

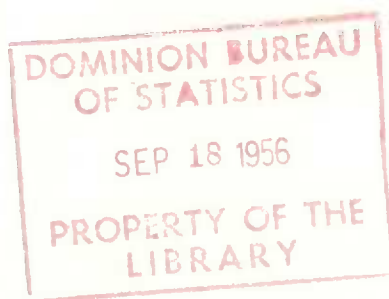
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CANADA

NATIONAL ACCOUNTS  
INCOME AND EXPENDITURE  
SECOND QUARTER  
1956



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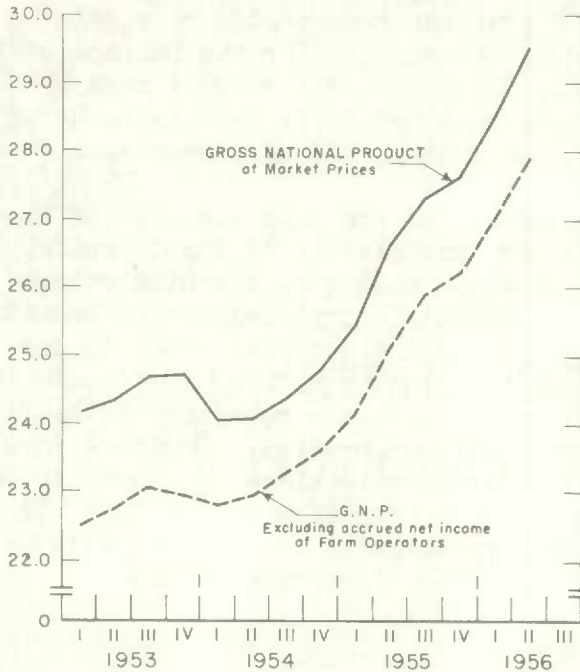
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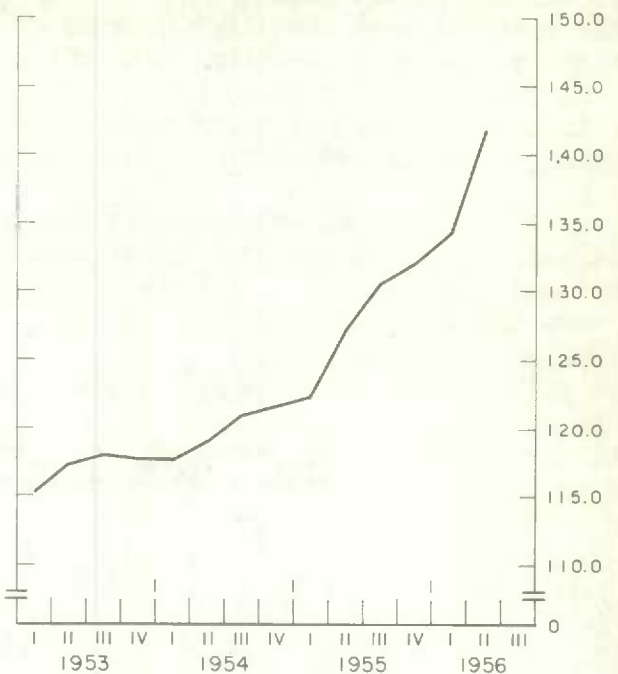
### GROSS NATIONAL PRODUCT MADE A FURTHER SUBSTANTIAL GAIN IN THE SECOND QUARTER

(BILLIONS OF DOLLARS)



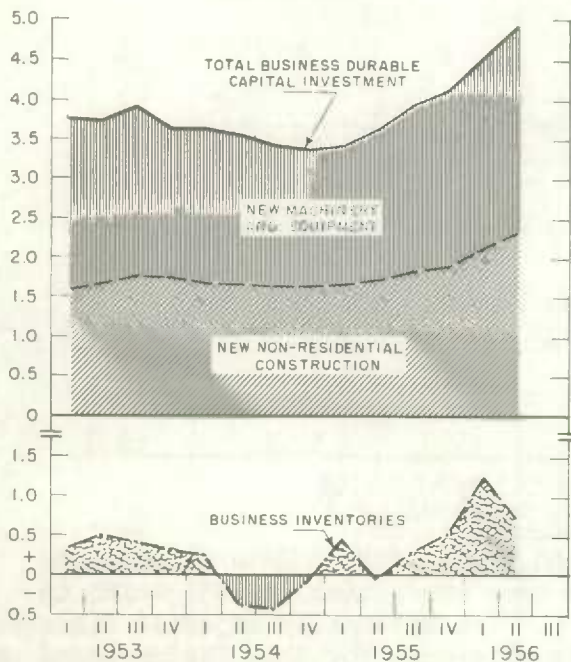
### THE RISE IN LABOUR INCOME WAS THE LARGEST QUARTERLY INCREASE IN A FIVE YEAR PERIOD

(BILLIONS OF DOLLARS)



