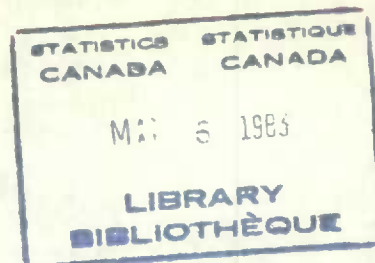


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Basil McCormick



CANADA



NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
SECOND QUARTER
1957

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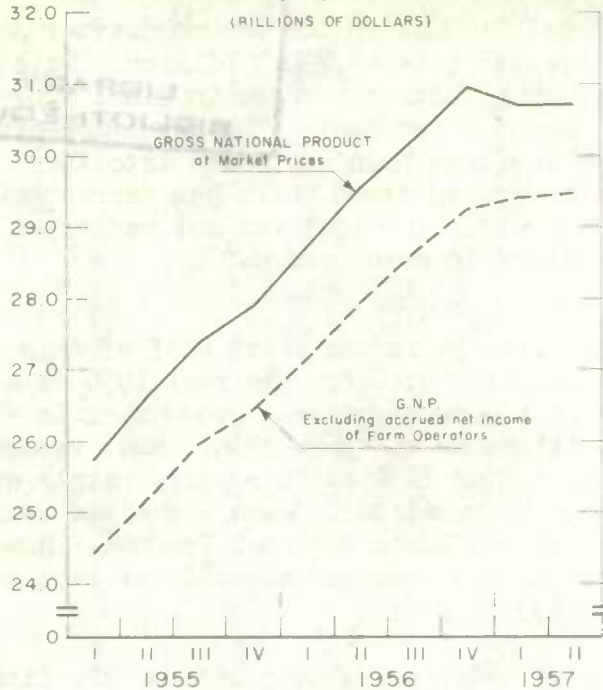
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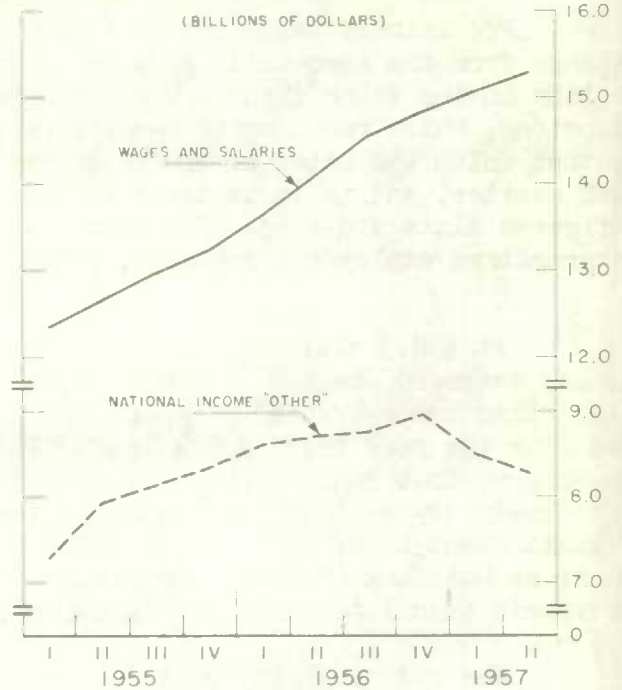
GROSS NATIONAL PRODUCT IN THE SECOND QUARTER WAS UNCHANGED FROM THE FIRST QUARTER RATE OF \$30.7 BILLION.

(At Seasonally Adjusted Annual Rates)



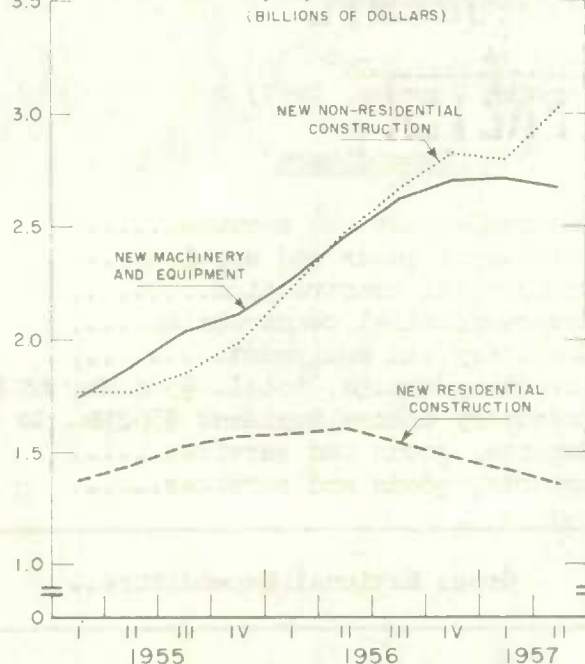
FURTHER GAINS IN WAGES AND SALARIES WERE OFFSET BY DECLINES IN OTHER COMPONENTS OF NATIONAL INCOME.

(At Seasonally Adjusted Annual Rates)



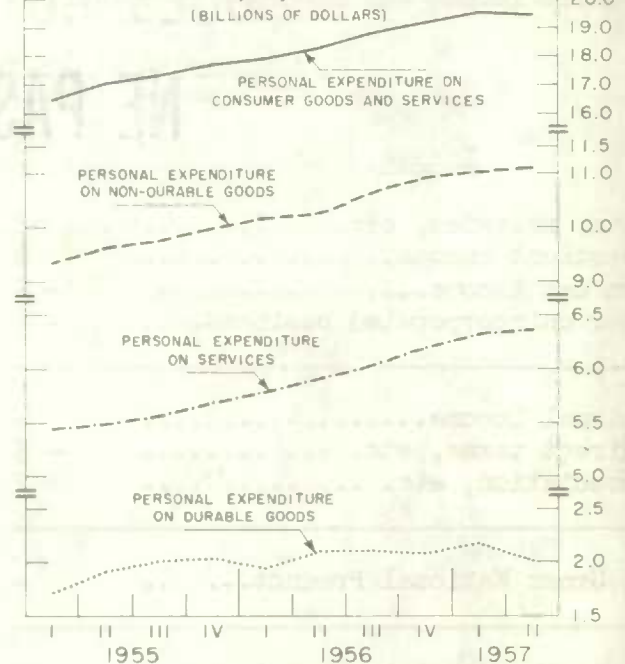
BUSINESS OUTLAYS FOR MACHINERY AND EQUIPMENT SHOWED A SMALL DECLINE, BUT A FURTHER ADVANCE OCCURRED IN EXPENDITURES FOR NEW NON-RESIDENTIAL CONSTRUCTION. OUTLAYS FOR HOUSING CONTINUED TO MOVE DOWNWARD.

(At Seasonally Adjusted Annual Rates)



PERSONAL EXPENDITURE ON CONSUMER GOODS AND SERVICES SHOWED LITTLE CHANGE IN THE SECOND QUARTER. A DROP IN PURCHASES OF DURABLE GOODS WAS APPROXIMATELY OFFSET BY SOMEWHAT HIGHER OUTLAYS FOR NON-DURABLES AND FOR SERVICES.

