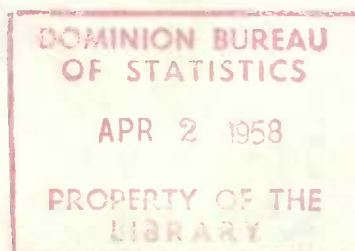


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NATIONAL ACCOUNTS  
INCOME AND EXPENDITURE  
FOURTH QUARTER  
AND  
PRELIMINARY ANNUAL  
1957



*Published by Authority of*  
The Honourable Gordon Churchill, Minister of Trade and Commerce

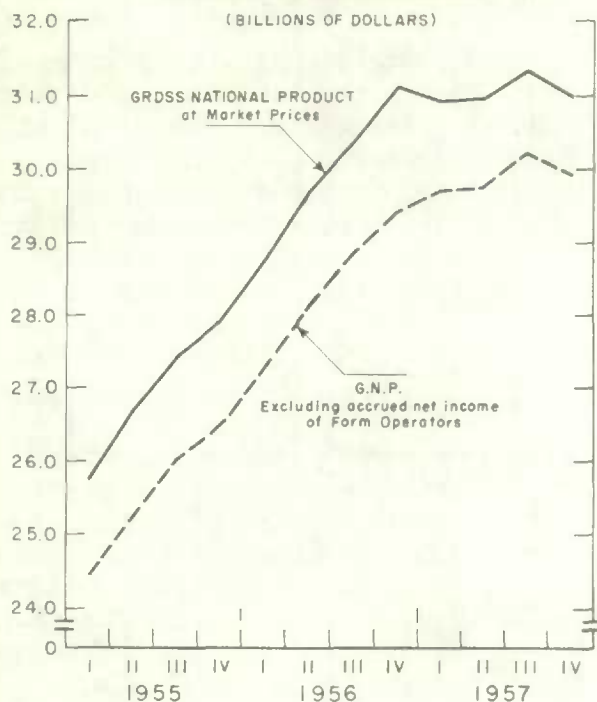
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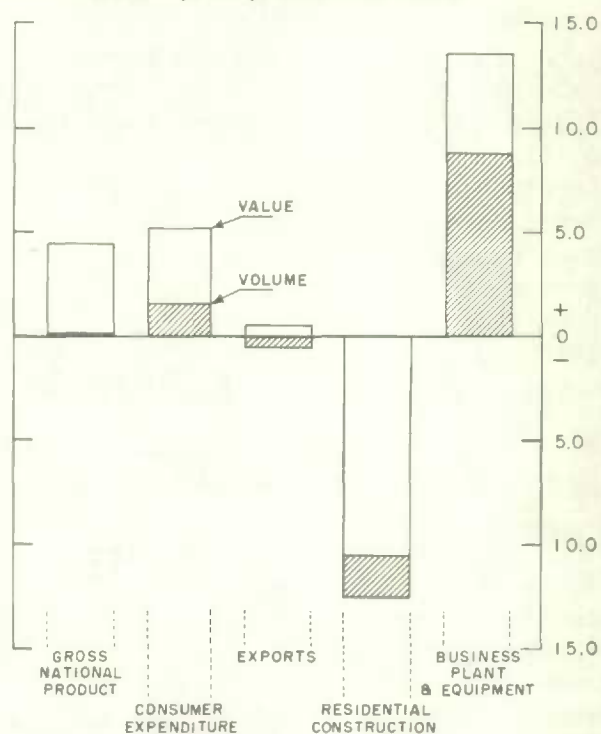
# GROSS NATIONAL PRODUCT LEVELLED OFF IN 1957, AFTER SHARP GAINS IN THE TWO PRECEDING YEARS

(At seasonally adjusted annual rates)



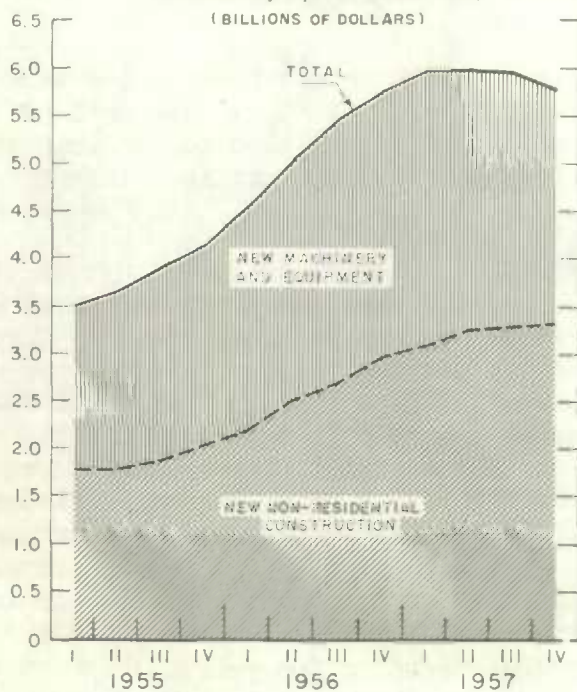
# THE INCREASE IN THE VALUE OF GROSS NATIONAL PRODUCT IN 1957 REFLECTED MAINLY PRICE FACTORS; THE VOLUME OF PRODUCTION WAS RELATIVELY UNCHANGED

(Percentage change in the twelve months)



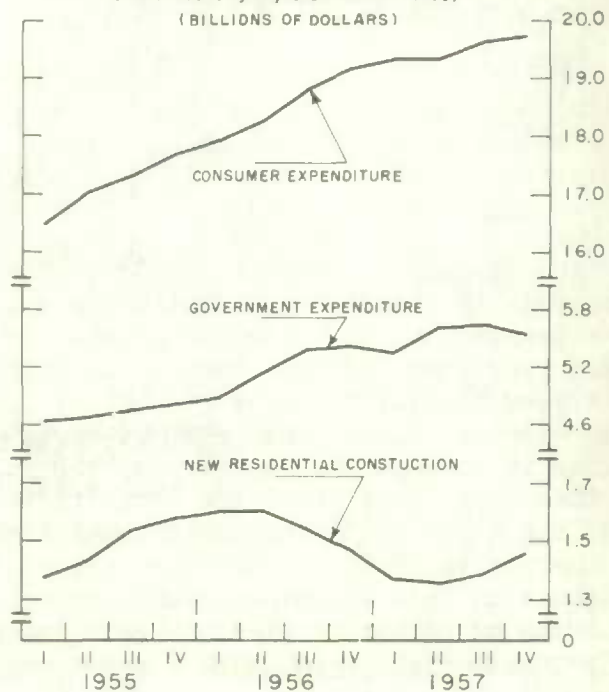
# BUSINESS OUTLAYS FOR PLANT AND EQUIPMENT WERE HIGHER IN 1957, BUT SHOWED SOME SLACKENING IN THE COURSE OF THE YEAR

(At seasonally adjusted annual rates)



# CONSUMER AND GOVERNMENT EXPENDITURES ROSE FURTHER DURING THE YEAR. OUTLAYS FOR HOUSING, AFTER DECLINING SINCE EARLY IN 1956, MOVED UPWARD IN THE LATTER PART OF 1957

(At seasonally adjusted annual rates)



## INTRODUCTORY REVIEW

(This report includes revised data for 1955, 1956 and 1957)

The year 1957 was characterized by a marked levelling off in the rate of economic activity. This change in the upward trend in the major economic indicators in 1957 follows a period of sharp advances during the preceding two years. It will be recalled that in 1955 and 1956, demand was expanding very rapidly and large quarter-to-quarter increases occurred in the value of the nation's total production, the Gross National Product. By 1957, however, the sharp quarter-to-quarter advance in final expenditures had slackened appreciably and in the fourth quarter of 1957 a moderate decline in output was recorded. Gross National Product seasonally adjusted at annual rates, amounted to \$31.0 billion in the fourth quarter of the year, compared with \$31.3 billion in the third quarter, and \$31.1 billion for the year 1957 as a whole.

The significant changes which took place in the nation's expenditure during 1957 are shown in the table on page 2, in the perspective of the two previous years. The rapid expansion of investment outlays which was a notable feature of 1955 and 1956 moderated in 1957; machinery and equipment investment declined in the last three quarters of the year, and the rate of growth in non-residential outlays slackened. However, residential construction began to move upward during the year, following a period of successive declines. Accompanying these developments, exports of goods and services, which had earlier provided one of the main stimulants to investment in resource industries, moved irregularly at a level barely in excess of the year 1956. At the same time, the upsurge in imports which was a notable feature of 1956, subsided in 1957, and declines occurred in the seasonally adjusted value of imports of goods and services throughout the course of the year. Business inventory accumulation, which reached its peak in the middle of 1956, declined steadily throughout 1957, and in the fourth quarter of the year shifted to a position of moderate net liquidation.

It may be noted that while neither final purchases nor inventories were creating new demands on production in the fourth quarter of 1957, a good deal of the effect of this curtailment on the flow of expenditures was absorbed by imports of goods and services which fell by 4 1/2 per cent between the third and fourth quarters of the year.

Associated with these developments on the expenditure side in 1957, National Income rose by almost 3 per cent above the level of the previous year, though it was moving downward in the fourth quarter. Corporation profits declined steadily throughout the year from the peak reached in 1956, and registered a drop of about 7 per cent on the year-to-year comparison. Labour income continued to rise in 1957 until the fourth quarter of the year, when it moved downward slightly in association with declines in employment; however, on the full year's comparison, labour income was more than 7 per cent above the level of the year 1956, this being the major factor behind the 6 per cent rise in personal income. As has been noted, crop production fell sharply in 1957, and this is reflected in a decline of \$400 million in accrued net income of farm operators from farm production. There was a very small gain in net income of unincorporated non-farm enterprises in 1957, in contrast with the fairly substantial gains which had occurred in the preceding two years.

