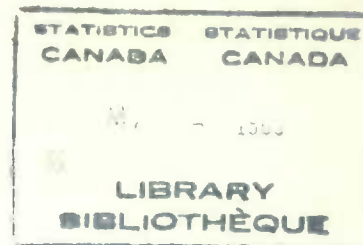


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Dominion Bureau of Statistics
DEPARTMENT OF TRADE AND COMMERCE



NATIONAL ACCOUNTS INCOME AND EXPENDITURE

Fourth Quarter

1953

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Published by

Authority of the Rt. Hon. C. D. Howe
Minister of Trade and Commerce

Prepared by the Research and Development Division
Dominion Bureau of Statistics
Ottawa

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NATIONAL ACCOUNTS, INCOME AND EXPENDITURE, FOURTH QUARTER 1953

(Quarterly data included in this report have been adjusted to the annual totals published in National Accounts, Income and Expenditure, Preliminary 1953).

Gross National Product in the fourth quarter of 1953 was at an annual rate of \$24,248 million after seasonal adjustment. This represents an increase of 1 per cent over the fourth quarter of a year ago, but a decline of approximately 1 per cent from the third quarter level of \$24,512 million. If accrued net income of farm operators from farm production is taken out of these totals, a similar movement is shown from the third to the fourth quarter:

	<u>Seasonally Adjusted</u>							
	<u>1952</u>				<u>1953</u>			
	I	II	III	IV	I	II	III	IV
Gross National Product (excluding accrued net income of farm operators from farm production)	20.5	21.1	21.4	21.6	22.3	22.7	22.7	22.5
First differences (\$ billion)	-	+.6	+.3	+.2	+.7	+.4	.0	-.2

The moderate reduction in the aggregate value of output between the third and fourth quarters reflects primarily a cessation in the rate of business inventory accumulation. Expenditures of consumers and governments on goods and services and new construction outlays were stable. There were declines in seasonally adjusted exports and imports of goods and services and investment in new machinery and equipment.

Changes in the volume of production of goods and services by quarters are shown in the following table:

	<u>1952</u>				<u>1953</u>			
	I	II	III	IV	I	II	III	IV
Change in volume of G.N.P. compared with same quarter of preceding year (per cent)	+3	0	+9	+12	+6	+7	+2	+2

If farm production is excluded, the volume of production in the third and fourth quarters of 1953 was 5 per cent and 2 per cent higher, respectively, than in the corresponding quarters of 1952.

National Income and Gross National Product

Gains in seasonally adjusted wages and salaries were minor in the fourth quarter. Thus the levelling off in this component which was apparent in the third quarter continued into the fourth quarter of 1953. While most major groups were relatively unchanged, wages and salaries in the service industries continued to expand. It may be noted, however, that when comparisons are made with the fourth quarter of last year, all major groups show increases with the exception of primary industries, the latter reflecting lessened activity in forestry. It should be pointed out that the September-December seasonal rise in the composite index of employment which has occurred in each of the past five years did not take place in 1953; in 1953, the index declined slightly between these months. This development was particularly apparent in mining and in durable and non-durable manufacturing. However, average hourly earnings showed no tendency to fall off.

The major item in investment income, corporation profits before taxes, was lower than in the fourth quarter of a year ago. After allowance for seasonal factors, corporation profits before taxes were approximately the same in the fourth quarter as in the third quarter of 1953, and the third and fourth quarters were below the level of the preceding two quarters. Other items of investment income were down slightly in total from the third quarter after seasonal adjustment.

Accrued net income of farm operators from farm production was down 18 per cent from the fourth quarter of a year ago, as a result of both lower production and prices. The first three quarters of 1953 were also lower than corresponding quarters of a year ago. For the year 1953 as a whole the decline in accrued net income of farm operators averaged out to approximately 14 per cent.

There were only very minor changes in net income of non-farm unincorporated business, and in depreciation allowances and similar business costs in the fourth quarter. If seasonal factors are taken into account, indirect taxes less subsidies showed a decline from the third to the fourth quarter, reflecting, in part, a drop in customs import duties associated with the falling off of imports in the fourth quarter.

