

The main strength in demand came about equally from the government sector and persons. Expenditures on new residential construction increased sharply after three quarters of decline. Exports continued to advance with a gain of nearly \$700 million, following a \$1-billion advance in the first quarter. Offsetting these increases were declines in business construction and machinery and equipment, while investment in non-farm inventories added very little to overall demand.

PERSONAL SPENDING

The \$800-million increase in personal expenditure was widely shared. Aided by a 14 percent rise in new car purchases (the second increase in the last seven quarters) durables reversed the decline of the two previous quarters and advanced by 6.5 per cent, while many other items also increased substantially. A 22 percent increase in outlays for new residential construction added some \$432 million to demand; significantly affecting this rise was a special inflow of mortgage funds. This offset the declines of the last three quarters and restored expenditures to the level of a year ago. However, the availability of mortgage funds is decreasing, and housing starts in urban areas have been declining from the high point in May. The housing rate of investment in machinery and equipment declined for only the third time since 1961; a contributing factor to the lower value of investment was the reduction in April, and the elimination in June, of the sales tax on production machinery.

After a sizable cutback in the rate of accumulation in the first quarter, the rate of investment in

non-farm business inventories showed virtually no change. Unlike the situation in the United States where a substantial decline in the rate of accumulation took place in the last two quarters, in Canada this process was spread more evenly over the last four quarters.

RIO AIRPORT STUDY

Five aviation authorities from Brazil met recently with airport planners of Canada's Department of Transport to discuss plans for a new international airport at Rio de Janeiro. The leader of the group, which is spending a week in Canada studying the planning, design and operation of Canadian airports, is Lieutenant-Brigadier Engineer Joelmir Campos de Araripe Macedo, president of Brazil's co-ordinating commission for the international airport project.

Canada's plans for the coming of the "jumbo" jets and supersonic aircraft were of special interest to the Brazilian team, since the new airport to be built at Rio de Janeiro will have facilities to handle the new sky giants.

Among other questions discussed at the meeting was the Canadian method of budgeting for airport construction and renovation, the operation of Canadian airports in terms of training staff, organizational problems of maintenance and revenue, and the responsibility for air-traffic control and other essential services.

GROSS NATIONAL PRODUCT
Canada's gross national product in the second quarter of 1967 reached a level of \$21.5 billion, or 2.1 per cent from the first quarter. This advance represented a gain of close to 1 per cent in real terms. Although the rate in the current value of the GNP roughly matches the average increase in three of the four preceding quarters, as a result of continuing price increases, the advance in constant dollars compares less favorably. The increase in total demand from the first quarter of over \$2 billion was the largest in five quarters; its components displayed wide fluctuations on the income side, the factors of production contributed fairly evenly to the domestic portion of this increase. This was strongly reflected by supplies coming from abroad. Although its effect cannot be fully evaluated in quantitative terms, commercial exports and in particular, exports of raw materials and semi-finished goods, have had a positive effect on the economy and by definition on the GNP.

... possible for the station to be handling six to eight satellites involving 30 to 40 separate operations. Since 1961, there have been more than 18,000 tele-meteorological soundings and more than 18,000 tele-meteorological soundings by the St. John's station. In the last two years approximately 300 pages each for the Canadian satellites Alouette I and Alouette II have been packed to give accurate orbital information. During the same period 600 telemetry recordings have been made of Alouette I data and over 2,000 of Alouette II. Data is forwarded to the Goddard Space Flight Centre, near Washington, the control centre for the 13 STADAN stations in Australia, North and South America, South Africa, England and Hawaii.