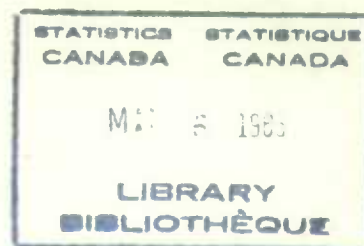


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NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
Fourth Quarter and Preliminary Annual
1954

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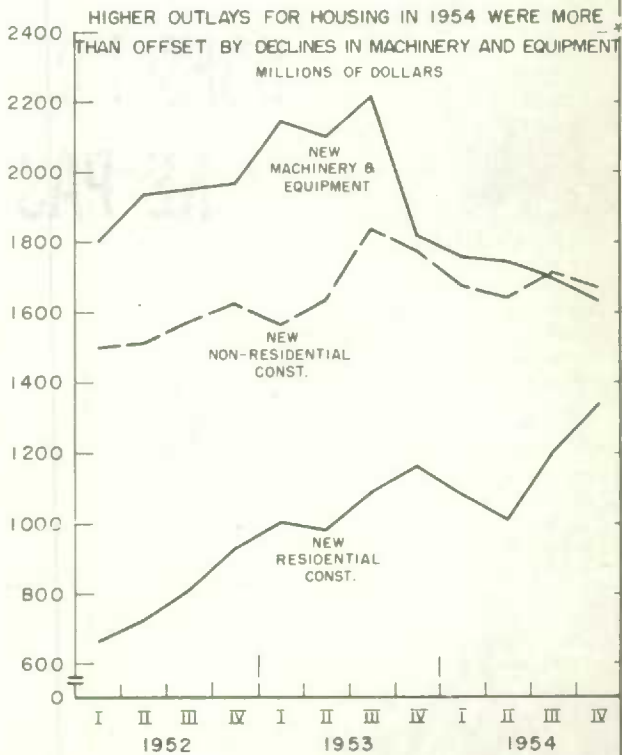
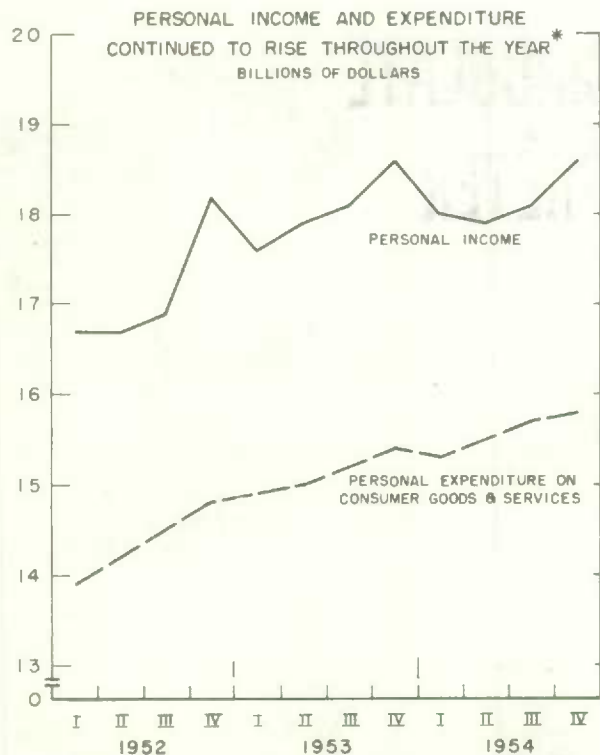
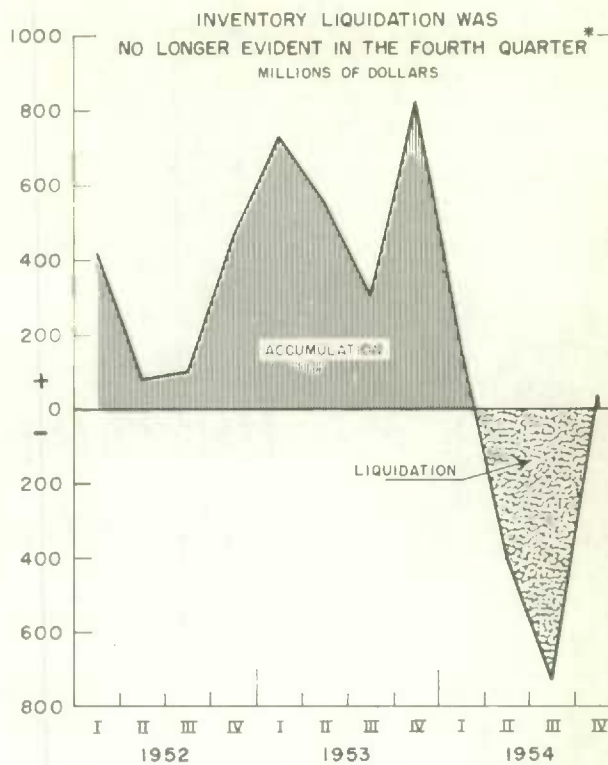
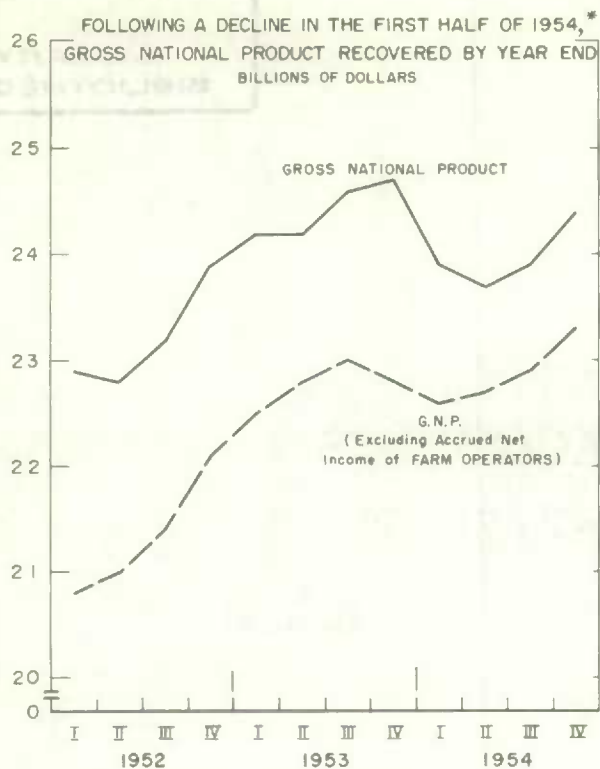
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SELECTED COMPONENTS OF INCOME AND EXPENDITURE



* QUARTERLY DATA, AT SEASONALLY ADJUSTED ANNUAL RATES

INTRODUCTORY REVIEW

This report includes revised quarterly and annual data for the years 1952 and 1953 as well as preliminary data for 1954.

Canada's Gross National Product amounted to \$24.9 billion in 1954, a decline of almost 2 per cent from the level of \$24.4 billion in 1953. This decline in output reflects the drop in the value of farm production in 1954, with non-farm output showing a small increase in value over the preceding year. After allowing for a slight increase in the domestic price level, the volume of non-farm production was only slightly lower than in 1953. This relative stability indicated by the year-over-year comparisons obscures the fact that the contraction in industrial activity which began in the third quarter of 1953 was reversed in mid-1954 as Gross National Product moved upward in the last half of the year. This upward movement in the production of goods and services was particularly prominent in the fourth quarter, and raised the level of Gross National Product (excluding accrued net income of farm operators) above that of the peak third quarter of 1953.

The approximate timing and magnitude of the changes in non-farm output between 1953 and 1954 are illustrated in the accompanying chart (opposite page) and in the table below:

Seasonally Adjusted Annual Rates
(rounded in billions of dollars)

	<u>1 9 5 3</u>				<u>1 9 5 4</u>			
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
Gross National Product (excluding accrued net income of farm operators) ¹	22.5	22.8	23.0	22.8	22.6	22.7	22.9	23.3
Change (computed from unrounded data).....	+0.3	+0.2	-0.2	-0.2	0	+0.2	+0.5	

The data indicate that the contraction in non-farm output was of comparatively small magnitude, apparently amounting to less than 2 per cent between the peak in the third quarter of 1953 and the low point in 1954. The recovery from the first half of 1954 through to the final quarter appears to have been about 3 per cent.