(At Seasonally Adjusted Annual Rates)



INTRODUCTORY REVIEW

Preliminary estimates of Gross National Product in the second quarter show no change from the seasonally adjusted first quarter rate of \$30.7 billion. This stability in the value figures was accompanied by a further advance in final product prices, which rose during the period by almost 1 per cent. The levelling-off in output which was noted in the first quarter has thus been continued into the second quarter, and is in contrast to the strong upward trend which has characterized the figures since mid-1954. The recent levelling-off in output was not reflected in aggregative employment measures, which continued to move upward.

At \$30.7 billion, the Gross National Product in the first half of this year has averaged about 3 per cent above the annual figure for the year 1956 as a whole. This comparison includes an estimate of the value of crop production in Canada for the year 1957, which is substantially below the year 1956. Most recent data suggest that grain output may drop by about \$350 million this year, mainly due to extremely dry weather conditions in the Prairie Provinces. Such a decline would represent about 1 per cent of the total value of the Gross National Product. Non-farm Gross National Product, seasonally adjusted, has averaged about 4 per cent over last year's annual total in the first half of 1957.

The relative stability in the value of total production between the first and second quarters of this year was accompanied by mixed and offsetting tendencies in important categories of income, expenditure, and output. Labour income rose further as employment and earnings continued to advance. Investment income was off slightly, reflecting a continuation of the downward trend in profits, and a rise in dividends paid abroad. Other categories of National Income showed small declines; farm net income from the sale of livestock products was lower, while unincorporated non-farm income was affected by a decline in retail sales.

Components of Income and Expenditure* (Per cent changes from 1st to 2nd Quarter, 1957)

<u>Income</u>		<u>Expenditure</u>	
Wages, salaries, etc.	+ 2	Personal goods and services.....	-
Investment income.....	- 3	Government goods and services....	+5
Farm net income.....	- 4	Residential construction.....	-4
Other unincorporated business....	- 1	Non-residential construction.....	+8
		Machinery and equipment.....	-2
		Inventory change, total..\$524 Mn. to \$336Mn.	
National Income.....	-	(Inventory change,business \$568Mn. to \$312Mn.)	
Indirect taxes, etc.	- 3	Exports, goods and services.....	-3
Depreciation, etc.	+ 2	Imports, goods and services.....	-1
<hr/>		<hr/>	
Gross National Product.....	-	Gross National Expenditure..	-
<hr/>		<hr/>	
Gross National Product ex			
farm net income.....	-		

* Seasonally adjusted at annual rates.

On the expenditure side, offsetting tendencies were again present, with gains in non-residential construction and in government expenditures counterbalanced by declines in other demand categories. Personal expenditure on consumer goods and services was virtually the same as a drop in durable goods purchases was almost offset by gains in outlays for non-durables and for services; it may be noted that the advances in the latter two categories in the second quarter were somewhat smaller than in recent quarters. Although housing starts have risen sharply since the Spring, housing outlays showed a further decline in the second quarter, reflecting the fact that completions were lower. The strong upward movement in outlays for new machinery and equipment came to an end in the first quarter, and in the second quarter gave way to a minor decline. At the same time, imports of goods and services fell slightly, in response to a smaller inflow of iron and its products, marking the first break in a long period of successive quarter-to-quarter gains. Exports of goods and services, which were level throughout most of 1956, were adversely affected in the second quarter by a further decline in exports of agricultural products, notably grains. These widespread, though individually quite small, declines in the above-noted categories of final demand were accompanied by a fall-off in the rate of inventory accumulation, as both the trade groups and manufacturers added less to their holdings of inventories. The net effect of these divergent movements was to leave total Gross National Expenditure approximately unchanged at the level of the first quarter of 1957.

Real Output

Related indicators suggest varied trends in output in the main industrial groups. Seasonal factors apart, major gains in output continued to occur in the primary industries, forestry, and mining, quarrying and oil wells; output in the construction industry also rose. Output in manufacturing was off 3 per cent, with the major part of that loss concentrated in durable goods industries, which were down 4 per cent in contrast to a 1 per cent decline in non-durables. Losses were for the most part small and fairly widely dispersed among the various manufacturing industries. A sharp fall in output occurred in two industries, non-ferrous metals and transportation equipment; in the first-named the sharpness of the drop is partly attributable to a prolonged work stoppage in a large aluminum plant; in transportation equipment, the decline in output is mainly accounted for by the lower level of production in the automotive industry.

In addition to manufacturing, losses occurred in some other industries; output in transportation was lower, reflecting the drop in rail freight traffic. Likewise output in trade reflected the reduced volume of retail sales.

In spite of declines in output in a number of industries in the second quarter, the level of production in almost all industrial groups in the first half of 1957 was above that of the corresponding period of 1956. The sharpest gains were in mining (10 per cent), electric power and gas utilities (8 per cent) and construction (5 per cent). The increase in manufacturing output (1 per cent) was the lowest of any major industry.

Employment

In spite of the levelling off in production, employment continued to rise in the second quarter, with the industrial composite index of employment showing a small gain of 0.6 per cent, apart from seasonal factors. With employment in manufacturing and mining slightly lower, the gains have taken place in construction and the service industries.

The number of persons with jobs in the first six months of this year was nearly 3 per cent higher than in the corresponding period of 1956 and those with jobs in the non-farm sector 4 per cent higher. However, the rise in employment did not keep pace with the unusually rapid growth of the labour force and the number without jobs and seeking work as a percentage of the labour force averaged 4.7 as compared with 4.3 in the same period of 1956.

Prices

While the pressure on prices at the wholesale level appears to have eased since early in the year, final product prices continued to move upward in the second quarter. It is estimated that the over-all level of prices at the final product stage rose by somewhat less than 1 per cent in the second quarter. Varying increases were noted in each of the major expenditure components. However, at the wholesale level, prices declined fractionally in the second quarter, and in June were somewhat lower than the peak reached in January of this year. It should be noted that movements in the components of the wholesale price index over the past year have been conflicting, with declines occurring in non-ferrous metal products, vegetable products, and wood and wood products; some components of the index have levelled off while others have continued to move upward. Compared with the second quarter of 1956, the over-all wholesale price index shows a gain of 1 per cent in contrast to the rise of 3 per cent which occurred in the previous 12-month period. The rise in the consumer price index during the past six months is mainly attributable to the services segment, with the goods content of the index showing relatively small gains.

COMPONENTS OF GROSS NATIONAL PRODUCT

Wages, Salaries and Supplementary Labour Income

Labour income in the second quarter is estimated to be \$15,300 million at a seasonally adjusted annual rate, which represents an increase of 1 1/2 per cent from the preceding quarter. This rise is the result of an increase in employment of about 1 per cent and higher average earnings.

Labour income in the construction industry continued to show relatively large gains. Significant increases also occurred in public utilities, transportation, communication and storage, finance, insurance and real estate, and forestry. With employment in manufacturing down 1 per cent, seasonally adjusted, labour income in this industry was slightly below the level of the first quarter.

