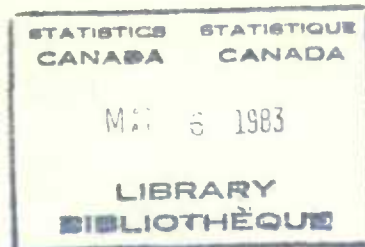


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CANADA



NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
FOURTH QUARTER
AND
PRELIMINARY ANNUAL
1955

DOES NOT CIRCULATE
NE PAS PRÊTER

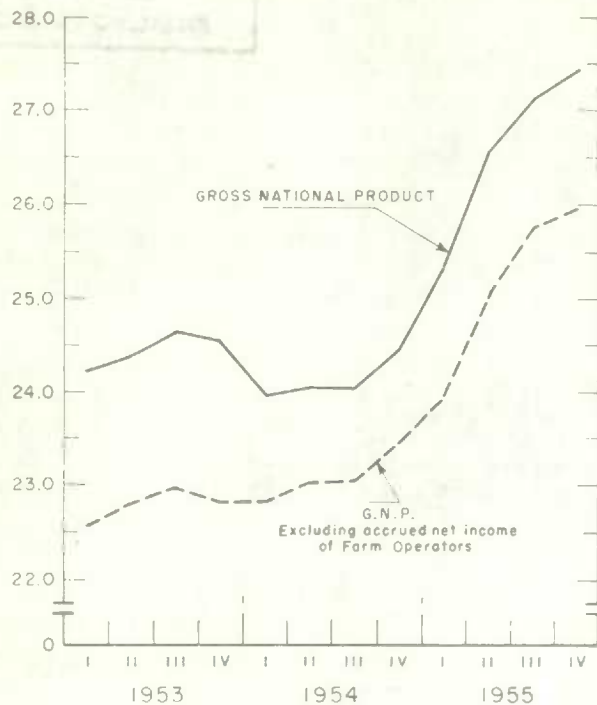
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DOMINION BUREAU OF STATISTICS
Research and Development Division
National Income Section

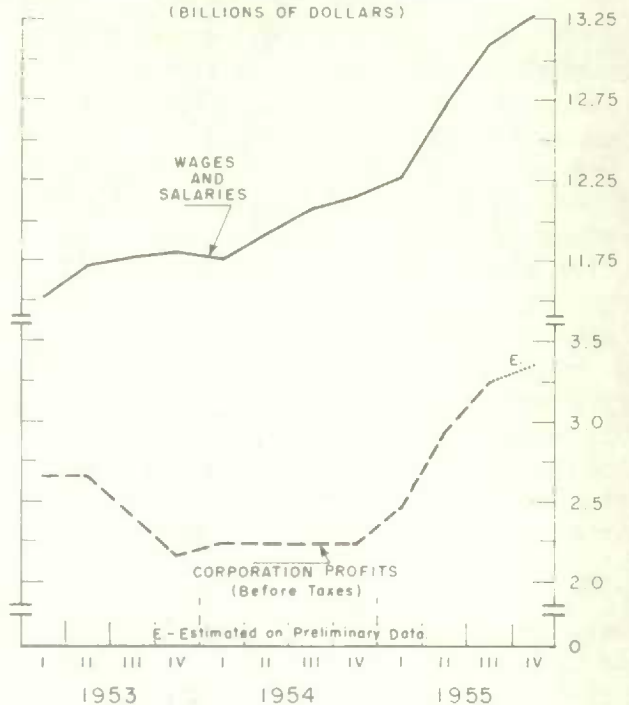
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Price \$1.00 per year

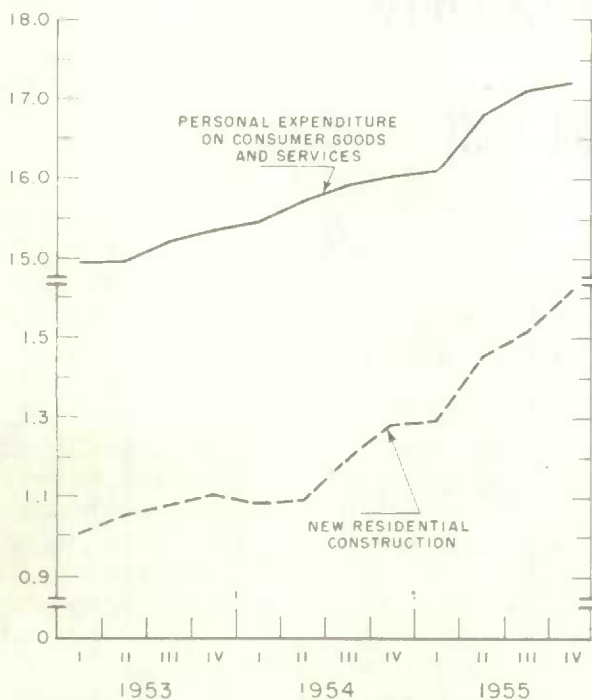
**GROSS NATIONAL PRODUCT
AVERAGED \$26.6 BILLION IN 1955**
(At Seasonally Adjusted Annual Rates)
(BILLIONS OF DOLLARS)



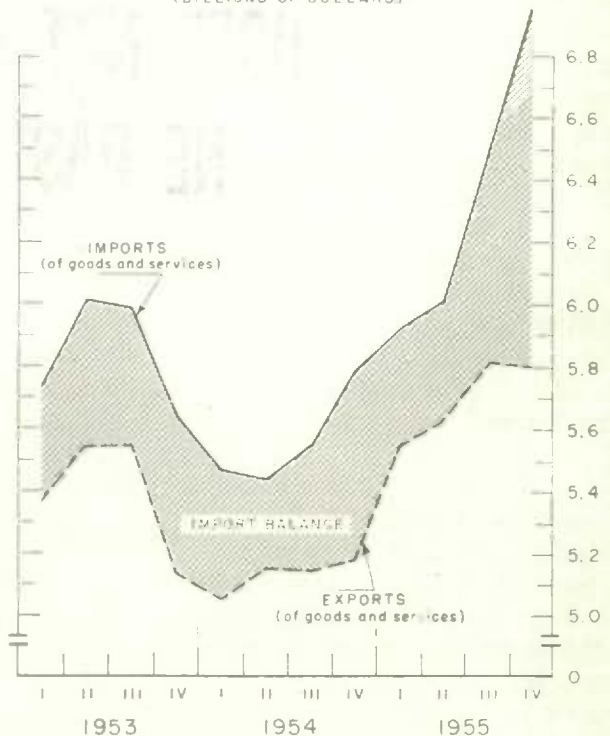
**GAINS IN WAGES AND SALARIES AND
CORPORATION PROFITS WERE THE MAJOR
FACTORS IN THE RISE IN INCOME**
(At Seasonally Adjusted Annual Rates)
(BILLIONS OF DOLLARS)



**OUTLAYS FOR CONSUMER GOODS AND INVESTMENT
IN NEW HOUSING ACCOUNTED FOR HALF OF THE
GROWTH IN FINAL PURCHASES IN 1955**
(At Seasonally Adjusted Annual Rates)
(BILLIONS OF DOLLARS)



**BOTH EXPORTS AND IMPORTS
INCREASED MARKEDLY IN 1955**
(At Seasonally Adjusted Annual Rates)
(BILLIONS OF DOLLARS)



INTRODUCTION

Review of the Year 1955

The year 1955 witnessed a sharp recovery from the mild contraction in economic activity which had characterized the period mid-1953 to mid-1954. Output of goods and services, which was beginning to rise in the latter part of 1954, expanded rapidly throughout 1955, and for the year as a whole was approximately 10 per cent higher than in the full year 1954. The upswing lifted the Gross National Product to \$26.6 billion in 1955, compared with \$24.1 billion in the previous year. With final product prices relatively stable, this increase reflected almost entirely an expansion in the volume of production, which showed the largest gain of any single post-war year. It may be recalled that in 1954 the volume of output declined by 3 per cent while some increases in the labour force and productive capacity were taking place. These developments made possible the very sharp increase in the volume of output in 1955. The increase over the year 1953, which was the previous peak year in terms of volume of production, is estimated to be of the order of 6 per cent. By the end of 1955, Gross National Product, seasonally adjusted, was running at a rate 11 per cent above the peak third quarter of 1953, in value terms.

Several important expansionary factors contributed to the \$2.5 billion growth in output over the course of the year 1955. Of primary importance was the rise in personal expenditure on consumer goods and services, which led the advance in final purchases with a gain of \$1.0 billion. All segments of consumer outlays showed increases, with a major advance recorded in the durable goods group. It is interesting to note that per capita personal consumption in volume terms was about 12 per cent above the 1949 level in 1955, and that one-third of this increase occurred between 1954 and 1955. Per capita consumption of durable goods was 40 per cent above the year 1949. Accompanying this advance in the consumer sector, residential construction outlays showed a sharp rise in 1955, with a gain of \$0.3 billion or about 25 per cent. This increase reflected both the sharp rise in personal incomes as well as the ready availability of mortgage funds. Consumer outlays and housing expenditures together accounted for more than one-half of the increase in Gross National Expenditure in 1955.

