

The tables in this Section cover the more important aspects of the national income analysis in annual terms. Table 1 gives total gross national product in current and constant dollars for the years 1926-61. Tables 2 and 3 show the main aggregates of national income, gross national product, gross national expenditure and their components; other tables are included to show the source and disposition of personal income, government revenue and expenditure and personal expenditure on consumer goods and services.

National Income.—Net national income at factor cost measures the current earnings of Canadian factors of production (i.e., land, labour, capital) from productive activity. It includes wages and salaries, profits, interest, net rent and net income of farm and non-farm unincorporated business.

Gross National Product.—Gross national product, by totalling all costs arising in production, measures the market value of all final goods and services produced in the current period by Canadian factors of production. It is equal to national income plus net indirect taxes (indirect taxes less subsidies), plus capital consumption allowances and miscellaneous valuation adjustments.

Personal Income.—Personal income is the sum of current receipts of income whether or not these receipts represent earnings from production. It includes transfer payments from government (such as family allowances, unemployment insurance benefits and war service gratuities) in addition to wages and salaries, net income of unincorporated business, interest and dividends and net rental income of persons. It does not include undistributed profits of corporations and other elements of the national income not paid out to persons.

Gross National Expenditure.—Gross national expenditure measures the same aggregate as gross national product, namely, total production of final goods and services at market prices, by tracing the disposition of production through final sales to persons, to governments, to business on capital account (including changes in inventories) and to non-residents (exports). Imports of goods and services, including net payments of interest and dividends to non-residents, are deducted since the purpose is to measure only Canadian production.

Economic Activity in 1961.—The advance in gross national product was resumed in 1961. During the previous year the trend of economic activity had eased as downward tendencies developed in several components of end-product demand. These downward pressures were largely reversed in 1961 and, following a weak first quarter, the level of activity moved on a rising trend for the remainder of the year. By the final quarter of the year, the gross national product was running at a seasonally adjusted annual rate about 3 p.c. above the 1961 annual average in terms of current dollars, and almost 3 p.c. higher in terms of the physical volume of production. For 1961 as a whole, the gross national product amounted to \$36,800,000,000, 2.5 p.c. above 1960 in value terms, and almost 2 p.c. higher in terms of the physical volume of output. The year's economic performance was marred by a poor crop out-turn in Western Canada, estimated to have been lower than in 1960 by about \$400,000,000; this represents a production loss of about 1 p.c. on a gross national product base of \$36,800,000,000.

The upswing in activity in 1961 was characterized by sharply rising exports—to the United States, where a strong recovery from the 1960 business down-turn was under way—and to Communist China and Eastern Europe where special sales of wheat raised the level of agricultural exports to new levels. Also, the decline in business outlays for new plant and equipment was reversed in the last half of the year. Business inventories, which had been liquidated briefly in 1960, were being accumulated at a modest rate throughout most of 1961; in the fourth quarter of the year the build-up became more pronounced and added a sizable element of new strength to the expansion of total demand. Consumer expenditure, following a small but unusual decline in the first quarter, advanced moderately thereafter, with outlays for consumer durable goods showing a sharp recovery during the course of the year. Government outlays for new goods and services continued to give support to the