When the first half of 1957 is compared with the same period of 1956, the advance in labour income is 10 per cent and the industries showing relatively large gains are finance and services, and public utilities, transportation, communications and storage. The advance of 10 per cent in labour income in this comparison reflects a 4 per cent increase in the number of employed paid workers and higher average earnings. It may be noted that hours worked per week in manufacturing were lower in the half-year comparison, by about 1 per cent.

Investment Income

Investment income in the second quarter of 1957 was at a seasonally adjusted annual rate of \$4,664 million, a decline of 3 per cent from the level of the first quarter.

Corporate profits before deduction of dividends paid abroad were slightly lower, seasonally adjusted, than in the first quarter. The small change in the aggregate conceals divergent experience in the various industrial groups. About one-half of the component industries registered lower profits, the largest declines being in iron and steel, non-ferrous metals and textiles. Somewhat higher profits were recorded in mining, chemicals, non-metallic minerals, foods and beverages and in some of the service-producing industries. With the continued sharp advance in dividends paid abroad, corporate profits after deduction of dividends paid abroad were estimated to be down 4 per cent.

Seasonally adjusted, investment income of individuals was up 2 per cent, reflecting higher receipts in the form of interest and rents, partially offset by lower dividends. On the other hand, government investment income was substantially reduced.

In the six months' comparison, investment income in 1957 was slightly below the level of 1956. Corporate profits before dividends paid abroad were nearly 5 per cent lower and corporate profits entering National Income were down about 8 per cent. Other elements of investment income rose almost enough to offset the decline in corporate profits.

Net Income of Unincorporated Business

Net income originating in unincorporated business was lower in the second quarter than in the first, by about 2 per cent. Farm income, seasonally adjusted, declined as a result of a somewhat lower level of livestock production. In the non-farm sector, net income showed a drop of about 1 per cent, reflecting chiefly a decline in the retail trade group.

It may be noted that net farm income in the second quarter shows a drop of about 22 per cent from the same period one year ago. This decline reflects the fact that grain production for the full year 1957 is estimated to be \$350 million below 1956. In the seasonally adjusted estimates, crop production is divided evenly among the four quarters of the year.

Indirect Taxes less Subsidies

Seasonally adjusted at annual rates, indirect taxes less subsidies amounted to \$3,764 million, 3 per cent less than in the first quarter. The decline was attributable to a drop in excise taxes (8 per cent) and customs import duties (7 per cent) at the Federal level.

However, when the second quarter of 1957 is compared with the same period of 1956, Federal indirect taxes were unchanged. Customs import duties, reflecting the decline in imports, were substantially lower but this decline was offset by higher receipts from excise and other indirect taxes. Provincial indirect taxes rose, mainly as the result of higher yields from the gasoline and retail sales taxes. Real and personal property taxes account for the major part of the increase in municipal revenues.

In the six-months' comparison, indirect taxes less subsidies showed an increase of 8 per cent.

COMPONENTS OF GROSS NATIONAL EXPENDITURE

Government Expenditure on Goods and Services

Government expenditure on goods and services, seasonally adjusted, in the second quarter was \$5,448 million, 5 per cent higher than in the first quarter. The gains were concentrated at the provincial and municipal level. It may be noted that the estimate is on a cash basis and therefore does not take into account the increase in wages and salaries at the Federal level which became effective, but was not paid, in the second quarter.

When the first half of 1957 is compared with the first half of 1956, government expenditure on goods and services shows an increase of 5 per cent. Defence outlays have shown little change in the half year, but other outlays have risen at all three levels of government.

Gross Domestic Investment (excluding change in inventories)

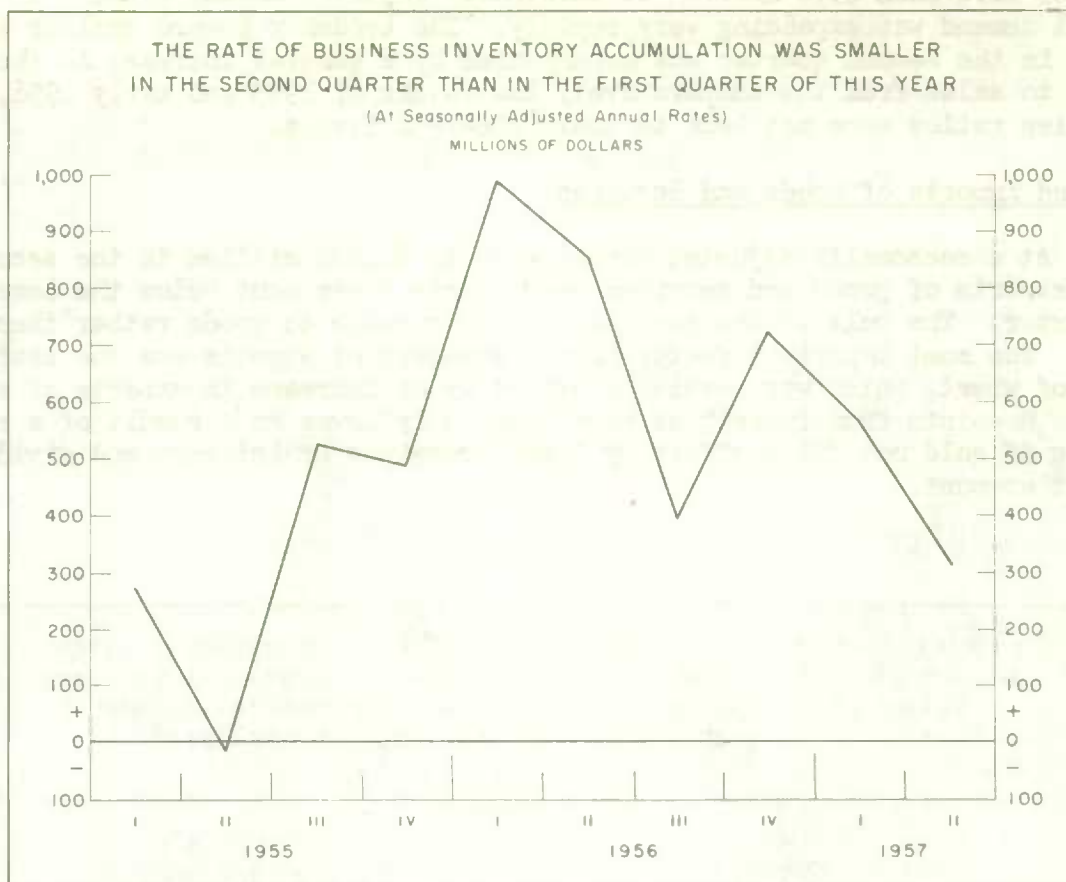
Gross domestic investment (excluding change in inventories) in the second quarter was \$7,072 million, at seasonally adjusted annual rates, 2 per cent above the level of the first quarter. The composition of investment changed somewhat as the emphasis shifted toward construction and away from machinery and equipment. The two construction components in the second quarter, seasonally adjusted, were \$4,400 million compared with \$4,228 million in the first quarter, while outlays for machinery and equipment, also seasonally adjusted, were \$2,672 million, \$44 million less than in the first quarter. The rise in construction outlays is the result of an 8 per cent increase in non-residential construction, partially offset by a 4 per cent decline in expenditures for housing. There was a distinct recovery in housing starts in the second quarter but completions continued to be below the level of the preceding quarter. The slight falling off in expenditures for machinery and equipment in the second quarter follows a two-year period of steadily advancing outlays.