These changes in the main statistical aggregates resulted in a Gross National Product in 1957 of about \$31.1 billion, a gain of 3 1/2 per cent over the level of the year 1956 in value terms, but unchanged from the preceding year in terms of the



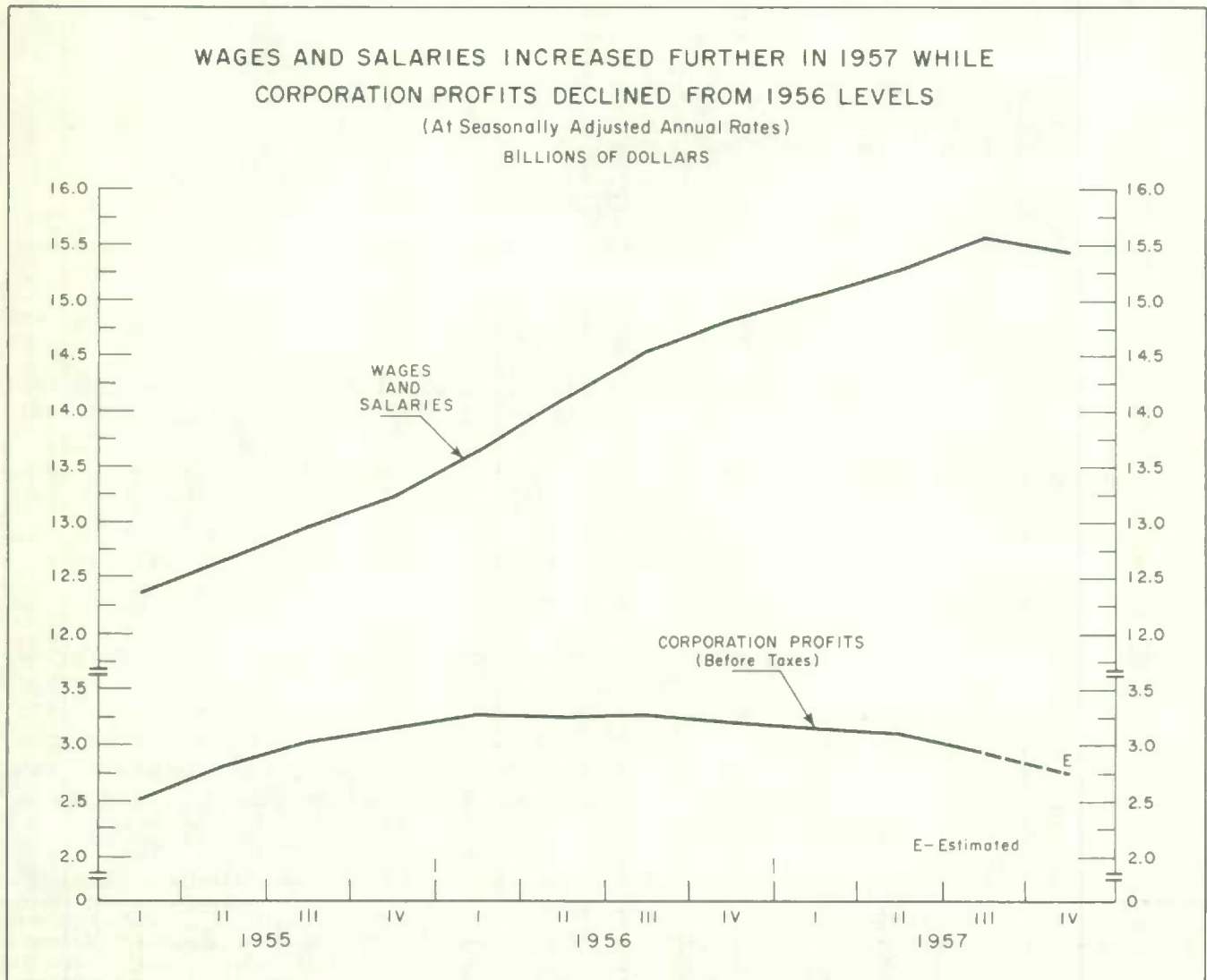
Quarter-to-Quarter Changes in Final Purchases  
(S.A.A.R.)

	Change 1Q-2Q 1955	Change 2Q-3Q 1955	Change 3Q-4Q 1955	Change 4Q '55 to 1Q, 1956	Change 1Q-2Q 1956	Change 2Q-3Q 1956	Change 3Q-4Q 1956	Change 4Q '56 to 1Q, 1957	Change 1Q-2Q 1957	Change 2Q-3Q 1957	Change 3Q-4Q 1957
Personal Expenditure.....	532	312	384	220	348	524	388	168	-20	308	92
Government Expenditure...	48	92	56	56	276	232	8	-52	268	48	-124
Residential Construction.	56	104	40	24	4	-64	-68	-104	-12	28	72
Non-Residential Construction.....	24	76	160	180	308	196	272	120	156	48	16
Machinery and Equipment..	136	156	76	252	184	212	36	88	-140	-76	-212
Exports.....	220	112	44	216	360	-136	52	80	-260	252	-144
<b>Total Final Purchases</b>	<b>1,016</b>	<b>852</b>	<b>760</b>	<b>948</b>	<b>1,480</b>	<b>964</b>	<b>688</b>	<b>300</b>	<b>-8</b>	<b>608</b>	<b>-300</b>
(Final Domestic Demand)	(796)	(740)	(716)	(732)	(1,120)	(1,100)	(636)	(220)	(252)	(356)	(-156)

Quarter-to-Quarter Changes in Other Selected Items  
(S.A.A.R.)

*Shift* in business in- ventories (change in the change).....	-292	544	-40	272	160	-388	224	-164	-136	-184	-380
Change in Imports.....	84	560	352	380	304	28	268	-56	-68	-72	-348
Change in G.N.P.(ex farm)	800	788	480	776	888	676	628	252	60	440	-276

physical volume of output; thus, price factors were the major element in the higher value of production in 1957. The unchanged volume of output in 1957 compares with the unusually large gains of about 7 per cent between 1955 and 1956, and 9 per cent between 1954 and 1955. It should be noted in this connection that the production figures in 1957 include a sharp drop in crop output. The decline in grain output is estimated to have amounted to about 1 per cent of the Gross National Product, so that the non-farm Gross National Product in 1957 was higher than in 1956 by about 1 per cent in volume terms.



The following table shows the value changes in the main expenditure components for the periods 1954-1955, 1955-1956, and 1956-1957.

Value Changes in Selected Components of Gross National Expenditure  
1955, 1956 and 1957

	Per Cent Change 1954 to 1955	Per Cent Change 1955 to 1956	Per Cent Change 1956 to 1957
Personal Expenditure.....	8	8	5
Non-Durables.....	8	9	5
Durables.....	13	7	-1
Services.....	7	8	8
Government Expenditure.....	7	10	6
New Residential Construction.....	27	5	-10
New Non-Residential Construction.....	11	40	25
New Machinery and Equipment.....	6	35	3
Exports.....	12	10	1
Total Final Purchases (ex inventories).....	9	12	5
Imports of Goods and Services.....	16	19	1
Gross National Expenditure.....	11	11	4

#### THE FOURTH QUARTER

Gross National Product at market prices, seasonally adjusted, declined in the fourth quarter of 1957 for the first time since the mild downturn of the 1953-1954 period<sup>1</sup>. The drop was small, amounting to only about 1 per cent in value terms, and was centered mainly in business inventories and in machinery and equipment investment; however, exports of goods and services were also off slightly in the fourth quarter, and government expenditure on goods and services showed a small decline. With final product prices fractionally higher, the volume decline in the fourth quarter was slightly greater than the value figures indicate.

On the positive side, personal expenditure on consumer goods and services, outlays for new housing, and investment in new non-residential construction continued to move upward and to provide support to the total flow of expenditure in the economy. However, the rise in total consumer expenditure was not large, being affected by a drop in purchases of consumer durable goods. At the same time, the advance in outlays for non-residential construction was the smallest since the beginning of the up-turn in late 1954.

Related data suggest that the fourth quarter drop in real output, though small, was fairly widespread by industry, with the notable exception of the service and construction groups. The primary industries were affected by a drop of 3 per cent in the mining industry, and lower production in the forestry industry. The transportation, communication and storage group continued to be affected by the declining trend of revenue freight carried by the railways. In manufacturing, declines occurred in both the durables and non-durables group, amounting to 2 and 5 per cent respectively. Within durables manufacturing, the major declines were recorded in iron and steel products, electrical apparatus and supplies, non-metallic minerals, and wood products. Non-ferrous metal production rose sharply, reflecting

1. Disregarding year-to-year changes in crop production which affect the fourth to first quarter relationships.



the settlement of a strike involving a major producer of aluminum. Within the non-durables manufacturing group, production declines were noted in foods and beverages, tobacco, textiles and clothing, paper products, printing and publishing, and products of petroleum and coal (all data seasonally adjusted).

Accompanying these movements in production, business inventories, seasonally adjusted, shifted from a position of moderate accumulation in the third quarter (\$272 million), at seasonally adjusted annual rates, to one of moderate net liquidation in the fourth (\$-108 million). The sharpest turn-around occurred at the manufacturing level, where the swing in inventories amounted to about \$0.5 billion from the third to fourth quarters. Among the groups responsible for this sharp shift at the manufacturing level were iron and steel products, tobacco products, transportation equipment, and electrical apparatus and supplies; at the same time, the rate of accumulation of food stocks at the manufacturing level declined sharply. At the wholesale level, inventories were also liquidating in the fourth quarter, though the turn-around here was relatively small compared with the sharp swing at the manufacturing level. Among the groups responsible for the shift to liquidation in wholesale inventories, industrial machinery and equipment showed the sharpest movement. At the retail level, the movement in inventories between the third and fourth quarters was in the opposite direction to developments at the manufacturing and wholesale levels; retail inventories showed a fairly heavy accumulation in the fourth quarter, following a small build-up in the third, which reflected mainly movements in stocks of food held at retail and in automobile inventories.