Gross National Expenditure

In the fourth quarter, the components of Gross National Expenditure showed mixed trends, with elements of continued strength being more than offset by declines in some sectors. As noted above, there was some reduction in the rate of inventory accumulation, investment in machinery and equipment and exports of goods and services in the fourth quarter, if seasonal factors are taken into consideration. Personal expenditure on consumer goods and services and government expenditure on goods and services were relatively steady between the third and fourth quarters, while new residential construction continued to expand.

Consumer purchases of goods and services were at a seasonally adjusted annual rate of \$15.1 billion in the fourth quarter, slightly higher than in the third quarter. While purchases of durables remained steady, with increases in television sets offsetting declines in some other appliances, the rate of non-durable purchases edged upward, reflecting increases in food and a slight rise in clothing expenditures. It is interesting to note that new automobile purchases were about level with the fourth quarter of 1952, although they were considerably higher in the first three quarters of 1953 than in the corresponding period of 1952. Expenditure on services continued to increase in the fourth quarter.

The expansionary impetus of the defence programme was not as significant in 1953 as in the preceding two years; defence expenditures in the fourth quarter, seasonally adjusted, showed little change from preceding quarters. However, provincial and municipal government expenditures increased moderately in the last quarter of 1953.

Expenditure on new residential construction continued to rise in the fourth quarter, seasonally adjusted, more than offsetting a slight decrease in the rate of non-residential construction. Compared with the fourth quarter of 1952, housing and non-residential construction were 24 per cent and 10 per cent higher, respectively. Since prices were relatively stable, these increases reflect mainly gains in physical terms.

Investment expenditures on new machinery and equipment showed a decline from the third to the fourth quarter, and were also down by more than 10 per cent from the fourth quarter of the preceding year. Investment expenditures on agricultural equipment fell sharply.

In contrast with substantial business inventory accumulation in the second and third quarters of 1953, the book value of business inventories, seasonally adjusted, in the fourth quarter showed no further accumulation. The industries most affected by this development were manufacturing and wholesale and retail trade. There was a notable decrease in clothing inventories in the fourth quarter. It is interesting to note that the latter resulted from a combination of lower production and imports and somewhat higher consumer purchases of clothing.

Both exports and imports of goods and services declined between the third and fourth quarters of 1953, after seasonal adjustment, and were also below the fourth quarter of a year ago. Smaller shipments of grains were the principal item in the export decline and farm implements and lead and zinc were also below the fourth quarter level of a year previously. Export prices fell somewhat in the fourth quarter over fourth quarter comparison and the volume decline in exports of goods and services amounted to about 6 per cent. Smaller imports of various industrial materials and some types of equipment accounted for a large share of the decline in imports by comparison with the fourth quarter of a year ago. With import prices fractionally higher than in the fourth quarter of a year ago, the volume decline was about 4 per cent.

Personal Income and Expenditure

Personal Income continued its upward course, rising to a seasonally adjusted annual rate of \$18.3 billion in the fourth quarter. A substantial payment by the Canadian Wheat Board on the 1952-53 crop contributed to an increase in net income of farm operators from farm production, more than offsetting smaller interest, dividends and net rental income of persons. All other items remained relatively unchanged from the third quarter rate.

Turning to the disposition of the above incomes, the high and stable level of personal expenditure on consumer goods and services has been outlined above. Personal direct taxes on a seasonally adjusted basis were relatively unchanged throughout the year. After deducting these items from personal income, the residual item of personal saving in the fourth quarter was at a seasonally adjusted annual rate of \$1.7 billion or about the same as in the second and third quarters. However, a portion of net income of farm operators from farm production is represented by increased holdings of grain and livestock, and personal saving exclusive of these inventory changes was about \$1.3 billion at annual rates, or 8 per cent of personal disposable income exclusive of farm inventory change.