The rise in the price of investment goods between the first and second quarters appears to have been less than one per cent, so that the volume of investment was to that extent lower than the value figures indicate. The major part of the gains reflected wage rates rather than prices of materials.

In the first six months of this year gross domestic investment was at an annual rate of \$7,008 million, compared with \$6,310 million in the same period of 1956.

Investment in Business Inventories

At a seasonally adjusted annual rate, investment in business inventories in the second quarter amounted to \$312 million, in contrast to \$568 million in the first quarter. The reduction in the rate of investment reflects the decided falling off in the rate of accumulation in trade following a substantial build-up of stocks in the first quarter. Manufacturers' stocks continued to increase but at a lower rate than in the first quarter. Since prices were somewhat higher the increase in the volume of stocks was lower than the value figures indicate.



Within manufacturing, after allowing for normal seasonal variation, stocks continued to accumulate in the clothing, pulp and paper, non-ferrous metals and non-metallic minerals groups but at lower rates than those of the first quarter. Some manufacturing industries, in particular, food and beverages, tobacco, rubber products, and electrical apparatus and supplies, shifted from accumulation to liquidation between the two quarters. Textiles and transportation equipment appear to be an exception to the general trend in manufacturing. Having shown some liquidation in the first quarter, they added to stocks in the second.

Declines in investment in inventories, seasonally adjusted, were widely dispersed among the various trade groups. At the wholesale level, investment in stocks was generally lower in the durable groups (household equipment, farm, industrial and commercial machinery, and building materials). The same development occurred in clothing at both the wholesale and retail level. Mixed trends were evident in food items, with generally lower stocks at wholesale partly offset by further accumulation at retail.

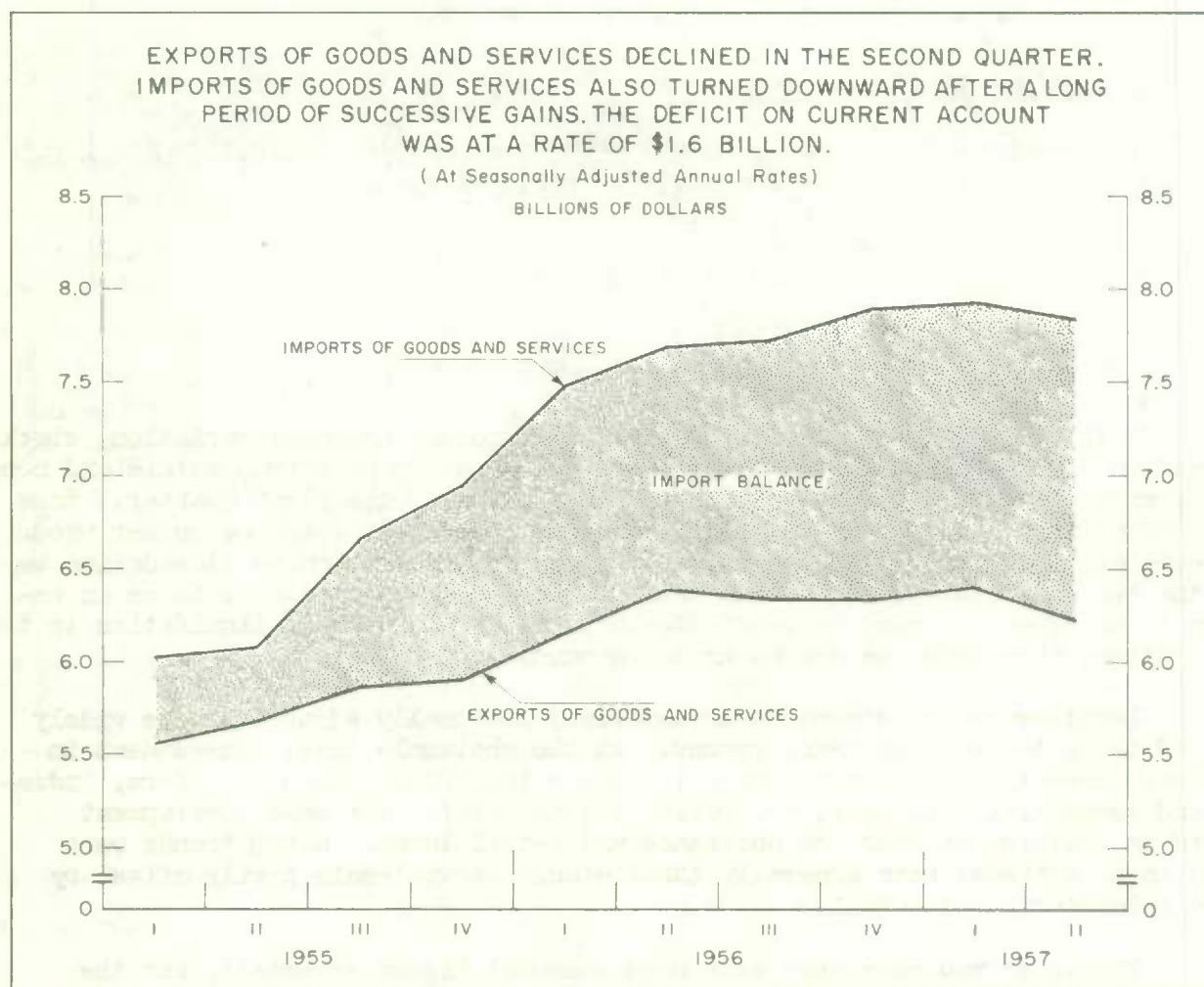
Stocks of new passenger cars were somewhat higher at retail, but the principal accumulation of automobiles in the second quarter appeared to have taken place at the manufacturing level, accounting in large part for the development noted above in the transportation equipment group.

The recent lower level of investment in inventories followed the general downward trend in evidence since the first quarter of 1956 when accumulation was at

its peak of more than \$900 million at seasonally adjusted annual rates. At that time final demand was expanding very rapidly. The tendency toward smaller additions to stocks in the second quarter was accompanied by a general increase in the ratio of stocks to sales from the comparatively low levels of 1955 and early 1956, although stocks-sales ratios were not back to their mid-1954 levels.

Exports and Imports of Goods and Services

At a seasonally adjusted annual rate of \$6,224 million in the second quarter, exports of goods and services were nearly 3 per cent below the level of the first quarter. The bulk of the decline is attributable to goods rather than services. The most important factor in the movement of exports was the sharp drop in sales of wheat, which was partially offset by an increase in exports of some other products. Receipts from invisibles were moderately lower as a result of a reduction in exports of gold not fully offset by larger receipts of interest and dividends and on tourist account.



Imports of goods and services in the second quarter were at a seasonally adjusted annual rate of \$7,840 million, about 1 per cent lower than in the first quarter. This decline follows a steady succession of increases since the second quarter of 1954. The reductions were concentrated in merchandise items while payments for services were higher, largely as a result of a larger outflow of interest and dividends. The slackening rate of investment in machinery and equipment was reflected in a moderate falling-off in imports of iron and its products.

