

GROSS NATIONAL PRODUCT 1967

A seventh consecutive year of expansion carried the Canadian gross national product to a level of \$62.1 billion in 1967, an increase of 6.8 per cent following the exceptionally large advance of 11.3 per cent of the previous year. Prices continued to rise, but at a somewhat lower rate than in 1966 – 3.9 per cent compared to 4.5; the gain in real terms was reduced to 2.8 per cent. A dampening influence on GNP was exerted by a western grain crop much smaller than the record crop of 1966 which bolstered the rise that year; excluding the accrued net income of farm operators, the advance in GNP in value terms was 8 per cent in 1967, compared to 10.5 per cent in 1966.

For the year as a whole, the general profile of the economy was one of a widespread easing of demand pressures. Every major expenditure category showed a lower rate of increase than in 1966 except business gross fixed capital formation which dropped by 1 per cent; within this category divergent movements occurred, with residential construction expenditures rising much more strongly than in the previous year and outlays on plant and equipment declining by 3.5 and 2 per cent respectively.

Within the year, the pace of expansion in GNP was somewhat uneven – 2 per cent in each of the first two quarters, of .5 of 1 per cent in the third and 1 per cent in the fourth. Personal expenditure rose continuously during the year, while the capital formation aggregate declined throughout; other components fluctuated, with considerable volatility occurring in non-farm inventories and in the external sector.

PERSONAL SPENDING

A major source of strength was personal expenditure; buoyed up by outlays related to Expo, it increased by over 8 per cent, not much lower than the 1966 rate of advance. Both non-durables and services continued to show strength, while durables advanced only moderately in spite of a 3 per cent rise in new and used car purchases, which showed no change from 1966 figures. In real terms, the advance in total spending of over 4.5 per cent was also close to the

gain of last year. However, there was a shift in price movements; food prices were virtually unchanged, while a pronounced degree of price acceleration in durables and services accounted for half the increase in value terms.

EXPORTS AND IMPORTS

Developments in the external sector were among the highlights of the year. The current-account deficit on a national accounts basis narrowed substantially to \$549 million from \$1,207 million in 1966, as exports of goods and services increased by 11.5 per cent, while imports advanced 6 per cent overall, but declined in the last two quarters. An increase in merchandise exports of 10.5 per cent, combined with an 8 per cent advance in imports, more than doubled the merchandise surplus to \$480 million. Exports to the United States, where economic activity quickened in the second half of the year after a slowdown in the first half, rose 17 per cent, while imports advanced 12.5 per cent, substantially reducing the trade deficit; notable also was an increase of 45 per cent in exports to Japan. On non-merchandise transactions, receipts increased by over 17 per cent, while payments rose barely 2 per cent; thus the deficit was reduced by \$402 million. Prominent in this development was the tourist-and-travel account (affected by Expo), which switched from a deficit of \$63 million to a surplus of \$427 million, only the second surplus since 1950.

Government expenditures on goods and services rose considerably less than in 1966 – 9.5 per cent compared to 17.5. All levels of government reflected the reduced rate of advance: at the federal level, the rise was 8.5 per cent as against 19 per cent, while the increase at the provincial-municipal level was 10 per cent compared to 16.5 per cent. Inclusive of contributions to the Canada and Quebec pension plans, the combined government surplus was reduced by more than half to \$157 million. Excluding the pension plan contributions the provincial-municipal deficit narrowed by \$62 million, while the Federal Government switched from a small surplus to a deficit of \$256 million.

MUSEUM ACQUIRES AUTOGIRO

A 1931 autogiro – once a record-breaking aircraft and probably the only autogiro made before the Second World War still existing in Canada – is now on a long-term loan at the National Museum of Science and Technology. The aircraft will be restored by the Museum and will be displayed with the National Aeronautical Collection at Rockcliffe Airport, Ottawa, which is part of the complex of National Museums of Canada.

The aircraft, officially called the *1931 Pitcairn PCA 2 Autogiro*, is on loan from the Connecticut Aeronautical Historical Association. It will be

restored in the markings of a well-known Canadian machine, CF-ARO. This was the first autogiro registered in Canada and the first to “loop-the-loop”, a feat accomplished in 1931. It also established a record for autogiros by twice flying across the continent in Canada in that same year.

CF-ARO was used in Canada in the 1930s and performed a wide range of duties, the most spectacular of which was the towing of very large signs over heavily populated areas. It was also used for the spraying of crops.

This type of aircraft was fitted with a massive undercarriage capable of withstanding a parachute-type landing in an emergency.