Exports of goods and services, which declined in 1954, recovered strongly in 1955, rising by \$0.6 billion or by 11 per cent. This strength in foreign demand for Canadian goods and services was associated with the marked recovery of business activity in the United States and the rising level of activity in overseas countries. The bulk of the gain in exports was concentrated in wood and wood products, iron and its products, and non-ferrous metals, with declines occurring in the agricultural products groups.

Turning to the investment sector, business outlays for plant, machinery, and equipment absorbed \$0.3 billion of the \$2.5 billion increase in total output in 1955. It may be recalled that business investment outlays for new construction and machinery and equipment declined late in 1953 and early in 1954, after which time they remained relatively stable. During 1955, in response to a sharp rise in profits and the growing pressure of demand on existing capital facilities, business investment outlays began to rise and were moving upward strongly at year end. Imports of machinery and equipment items were especially heavy in the last half of the year. The outlook for 1956 is for a very pronounced increase in all types of investment in durable assets.

Additional expansionary factors in 1955 were government expenditures for goods and services, which rose by \$0.3 billion, with gains occurring at all three major levels; the larger grain crop, which contributed about \$0.3 billion to the gain in total Gross National Product; and the swing in business inventories from liquidation in 1954 to net accumulation in 1955, amounting to \$0.4 billion. Under these various stimuli, Canadian production rose at an uninterrupted pace throughout 1955, although a considerable part of both final and inventory demand was channeled into imports which rose by more than \$0.7 billion over the year 1954.

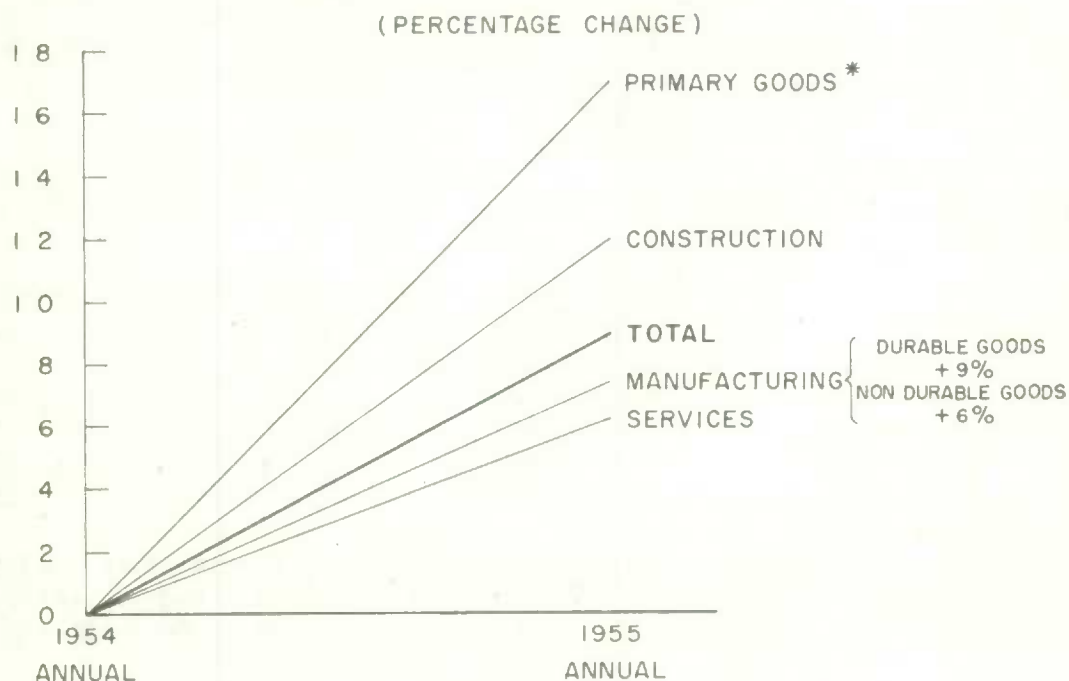
These changes in the pattern of final expenditures between 1954 and 1955 are shown in the table below. Also shown are the shifts in the demand pattern during the course of the 1953-1954 downturn, the subsequent recovery in the last half of 1954, and the sharp advance from the fourth quarter of 1954 through to the final quarter of 1955. It may be noted that during the course of the downturn, all components of demand were declining with the exception of consumer expenditure which continued to rise in response to the small but steady growth of personal income. In the last half of 1954 most of the major segments of demand which had previously been declining had either stabilized or were moving upward again, and during 1955 all of these major demand categories rose at sharply accelerated rates. During the first half of 1955, the increase in final purchases was closely paralleled by the rise in Canadian production, with imports showing only a moderate increase. In the last half of the year, however, imports rose very sharply and a substantial portion of the gain in final purchases as well as the stepped-up inventory demand were met from foreign sources of supply. Thus, the rise in Canadian production in the last half of 1955 was somewhat smaller than that which occurred earlier in the year. This development reflects the fact that in the latter part of 1955 the Canadian economy was approaching capacity production in some lines and the quarter-to-quarter increases in output were accordingly less substantial.

	<u>\$ Billions</u>			<u>Changes in \$ Billions</u> (seasonally adjusted at annual rates)		
	1954	1955	1954 to 1955	III Q.53 to II Q.54	II Q.54 to IV Q.54	IV Q.54 to IV Q.55
Personal Expenditure	15.8	16.8	1.0	0.5	0.3	1.2
Government Expenditure	4.4	4.6	0.3	-0.2	0.1	0.2
Residential Construction	1.2	1.5	0.3	-	0.2	0.3
Non-Res. Construction	1.7	1.8	0.1	-0.2	-	0.3
Machinery and Equipment	1.8	2.0	0.2	-0.3	-0.1	0.5
Exports	<u>5.1</u>	<u>5.7</u>	<u>0.6</u>	<u>-0.4</u>	<u>-</u>	<u>0.6</u>
Total Final Purchases (ex inventories)	<u>30.0</u>	<u>32.4</u>	<u>2.5</u>	<u>-0.7</u>	<u>0.5</u>	<u>3.1</u>
Change in Inventories (Business only)	-0.3	0.5	0.7	-0.7	0.4	0.7
	(-0.1)	(0.3)	(0.4)	(-0.7)	(0.4)	(0.5)
Imports	-5.6	-6.3	+(-0.8)	-(-0.6)	+(-0.3)	+(-1.2)
Error	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>	<u>-0.1</u>	<u>0.3</u>
GROSS NATIONAL EXPENDITURE	<u>24.1</u>	<u>26.6</u>	<u>2.5</u>	<u>-0.6</u>	<u>0.4</u>	<u>2.9</u>
Gross Available Supply (G.N.E. plus imports)	29.7	33.0	3.3	-1.1	0.8	4.1

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

This strength in end-product demand in 1955 was reflected in the expansion of the various industrial sectors, where production increases over 1954 were widely dispersed and substantial in size. Manufacturing production showed an increase of about 7 per cent, with durable goods production up by about 9 per cent and non-durable goods production up by about 6 per cent. Substantial increases occurred in almost all of the manufacturing groups which had been affected by the earlier contraction in activity, including iron and steel products (up 14 per cent), electrical apparatus and supplies (up 12 per cent) and textiles (up 15 per cent). Sharp gains were also recorded in wood products, non-ferrous metal products, and non-metallic mineral products. The only major group to show a decline over the year was transportation equipment which was down about 2 per cent in spite of a 30 per cent increase in motor vehicle output. It may be noted that, despite these large gains in the manufacturing sub-groups, certain industries remained below the level of output which they achieved in 1953. Among these groups were clothing and textiles, transportation equipment, and iron and steel products.

THE VOLUME OF PRODUCTION MAJOR INDUSTRIAL GROUPS



(BASED ON RELATED INDICATORS)

* INCLUDES AGRICULTURE, FISHING AND TRAPPING, MINING, FORESTRY AND PUBLIC UTILITIES.

Related indicators suggest that in the construction industry, a gain of about 12 per cent occurred, reflecting the record year in housing and the recovery of non-residential construction. In the services group taken as a whole, the advance amounted to about 6 per cent in 1955, marking a continuation of a general upward trend in these areas of economic activity. In the primary industries group, a large gain is indicated for agriculture, while forestry, public utilities, and mining have shown increases ranging from 7 to 16 per cent. Output of electric power showed an advance of 10 per cent, while within the mining group, metals, non-metals, and fuels advanced by 11, 15 and 28 per cent respectively; these latter gains were partly related to strong foreign demand and the coming into production of new sources of supply.

Accompanying these developments on the production side in 1955, both personal and business incomes continued to expand, reflecting for the most part advances in wages and salaries and in investment income including corporation profits. The successive quarter-to-quarter gains in these two important income categories accounted for the greater part of the enlarged flow of income during the course of the year. Thus, wages and salaries were approximately 7 per cent above the level of the year 1954, while investment income was about 20 per cent higher, with corporation profits rising by about 24 per cent. At the same time, account must be taken of the important increase in net income of farm operators resulting from the substantially higher level of crop production in 1955. National Income as a whole was approximately 11 per cent above the previous year.