The increase in prices in the external sector between the first and second quarter was insignificant so that the declines in the volume of exports and imports of goods and services roughly correspond to the changes in value.

With exports of goods and services in the second quarter falling more than imports, the deficit on current international account, seasonally adjusted, rose from \$1,520 million to \$1,616 million.

In a comparison of the first six months of 1957 with the first six months of the previous year, the value of exports of goods and services is virtually unchanged while the value of imports is higher by 4 per cent.

Personal Income, Expenditure and Saving

With conflicting movements in the various components, personal income in the second quarter of 1957 was at a seasonally adjusted annual rate of \$22,808 million, slightly more than 1 per cent higher than in the first quarter. Personal taxes moved in line with income, so that the rise in disposable income paralleled that of personal income. With consumer prices higher by 1 per cent, the gain in real income fell short of the rise in money income.

Consumer expenditure in the second quarter, \$19,484 million, receded slightly from the level of the first quarter, reflecting an appreciable decline in purchases of durables accompanied by a smaller than usual expansion in purchases of non-durables and services. Sales of new passenger cars, which had been unusually high in the first quarter, were down about 25 per cent on a seasonally adjusted basis. There was a distinct recovery in purchases of used cars but net expenditure on cars (sales less trade-in allowances) was down 15 per cent. There were also some relatively small declines in purchases of other durables.

Changes in purchases of non-durables showed no clear pattern. Of the main categories, purchases of food were about the same while purchases of clothing were lower. The small increase in expenditures on services is accounted for by an increase in rents, paid and imputed, partially offset by losses in some other service categories.

The major part of the rise in prices in the consumer sector is in the service items, with goods showing very little change. The continuing upward trend of prices of services accounts for the increased expenditure.

In the first six months of the year consumer expenditure was higher by 6 per cent than in the same period of last year. In this comparison, as in the quarterly comparison for this year, the major change in the pattern of spending is in purchases of durables, whereas purchases of non-durables and services were higher by 7 per cent and 8 per cent respectively; expenditures on durables remained at the same level.

With disposable income higher by about 1 per cent in the second quarter, and personal expenditure showing little change in total, the rate of personal saving was appreciably higher than in the first quarter, rising from \$1.1 billion to \$1.4 billion. As a percentage of disposable income, personal saving was 5.3 per cent in the first quarter and 6.8 per cent in the second quarter.

TABLE 1. NATIONAL INCOME AND GROSS
(millions)

		1955				Year
		I	II	III	IV	
1.	Wages, Salaries and Supplementary Labour Income.....	2,969	3,150	3,315	3,376	12,810
2.	Military Pay and Allowances.....	93	100	101	100	394
3.	Investment Income.....	876	1,123	1,229	1,111	4,339
Net Income of Unincorporated Business:						
4.	Accrued Net Income of Farm Operators from Farm Production ¹ ..	-17	198	1,063	160	1,404
5.	Net Income of Non-Farm Unincorporated Business ²	347	460	478	508	1,793
6.	NET NATIONAL INCOME AT FACTOR COST.....	4,268	5,031	6,186	5,255	20,740
7.	Indirect Taxes less Subsidies.....	756	800	831	851	3,238
8.	Depreciation Allowances and Similar Business Costs.....	652	712	744	770	2,878
9.	Residual Error of Estimate.....	63	-3	-23	23	60
10.	GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,739	6,540	7,738	6,899	26,916
11.	(Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(5,756)	(6,342)	(6,675)	(6,739)	(25,512)

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
(millions)

		1955				Year
		I	II	III	IV	
1.	Personal Expenditure on Consumer Goods and Services.....	3,862	4,314	4,169	4,794	17,139
2.	Government Expenditure on Goods and Services ^{1,4}	1,172	1,038	1,291	1,227	4,728
Gross Domestic Investment: ²						
3.	New Residential Construction	255	375	428	423	1,481
4.	New Non-Residential Construction.....	366	426	544	511	1,847
5.	New Machinery and Equipment	401	563	489	494	1,947
6.	Change in Inventories.....	-87	-4	879	-278	510
7.	(Business Inventories only) ³	(198)	(9)	(66)	(46)	(319)
8.	Exports of Goods and Services.....	1,217	1,437	1,581	1,518	5,753
9.	Deduct: Imports of Goods and Services.....	-1,385	-1,612	-1,666	-1,767	-6,430
10.	Residual Error of Estimate.....	-62	3	23	-23	-59
11.	GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	5,739	6,540	7,738	6,899	26,916

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					1957	
I	II	III	IV	Year		I	II	III	IV	Year	I	II
520	390	413	433	1,756		490	394	448	468	1,800	509	386

NATIONAL PRODUCT, BY QUARTERS, 1955-1957
of dollars)

1956				Year	1957		
I	II	III	IV		I	II	
3,261	3,510	3,727	3,786	14,284	3,607	3,813	1.
93	106	113	112	424	108	116	2.
1,070	1,276	1,290	1,146	4,782	1,085	1,240	3.
-2	111	1,267	232	1,608	37	140	4.
376	497	537	541	1,951	388	502	5.
4,798	5,500	6,934	5,817	23,049	5,225	5,811	6.
855	909	912	925	3,601	955	949	7.
710	780	819	842	3,151	771	840	8.
18	-58	-11	116	65	-44	-85	9.
6,381	7,131	8,654	7,700	29,866	6,907	7,515	10.
(6,383)	(7,020)	(7,387)	(7,468)	(28,258)	(6,870)	(7,375)	11.

EXPENDITURE, BY QUARTERS, 1955-1957
of dollars)

1956				Year	1957		
I	II	III	IV		I	II	
4,202	4,617	4,518	5,219	18,556	4,517	4,860	1.
1,189	1,138	1,502	1,380	5,209	1,232	1,202	2.
296	422	436	402	1,556	265	358	3.
436	589	789	735	2,549	547	743	4.
519	729	629	635	2,512	625	765	5.
110	24	986	-181	939	82	17	6.
(377)	(227)	(33)	(105)	(742)	(335)	(98)	7.
1,342	1,627	1,719	1,622	6,310	1,405	1,585	8.
-1,695	-2,072	-1,935	-1,997	-7,699	-1,811	-2,101	9.
-18	57	10	-115	-66	45	86	10.
6,381	7,131	8,654	7,700	29,866	6,907	7,515	11.