Changes in Industrial Activity

Before proceeding to a description of the major product and expenditure categories, it will be useful to review briefly the experience of the various industrial groups in 1954. The declines in non-farm output which occurred during the down-turn were concentrated in the durable goods manufacturing industries, including iron and steel products, transportation equipment, and electrical apparatus and supplies. Output in non-durable goods manufacturing also showed a small decline during the period in which the contraction was under way, reflecting mainly the drop in clothing and textile production. It is interesting to note that from mid-1953 to mid-1954 the declines in the above groups were as follows: durable manufacturing, 11 per cent; iron and steel products, 12 per cent; transportation equipment, 26 per cent; electrical apparatus and supplies, 15 per cent; non-durable manufacturing, 2 per cent; clothing, 17 per cent; and textiles, 17 per cent. In the last half of 1954, the production of durable goods was showing greater strength. However, for the year as a whole, durable goods manufacturing output was down by 8 per cent. Production of non-durable manufacturing goods was also showing a firmer tone in the latter part of 1954, and clothing and textile production was somewhat stronger; for the full year 1954, non-durable production was about 1 per cent lower than in 1953. Taking manufacturing as a whole, both durable and non-durable goods, the decline in output from 1953 to 1954 amounted to about 4 per cent.

Outside the manufacturing field, production gains were widespread in 1954. All of the primary industries except agriculture showed substantial increases, with production in mining, quarrying and oil wells up by 13 per cent; metals, fuels and non-metals showed gains of 9, 13 and 2 per cent, respectively. In the public utilities group, gains were also recorded, with output of electrical power up by 5 per cent and sales of natural gas up by 25 per cent. In the fishing industry, the volume of landings of sea fish was 10 per cent higher than in the previous year. Forestry also showed a gain in output over 1953.

Production in most of the service industries moved upward in 1954. However, in transportation, storage and communication a decline was recorded, associated with lower shipments of grain, iron ore and heavy manufactured goods; ton-miles of revenue freight carried were down by 12 per cent from 1953. In construction, a small increase in output was shown over the previous year.

These production gains in the primary industries (except agriculture) and in the services group approximately counter-balanced the decline in manufacturing, and in transportation, storage and

1. It may be noted that these figures are only approximately representative of movements in the non-farm sector since they include a number of small and stable components of G.N.P. originating in agriculture e.g. wages, interest, rents and depreciation.

communication so that, for the year as a whole, little change occurred in total non-farm output.

Accompanying developments on the production side in 1954, persons with jobs in the non-farm sector of the economy declined, by about 1 per cent. Along with some growth in the labour force, this led to an increase in persons without jobs and seeking work; the latter averaged 231,000 and amounted to 4.2 per cent of the labour force for 1954 as a whole. The drop in manufacturing employment between 1953 and 1954 amounted to 5 per cent. The average number of hours worked per week in manufacturing also fell between 1953 and 1954, by 1.7 per cent.

Summary of Movements in Income and Expenditure

In spite of the over-all decline in non-farm employment of 1 per cent in 1954, labour income continued to rise throughout the year. Higher average hourly rates more than offset declines in total employment and in average hours worked, so that for the year as a whole, wages and salaries were 2 per cent above the level of 1953. Gains also occurred in other elements of personal income in 1954, and these contributed to the maintenance of a high level of purchasing power in the personal sector of the economy. As a result, despite the sharp drop in net income of farm operators, total personal income showed little change in 1954 from the level of the preceding year. In fact, disposable income, with net income of farm operators removed, was about 4 per cent higher in 1954 than in 1953. This gain is quite striking in view of the fact that employment in the non-farm sector was below the 1953 level and total non-farm production was relatively stable in the year-over-year comparison.

Gross National Expenditure, 1953-1954

	<u>\$ Billions</u>		<u>Changes in \$ Billions</u>		
	<u>1953</u>	<u>1954</u>	<u>1953 to</u>	<u>III Q.'53</u>	<u>II Q.'54</u>
	<u>(1)</u>	<u>(2)</u>	<u>1954</u>	<u>to II Q.'54</u>	<u>to IV Q.'54</u>
			<u>(3)</u>	<u>(4)</u>	<u>(5)</u>
Personal Expenditure.....	15.1	15.6	+5	+3	+3
Government Expenditure.....	4.4	4.4	-	-3	+2
Residential Construction.....	1.1	1.2	+1	-1	+3
Non-residential Construction....	1.7	1.7	-	-2	-
Machinery and Equipment.....	2.1	1.7	-4	-5	-1
Exports.....	5.4	5.1	-3	-5	+1
TOTAL FINAL PURCHASES					
(EX INVENTORIES).....	29.8	29.7	-1	-1.3	+8
Change in Inventories.....	.6	-.2	-.8	-.7	+4
(Business Only).....	(.4)	(-1)	(-5)	(-6)	(+4)
Imports.....	-5.9	-5.6	-(-3)	-(-6)	-(+3)
Error.....	-.1	+1	+2	+4	-.2
GROSS NATIONAL EXPENDITURE.....	24.4	24.0	-.4	-.9	+7

(Note: Columns 4 and 5 are at seasonally adjusted annual rates. Figures will not add by +.1 or -.1 due to rounding.)

Total final purchases of goods and services, apart from inventory investment, (see above table), showed very little change from the level of the year 1953. This development reflects mainly the continued rise in consumer expenditures throughout 1954, and also, in part, the increase in outlays for new housing; the combined increase in housing and consumer expenditure largely offset the declines in business investment in durable assets (primarily in machinery and equipment) and in exports. The substantial business inventory build-up of 1953 was reversed in 1954 and a considerable liquidation of inventories took place, with the turn-around amounting to \$0.5 billion. This shift in the inventory sector from a position of net accumulation to one of net liquidation occurred chiefly at the manufacturing level, and was mainly concentrated in those areas where declines in production were most pronounced, namely iron and steel products, transportation equipment, electrical apparatus and supplies, and clothing and textiles. At the same time, farm and grain inventories were reduced in 1954, in contrast to some accumulation in the preceding year. The net effect of these various changes on total Canadian production was partly offset by a decline in imports of foreign-produced goods and services, so that on balance, Canadian output declined by only \$0.4 billion. It may be noted that the fall-off in imports was also concentrated largely in those industries where production and inventory declines occurred.

Turning to developments within the years 1953 and 1954, business inventory movements were a factor of major significance in the down-turn which occurred between the third quarter of 1953 and the second quarter of 1954. The extent of the inventory turn-around can be seen in the above table, and amounted to the equivalent of \$0.6 billion of new production. However, as the table indicates, other demand categories were also weakening during this same period, with final purchases of goods and services (excluding inventory investment) declining by \$1.3 billion. Thus, the drop in the flow of spending amounted in total to close to \$2.0 billion at annual rates. A large part of this decline

in demand was matched by a cut-back in imports of foreign-produced goods and services, which fell by \$0.6 billion; thus, to this extent the impact of declining demand on Canadian production was partly neutralized.

The pattern of the recovery from the middle of 1954 to the end of the year is also illustrated in the above table. With the exception of machinery and equipment outlays, all of the final expenditure categories which had previously been showing declines were picking up in the last half of the year. At the same time, the business inventory liquidation which had been very substantial in the second and third quarters was no longer in evidence at year end; if allowance is made for seasonal factors, some net accumulation appears to have occurred in the fourth quarter.

The review which follows provides a more detailed analysis of the components of National Income, Gross National Product and Gross National Expenditure.

Wages, Salaries and Supplementary Labour Income

Wages, salaries and supplementary labour income increased by 2 per cent in 1954 over the preceding year. Changes by industry paralleled to a large extent the changes in the production pattern already noted. Thus, gains occurred in most of the primary industries, and in all of the service groups including public utilities, trade, finance, and government services; the increases in the service components were much higher than for other industries. On the other hand, wages and salaries in transportation, storage and communication, and in manufacturing, declined in the year-to-year comparison. These movements reflected a number of factors, including the continued expansion of activity in mining and iron ore developments, the general growth in the service industries, the decline in manufacturing production, and lower shipments of grain, iron ore and heavy manufactured products. The declines in manufacturing wages and salaries were concentrated in iron and steel products, transportation equipment, and clothing, textile and leather products, which showed declines ranging from 6 to 10 per cent.

The trend of total wages and salaries throughout the year was steadily upward and this was an important stabilizing influence in the economy during the period when production was declining. The fourth quarter rate of wages and salaries was about 2 per cent above the 1954 average.

As has been indicated, the rise in average hourly earnings more than accounted for the gains in total labour income over the year 1953. The increase in average hourly earnings in non-durable goods manufacturing amounted to 5 per cent, and in durable goods manufacturing to 3 per cent; in construction and mining, the gains were 3 per cent, and 2 per cent, respectively.

