individual things, but we have not attempted to bring everything up to date beyond the comprehensive figures that are here. I think they give a reasonable picture of the way things have been moving.

I would suggest first that we look at Table No. 1 on gross national expenditure. This shows the money demands that are made on the Canadian economy and its various resources and, of course, it is these demands that are made, which constitute the "pull" forces tending to create an inflationary situation and which represent the development of inflationary forces. You will notice listed down the left-hand side of the table the main categories of expenditures. The first are consumer expenditures in line 1. The second are Government expenditures; the third, business capital expenditures. Business operating expenditures, I may say, are, of course, incurred in producing the goods and services that are covered in other categories, so we only segregate the business capital expenditures for separate attention. The fourth is the value of the physical change in inventories—a relatively small item which is of some economic significance, however. The fifth are figures for exports. The demand for exports, of course, constitutes an additional demand on the Canadian economy, and while it is a welcome one, in many respects, we have to recognize that additional export demands constitute inflationary tendencies, just as increases in any other demands do so. They are offset, however, by the next line, the imports of goods and services. These help to satisfy the demands in the Canadian economy, at the cost of having to use up foreign exchange we earn through exports and otherwise. The imports are one of the important counter-inflationary forces in the economy.

Line 7 is the residual error. The statisticians have not achieved perfection in making everything balance, and this shows the degree to which they have been unable to account for the tables.

Line 8, the gross national expenditure as market prices, is a measure of the total value of all the goods and services purchased from the Canadian economy in these various categories.

The right-hand columns in the table have been constructed to show you the changes occurring in these various categories in recent years. The far right shows the increase over the whole period from 1949 to 1965. We have taken 1949 as really the first year in the post-war period when conditions were sufficiently settled down that it is worth while making a comparison. The immediate post-war years, of course, were disturbed for a variety of reasons. We have calculated the rate of increase compounded. That is to say, if we are talking here of the top line, if the consumer expenditure increased every year from 1949 by 7 per cent, at compound interest it would reach the level that is shown here for 1965. All those figures down that column are such measures of the rate of increase that has occurred over the period as a whole.

The next column on the left shows the figures for the increase of the first half of 1966 compared with the figures for the first half of 1965. That is the latest change for which we have the material.

You will notice they show here that expenditure as a whole in the economy has increased by 11.4 per cent—this is down in the bottom line—over that 12-month interval as compared with the longer run rate of increase of 7.5 per cent and with the other rates of increase that are shown to its left.

The next column shows the increase in 1965 over 1964. You will notice that the total as shown in the bottom line has increased by 9.7 per cent between 1965 and 1964.

The next column shows correspondingly the increase in 1964 over 1963, and that was 9.2 per cent.

Perhaps I should add at this point that the committee members will be more familiar with the idea of gross national product which is used in many