TABLE 3. SOURCE OF PERSONAL
(millions)

	1955				Year
	I	II	III	IV	
1. Wages, Salaries and Supplementary Labour Income.....	2,969	3,150	3,315	3,376	12,810
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds.....	-100	-103	-107	-113	-423
3. Military Pay and Allowances.....	93	100	101	100	394
4. Net Income Received by Farm Operators from Farm Production ¹ ..	-38	215	1,050	155	1,382
5. Net Income of Non-Farm Unincorporated Business.....	347	460	478	508	1,793
6. Interest, Dividends and Net Rental Income of Persons ²	463	489	484	521	1,957
Transfer Payments to Persons:					
7. From Government (Excluding Interest).....	536	419	391	385	1,731
8. Charitable Contributions by Corporations.....	6	8	9	8	31
9. Net Bad Debts Losses of Corporations.....	6	6	7	7	26
10. PERSONAL INCOME.....	4,282	4,744	5,728	4,947	19,701

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)

	1955				Year
	I	II	III	IV	
Personal Direct Taxes:					
1. Income Taxes.....	310	336	322	329	1,297
2. Succession Duties.....	25	25	39	38	127
3. Miscellaneous.....	25	16	10	16	67
4. Total Personal Direct Taxes.....	360	377	371	383	1,491
Personal Expenditure on Consumer Goods and Services:					
5. Non-Durable Goods.....	2,111	2,367	2,348	2,847	9,673
6. Durable Goods.....	381	545	487	506	1,919
7. Services ¹	1,370	1,402	1,334	1,441	5,547
8. Total Personal Expenditure on Consumer Goods and Services.....	3,862	4,314	4,169	4,794	17,139
Personal Savings:					
9. Personal Saving Excluding Farm Inventory Change.....	287	62	423	88	860
10. Farm Inventory Change.....	-227	-9	765	-318	211
11. Total Personal Saving.....	60	53	1,188	-230	1,071
12. PERSONAL INCOME.....	4,282	4,744	5,728	4,947	19,701
13. (Personal Disposable Income) ²	(3,922)	(4,367)	(5,357)	(4,564)	(18,210)

1. Includes net expenditure abroad.

2. Personal Income less Total Personal Direct Taxes.

INCOME, BY QUARTERS, 1955-1957
of dollars)

1956				Year	1957		
I	II	III	IV		I	II	
3,261	3,510	3,727	3,786	14,284	3,607	3,813	1.
-111	-115	-119	-119	-464	-125	-123	2.
93	106	113	112	424	108	116	3.
-6	117	1,247	230	1,588	57	162	4.
376	497	537	541	1,951	388	502	5.
480	534	517	566	2,097	523	587	6.
541	419	404	401	1,765	592	470	7.
7	10	10	8	35	7	9	8.
6	6	7	7	26	6	6	9.
4,647	5,084	6,443	5,532	21,706	5,163	5,542	10.

INCOME, BY QUARTERS, 1955-1957
of dollars)

1956				Year	1957		
I	II	III	IV		I	II	
331	390	382	392	1,495	394	444	1.
37	49	31	29	146	31	32	2.
32	20	13	14	79	41	21	3.
400	459	426	435	1,720	466	497	4.
2,310	2,506	2,550	3,147	10,513	2,470	2,666	5.
428	605	516	512	2,061	457	574	6.
1,464	1,506	1,452	1,560	5,982	1,590	1,620	7.
4,202	4,617	4,518	5,219	18,556	4,517	4,860	8.
274	203	573	211	1,261	426	281	9.
-229	-195	926	-333	169	-246	-96	10.
45	8	1,499	-122	1,430	180	185	11.
4,647	5,084	6,443	5,532	21,706	5,163	5,542	12.
(4,247)	(4,625)	(6,017)	(5,097)	(19,986)	(4,697)	(5,045)	13.

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

	1955				Year
	I	II	III	IV	
1. Wages, Salaries and Supplementary Labour Income.....	12,360	12,672	12,976	13,232	12,810
2. Military Pay and Allowances.....	372	400	404	400	394
3. Investment Income.....	3,864	4,304	4,512	4,676	4,339
Net Income of Unincorporated Business:					
4. Accrued Net Income of Farm Operators from Farm Production ¹ ..	1,312	1,448	1,412	1,444	1,404
5. Net Income of Non-Farm Unincorporated Business ²	1,752	1,776	1,812	1,832	1,793
6. NET NATIONAL INCOME AT FACTOR COST.....	19,660	20,600	21,116	21,584	20,740
7. Indirect Taxes less Subsidies.....	3,096	3,192	3,284	3,380	3,238
8. Depreciation Allowances and Similar Business Costs.....	2,772	2,844	2,920	2,976	2,878
9. Residual Error of Estimate.....	204	-12	76	-28	60
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	25,732	26,624	27,396	27,912	26,916
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(24,420)	(25,176)	(25,984)	(26,468)	(25,512)

1. Includes an arbitrary smoothing of crop production and standard seasonal adjustments for livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

2. Includes net income of independent professional practitioners.

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

	1955				Year
	I	II	III	IV	
1. Personal Expenditure on Consumer Goods and Services.....	16,488	17,020	17,332	17,716	17,139
2. Government Expenditure on Goods and Services ¹	4,632	4,680	4,772	4,828	4,728
Gross Domestic Investment: ²					
3. New Residential Construction	1,376	1,444	1,532	1,572	1,481
4. New Non-Residential Construction.....	1,776	1,772	1,856	1,984	1,847
5. New Machinery and Equipment	1,748	1,884	2,040	2,116	1,947
6. Change in Inventories.....	380	208	740	712	510
7. (Business Inventories only) ³	(276)	(-16)	(528)	(488)	(319)
8. Exports of Goods and Services.....	5,560	5,680	5,868	5,904	5,753
9. Deduct: Imports of Goods and Services.....	-6,028	-6,080	-6,668	-6,944	-6,430
10. Residual Error of Estimate.....	-200	16	-76	24	-59
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	25,732	26,624	27,396	27,912	26,916

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.

NATIONAL PRODUCT, BY QUARTERS, 1955-1957
AT ANNUAL RATES
of dollars)

1956				Year	1957		
I	II	III	IV		I	II	
13,636	14,108	14,560	14,832	14,284	15,076	15,300	1.
372	424	452	448	424	456	456	2.
4,748	4,784	4,736	4,860	4,782	4,800	4,664	3.
1,576	1,584	1,568	1,704	1,608	1,292	1,236	4.
1,916	1,920	2,012	1,956	1,951	1,952	1,936	5.
22,248	22,820	23,328	23,800	23,049	23,576	23,592	6.
3,480	3,628	3,604	3,692	3,601	3,872	3,764	7.
3,048	3,112	3,176	3,268	3,151	3,308	3,376	8.
108	-32	28	156	65	-44	-4	9.
28,884	29,528	30,136	30,916	29,866	30,712	30,728	10.
(27,308)	(27,944)	(28,568)	(29,212)	(28,258)	(29,420)	(29,492)	11.

BY QUARTERS, 1955-1957
AT ANNUAL RATES
of dollars)

1956				Year	1957		
I	II	III	IV		I	II	
17,936	18,284	18,808	19,196	18,556	19,536	19,484	1.
5,020	5,148	5,356	5,312	5,209	5,184	5,448	2.
1,584	1,612	1,548	1,480	1,556	1,424	1,368	3.
2,228	2,476	2,664	2,828	2,549	2,804	3,032	4.
2,268	2,452	2,624	2,704	2,512	2,716	2,672	5.
1,284	824	540	1,108	939	524	336	6.
(992)	(856)	(396)	(724)	(742)	(568)	(312)	7.
6,156	6,392	6,348	6,344	6,310	6,412	6,224	8.
-7,480	-7,692	-7,728	-7,896	-7,699	-7,932	-7,840	9.
-112	32	-24	-160	-66	44	4	10.
28,884	29,528	30,136	30,916	29,866	30,712	30,728	11.