Investment Income

The total of investment income, which includes corporation profits, interest, net rents and government investment income, declined by approximately 2 per cent from 1953 to 1954. Corporation profits, before taxes, which is the major component of investment income, is estimated to have declined by about 7 per cent, although actual fourth quarter data are not yet available; the drop was concentrated in the metal-using manufacturing industries and in retail and wholesale trade. Interest and net rental receipts of persons rose by about 12 per cent in 1954, reflecting increases in average rents, the growth in the number of housing units, and higher deposit interest paid by banks. Government investment income showed little change from 1953, with higher interest receipts approximately offsetting a decline in profits of government enterprises.

Throughout the year 1954, investment income (seasonally adjusted) was relatively stable, following declines in the last half of 1953. Corporation profits, which had been declining throughout most of the year 1953, levelled off early in 1954 and showed little change throughout the remainder of the year.

Net Income of Unincorporated Business

Accrued net income of farm operators from farm production was \$1.1 billion in 1954, a decline of about one-third from \$1.6 billion in 1953. This decline was accounted for by the drop of \$0.5 billion in the value of crop production, which reflected adverse weather conditions in the Western provinces and severe rust damage to the grain crop. It should be noted, however, that the year 1953 produced the second largest grain crop in history, so that the decline in 1954 represents a drop from a very high base. Moreover, cash income from the sale of farm products declined much less sharply in 1954, partly reflecting the fact that grain deliveries did not drop as sharply as crop production; the decrease in cash income in 1954 amounted to 12 per cent.

In contrast to the decline in grain output in 1954, the production of livestock increased, and with prices only slightly lower, there was some increase in income from this source. Cash income from fruits, vegetables and dairy products was unchanged in total from the previous year.

Net income of non-farm unincorporated business in 1954 was slightly below the preceding year, (by about 3 per cent). The decline was concentrated entirely in manufacturing and retail trade; gains occurred in other groups, with the major gains showing up in net income from professional service and in the construction industry. The gain in construction was related to the higher level of house building in 1954.

Indirect Taxes Less Subsidies

Indirect taxes less subsidies amounted to \$2.9 billion in 1954, relatively unchanged from the level of the previous year. However, there were a number of significant shifts among the components. At the federal level, indirect taxes declined by 5 per cent, mainly accounted for by lower sales and

excise tax collections and by a drop in customs import duties; the declines in these components were 5 and 7 per cent respectively, and were associated with lower levels of factory shipments of goods, particularly durables, as well as with a drop in imports. Changes in tax rates introduced in the April 1954 Budget were also a contributing factor in the decline. Accompanying the drop in federal indirect taxes, subsidies were also somewhat lower in 1954 than in the preceding year. At the provincial level, indirect taxes showed an increase of 6 per cent, accounted for by gains in gasoline and retail sales taxes. At the municipal level a gain of 6 per cent occurred, as real and personal property taxes rose over the previous year.

Depreciation Allowances and Similar Business Costs

Depreciation allowances and similar business costs increased by 5 per cent in 1954 to reach a total of \$2.5 billion. Almost all of the increase was due to higher corporation capital cost allowances, mining development write-offs, and depreciation charges for residential and non-residential real estate.

The Pattern of Demand

As has been noted, consumer expenditures and investment in new housing construction were the two important sustaining forces on the demand side in 1954. With the exception of government expenditure on goods and services which remained level, all other major expenditure categories showed declines in 1954 relative to the preceding year. During the period of the down-turn in production, from mid-1953 to mid-1954, the declines in the seasonally adjusted expenditure components were particularly sharp (see table on page 2) but from mid-1954 to the end of the year all of the expenditure items were rising again with the exception of outlays for new machinery and equipment. These developments are discussed in greater detail in the sections which follow.

Personal Expenditure on Consumer Goods and Services

The major expansionary force in the economy in 1954 was personal expenditure on consumer goods and services which rose by 3 per cent, from \$15.1 billion in 1953 to \$15.6 billion in 1954. This increase was associated with a continuing high level of personal disposable income and a drop in the proportion of income saved. Expenditures for services and non-durable goods were higher in 1954, by 6 per cent and 3 per cent respectively, but expenditures for durable goods declined by 6 per cent. With prices slightly higher than in the preceding year, the volume increase in total personal expenditure amounted to about 2 per cent.

The major gain in non-durable goods purchases in 1954 was in the food component, which rose by 5 per cent. Purchases of clothing declined by 5 per cent, while expenditure on tobacco and alcoholic beverages showed little change. In volume terms, non-durable goods purchases as a whole showed approximately the same increase as is indicated by the value figures.

In the durable goods group, the declines were widespread, but were especially marked in purchases of new automobiles which fell by 12 per cent. Purchases of most types of household appliances and furniture also declined, and shipments of domestic washing machines and refrigerators were down by 10 per cent and 12 per cent respectively, from the previous year; imports of refrigerators showed a drop of 41 per cent. The declines in these and other durable goods purchases were partially offset by higher sales of television sets, shipments of which increased by 45 per cent over 1953. With prices for durable goods as a whole slightly below the previous year, it is estimated that the volume of purchases declined by about 5 per cent.

Most of the service groups showed increases in 1954, with major gains occurring in expenditures for household operations and utilities, and for shelter. Outlays for automobile repair and maintenance, medical care, education, and personal care were also higher in 1954. With prices for services considerably higher than in 1953, the volume of services purchased is estimated to have risen by only 1 per cent.

Throughout the year 1954, total personal expenditure on goods and services rose steadily, reflecting the growth in the non-durable and service groups. Durable goods purchases, seasonally adjusted, declined erratically throughout most of the year. In the fourth quarter of 1954, consumer expenditure as a whole was running at an annual rate of \$15.3 billion, almost 5 per cent above the average for the year 1953.

Government Expenditure on Goods and Services

Expenditure for goods and services by all levels of government (federal, provincial and municipal) remained practically unchanged in 1954, at approximately \$4.4 billion. At the federal level, a decline of more than \$100 million, or 5 per cent, was offset by gains of 5 per cent and 7 per cent, respectively, in provincial and municipal government expenditures. It may be noted that federal defence expenditure for the year 1954 amounted to \$1.7 billion compared with \$1.9 billion in 1953, a drop of 9 per cent (on the National Accounts basis); this decline was partly offset by increases in federal non-defence outlays for goods and services which were associated with higher wage and salary payments, higher federal non-defence investment expenditures and a smaller liquidation of commodity stocks. An increase in provincial government expenditure on goods and services reflected larger public investment outlays, while the increase in municipal government expenditures was associated with the high volume of new housing construction in 1954 which increased the demand for roads, schools, and water and sewage facilities.

Gross Domestic Investment (excluding inventory change)

The steady growth in outlays for capital goods which has been a prominent feature of the post-war period was interrupted in 1954. Gross domestic investment (excluding inventory investment) declined, from \$4.3 billion in 1953 to \$4.5 billion, a drop of 6 per cent. This decline was more than accounted for by sharply-reduced outlays for machinery and equipment (off by 17 per cent) and by somewhat smaller expenditures for new non-residential construction (off by 2 per cent). On the other hand, outlays for new housing continued to increase, with a gain of 9 per cent over 1953. In this connection, it may be noted that a change in the National Housing Act in early 1954 reduced down-payment requirements on homes, and extended the repayment period of mortgage loans; at the same time, a change in the Bank Act permitted the chartered banks to extend loans on home mortgages.

The decline in business outlays for plant, machinery and equipment was fairly widespread. The heaviest declines occurred in manufacturing (\$174 million or 18 per cent), agriculture and fishing (\$153 million or 28 per cent), and utilities (\$96 million or 8 per cent). The decline in agriculture reflects mainly a sharp drop in purchases of power farm machinery, while the drop in utilities is associated to a large extent with smaller expenditures by central electric stations and reduced outlays for construction by steam railways. It may be noted in passing that sales of commercial motor vehicles were lower by 27 per cent in 1954. Smaller absolute declines occurred in mining, quarrying and oil wells, and in the construction industry. Partially offsetting the above declines, increases were recorded for trade, finance and commercial services, with smaller gains occurring in forestry and non-government institutions.

At year-end, outlays for new residential construction were at record levels. Investment in non-residential construction, seasonally adjusted, fell slightly in the fourth quarter, while outlays for new machinery and equipment continued the steady declines which were apparent throughout the year 1954.

Price changes were small in all of the components of fixed asset investment in 1954, and the volume changes were of about the same magnitude as the value changes.

