

improvement lay with merchandise trade and the remainder with service transactions.

The resumption of net capital inflows in long-term forms included larger direct-investment inflows, larger net new issues and other sales of bonds, and reduced outflows from transactions in both Canadian and United States stocks.

In large measure, net movements of capital in short-term forms represented shifts by residents from Canadian into foreign currency in the second quarter, and the subsequent reverse flow in the third quarter, of some quarter of a billion dollars of balances, as well as increased borrowing in foreign currencies by residents in the third quarter.

MANITOBA SAMPLES SHOW

Manitoba manufacturers made a solid and impressive impact on United States department-store buyers on October 2, when they participated in one of the most unusual forms of merchandising ever undertaken in the province — the "Fly and Buy" samples show at the Marlborough Hotel, Winnipeg.

Sponsored by the Manitoba Department of Industry and Commerce and the Federal Department of Trade and Commerce, the samples show attracted 58 United States buyers, representing 39 retail organizations with an aggregate annual volume of over \$15 billion. For their part, 53 manufacturers quickly snapped up the 66 booth spaces that could be provided in the Skyview Room of the Marlborough Hotel. Saskatchewan and Alberta were represented by one manufacturer each.

The display was limited to manufacturers of those consumer goods normally sold through retail and department stores. Sample lines displayed were in such categories as clothing and footwear, furniture, automotive accessories, giftware and hardware, leather goods, sportswear, specialty foods and boats, etc.

To aid the U.S. buyers, prices were quoted on all goods in terms of United States currency, at laid-down levels at major U.S. centres, including freight, insurance, tariff and excise duties.

GROSS NATIONAL PRODUCT

Canada's gross national product continued to advance in the third quarter of 1962, reaching a level of \$40,256 million, seasonally adjusted at annual rates, 1.7 per cent higher than in the second quarter. A considerable part of this increase represented higher prices, so that the volume of production was up 1 per cent.

The accumulation of business inventories was the most important single factor raising the level of economic activity in the third quarter. Investment in business inventories rose at seasonally-adjusted annual rates from only \$60 million in the second quarter to over \$700 million in the third. Further stimulus came from business gross fixed-capital formation, with good gains in outlays for residential construction, largely reflecting the high rate of housing starts early in the year, and in machinery

and equipment; outlays for non-residential construction were slightly lower. Exports of goods and services receded a little from their high second-quarter level. Imports of goods and services fell more than exports, so that, on balance, the external sector made a small contribution to the level of economic activity. There was a notable improvement in the deficit on invisibles, as payments declined and receipts were virtually unchanged. Government expenditure on goods and services was moderately lower in total, with federal outlays down considerably and a slight decline in provincial-municipal spending. There was a sharp drop in the combined government deficit, the major part of the decline being at the federal level.

INCOME CHANGES

On the income side, the salient developments in the third quarter were a further advance in labour income and a slight dip in corporate profits before taxes and before dividends paid abroad. However, dividends paid abroad were down sharply, so that corporate profits for national income purposes — that is, after dividends paid abroad — were moderately higher.

The national income rose less than the gross national product, largely because of the reflection, in the latter figure only, of the increase in indirect tax yields following the imposition of temporary import surcharges in June of this year. Personal income was slightly lower, reflecting the drop in Canadian Wheat Board payments to the farmers from the exceptionally high levels of the second quarter.

The national product in the first three quarters of 1962 was running 8.8 per cent above the comparable period of 1961. Although all of the components of the gross national product and expenditure showed significant increases, an important feature in the comparison is the very much higher crop estimate in 1962 relative to the poor crop in the previous year.

P.E.I. SIGNS APPRENTICE PACT

Prince Edward Island has signed an apprenticeship-training agreement with the Federal Government. Mr. Michael Starr, the Federal Minister of Labour, and Mr. Henry W. Wedge, the Minister of Welfare and Labour for Prince Edward Island, made a joint announcement recently that the two governments had agreed to share the costs of the province's new apprenticeship programme, which will get under way this year.

Under the agreement, the Federal Government will share 50 per cent of provincial expenditures on apprenticeship training carried out in co-operation with industry. The new agreement brings to nine the number of provinces participating directly in the federal-provincial apprenticeship agreements. (Although Quebec has not signed the agreement, some of the costs of apprenticeship in that province are shared by the Federal Government under the Technical and Vocational Training Assistance Act).

Mr. Starr hailed the programme as another indication of the growing importance of vocational training in

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