TABLE 7. SOURCES OF PERSONAL
SEASONALLY ADJUSTED
(millions)

		1955				
		I	II	III	IV	Year
1.	Wages, Salaries and Supplementary Labour Income.....	12,360	12,672	12,976	13,232	12,810
2.	Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds.....	-408	-416	-428	-440	-423
3.	Military Pay and Allowances.....	372	400	404	400	394
4.	Net Income Received by Farm Operators from Farm Production ¹ ..	1,224	1,516	1,360	1,428	1,382
5.	Net Income of Non-Farm Unincorporated Business.....	1,752	1,776	1,812	1,832	1,793
6.	Interest, Dividends and Net Rental Income of Persons ²	1,968	1,880	1,976	2,004	1,957
Transfer Payments to Persons:						
7.	From Government (Excluding Interest).....	1,760	1,756	1,708	1,700	1,731
8.	Charitable Contributions by Corporations.....	24	32	36	32	31
9.	Net Bad Debt Losses of Corporations.....	24	24	28	28	26
10.	PERSONAL INCOME.....	19,076	19,640	19,872	20,216	19,701

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)

		1955				
		I	II	III	IV	Year
Personal Direct Taxes:						
1.	Income Taxes.....	1,308	1,236	1,320	1,324	1,297
2.	Succession Duties.....	100	100	156	152	127
3.	Miscellaneous.....	64	64	64	76	67
4.	Total Personal Direct Taxes.....	1,472	1,400	1,540	1,552	1,491
Personal Expenditure on Consumer Goods and Services:						
5.	Non-Durable Goods.....	9,324	9,612	9,760	9,996	9,673
6.	Durable Goods.....	1,720	1,916	2,008	2,032	1,919
7.	Services ¹	5,444	5,492	5,564	5,688	5,547
8.	Total Personal Expenditure on Consumer Goods and Services.....	16,488	17,020	17,332	17,716	17,139
9.	Total Personal Saving.....	1,116	1,220	1,000	948	1,071
10.	PERSONAL INCOME.....	19,076	19,640	19,872	20,216	19,701
11.	(Personal Disposable Income) ²	(17,604)	(18,240)	(18,332)	(18,664)	(18,210)

1. Includes net expenditure abroad.

2. Personal Income less Total Personal Direct Taxes.

INCOME, BY QUARTERS, 1955-1957
AT ANNUAL RATES
(of dollars)

1956				Year	1957		
I	II	III	IV		I	II	
13,636	14,108	14,560	14,832	14,284	15,076	15,300	1.
-452	-464	-476	-464	-464	-512	-496	2.
372	424	452	448	424	456	456	3.
1,560	1,608	1,488	1,696	1,588	1,372	1,324	4.
1,916	1,920	2,012	1,956	1,951	1,952	1,936	5.
2,044	2,056	2,112	2,176	2,097	2,224	2,268	6.
1,772	1,752	1,768	1,768	1,765	1,904	1,960	7.
28	40	40	32	35	28	36	8.
24	24	28	28	26	24	24	9.
20,900	21,468	21,984	22,472	21,706	22,524	22,808	10.

INCOME, BY QUARTERS, 1955-1957
AT ANNUAL RATES
(of dollars)

1956				Year	1957		
I	II	III	IV		I	II	
1,392	1,432	1,564	1,592	1,495	1,664	1,692	1.
148	196	124	116	146	124	128	2.
76	80	88	72	79	96	84	3.
1,616	1,708	1,776	1,780	1,720	1,884	1,904	4.
10,196	10,272	10,668	10,916	10,513	11,036	11,108	5.
1,948	2,100	2,112	2,084	2,061	2,172	2,008	6.
5,792	5,912	6,028	6,196	5,982	6,328	6,368	7.
17,936	18,284	18,808	19,196	18,556	19,536	19,484	8.
1,348	1,476	1,400	1,496	1,430	1,104	1,420	9.
20,900	21,468	21,984	22,472	21,706	22,524	22,808	10.
(19,284)	(19,760)	(20,208)	(20,692)	(19,986)	(20,640)	(20,904)	11.

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

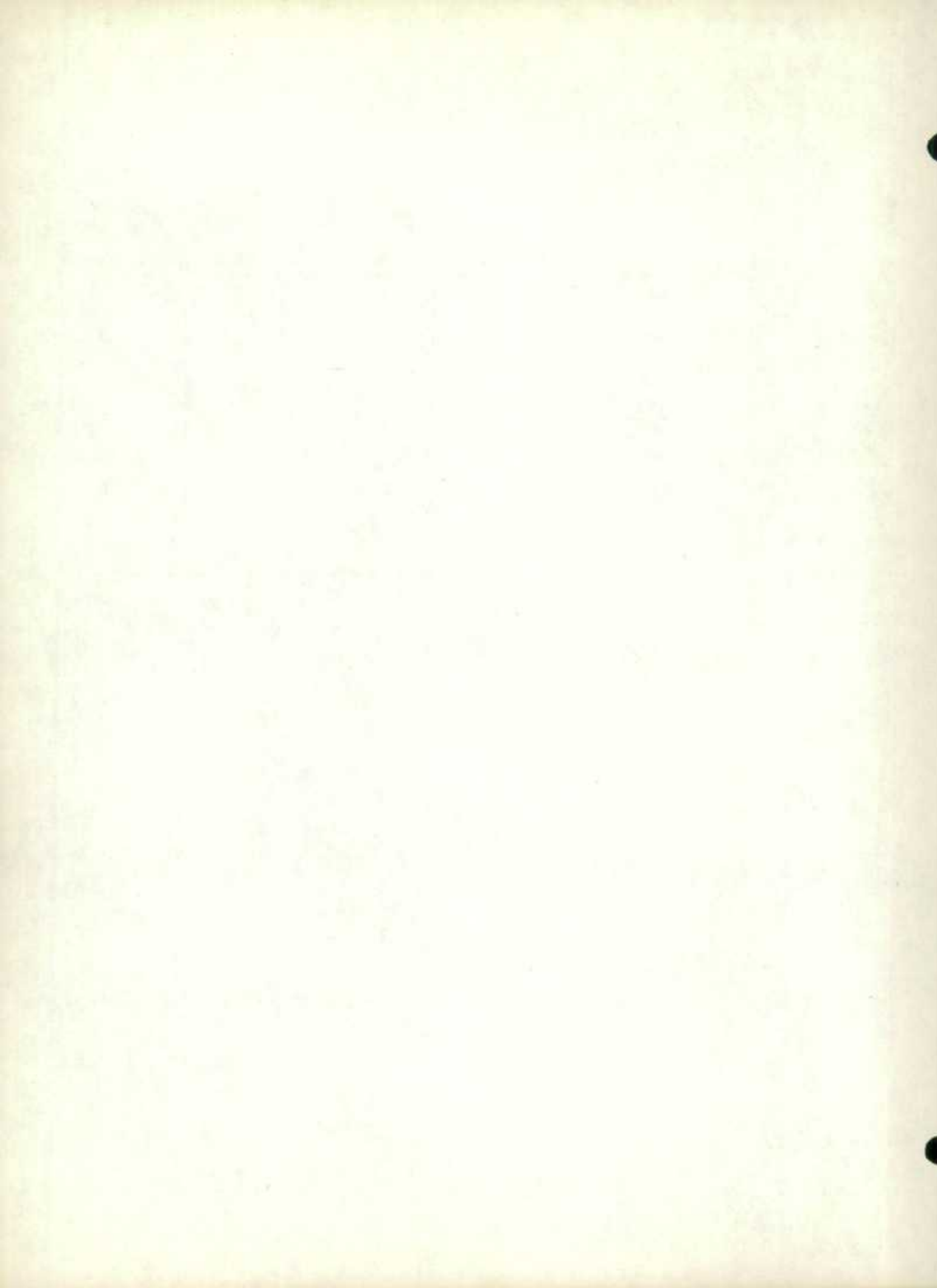
	1955				Year
	I	II	III	IV	
1. Personal Expenditure on Consumer Goods and Services.....	3,255	3,663	3,537	4,070	14,525
2. Non-Durable Goods.....	1,909	2,136	2,114	2,565	8,724
3. Durable Goods.....	346	506	466	474	1,792
4. Services.....	1,000	1,021	957	1,031	4,009
5. Government Expenditure on Goods and Services.....	873	757	951	883	3,464
Gross Domestic Investment:					
6. New Residential Construction.....	197	287	323	317	1,124
7. New Non-Residential Construction.....	275	319	402	368	1,364
8. New Machinery and Equipment.....	324	457	392	382	1,555
9. Change in Inventories.....	-185	-94	1,057	-392	386
10. (Business Inventories only).....	(144)	(-13)	(12)	(-33)	(110)
11. Exports of Goods and Services.....	1,084	1,249	1,366	1,299	4,998
12. Deduct: Imports of Goods and Services.....	-1,246	-1,443	-1,489	-1,543	-5,721
13. Residual Error of Estimate.....	-50	2	18	-18	-48
14. GROSS NATIONAL EXPENDITURE.....	4,527	5,197	6,557	5,366	21,647

