

increased to the United States, where recovery is already well under way, but there were reductions in the level of exports to Europe and Japan. Imports increased to \$45.0 billion, with the result that the deficit on trade in goods and services rose to \$5.7 billion compared with \$4.8 billion last quarter and a record \$6.3 billion in the first quarter.

Total government expenditures (excluding intergovernment transfers) increased 6.0 per cent, the largest quarterly increase of the year. Transfer payments to persons grew 8.5 per cent, with most of the increase at the federal level as a result of increases in unemployment insurance benefits and old age security pensions, while current expenditure on goods and services rose by 6.9 per cent. About two-thirds of this increase occurred at the local government level and in hospitals and reflected cost-of-living payments. These payments do not affect constant dollar government spending on goods and services and, as a result, real current expenditure on goods and services increased by only 0.4 per cent. Total government revenue (excluding intergovernment transfers) increased strongly in the third quarter from the irregularly low level of the second quarter and the deficit in the government sector, on a national-accounts basis and including the Canada and Quebec pension plans, fell from \$7.0 billion in the second quarter to \$5.2 billion in the third. The Federal Government deficit remained unchanged at \$5.3 billion.

Measured in terms of factor incomes, the increases in current dollar GNP resulted primarily from increases in corporation profits before taxes, interest and supplementary labour income. Corporation profits before taxes grew 6.2 per cent in the third quarter following a 1.9 per cent increase in the second. Profits in the manufacturing industry as a whole increased marginally while total mining profits were up substantially as a result of increases in the mineral fuels industry. Total labour income rose 4.3 per cent, most of this in the service-producing industries as strikes significantly affected the goods-producing industries. Most of the increase in labour income resulted from higher earnings, as there was little change in employment during the quarter.

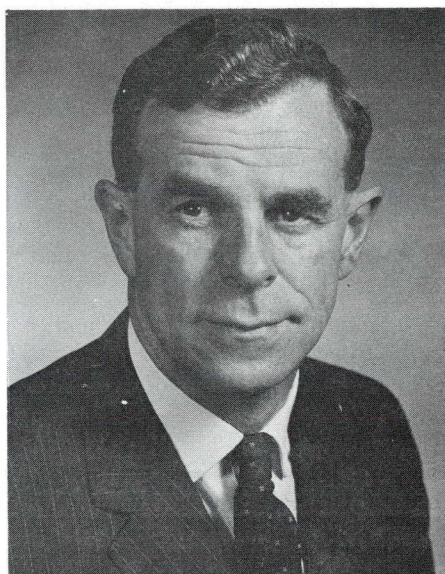
Despite continuing rises in operating expenses, accrued net income of farm

operators was up 9.0 per cent. There was a general increase in the income from total farm production, especially in wheat as a result of a two-price wheat subsidy paid in the quarter. Net income of non-farm unincorporated business, including rent, increased 4.3 per cent, with the largest increases in construction, retail trade and services.

Ambassador named top public servant

Canada's ambassador to the United States, Jack Hamilton Warren, will receive the Outstanding Achievement Award of the Public Service for 1975.

The prize, granted under the Incentive Award Plan of the Public Service, consists of a citation and an honorarium of \$5,000. The recipient is chosen by a committee of prominent Canadians appointed by the Prime



Public Service outstanding award winner "Jake" Warren.

Minister from outside the Public Service.

"Jake" Warren, a native of Chatham, Ontario, joined the Department of External Affairs in 1945. In 1954, he was transferred to the Department of Finance and was posted to the Canadian Embassy in Washington as financial counsellor. He was also appointed alternate executive director for Canada to the International Monetary Fund and International Bank for Reconstruction and Development.

On his return to the External Affairs department in 1957, he was posted to the Permanent Delegation of Canada to

the North Atlantic Treaty Organization and the Organization for European Economic Co-operation, with special responsibility for European regional economic developments. The following year he was appointed Assistant Deputy Minister of Trade and Commerce.

Mr. Warren has represented Canada at many international conferences concerned with trade and economic affairs. In 1960, he was elected chairman of the Council of Representatives of the General Agreement on Tariffs and Trade (GATT) and was deputy chairman of the Canadian delegation of the GATT Tariff Conference in Geneva, 1960 and 1961. He was elected chairman of the contracting parties of GATT in 1962 and re-elected in 1964.

He became Deputy Minister of Trade and Commerce in 1964.

In 1971, Mr. Warren was appointed Canadian High Commissioner to London, the position he held until early this year when he was named Canadian Ambassador to Washington.

Ontario wine development

Agriculture Canada will give \$85,194 over the next three years to study the possibility of expanding grape-growing areas in the counties of Essex and Norfolk in Ontario.

The money, from the New Crop Development Fund, which will be given to the Wine Council of Ontario, will be matched with an equal contribution from the Wine Council and the Ontario Grape Producers Marketing Board. It will be used to help establish a type of vinifera-grape.

Wines similar to those of Europe can be made only from vinifera or near vinifera-type grapes and, at present, they can only be grown in the Niagara region since they are much less tolerant to cold than North American varieties. The study will help determine potential production sites in southwestern Ontario.

Because agricultural land is limited in the Niagara area, it is necessary to find ways of growing grapes in other regions. The success of the Canadian wine industry depends on the production of high quality vinifera wines that can compete with imported wines.

The New Crop Development Fund, established in 1974, has an annual budget of \$1 million.