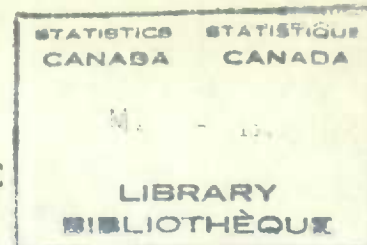


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CANADA

Dominion Bureau of Statistics
DEPARTMENT OF TRADE AND COMMERCE



NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
First and Second Quarters
1953

(A Supplement to National Accounts, Income and Expenditures, by Quarters, 1947-1952)

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National Accounts Income and Expenditure - Second Quarter 1953

Gross National Product in the second quarter of 1953 reached \$5,782 million. Seasonally adjusted, this represents an annual rate of \$24.2 billion. The average annual rate for the first six months of the year has been just over \$24 billion, more than maintaining the high level reached in the fourth quarter of last year¹.

With the price level remaining fairly stable throughout this period, volume increases over a year ago have been quite large. Changes in the volume of production of goods and services between recent quarters and corresponding quarters one year earlier are shown below.

	<u>1952</u>				<u>1953</u>	
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>I</u>	<u>II</u>
Percent change since same quarter of a year ago.	+3	0	+9	+12	+7	+6

In appraising the above volume comparisons for the year 1953 as a whole, it must be pointed out that the volume of output in the last half of 1952 was at a very high level. Thus, the current rate of output of \$24.2 billion, if sustained for the balance of the year, would yield a smaller percentage increase over the whole of last year, than is indicated in the comparison for the first half of 1953 with the first half of 1952.

A useful analytical statistic is provided by removing Accrued Net Income of Farm Operators from Farm Production from the total of Gross National Product. The remainder reflects more closely than does the total Gross National Product the movements in the "non-farm" sector of the Canadian economy²; it is shown below in its seasonally adjusted form at annual rates, in current dollars. It will be noted that the increment of \$.2 billion between the first and second quarters of this year is smaller than immediately preceding increments.

	<u>1952</u>				<u>1953</u>	
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>I</u>	<u>II</u>
Billions of dollars.	20.5	21.0	21.2	21.7	22.3	22.5

1. The reference is to the seasonally adjusted data.
2. This remainder includes, in addition, smaller components of Gross National Product which originate in agriculture, such as wages and salaries, interest, rents, depreciation and so on.

A major factor in the past year has been the continued increase in wages and salaries, which, along with relatively stable consumer prices, has supported substantial gains in the volume of personal expenditure on consumer goods and services. At the same time, the ratio of personal saving (excluding farm inventory change) to personal disposable income (excluding farm inventory change) continued at a very high level. While consumer purchases of durable goods were very high in the first half of this year, they were slightly lower in the second quarter than in the first (seasonally adjusted), and there was a shift to non-durable purchases.

Government expenditure on goods and services appeared to be levelling off in the first half of 1953 after the long continued increases of the two and a half years following the outbreak of the Korean conflict. The rate of government expenditure at all levels, seasonally adjusted, averaged approximately \$4.3 billion in the first half of 1953, compared with \$4.2 billion for the year 1952 as a whole.

For the past year, the major gains in the investment field have been made by residential construction¹. Non-residential construction and new machinery and equipment have remained fairly stable¹. Residential construction, however, levelled off in the second quarter, after a succession of impressive gains.

The high and steady levels of production in the first half of 1953 were accompanied by some accumulation of business inventories, particularly in manufacturing, wholesale trade and retail trade. This was in contrast with the very small additions to inventories which had occurred since the last quarter of 1951. Textile and automotive groups were of major importance in the current inventory increases.

Exports of goods and services moved up to the 1952 levels in the second quarter of this year, following a temporary decline in the first quarter¹. The resumption of wheat shipments in May from the west coast, following a prolonged longshoreman's strike, partly accounted for the change. By groups, trends were mixed with declines in exports of some wood and metal products being offset by gains in other fields.

Imports of goods and services continued an upward trend for the fourth consecutive quarter¹. Increasing imports of durable consumer goods, iron and steel products and textiles contributed to this development. Since import prices have been relatively stable, these value gains have been matched in volume terms. The upward movement of the volume of imports of goods and services, stability of the volume of exports of goods and services, and a slight deterioration in the terms of trade in 1953, have resulted in a substantial deficit on current account in the first half of this year. The exchange rate, however, remained fairly stable, with the Canadian dollar slightly less than \$1.02 U.S., on average.

1. The reference is to the seasonally adjusted data.

Investment income in the first half of this year was somewhat higher than a year ago. The total rental income component increased steadily. Corporation profits before taxes were approximately the same in the second quarter as in the same quarter a year ago.