Changes in Inventories

Within 1954, inventory changes were a dominating influence in the movement of total production. The volatility of this component, and the rapidity with which changes can occur in the inventory field, make it especially significant in the quarter-to-quarter movements in Gross National Product. Moreover, inventory developments were of major importance in the changes which occurred in the annual levels of production in certain industries between 1953 and 1954. The table on page 2 indicates the magnitude of the inventory changes relative to movements in other components of Gross National Expenditure.

From 1953 to 1954, the inventory sector shifted from a position of substantial net accumulation amounting to \$605 million, to a position of net liquidation of \$230 million. This represented a turn-around of approximately \$0.3 billion, or 3 per cent of Gross National Product, of which more than one-half was attributable to movements in business inventories; the remainder of the turn-around was accounted for by depletions in grain and farm-held inventories in 1954, compared with some accumulation in the previous year.

	<u>1953</u>	<u>1954</u>	<u>Total Change</u>
	<u>(millions of dollars)</u>		
Change in Business Inventories.....	409	-73	-482
Change in Farm Inventories.....	51	-144	-195
Change in Grain in Commercial Channels.....	<u>145</u>	<u>-13</u>	<u>-158</u>
T o t a l	605	-230	-835

The business inventory turn-around between 1953 and 1954 amounted to \$482 million and occurred almost entirely within the manufacturing sector. Within manufacturing, the changes were most pronounced in the metal-using industries, and in the textile and clothing industries. It may be noted that these were the sectors of the economy where the largest production declines occurred in 1954, and where imports were cut back most sharply. These production, import and inventory declines were in turn related to a major drop in investment in machinery and equipment, to lower purchases of clothing and durable goods by consumers, and somewhat smaller defence outlays. As has been pointed out, these declines were largely counter-balanced by gains in other final expenditure components in 1954 so that total final purchases, apart from inventory investment, showed little change. Inventory movements thus exerted the major downward tendency on the economy in 1954.

Turning to the inventory changes from the production peak in the third quarter of 1953 to the low point in the second quarter of 1954, it is apparent that developments in business inventories were a major factor in the decline in industrial activity. During this period, business inventories moved from a seasonally adjusted rate of accumulation of \$300 million to a rate of liquidation of \$300 million, a shift which was the equivalent of about \$0.6 billion in new production. This development was accompanied by a fall-off in most of the other major demand categories of Gross National Expenditure, and by a decline in Gross National Product amounting to \$0.9 billion at annual rates. It must be noted, however, that this latter figure includes the drop in crop production between 1953

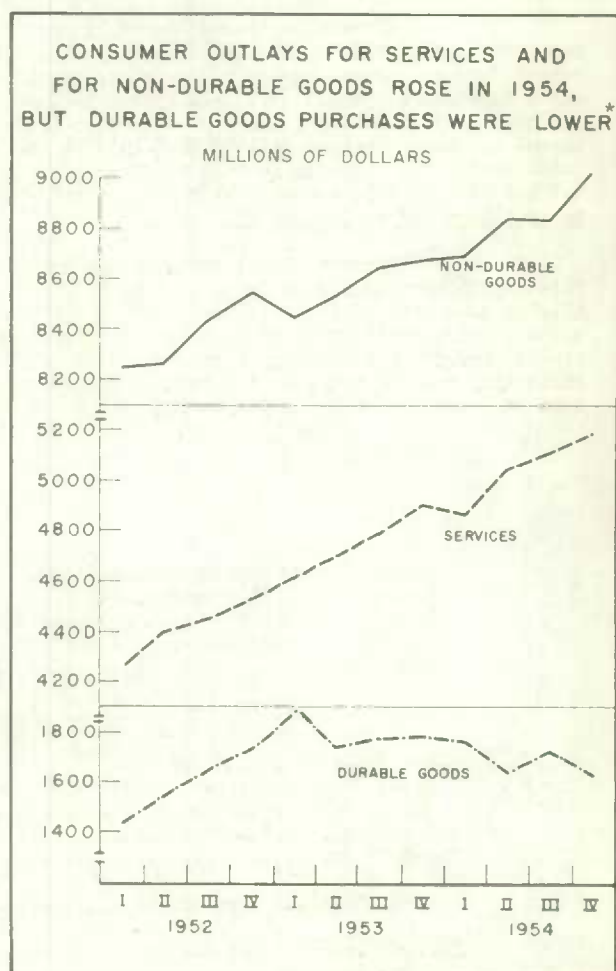
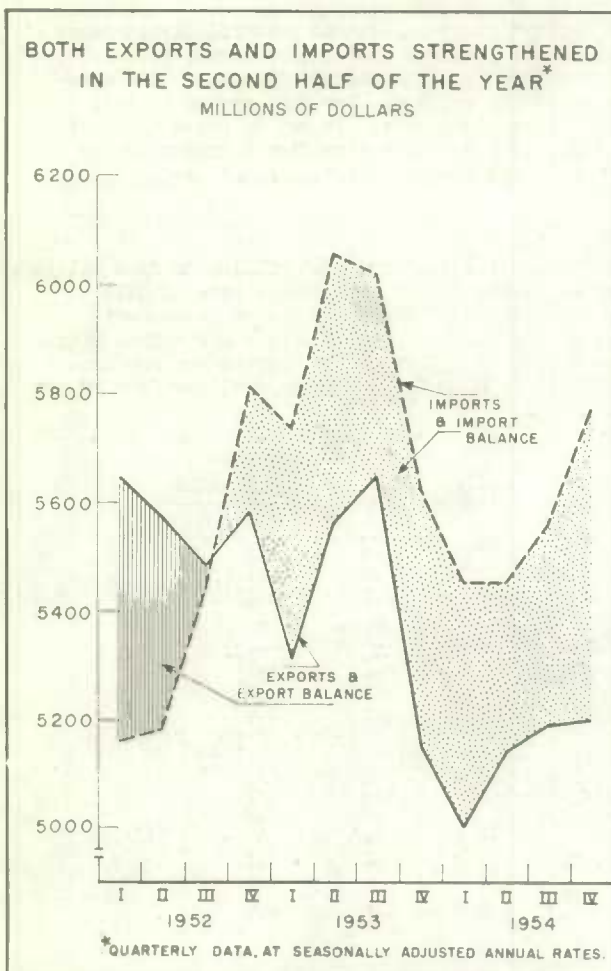
and 1954 of approximately \$500 million,¹ and that the decline in non-farm output was only of the order of \$0.3 billion at annual rates.

The depletion of business inventories continued in the third quarter of 1954, when it reached its maximum rate, seasonally adjusted. By the fourth quarter, however, liquidations no longer appeared to be in evidence and a small accumulation was taking place. This reversal in the inventory sector amounted to \$0.4 billion and, together with generally rising outlays in other components of Gross National Expenditure, brought the level of total output to a rate of \$24.4 billion in the final quarter of the year.

Exports and Imports of Goods and Services

Exports of goods and services declined in 1954 by 5 per cent, from \$5.4 billion in 1953 to \$5.1 billion. The entire decline can be more than accounted for by a drop of \$295 million in exports of grains and flour. This development was related to the improved world supply position of wheat and coarse grains, and has constituted the major factor in the drop in exports since the third quarter of 1953. Non-grain exports were well maintained in 1954, with declines in motor vehicles, primary iron and steel products, and a few defence exports being offset by increases in newsprint, wood pulp, planks and boards, most base metals, fishery products and chemical products. Non-grain exports to Europe showed marked increases in 1954, reflecting higher levels of industrial activity in overseas countries. Total receipts from services showed declines in 1954, with the largest drops occurring in freight and shipping services, and in interest and dividend receipts.

Seasonally adjusted, exports of goods and services showed a gradual strengthening throughout 1954, following a sharp decline between the third quarter of 1953 and the first quarter of 1954 which was associated with the drop in agricultural exports. Non-agricultural merchandise exports in the fourth quarter of 1954 were more than 8 per cent above the fourth quarter of 1953.



Imports of goods and services also declined in 1954, from \$5.9 billion in 1953 to \$5.6 billion, or by 5 per cent. Almost three-quarters of this decline was concentrated in imports of iron and its products. Large declines also occurred in imports of non-metallic minerals (9 per cent) and in imports of fibres and textiles (14 per cent). These declines were related to a number of factors, including lower purchases of agricultural implements (reflecting the drop in farm income); lower outlays for machinery and equipment in the non-agricultural sector; lower consumer outlays for durable

1. In the seasonally adjusted data, crop production in the National Accounts is spread evenly over the four quarters of the year.

goods; and a decline in consumer purchases of clothing. The heavy liquidations of inventories which were in progress during 1954 were also a factor contributing to the reduction in imports in these groups. Large increases in imports were few in 1954 and were mainly limited to food products. In the services sector, increases in tourist expenditures and in interest and dividend payments abroad more than offset the drop in payments for freight and shipping services.