The rising tempo of economic activity in 1955 was accompanied by a substantial increase in employment, and a decline in unemployment. At year-end the number of persons with jobs was about 4 per cent higher than in the same period of 1954, while the number of persons without jobs and seeking work in Canada was almost 20 per cent below the level of December 1954, or 3.6 per cent of the total labour force. The number of persons with jobs in the non-agricultural sector rose by 7 per cent during the period. Average hours worked per week in manufacturing increased during the year by about 1 per cent.

Prices on average were relatively stable during the course of 1955. However, prices of non-agricultural primary materials began to edge upward more noticeably after mid-year, while agricultural prices continued to decline. In particular, prices of non-grain exports products (especially non-ferrous metals) showed increases, and the export price index of goods rose by 2 per cent. As the price of imported goods showed a smaller advance, a slight improvement in Canada's terms of trade took place in 1955. Construction material prices also increased somewhat in 1955, especially in the latter half of the year. The continued decline in agricultural prices in 1955 reflected the large stocks of grains and ample supplies of other agricultural products in Canada and abroad. The wholesale price index rose by 3 per cent during the year, while the consumer price index showed little change.

The Fourth Quarter

Gross National Product was running at a seasonally adjusted annual rate of \$27.4 billion in the fourth quarter of 1955, an increase of about 1 per cent over the third quarter rate. The increase in the fourth quarter was the smallest since the upturn in economic activity began in mid-1954. The most recent increase has brought the rate of Gross National Product to a level about 3 per cent above the annual average for the year 1955 as a whole.

Almost all major segments of income and expenditure (seasonally adjusted) showed further gains in the fourth quarter, with the most prominent movement in expenditure occurring in the inventory sector where a build-up occurred in manufacturing and in wholesale trade. Present available data indicate that approximately one-half of this accumulation was accounted for by higher prices; the value of physical change of business inventories was smaller than that shown by the book value change. At the same time, a further sharp rise in imports of goods and services occurred, associated with the build-up of inventory stocks, growing strength in investment in plant, machinery and equipment, and higher levels of activity in durable goods production. The level of imports was in fact about 20 per cent above the same period of the preceding year in the last half of 1955.

The gain in production in the fourth quarter was concentrated almost entirely in mining, durable goods manufacturing, and the trade groups. Within manufacturing, a major gain occurred in output of electrical apparatus and supplies, while output of iron and steel products showed a further large advance; production of transportation equipment was slightly lower in the fourth quarter than in the third, after allowing for seasonal factors.

COMPONENTS OF GROSS NATIONAL PRODUCT

Wages, Salaries, and Supplementary Labour Income

Labour income rose to nearly \$12.9 billion in 1955, a gain of more than 7 per cent from the level of the preceding year. This increase compares with a gain of only 2 per cent between 1953 and 1954. The rise in labour income in 1955 was associated with a gain in the number of paid workers amounting to about 5 per cent, and an advance in average weekly earnings in the major non-agricultural industries of about 3 per cent. The gain of 3 per cent in average weekly earnings reflects both an increase in average hours worked per week and in average rates of pay. With average consumer prices remaining relatively unchanged in 1955, the increase in labour income from the previous year represented a further advance in "real" earnings.

The changes in production previously noted were paralleled to a large extent by changes in the industrial components of labour income in 1955. Wages and salaries in construction experienced the largest relative gain, rising by 14 per cent from the 1954 level. The increase in the finance and service industries amounted to approximately 10 per cent, and in manufacturing and the distributive trades, to 6 per cent. The primary industry group showed contrasting movements, with substantial increases occurring in the mining and forestry industries, offset in part by some fall-off of wages and salaries in agriculture and fishing. These variations in rates of advance in 1955 had no appreciable effect on the distribution of income earned by the main industrial groups.

The quarter-to-quarter movement of labour income was continuously upward in 1955, although the rate of growth slowed somewhat after mid-year. In the fourth quarter, labour income was running at a seasonally adjusted annual rate of \$13.3 billion, or 3 per cent above the annual average for the year as a whole.

Investment Income

Investment income amounted to \$4.5 billion in 1955, an increase of 20 per cent over 1954. Almost three-fourths of the gain in investment income is

attributable to a sharp advance in corporation profits, which are estimated to have risen by about 24 per cent over 1954. This is the first increase in corporation profits since 1951, when they rose rapidly in response to the upswing in industrial activity which followed the outbreak of hostilities in Korea. After the 1951 peak, when corporation profits amounted to \$2.8 billion, profits declined on a year-to-year basis. In 1955, profits reached a new peak of \$3.0 billion. It may be noted that in 1951, inventory valuation gains attributable to rising prices accounted for a substantial part of total profits, whereas in 1955 inventory gains of this nature were much more moderate.

Corporation profits in almost all industrial groups contributed to the rise in investment income in 1955; on the basis of nine months' data it appears that one-half of the industrial groups showed gains of over 20 per cent. The gains in mining, manufacturing, transportation, storage and communication, and trade were especially marked. Related evidence suggests that these trends continued in the fourth quarter.

All other elements of investment income showed gains in 1955. Interest and net rental receipts of persons rose by about 10 per cent, reflecting increases in average rents, the growth in the number of housing units, and higher deposit interest paid by banks. Government investment income also showed an increase of 10 per cent, associated in large part with higher profits of government business enterprises. It may be noted that dividends received by individuals rose much less sharply than corporation profits in 1955, so that retained earnings of corporations were correspondingly higher.

Net Income of Unincorporated Business

Accrued net income of farm operators from farm production in 1955 amounted to \$1.4 billion, compared with \$1.1 billion in the previous year. This increase is entirely attributable to the higher value of crop production. It may be noted, however, that a large proportion of the total grain crop went into inventory accumulation in 1955 and much of the increase in production is represented by net additions to farm stocks of grain. Farm cash income declined slightly in 1955, with increased returns from wheat, flax, potatoes, and cattle being more than offset by lower returns from oats, barley, rye and hogs.

Net income of other unincorporated business advanced by about 7 per cent in 1955, to a level of \$1.8 billion. This rise was concentrated in construction and retail trade, with the former reflecting a higher volume of residential housing construction.

Indirect Taxes Less Subsidies

Indirect taxes less subsidies amounted to \$3.2 billion in 1955, an increase of 9 per cent over 1954. At the federal level, the increase in indirect taxes amounted to 8 per cent, reflecting for the most part gains in customs import duties and in federal excise taxes and excise duties. The largest single increase occurred in customs import duties which rose by 17 per cent, responding to the sharp rise in merchandise imports of 15 per cent. Excise taxes and excise duties increased by 6 and 8 per cent respectively, reflecting a marked increase over the previous year in shipments of goods subject to these two types of taxes.

Provincial indirect taxes were higher by 13 per cent in 1955. Increased expenditures by consumers were mirrored in higher collections of general retail sales and gasoline sales taxes at the provincial level, while higher activity in the extractive industries such as mining and forestry contributed to an increase in public domain revenues. The increase of 5 per cent in municipal indirect taxes in 1955 can be ascribed mainly to higher real estate and personal property taxes, which continued to move upward as investment in residential and non-residential construction increased.

COMPONENTS OF GROSS NATIONAL EXPENDITURE

Personal Expenditure on Consumer Goods and Services

As in 1954, the major expansionary force in the economy in 1955 was personal expenditure on consumer goods and services, which rose by 7 per cent over the previous year, to \$16.8 billion. The increase was associated with a sharp rise in the level of personal income, which showed the largest per capita gain in real terms of the post-war period. The rise in durable goods purchases in 1955 was especially marked, with a gain of about 11 per cent, while non-durable goods purchases and outlays for services showed gains of 6 and 7 per cent respectively. Non-durable goods purchases accounted for about one-half of the total gain in consumer outlays, although in percentage terms the increase was only about half as great as that for durable goods purchases. While there were marked shifts in the composition of consumer prices in 1955, on average they showed little change, so that the volume increase in total consumer expenditure paralleled the value increase of 7 per cent.

In the durable goods group, some of the more striking increases in 1955 occurred in the following items: new passenger cars, unit sales of which were up by 25 per cent over last year (the gain from the first to second quarter was particularly noteworthy); refrigerators, shipments of which were up by 14 per cent; washing machines, shipments of which were up by 25 per cent; and television sets, shipments of which were up by 22 per cent. Sales of furniture and appliance stores showed major gains in 1955. Prices of durable goods in 1955 were about 5 per cent below the average for the year 1954, so that the volume gain in durable goods purchases amounted to about 17 per cent, compared with the value gain of 11 per cent. The advance in total durable goods sales over a year ago was accompanied by an increase in instalment credit outstanding; the most recent figures for the third quarter indicate a rise of 10 per cent over the third quarter of 1954. In the same period, personal disposable income had risen by about 10 per cent. Total consumer credit outstanding (including cash personal loans) was up 16 per cent in the third quarter comparison.

The major gain in non-durable goods purchases in 1955 was in the food component, which rose by 5 per cent. In contrast to 1954, when purchases of clothing declined, there was a modest gain in this item in 1955. Gains in other sub-components of the non-durable goods group were widespread in 1955. With prices of non-durable goods relatively stable, the volume gain in non-durable expenditure in 1955 was approximately the same as the value increase of 6 per cent.