Components of Income and Expenditure  
(Per cent changes from 3rd to 4th Quarter, 1957)

(Seasonally adjusted at annual rates)

<u>Income</u>		<u>Expenditure</u>	
Wages, salaries, etc.....	-1	Personal goods and services.....	+1
Investment income.....	-3	Government goods and services.....	-2
Farm net income.....	-5	Residential construction.....	+5
Other unincorporated business	+1	Non-residential construction.....	+1
		New machinery and equipment.....	-8
		Inventory change, total \$176 Mn. to \$-216 Mn.	
National Income.....	-2	(Inventory change, business \$272 Mn. to \$-108 Mn.)	
Indirect taxes, etc.....	-1	Exports, goods and services.....	-2
Depreciation.....	+2	Imports, goods and services.....	-4
Gross National Product....		Gross National Expenditure.....	-1
Gross National Product ex farm net income.....			
	-1		

The downward movement in outlays for machinery and equipment, seasonally adjusted, deepened in the fourth quarter with a decline of 8 per cent recorded. However, it is estimated that more than one-half of this drop in machinery and equipment investment had its counterpart in a cut-back in imports of machinery and equipment, to this extent lessening the impact of easing demand on Canadian production. Imports of iron and its products were sharply off in the fourth quarter (more than 10 per cent, seasonally adjusted), and accounted for the major part of the decline in total imports



of goods and services. As has been noted, this development was associated not only with the declining rate of machinery and equipment investment, but also with the liquidation of inventories in the iron and steel group and a decline in consumer expenditure on durable goods.

Exports of goods and services also contributed to the easing of demand in the fourth quarter, with a drop of about 2 per cent, seasonally adjusted. The major factors in this fourth quarter decline were a fall-off in exports of wood, wood products, and paper, a decline in exports of non-metallic minerals (mainly petroleum), and a drop in exports of iron and its products, notably iron ore. The deficit in current international account in the fourth quarter was at a rate of \$1.1 billion.

On the income side, developments in the fourth quarter were marked by a decline of 1 per cent in labour income, seasonally adjusted, and a continuation of the down-trend in investment income, which includes corporation profits. However, while National Income declined by 2 per cent, personal income remained stable, as a sharp gain in transfer payments more than offset the relatively small losses in factor incomes.

#### Production and Employment in 1957

The unchanged over-all volume of production between 1956 and 1957 concealed divergent and offsetting movements within the broad industry groups. In general, there was a shift in the production pattern towards the service-producing industries, with declines in output showing up in some primary and secondary commodity-producing industries. Output in the primary industries was substantially lower as a result of the sharp drop in crop production noted earlier, together with a decline in activity in the forestry industry which reflected a deterioration of markets for pulpwood and lumber. Output in fishing and trapping was also lower in 1957. On the other hand, production in mining, quarrying, and oil wells was more than 6 per cent above the level of the previous year, with gains in uranium, petroleum, nickel, gold, silver, and iron ore, in part offset by declines in the base metals, and in non-metal production; despite this substantial year to year increase, however, the trend in output in this industry was downward after mid-year.

Manufacturing output declined by 2 per cent in 1957, with durables off about 5 per cent, and non-durables showing a gain of about 1 per cent. The main factors in the drop in durable goods output were declines in production of wood products (-9 per cent), iron and steel products (-5 per cent), non-ferrous metal products (-6 per cent), electrical apparatus and supplies (-8 per cent), and transportation equipment (-2 per cent). Within the non-durables goods group, gains in foods and beverages, tobacco, leather, petroleum and coal, and chemicals, were partly offset by declines in rubber, textiles, clothing, and paper products. During the course of 1957, seasonally adjusted production indexes of both durable and non-durable goods manufacturing began to move downward; from February to December, durable goods output had fallen by about 12 per cent, while non-durables goods output had fallen by about 6 per cent.

The gains in service-producing industries in 1957 were concentrated in financial, government, and other personal and community services; these groups showed gains ranging from 2 to 5 per cent. Both retail and wholesale trade volume was unchanged from the 1956 levels, while output in the transportation, storage and communications group declined, reflecting the drop in railway freight traffic; freight car loadings were down in every major commodity group in 1957, with the single exception of newsprint.



Output in the construction industry was higher in 1957, as the large-scale programme of non-residential building more than counterbalanced the sharp drop in housing construction.

Turning now to the employment side, the number of persons with jobs in 1957 averaged 5,661 thousand, a gain of 135,000, or 2.4 per cent from 1956. The number of persons with jobs in the non-agricultural sector rose by about 3.5 per cent.

It may be noted that this increase in non-farm employment was considerably in excess of the year to year gain in non-farm production, which was estimated to have risen by only about 1 per cent. This divergence between the employment and output indicators implies a decline in output per person employed in 1957. Some part of the explanation for this development reflects a decline in average hours worked per week in 1957; such a decline occurred in manufacturing and mining. Another factor may be the reluctance of employers to dismiss workers in the initial states of production cut-backs pending clarification of the outlook for new orders. Finally, there is some evidence to suggest that in both Canada and the United States the very large additions to plant capacity in recent years have increased the need for administrative and over-head staff relative to the requirements for "production" workers.

The increment to the labour force in 1957 was 210,000, almost twice the average rate of growth in the preceding five years. This unusually large increase is associated with higher participation rates as well as with the extraordinarily high level of immigration in 1957. The number of persons without jobs and seeking work averaged 254,000 persons for the full year, that is, 4.3 per cent of the labour force, compared with 3.1 per cent in 1956. In addition, the number of persons on short-time or temporarily laid off averaged about 50 per cent higher than in the preceding year. In the fourth quarter of 1957, persons without jobs and seeking work accounted for 5.0 per cent of the labour force.

### Prices

Final product prices continued to advance throughout 1957, though the rate of increase slackened appreciably during the course of the year. It is estimated that the price element in the Gross National Product rose by only about one-quarter of 1 per cent from the third to the fourth quarter, which would constitute the smallest quarter to quarter increase in a two-year period. For the year as a whole, end product prices in 1957 averaged about 4 per cent above those of the year 1956, as the accompanying table indicates.

Value, Price and Volume Percentage Changes in Gross National  
Expenditure Components, 1956 to 1957

	<u>Value</u>	<u>Price</u>	<u>Volume</u>
Personal Expenditure.....	5.2	3.6	1.6
Non-Durable Goods.....	5.1	2.8	2.2
Durable Goods.....	-1.1	3.8	-4.7
Services.....	7.6	4.4	3.0
Government Expenditure.....	6.4	5.4	0.9
Gross Domestic Investment (ex inventories).....	8.2	4.1	4.0
Residential Construction.....	-10.5	2.3	-12.5
Non-Residential Construction.....	24.9	3.2	21.0
Machinery and Equipment.....	2.7	5.0	-2.2
Exports.....	0.6	1.2	-0.6
Imports.....	0.8	2.2	-1.5
Total Gross National Expenditure (after inventory re-valuation).....	4.4	4.3	0.1
(GNE before inventory re-valuation).....	(3.6)		

The 3.6 per cent advance in the consumer sector in 1957 was substantially greater than the price rise in this sector in the preceding year, when it amounted to only 1.4 per cent. The 4.1 per cent rise in the price of investment goods in 1957, however, was slightly less than the previous year's rise of 5.6 per cent.

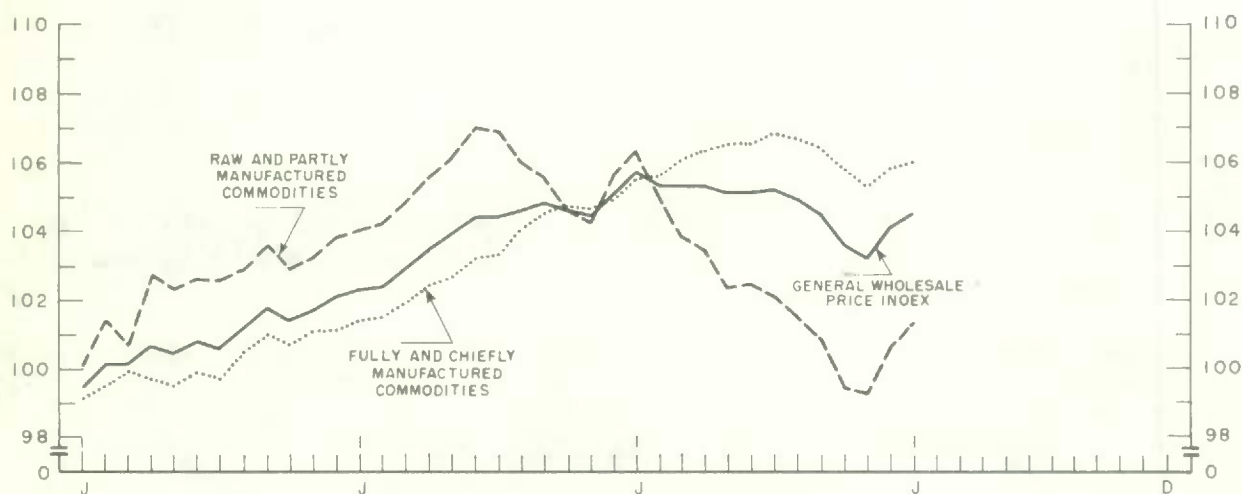
Since the end of 1956, the advance in final product prices has not been accompanied by price increases as measured by the general wholesale price index; from the fourth quarter of 1956 through to the fourth quarter of 1957, the wholesale price index declined by about 1 per cent, compared with an advance of 3 per cent for the corresponding period of 1956. The prices of raw and partly manufactured goods and of industrial materials declined by 5 and 7 per cent respectively in this period, compared with gains of 2 and 3 per cent in the same period a year ago. Fully and chiefly manufactured goods advanced by 1 per cent from the end of 1956 to the fourth quarter of 1957, compared with an advance of 4 per cent for the same period of the preceding year. From the third to fourth quarters of 1957, the wholesale price index declined by less than 1 per cent. The impact of these changes in wholesale prices is, to some extent, reflected in the valuation of inventories by business. It is estimated that the inventory valuation adjustment required for National Accounts purposes amounted to only about \$60 million for the year 1957, compared with the \$300 million adjustment made in 1956.