Imports of goods and services seasonally adjusted, moved upward in the last half of 1954, following the down-turn which began in the third quarter of 1953. At year-end, imports of goods and services were running at a rate of \$5.8 billion, or about 5 per cent below the second quarter 1953 peak.

For the year 1954 as a whole, the deficit on current account was slightly smaller than in 1953, amounting to \$425 million. Export prices were slightly lower in 1954 than in the preceding year, and import prices were approximately unchanged so that there was a small deterioration in the terms of trade.

Personal Income, Expenditure and Saving

Although earnings from current production, as measured by the National Income, were lower in 1954 (reflecting mainly the drop in net income of farm operators and in corporation profits), the flow of income payments to persons was maintained, and personal income for the year as a whole was slightly above the level of 1953. This stability in personal income at a time when National Income was declining reflected an increase in transfer payments from government, particularly unemployment benefits, and the maintenance of dividend payments despite lower earnings of corporations. Stability in personal income in 1954 was also related in an important way to the fact that labour income continued to rise throughout the year in spite of slightly lower employment and a shorter factory work week, as average hourly earnings continued to advance.

Disposable income showed little change between the two years as personal direct taxes remained level. With stability in income and a decline in the proportion of income saved, personal expenditure on consumer goods and services continued its upward trend throughout the year. The movements in personal expenditure have been discussed in a preceding section. Personal saving in 1954 amounted to \$1.1 billion, compared with \$1.5 billion in the previous year. It may be noted that net income of farm operators fell by \$0.5 billion in 1954 and this has been a significant factor in the total decline in personal saving. As a proportion of disposable income, total personal saving was 6.8 per cent in 1954 compared with 9.2 per cent in 1953.

National Saving and Investment

Gross national saving declined by 18 per cent in 1954, from \$4.9 billion to \$4.0 billion. This decline was attributable to a lower level of personal saving (which fell from a rate of \$1.5 billion to a rate of \$1.1 billion), and to a change in the surplus of the consolidated government sector, which declined by \$0.2 billion. Gross business saving remained substantially unchanged, with higher depreciation allowances approximately offsetting a drop in undistributed corporation profits. Reflecting these changes in the sources and level of saving, total national saving declined from 20 per cent of Gross National Product in 1953 to 17 per cent in 1954.

	1953	1954	Change 1953 to 1954
	(Billions of dollars)		
Gross Private Saving			
Personal Saving.....	1.5	1.1	-.4
Undistributed Corporation Profits.....	.7	.6	-.1
Depreciation Allowances.....	2.4	2.5	+.1
Other.....	-	-	-
Government Surplus.....	.2	-	-.2
Residual Error.....	.1	-.2	-.2
Gross National Saving ¹	4.9	4.0	-.9
Gross Domestic Investment:			
Gross Domestic Investment (ex. inventories)	4.8	4.5	-.3
Change in Inventories.....	.6	-.2	-.8
Net Foreign Investment.....	-.4	-.4	-
Residual Error.....	-.1	.2	.2
Gross National Investment ¹	4.9	4.0	-.9

1. Figures will not add by + .1 or -.1 due to rounding.

As has been noted on page 5, the supply of available goods and services which was diverted to domestic investment channels (i.e. inventories, plant, equipment and housing) in 1954 was considerably smaller than in the preceding year, by about \$1.1 billion. Nevertheless, the nation's saving in 1954 fell considerably short of the amount required to support this lower domestic investment program, and the gap was closed by drawing, on balance, upon foreign resources. This development was reflected in a current account deficit amounting to \$425 million in 1954, only slightly smaller than the deficit sustained in the preceding year.

1. Includes budgetary and extra-budgetary revenues and expenditures of federal, provincial and municipal governments.

TABLE 1. NATIONAL INCOME AND GROSS NATIONAL
(millions)

	I	II	1 9 5 2 III IV	Year	
1. Wages, Salaries and Supplementary Labour Income...	2,556	2,629	2,769	2,864	10,816
2. Military Pay and Allowances.....	60	67	69	74	270
3. Investment Income.....	837	969	1,010	917	3,733
Net Income of Unincorporated Business:					
4. Accrued Net Income of Farm Operators from Farm Production ¹	135	129	1,424	170	1,858
5. Net Income of Non-Farm Unincorporated Business ²	306	418	422	429	1,575
6. NET NATIONAL INCOME AT FACTOR COST.....	3,894	4,212	5,694	4,454	18,254
7. Indirect Taxes less Subsidies.....	646	651	692	725	2,714
8. Depreciation Allowances and Similar Business Costs	483	522	533	577	2,115
9. Residual Error of Estimate.....	4	31	17	67	119
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,027	5,416	6,936	5,823	23,202
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(4,892)	(5,287)	(5,512)	(5,653)	(21,344)

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,
(millions)

	I	II	1 9 5 2 III IV	Year	
1. Personal Expenditure on Consumer Goods and Services.....	3,231	3,577	3,510	4,045	14,363
2. Government Expenditure on Goods and Services ^{1,4} ...	1,100	867	1,102	1,190	4,259
Gross Domestic Investment: ²					
3. New Residential Construction.....	126	200	223	237	786
4. New Non-Residential Construction.....	303	381	450	420	1,554
5. New Machinery and Equipment.....	438	564	466	448	1,916
6. Change in Inventories.....	-199	-183	1,126	-474	270
7. (Business Inventories only) ³	(-19)	(19)	(33)	(-92)	(-59)
8. Exports of Goods and Services.....	1,234	1,409	1,430	1,500	5,573
9. Deduct: Imports of Goods and Services.....	-1,202	-1,368	-1,353	-1,477	-5,400
10. Residual Error of Estimate.....	-4	-31	-18	-66	-119
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	5,027	5,416	6,936	5,823	23,202

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 grain in commercial channels and change in farm inventories.
4. Includes defence expenditures of:

1 9 5 2						1 9 5 3						1 9 5 4					
I	II	III	IV	Year		I	II	III	IV	Year		I	II	III	IV	Year	
511	382	409	498	1,800		590	401	452	464	1,907		528	360	400	440	1,728	

PRODUCT, BY QUARTERS, 1952-1954
of dollars)

1 9 5 3					1 9 5 4				
I	II	III	IV	Year	I	II	III	IV	Year
2,781	2,893	2,991	2,996	11,661	2,838	2,929	3,054	3,079	11,900
70	77	79	83	309	83	92	95	97	367
893	1,031	1,013	838	3,775	858	980	1,002	869	3,709
30	106	1,323	190	1,649	66	145	719	184	1,114
349	454	446	443	1,692	332	427	444	442	1,645
4,123	4,561	5,852	4,550	19,086	4,177	4,573	5,314	4,671	18,735
690	732	742	736	2,900	716	734	728	735	2,913
535	587	594	648	2,364	565	624	623	678	2,490
5	-66	48	79	66	-58	-92	-42	39	-153
5,353	5,814	7,236	6,013	24,416	5,400	5,839	6,623	6,123	23,985
(5,323)	(5,708)	(5,913)	(5,823)	(22,767)	(5,334)	(5,694)	(5,904)	(5,939)	(22,871)

BY QUARTERS, 1952-1954
of dollars)

1 9 5 3					1 9 5 4				
I	II	III	IV	Year	I	II	III	IV	Year
3,474	3,783	3,654	4,204	15,115	3,566	3,902	3,774	4,339	15,581
1,166	879	1,185	1,132	4,362	1,121	870	1,184	1,185	4,360
190	273	302	296	1,061	205	281	332	341	1,159
311	412	523	460	1,706	335	414	491	436	1,676
522	592	520	439	2,073	429	508	402	372	1,711
-125	4	1,115	-389	605	-134	-65	379	-410	-230
(119)	(263)	(124)	(-97)	(409)	(103)	(53)	(-79)	(-150)	(-73)
1,158	1,404	1,484	1,374	5,420	1,085	1,276	1,399	1,374	5,134
-1,337	-1,600	-1,498	-1,425	-5,860	-1,265	-1,438	-1,381	-1,475	-5,559
-6	67	-49	-78	-66	58	91	43	-39	153
5,353	5,814	7,236	6,013	24,416	5,400	5,839	6,623	6,123	23,985

TABLE 3. SOURCES OF PERSONAL
(millions)