Consumer outlays for services continued to move upward in 1955. The advance was accompanied by a price increase, so that the volume of consumer services in 1955 was somewhat less than the value increase. This gain reflects to a substantial degree the increase in outlays for residential rents.

In the fourth quarter of 1955 personal expenditure on consumer goods and services was running at a rate of \$17.2 billion, about 2 per cent above the average for the year 1955 as a whole.

Government Expenditure on Goods and Services

Purchases of goods and services by all levels of government (federal, provincial and municipal) amounted to \$4.6 billion in 1955, 6 per cent above the 1954 level. The increase over 1954 reflected gains in federal and provincial capital investment outlays, the expansion of municipal facilities associated with the high level of house building activity, higher outlays for salaries and wages and slightly higher defence expenditures. Defence outlays did not constitute a major expansionary influence in 1955, but continued to provide an important sustaining element. Government expenditure on goods and services at all levels combined was running at a rate of about \$4.6 billion in the fourth quarter of 1955, unchanged from the average for the year 1955 as a whole.

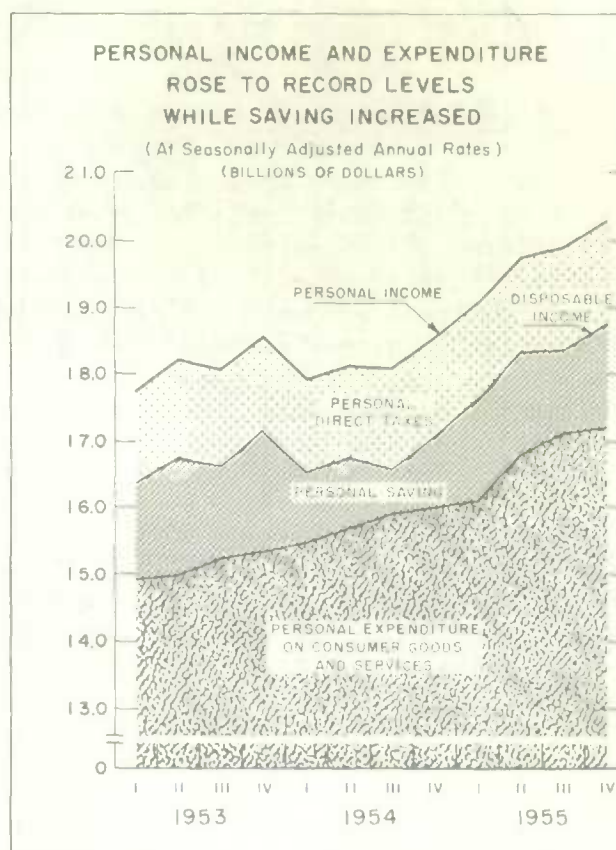
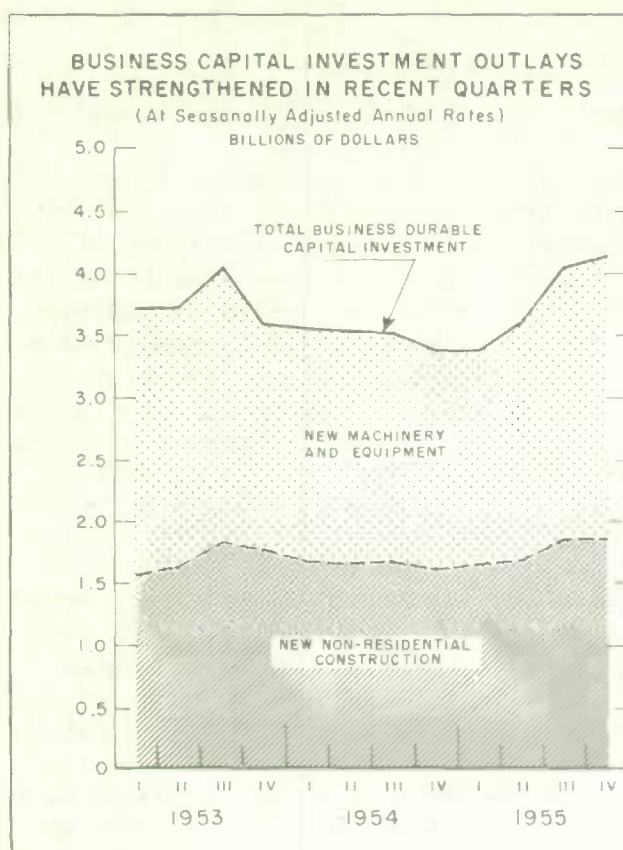
Gross Domestic Investment (excluding Change in Inventories)

Gross domestic investment in fixed durable assets reached an all time peak of \$5.3 billion in 1955, increasing by 13 per cent over 1954. This gain provided an important stimulus to final demand in 1955, in contrast to 1954 when declines occurred in non-residential construction and investment in machinery and equipment. The year-end level of gross domestic investment was at a seasonally adjusted annual rate of \$5.3 billion, 9 per cent above the 1955 yearly average. The year-to-year increase over 1954 was spread among the three major groups — housing, non-residential construction, and new machinery and equipment. Of these groups, the advance in housing contributed about one-half of the total gain; new investment in machinery and equipment accounted for less than one-third, and non-residential construction provided the remainder of the increase.

The rise in construction activity was matched by increased employment in the construction industry as measured by the labour force survey. For 1955 as a whole, total construction employment was 10 per cent above the 1954 average, while in the fourth quarter of 1955, the gain was 13 per cent over the corresponding period of the previous year. Slightly higher prices for construction materials and an increase in wage rates accompanied these developments in 1955. In the fourth quarter comparison, the increase in both wage rates and building material costs was substantially greater than the average gain for the full year.

Towards the end of 1955 the supply of certain building materials, such as cement and steel was becoming rather tight, though the shortage did not appear to have held back the investment programme to any appreciable extent.

A variety of influences was responsible for the increase in investment in 1955. In the field of housing construction, the larger supply of mortgage funds made available by the banking system, along with a rising level of personal disposable income, made possible a striking gain in the number of housing units built. For the year 1955, 138,000 units were started, and 128,000 units were completed, representing gains of 22 per cent and 25 per cent, respectively, over the preceding year. At year end, there were approximately 80,000 housing units still under construction. The value of housing construction in 1955 was estimated at \$1,476 million, up 27 per cent from 1954.



The influences affecting investment in non-residential construction and machinery and equipment were somewhat different from those affecting housing. The downturn in late 1953 and early 1954 made available excess capacity in some portions of the economy, and this slack was gradually utilized as the recovery gained ground. As 1955 progressed, the expansion began to press upon existing capacity, and plant and equipment investment programmes were sharply increased to meet present and anticipated demand.

This additional investment was concentrated in those industries which responded to external as well as domestic demands. Large increases in exports of industrial minerals and wood products were accompanied by increased investment in those industries. As well, some further expansion took place in fuel and power industries, to meet growing demands for energy. At the same time, the substantial increase in profits in 1955 likely added both a stimulus to increased investment, and aided in the financing of this investment.

New non-residential construction was valued at \$1,775 million in 1955, up 7 per cent from the preceding year. However, the pickup did not appear strongly until the last half of the year, when the seasonally adjusted annual rate was running at about \$1.9 billion, or 13 per cent above 1954.

Investment in new machinery and equipment amounted to \$2,017 million in 1955, up 10 per cent from 1954, although still slightly below the 1953 peak year.

However, by the fourth quarter of 1955, the annual rate of investment in machinery and equipment reached \$2.3 billion, and was at a rate equal to the previous high in the third quarter of 1953. The volume of machinery investment in the fourth quarter was still below the 1953 peak, inasmuch as prices of these items have risen somewhat over the past two years.

Most of the increase in machinery and equipment investment in 1955 was met through larger imports, which rose sharply over the previous year. Major gains were recorded in imports of non-farm machinery (up 16 per cent), farm implements and machinery (up 20 per cent), aircraft and parts (up 42 per cent), and engines and boilers (up 21 per cent); comparisons are on the basis of eleven months' data.

Investment in Inventory

Total inventory investment amounted to \$450 million in 1955, compared with a liquidation of \$280 million in the previous year. This swing in inventory investment of \$730 million made a substantial contribution to the higher level of Gross National Product in 1955. The turn-around was partly a reflection of the larger grain crop in 1955, and partly a reflection of the pronounced up-swing in final demand which appeared to require a higher level of business inventory holdings to prevent a further fall-off in stock-sales ratios. It should be noted, however, that certain industrial and wholesale prices were rising in 1955 and that about one-half of the value swing in business inventories can be accounted for by these price factors. In terms of volume change, the shift in total inventories from liquidation in 1954 to accumulation in 1955 amounted to about one-third of the real increase in Gross National Product; the shift in the volume of business inventories alone accounted for about 10 per cent of the overall volume increase.

The major part of the business inventory build-up in 1955 occurred in manufacturing and in wholesale and retail trade. The first two of these sectors had experienced marked liquidations of inventory in 1954, so that they also accounted for the largest share of the turn-around in business inventories between 1954 and 1955.