	Percentage Change from Preceding Period	
	<u>4Q 1957</u>	<u>4Q 1956</u>
	<u>4Q 1956</u>	<u>4Q 1955</u>
General Wholesale Price Index.....	-1.0	+2.9
Raw and Partly Manufactured.....	-4.9	+1.5
Fully and Chiefly Manufactured.....	+0.9	+3.7
Industrial Materials Price Index.....	-7.0	+2.7

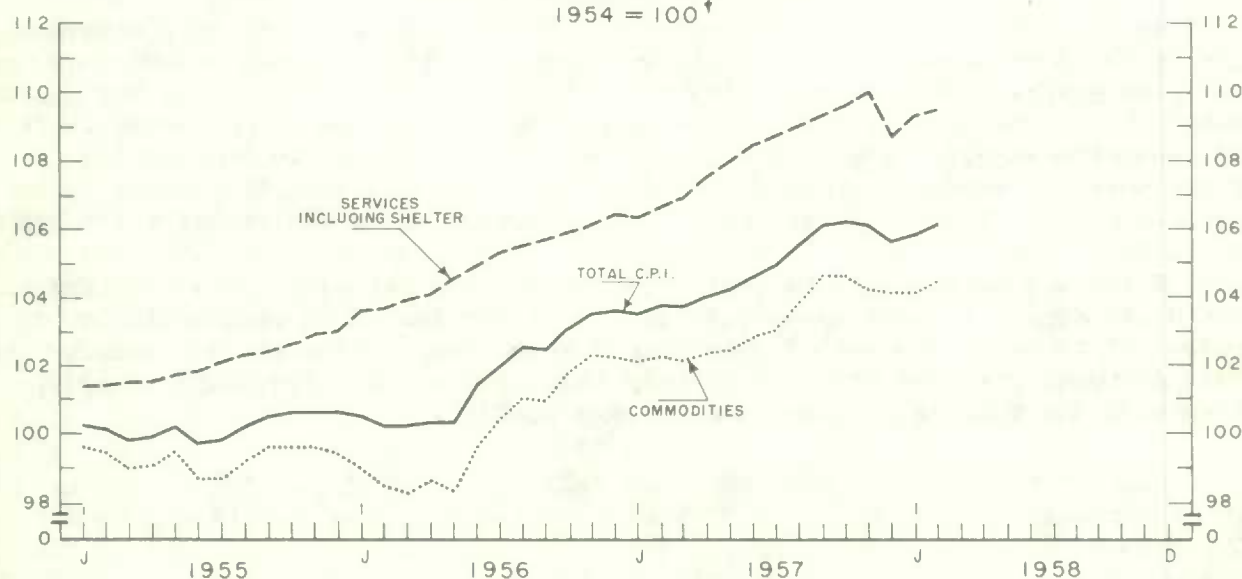
### WHOLESALE PRICE INDEX

1954 = 100 \*



### CONSUMER PRICE INDEX

1954 = 100 †



\* MECHANICALLY CONVERTED FROM 1935-39=100 † MECHANICALLY CONVERTED FROM 1949=100

To review, the major developments of the year 1957, as reflected in the National Accounts, may be summarized as follows:

1. No change in the total volume of production for the year as a whole, after the sharp increases of 1955 and 1956; a decline in output in the final quarter of the year;
2. A continuation of advances in final product prices with some decline in prices at the basic commodity level;
3. Year-to-year gains in fixed capital investment expenditures by business for plant, machinery and equipment, but a levelling off in the rate of construction outlays in the course of the current year accompanied by a declining trend in outlays for machinery and equipment;
4. A year-to-year gain of 3 per cent in National Income, reflecting the gains in labour income, partly offset by a drop in crop production, and a decline in corporation profits of about 10 per cent;
5. Gains in personal income of about 6 per cent, which have been closely paralleled by advances in personal expenditure on consumer goods and services;
6. A decline in housing expenditures on a year-to-year basis, but a strong recovery during the course of the year;
7. Little change in the year to year levels in exports and imports of goods and services, following the sharp increases of 1955 and 1956; a declining trend in imports throughout the course of the year;
8. A reduction in the rate of business inventory accumulation, shifting to a position of net liquidation in the fourth quarter.

#### THE COMPONENTS OF GROSS NATIONAL EXPENDITURE

##### Personal Expenditure on Consumer Goods and Services

Personal consumption expenditure rose to \$19.5 billion in 1957, somewhat more than 5 per cent higher in 1956. All the increased spending was on services and non-durables; purchases of durables were slightly lower than in the preceding year. The major part of the rise in total spending represents the higher prices prevailing in the consumer sector. The modest increase in the real volume of consumption in 1957 is in contrast to the decided gains recorded in the two preceding years; on a per capita basis, real consumption fell slightly, the first such decline since 1950-51.

Purchases of non-durable goods were up about 5 per cent, with the largest gains in food, alcoholic beverages, tobacco, and gasoline. Purchases of clothing were moderately higher. Prices of non-durable goods averaged nearly 3 per cent higher in 1957, mainly as a result of the rise in prices of food, so that real consumption was to that extent lower than the value figures indicate.

Outlays for durable goods were lower than in 1956 by about 1 per cent, largely as a result of the fall in purchases of new and used cars. It may be noted that the number of new passenger cars sold in 1957 dropped 7 per cent. House furnishings was the only category of durable goods which showed any increase. Purchases of appliances and radios were about the same as in 1956. The rise in the price of



durables was nearly 4 per cent, so that in real terms purchases of durables in 1957 were about 5 per cent below the level of the preceding year.

In this connection, it is interesting to note that consumer credit outstanding in the books of instalment finance companies increased only 3 per cent in 1957, in contrast to increases of 26 per cent in 1956 and 22 per cent in 1955, both years in which purchases of durables were high and rising.

Consumer expenditure on services rose about 7 1/2 per cent, with increases recorded in all the groups. One of the largest gains was in expenditure on shelter, reflecting the addition to the stock of housing and the rise in rents. Spending on personal service and medical care were also above the average for services as a whole. The rise in prices, some 4 1/2 per cent, was most pronounced in the services sector.

#### Government Expenditure on Goods and Services

Government expenditure on goods and services amounted to \$5.5 billion in 1957, 6 per cent higher than in 1956, with almost all the increase at the provincial and municipal levels; a decline in defence expenditure approximately offset a rise in federal expenditure for other purposes. Most of the increase at all levels of government is accounted for by larger expenditures for wages and salaries and for construction.

#### Gross Domestic Investment (excluding Inventories)

In 1955 and 1956 the high and rising demand in world markets for the products of Canada's resource-based industries encouraged a vigorous expansion of productive capacity. This expansion centred on those industries producing raw materials and radiated to the fuel, power and transportation industries. Accordingly, an unusually large number of such projects were initiated in these years. In 1957, business expenditures for plant and equipment rose to \$5.9 billion, an increase of nearly 14 per cent over the preceding year. This increase reflected the large number of projects undertaken in earlier years and at various stages of completion in 1957, as well as those launched in 1957 itself. The 1957 gain compares with an increase of 37 per cent in 1956 and thus represents a distinct slowing down in the extraordinarily high rate of growth characteristic of the preceding year.

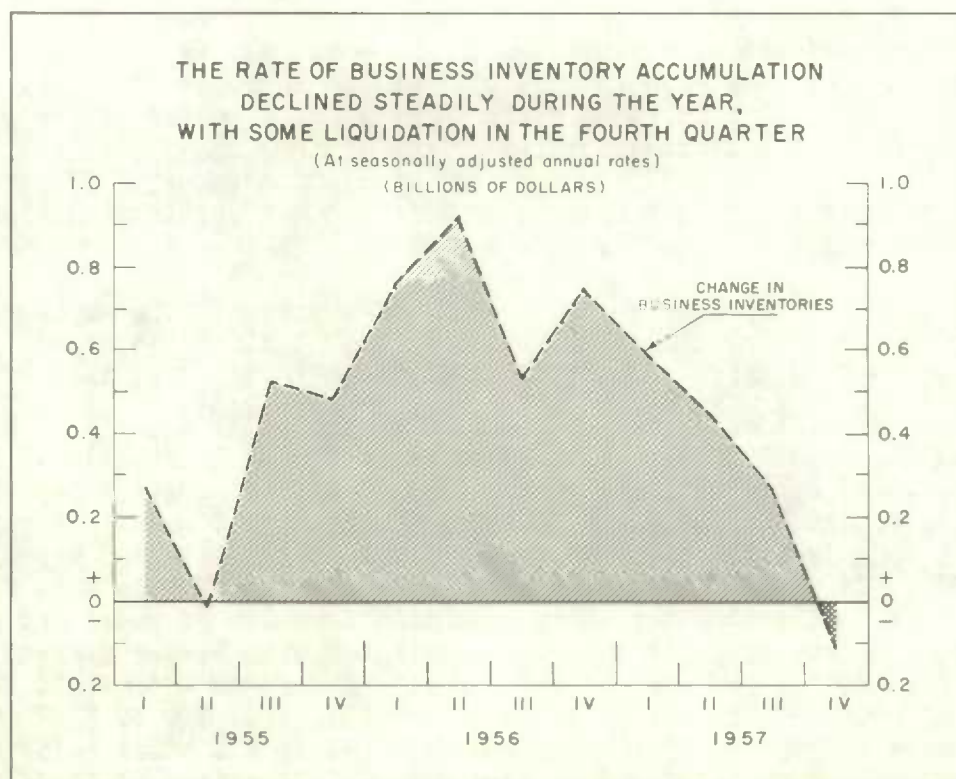
Within business expenditures for plant and equipment, the emphasis in 1957 shifted strongly toward new construction, which at \$3.2 billion was about 25 per cent higher than in 1956. This shift is partly attributable to the fact that expenditures on such major projects as the St. Lawrence Seaway and Power Project and the Trans Canada Pipeline were moving towards their peak in 1957. Expenditures for new machinery and equipment were \$2.7 billion, only about 3 per cent higher than in 1956, in contrast to an increase of 35 per cent in the preceding year. Purchases of machinery and equipment appear to have reached their peak in the first quarter of the year. Both domestic shipments and imports of the main categories of machinery and equipment declined in the second half of the year.