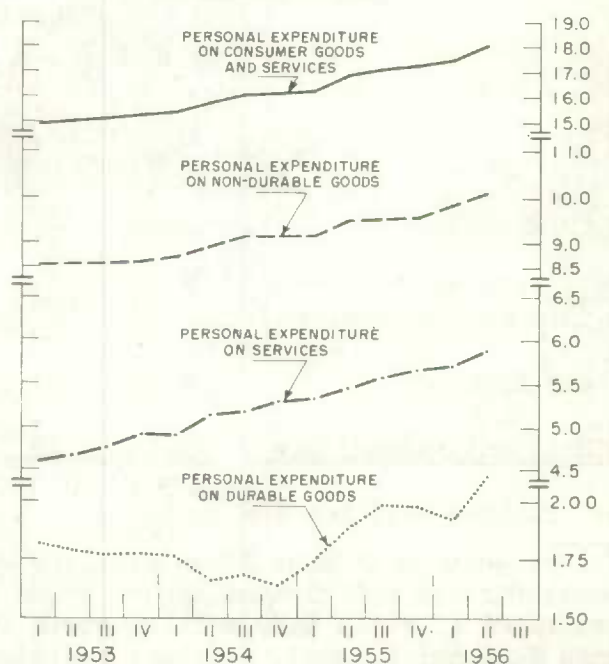
### BUSINESS OUTLAYS FOR NEW PLANT, MACHINERY AND EQUIPMENT CONTINUED TO MOVE UPWARD, BUT INVESTMENT IN INVENTORIES WAS MORE MODERATE

(BILLIONS OF DOLLARS)



### CONSUMER EXPENDITURE ROSE FURTHER, WITH GAINS IN ALL THREE MAJOR COMPONENTS

(BILLIONS OF DOLLARS)



Note: All data seasonally adjusted at annual rates.

## INTRODUCTION

The recent sharp gains in seasonally adjusted Gross National Product continued unabated in the second quarter of 1956, with the increase over the first quarter amounting to more than 3 per cent. This latest advance has brought the level of Gross National Product to an annual rate of \$29.5 billion, compared with \$28.6 billion in the first quarter of this year. It appears that about two-thirds of the increase over the first quarter of this year was represented by a gain in the physical volume of production, with price factors accounting for the balance of the rise in value. In the first half of this year, Gross National Product rose by more than 10 per cent in value terms and by between 6 and 7 per cent in terms of the physical volume of production<sup>1</sup>, compared with the same period of a year ago.

Three major developments have emerged as the dominant features of the first half of the year 1956. These have been very high levels of fixed capital investment expenditures currently being undertaken by business, the high rate of business inventory accumulation, and the heavy current account deficit or import balance, which averaged \$1.2 billion at seasonally adjusted annual rates in the first half. Total final expenditures by all groups plus investment in inventories in the first half of this year were running at an annual rate more than \$4 billion above the corresponding period of 1955, as the table below shows. Business investment in plant and equipment and in inventories together accounted for close to one-half of this total increase. At the same time, about one-third of the total \$4.0 billion increase was met out of imports rather than Canadian production, alleviating to some extent the demand pressures being placed on Canadian production.

### CHANGES IN COMPONENTS OF GROSS NATIONAL EXPENDITURE (billions of dollars)

	6 months 1955 (averaged at seasonally adjusted annual rates)	6 months 1956	Change in billions of dollars	Per cent Change	Allocation of change in gross avail- able supply
<u>Business Investment</u>	\$	\$	\$	%	%
Plant and equipment	3.5	4.7	+1.2	33.5	27.3
Inventories	.4	1.1	+ .7	-	16.4
Sub-total	3.9	5.8	+1.9	48.6	43.7
<u>Other Purchases<sup>2</sup></u>	28.3	30.7	+2.4	8.7	56.3
<u>Sub-Total (final purchases plus inventory investment)<sup>3</sup></u>	32.2	36.5	+4.3	13.5	100.0
Less Imports	-6.1	-7.5	-1.4	22.7	-32.0
<u>Gross National Expenditure</u>	26.1	29.0	+3.0	11.4	68.0

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

1. The percentage changes given here are based on unadjusted data and make no allowance for the anticipated higher value of crop production in 1956 which is now estimated at about \$150 million above 1955. The seasonally adjusted figures of Gross National Product, however, include an allowance for this factor based on latest crop returns.

2. Includes consumer expenditure, government expenditure, residential construction and exports.

3. Equals gross available supply, or production plus imports.

These sharp advances in the national expenditure have been accompanied by some upward movement in prices in most of the components of Gross National Expenditure. At the total Gross National Expenditure level, prices have risen overall by about 3 per cent since the second quarter of last year, with about 1 per cent occurring in the current quarter. The most pronounced increases since a year ago have been in the non-residential construction and machinery and equipment categories, where price factors (including costs) showed a gain of about 7 per cent. The price (and cost) factor in residential construction was up 5 per cent, and export and import prices (on the National Accounts basis) were up by 3 and 4 per cent respectively over a year ago. Consumer prices overall have risen by only about 1 per cent in the year-over-year comparison<sup>1</sup>.