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

	1952				1953			
	I	II	III	IV	I	II	III	IV
1. Wages, Salaries and Supplementary Labour Income...	2,540	2,611	2,752	2,840	2,775	2,899	2,994	2,987
2. Military Pay and Allowances.....	60	67	69	74	70	77	79	83
3. Investment Income.....	799	969	993	905	854	1,011	1,002	870
Net Income of Unincorporated Business:								
4. Accrued Net Income of Farm Operators from Farm Production ¹	152	110	1,439	233	47	92	1,337	191
5. Net Income of Non-Farm Unincorporated Business ² ...	306	392	401	423	341	416	417	435
6. NET NATIONAL INCOME AT FACTOR COST.....	3,857	4,149	5,654	4,475	4,087	4,495	5,829	4,566
7. Indirect Taxes Less Subsidies.....	648	669	704	723	707	746	740	730
8. Depreciation Allowances and Similar Business Costs	476	509	527	558	520	556	573	617
9. Residual Error of Estimate.....	23	35	33	70	0	-44	69	51
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,004	5,362	6,918	5,826	5,314	5,753	7,211	5,964
11. (Gross National Product at Market Prices Excluding Accrued Net Income of Farm Operators).....	(4,852)	(5,252)	(5,479)	(5,593)	(5,267)	(5,661)	(5,874)	(5,773)

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
(millions of dollars)

	1952				1953			
	I	II	III	IV	I	II	III	IV
1. Personal Expenditure on Consumer Goods and Services.....	3,219	3,575	3,487	4,053	3,451	3,788	3,626	4,170
2. Government Expenditure on Goods and Services ^{1,4} ...	1,079	863	1,102	1,187	1,161	889	1,218	1,182
Gross Domestic Investment: ²								
3. New Residential Construction.....	126	200	223	237	193	269	306	294
4. New Non-Residential Construction.....	306	382	451	422	320	411	524	464
5. New Machinery and Equipment.....	437	566	466	449	485	549	483	403
6. Change in Inventories.....	-173	-227	1,150	-472	-116	-4	1,136	-433
7. (Business Inventories only) ³	(-10)	(-9)	(47)	(-79)	(128)	(251)	(135)	(-139)
8. Exports of Goods and Services..... ⁵	1,238	1,411	1,428	1,504	1,170	1,417	1,491	1,372
9. Deduct: Imports of Goods and Services.....	-1,205	-1,372	-1,357	-1,483	-1,350	-1,609	-1,504	-1,437
10. Residual Error of Estimate.....	-23	-36	-32	-71	0	+43	-69	-51
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	5,004	5,362	6,918	5,826	5,314	5,753	7,211	5,964

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:

1952				1953			
I	II	III	IV	I	II	III	IV
511	383	409	497	589	400	455	465

5. For more detailed data on quarterly trends see "Quarterly Estimates of the Canadian Balance of International Payments, Fourth Quarter, 1953, and Preliminary Estimates, Calendar Year, 1953".

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

	1952				1953			
	I	II	III	IV	I	II	III	IV
1. Wages, Salaries and Supplementary Labour Income...	2,540	2,611	2,752	2,840	2,775	2,899	2,994	2,987
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds....	-82	-83	-83	-88	-92	-94	-96	-100
3. Military Pay and Allowances.....	60	67	69	74	70	77	79	83
4. Net Income Received by Farm Operators from Farm Production ¹	153	75	1,377	304	25	114	1,285	218
5. Net Income of Non-Farm Unincorporated Business....	306	392	401	423	341	416	417	435
6. Interest, Dividends and Net Rental Income of Persons.....	376	395	372	397	391	422	426	417
Transfer Payments to Persons:								
7. From Government (Excluding Interest).....	381	323	333	333	429	342	343	352
8. Charitable Contributions by Corporations.....	6	8	8	8	7	8	8	7
9. Net Bad Debt Losses of Corporations.....	6	6	6	7	6	7	7	8
10. PERSONAL INCOME.....	3,746	3,794	5,235	4,298	3,952	4,191	5,463	4,407

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
(millions of dollars)