The higher level of stocks at the manufacturing and trade levels during the past year did not, in general, appear to be excessive in the light of the rapid expansion in the volume of trade to be serviced by them. Stock-sales ratios at the manufacturing, wholesale and retail levels were somewhat lower throughout 1955 than in the preceding year. Moreover, the valuation of inventories at the end of 1955 was affected by a slight rise in their average price throughout 1955 so that the increase in physical stocks, on the whole, was less than these dollar-value comparisons indicate.

The accumulation of business inventories in 1955, amounting to \$257 million, took place at different rates throughout the year. In the first quarter, there was a very substantial build-up, reflecting in large part the accumulation of automobile inventories at the factory level. In the second and third quarters, final purchases of goods were increasing sharply, and additions to inventories were moderate. By the fourth quarter of the year, while final purchases continued to expand, the combined supply of goods coming from domestic production and the high rate of imports in the later part of the year was sufficient to add substantially to business stocks, on a seasonally adjusted basis. This accumulation in the fourth quarter was spread fairly generally throughout the industrial groups, with increases occurring (after allowing for seasonal variation) in motor

vehicles, parts and accessories, iron and steel products, electrical apparatus and supplies, clothing, paper products and in a wide range of other commodities. A large proportion of this increase took place at the manufacturing level, reflecting an increase in stocks of raw materials and goods in process, but further additions to stocks were also made at the wholesale level in the fourth quarter of 1955. Retail sales in general appeared to keep pace approximately with the flow of goods entering retail channels, with the result that, in the fourth quarter, little or no net additions to stock were made at this level, after allowance for seasonal factors.

Exports and Imports of Goods and Services¹

Responding to the recovery of industrial activity in the United States, strong overseas demand for Canadian goods, a rising level of Canadian production, and higher consumer and investment outlays, exports and imports of goods and services rose to new record levels in 1955. The gain in exports amounted to 11 per cent, and in imports, to 14 per cent, bringing the annual levels to \$5.7 and \$6.3 billion respectively. These advances in exports and imports of goods and services were mainly attributable to a sharp recovery in commodity trade in 1955, following the declines of the previous year. However, payments and receipts on invisible items were also up sharply in 1955.

In the export group, gains in forest products, minerals, metals and chemicals were especially noteworthy. Sharp increases occurred in exports of iron ore, chemicals, and crude petroleum, made possible by new industrial capacity in Labrador and Western Canada. Gains in wood and wood products, and non-ferrous metals were of particular significance in the total export increase, the latter group reflecting to a large extent higher prices. Substantial increases in domestic production in mining, forestry and manufacturing of wood products accompanied these developments. The sharp advances in the commodity exports noted above more than offset a decline in shipments of grain and in some types of manufactured products in 1955. Receipts from the sale of services to non-residents rose in 1955 with increased revenue from tourist expenditures, freight and shipping, and interest and dividends accounting for most of the gain. In the fourth quarter of 1955, the annual rate of exports of goods and services was \$5.8 billion, 2 per cent above the average for the year 1955 as a whole.

Even more striking than the gain in exports in 1955 was the sharp advance in commodity imports, particularly in the latter half of the year. The major part of the increase in imports was from United States sources, and in the third and fourth quarters of 1955 imports from that country were 23 per cent and 28 per cent, respectively, above the same period of 1954. While the increase in imports was widespread, the major gains occurred in metal products including primary steel, industrial machinery and equipment, automobiles and parts, aircraft, electrical apparatus, and other kinds of hard goods. These increases were related to the recovery of investment in plant and equipment and consumer outlays for durable goods in 1955. Imports of textile materials and products also rose sharply in 1955, associated with a pick-up in clothing and textile production, and higher consumer expenditure on clothing. Payments to non-residents for services

1. For a fuller discussion see "Quarterly Estimates of the Canadian Balance of International Payments, Fourth Quarter, 1955 and Preliminary Estimates, Calendar Year 1955" (Balance of Payments Section, D.B.S.).

increased in 1955 with the main gains occurring in tourist and travel expenditures, freight and shipping payments (associated with the higher volume of commodity imports), and interest and dividend outlays. In the fourth quarter, imports of goods and services were running at a seasonally adjusted annual rate of \$7.0 billion, almost 10 per cent above the annual average for the full year 1955.

With imports rising relatively more rapidly than Canadian production, foreign sources of supply provided a somewhat larger proportion of the goods and services available to Canadians in 1955, especially in the latter half of the year.

Export prices of goods and services in 1955 were about 3 per cent higher than in 1954, while import prices rose less than 2 per cent. Thus a slight improvement occurred in Canada's terms of trade with other countries. The deficit on current account in 1955 was \$651 million (on the National Accounts basis) compared with a deficit of \$426 million in 1954. The greater part of the increase in the deficit in 1955 was attributable to transactions on commodity account.

Personal Income, Expenditure and Saving

Personal income amounted to \$19.8 billion in 1955, a gain of 9 per cent over the previous year. This was somewhat less than the gain in national income, which rose by 11 per cent. The difference in these magnitudes was mainly a reflection of the fact that corporation profits, included in national income, rose much more sharply in 1955 than dividend payments to Canadians. It may be recalled that in 1954, personal income showed a small advance in the face of a decline in national income. This difference was again partly a reflection of the relatively greater stability of dividend payments, which continued to be maintained at a time when profits were declining.

All components of personal income were higher in 1955. Of the \$1.6 billion increase over the previous year, \$0.9 billion was due to higher wages and salaries, \$0.3 billion to higher farm income, and the balance to gains in government transfer payments, interest, dividends and net rental income, and net income of non-farm unincorporated business. "Real" personal income per capita showed the sharpest advance in 1955 of any year in the post-war period.

Turning to the expenditure side, personal expenditure on consumer goods and services rose by 7 per cent in 1955, with durable goods purchases showing a major advance of about 11 per cent; about half of the increase in total consumer outlays occurred in non-durable goods purchases, although the percentage rise in this component was only half as sharp as in the durable group. Personal direct tax collections were about 4 per cent higher in 1955 than in 1954, reflecting for the most part a sharp increase in succession duty collections. Personal income tax collections were level with the preceding year, reflecting mainly the interaction of a higher level of personal income in 1955 and a reduction of the personal income tax rate effective from mid-year.

Personal saving in 1955 amounted to \$1.5 billion compared with \$1.0 billion in 1954. The rise in saving over the preceding year reflected in large part the higher grain crop for 1955, with the shift in farm inventories accounting for \$0.4 billion. As a percentage of personal income, personal saving was 7.5 per cent in 1955 compared with 5.3 per cent in 1954. Excluding the change in farm inventories, the ratios were 6.4 per cent in 1955 and 6.1 per cent in 1954.

In the fourth quarter of 1955, personal income was running at a rate of \$20.3 billion, almost 3 per cent higher than the annual average for the year as a whole. Personal saving in the fourth quarter was at a rate of \$1.6 billion.

National Saving and Investment

Gross national saving rose by 30 per cent in 1955, from approximately \$4.0 billion in 1954 to \$5.2 billion. This increase was attributable to higher levels of personal and business saving, each of which contributed about \$0.5 billion to the total gain of \$1.2 billion; and to a larger consolidated government surplus, which contributed an additional \$0.2 billion. National saving was 20 per cent of gross national product in 1955 compared with 17 per cent in 1954 and 20 per cent in 1953.

These changes in the level and the composition of the nation's total saving in 1955 require further elaboration in two respects. First, personal saving includes changes in farm stocks, and more than one-half of the rise in personal saving in 1955 can be traced to the shift in this item from depletions in 1954 to net additions in 1955, a reflection of the larger grain crop in the latter year. Second, the government surplus as adjusted for national accounts purposes includes the excess of corporation tax accruals over collections, and in 1955 these amounted close to \$300 million. Since the funds represented by these tax liabilities remained in the hands of the business sector in 1955, there was no net withdrawal of funds from the private to the government sector as a result of the current account transactions of government. In other words, the government surplus in 1955 exercised a more or less neutral effect on the flow of incomes and expenditures.

Despite the sharply increased level of the nation's saving in 1955, the amount available was nevertheless insufficient to support the expanded programme of capital investment in housing, plant, machinery and equipment, and inventories. Thus, while national saving was at a rate of \$5.2 billion, the total domestic investment programme including inventories amounted to \$5.7 billion. The shortfall in the nation's saving was met again by drawing upon foreign resources, and the deficit on current account in 1955 amounted to \$651 million, an increase of \$225 million over the deficit sustained in 1954.

