

## Gross national product, 1977

Gross national product, seasonally adjusted at annual rates, increased 1.9 per cent in the fourth quarter to a level of \$214.7 billion; in real terms — that is, after adjustment for price changes — GNP grew 0.8 per cent. This increase originated in the foreign sector, as exports rose 4.7 per cent in volume terms and real imports fell 1.5 per cent. The drop in import volume was caused, at least in part, by a 0.6 per cent decline in final domestic demand, with declines in personal expenditure, government current expenditure and gross fixed capital formation.

The fourth quarter movements left GNP for the year as a whole up 9.3 per cent from the 1976 figure — a real increase of 2.6 per cent, compared with 4.9 per cent in 1976.

Wages, salaries, and supplementary labour income increased 1.5 per cent in the fourth quarter. Corporation profits before taxes were up 3.2 per cent from the third quarter figure, with the largest increases in mining, manufacturing and trade. This increase left profits 22.8 per cent above the depressed level of the fourth quarter of 1976.

Interest, dividends, and miscellaneous investment income increased 4.0 per cent in the fourth quarter, and government transfers to persons and unincorporated business were up 4.0 per cent. These increases, together with the rise in labour income, more than offset an 8.2 per cent decline in farm income and very marginal growth in non-farm unincorporated business income, with the result that personal income grew 1.9 per cent. Because personal income tax collections declined from the third quarter figure personal disposable income grew by a more rapid 2.7 per cent.

Total government expenditures rose by 1.9 per cent in the quarter. The largest absolute increase was in transfer payments to persons, with the major part of the gain in federal unemployment insurance payments. Purchases of goods and services increased by 1.2 per cent with small increases at the provincial, local and hospital levels.

Thus, with an increase in total government expenditure and relatively no growth in revenue, the government sector deficit, on a national accounts basis, and seasonally adjusted at annual rates, increased to \$7.5 billion in the fourth quarter

from a rate of \$6.0 billion in the third quarter.

## Annual summary

The major source of strength in 1977 as a whole was external demand. Real exports were 7.7 per cent higher than those in 1976, and with real imports increasing only 2.0 per cent, real net exports (real exports less real imports) contributed more than one percentage point to the increase in real GNP. Real personal expenditure and real government current expenditure on goods and services both grew at rates well below their long-term averages, real gross fixed capital formation declined, and inventory investment fell substantially.

Wages, salaries, and supplementary labour income grew at about the same rate as total GNP in 1977, increasing 10.0 per cent after a 15.0 per cent rise in 1976. Corporation profits before taxes were up 11.4 per cent compared to figures from 1976, and after-tax profits increased 18.8 per cent. Other non-wage income grew 9.1 per cent, despite a 13.6 per cent decline in accrued net income of farm operators.

Personal disposable income increased 10.5 per cent in 1977 to a level of \$139.3 billion of which 10.7 per cent was saved. Total personal expenditure rose 10.3 per cent.

In real terms, personal expenditure increased 2.8 per cent in 1977, with the largest percentage increase — 5.2 per cent — in spending on services, reflecting higher net expenditure abroad and a large increase in spending on financial and legal services.

Gross fixed capital formation fell 0.6 per cent in real terms in 1977, with all of the decline in business fixed investment. Business investment in residential construction fell 6.0 per cent, and machinery and equipment investment dropped 1.7 per cent. Because non-residential construction increased 3.7 per cent, total business investment in plant and equipment was virtually unchanged from that of 1976.

After substantial accumulation in 1976, inventory investment swung to slight liquidation in real terms. Most of this swing was concentrated in the non-farm business sector, which accumulated by \$122 million in 1977 after a very strong \$1,068-million accumulation in 1976. On an industry basis, wholesalers liquidated inventories by \$105 million.

## Contribution to world labour body

Canada will give \$200,000 (U.S.) to the International Labour Organization (ILO), in addition to the assessed contribution for 1978, of \$2,558,888, which has already been paid.

This voluntary donation, along with those made by other members of the ILO, will help overcome the financial difficulties that have arisen as a result of the United States withdrawal from the ILO in November 1977.

Although the ILO has made a considerable effort to reduce expenditures to compensate for the loss of the United States' 25 per cent share of assessed contributions, a full reduction has not been possible. The ILO therefore requested voluntary contributions from its members to make up the small remaining short-fall of about \$5.6 million (U.S.).

## When it's "Toonik Tyme" up North

The Eskimos of Frobisher Bay, Canada's largest Arctic settlement, on Baffin Island in the Northwest Territories, have discovered an imaginative way of celebrating two seasons at once. They combine the annual winter carnival and the welcome-to-spring festival in a single event — called "Toonik Tyme".

Instead of crowning a local beauty as carnival queen, they choose "Mr. Toonik" to reign over the festivities. From the moment of Toonik's arrival on a dogsled to the concluding fireworks display, the week-long celebration manages to provide some attraction for every participant, young or old. There is keen competition in the seal-skinning contest — as in beard-growing, ice-carving, igloo-building, tea-brewing, fishing through the ice, telling tall tales and snowmobile racing. The main features of the last day of the celebrations are a great barbecue and a parade complete with floats.

The winter carnival is held in memory of the legendary Toonik, who is said to have belonged to a race that inhabited Baffin Island before the Inuit. They were strong but also stupid and so, like the dinosaurs, they became extinct. The Inuit say that Toonik was always so busy that he had no time for a social life. So, during their winter/spring festivities, the people of the North must have for him the fun he never knew.