	1952				1953			
	I	II	III	IV	I	II	III	IV
1. Income Taxes.....	266	332	279	300	312	381	291	303
2. Succession Duties.....	21	17	15	18	19	17	20	17
3. Miscellaneous.....	25	18	13	16	27	18	12	15
4. Total Personal Direct Taxes.....	312	367	307	334	358	416	323	335
5. Non-Durable Goods.....	1,856	2,041	2,087	2,486	1,904	2,128	2,126	2,535
6. Durable Goods.....	306	435	368	423	413	501	403	438
7. Services ¹	1,057	1,099	1,032	1,144	1,134	1,159	1,097	1,197
8. Total Personal Expenditure on Consumer Goods and Services.....	3,219	3,575	3,487	4,053	3,451	3,788	3,626	4,170
9. Personal Saving.....	215	-148	1,441	-89	143	-13	1,514	-98
10. Farm Inventory Change.....	-150	-215	1,050	-447	-268	-180	892	-380
11. Personal Saving Excluding Farm Inventory Change...	365	67	391	358	411	167	622	282
12. PERSONAL INCOME.....	3,746	3,794	5,235	4,298	3,952	4,191	5,463	4,407
13. (Personal Disposable Income) ²	(3,434)	(3,427)	(4,928)	(3,964)	(3,594)	(3,775)	(5,140)	(4,072)

Footnotes:

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

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

	1952				1953			
	I	II	III	IV	I	II	III	IV
1. Wages, Salaries and Supplementary Labour Income.....	10,492	10,552	10,704	11,224	11,444	11,692	11,716	11,768
2. Military Pay and Allowances.....	240	268	276	296	280	308	316	332
3. Investment Income.....	3,620	3,648	3,612	3,784	3,896	3,812	3,652	3,588
Net Income of Unincorporated Business:								
4. Accrued Net Income of Farm Operators from Farm Production ¹	1,996	1,708	1,748	2,284	1,636	1,548	1,760	1,724
5. Net Income of Non-Farm Unincorporated Business ²	1,428	1,540	1,516	1,604	1,588	1,632	1,584	1,632
6. NET NATIONAL INCOME AT FACTOR COST.....	17,776	17,716	17,856	19,192	18,844	18,992	19,028	19,044
7. Indirect Taxes Less Subsidies.....	2,708	2,664	2,836	2,768	2,956	2,972	2,968	2,796
8. Depreciation Allowances and Similar Business Costs.....	2,032	2,120	2,064	2,064	2,200	2,264	2,272	2,328
9. Residual Error of Estimate.....	24	356	368	-104	-28	8	244	80
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	22,540	22,856	23,124	23,920	23,972	24,236	24,512	24,248
11. (Gross National Product at Market Prices Excluding Accrued Net Income of Farm Operators)(20,544)(21,148)(21,376)(21,636)(22,336)(22,688)(22,752)(22,524)								

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, SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1952				1953			
	I	II	III	IV	I	II	III	IV
1. Personal Expenditure on Consumer Goods and Services.....	13,996	14,320	14,312	14,708	14,980	15,064	14,968	15,128
2. Government Expenditure on Goods and Services ¹	3,888	4,224	4,400	4,412	4,388	4,440	4,464	4,508
Gross Domestic Investment: ²								
3. New Residential Construction.....	668	728	812	936	1,020	1,000	1,044	1,184
4. New Non-Residential Construction.....	1,548	1,504	1,568	1,624	1,620	1,636	1,836	1,784
5. New Machinery and Equipment.....	1,792	1,980	1,992	1,908	2,016	1,864	2,088	1,712
6. Change in Inventories.....	416	16	280	400	592	668	592	480
7. (Business Inventories Only) ³	(-260)	(-320)	(296)	(80)	(188)	(708)	(612)	(-8)
8. Exports of Goods and Services.....	5,632	5,596	5,488	5,608	5,344	5,616	5,692	5,148
9. Deduct: Imports of Goods and Services.....	-5,376	-5,156	-5,356	-5,780	-6,012	-6,044	-5,928	-5,616
10. Residual Error of Estimate.....	-24	-356	-372	+104	24	-8	-244	-80
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.	22,540	22,856	23,124	23,920	23,972	24,236	24,512	24,248