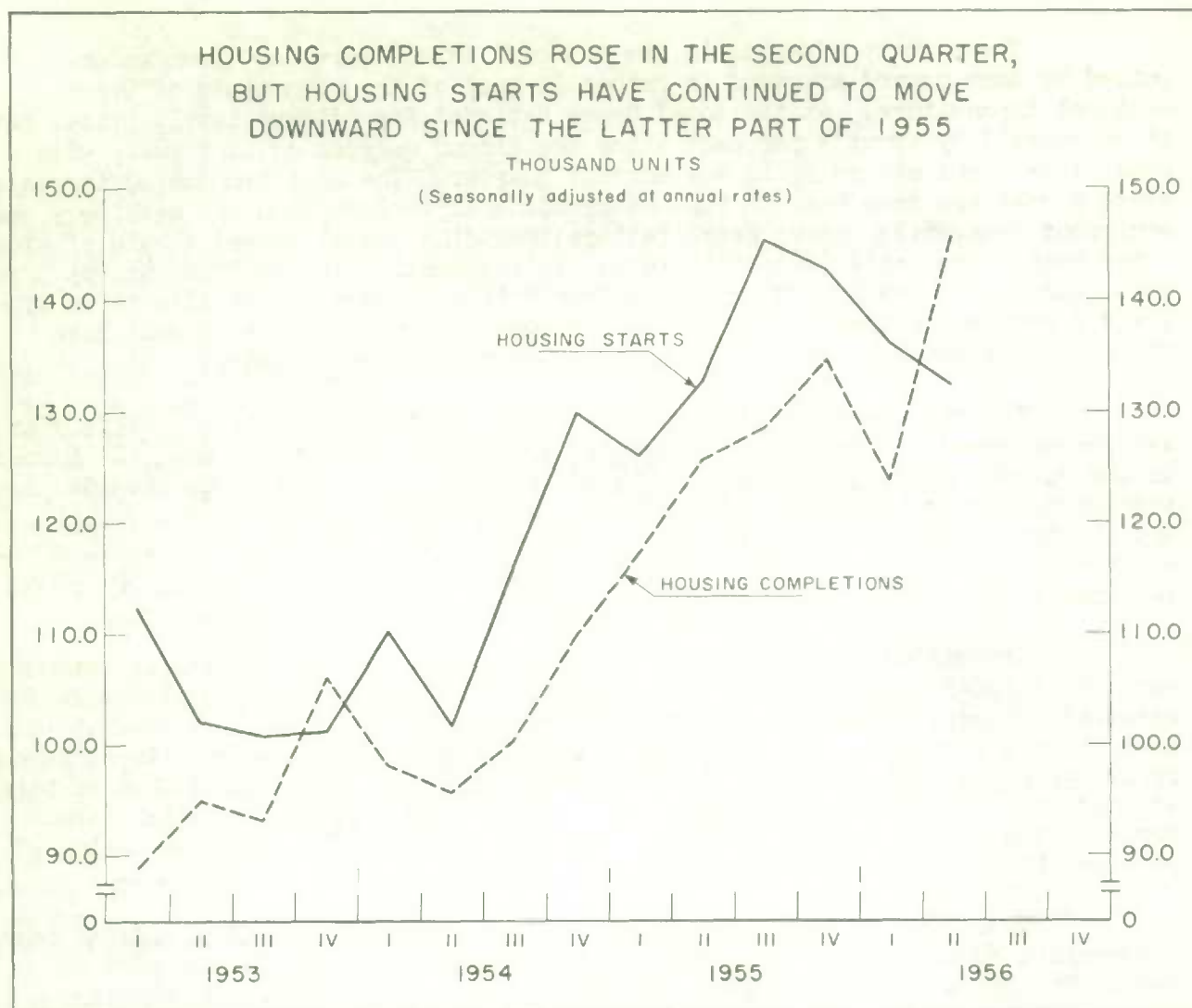
The rise in output between the first and second quarters of this year was concentrated in durable goods manufacturing and in construction. The increase in the durable goods group amounted to 5 per cent, with large gains recorded for transportation equipment (up 22 per cent), non-ferrous metals (up 8 per cent), and electrical apparatus and supplies (up 5 per cent). The iron and steel group, which moved upward in the first quarter, remained level but was producing at a rate about 15 per cent above a year ago.

Associated with the above increases in output, the industrial composite employment index rose by 3 per cent above the first quarter, after allowance for seasonal factors. This most recent increase brought the index to a level 7 per cent above a year ago. The number of paid workers in the non-agricultural labour force was 6 per cent above the second quarter of a year ago. The number of persons without jobs and seeking work amounted to about 3 per cent of the total labour force in the second quarter of 1956. Compared with one year ago, the number of persons without jobs and seeking work had declined by about 23 per cent.

These increases in output and in employment in the second quarter were accompanied by the largest advance in labour income since the latter part of 1950. The gains by industry were widespread, with large increases occurring in durable manufacturing, construction, and the service groups. Corporation profits were also higher in the second quarter, with a gain of about 5 per cent over the first quarter.

On the expenditure side, all of the major demand categories showed increases in the second quarter, contributing to the gains over a year ago as noted earlier. A single exception was investment in inventories, where the rate of accumulation slackened from the extremely high level of the first quarter. Investment in plant, machinery and equipment continued to move forward rapidly. Residential construction, which declined in the first quarter, showed an advance as housing completions rose; however, the fall-off in housing starts in the last few months indicates that the rise in completions is temporary. Durable goods purchases, which had also fallen off in the first quarter as automobile sales declined, moved upward in the second quarter as seasonally adjusted sales of new passenger automobiles rose 30 per cent above the first quarter level. Imports and exports, seasonally adjusted, continued to rise sharply and the deficit on current account showed little change from the first quarter rate.

1. See footnote 2, Table 9.



### Fixed Investment Outlays Continued Upward

Business investment outlays for new plant and equipment continued to move upward in the second quarter and were running at a level about 30 per cent above the 1955 annual average, or about 9 per cent above the first quarter rate. In the first six months of this year, plant and equipment expenditures averaged about 34 per cent above the first six months of 1955. It may be noted that the revised mid-year survey of investment intentions indicated a proposed increase of about 40 per cent in business investment outlays in these categories, with the gains concentrated in the commodity producing, fuel, and power industries. Prices have recently been increasing for construction and machinery and equipment items, and the volume increases from a year ago are therefore less than the value changes indicated above.