TABLE 1. NATIONAL INCOME AND GROSS NATIONAL
(millions)

	1953				Year
	I	II	III	IV	
1. Wages, Salaries and Supplementary Labour Income.....	2,792	2,902	3,003	3,009	11,706
2. Military Pay and Allowances.....	70	77	79	83	309
3. Investment Income.....	885	1,024	1,018	873	3,800
Net Income of Unincorporated Business:					
4. Accrued Net Income of Farm Operators from Farm Production ¹	18	83	1,386	166	1,653
5. Net Income of Non-Farm Unincorporated Business ²	348	453	447	440	1,688
6. NET NATIONAL INCOME AT FACTOR COST.....	4,113	4,539	5,933	4,571	19,156
7. Indirect Taxes less Subsidies.....	691	732	742	736	2,901
8. Depreciation Allowances and Similar Business Costs.....	543	601	603	664	2,411
9. Residual Error of Estimate.....	-8	-88	10	67	-19
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,339	5,784	7,288	6,038	24,449
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(5,321)	(5,701)	(5,902)	(5,872)	(22,796)

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)

	1953				Year
	I	II	III	IV	
1. Personal Expenditure on Consumer Goods and Services.....	3,475	3,786	3,659	4,205	15,125
2. Government Expenditure on Goods and Services ^{1,4}	1,162	879	1,186	1,132	4,399
Gross Domestic Investment: ²					
3. New Residential Construction ⁵	190	273	302	296	1,061
4. New Non-Residential Construction.....	311	412	523	460	1,706
5. New Machinery and Equipment ⁶	522	592	520	439	2,073
6. Change in Inventories.....	-149	-48	1,126	-380	549
7. (Business Inventories only) ³	(96)	(215)	(132)	(-90)	(353)
8. Exports of Goods and Services.....	1,154	1,399	1,478	1,369	5,400
9. Deduct: Imports of Goods and Services.....	-1,335	-1,597	-1,496	-1,415	-5,843
10. Residual Error of Estimate.....	9	88	-10	-68	19
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	5,339	5,784	7,288	6,038	24,449

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 3
 1 9 5 4
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I	II	III	IV	Year
590	401	452	464	1,907

I	II	III	IV	Year
528	360	399	440	1,727

I	II	III	IV	Year
520	391	414	435	1,760

5. In 1955 data were based on a redesigned and enlarged sample and some discontinuity with previous years may exist.
6. See footnote 5, Table 15.

PRODUCT, BY QUARTERS, 1953-1955
of dollars)

1954					1955				
I	II	III	IV	Year	I	II	III	IV	Year
2,855	2,947	3,074	3,113	11,989	2,984	3,153	3,327	3,397	12,861
83	92	95	97	367	93	100	101	100	394
843	965	1,002	905	3,715	907	1,184	1,267	1,113	4,471
42	119	734	163	1,058	21	146	1,076	178	1,421
334	426	445	440	1,645	346	450	479	478	1,753
4,157	4,549	5,350	4,718	18,774	4,351	5,033	6,250	5,266	20,900
716	734	728	736	2,914	750	778	816	833	3,177
575	639	630	667	2,511	609	672	674	724	2,679
-17	-72	-20	58	-51	-37	-38	-44	-13	-132
5,431	5,850	6,688	6,179	24,148	5,673	6,445	7,696	6,810	26,624
(5,389)	(5,731)	(5,954)	(6,016)	(23,090)	(5,652)	(6,299)	(6,620)	(6,632)	(25,203)

BY QUARTERS, 1953-1955
of dollars)

1954					1955				
I	II	III	IV	Year	I	II	III	IV	Year
3,615	3,949	3,825	4,387	15,776	3,749	4,230	4,123	4,709	16,811
1,121	874	1,183	1,183	4,361	1,167	950	1,260	1,237	4,614
206	283	334	343	1,166	245	377	422	432	1,476
332	410	486	431	1,659	327	419	534	495	1,775
460	544	434	403	1,841	417	568	525	507	2,017
-136	-118	394	-420	-280	-120	29	871	-330	450
(104)	(-1)	(-75)	(-148)	(-120)	(141)	(97)	(51)	(-32)	(257)
1,089	1,278	1,397	1,372	5,136	1,212	1,417	1,560	1,507	5,696
-1,272	-1,442	-1,386	-1,462	-5,562	-1,361	-1,584	-1,643	-1,759	-6,347
16	72	21	-58	51	37	39	44	12	132
5,431	5,850	6,688	6,179	24,148	5,673	6,445	7,696	6,810	26,624

TABLE 3. SOURCES OF PERSONAL
(millions)

	1953				Year
	I	II	III	IV	
1. Wages, Salaries and Supplementary Labour Income.....	2,792	2,902	3,003	3,009	11,706
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds.....	-94	-97	-99	-100	-390
3. Military Pay and Allowances.....	70	77	79	83	309
4. Net Income Received by Farm Operators from Farm Production ¹	-2	120	1,308	232	1,658
5. Net Income of Non-Farm Unincorporated Business.....	348	453	447	440	1,688
6. Interest, Dividends and Net Rental Income of Persons ²	391	430	418	430	1,669
Transfer Payments to Persons:					
7. From Government (Excluding Interest).....	423	343	344	350	1,460
8. Charitable Contributions by Corporations.....	7	8	7	6	28
9. Net Bad Debt Losses of Corporations.....	6	7	7	8	28
10. PERSONAL INCOME.....	3,941	4,243	5,514	4,458	18,156

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)

	1953				
	I	II	III	IV	Year
Personal Direct Taxes:					
1. Income Taxes.....	312	381	291	303	1,287
2. Succession Duties.....	19	17	20	17	73
3. Miscellaneous.....	26	18	11	16	71
4. Total Personal Direct Taxes.....	357	416	322	336	1,431
Personal Expenditure on Consumer Goods and Services:					
5. Non-Durable Goods.....	1,883	2,078	2,105	2,512	8,578
6. Durable Goods.....	425	512	412	444	1,793
7. Services ¹	1,167	1,196	1,142	1,249	4,754
8. Total Personal Expenditure on Consumer Goods and Services...	3,475	3,786	3,659	4,205	15,125
Personal Savings:					
9. Personal Saving Excluding Farm Inventory Change.....	378	225	652	295	1,550
10. Farm Inventory Change.....	-269	-184	881	-378	50
11. Total Personal Saving.....	109	41	1,533	-83	1,600
12. PERSONAL INCOME.....	3,941	4,243	5,514	4,458	18,156
13. (Personal Disposable Income) ²	(3,584)	(3,827)	(5,192)	(4,122)	(16,725)

1. Includes net expenditure abroad.

2. Personal Income less Total Personal Direct Taxes.

INCOME, BY QUARTERS, 1953-1955
of dollars)

1954					1955				
I	II	III	IV	Year	I	II	III	IV	Year
2,855	2,947	3,074	3,113	11,989	2,984	3,153	3,327	3,397	12,861
-96	-99	-99	-101	-395	-101	-102	-104	-109	-416
83	92	95	97	367	93	100	101	100	394
48	130	709	198	1,085	-1	163	1,063	171	1,396
334	426	445	440	1,645	346	450	479	478	1,753
422	474	454	475	1,825	476	501	501	532	2,010
473	381	371	376	1,601	522	410	391	383	1,706
6	8	7	7	28	6	10	9	9	34
6	7	7	8	28	6	7	7	8	28
4,131	4,366	5,063	4,613	18,173	4,331	4,692	5,774	4,969	19,766

INCOME BY QUARTERS, 1953-1955
of dollars)

1954					1955				
I	II	III	IV	Year	I	II	III	IV	Year
298	356	313	323	1,290	210	336	322	328	1,296
17	17	19	24	77	21	23	36	37	117
23	15	9	12	59	28	18	10	12	68
338	388	341	359	1,426	359	377	368	377	1,481
1,975	2,184	2,191	2,630	8,980	2,025	2,318	2,348	2,802	9,493
394	474	397	417	1,682	381	539	462	491	1,873
1,246	1,291	1,237	1,340	5,114	1,343	1,373	1,313	1,416	5,445
3,615	3,949	3,825	4,387	15,776	3,749	4,230	4,123	4,709	16,811
374	113	445	184	1,116	426	149	511	175	1,261
-196	-84	452	-317	-145	-203	-64	772	-292	213
178	29	897	-133	971	223	85	1,283	-117	1,474
4,131	4,366	5,063	4,613	18,173	4,331	4,692	5,774	4,969	19,766
(3,793)	(3,978)	(4,722)	(4,254)	(16,747)	(3,972)	(4,315)	(5,406)	(4,592)	(18,285)

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

	1953				Year
	I	II	III	IV	
1. Wages, Salaries and Supplementary Labour Income.....	11,508	11,736	11,776	11,804	11,706
2. Military Pay and Allowances.....	280	308	316	332	309
3. Investment Income.....	3,916	3,884	3,728	3,672	3,800
Net Income of Unincorporated Business:					
4. Accrued Net Income of Farm Operators from Farm Production ¹	1,652	1,596	1,640	1,724	1,653
5. Net Income of Non-Farm Unincorporated Business ²	1,696	1,700	1,664	1,692	1,688
6. NET NATIONAL INCOME AT FACTOR COST.....	19,052	19,224	19,124	19,224	19,156
7. Indirect Taxes less Subsidies.....	2,868	2,964	2,940	2,832	2,901
8. Depreciation Allowances and Similar Business Costs.....	2,288	2,392	2,424	2,540	2,411
9. Residual Error of Estimate.....	12	-184	144	-48	-19
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	24,220	24,396	24,632	24,548	24,449
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(22,568)	(22,800)	(22,992)	(22,824)	(22,796)

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 practitioners.