Turning to the composition of the business investment programme in 1957, the major increases were in transportation and storage, where a gain of 47 per cent followed one of 85 per cent in the previous year and in public utility operation, where a gain of 26 per cent followed one of 53 per cent in 1956. These two groups, which had absorbed about 22 per cent of total business investment in 1956, accounted for 27 per cent of the total in 1957. The two major projects mentioned earlier, the seaway and the pipeline, are in part responsible for the importance of these two groups. The increases in capital expenditures in service industries, trade, and communications were also fairly large, ranging from 16 to 19 per cent. On the other

hand, capital expenditures in manufacturing were only slightly higher than in the previous year, with substantial increases in some manufacturing industries nearly counterbalanced by declines in others. In mining, quarrying and oil wells, there was a further advance over 1956 but in the other primary industries, as well as in the construction industry, capital expenditures were lower than in the preceding year, much the most marked rate of decline being in forestry where new investment fell by more than 40 per cent.

Expenditures on new residential construction in 1957 amounted to \$1.4 billion, 10 per cent lower than in 1956. In response to easier conditions in mortgage markets and an improved supply of labour and materials, housing starts, which on a seasonally adjusted basis had been falling during 1956, made a strong recovery during 1957, and by the last quarter of the year were running at a rate of nearly 150,000 units, compared with about 86,000 in the first. For the year as a whole, about 122,000 housing units were started and about 117,000 completed, compared with 127,000 starts and 136,000 completions in 1956.

Of the 8 per cent increase in total gross domestic investment, about half represents higher prices. The largest element of price increase, about 5 per cent, was in the machinery and equipment sector, with the result that the volume of such purchases was lower by 2 per cent. In residential construction the price factor amounted to about 2 per cent, leaving this component lower in real terms by about 13 per cent. In non-residential construction, the element of price increase was somewhat larger, leaving the volume of such expenditures higher by more than 20 per cent.





### Investment in Inventories

The addition to inventories is estimated to have been \$0.2 billion in 1957, compared with \$0.9 billion in 1956. This sharp decline in the rate of accumulation reflects some liquidation of stocks on farm and a marked slackening in the rate in the business sector.

The build-up of business inventories amounted to \$0.3 billion in 1957, compared with about \$0.7 billion in 1956. The peak rate of accumulation reached in the second quarter of 1956 gave way to a falling rate of investment in stocks in the latter half of the year and this decline continued until the last quarter of 1957 when some liquidation took place.

A lower rate of investment in business inventories in 1957 was common to almost all industry groups, but was especially pronounced in manufacturing. Among manufacturing industries, the most marked decline in the rate of accumulation occurred in iron and steel, electrical apparatus and supplies, and pulp and paper products. Two other manufacturing industries, electrical apparatus and supplies and wood and wood products shifted from accumulation in 1956 to liquidation in 1957. Only a few manufacturing industries showed a higher rate of accumulation in 1957 than in 1956, food beverages being among them. There was some build-up in the clothing industry in 1957, as opposed to a drawing down of stocks in 1956.

Additions to stocks of retailers and wholesalers were also much lower in 1957 than in the preceding year. In the durable groups there was either a smaller rate of accumulation or actual liquidation; in the non-durable group, however, accumulation in some instances was higher than in the preceding year.

### Exports and Imports of Goods and Services

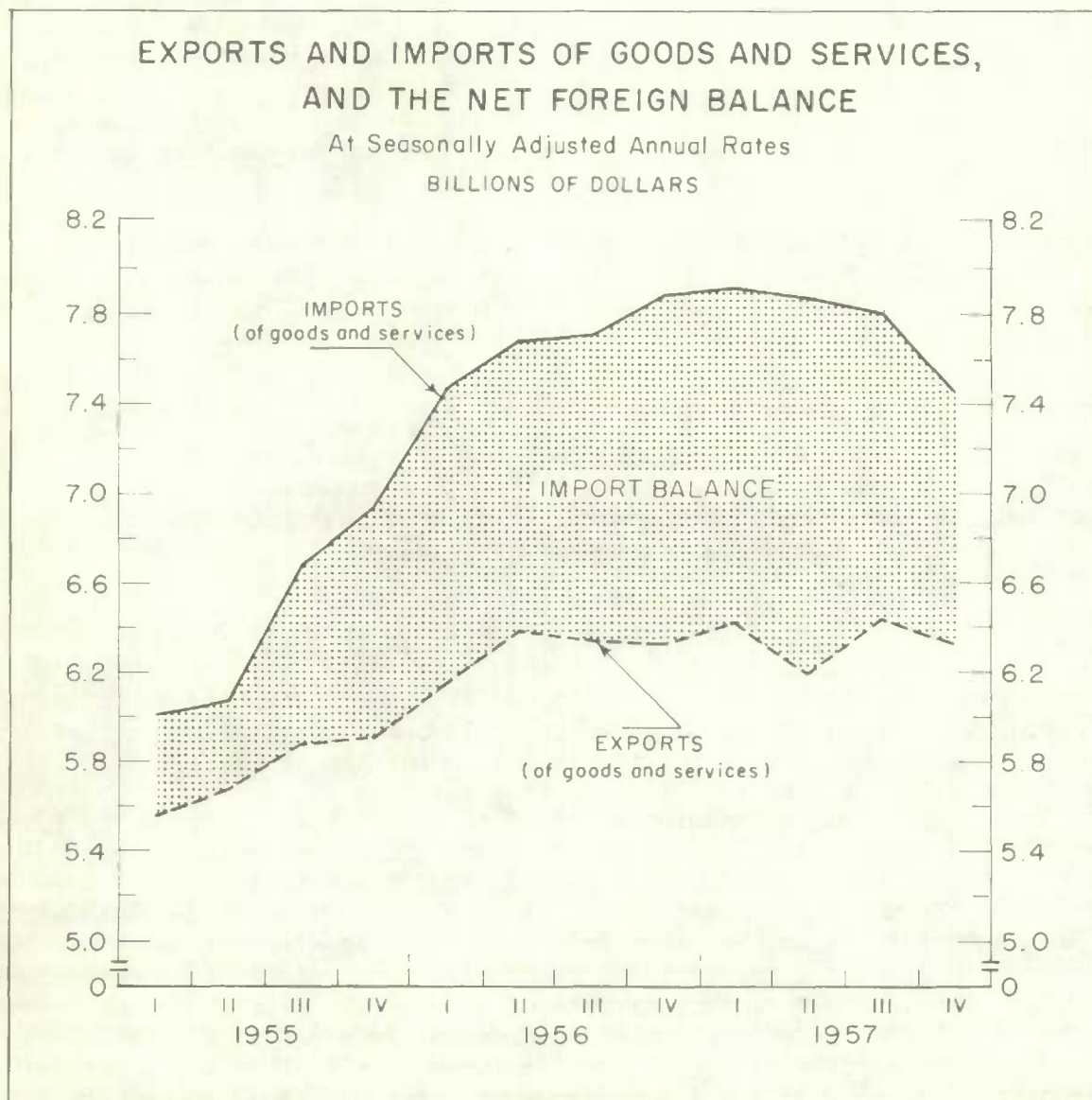
Exports of goods and services amounted to \$6.4 billion in 1957, only fractionally higher than the total reached in 1956. This compares with increases of 10 per cent or more in the two preceding years. The fractional increase in 1957 is the outcome of a small gain in commodity exports, partially offset by a decline in receipts from invisible items.

Canada's exports of goods and services rose sharply in 1955 and 1956, against a background of continued expansion of industrial production in Western Europe, of recovery from recession in the United States, and a greatly enhanced capacity to supply many of the basic commodities demanded on world markets. In 1957, markets for some primary products weakened, with the result that commodity exports at \$4.9 billion were only very little higher than in 1956. Further advances in exports of the products of some newly developed resource industries helped to offset losses elsewhere, as for example, the gains in uranium and oil. However, of the nine commodity groups, only two, agricultural and vegetable products, and wood, wood products and paper, were lower than in 1956. In the first-named group, exports were off more than \$140 million, or about 15 per cent, reflecting the sharp reduction in sales of wheat and other grains; in the second group a drop of 4 per cent was associated with weaker markets for lumber and wood pulp. A gain of 5 per cent in exports of non-ferrous metals and their products was the outcome of a large increase in sales of uranium, from \$46 to \$128 million, a substantial increase in exports of nickel, and declines in all other major metals; the decline in exports of copper, lead and zinc products, (the prices of these metals having fallen considerably), amounted to about \$50 million or 16 per cent. Exports of crude petroleum advanced to \$141 million, a 36 per cent gain, in spite of the marketing problems that developed during the course of the year; with a further significant gain in exports of asbestos and products, exports in the non-metallic group were up

19 per cent. Exports of iron and its products were higher by about 13 per cent, reflecting increases in farm and other machinery as well as in sales of iron ore. Additional gains were made in animal and animal products, where exports were up about \$42 million or 16 per cent, almost all of which is attributable to a more than four-fold increase in sales of cattle.

Receipts from invisibles were \$1.5 billion in 1957, nearly 3 per cent lower than in 1956. Receipts from tourists and on interest and dividend account were higher, but receipts from freight, miscellaneous items and sales of gold declined.

Imports of goods and services, at \$7.8 billion, showed very little change in 1957 from the level of the previous year. This relative stability contrasts with gains of 19 and 16 per cent in 1956 and 1955. The value of commodity imports in 1957 was, in fact, somewhat lower than in 1956, but payments for services rose significantly.





Imports of commodities amounted to \$5.5 billion in 1957, a drop of about 1 1/2 per cent from the preceding year. The earlier strong upward trend was reversed during the course of the year, and was associated with the turn-around in machinery and equipment outlays, the falling rate of inventory accumulation, and the lower level of consumer outlays for durables. Imports of passenger cars and trucks were down 21 per cent on the year, farm implements and machinery by 13 per cent, mining and metallurgical machinery by 9 per cent, and rolling mill products by 6 per cent. Imports of iron and its products in total were lower by 4 per cent, in contrast to the impressive increases in this category in the two preceding years (more than 40 per cent in 1956). Imports of non-ferrous metals and products were also somewhat lower. The changes in the main commodity groups, positive and negative, were all fairly small.