Non-residential construction was running at an annual rate of \$2.3 billion in the second quarter compared with \$2.1 billion in the first quarter and \$1.7 billion in the second quarter a year ago. This constitutes an increase of 9 per cent over the first quarter, and 37 per cent over the same quarter of a year ago. Employment in building and structures has shown a very sharp rise and was 7 per cent above the first quarter level, and 20 per cent over last year's second quarter. The mid-year investment intentions survey indicated an expected increase of 49 per cent in new non-residential construction to be put in place in 1956.

Expenditures on machinery and equipment were at a rate of \$2.6 billion in the second quarter, a gain of 8 per cent over the first quarter and 33 per cent above the second quarter a year ago. Imports of machinery and equipment appear to have constituted a smaller proportion of the current increase (about one-fifth) than in the first quarter, when they accounted for the bulk of the gain. However, in the first six months of this year, imports have accounted for more than 40 per cent of the increase in the machinery and equipment investment program over the first half of 1955. The mid-year survey of expected expenditures on machinery and equipment indicated an increase of 34 per cent for the year 1956 as a whole.

After declining in the first quarter, the value of new house building moved upward in the second quarter by about 10 per cent, and was at a rate of \$1.6 billion, or 13 per cent above the same period 1955. The current high rate of activity is a result of a rise in completions reflecting the high level of starts in the last half of 1955. Since that time, however, seasonally adjusted starts have been slackening, and completions can be expected to follow in consequence. Competing demands on the available supply of credit for business investment have likely been a factor in the current slackening in starts. Completions, on the other hand were running at a rate of 145,570 in the second quarter, compared with a rate of 127,552 for 1955 as a whole.

#### Business Inventory Accumulation Slackened

Investment in business inventories in the first half of 1956 was at an average annual rate of about one billion dollars, a much higher rate of accumulation than in any similar period since 1951. At the same time, high levels of final demand and accompanying rapid turnover gave rise to stock-sales ratios which were somewhat lower than those for the same period in the past few years. In overall terms, therefore, the higher level of inventories in the current year would not seem to be inconsistent with the expanding volume of business activity.

More than one-half of the build-up in inventories in the January-June period took place in the first quarter of the year, with the major portion occurring in the durable goods manufacturing industries and most of the balance in the retail and wholesale trade groups. However, in the second quarter, continuing high levels of domestic production and imports were more closely matched by the out-flow of commodities into final expenditures. Thus, the rate of business inventory accumulation in the second quarter fell from \$1.3 billion in the first quarter to \$0.7 billion. This rate of inventory investment was equal to about 2.5 per cent of Gross National Expenditure in the second quarter, while in the first quarter, it was nearly 5 per cent.

Within manufacturing, while the overall build-up remained substantial (at somewhat less than half of the first quarter rate), there was a sizable liquidation of goods in process in the transportation equipment group as well as some drawing down of stocks in the rubber industry, associated with the extremely sharp upturn in production and sales of new motor vehicles. This liquidation, however, was more than offset by a continuing build-up in the other durable goods groups, mainly in iron and steel products, non-ferrous metals and electrical apparatus and supplies, associated in part with the needs of the capital investment program.

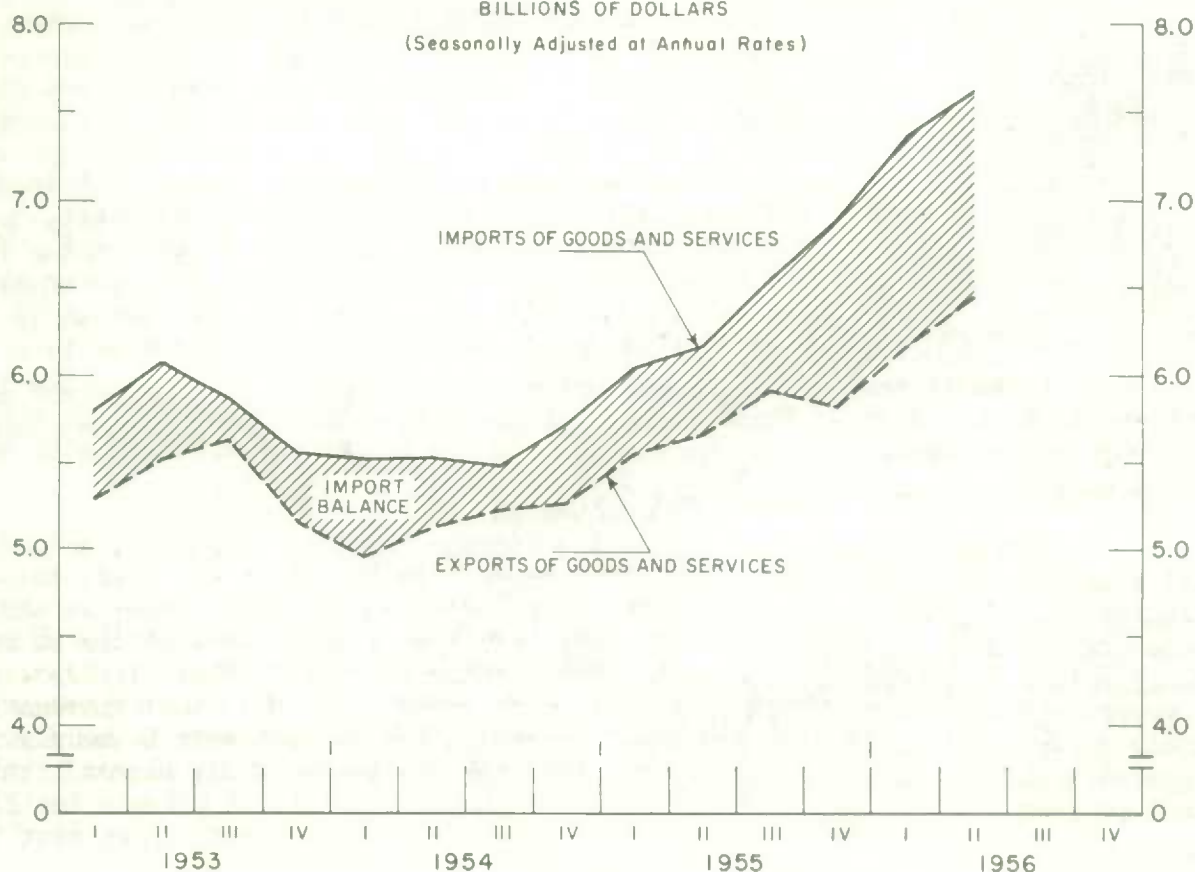
On balance, durable goods manufacturing inventories of all kinds were accumulating at only about one-fourth the first quarter rate. In the non-durable manufacturing group, the fall off in the rate of accumulation was less marked than in the durable group, continuing at about half of the first quarter rate.