In summary, the rising level of real production, stable volume of exports of goods and services and increasing volume of imports of goods and services resulted in an increased supply of goods and services available for domestic use. The increase in the second quarter over second quarter comparison was absorbed mainly by consumers and by inventory accumulation, with new residential construction being the other major user of the additional resources.

TABLE I. NATIONAL INCOME AND GROSS NATIONAL PRODUCT, BY QUARTERS, 1953
(millions of dollars)

	1953	
	I	II
1. Wages, Salaries and Supplementary Labour Income.....	2,772	2,896
2. Military Pay and Allowances.....	70	77
3. Investment Income.....	849	1,009
Net Income of Unincorporated Business:		
4. Accrued Net Income of Farm Operators from Farm Production ¹	61	168
5. Net Income of Non-Farm Unincorporated Business ²	350	418
6. NET NATIONAL INCOME AT FACTOR COST.....	4,102	4,568
7. Indirect Taxes Less Subsidies.....	682	745
8. Depreciation Allowances and Similar Business Costs....	521	557
9. Residual Error of Estimate.....	22	-88
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,327	5,782
11. (Gross National Product at Market Prices Excluding Accrued Net Income of Farm Operators).....	(5,266)	(5,614)

Footnotes:

1. This item includes the undistributed earnings of the Canadian Wheat Board, and an inventory valuation adjustment for grain in Wheat Board channels.
2. Includes net income of independent professional practitioners.

TABLE 2. GROSS NATIONAL EXPENDITURE, BY QUARTERS, 1953
(millions of dollars)

	1953	
	I	II
1. Personal Expenditure on Consumer Goods and Services.....	3,451	3,785
2. Government Expenditure on Goods and Services ^{1,4}	1,185	887
Gross Domestic Investment: ²		
3. New Residential Construction.....	198	278
4. New Non-Residential Construction.....	288	370
5. New Machinery and Equipment.....	480	546
6. Change in Inventories.....	-77	15
7. (Business Inventories only) ³	(138)	(209)
8. Exports of Goods and Services.....	1,159	1,408
9. Deduct: Imports of Goods and Services.....	-1,335	-1,595
10. Residual Error of Estimate.....	-22	88
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	5,327	5,782

Footnotes:

1. Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes the change in inventories of government commodity agencies.
2. Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals.
3. Excluding change in farm inventories and grain in commercial channels.
4. Includes defence expenditures of \$591 million and \$398 million, respectively.

TABLE 3. SOURCES OF PERSONAL INCOME, BY QUARTERS, 1953
(millions of dollars)

	1953	
	I	II
1. Wages, Salaries and Supplementary Labour Income.....	2,772	2,896
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds.....	-90	-90
3. Military Pay and Allowances.....	70	77
4. Net Income Received by Farm Operators from Farm Production.....	34	186
5. Net Income of Non-Farm Unincorporated Business.....	350	418
6. Interest, Dividends and Net Rental Income of Persons..	393	420
Transfer Payments to Persons:		
7. From Government (Excluding Interest).....	418	339
8. Charitable Contributions by Corporations.....	7	8
9. Net Bad Debt Losses of Corporations.....	6	7
10. PERSONAL INCOME.....	3,960	4,261

Footnote:

1. This item differs from line 4 of Table I in that it excludes the undistributed earnings (and the inventory valuation adjustment) of the Canadian Wheat Board.

TABLE 4. DISPOSITION OF PERSONAL INCOME, BY QUARTERS, 1953
(millions of dollars)

	1953	
	I	II
1. Income Taxes.....	312	381
2. Succession Duties.....	19	17
3. Miscellaneous.....	23	18
4. Total Personal Direct Taxes.....	354	416
5. Non-Durable Goods.....	1,900	2,124
6. Durable Goods.....	412	500
7. Services.....	1,139	1,161
8. Total Personal Expenditure on Consumer Goods and Services.....	3,451	3,785
9. Personal Saving.....	155	60
10. Farm Inventory Change.....	-239	-119
11. Personal Saving Excluding Farm Inventory Change.....	394	179
12. PERSONAL INCOME.....	3,960	4,261
13. (Personal Disposable Income) ²	(3,606)	(3,845)

Footnotes:

1. Includes net expenditure abroad.
2. Personal Income less Total Personal Direct Taxes.

TABLE 5. NATIONAL INCOME AND GROSS NATIONAL PRODUCT, BY QUARTERS, 1953, SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1953	
	I	II
1. Wages, Salaries and Supplementary Labour Income.....	11,452	11,696
2. Military Pay and Allowances.....	280	308
3. Investment Income.....	3,804	3,764
Net Income of Unincorporated Business:		
4. Accrued Net Income of Farm Operators from Farm Production ¹	1,620	1,700
5. Net Income of Non-Farm Unincorporated Business ²	1,632	1,644
6. NET NATIONAL INCOME AT FACTOR COST.....	18,788	19,112
7. Indirect Taxes Less Subsidies.....	2,868	2,980
8. Depreciation Allowances and Similar Business Costs.....	2,236	2,328
9. Residual Error of Estimate.....	36	-200
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	23,928	24,220
11. (Gross National Product at Market Prices Excluding Accrued Net Income of Farm Operators).....	(22,308)	(22,520)

Footnotes:

1. Includes an arbitrary smoothing of crop production, standard seasonal adjustments for livestock items, and no seasonal adjustment for earnings of the Canadian Wheat Board. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.
2. Includes net income of independent professional practitioners.