Payments for services rose to \$2.3 billion in 1957, about 6 1/2 per cent higher than in 1956. The most important element in this increase was the 16 per cent increase in interest and dividends paid abroad but there were increases in the other invisible items as well, with the single exception of freight and shipping, where payments were slightly lower.

The deficit on international current account was \$1.4 billion in 1957, only slightly above the previous peak reached in 1956. However, the imbalance on services was sharply higher, rising from \$624 million to \$805 million, and displacing merchandise trade as the principal source of the deficit. By the fourth quarter of 1957, the deficit had fallen to an annual rate of \$1.1 billion, from the peak in the second quarter of \$1.6 billion.

The rise in prices in the external sector was comparatively small in 1957. While export prices receded a little during the course of the year, they averaged slightly higher for the year as a whole than in 1956. The margin of increase was somewhat greater for import prices. Thus, in terms of volume, exports of goods and services were fractionally lower, while imports of goods and services showed a somewhat more significant reduction.

#### THE COMPONENTS OF GROSS NATIONAL PRODUCT

##### Labour Income

Labour income rose to \$15.3 billion in 1957, more than 7 per cent above the year 1956. With the number of paid workers up about 3 per cent and hours of work somewhat reduced in some major industries, a large part of this increase is attributable to higher wage rates.

Almost all industrial groups shared in the advance. The service industries have continued to absorb more workers, in keeping with the post-war trend in the growth of these industries. Thus, the largest income gains were recorded in the service producing industries, with increases of between 10 and 14 per cent in trade, finance, insurance and real estate, services proper (personal, business, community, recreational and government) public utilities and communications. The increase in labour income in the mining industry was of the same general order, reflecting an advance in both employment and in wage rates. In manufacturing, where somewhat increased employment and higher wage rates were offset by shorter hours, the rise in labour income was 5 per cent. The advance in labour income in the construction industry, 4 per cent, contrasts with the very much larger gains recorded in this industry in the two previous years. Forestry was the only major industry in which labour income declined, reflecting the sharply reduced employment and income in this industry in the latter part of the year.

### Investment Income

Investment income in 1957 amounted to \$4.7 billion, 2 1/2 per cent lower than in the preceding year. A drop in corporate profits of about 7 per cent, coupled with a further substantial advance in dividends paid abroad reduced corporate profits entering National Income by 10 per cent. Government investment income was little changed in total since the fall in government trading profits (mainly the result of reduced earnings of the Canadian National Railways) was approximately offset by increases in other components of government investment income. Interest, dividends and net rental income of persons rose by 8 per cent.

Fourth quarter data on corporate profits are not yet available, but data for the first three quarters of the year and related information provides a fairly reliable indication of the trend of profits by industry from 1956 to 1957. Among the major divisions, the only industries showing higher profits in 1957 were services, finance, and retail trade, where increases ranged from 2 to 7 per cent; within manufacturing, only the food and petroleum industries earned larger profits in 1957, with gains of 5 and 11 per cent respectively. Profits fell most sharply in the wood products and non-ferrous metal groups of manufacturing, and in the mining industry, where the rates of decline were about 25 to 30 per cent. The deterioration in foreign and domestic markets reduced prices and curtailed output for some of the products of these industries, with consequent adverse effects on earnings. Profits in transportation, communication, storage and public utilities as a group were down about 9 per cent.

### Net Income of Unincorporated Business

Accrued net income of farm operators from farm production is estimated to be \$1.1 billion, \$400 million less than in 1956. This fall in value reflects mainly the much smaller crop of major grains in the Prairie Provinces. According to preliminary estimates, however, farm cash income is estimated to have declined by only 5 per cent; smaller participation payments by the Canadian Wheat Board and lower returns from sales of grains and poultry products accounted for this decline.

Net income of non-farm unincorporated business amounted to \$2.0 billion in 1957, slightly higher than in the preceding year. Incomes in trade and services continued to rise, reflecting the growth of consumer demand in these sectors, but the lower level of housing adversely affected net income in the construction industry.

### Indirect Taxes less Subsidies

Indirect taxes less subsidies amounted to \$3.3 billion in 1957, about 6 per cent higher than in 1956. The easing in the demand for imports was reflected in lower yields from customs import duties but this loss in revenue was more than offset by higher yields from excise duties and taxes, leaving federal indirect taxes about 1 per cent above the level of 1956. Provincial and municipal revenues from indirect taxes increased by roughly similar proportions, 9 or 10 per cent, with the bulk of the increase attributable to gasoline taxes at the provincial level and to real and personal property taxes at the municipal level. Subsidies were lower by \$13 million, mainly because of smaller payments by the Federal Government on the cost of storing grain.

### Personal Income and Saving

Personal income amounted to \$22.9 billion in 1957, an increase of about 5 1/2 per cent from the preceding year; this was a significantly larger increase than occurred in National Income, which rose by only 3 per cent. Transfer payments



advanced by 17 per cent, and showed the largest gain of any component of personal income. Rates of payment under the family allowance and old age security schemes were raised during the course of the year and a new transfer payment out of oil royalties was introduced in the Province of Alberta. The larger volume of unemployment, together with some extension of benefits, raised payments in the form of unemployment benefits by 45 per cent. Maintenance of dividend payments in spite of a fall in corporate profits was another factor in the divergence between national and personal income.

With a progressive tax structure, the rise in taxable incomes made for a fairly sharp increase in personal direct taxes, which were up 11 per cent. Income at the disposal of consumers for spending amounted to \$20.9 billion, 5 per cent above the level of 1956. Since consumer prices were some 3 1/2 per cent higher, personal disposable income in real terms advanced only moderately, in contrast to the substantial advance that occurred in 1956; on a per capita basis, real disposable income declined slightly in 1957.

The advance in consumer spending matched fairly closely the rise in disposable income, leaving the rate of personal saving only slightly higher than in the preceding year. Personal saving rose to \$1,422 million in 1957, from \$1,368 million in 1956, but was unchanged as a percentage of disposable income.

#### National Saving and Investment

Gross national saving fell from \$6.2 billion in 1956 to \$6.0 billion in 1957. The sources of saving were considerably altered. The surplus on consolidated government account, which at more than \$400 million represented a significant part of total saving in 1956, was reduced to less than \$100 million in 1957. Savings in the form of undistributed profits were also lower. An increase in depreciation allowances, and somewhat larger personal savings acted as a partial offset to the reduction in the other forms of saving.

The sharply reduced rate of accumulation of inventories (which shifted downward by \$766 million) brought the level of total gross domestic investment down from \$7.7 billion in 1956 to \$7.5 billion in 1957. However, in 1957, as in 1956, total national saving fell short of investment requirements, and this deficiency was met from foreign sources. In both years the deficit on international current account amounted to about \$1.4 billion, and this imbalance was chiefly financed by net inflows of capital for long-term investment.

	1956	1957	Change 1956 to 1957
	(billions of dollars)		
Gross Private Savings:			
Personal saving.....	1.4	1.4	-
Undistributed corporation profits.....	1.0	0.9	-0.2
Depreciation allowances.....	3.3	3.5	+0.3
Other.....	-	-	-
Government surplus.....	0.4	0.1	-0.3
Residual error.....	0.1	0.1	-
Gross National Saving.....	6.2	6.0	-0.2
Gross Domestic Investment:			
Gross Domestic Investment (ex. inventories)	6.8	7.3	+0.5
Change in Inventories.....	0.9	0.2	-0.7
Net foreign investment.....	-1.4	-1.4	-
Residual error.....	-0.1	-0.1	-
Gross National Investment.....	6.2	6.0	-0.2

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 <sup>1</sup> .....	-17	198	1,063	160	1,404
5. Net Income of Non-Farm Unincorporated Business <sup>2</sup> .....	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.....	669	731	765	791	2,956
9. Residual Error of Estimate.....	47	-7	-30	10	20
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,740	6,555	7,752	6,907	26,954
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(5,757)	(6,357)	(6,689)	(6,747)	(25,550)

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 <sup>1,4</sup> .....	1,172	1,038	1,291	1,227	4,728
Gross Domestic Investments: <sup>2</sup>					
3. New Residential Construction.....	254	374	428	424	1,480
4. New Non-Residential Construction.....	365	428	545	510	1,848
5. New Machinery and Equipment.....	401	563	489	494	1,947
6. Change in Inventories.....	-87	-4	879	-278	510
7. (Business Inventories only) <sup>3</sup> .....	(198)	(9)	(66)	(46)	(319)
8. Exports of Goods and Services.....	1,217	1,440	1,586	1,521	5,764
9. Deduct: Imports of Goods and Services.....	-1,397	-1,605	-1,665	-1,776	-6,443
10. Residual Error of Estimate.....	-47	7	30	-9	-19
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	5,740	6,555	7,752	6,907	26,954

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	III	IV	Year	
520	390	413	433	1,756		490	394	448	468	1,800		509	386	442	431	1,768	



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

1956					1957					
I	II	III	IV	Year	I	II	III	IV	Year	
3,261	3,510	3,727	3,786	14,284	3,607	3,810	3,992	3,935	15,344	1.
93	106	113	112	424	108	116	131	121	476	2.
1,070	1,276	1,290	1,146	4,782	1,095	1,249	1,260	1,056	4,660	3.
-2	96	1,260	192	1,546	33	115	883	115	1,146	4.
376	497	537	541	1,951	382	503	538	558	1,981	5.
4,798	5,485	6,927	5,777	22,987	5,225	5,793	6,804	5,785	23,607	6.
855	909	912	925	3,601	955	949	964	934	3,802	7.
736	809	851	879	3,275	821	890	906	932	3,549	8.
26	-25	-7	129	123	17	-43	7	127	108	9.
6,415	7,178	8,683	7,710	29,986	7,018	7,589	8,681	7,778	31,066	10.
(6,417)	(7,082)	(7,423)	(7,518)	(28,440)	(6,985)	(7,474)	(7,798)	(7,663)	(29,920)	11.