Within retail and wholesale trade, durable goods holdings were subject to substantial liquidations in the second quarter, in contrast to the sizable build-up which occurred in the first quarter. The liquidations occurred both in investment-type materials and in consumer durables. The single major exception in the durable group occurred in retail holdings of automobiles which, in spite of the high level of sales, showed a small accumulation, reflecting a sharp advance in production and factory shipments to dealers.

In contrast to the reductions in the majority of the durable goods items held at retail and wholesale, non-durable goods inventories at these levels continued to advance in the second quarter, though at a lower rate of accumulation. Taking both durables and non-durables together, the combined build-up in retail and wholesale trade channels in the second quarter appears to have been about half of the first quarter rate.

BOTH IMPORTS AND EXPORTS OF GOODS AND SERVICES SHOWED  
FURTHER SHARP ADVANCES, WITH THE DEFICIT ON  
CURRENT ACCOUNT REMAINING AT ABOUT THE FIRST QUARTER RATE

BILLIONS OF DOLLARS  
(Seasonally Adjusted at Annual Rates)



### Imports and Exports Continue Sharp Rise

Seasonally adjusted exports and imports of goods and services continued to advance in the second quarter with gains of 5 and 3 per cent respectively. This latest advance has raised the level of exports to a point about 14 per cent above last year's second quarter level, and the level of imports to a point about 28 per cent above last year's second quarter. The deficit on current account in the second quarter remained relatively unchanged from the first quarter rate of \$1.2 billion, seasonally adjusted at annual rates.

The major advance in exports from the first to second quarter occurred in the goods group, with services showing little change. Exports of agricultural products accounted for about half the gain between the first and second quarter, reflecting continued strong sales of Canadian wheat abroad. The revival of exports of agricultural products in the first half of this year follows a two-year period in which grain export sales have shown little change. The remaining half of the increase in exports from the first to second quarters was accounted for by higher shipments of iron and its products, non-metallic minerals, and chemicals.

In the half year, merchandise exports have risen by about 12 per cent over the same period 1955, and exports of agricultural products have advanced by 25 per cent. Iron and its products, non-ferrous metals and non-metallic minerals taken together have accounted for about half of the increase over a year ago, with advances of 20 per cent, 9 per cent and 51 per cent respectively. These gains reflect high levels of economic activity in the United States and overseas countries which have created strong demands for Canadian industrial materials.

Turning to commodity imports, the major factor in the advance from the first to the second quarter may be found in the metal groups: iron and its products, non-ferrous metal products, and non-metallic mineral products together accounted for the major part of the second quarter increase. In the first six months of 1956, merchandise imports were up by 30 per cent, with the gains widely spread but showing up most sharply in the metal groups noted above. Imports of iron and steel products were up 50 per cent over the first six months of last year, non-ferrous metal products 32 per cent, and non-metallic minerals 20 per cent. These sharp gains over a year ago continued to reflect the high level of industrial growth which is currently under way in Canada, as well as the high levels of employment and income which have given rise to increased consumer demands<sup>1</sup>.

Prices of exports and imports of goods and services in the second quarter were estimated to be up by 3 per cent and 4 per cent respectively over the second quarter of a year ago.

### Labour Income, Consumer Spending and Saving Up

The rise in labour income, seasonally adjusted, from the first to the second quarter amounted to 5 per cent, and was the largest quarter-to-quarter increase since the last half of 1950. The latest gain has raised the level of labour income to a point about 11 per cent above the second quarter of 1955. The increase over a year ago reflects a rise in the number of paid workers amounting to about 6 per cent, with the balance accounted for by an increase in hourly average earnings. Average hours worked per week in manufacturing showed little change from a year ago. The gain of 5 per cent, which occurred between the first and second quarter of this year appears to reflect an increase of 3 per cent in

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1. Year-over-year comparisons are based on five months data, with June estimated.

employment in the main non-agricultural industries, with the balance being accounted for by increases in average hourly earnings.

The gains in labour income from the first to the second quarter of this year were widespread, but were especially marked in construction and in durable goods manufacturing. Agriculture, forestry, mining, public utilities, transportation, storage, communication, trade and the service industries were all higher in the second quarter.