	I	II	1 9 5 2 III IV	Year	
1. Wages, Salaries and Supplementary Labour Income...	2,556	2,629	2,769	2,864	10,818
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds...	-87	-88	-89	-94	-358
3. Military Pay and Allowances.....	60	67	69	74	270
4. Net Income Received by Farm Operators from Farm Production ¹	110	78	1,366	306	1,860
5. Net Income of Non-Farm Unincorporated Business....	306	418	422	429	1,575
6. Interest, Dividends and Net Rental Income of Persons ²	374	406	381	412	1,573
Transfer Payments to Persons:					
7. From Government (Excluding Interest).....	374	321	332	329	1,356
8. Charitable Contributions by Corporations.....	6	7	7	6	26
9. Net Bad Debt Losses of Corporations.....	6	6	6	7	25
10. PERSONAL INCOME.....	3,705	3,844	5,263	4,333	17,145

Footnotes:

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

TABLE 4. DISPOSITION OF PERSONAL
(millions)

	I	II	1 III	9 5	2 IV	Year
Personal Direct Taxes:						
1. Income Taxes.....	266	332	279	300	1,177	
2. Succession Duties.....	21	18	15	19	73	
3. Miscellaneous.....	25	17	12	16	70	
4. Total Personal Direct Taxes.....	312	367	306	335	1,320	
Personal Expenditure on Consumer Goods and Services:						
5. Non-Durable Goods.....	1,829	2,003	2,076	2,458	8,366	
6. Durable Goods.....	320	454	381	435	1,590	
7. Services ¹	1,082	1,120	1,053	1,152	4,407	
8. Total Personal Expenditure on Consumer Goods and Services.....	3,231	3,577	3,510	4,045	14,363	
Personal Saving:						
9. Personal Saving Excluding Farm Inventory Change	330	99	408	388	1,225	
10. Farm Inventory Change.....	-168	-199	1,039	-435	237	
11. Total Personal Saving.....	162	-100	1,447	-47	1,462	
12. PERSONAL INCOME.....	3,705	3,844	5,263	4,333	17,145	
13. (Personal Disposable Income) ²	(3,393)	(3,477)	(4,957)	(3,998)	(15,825)	

Footnotes:

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

INCOME, BY QUARTERS, 1952-1954
of dollars)

1 9 5 3					1 9 5 4				
I	II	III	IV	Year	I	II	III	IV	Year
2,781	2,893	2,991	2,996	11,661	2,838	2,929	3,054	3,079	11,900
-96	-96	-98	-100	-390	-96	-99	-99	-101	-395
70	77	79	83	309	83	92	95	97	367
-6	114	1,287	221	1,616	62	148	682	217	1,109
349	454	446	443	1,692	332	427	444	442	1,645
400	428	430	425	1,683	437	492	467	469	1,865
425	342	344	350	1,461	473	381	371	376	1,601
6	7	7	5	25	5	7	6	6	24
6	7	7	8	28	7	7	7	7	28
3,935	4,226	5,493	4,431	18,085	4,141	4,384	5,027	4,592	18,144

INCOME, BY QUARTERS, 1952-1954
of dollars)

1 9 5 3					1 9 5 4				
I	II	III	IV	Year	I	II	III	IV	Year
312	381	291	303	1,287	298	356	313	323	1,290
19	17	20	17	73	17	17	19	24	77
26	18	11	16	71	23	15	9	12	59
357	416	322	336	1,431	338	388	341	359	1,426
1,881	2,075	2,104	2,511	8,571	1,942	2,149	2,158	2,598	8,847
426	514	411	444	1,795	395	475	396	416	1,682
1,167	1,194	1,139	1,249	4,749	1,229	1,278	1,220	1,325	5,052
3,474	3,783	3,654	4,204	15,115	3,566	3,902	3,774	4,339	15,581
373	211	635	269	1,488	432	178	478	193	1,281
-269	-184	882	-378	51	-195	-84	434	-299	-144
104	27	1,517	-109	1,539	237	94	912	-106	1,137
3,935	4,226	5,493	4,431	18,085	4,141	4,384	5,027	4,592	18,144
(3,578)	(3,810)	(5,171)	(4,095)	(16,654)	(3,803)	(3,996)	(4,686)	(4,233)	(16,718)

TABLE 5. NATIONAL INCOME AND GROSS NATIONAL
SEASONALLY ADJUSTED
(millions)

	I	II	1 9 5 2 III IV	Year	
1. Wages, Salaries and Supplementary Labour Income...	10,536	10,620	10,860	11,256	10,818
2. Military Pay and Allowances.....	240	268	276	296	270
3. Investment Income.....	3,660	3,632	3,756	3,884	3,733
Net Income of Unincorporated Business:					
4. Accrued Net Income of Farm Operators from Farm Production ¹	2,088	1,780	1,752	1,812	1,858
5. Net Income of Non-Farm Unincorporated Business ²	1,488	1,564	1,588	1,660	1,575
6. NET NATIONAL INCOME AT FACTOR COST.....	18,012	17,864	18,232	18,908	18,254
7. Indirect Taxes less Subsidies.....	2,664	2,624	2,792	2,776	2,714
8. Depreciation Allowances and Similar Business Costs	2,028	2,092	2,136	2,204	2,115
9. Residual Error of Estimate.....	180	240	-	56	119
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	22,884	22,820	23,160	23,944	23,202
11. (Gross National Product at Market Prices exclud- ing Accrued Net Income of Farm Operators).....	(20,796)	(21,040)	(21,408)	(22,132)	(21,344)

Footnotes:

1. Includes an arbitrary smoothing of crop production, standard seasonal adjustments for livestock items, and a 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,
SEASONALLY ADJUSTED
(millions)

	I	II	1 9 5 2 III IV	Year	
1. Personal Expenditure on Consumer Goods and Services.....	13,940	14,212	14,504	14,796	14,363
2. Government Expenditure on Goods and Services ¹	4,252	4,188	4,164	4,432	4,259
Gross Domestic Investment: ²					
3. New Residential Construction	668	728	812	936	786
4. New Non-Residential Construction.....	1,500	1,516	1,576	1,624	1,554
5. New Machinery and Equipment.....	1,800	1,940	1,956	1,968	1,916
6. Change in Inventories.....	420	84	104	472	270
7. (Business Inventories only) ³	(-236)	(-344)	(-8)	(352)	(-59)
8. Exports of Goods and Services.....	5,648	5,576	5,484	5,584	5,573
9. Deduct: Imports of Goods and Services.....	-5,160	-5,184	-5,444	-5,812	-5,400
10. Residual Error of Estimate.....	-184	-240	4	-56	-119
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	22,884	22,820	23,160	23,944	23,202

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. Excludes grain in commercial channels and farm inventories.

PRODUCT, BY QUARTERS, 1952-1954
AT ANNUAL RATES
of dollars)

1 9 5 3					1 9 5 4				
I	II	III	IV	Year	I	II	III	IV	Year
11,408	11,672	11,728	11,836	11,661	11,700	11,816	11,964	12,120	11,900
280	308	316	332	309	332	368	380	388	367
3,896	3,872	3,732	3,600	3,775	3,676	3,720	3,700	3,740	3,709
1,652	1,412	1,680	1,852	1,649	1,280	1,024	1,060	1,092	1,114
1,712	1,688	1,672	1,696	1,692	1,620	1,604	1,656	1,700	1,645
18,948	18,952	19,128	19,316	19,086	18,608	18,532	18,760	19,040	18,735
2,820	2,936	2,988	2,856	2,900	2,916	2,944	2,924	2,868	2,913
2,244	2,256	2,380	2,476	2,364	2,372	2,504	2,496	2,588	2,490
160	-52	144	12	66	12	-280	-264	-80	-153
24,172	24,192	24,640	24,660	24,416	23,908	23,700	23,916	24,416	23,985
(22,520)	(22,780)	(22,960)	(22,808)	(22,767)	(22,628)	(22,676)	(22,856)	(23,324)	(22,871)

BY QUARTERS, 1952-1954
AT ANNUAL RATES
of dollars)

