967-68 increase would also be 21%.

Preliminary Estimates of Current and Capital Expenditures of the Federal Government on Scientific Activities,
by Major Department or Agency and by Activity for Fiscal Years 1966-67 and 1967-68

	Current expenditures				Capital expenditures				Total	
	R & D		Other		R & D		Other		expenditures	
	1966-67	1967-68	1966-67	1967-68	1966-67	1967-68	1966-67	1967-68	1966-67	1967-68
	thousands of dollars									
Agriculture	33,463	36,444	981	1,169	5,905	10,899	-	-	40,349	48,512
Atomic Energy of Canada Ltd.	48,550	57,673	132	85	13,905	12,623	-	-	62,587	70,381
Energy Mines and Resources:										
Geographical Branch	1,040	1,169	477	534	79	37	-	-	1,596	1,740
Geological Survey of Canada	4,987	5,746	4,390	5,157	2,350	640	-	-	11,727	11,543
Inland Waters Branch	1,280	3,339	4,228	10,052	-	-	1,152	4,757	6,660	18,148
Marine Sciences	4,050	4,783	7,293	12,949	1,710	2,083	5,461	5,583	18,514	25,398
Mines Branch	5,997	6,811	1,635	1,861	545	620	-	-	8,177	9,292
Observatories Branch	3,428	4,175	85	93	3,601	1,874	-	-	7,114	6,142
Polar Continental Shelf Project ...	53	69	2,096	1,926	5	-	69	25	2,223	2,020
Surveys and Mapping Branch	115	176	8,880	10,192	-	-	-	-	8,995	10,368
Sub-totals	20,950	26,268	29,084	42,764	8,290	5,254	6,682	10,365	65,006	84,651
Fisheries:										
Industrial Development	1,856	2,703	-	-	155	35	-	-	2,011	2,738
Inspection Service	617	687	-	-	14	36	-	-	631	723
Resource Development	2,112	2,411	-	-	2,439	2,705	-	-	4,551	5,116
Fisheries Research Board	9,349	11,548	159	185	2,669	3,900	-	-	12,177	15,633
Sub-totals	13,934	17,349	159	185	5,277	6,676	-	-	19,370	24,210
Forestry and Rural Development	10,189	13,203	5,205	6,631	3,094	4,269	-	-	18,488	24,103
Indian Affairs and Northern Development	1,904	2,772	853	835	778	1,087	-	-	3,535	4,694
Industry	27,224	53,865(1)	-	31	-	-	-	-	27,224	53,896(1)
Medical Research Council	11,370	18,729	1,168	2,033	-	-	-	-	12,538	20,762
National Health and Welfare	7,252	8,569	1,983	2,737	2,640	2,315	-	-	11,875	13,621
National Research Council	72,026	88,096	10,449	12,433	7,382	10,246	-	-	89,857	110,775
Transport:										
Construction Engineering and										
Architectural Branch	30	43	44	27	4	10	-	-	78	80
Marine Services	242(2)	1,115	-	-	-	-	-	-	242(2)	1,115
Meteorological Branch	1,936	2,453	24,003(3)	24,683	1,002	1,118	2,148	2,374	29,089(3)	30,628
Telecommunications and Electronics										
Branch	575	846	20	22	501	430	-	-	1,096	1,298
Sub-totals	2,783	4,457	24,067	24,732	1,507	1,558	2,148	2,374	30,505	33,121
National Defence:										
Canadian Armed Forces	17,449	14,514	17,853	18,439	-	-	750	600	36,052	33,553
Defence Research Board	43,451	51,758	230	278	1,885	2,755	-	-	45,566	54,791
Sub-totals	60,900	66,272	18,083	18,717	1,885	2,755	750	600	81,618	88,344
Others	3,979	4,626	5,695	6,943	763	2,699	35	77	10,472	14,345
Totals	314,524	398,323(1)	97,859	119,295	51,426	60,381	9,615	13,416	473,424	591,415(1)

S. A. (continued)

(1) Including \$10,300,000 IRDIA grants replacing income tax incentive under Section 72A of the Income Tax Act.
 (2) Very substantial revision.
 (3) Expenditures for other scientific activities included for first time.