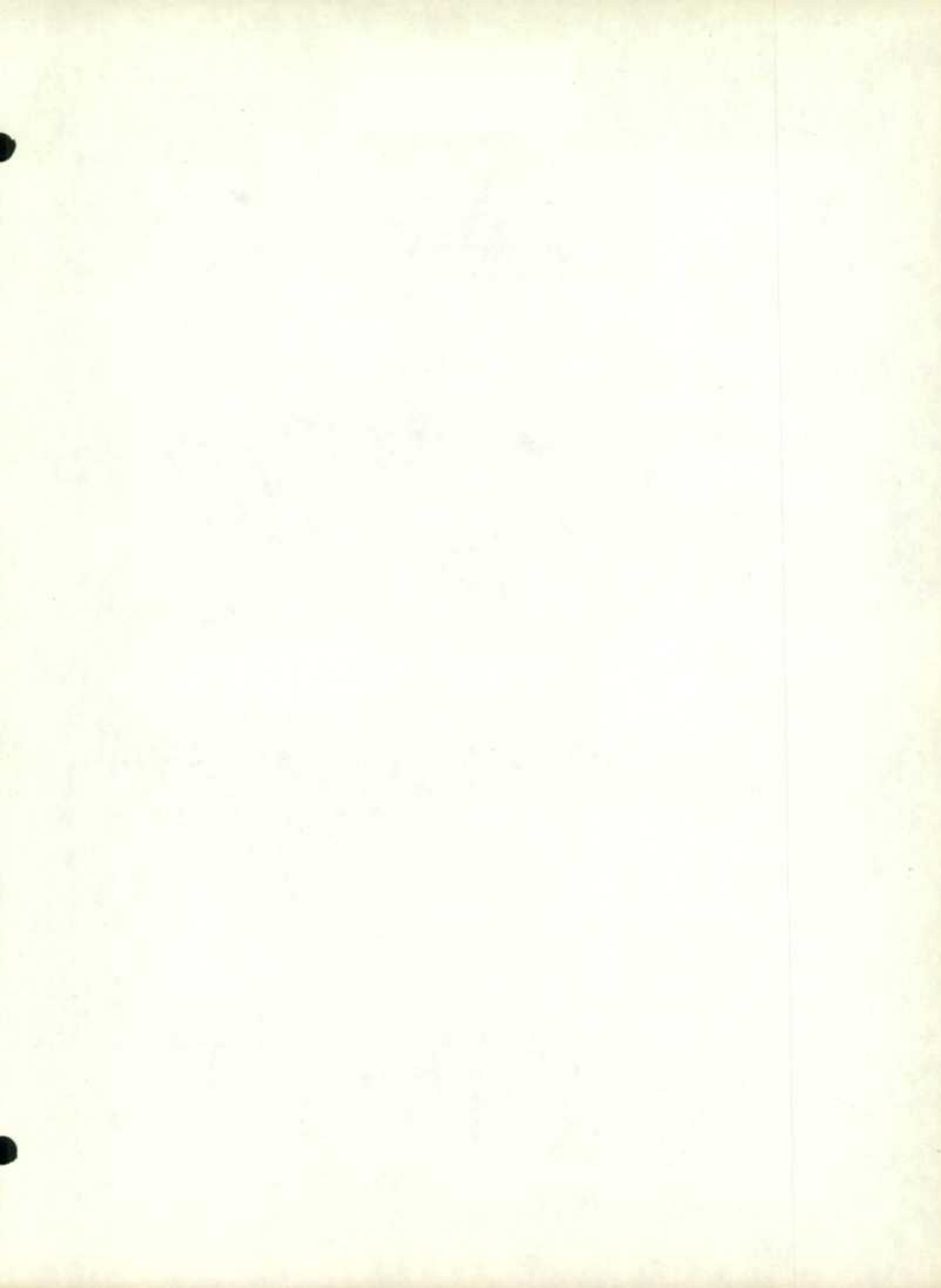
1. See footnotes, Table 2.

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. 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.

CONSTANT DOLLARS, BY QUARTERS, 1955-1957
 FOR SEASONALITY 1, 2
 of dollars)

1956				Year	1957		
I	II	III	IV		I	II	
3,533	3,888	3,764	4,317	15,502	3,661	3,926	1.
2,092	2,259	2,268	2,771	9,390	2,161	2,321	2.
395	559	483	465	1,902	402	505	3.
1,046	1,070	1,013	1,081	4,210	1,098	1,100	4.
845	781	1,046	945	3,617	816	780	5.
219	310	318	293	1,140	193	257	6.
307	412	551	508	1,778	374	506	7.
396	555	476	463	1,890	451	551	8.
-49	-141	1,134	-325	619	-2	-79	9.
(259)	(111)	(-28)	(26)	(368)	(252)	(57)	10.
1,143	1,377	1,451	1,367	5,338	1,166	1,302	11.
-1,455	-1,782	-1,675	-1,725	-6,637	-1,528	-1,763	12.
-14	44	8	-90	-52	34	65	13.
4,925	5,444	7,073	5,753	23,195	5,165	5,545	14.





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