The large gain in labour income in the second quarter was accompanied by an acceleration in the rate of consumer spending. Personal expenditure on consumer goods and services rose by 3 per cent, (compared with 2 per cent in the first quarter), with gains occurring in the durable, non-durable and services groups. This latest increase has brought the level of personal expenditure on consumer goods and services in the second quarter to a point about 7 per cent above the second quarter of 1955.

Consumer expenditure on durable goods, which was moving downward in the first quarter showed a sharp rise in the second quarter, (of 9 per cent) reflecting for the most part an upturn in sales of passenger automobiles. Seasonally adjusted, these were about 30 per cent above the first quarter level. Total personal expenditure on durable goods was up about 11 per cent over the second quarter of a year ago.

Consumer expenditures for non-durable goods and for services were up 2 and 3 per cent respectively over the first quarter of this year, and 6 and 7 per cent respectively over the same period a year ago. From the first to the second quarter, the gains in non-durable goods purchases were widespread, affecting all groups with the exception of clothing purchases which showed a decline. It may be noted that Easter occurred in March of this year and that Easter sales are included in the first quarter figures. Relatively little movement has occurred in the price of consumer goods as a whole over the course of the past year; at the total level, an increase of only about 1 per cent is shown. This increase from a year ago is largely attributable to higher prices for services, with small declines in the price of durable goods offset by a small advance in the price of non-durable goods. Since the end of the second quarter of this year, non-durable prices have shown a further advance, as food prices have been rising.

The rising level of consumer expenditure in the second quarter was supported by a sharp increase in disposable income which rose by almost 5 per cent. This was largely attributable to the very marked advance in wage and salary payments which has been noted previously. Since consumer expenditure rose less sharply than disposable income, there was a substantial rise in the rate of saving in the second quarter of this year, from \$1.4 billion in the first quarter to \$1.8 billion. The latter figure constitutes about 9 per cent of disposable income compared with about 7 1/2 per cent in the first quarter.

TABLE 1. NATIONAL INCOME AND GROSS NATIONAL PRODUCT, BY QUARTERS, 1955-1956  
(millions of dollars)

	1955				Year	1956	
	I	II	III	IV		I	II
1. Wages, Salaries and Supplementary Labour Income...	2,969	3,150	3,315	3,376	12,810	3,261	3,510
2. Military Pay and Allowances.....	93	100	101	100	394	93	106
3. Investment Income.....	878	1,137	1,244	1,096	4,355	1,090	1,308
Net Income of Unincorporated Business:							
4. Accrued Net Income of Farm Operators from Farm Production <sup>1</sup> .....	-7	197	1,099	155	1,404	-6	130
5. Net Income of Non-Farm Unincorporated Business <sup>2</sup> .....	341	455	474	505	1,775	370	485
6. NET NATIONAL INCOME AT FACTOR COST.....	4,274	5,039	6,193	5,232	20,738	4,808	5,539
7. Indirect Taxes less Subsidies.....	751	793	822	843	3,209	843	895
8. Depreciation Allowances and Similar Business Costs	662	713	725	765	2,865	729	787
9. Residual Error of Estimate.....	6	-33	-21	5	-43	-8	-120
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,693	6,512	7,719	6,845	26,769	6,372	7,101
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	5,700	6,315	6,660	6,690	25,365	6,378	6,971

1. Includes change in farm inventories as shown in line 10, Table 4. Also includes the undistributed earnings of the Canadian Wheat Board, and an inventory valuation adjustment for grain in Wheat Board channels.
2. Includes net income of independent professional practitioners.

TABLE 2. GROSS NATIONAL EXPENDITURE, BY QUARTERS, 1955-1956  
(millions of dollars)

	1955				Year	1956	
	I	II	III	IV		I	II
1. Personal Expenditure on Consumer Goods and Services.....	3,760	4,270	4,142	4,716	16,888	4,033	4,561
2. Government Expenditure on Goods and Services <sup>1,4</sup> ..	1,242	948	1,271	1,277	4,738	1,303	1,025
Gross Domestic Investments <sup>2</sup> :							
3. New Residential Construction <sup>5</sup> .....	254	374	427	421	1,476	281	423
4. New Non-Residential Construction.....	327	419	534	495	1,775	426	574
5. New Machinery and Equipment <sup>6</sup> .....	417	568	525	507	2,017	566	753
6. Change in Inventories.....	-133	74	884	-317	508	93	76
7. (Business Inventories only) <sup>3</sup> .....	(152)	(87)	(71)	(7)	(317)	(367)	(262)
8. Exports of Goods and Services.....	1,217	1,437	1,581	1,518	5,753	1,344	1,634
9. Deduct: Imports of Goods and Services.....	-1,385	-1,612	-1,666	-1,767	-6,430	-1,682	-2,065
10. Residual Error of Estimate.....	-6	34	21	-5	44	8	120
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	5,693	6,512	7,719	6,845	26,769	6,372	7,101

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:

1955					1956	
I	II	III	IV	Year	I	II
520	390	413	433	1,756	490	394

5. In 1955, data were based on a redesigned and enlarged sample and some discontinuity with previous years may exist.
6. 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 3. SOURCES OF PERSONAL INCOME, BY QUARTERS, 1955-1956  
(millions of dollars)