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 INCOME, BY QUARTERS, SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1952				1953			
	I	II	III	IV	I	II	III	IV
1. Wages, Salaries and Supplementary Labour Income.....	10,492	10,552	10,704	11,224	11,444	11,692	11,716	11,768
2. Deduct: Employer & Employee Contributions to Social Insurance and Government Pension Funds.....	-328	-344	-328	-344	-368	-388	-380	-392
3. Military Pay and Allowances.....	240	268	276	296	280	308	316	332
4. Net Income Received by Farm Operators from Farm Production.....	2,000	1,568	1,500	2,568	1,548	1,636	1,552	1,832
5. Net Income of Non-Farm Unincorporated Business.....	1,428	1,540	1,516	1,604	1,588	1,632	1,584	1,632
6. Interest, Dividends and Net Rental Income of Persons ²	1,568	1,576	1,548	1,468	1,624	1,684	1,772	1,544
Transfer Payments (Excluding Interest):								
7. From Governments.....	1,256	1,424	1,392	1,408	1,420	1,516	1,436	1,492
8. Charitable Contributions to Corporations....	24	32	32	32	28	32	32	28
9. Net Bad Debt Losses of Corporations.....	24	24	24	28	24	28	28	32
10. PERSONAL INCOME.....	16,704	16,640	16,664	18,284	17,588	18,140	18,056	18,268

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, SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1952				1953			
	I	II	III	IV	I	II	III	IV
1. Income Taxes.....	1,084	1,148	1,224	1,252	1,276	1,288	1,292	1,292
2. Succession Duties.....	84	68	60	72	76	68	80	68
3. Miscellaneous.....	72	72	72	72	80	72	68	68
4. Total Personal Direct Taxes.....	1,240	1,288	1,356	1,396	1,432	1,428	1,440	1,428
5. Non-Durable Goods.....	8,400	8,412	8,468	8,600	8,576	8,812	8,648	8,736
6. Durable Goods.....	1,404	1,580	1,520	1,624	1,872	1,692	1,744	1,712
7. Services ¹	4,192	4,328	4,324	4,484	4,532	4,560	4,576	4,680
8. Total Personal Expenditure on Consumer Goods and Services.....	13,996	14,320	14,312	14,708	14,980	15,064	14,968	15,128
9. Personal Saving.....	1,468	1,032	996	2,180	1,176	1,648	1,648	1,712
10. Farm Inventory Change.....	372	-28	192	416	-44	-120	-32	452
11. Personal Saving Excluding Farm Inventory Change.....	1,096	1,060	804	1,764	1,220	1,768	1,680	1,260
12. PERSONAL INCOME.....	16,704	16,640	16,664	18,284	17,588	18,140	18,056	18,268
13. (Personal Disposable Income) ²	(15,464)	(15,352)	(15,308)	(16,888)	(16,156)	(16,712)	(16,616)	(16,840)

Footnotes:

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

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

	1952				1953			
	I	II	III	IV	I	II	III	IV
1. Personal Expenditure on Consumer Goods and Services.....	2,728	3,069	2,983	3,461	2,950	3,260	3,081	3,549
2. (Non-Durable Goods).....	1,600	1,801	1,842	2,202	1,705	1,925	1,902	2,268
3. (Durable Goods).....	255	371	319	369	359	435	351	384
4. (Services).....	873	897	822	890	886	900	828	897
5. Government Expenditure on Goods and Services...	893	723	913	971	937	718	974	934
Gross Domestic Investment:								
6. New Residential Construction.....	102	162	181	190	154	213	243	234
7. New Non-Residential Construction.....	244	303	358	327	243	312	399	351
8. New Machinery and Equipment.....	363	475	395	382	410	461	405	337
9. Change in Inventories.....	-234	-280	1,419	-514	-138	-99	1,328	-472
10. (Business Inventories Only).....	(-22)	(32)	(65)	(-86)	(126)	(210)	(117)	(-122)
11. Exports of Goods and Services.....	1,050	1,227	1,264	1,335	1,026	1,258	1,332	1,252
12. Deduct: Imports of Goods and Services.....	-1,042	-1,243	-1,254	-1,357	-1,235	-1,456	-1,361	-1,305
13. Residual Error of Estimate.....	-19	-30	-27	-59	0	36	-57	-42
14. GROSS NATIONAL EXPENDITURE.....	4,085	4,406	6,232	4,736	4,347	4,703	6,344	4,838

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