

profits of Government owned businesses, as they accrue. They also include employer and employee contributions to social security—things like unemployment insurance, workmen's compensation, and so on.

They also reflect the Government's own pension funds for its employees.

This finally shows the transfers from the federal Government to the provincial and municipal governments as part of their revenues. This is really a convenient way of bringing together all the Government revenues and showing their rates of increase, over the period as a whole and in recent years, to compare with that of the private sector. Part B of the Table over the page does the same thing for expenditures. I should just explain the way in which we have divided expenditures. It is not by purpose but by nature.

The first group are expenditures on goods and services. These are the things that are bought directly, either by employing people, engaging professional people or by buying goods that are used in government operations such as defence operations or the operation of airports, etc.

The second item is the interest on the Public Debt. There are two different levels there.

The third item is transfers to persons. These are the transfers made directly, for example, of old age pensions, unemployment insurance benefits and so on, on the federal side, and assistance of one kind or another, for example, old age assistance and so on, on the provincial side.

Payments that we share with the provinces are shown under the provinces and municipalities. For example, the Canada Assistance Act payments would be under provincial-municipal here, our contributions having been taken into account in the transfers to the provinces under the previous page.

The next two lines are transfers to businesses, largely those subsidies that I mentioned in talking about the indirect taxes and subsidies in the gross national product page. They are shown here in terms of the government accounts. Finally, for the federal government here, we show the transfers to municipal-provincial governments that we showed as revenues to the others on the other page.

That leads us down to the total expenditures near the bottom of the column, the set of three lines, and their rates of increase, and then, finally, to the surplus or deficits as shown in the bottom three lines. First, the federal ones: a surplus on this national economic accounts basis for the first three years, illustrated up to '55; then a series of deficits to '63; then, gradually, building up a surplus in the national economic accounts for the last several years, that surplus diminishing in the first half of this year.

In the case of the provinces and municipalites, it is normal for them to be borrowing for capital purposes, and this normally shows up in a deficit on the national accounts basis for the provincial and municipal levels of government, and you will see here the magnitude of this and how it is varied through this period.

When you add it altogether, you find that during the upswing from 1961 we have moved from a combined deficit in these national economic terms to a combined surplus of about a quarter of a billion dollars in the calendar year of 1965. This has been slightly reduced in our direct accounts in the first half of this year, but it has been powerfully reinforced now by the collection of the pension plan contributions which are then provided as loan funds to the provincial governments or, in the case of Quebec, put into the market in a complicated way.

I have hastened, Mr. Chairman, so that I could just explain that table before you reached one o'clock.