Preliminary Estimates of Current Expenditures of the Federal Government on Research and Development
by Major Department or Agency and by Performer for the Fiscal Years 1966-67 and 1967-68
(thousands of dollars)

Department or Agency	Federal Government		Canadian profit organizations		Canadian educational organizations		Canadian non-profit organizations		Other Canadian		Foreign		Total	
	1966-67	1967-68	1966-67	1967-68	1966-67	1967-68	1966-67	1967-68	1966-67	1967-68	1966-67	1967-68	1966-67	1967-68
Agriculture	33,020	35,819	-	-	431	613	-	-	12	12	-	-	33,463	36,444
Atomic Energy of Canada Ltd.	41,456	50,529	6,551	6,439	397	495	-	-	16	110	130	100	48,550	57,673
Energy, Mines and Resources:														
Geographical Branch	1,015	1,134	-	-	25	35	-	-	-	-	-	-	1,040	1,169
Geological Survey of Canada	4,838	5,561	-	-	149	185	-	-	-	-	-	-	4,987	5,746
Inland Water Branch	1,242	3,089	-	-	38	250	-	-	-	-	-	-	1,280	3,339
Marine Sciences	4,050	4,783	-	-	-	-	-	-	-	-	-	-	4,050	4,783
Mines Branch	5,897	6,711	-	-	100	100	-	-	-	-	-	-	5,997	6,811
Observatories Branch	3,397	4,120	-	-	10	27	21	22	-	-	-	-	3,428	4,175
Polar Continental Shelf Project	45	69	8	-	-	-	-	-	-	-	-	-	53	69
Surveys and Mapping Branch	102	155	-	-	13	21	-	-	-	-	-	-	115	176
Sub-totals	20,586	25,628	8	-	335	618	21	22	-	-	-	-	20,950	26,268
Fisheries:														
Industrial Development	1,183	1,460	27	45	19	21	-	-	627	1,177	-	-	1,856	2,703
Inspection Service	617	687	-	-	-	-	-	-	-	-	-	-	617	687
Resource Development	2,112	2,411	-	-	-	-	-	-	-	-	-	-	2,112	2,411
Fisheries Research Board	9,099	11,148	-	-	250	400	-	-	-	-	-	-	9,349	11,548
Sub-totals	13,011	15,706	27	45	269	421	-	-	627	1,177	-	-	13,934	17,349
Forestry and Rural Development	10,105	12,873	-	-	84	325	-	5	-	-	-	-	10,189	13,203
Indian Affairs and Northern Development	1,495	2,254	-	-	367	479	42	39	-	-	-	-	1,904	2,772
Industry	-	-	25,781	53,742 ⁽¹⁾	1,442	123	1	-	-	-	-	-	27,224	53,865 ⁽¹⁾
Medical Research Council	157	219	16	-	10,046	16,799	1,145	1,702	6	9	-	-	11,370	18,729
National Health and Welfare	2,647	3,845	-	-	2,552	3,045	1,870	1,364	183	295	-	-	7,252	8,569
National Research Council	37,721	43,612	4,199	5,200	29,020	37,734	92	150	388	418	606	982	72,026	88,096
Transport:														
Construction Engineering and Architectural Branch	30	43	-	-	-	-	-	-	-	-	-	-	30	43
Marine Services	157 ⁽²⁾	500	85	615	-	-	-	-	-	-	-	-	242 ⁽²⁾	1,115
Meteorological Branch	1,739	2,159	-	-	187	284	-	-	10	10	-	-	1,936	2,453
Telecommunications and Electronics Branch	285	554	290	292	-	-	-	-	-	-	-	-	575	846
Sub-totals	2,211	3,256	375	907	187	284	-	-	10	10	-	-	2,783	4,457
National Defence:														
Canadian Armed Forces	1,500	1,500	15,841	12,518	-	-	-	-	-	-	108	496	17,449	14,514
Defence Research Board	35,272	42,905	5,281	5,069	2,815	3,675	50	41	33	68	-	-	43,451	51,758
Sub-totals	36,772	44,405	21,122	17,587	2,815	3,675	50	41	33	68	108	496	60,900	66,272
Others	1,829	1,956	31	30	2,005	2,516	-	-	114	124	-	-	3,979	4,626
Totals	201,611	240,102	58,110	83,950 ⁽¹⁾	49,950	67,127	3,221	3,343	1,389	2,223	844	1,578	314,524	398,323 ⁽¹⁾

(1) Including \$19,300,000 IRDIA grants replacing income tax incentive under Section 72A of the Income Tax Act.