1 9 5 3					1 9 5 4				
I	II	III	IV	Year	I	II	III	IV	Year
14,940	14,960	15,204	15,356	15,115	15,320	15,516	15,660	15,828	15,581
4,368	4,384	4,492	4,204	4,362	4,360	4,212	4,468	4,400	4,360
1,004	984	1,092	1,164	1,061	1,084	1,012	1,200	1,240	1,159
1,568	1,640	1,840	1,776	1,706	1,676	1,640	1,716	1,672	1,676
2,148	2,104	2,220	1,820	2,073	1,760	1,748	1,700	1,636	1,711
732	556	308	824	605	168	-400	-724	36	-230
(332)	(616)	(328)	(360)	(409)	(256)	(-296)	(-392)	(140)	(-73)
5,316	5,564	5,648	5,152	5,420	5,000	5,144	5,192	5,200	5,134
-5,740	-6,056	-6,020	-5,624	-5,860	-5,452	-5,452	-5,560	-5,772	-5,559
-164	56	-144	-12	-66	-8	280	264	76	153
24,172	24,192	24,640	24,660	24,416	23,908	23,700	23,916	24,416	23,985

TABLE 7. SOURCES OF PERSONAL
SEASONALLY ADJUSTED
(millions)

	I	II	1 9 5 2 III IV	Year	
1. Wages, Salaries and Supplementary Labour Income...	10,536	10,620	10,860	11,256	10,818
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds...	-340	-260	-352	-380	-358
3. Military Pay and Allowances.....	240	268	276	296	270
4. Net Income Received by Farm Operators from Farm Production ¹	1,944	1,644	1,512	2,240	1,860
5. Net Income of Non-Farm Unincorporated Business....	1,488	1,564	1,588	1,660	1,575
6. Interest, Dividends and Net Rental Income of Persons ²	1,552	1,568	1,580	1,592	1,573
Transfer Payments to Persons:					
7. From Government (Excluding Interest).....	1,268	1,352	1,392	1,412	1,356
8. Charitable Contributions by Corporations.....	24	28	28	24	26
9. Net Bad Debt Losses of Corporations.....	24	24	24	28	25
10. PERSONAL INCOME.....	16,736	16,708	16,908	18,228	17,145

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
SEASONALLY ADJUSTED
(millions)

	I	II	1 9 5 2 III IV	Year	
Personal Direct Taxes:					
1. Income Taxes.....	1,052	1,172	1,236	1,248	1,177
2. Succession Duties.....	84	72	60	76	73
3. Miscellaneous.....	72	68	68	72	70
4. Total Personal Direct Taxes.....	1,208	1,312	1,364	1,396	1,320
Personal Expenditure on Consumer Goods and Services:					
5. Non-Durable Goods.....	8,248	8,256	8,420	8,540	8,366
6. Durable Goods.....	1,428	1,556	1,640	1,736	1,590
7. Services ¹	4,264	4,400	4,444	4,520	4,407
8. Total Personal Expenditure on Consumer Goods and Services.....	13,940	14,212	14,504	14,796	14,363
Personal Saving:					
9. Personal Saving Excluding Farm Inventory Change.	1,204	1,092	812	1,792	1,225
10. Farm Inventory Change.....	384	92	228	244	237
11. Total Personal Saving.....	1,588	1,184	1,040	2,036	1,462
12. PERSONAL INCOME.....	16,736	16,708	16,908	18,228	17,145
13. (Personal Disposable Income) ²	(15,528)	(15,296)	(15,544)	(16,832)	(15,825)

Footnotes:

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

INCOME, BY QUARTERS, 1952-1954
AT ANNUAL RATES
(in dollars)

1953					1954				
I	II	III	IV	Year	I	II	III	IV	Year
11,408	11,672	11,728	11,836	11,661	11,700	11,816	11,964	12,120	11,900
-376	-392	-392	-400	-390	-376	-404	-396	-404	-395
280	308	316	332	309	332	368	380	388	367
1,468	1,516	1,528	1,952	1,616	1,220	1,000	956	1,260	1,109
1,712	1,688	1,672	1,696	1,692	1,620	1,604	1,656	1,700	1,645
1,660	1,652	1,780	1,640	1,683	1,812	1,900	1,936	1,812	1,865
1,444	1,444	1,448	1,508	1,461	1,608	1,608	1,564	1,624	1,601
24	28	28	20	25	20	28	24	24	24
24	28	28	32	28	28	28	28	28	28
17,644	17,944	18,136	18,616	18,085	17,964	17,948	18,112	18,552	18,144

INCOME, BY QUARTERS, 1952-1954
AT ANNUAL RATES
(in dollars)

1953					1954				
I	II	III	IV	Year	I	II	III	IV	Year
1,236	1,352	1,296	1,264	1,287	1,176	1,256	1,384	1,344	1,290
76	68	80	68	73	68	68	76	96	77
76	72	64	72	71	72	60	52	52	59
1,388	1,492	1,440	1,404	1,431	1,316	1,384	1,512	1,492	1,426
8,444	8,528	8,640	8,672	8,571	8,696	8,836	8,836	9,020	8,847
1,884	1,736	1,776	1,784	1,795	1,760	1,632	1,716	1,620	1,682
4,612	4,696	4,788	4,900	4,749	4,864	5,048	5,108	5,188	5,052
14,940	14,960	15,204	15,356	15,115	15,320	15,516	15,660	15,828	15,581
1,336	1,600	1,612	1,404	1,488	1,572	1,356	1,036	1,160	1,281
-20	-108	-120	452	51	-244	-308	-96	72	-144
1,316	1,492	1,492	1,856	1,539	1,328	1,048	940	1,232	1,137
17,644	17,944	18,136	18,616	18,085	17,964	17,948	18,112	18,552	18,144
(16,256)	(16,452)	(16,696)	(17,212)	(16,654)	(16,648)	(16,564)	(16,600)	(17,060)	(16,718)

TABLE 9. GROSS NATIONAL EXPENDITURE IN (1949)
UNADJUSTED FOR
(millions)

	I	II	1 2 3 4 5	IV	Year
1. Personal Expenditure on Consumer Goods and Services.....	2,727	3,063	2,990	3,454	12,234
2. Non-Durable Goods.....	1,566	1,753	1,819	2,165	7,303
3. Durable Goods.....	268	391	335	384	1,378
4. Services.....	893	919	836	905	3,553
5. Government Expenditure on Goods and Services.....	900	715	903	964	3,482
Gross Domestic Investment:					
6. New Residential Construction.....	102	162	181	190	635
7. New Non-Residential Construction.....	241	302	356	324	1,223
8. New Machinery and Equipment.....	367	477	399	383	1,626
9. Change in Inventories.....	-243	-231	1,405	-487	444
10. (Business Inventories only).....	(-14)	(64)	(63)	(-71)	(42)
11. Exports of Goods and Services.....	1,046	1,221	1,264	1,232	4,863
12. Deduct: Imports of Goods and Services.....	-1,045	-1,231	-1,249	-1,349	-4,874
13. Residual Error of Estimate.....	-3	-26	-15	-55	-99
14. GROSS NATIONAL EXPENDITURE.....	4,092	4,452	6,234	4,756	19,534

Footnote:

1. See footnotes, Table 2.

TABLE 10. NATIONAL SAVING AND INVESTMENT ACCOUNT, 1952-1954
SAVING
(millions of dollars)

	1952	1953	1954
1. Personal Saving.....	1,462	1,539	1,137
2. Gross Business Savings:			
(a) Undistributed corporation profits	624	733	587
(b) Depreciation allowances and similar business costs.....	2,115	2,364	2,490
(c) Net bad debt losses of corporations ¹	-25	-28	-28
(d) Adjustment on grain transactions.....	-2	33	5
(e) Inventory valuation adjustment (n.e.i.).....	5	5	-1
3. Government Surplus (+) or Deficit (-) ²	282	227	7
4. Residual Error of Estimate.....	119	66	-153
5. TOTAL.....	4,580	4,929	4,044

1. Since these are included in both personal saving (item 1) and depreciation allowances and similar business costs (2b), they are deducted here to avoid double counting.
2. Includes surplus (or deficit) of federal, provincial and municipal governments, adjusted to National Accounts definitions.