	1955				Year	1956	
	I	II	III	IV		I	II
1. Wages, Salaries and Supplementary Labour Income...	2,969	3,150	3,315	3,376	12,810	3,261	3,510
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds...	-100	-103	-106	-111	-420	-110	-114
3. Military Pay and Allowances.....	93	100	101	100	394	93	106
4. Net Income Received by Farm Operators from Farm Production <sup>1</sup> .....	-28	214	1,046	150	1,382	-4	132
5. Net Income of Non-Farm Unincorporated Business....	341	455	474	505	1,775	370	485
6. Interest, Dividends and Net Rental Income of Persons <sup>2</sup> .....	453	491	488	528	1,960	487	549
Transfer Payments to Persons:							
7. From Government (Excluding Interest).....	537	415	390	383	1,725	527	411
8. Charitable Contributions by Corporations.....	6	8	9	8	31	7	10
9. Net Bad Debt Losses of Corporations.....	6	6	7	7	26	6	6
10. PERSONAL INCOME.....	4,271	4,736	5,724	4,946	19,683	4,637	5,095

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 INCOME, BY QUARTERS, 1955-1956  
(millions of dollars)

	1955				Year	1956	
	I	II	III	IV		I	II
Personal Direct Taxes:							
1. Income Taxes.....	310	336	322	328	1,296	329	389
2. Succession Duties.....	24	22	37	37	120	36	45
3. Miscellaneous.....	25	18	9	15	67	32	18
4. Total Personal Direct Taxes.....	359	376	368	380	1,483	397	452
Personal Expenditure on Consumer Goods and Services:							
5. Non-Durable Goods.....	2,019	2,343	2,327	2,780	9,469	2,175	2,477
6. Durable Goods.....	385	537	478	501	1,901	428	596
7. Services <sup>1</sup> .....	1,356	1,390	1,337	1,435	5,518	1,430	1,488
8. Total Personal Expenditure on Consumer Goods and Services.....	3,760	4,270	4,142	4,716	16,888	4,033	4,561
Personal Savings:							
9. Personal Saving Excluding Farm Inventory Change.	385	99	449	168	1,101	444	260
10. Farm Inventory Change.....	-227	-9	765	-31.8	211	-237	-178
11. Total Personal Saving.....	158	90	1,214	-150	1,312	207	82
12. PERSONAL INCOME.....	4,271	4,736	5,724	4,946	19,683	4,637	5,095
13. (Personal Disposable Income) <sup>2</sup> .....	(3,918)	(4,360)	(5,356)	(4,566)	(18,200)	(4,240)	(4,643)

1. Includes net expenditure abroad.

2. Personal Income less Total Personal Direct Taxes.

TABLE 5. NATIONAL INCOME AND GROSS NATIONAL PRODUCT, BY QUARTERS, 1955-1956  
SEASONALLY ADJUSTED AT ANNUAL RATES  
(millions of dollars)

	1955				Year	1956	
	I	II	III	IV		I	II
1. Wages, Salaries and Supplementary Labour Income...	12,240	12,728	13,064	13,208	12,810	13,444	14,188
2. Military Pay and Allowances.....	372	400	404	400	394	372	424
3. Investment Income.....	3,816	4,404	4,564	4,636	4,355	4,744	4,960
Net Income of Unincorporated Businesses:							
4. Accrued Net Income of Farm Operators from Farm Production <sup>1</sup> .....	1,328	1,476	1,396	1,416	1,404	1,512	1,612
5. Net Income of Non-Farm Unincorporated Business <sup>2</sup> .....	1,712	1,744	1,816	1,828	1,775	1,892	1,880
6. NET NATIONAL INCOME AT FACTOR COST.....	19,468	20,752	21,244	21,488	20,738	21,964	23,064
7. Indirect Taxes less Subsidies.....	3,100	3,204	3,232	3,300	3,209	3,460	3,556
8. Depreciation Allowances and Similar Business Costs	2,776	2,828	2,912	2,944	2,865	3,052	3,120
9. Residual Error of Estimate.....	144	-156	-68	-92	-43	96	-192
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	25,488	26,628	27,320	27,640	26,769	28,572	29,548
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	24,160	25,152	25,924	26,224	25,365	27,060	27,936

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, BY QUARTERS, 1955-56  
SEASONALLY ADJUSTED AT ANNUAL RATES  
(millions of dollars)

	1955				Year	1956	
	I	II	III	IV		I	II
1. Personal Expenditure on Consumer Goods and Services	16,264	16,880	17,152	17,256	16,888	17,560	18,120
2. Government Expenditure on Goods and Services <sup>1</sup> ....	4,572	4,768	4,780	4,832	4,738	4,920	5,096
Gross Domestic Investment: <sup>2</sup>							
3. New Residential Construction <sup>4</sup> .....	1,340	1,448	1,532	1,584	1,476	1,472	1,624
4. New Non-Residential Construction.....	1,676	1,716	1,812	1,896	1,775	2,148	2,344
5. New Machinery and Equipment <sup>3</sup> .....	1,748	1,940	2,132	2,248	2,017	2,380	2,580
6. Change in Inventories.....	512	216	508	796	508	1,404	748
7. (Business Inventories only) <sup>3</sup> .....	(480)	(-24)	(300)	(512)	(317)	(1,272)	(744)
8. Exports of Goods and Services.....	5,568	5,688	5,924	5,832	5,753	6,176	6,460
9. Deduct: Imports of Goods and Services.....	-6,048	-6,184	-6,588	-6,900	-6,430	-7,392	-7,620
10. Residual Error of Estimate.....	-144	156	68	96	44	-96	196
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	25,488	26,628	27,320	27,640	26,769	28,572	29,548

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 expenditure 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. 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 7. SOURCES OF PERSONAL INCOME, BY QUARTERS, 1955-1956  
SEASONALLY ADJUSTED AT ANNUAL RATES  
(millions of dollars)

11.