TABLE 6. GROSS NATIONAL EXPENDITURE,
SEASONALLY ADJUSTED
(millions)

	1953				Year
	I	II	III	IV	
1. Personal Expenditure on Consumer Goods and Services.....	14,936	14,988	15,228	15,348	15,125
2. Government Expenditure on Goods and Services ¹	4,260	4,400	4,540	4,236	4,359
Gross Domestic Investment ²					
3. New Residential Construction ⁴	1,004	1,052	1,080	1,108	1,061
4. New Non-Residential Construction.....	1,568	1,640	1,840	1,776	1,706
5. New Machinery and Equipment ⁵	2,148	2,104	2,220	1,820	2,073
6. Change in Inventories.....	672	496	308	720	549
7. (Business Inventories only) ³	(280)	(508)	(360)	(264)	(353)
8. Exports of Goods and Services.....	5,368	5,548	5,552	5,132	5,400
9. Deduct: Imports of Goods and Services.....	-5,728	-6,012	-5,992	-5,640	-5,843
10. Residual Error of Estimate.....	-8	180	-144	48	19
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	24,220	24,396	24,632	24,548	24,449

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.

4. In 1955 data were based on a redesigned and enlarged sample and some discontinuity with previous years may exist.

5. See footnote 5, Table 15.

PRODUCT, BY QUARTERS, 1953-1955
AT ANNUAL RATES
of dollars)

1954					1955				
I	II	III	IV	Year	I	II	III	IV	Year
11,768	11,936	12,080	12,172	11,989	12,296	12,744	13,120	13,284	12,861
332	368	380	388	367	372	400	404	400	394
3,668	3,708	3,656	3,828	3,715	3,940	4,512	4,708	4,724	4,471
1,148	1,068	1,008	1,008	1,058	1,408	1,492	1,340	1,444	1,421
1,616	1,624	1,652	1,688	1,645	1,672	1,716	1,784	1,840	1,753
18,532	18,704	18,776	19,084	18,774	19,688	20,864	21,356	21,692	20,900
2,904	2,984	2,884	2,884	2,914	3,052	3,164	3,236	3,256	3,177
2,420	2,544	2,536	2,544	2,511	2,564	2,672	2,708	2,772	2,679
124	-156	-148	-24	-51	60	-120	-176	-292	-132
23,980	24,076	24,048	24,488	24,148	25,364	26,580	27,124	27,428	26,624
(22,832)	(23,008)	(23,040)	(23,480)	(23,090)	(23,956)	(25,088)	(25,784)	(25,984)	(25,203)

BY QUARTERS, 1953-1955
AT ANNUAL RATES
of dollars)

1954					1955				
I	II	III	IV	Year	I	II	III	IV	Year
15,476	15,704	15,908	16,016	15,776	16,100	16,800	17,128	17,216	16,811
4,224	4,312	4,472	4,436	4,361	4,472	4,620	4,728	4,636	4,614
1,084	1,092	1,200	1,288	1,166	1,296	1,460	1,520	1,628	1,476
1,676	1,656	1,688	1,616	1,659	1,664	1,704	1,860	1,872	1,775
1,884	1,872	1,836	1,772	1,841	1,724	1,896	2,188	2,260	2,017
172	-428	-808	-56	-280	556	368	200	676	450
(300)	(-356)	(-460)	(36)	(-120)	(364)	(28)	(100)	(536)	(257)
5,060	5,156	5,148	5,180	5,136	5,544	5,624	5,816	5,800	5,696
-5,472	-5,440	-5,548	-5,788	-5,562	-5,928	-6,012	-6,492	-6,956	-6,347
-124	152	152	24	51	-64	120	176	296	132
23,980	24,076	24,048	24,488	24,148	25,364	26,580	27,124	27,428	26,624

TABLE 7. SOURCES OF PERSONAL
SEASONALLY ADJUSTED
(millions)

	1953				Year
	I	II	III	IV	
1. Wages, Salaries and Supplementary Labour Income.....	11,508	11,736	11,776	11,804	11,706
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds.....	-372	-388	-396	-404	-390
3. Military Pay and Allowances.....	280	308	316	332	309
4. Net Income Received by Farm Operators from Farm Production ¹	1,500	1,720	1,508	1,904	1,658
5. Net Income of Non-Farm Unincorporated Business.....	1,696	1,700	1,664	1,692	1,688
6. Interest, Dividends and Net Rental Income of Persons ²	1,640	1,644	1,696	1,696	1,669
Transfer Payments to Persons:					
7. From Government (Excluding Interest).....	1,436	1,444	1,448	1,512	1,460
8. Charitable Contributions by Corporations.....	28	32	28	24	28
9. Net Bad Debt Losses of Corporations.....	28	28	28	28	28
10. PERSONAL INCOME.....	17,744	18,224	18,068	18,588	18,156

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)

	1953				Year
	I	II	III	IV	
Personal Direct Taxes:					
1. Income Taxes.....	1,236	1,352	1,296	1,264	1,287
2. Succession Duties.....	76	68	80	68	73
3. Miscellaneous.....	72	72	68	72	71
4. Total Personal Direct Taxes.....	1,384	1,492	1,444	1,404	1,431
Personal Expenditure on Consumer Goods and Services:					
5. Non-Durable Goods.....	8,460	8,508	8,656	8,688	8,578
6. Durable Goods.....	1,856	1,780	1,788	1,748	1,793
7. Services ¹	4,620	4,700	4,784	4,912	4,754
8. Total Personal Expenditure on Consumer Goods and Services...	14,936	14,988	15,228	15,348	15,125
Personal Savings:					
9. Personal Saving Excluding Farm Inventory Change.....	1,396	1,712	1,592	1,500	1,550
10. Farm Inventory Change.....	28	32	-196	336	50
11. Total Personal Saving.....	1,424	1,744	1,396	1,836	1,600
12. PERSONAL INCOME.....	17,744	18,224	18,068	18,588	18,156
13. (Personal Disposable Income) ²	(16,360)	(16,732)	(16,624)	(17,184)	(16,725)

1. Includes net expenditure abroad.

2. Personal Income less Total Personal Direct Taxes.

INCOME, BY QUARTERS, 1953-1955
AT ANNUAL RATES
of dollars)

1954					1955				
I	II	III	IV	Year	I	II	III	IV	Year
11,768	11,936	12,080	12,172	11,989	12,296	12,744	13,120	13,284	12,861
-376	-396	-404	-404	-395	-396	-412	-420	-436	-416
332	368	380	388	367	372	400	404	400	394
1,172	1,112	908	1,148	1,085	1,324	1,556	1,288	1,416	1,396
1,616	1,624	1,652	1,688	1,645	1,672	1,716	1,784	1,840	1,753
1,760	1,812	1,840	1,888	1,825	1,988	1,952	2,008	2,092	2,010
1,608	1,608	1,564	1,624	1,601	1,776	1,728	1,660	1,660	1,706
28	28	28	28	28	24	40	36	36	34
28	28	28	28	28	28	28	28	28	28
17,936	18,120	18,076	18,560	18,173	19,084	19,752	19,908	20,320	19,766

INCOME, BY QUARTERS, 1953-1955
AT ANNUAL RATES
of dollars)

1954					1955				
I	II	III	IV	Year	I	II	III	IV	Year
1,264	1,228	1,352	1,316	1,290	1,308	1,236	1,316	1,324	1,296
68	68	76	96	77	84	92	144	148	117
64	60	56	56	59	72	72	68	60	68
1,396	1,356	1,484	1,468	1,426	1,464	1,400	1,528	1,532	1,481
8,820	8,964	9,008	9,128	8,980	9,104	9,524	9,644	9,700	9,493
1,728	1,656	1,728	1,616	1,682	1,668	1,864	2,020	1,940	1,873
4,928	5,084	5,172	5,272	5,114	5,328	5,412	5,464	5,576	5,445
15,476	15,704	15,908	16,016	15,776	16,100	16,800	17,128	17,216	16,811
1,284	1,272	792	1,116	1,116	1,364	1,336	1,184	1,160	1,261
-220	-212	-108	-40	-145	156	216	68	412	213
1,064	1,060	684	1,076	971	1,520	1,552	1,252	1,572	1,474
17,936	18,120	18,076	18,560	18,173	19,084	19,752	19,908	20,320	19,766
(16,540)	(16,764)	(16,592)	(17,092)	(16,747)	(17,620)	(18,352)	(18,380)	(18,788)	(18,285)

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

	1953				Year
	I	II	III	IV	
1. Personal Expenditure on Consumer Goods and Services.....	2,975	3,257	3,110	3,585	12,927
2. Non-Durable Goods.....	1,682	1,875	1,878	2,242	7,677
3. Durable Goods.....	372	449	362	393	1,576
4. Services.....	921	933	870	950	3,674
5. Government Expenditure on Goods and Services.....	928	698	934	883	3,443
Gross Domestic Investments:					
6. New Residential Construction.....	150	215	236	231	832
7. New Non-Residential Construction.....	236	312	397	346	1,291
8. New Machinery and Equipment.....	440	496	431	363	1,730
9. Change in Inventories.....	-176	-132	1,289	-426	555
10. (Business Inventories only).....	(90)	(174)	(81)	(-50)	(295)
11. Exports of Goods and Services.....	1,017	1,255	1,337	1,247	4,856
12. Deduct: Imports of Goods and Services.....	-1,220	-1,442	-1,352	-1,283	-5,297
13. Residual Error of Estimate.....	7	73	-8	-56	16
14. GROSS NATIONAL EXPENDITURE.....	4,357	4,732	6,374	4,890	20,353

