

The tables on pp. 1016-1017 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 1926-62. 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 and expenditure and government revenue and expenditure.

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 1962.—The economic expansion that began in 1961 continued in 1962 when gross national product rose to \$40,401,000,000, an 8-p.c. advance over the previous year. This increase represented the largest year-to-year gain since 1956 when the economy was stimulated by an exceptionally high level of capital expenditure. Price increases were moderate in 1962, accounting for less than 2 p.c. of the increase in gross national product, leaving a gain in volume of a little more than 6 p.c.

All the main components of gross national expenditure contributed to the increase in the aggregate. Consumer spending, which rose more than 5 p.c., was a major expansionary influence. The strength in the consumer sector was particularly evident in the first and last quarters of the year; purchases of durables, notably passenger cars, were especially heavy in the fourth quarter. The increase in consumer spending was accompanied by a large rise in personal income and personal saving. Investment in fixed capital resumed its upward course, the bulk of the increased outlays being for machinery and equipment. Except in the third quarter, the accumulation of business inventories made only a modest contribution to the expansion of economic activity. With a near-record crop in 1962, in contrast to a poor crop in 1961, there was a considerable accumulation of farm inventories in place of the liquidation of a year earlier. Largely in response to a higher level of demand in the United States, exports of goods and services were up nearly 8 p.c. while imports also rose but not to the same extent; these increases reflected, in part, the lower exchange value of the Canadian dollar. Government expenditure was up substantially, mainly reflecting larger outlays at the provincial-municipal level. However, the deficit of all governments combined declined significantly.