CONSTANT DOLLARS, BY QUARTERS, 1952-1954
 SEASONALITY¹
 of dollars)

1 9 5 3					1 9 5 4				
I	II	III	IV	Year	I	II	III	IV	Year
2,965	3,251	3,100	3,570	12,886	3,009	3,287	3,150	3,647	13,093
1,681	1,873	1,877	2,241	7,672	1,744	1,936	1,926	2,331	7,937
372	450	363	393	1,578	348	418	353	372	1,491
912	928	860	936	3,636	917	933	871	944	3,665
928	697	939	884	3,448	857	658	906	902	3,323
150	215	236	231	832	161	220	258	265	904
236	312	397	346	1,291	250	313	376	333	1,272
443	499	434	366	1,742	358	421	336	307	1,422
-151	-90	1,270	-445	584	-139	-138	525	-445	-197
(115)	(216)	(62)	(-59)	(334)	(135)	(27)	(-38)	(-4)	(120)
1,019	1,252	1,337	1,257	4,865	989	1,150	1,260	1,256	4,655
-1,222	-1,445	-1,353	-1,293	-5,313	-1,154	-1,292	-1,243	-1,337	-5,026
-5	56	-40	-65	-54	47	74	35	-32	124
4,363	4,747	6,320	4,851	20,281	4,378	4,693	5,603	4,896	19,570

TABLE 11. NATIONAL SAVING AND INVESTMENT ACCOUNT, 1952-1954
INVESTMENT
 (millions of dollars)

	1952	1953	1954
1. Gross Domestic Investment ¹ :			
(a) New residential construction.....	786	1,061	1,159
(b) New non-residential construction.....	1,554	1,706	1,676
(c) New machinery and equipment.....	1,916	2,073	1,711
(d) Change in inventories.....	270	605	-230
2. Net Foreign Investment:			
(a) U.S.A.....	-210	-891)	
(b) U.K. and other Sterling Area.....	492	219)	-425
(c) Other countries.....	491	232)	
3. Residual Error of Estimate.....	-119	-66	153
4. TOTAL.....	4,580	4,939	4,044

1. See footnote 2, Table 2. For reconciliation with "private and public investment" figures published by the Department of Trade and Commerce, see Table 15.

TABLE 12. GOVERNMENT REVENUE AND EXPENDITURE, BY LEVEL OF GOVERNMENT, 1952-1954
REVENUE
(millions of dollars)

	<u>1952</u>	<u>1953</u>	<u>1954</u>
1. Direct Taxes — Persons.....	1,320	1,431	1,426
2. Federal.....	1,223	1,329	1,319
3. Provincial and Municipal.....	97	102	107
4. Direct Taxes — Corporations.....	1,386	1,209	1,154
Income and Profits Taxes			
5. Federal.....	1,232	1,150	1,090
6. Provincial.....	154	59	64
Withholding Taxes			
7. Federal.....	55	54	58
8. Indirect Taxes.....	2,814	3,009	3,001
9. Federal.....	1,595	1,697	1,612
10. Provincial and Municipal.....	1,219	1,312	1,389
11. Investment Income.....	533	558	562
12. Federal.....	218	226	222
13. Provincial and Municipal.....	315	332	340
14. Employer and Employee Contributions to Social Insurance and Pension Funds.....	358	390	395
15. Federal.....	230	253	255
16. Provincial and Municipal.....	128	137	140
Transfers from Other Governments			
17. Provincial and Municipal.....	368	412	430
18 Total Revenue.....	6,834	7,063	7,026
19. Federal.....	4,553	4,709	4,556
20. Provincial and Municipal.....	2,281	2,354	2,470
21. Deficit (+) or Surplus (-) ¹	-282	-227	-7
22. Federal.....	-219	-178	+16
23. Provincial and Municipal.....	-63	-49	-23
24. Total Revenue plus Deficit (or minus Surplus).....	6,552	6,836	7,019
25. Federal.....	4,334	4,531	4,572
26. Provincial and Municipal.....	2,218	2,305	2,447

1. The conventional accounting statements of the various governments have been adjusted to include only those transactions which have relevance for the National Accounts.

TABLE 13. GOVERNMENT REVENUE AND EXPENDITURE, BY LEVEL OF GOVERNMENT, 1952-1954
EXPENDITURE
 (millions of dollars)

	1952	1953	1954
1. Goods and Services.....	4,259	4,362	4,360
2. Federal ¹	2,470	2,526	2,412
3. Provincial and Municipal.....	1,789	1,836	1,948
4. Transfer Payments.....	1,825	1,953	2,141
5. Federal.....	1,400	1,487	1,645
6. Provincial and Municipal.....	425	466	496
7. Subsidies.....	100	109	88
8. Federal.....	96	106	85
9. Provincial and Municipal.....	4	3	3
Transfers to Other Governments			
10. Federal.....	368	412	430
11. Total Expenditure.....	6,552	6,836	7,019
12. Federal.....	4,334	4,531	4,572
13. Provincial and Municipal.....	2,218	2,305	2,447

1. Includes defence expenditure of \$1,800 million in 1952; \$1,907 million in 1953; and \$1,728 million in 1954.

TABLE 14. GROSS DOMESTIC INVESTMENT (EXCLUDING INVENTORIES), BY INDUSTRY¹, 1952-1954
 (millions of dollars)

	1952	1953	1954
1. Agriculture.....	555	546	393
Fishing and Trapping.....			
2. Forestry.....	39	34	41
3. Mining, Quarrying and Oil Wells.....	211	257	249
4. Manufacturing.....	973	969	795
5. Construction.....	73	91	66
6. Transportation, Storage and Communication.....	1,156	1,206	1,110
Public Utility Operation.....			
7. Trade.....	197	330	357
8. Finance, Insurance and Real Estate ²	837	1,139	1,270
9. Service ³	215	268	265
10. TOTAL.....	4,256	4,840	4,546

1. This Table is derived from "Private and Public Investment in Canada, Outlook, 1954" and "Private and Public Investment in Canada, Outlook, 1955" (Department of Trade and Commerce); adjustments have been made to bring the data into line with National Accounting concepts. See reconciliation statement, Table 15.
2. Includes all new residential construction, (exclusive of government other than government business enterprises). See Table 2, Line 3.
3. Excludes government departmental expenditures, provincial hospital and school, and municipal school expenditures, which are included with "Government Expenditure on Goods and Services". Investment expenditure of government business enterprises (railways, power commissions, etc.) are included under appropriate industry headings.

TABLE 15. GROSS DOMESTIC INVESTMENT (EXCLUDING INVENTORIES), 1952-1954
RECONCILIATION STATEMENT
 (millions of dollars)

	<u>1952</u>	<u>1953</u>	<u>1954</u>
1. Total Private and Public Investment in Canada ¹	5,285	5,841	5,498
2. Deduct: New Residential Construction by Governments ^{2,3}	-40	-23	-10
3. Deduct: New Non-Residential Construction by Governments ³	-883	-875	-849
4. Deduct: New Machinery and Equipment Outlays by Governments ³ ,...	-106	-103	-93
5. Total Gross Domestic Investment (excluding inventories) (1-2-3-4)= (6+7+8).....	4,256	4,840	4,546
6. New Residential Construction ⁴	786	1,061	1,159
7. New Non-Residential Construction ⁴	1,554	1,706	1,676
8. New Machinery and Equipment ⁴	1,916	2,073	1,711

1. As presented in the publications "Private and Public Investment in Canada, Outlook, 1954" and "Private and Public Investment in Canada, Outlook, 1955", Department of Trade and Commerce.
2. Excluding residential construction under Veterans' Land Act, construction of veterans' rental housing by Central Mortgage and Housing Corporation, and joint Federal-Provincial housing (Section 46, N.H.A.).
3. Included in "Government Expenditure on Goods and Services", line 2, Table 2.
4. See also lines 3, 4 and 5, Table 2.

TABLE 16. ANALYSIS AND RECONCILIATION OF EXPORTS AND IMPORTS, 1952-1954
 (millions of dollars)

	<u>1952</u>	<u>1953</u>	<u>1954</u>
Exports of Goods and Services:			
1. Merchandise Exports ¹	4,329	4,152	3,929
2. Gold available for Export ¹	150	144	155
3. Receipts from Services rendered to Non-Residents (including dividends and interest received from abroad).....	1,169	1,216	1,141
4. Subtotal: "Current Receipts" as per "Canadian Balance of International Payments" ¹	5,658	5,512	5,225
5. Adjustments ²	-85	-92	-91
6. Total "Exports of Goods and Services" as per National Accounts ³ ...	5,573	5,420	5,134
Imports of Goods and Services:			
7. Merchandise Imports ¹	3,850	4,209	3,920
8. Payments for Services rendered by Non-Residents (including interest and dividends paid abroad).....	1,644	1,742	1,732
9. Subtotal: "Current Payments" as per "Canadian Balance of International Payments" ¹	5,494	5,951	5,652
10. Adjustments ²	-94	-91	-93
11. Total "Imports of Goods and Services" as per National Accounts ³ ...	5,400	5,860	5,559

1. As presented in reports on the "Canadian Balance of International Payments" (Balance of Payments Section, Dominion Bureau of Statistics). Excludes Mutual Aid to N.A.T.O. Countries 1952-1954.
2. Migrants' funds and inheritances.
3. See also Table 2.

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