

GROSS NATIONAL PRODUCT

Canada's gross national product rose to a level of \$55.7 billion in the first quarter, an increase of 3.6 per cent from the preceding quarter. Prices again advanced by approximately 1 per cent reducing the gain to 2.5 per cent in real terms. This strong advance was partly attributable to irregular factors in the external sector.

Exports of goods and services showed the strongest advance of any quarter in the five-year expansion. Most of this irregular increase was in merchandise exports which were unusually high for this season. This was supplemented by sharp advances in travel, freight and shipping and interest and dividend receipts. In addition, imports advanced by only a small amount because of the Ontario trucking strike and other factors. The net effect of these external transactions was to narrow the deficit on current account, (on a national accounts basis), from \$1.5 billion in the fourth quarter to \$0.8 billion in the first quarter.

PLANT INVESTMENT HIGH

Fixed-capital formation increased by less than 3 per cent during the fourth and first quarters, but this summary figure obscures some divergent movements among the components. Housing showed only a fractional increase and investment in machinery and equipment declined slightly. On the other hand, investment in plant continued to rise sharply. As in the last quarter, business accumulated stocks, thus adding to the demands on production, but the rate of accumulation was somewhat lower than that recorded in the preceding period.

Personal spending in the current quarter continued to show strength, advancing by 2 per cent from the previous quarter.

GOODS AND SERVICES

Expenditure on goods and services by all levels of government rose by nearly 4 per cent, the increase of 5 per cent at the federal level being almost entirely attributable to special increases in military pay and allowances, while provincial and municipal expenditures rose by 3 per cent. With revenues rising more than expenditures, the surplus for all levels combined reached a level of three-quarters of a billion dollars, the highest since 1951. Most of this increase resulted from receipts from the Canada and Quebec pension plans.

BUOYANT LABOUR MARKET

The salient developments on the income side of the accounts in the quarter were a marked gain in labour income, reflecting not only the buoyancy of the labour market but also sharp increases in supplementary labour income, following the introduction of the Canada and Quebec pension plans at the beginning of the year. There was a modest increase in corporate profits after a slight decline in the preceding period. Accrued net income of farm operators from farm production was estimated to have been somewhat higher, with larger receipts from livestock production

exceeding the assumed drop in income from grain production if the 1966 crop is average rather than unusually large, as it was last year. A decidedly large gain in military pay and allowances was the result of the payment of a bonus for re-engagement.

GRANTS FOR LABOUR RESEARCH

Mr. John R. Nicholson, Minister of Labour, announced recently that 28 grants with a total value of \$101,010 had been awarded under the 1966-67 Department of Labour-University Research Programme. Cheques totalling \$68,362.50, representing in most cases the first instalments, have been sent to the winners.

These grants are made available annually by the Department of Labour on the recommendation of a joint Labour Department-University Research Advisory Committee. The Committee consists of senior representatives from the universities and from the federal Departments of Labour and Citizenship and Immigration.

The main purpose of these grants is to encourage and facilitate research in all phases of labour economics, including industrial relations, labour conditions, wages, manpower development and various factors affecting employment, unemployment and the labour force. This year the programme has been expanded to include studies in vocational rehabilitation and the economic and social aspects of education and training.

NECESSARY QUALIFICATIONS

Applications for these grants are accepted up to March 1 each year from post-graduate students, university faculty members, and others possessing research qualifications, providing they are Canadian citizens, have a degree from a Canadian University, or can demonstrate that they will be residing in Canada on a continuing basis. The post-graduate training of applicants must be in social sciences.

In the 16 years since the Department of Labour-University Research Programme was initiated, and including the latest awards, 137 grants have been made to a total value of \$234,181.69.

AUTO SALES RECORD

Sales of new motor vehicles in Canada reached an all-time high record during 1965. The number of new vehicles sold rose from 725,879 in 1964 to 830,995, an increase of 14.5 per cent. This marks the fourth consecutive year in which the year-to-year gain in sales has exceeded 10 per cent. The total value of the new vehicles sold in 1965 was \$2,739,329,000, an increase of 17.2 per cent over the figure for the previous year. Overseas manufactured vehicles accounted for 9.3 per cent of the sales, little changed from 9.4 per cent in the preceding year.