

The tables on pp. 1009-1013 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 1927-63. 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 1963.—During 1963, gross national product (GNP) experienced continuous growth, registering an increase of 6.6 p.c. in value over the previous year; at a level of \$43,007,000,000 the additional value of output amounted to \$2,668,000,000. Since over-all prices for the year increased by less than 2 p.c., more than two thirds of the value increase represented a gain in real output. The year ended on a particularly strong note with a 3-p.c. increase in the final quarter, one of the sharpest gains since the beginning of the expansion in early 1961; the increase between the fourth quarters of 1962 and of 1963 was over 7 p.c., somewhat greater than that registered by the annual averages.

The 1963 expansion was widespread. All components of final demand shared in the growth and there was little change in the moderate rate at which inventories were being built-up. A notable 11-p.c. rise in the level of merchandise exports and a contraction in Canada's deficit on current merchandise account with other countries were the most prominent developments. The rise in exports was dominated by exceptionally large shipments of wheat to Russia in the final quarter, although increased foreign demand was spread over many commodities. This growth in exports took place against a background of increasing world trade, expanding economic activity in the main industrial countries, and an improvement in Canada's competitive position. Imports rose more moderately, by about 6 p.c., but the annual average increase does not reveal the growing importance of the supply of foreign goods during the course of the year. Also noteworthy was the performance of business fixed capital formation, including residential construction which registered the sharpest relative year-to-year increase since 1957. The increase was particularly pronounced toward the end of the year, especially in housing, when special Federal