EXPENDITURE, BY QUARTERS, 1955-1957  
(of dollars)

1956					1957					
I	II	III	IV	Year	I	II	III	IV	Year	
4,202	4,617	4,518	5,219	18,556	4,519	4,854	4,750	5,403	19,526	1.
1,187	1,150	1,488	1,384	5,209	1,280	1,262	1,580	1,420	5,542	2.
296	421	436	401	1,554	246	355	387	403	1,391	3.
459	607	786	737	2,589	649	795	969	820	3,233	4.
542	770	663	646	2,621	680	817	630	565	2,692	5.
110	24	986	-181	939	75	0	558	-460	173	6.
(377)	(227)	(33)	(105)	(742)	(335)	(111)	(-32)	(-111)	(303)	7.
1,342	1,634	1,725	1,638	6,339	1,408	1,579	1,761	1,627	6,375	8.
-1,697	-2,069	-1,926	-2,005	-7,697	-1,821	-2,115	-1,948	-1,874	-7,758	9.
-26	24	7	-129	-124	-18	42	-6	-126	-108	10.
6,415	7,178	8,683	7,710	29,986	7,018	7,589	8,681	7,778	31,066	11.

TABLE 3. SOURCES 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 <sup>1</sup> .....	-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 <sup>2</sup> .....	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 <sup>1</sup> .....	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 Saving:					
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) <sup>2</sup> .....	(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					1957						
I	II	III	IV	Year	I	II	III	IV	Year		
3,261	3,510	3,727	3,786	14,284	3,607	3,810	3,992	3,935	15,344	1.	
-111	-115	-119	-119	-464	-125	-123	-132	-131	-511	2.	
93	106	113	112	424	108	116	131	121	476	3.	
-6	102	1,240	190	1,526	52	136	866	99	1,153	4.	
376	497	537	541	1,951	382	503	538	558	1,981	5.	
480	534	517	566	2,097	523	587	567	594	2,271	6.	
541	419	404	401	1,765	592	470	488	533	2,083	7.	
7	10	10	8	35	7	9	9	7	32	8.	
6	6	7	7	26	6	6	7	7	26	9.	
4,647	5,069	6,436	5,492	21,644	5,152	5,514	6,466	5,723	22,855	10.	

INCOME, BY QUARTERS, 1955-1957  
of dollars)

1956					1957						
I	II	III	IV	Year	I	II	III	IV	Year		
331	390	382	392	1,495	394	444	424	428	1,690	1.	
37	49	31	29	146	31	32	32	32	127	2.	
32	20	13	14	79	41	21	16	12	90	3.	
400	459	426	435	1,720	466	497	472	472	1,907	4.	
2,310	2,506	2,550	3,147	10,513	2,467	2,661	2,680	3,242	11,050	5.	
428	605	516	512	2,061	458	574	512	494	2,038	6.	
1,464	1,506	1,452	1,560	5,982	1,594	1,619	1,558	1,667	6,438	7.	
4,202	4,617	4,518	5,219	18,556	4,519	4,854	4,750	5,403	19,526	8.	
274	188	566	171	1,199	420	289	667	227	1,603	9.	
-229	-195	926	-333	169	-253	-126	577	-379	-181	10.	
45	-7	1,492	-162	1,368	167	163	1,244	-152	1,422	11.	
4,647	5,069	6,436	5,492	21,644	5,152	5,514	6,466	5,723	22,855	12.	
(4,247)	(4,610)	(6,010)	(5,057)	(19,924)	(4,686)	(5,017)	(5,994)	(5,251)	(20,948)	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 <sup>1</sup> .	1,312	1,448	1,412	1,444	1,404
5. Net Income of Non-Farm Unincorporated Business <sup>2</sup> .....	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.....	2,844	2,916	2,992	3,072	2,956
9. Residual Error of Estimate.....	148	-24	44	-88	20
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	25,748	26,684	27,436	27,948	26,954
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(24,436)	(25,236)	(26,024)	(26,504)	(25,550)

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				V
	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 <sup>1</sup> .....	4,632	4,680	4,772	4,828	4,728
Gross Domestic Investments: <sup>2</sup>					
3. New Residential Construction.....	1,376	1,432	1,536	1,576	1,480
4. New Non-Residential Construction.....	1,752	1,776	1,852	2,012	1,848
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) <sup>3</sup> .....	(276)	(-16)	(528)	(488)	(319)
8. Exports of Goods and Services.....	5,532	5,752	5,864	5,908	5,764
9. Deduct: Imports of Goods and Services.....	-6,012	-6,096	-6,656	-7,008	-6,443
10. Residual Error of Estimate.....	-148	28	-44	88	-19
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	25,748	26,684	27,436	27,948	26,954

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					1957						
I	II	III	IV	Year	I	II	III	IV	Year		
13,636	14,108	14,560	14,832	14,284	15,072	15,284	15,588	15,432	15,344	1.	
372	424	452	448	424	456	456	512	480	476	2.	
4,748	4,784	4,736	4,860	4,782	4,844	4,712	4,604	4,480	4,660	3.	
1,492	1,536	1,508	1,648	1,546	1,208	1,212	1,112	1,052	1,146	4.	
1,916	1,920	2,012	1,956	1,951	1,948	1,976	1,988	2,012	1,981	5.	
22,164	22,772	23,268	23,744	22,987	23,528	23,640	23,804	23,456	23,607	6.	
3,480	3,628	3,604	3,692	3,601	3,868	3,780	3,800	3,760	3,802	7.	
3,128	3,228	3,332	3,412	3,275	3,488	3,548	3,548	3,612	3,549	8.	
0	76	148	272	124	48	28	184	172	108	9.	
28,772	29,704	30,352	31,120	29,987	30,932	30,996	31,336	31,000	31,066	10.	
(27,280)	(28,168)	(28,844)	(29,472)	(28,441)	(29,724)	(29,784)	(30,224)	(29,948)	(29,920)	11.	

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

1956					1957						
I	II	III	IV	Year	I	II	III	IV	Year		
17,936	18,284	18,808	19,196	18,556	19,364	19,344	19,652	19,744	19,526	1.	
4,884	5,160	5,392	5,400	5,209	5,348	5,616	5,664	5,540	5,542	2.	
1,600	1,604	1,540	1,472	1,554	1,368	1,356	1,384	1,456	1,391	3.	
2,192	2,500	2,696	2,968	2,589	3,088	3,244	3,292	3,308	3,233	4.	
2,368	2,552	2,764	2,800	2,621	2,888	2,748	2,672	2,460	2,692	5.	
1,052	888	676	1,140	939	376	356	176	-216	173	6.	
(760)	(920)	(532)	(756)	(742)	(592)	(456)	(272)	(-108)	(303)	7.	
6,124	6,484	6,348	6,400	6,339	6,480	6,220	6,472	6,328	6,375	8.	
-7,388	-7,692	-7,720	-7,988	-7,697	-7,932	-7,864	-7,792	-7,444	-7,758	9.	
4	-76	-152	-268	-123	-48	-24	-184	-176	-108	10.	
28,772	29,704	30,352	31,120	29,987	30,932	30,996	31,336	31,000	31,066	11.	

TABLE 7. SOURCES OF PERSONAL  
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. 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 <sup>1</sup> ..	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 <sup>2</sup> .....	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.....	28	32	32	32	31
9. Net Bad Debt Losses of Corporations.....	24	24	28	28	26
10. PERSONAL INCOME.....	19,080	19,640	19,868	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				Year
	I	II	III	IV	
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 <sup>1</sup> .....	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.....	1,120	1,220	996	948	1,071
10. PERSONAL INCOME.....	19,080	19,640	19,868	20,216	19,701
11. (Personal Disposable Income) <sup>2</sup> .....	(17,608)	(18,240)	(18,328)	(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					1957						
I	II	III	IV	Year	I	II	III	IV	Year		
13,636	14,108	14,560	14,832	14,284	15,072	15,284	15,588	15,432	15,344	1.	
-452	-464	-476	-464	-464	-496	-496	-524	-528	-511	2.	
372	424	452	448	424	456	456	512	480	476	3.	
1,476	1,560	1,428	1,640	1,526	1,280	1,296	1,048	988	1,153	4.	
1,916	1,920	2,012	1,956	1,951	1,948	1,976	1,988	2,012	1,981	5.	
2,044	2,056	2,112	2,176	2,097	2,192	2,260	2,312	2,320	2,271	6.	
1,772	1,752	1,768	1,768	1,765	1,892	1,940	2,124	2,376	2,083	7.	
32	36	36	36	35	32	32	32	32	32	8.	
24	24	28	28	26	24	24	28	28	26	9.	
20,820	21,416	21,920	22,420	21,644	22,400	22,772	23,108	23,140	22,855	10.	

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

1956					1957						
I	II	III	IV	Year	I	II	III	IV	Year		
1,392	1,432	1,564	1,592	1,495	1,624	1,676	1,712	1,748	1,690	1.	
148	196	124	116	146	124	128	128	128	127	2.	
76	80	88	72	79	96	84	108	72	90	3.	
1,616	1,708	1,776	1,780	1,720	1,844	1,888	1,948	1,948	1,907	4.	
10,196	10,272	10,668	10,916	10,513	10,924	10,976	11,116	11,184	11,050	5.	
1,948	2,100	2,112	2,084	2,061	2,124	1,984	2,076	1,968	2,038	6.	
5,792	5,912	6,028	6,196	5,982	6,316	6,384	6,460	6,592	6,438	7.	
17,936	18,284	18,808	19,196	18,556	19,364	19,344	19,652	19,744	19,526	8.	
1,268	1,424	1,336	1,444	1,368	1,192	1,540	1,508	1,448	1,422	9.	
20,820	21,416	21,920	22,420	21,644	22,400	22,772	23,108	23,140	22,855	10.	
(19,204)	(19,708)	(20,144)	(20,640)	(19,924)	(20,556)	(20,884)	(21,160)	(21,192)	(20,948)	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.....	196	286	323	317	1,122
7. New Non-Residential Construction.....	274	321	403	367	1,365
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	1,251	1,372	1,301	5,008
12. Deduct: Imports of Goods and Services.....	-1,257	-1,437	-1,488	-1,552	-5,734
13. Residual Error of Estimate.....	-38	6	24	-7	-15
14. GROSS NATIONAL EXPENDITURE.....	4,526	5,210	6,571	5,369	21,676

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.