	1955				Year	1956	
	I	II	III	IV		I	II
1. Wages, Salaries and Supplementary Labour Income...	12,240	12,728	13,064	13,208	12,810	13,444	14,188
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds...	-408	-416	-424	-432	-420	-448	-460
3. Military Pay and Allowances.....	372	400	404	400	394	372	424
4. Net Income Received by Farm Operators from Farm Production <sup>1</sup> .....	1,244	1,544	1,344	1,396	1,382	1,524	1,620
5. Net Income of Non-Farm Unincorporated Business....	1,712	1,744	1,816	1,828	1,775	1,892	1,880
6. Interest, Dividends and Net Rental Income of Persons <sup>2</sup>	1,908	1,908	1,972	2,052	1,960	2,052	2,132
Transfer Payments to Persons:							
7. From Government (Excluding Interest).....	1,764	1,740	1,704	1,692	1,725	1,728	1,720
8. Charitable Contributions by Corporations.....	24	32	36	32	31	28	40
9. Net Bad Debt Losses of Corporations.....	24	24	28	28	26	24	24
10. PERSONAL INCOME.....	18,880	19,704	19,944	20,204	19,683	20,616	21,568

1. This item differs from line 4, Table 5, in that it excludes undistributed earnings (and the inventory valuation adjustment) of the Canadian Wheat Board.

2. Includes all government debt interest paid to persons.

TABLE 8. DISPOSITION OF PERSONAL INCOME, BY QUARTERS, 1955-1956  
SEASONALLY ADJUSTED AT ANNUAL RATES  
(millions of dollars)

	1955				Year	1956	
	I	II	III	IV		I	II
Personal Direct Taxes:							
1. Income Taxes.....	1,304	1,232	1,320	1,328	1,296	1,388	1,432
2. Succession Duties.....	96	88	148	148	120	144	180
3. Miscellaneous.....	64	68	60	76	67	84	68
4. Total Personal Direct Taxes.....	1,464	1,388	1,528	1,552	1,483	1,616	1,680
Personal Expenditure on Consumer Goods and Services:							
5. Non-Durable Goods.....	9,168	9,532	9,576	9,600	9,469	9,916	10,112
6. Durable Goods.....	1,744	1,888	1,992	1,980	1,901	1,932	2,112
7. Services <sup>1</sup> .....	5,352	5,460	5,584	5,676	5,518	5,712	5,896
8. Total Personal Expenditure on Consumer Goods and Services.....	16,264	16,880	17,152	17,256	16,888	17,560	18,120
9. Total Personal Saving ...	1,152	1,436	1,264	1,396	1,312	1,440	1,768
10. PERSONAL INCOME.....	18,880	19,704	19,944	20,204	19,683	20,616	21,568
11. (Personal Disposable Income) <sup>2</sup> .....	(17,416)	(18,316)	(18,416)	(18,652)	(18,200)	(19,000)	(19,888)

1. Includes net expenditure abroad.

2. Personal Income less Total Personal Direct Taxes.

TABLE 9. GROSS NATIONAL EXPENDITURE IN (1949) CONSTANT DOLLARS, BY QUARTERS, 1955-1956  
UNADJUSTED FOR SEASONALITY<sup>1,2</sup>  
(millions of dollars)

	1955				Year	1956	
	I	II	III	IV		I	II
1. Personal Expenditure on Consumer Goods and Services.....	3,162	3,625	3,516	3,997	14,300	3,383	3,836
2. Non-Durable Goods.....	1,827	2,117	2,094	2,506	8,544	1,969	2,230
3. Durable Goods.....	347	493	451	463	1,754	394	550
4. Services.....	988	1,015	971	1,028	4,002	1,020	1,056
5. Government Expenditure on Goods and Services..	929	692	937	923	3,481	932	701
Gross Domestic Investments:							
6. New Residential Construction.....	196	287	323	316	1,122	208	311
7. New Non-Residential Construction.....	242	310	390	352	1,294	292	396
8. New Machinery and Equipment.....	343	468	426	391	1,628	433	575
9. Change in Inventories.....	-225	-9	1,058	-388	436	-86	-99
10. (Business Inventories only).....	(104)	(72)	(13)	(-29)	(160)	(235)	(140)
11. Exports of Goods and Services.....	1,087	1,248	1,363	1,300	4,998	1,146	1,385
12. Deduct: Imports of Goods and Services.....	-1,247	-1,441	-1,489	-1,544	-5,721	-1,443	-1,776
13. Residual Error of Estimate.....	-5	27	17	-4	35	6	94
14. GROSS NATIONAL EXPENDITURE.....	4,482	5,207	6,541	5,343	21,573	4,871	5,423

1. See footnotes, Table 2.

2. The implicit price deflators of the components of Gross National Expenditure which can be derived by dividing the value figures in Table 2 by the volume figures in Table 9 are not suitable as indicators of quarter-to-quarter price movements. This is because they are currently weighted, and are therefore affected by compositional shifts which occur within the components of the Gross National Expenditure on a quarter-to-quarter basis. Year-over-year comparisons are less subject to the problem of shifting weights at the component levels of Gross National Expenditure. The percentage changes noted on page 2 represent the orders of magnitude suggested by the implicit price deflators between the second quarters of 1955 and 1956. The general ranges indicated here are supported by related price information. It should be noted that no implicit deflator can be derived for Gross National Expenditure as a whole without first making allowance for the inventory valuation adjustment.



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