1. See footnotes, Table 2.

TABLE 10. NATIONAL SAVING AND INVESTMENT ACCOUNT, 1953-1955
SAVING
(millions of dollars)

	1953	1954	1955
1. Personal Saving.....	1,600	971	1,474
2. Gross Business Savings:			
(a) Undistributed corporation profits.....	748	617	913
(b) Depreciation allowances and similar business costs.....	2,411	2,511	2,679
(c) Net bad debt losses of corporations ¹	-28	-28	-28
(d) Adjustment on grain transactions.....	-5	-27	25
(e) Inventory valuation adjustment (n.e.i.).....	5	-	-1
3. Government Surplus (+) or Deficit (-) ²	253	18	269
4. Residual Error of Estimate.....	-19	-51	-132
5. TOTAL.....	4,965	4,011	5,199

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, 1953-1955
 SEASONALITY¹
 of dollars)

1954					1955				
I	II	III	IV	Year	I	II	III	IV	Year
3,066	3,349	3,220	3,715	13,350	3,153	3,597	3,506	4,001	14,257
1,772	1,968	1,959	2,363	8,062	1,828	2,095	2,124	2,523	8,570
347	418	353	373	1,491	345	500	437	463	1,745
947	963	908	979	3,797	980	1,002	945	1,015	3,942
859	660	907	898	3,324	873	702	932	902	3,409
162	222	260	266	910	190	290	319	323	1,122
248	311	372	329	1,260	244	310	390	349	1,293
383	448	361	331	1,523	343	470	428	393	1,636
-159	-154	545	-517	-285	-217	-42	1,050	-427	364
(115)	(11)	(-40)	(-137)	(-51)	(93)	(65)	(21)	(-77)	(102)
990	1,151	1,264	1,260	4,665	1,093	1,248	1,368	1,316	5,025
-1,159	-1,298	-1,250	-1,331	-5,038	-1,224	-1,421	-1,468	-1,544	-5,657
13	59	17	-48	41	30	32	36	10	108
4,403	4,748	5,696	4,903	19,750	4,485	5,186	6,561	5,325	21,557

TABLE 11. NATIONAL SAVING AND INVESTMENT ACCOUNT, 1953-1955
 INVESTMENT
 (millions of dollars)

	1953	1954	1955
1. Gross Domestic Investments: ¹			
(a) New residential construction.....	1,061	1,166	1,476
(b) New non-residential construction.....	1,706	1,659	1,775
(c) New machinery and equipment ²	2,073	1,841	2,017
(d) Change in inventories.....	549	-280	450
2. Net Foreign Investment:			
(a) U.S.A.....	-871	-777	
(b) U.K. and other Sterling Area.....	207	267	-651
(c) Other countries.....	221	84	
3. Residual Error of Estimate.....	19	51	132
4. TOTAL.....	4,965	4,011	5,199

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.

2. See footnote 5, Table 15.

TABLE 12. GOVERNMENT REVENUE AND EXPENDITURE, BY LEVEL OF GOVERNMENT, 1953-1955
REVENUE
(millions of dollars)

	1953	1954	1955
1. Direct Taxes — Persons.....	1,431	1,426	1,481
2. Federal.....	1,329	1,319	1,325
3. Provincial and Municipal.....	102	107	156
4. Direct Taxes — Corporations.....	1,226	1,164	1,360
Income and Profits Taxes			
5. Federal.....	1,150	1,100	1,295
6. Provincial.....	76	64	65
Withholding Taxes			
7. Federal.....	54	58	67
8. Indirect Taxes.....	3,011	3,001	3,254
9. Federal.....	1,697	1,612	1,744
10. Provincial and Municipal.....	1,314	1,389	1,510
11. Investment Income.....	562	563	618
12. Federal.....	225	223	261
13. Provincial and Municipal.....	337	340	357
14. Employer and Employee Contributions to Social Insurance and Pension Funds.....	390	395	416
15. Federal.....	250	255	272
16. Provincial and Municipal.....	140	140	144
Transfers from Other Governments			
17. Provincial and Municipal.....	412	430	450
18. Total Revenue.....	7,086	7,037	7,646
19. Federal.....	4,705	4,567	4,964
20. Provincial and Municipal.....	2,381	2,470	2,682
21. Deficit (+) or Surplus (-) ¹	-253	-18	-269
22. Federal.....	-175	+5	-245
23. Provincial and Municipal.....	-78	-23	-24
24. Total Revenue plus Deficit (or minus Surplus).....	6,833	7,019	7,377
25. Federal.....	4,530	4,572	4,719
26. Provincial and Municipal.....	2,303	2,447	2,658

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, 1953-1955
EXPENDITURE
(millions of dollars)

25.

	1953	1954	1955
1. Goods and Services.....	4,359	4,361	4,614
2. Federal ¹	2,525	2,413	2,498
3. Provincial and Municipal.....	1,834	1,948	2,116
4. Transfer Payments.....	1,952	2,141	2,236
5. Federal.....	1,487	1,645	1,696
6. Provincial and Municipal.....	465	496	540
7. Subsidies.....	110	87	77
8. Federal.....	106	84	75
9. Provincial and Municipal.....	4	3	2
Transfers to Other Governments			
10. Federal.....	412	430	450
11. Total Expenditure.....	6,833	7,019	7,377
12. Federal.....	4,530	4,572	4,719
13. Provincial and Municipal.....	2,303	2,447	2,658

1. Includes defence expenditure of \$1,907 million in 1953; \$1,727 million in 1954; and \$1,760 million in 1955.

TABLE 14. GROSS DOMESTIC INVESTMENT (EXCLUDING INVENTORIES), BY INDUSTRY¹, 1953-1955
(millions of dollars)

	1953	1954	1955
1. Agriculture.....)	546	388	424
Fishing and Trapping.....)			
2. Forestry.....	34	46	62
3. Mining, Quarrying and Oil Wells.....	257	278	301
4. Manufacturing.....	969	822	939
5. Construction.....	91	97	107
6. Transportation, Storage and Communication.....)	1,206	1,119	1,035
Public Utility Operation.....)			
7. Trade.....	330	368	350
8. Finance, Insurance and Real Estate ²	1,139	1,273	1,578
9. Service ³	268	275	322
10. Adjustment (not allocated) ⁴	-	-	150
11. Total ⁴	4,840	4,666	5,268

1. This Table is derived from "Private and Public Investment in Canada, Outlook, 1955" and "Private and Public Investment in Canada, Outlook, 1956" (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.
4. The 1955 total has been revised upward from that shown in "Private and Public Investment, Outlook 1956" to take account of later available information.

26. TABLE 15. GROSS DOMESTIC INVESTMENT (EXCLUDING INVENTORIES), 1953-1955
RECONCILIATION STATEMENT
(millions of dollars)

	1953	1954	1955
1. Total Private and Public Investment in Canada ¹	5,841	5,620	6,230
2. Deduct: New Residential Construction by Governments ^{2,3}	-23	-12	-20
3. Deduct: New Non-Residential Construction by Governments ³ ..	-875	-843	-1,002
4. Deduct: New Machinery and Equipment Outlays by Governments ³	-103	-99	-90
5. Adjustment ⁵	-	-	150
6. Total Gross Domestic Investment (excluding inventories) (1-2-3-4+5) = (6+7+8).....	4,840	4,666	5,268
7. New Residential Construction ⁴	1,061	1,166	1,476
8. New Non-Residential Construction ⁴	1,706	1,659	1,775
9. New Machinery and Equipment ⁴	2,073	1,841	2,017

1. As presented in the publications "Private and Public Investment in Canada, Outlook, 1955" and "Private and Public Investment in Canada, Outlook, 1956", 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.
5. The 1955 total has been revised upward from that shown in "Public and Private Investment in Canada, Outlook 1956" to take account of later available information. The entire adjustment is in the non-government machinery and equipment item.

TABLE 16. ANALYSIS AND RECONCILIATION OF EXPORTS AND IMPORTS, 1953-1955
(millions of dollars)

	1953	1954	1955
Exports of Goods and Services:			
1. Merchandise Exports ¹	4,152	3,929	4,335
2. Gold available for Export ¹	144	155	155
3. Receipts from Services rendered to Non-Residents (including dividends and interest received from abroad).....	1,195	1,141	1,292
4. Subtotal: "Current Receipts" as per "Canadian Balance of International Payments" ¹	5,491	5,225	5,782
5. Adjustments ²	-91	-89	-86
6. Total "Exports of Goods and Services" as per National Accounts ³	5,400	5,136	5,696
Imports of Goods and Services:			
7. Merchandise Imports ¹	4,210	3,916	4,520
8. Payments for Services rendered by Non-Residents (including interest and dividends paid abroad).....	1,724	1,740	1,927
9. Subtotal: "Current Payments" as per "Canadian Balance of International Payments" ¹	5,934	5,656	6,447
10. Adjustments ²	-91	-94	-100
11. Total "Imports of Goods and Services" as per National Accounts ³	5,843	5,562	6,347

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 1953-1955.
2. Migrants' funds and inheritances.
3. See also Table 2.

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