(2) Very substantial revision.

24. Municipal Government Finance Revenue and expenditure of Canadian municipalities continued to increase in 1964, according to the annual Dominion Bureau of Statistics publication "Municipal Government Finance, 1964".

Current revenue increased 10.7% to \$2,519,723,000 in 1964 compared to 1963, and gross and net general revenue increased 6.8% and 10.5% to \$2,591,627,000 and \$2,312,423,000 respectively.

Comparison of total expenditures with 1963 showed an increase of 9.9% in current expenditures of \$2,520,754,000 with gross and net general expenditures increasing by 4.6% and 7.3% to \$3,018,499,000 and \$2,739,295,000 respectively.

Plans for a combined presentation of the 1965 and 1966 reports announced in the Daily Bulletin of December 8, 1967, have not matured; the 1965 report is expected to be released in the fall of 1968 and that for 1966 early in 1969.

Catalogue numbers and prices are shown following the titles. Starred items are released for which no corresponding publications are issued today.

- *1. The Gross National Product in 1967
- *2. Consumer Price Indexes for Regional Cities, March 1968
- *3. Wholesale Price Indexes, March 1968
- 4. Non-Resident Vehicles Entering Canada, February 1968, (66-002), 10c/\$1.00
- 5. Carloadings, Period ended March 21, 1968 (52-001), \$3.00 a year
- 6. Passenger Bus Statistics, January 1968 (53-002), 10c/\$1.00
- 7. Chain Store Sales and Stocks, February 1968 (63-001), 10c/\$1.00
- *8. Index of Industrial Production, February 1968
- *9. Steel Ingot Production, April 13, 1968
- 10. Steel Ingots and Pig Iron, March 1968, (41-002), 10c/\$1.00
- 11. Asphalt and Vinyl-Asbestos Floor Tile, February 1968, (47-001), 10c/\$1.00
- 12. Asphalt Roofing, February 1968, (45-001), 10c/\$1.00
- 13. Cement, February 1968, (44-001), 10c/\$1.00
- *14. Sawmills East of the Rockies, February 1968
- 15. Preliminary Report on the Production of Motor Vehicles, March 1968, (42-001), 10c/\$1.00
- 16. Census of Canada: Population, Maps of Counties and Subdivisions, Metropolitan and Major Urban Areas, 1966, (92-616), Vol. I (1-16) March 1968, \$1.00
- 17. 1966 Census of Canada: Households and Families, Dwellings by Structural Type and Tenure, (93-602), Vol. II (2-2), April 1968, 50c
- 18. Stocks of Dairy and Poultry Products, April 1, 1968 (32-009), 20c/\$2.00
- 19. Dairy Factory Production, March 1968, (32-002), 10c/\$1.00
- 20. Stocks of Meat and Lard, April 1, 1968, (32-012), 30c/\$3.00
- 21. Salt, February 1968, (26-009), 10c/\$1.00
- 22. Report on the Poultry Survey of December 1, 1967 (23-006), 50c a year
- *23. Expenditures of the Federal Government on Scientific Activities, Fiscal Years 1967-1968
- 24. Municipal Government Finance, 1964: Revenue and Expenditures, Assets and Liabilities, Actual, (68-204), 75c
 - Coal and Coke Statistics, January 1968, (45-002), 20c/\$2.00
 - Oils and Fats, January 1968, (32-006), 20c/\$2.00
 - Oil Pipeline Transport, March 1967, (55-001), 20c/\$2.00
 - Advance Statement on Employment and Average Weekly Wages and Salaries, January and February 1968, (72-001), 10c/\$1.00

- New Residential Construction, January 1968 (64-002), 30¢/\$3.00
- Trade of Canada -- Imports by Countries, January-December 1967, (65-006),
\$1.00/\$4.00
- Retail Trade, February 1968, (63-005), 30¢/\$3.00
- Oil Burners and Oil-Fired Hot Water Heaters, February 1968, (41-008), 10¢/\$1.00
- Radio and Television Receiving Sets, January 1968, (43-004), 20¢/\$2.00
- Statistics of Criminal and Other Offences, 1966, (85-201), \$2.00