TABLE 10. NATIONAL SAVING AND INVESTMENT ACCOUNT, 1955-1957  
SAVING  
(millions of dollars)

	1955	1956	1957
1. Personal Saving.....	1,071	1,368	1,422
2. Gross Business Savings:			
(a) Undistributed corporation profits.....	910	1,030	857
(b) Depreciation allowances and similar business costs.....	2,956	3,275	3,549
(c) Net bad debt losses of corporations <sup>1</sup> .....	-26	-26	-26
(d) Adjustment on grain transactions.....	22	20	-7
(e) Inventory valuation adjustment (n.e.i.).....	-1	-1	+1
3. Government Surplus (+) or Deficit (-) <sup>2</sup> .....	135	432	94
4. Residual Error of Estimate.....	20	123	108
5. Total.....	5,087	6,221	5,998

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, 1955-1957  
FOR SEASONALITY <sup>1, 2</sup>  
(of dollars)

1956					1957				
I	II	III	IV	Year	I	II	III	IV	Year
3,533	3,888	3,764	4,317	15,502	3,662	3,924	3,809	4,354	15,749
2,092	2,259	2,268	2,771	9,390	2,158	2,320	2,315	2,807	9,600
395	559	483	465	1,902	403	505	459	445	1,812
1,046	1,070	1,013	1,081	4,210	1,101	1,099	1,035	1,102	4,337
843	791	1,034	944	3,612	852	823	1,048	923	3,646
219	309	318	291	1,137	178	254	276	287	995
324	426	550	510	1,810	441	540	657	553	2,191
411	583	499	468	1,961	488	583	450	396	1,917
-49	-141	1,134	-325	619	-42	-117	751	-499	93
(259)	(111)	(-28)	(26)	(368)	(252)	(70)	(-26)	(-74)	(222)
1,143	1,384	1,456	1,378	5,361	1,168	1,299	1,469	1,395	5,331
-1,455	-1,781	-1,670	-1,737	-6,643	-1,538	-1,774	-1,649	-1,585	-6,546
-21	19	5	-100	-97	-14	31	-4	-94	-81
4,948	5,478	7,090	5,746	23,262	5,195	5,563	6,807	5,730	23,295

TABLE 11. NATIONAL SAVING AND INVESTMENT ACCOUNT, 1955-1957  
INVESTMENT  
(millions of dollars)

	1955	1956	1957
1. Gross Domestic Investments: <sup>1</sup>			
(a) New residential construction.....	1,480	1,554	1,391
(b) New non-residential construction.....	1,848	2,589	3,233
(c) New machinery and equipment.....	1,947	2,621	2,692
(d) Change in inventories.....	510	939	173
2. Net Foreign Investments:			
(a) U.S.A.....	-998	-1,594	-1,497
(b) U.K. and other Sterling Area.....	383	291	123
(c) Other countries.....	-64	-55	-9
3. Residual Error of Estimate.....	-19	-124	-108
4. TOTAL.....	5,087	6,221	5,998

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

TABLE 12. GOVERNMENT REVENUE AND EXPENDITURE, BY LEVEL OF GOVERNMENT, 1955-1957  
REVENUE  
 (millions of dollars)

	1955	1956	1957
1. Direct Taxes — Persons.....	1,491	1,720	1,907
2. Federal.....	1,325	1,550	1,722
3. Provincial and Municipal.....	166	170	185
4. Direct Taxes — Corporations.....	1,262	1,410	1,284
Income and Profits Taxes			
5. Federal.....	1,200	1,333	1,070
6. Provincial.....	62	77	214
Withholding Taxes			
7. Federal.....	67	68	83
8. Indirect Taxes.....	3,317	3,722	3,910
9. Federal.....	1,744	1,972	1,990
10. Provincial and Municipal.....	1,573	1,750	1,920
11. Investment Income.....	641	711	708
12. Federal.....	248	295	246
13. Provincial and Municipal.....	393	416	462
14. Employer and Employee Contributions to Social Insurance and Pension Funds.....	423	464	511
15. Federal.....	284	321	340
16. Provincial and Municipal.....	139	143	171
Transfers from Other Governments			
17. Provincial and Municipal.....	450	481	520
18. Total Revenue.....	7,651	8,576	8,923
19. Federal.....	4,868	5,539	5,451
20. Provincial and Municipal.....	2,783	3,037	3,472
21. Deficit (+) or Surplus (-) <sup>1</sup> .....	-135	-432	-94
22. Federal.....	-182	-589	-206
23. Provincial and Municipal.....	+47	+157	+112
24. Total Revenue plus Deficit (or minus Surplus).....	7,516	8,144	8,829
25. Federal.....	4,686	4,950	5,245
26. Provincial and Municipal.....	2,830	3,194	3,584

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, 1955-1957  
EXPENDITURE  
(millions of dollars)

	1955	1956	1957
1. Goods and Services.....	4,728	5,209	5,542
2. Federal <sup>1</sup> .....	2,461	2,631	2,669
3. Provincial and Municipal.....	2,267	2,578	2,873
4. Transfer Payments.....	2,259	2,333	2,659
5. Federal.....	1,700	1,720	1,950
6. Provincial and Municipal.....	559	613	709
7. Subsidies.....	79	121	108
8. Federal.....	75	118	106
9. Provincial and Municipal.....	4	3	2
Transfers to Other Governments			
10. Federal.....	450	481	520
11. Total Expenditure.....	7,516	8,144	8,829
12. Federal.....	4,686	4,950	5,245
13. Provincial and Municipal.....	2,830	3,194	3,584

1. Includes defence expenditure of \$1,756 million in 1955; \$1,800 in 1956; \$1,768 in 1957.

TABLE 14. GROSS DOMESTIC INVESTMENT (EXCLUDING INVENTORIES), BY INDUSTRY,<sup>1</sup> 1955-1957  
(millions of dollars)

	1955	1956	1957
1. Agriculture.....)	426	488	481
Fishing and Trapping.....)			
2. Forestry.....	63	76	43
3. Mining, Quarrying and Oil Wells.....	336	542	585
4. Manufacturing.....	947	1,394	1,426
5. Construction.....	174	200	161
6. Transportation and Storage.....	400	739	1,088
7. Communication.....	217	252	300
8. Public Utility Operation.....	476	728	920
9. Trade.....	329	325	380
10. Finance, Insurance and Real Estate <sup>2</sup> .....	1,582	1,678	1,534
11. Service <sup>3</sup> .....	325	342	398
12. Total.....	5,275	6,764	7,316

1. This Table is derived from "Private and Public Investment in Canada, Outlook, 1957" and "Private and Public Investment in Canada, Outlook, 1958" (Department of Trade and Commerce); adjustments have been made to bring the data into line with National Accounting concepts. See reconciliation statement, Table 15.
2. Includes all new residential construction, (exclusive of government other than government business enterprises). See Table 2, Line 3.
3. Excludes government departmental expenditures, provincial hospital and school, and municipal school expenditures, which are included with "Government Expenditure on Goods and Services". Investment expenditure of government business enterprises (railways, power commissions, etc.) are included under appropriate industry headings.

TABLE 15. GROSS DOMESTIC INVESTMENT (EXCLUDING INVENTORIES), 1955-1957  
RECONCILIATION STATEMENT  
(millions of dollars)

	<u>1955</u>	<u>1956</u>	<u>1957</u>
1. Total Private and Public Investment in Canada <sup>1</sup> .....	6,350	8,024	8,721
2. Deduct: New Residential Construction by Governments <sup>2,3</sup> ....	-19	-21	-24
3. Deduct: New Non-Residential Construction by Governments <sup>3</sup> ...	-967	-1,137	-1,273
4. Deduct: New Machinery and Equipment Outlays by Governments <sup>3</sup>	-89	-102	-108
5. Total Gross Domestic Investment (excluding inventories) (1-2-3-4+5) = (6+7+8) .....	5,275	6,764	7,316
6. New Residential Construction <sup>4</sup> .....	1,480	1,554	1,391
7. New Non-Residential Construction <sup>4</sup> .....	1,848	2,589	3,233
8. New Machinery and Equipment <sup>4</sup> .....	1,947	2,621	2,692

1. As presented in the publications "Private and Public Investment in Canada, Outlook, 1957" and "Private and Public Investment in Canada, Outlook, 1958", 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 36, N.E.A.).
3. Included in "Government Expenditure on Goods and Services" line 2, Table 2.
4. See also lines 3, 4 and 5, Table 2.

TABLE 16. ANALYSIS AND RECONCILIATION OF EXPORTS AND IMPORTS, 1955-1957  
(millions of dollars)

	<u>1955</u>	<u>1956</u>	<u>1957</u>
<b>Exports of Goods and Services:</b>			
1. Merchandise Exports <sup>1</sup> .....	4,332	4,833	4,909
2. Gold available for Export <sup>1</sup> .....	155	150	147
3. Receipts from Services rendered to Non-Residents (including dividends and interest received from abroad).....	1,363	1,454	1,439
4. Subtotal: "Current Receipts" as per "Canadian Balance of International Payments" <sup>1</sup> .....	5,850	6,437	6,495
5. Adjustments <sup>2</sup> .....	-86	-98	-120
6. Total "Exports of Goods and Services" as per National Accounts <sup>3</sup>	5,764	6,339	6,375
<b>Imports of Goods and Services:</b>			
7. Merchandise Imports <sup>1</sup> .....	4,543	5,567	5,487
8. Payments for Services rendered by Non-Residents (including interest and dividends paid abroad).....	2,005	2,242	2,391
9. Subtotal: "Current Payments" as per "Canadian Balance of International Payments" <sup>1</sup> .....	6,548	7,809	7,878
10. Adjustments <sup>2</sup> .....	-105	-112	-120
11. Total "Imports of Goods and Services" as per National Accounts <sup>3</sup>	6,443	7,697	7,758

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 1955-1957.
2. Migrants' funds and inheritances.
3. See also Table 2.





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