TABLE 6. GROSS NATIONAL EXPENDITURE BY QUARTERS, 1953, SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1953	
	I	II
1. Personal expenditure on Consumer Goods and Services.....	14,964	15,140
2. Government Expenditure on Goods and Services ¹	4,364	4,188
Gross Domestic Investment: ²		
3. New Residential Construction.....	1,048	1,000
4. New Non Residential Construction.....	1,452	1,452
5. New Machinery and Equipment.....	1,968	1,932
6. Change in Inventories.....	800	764
7. (Business Inventories Only) ³	(336)	(572)
8. Exports of Goods and Services.....	5,308	5,564
9. Deduct: Imports of Goods and Services.....	-5,944	-6,020
10. Residual Error of Estimate.....	-32	200
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	23,928	24,220

Footnotes:

1. Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes the change in inventories of government commodity agencies.
2. Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals.
3. Excluding change in farm inventories and grain in commercial channels.

TABLE 7. SOURCES OF PERSONAL INCOME, BY QUARTERS, 1953, SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1953	
	I	II
1. Wages, Salaries and Supplementary Labour Income.....	11,452	11,696
2. Deduct: Employer & Employee Contributions to Social Insurance and Government Pension Funds.....	-360	-372
3. Military Pay and Allowances.....	280	308
4. Net Income Received by Farm Operators from Farm Production ¹	1,512	1,768
5. Net Income of Non-Farm Unincorporated Business.....	1,632	1,644
6. Interest, Dividends and Net Rental Income of Persons. ²	1,636	1,680
Transfer Payments (Excluding Interest):		
7. From Governments.....	1,392	1,504
8. Charitable Contributions from Corporations.....	28	32
9. Net Bad Debt Losses of Corporations.....	24	28
10. PERSONAL INCOME.....	17,596	18,288

Footnotes:

1. This item differs from line 4, Table 5, in that it excludes undistributed earnings (and the inventory valuation adjustment) of the Canadian Wheat Board.
2. Includes all government debt interest paid to persons.

TABLE 8. DISPOSITION OF PERSONAL INCOME, BY QUARTERS, 1953, SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1953	
	I	II
1. Income Taxes.....	1,300	1,344
2. Succession Duties.....	76	68
3. Miscellaneous.....	68	72
4. Total Personal Direct Taxes.....	1,444	1,484
5. Non-Durable Goods.....	8,548	8,772
6. Durable Goods.....	1,872	1,796
7. Services ¹	4,544	4,572
8. Total Personal Expenditure on Consumer Goods and Services.....	14,964	15,140
9. Personal Saving.....	1,188	1,664
10. Farm Inventory Change.....	12	116
11. Personal Saving Excluding Farm Inventory Change.....	1,176	1,548
12. PERSONAL INCOME.....	17,596	18,288
13. (Personal Disposable Income) ²	(16,152)	(16,804)

Footnote:

1. Includes net expenditure abroad.
2. Personal Income less Total Personal Direct Taxes.

TABLE 9. GROSS NATIONAL EXPENDITURE IN (1949) CONSTANT DOLLARS, BY QUARTERS, 1953¹
UNADJUSTED FOR SEASONALITY
(millions of dollars)

	1953	
	I	II
1. Personal Expenditure on Consumer Goods and Services.....	2,950	3,255
2. (Non- Durable Goods).....	(1,702)	(1,920)
3. (Durable Goods).....	(358)	(434)
4. (Services).....	(890)	(901)
5. Government Expenditure on Goods and Services....	968	726
Gross Domestic Investment:		
6. New Residential Construction.....	158	220
7. New Non-Residential Construction.....	219	281
8. New Machinery and Equipment.....	404	455
9. Change in Inventories.....	-100	-145
10. (Business Inventories Only).....	(135)	(173)
11. Exports of Goods and Services.....	1,007	1,245
12. Deduct: Imports of Goods and Services.....	-1,221	-1,447
13. Residual Error of Estimate.....	-18	73
14. GROSS NATIONAL EXPENDITURE.....	4,367	4,663

Footnote:

1. See footnotes 1 to 3, Table 2.

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