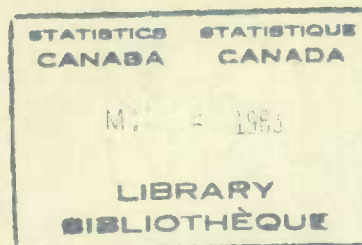


CATALOGUE No.

13-001

QUARTERLY



NATIONAL ACCOUNTS  
INCOME AND EXPENDITURE

FOURTH QUARTER  
AND  
PRELIMINARY ANNUAL

1959

DOES NOT CIRCULATE  
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The Honourable Gordon Churchill, Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS

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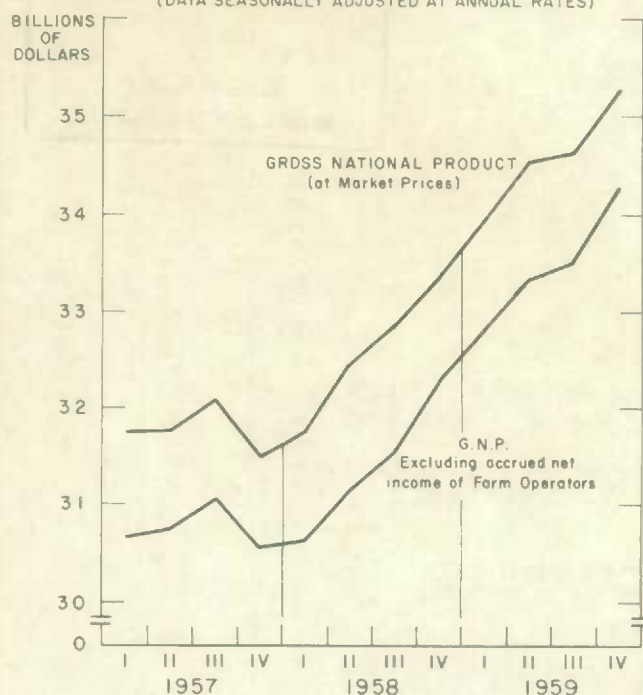
National Income Section

March, 1960  
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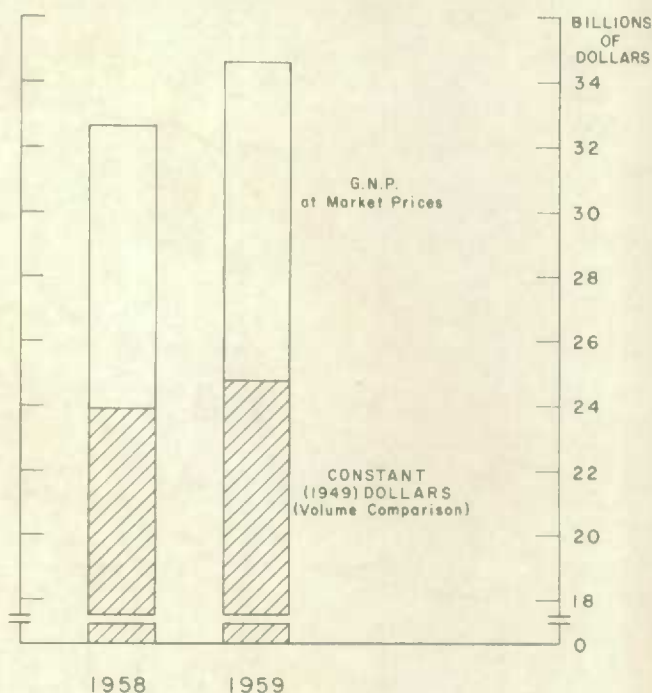
Price \$2.00 per year

GROSS NATIONAL PRODUCT SHOWED A  
MARKED RISE IN 1959  
FOLLOWING THE UPSWING  
WHICH BEGAN IN 1958

(DATA SEASONALLY ADJUSTED AT ANNUAL RATES)

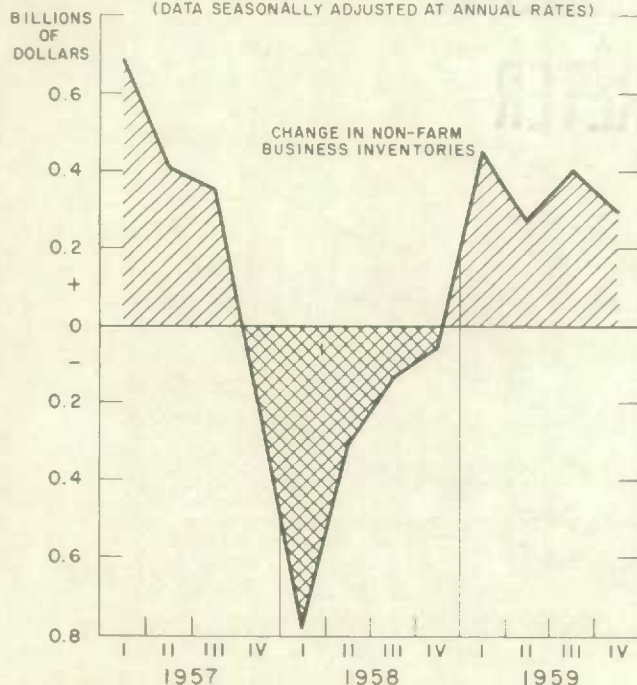


THE VALUE INCREASE FOR THE YEAR  
AS A WHOLE WAS ABOUT 6 PER CENT  
OVER 1958, WITH THE VOLUME OF PRODUCTION  
UP BY ABOUT 4 PER CENT



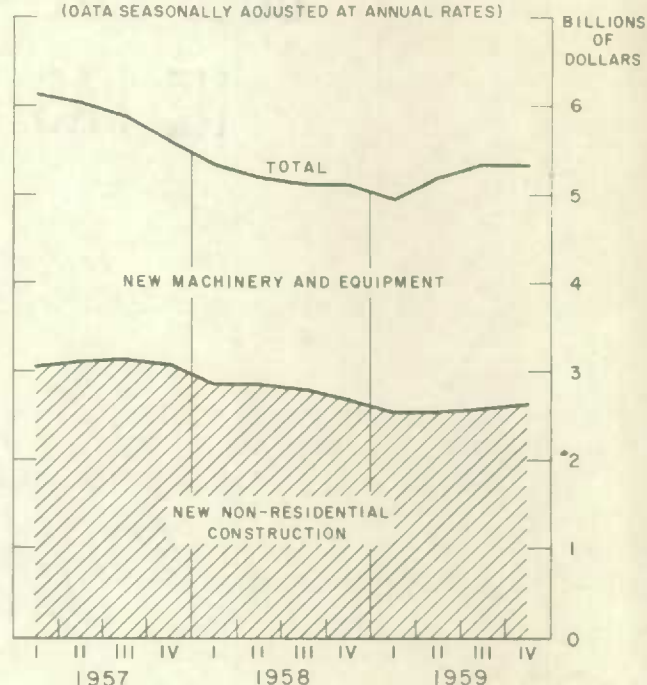
THE SWING IN BUSINESS INVENTORIES FROM  
LIQUIDATION IN 1958 TO ACCUMULATION  
IN 1959 CONTRIBUTED SUBSTANTIALLY TO THE  
INCREASE IN GROSS NATIONAL PRODUCT

(DATA SEASONALLY ADJUSTED AT ANNUAL RATES)



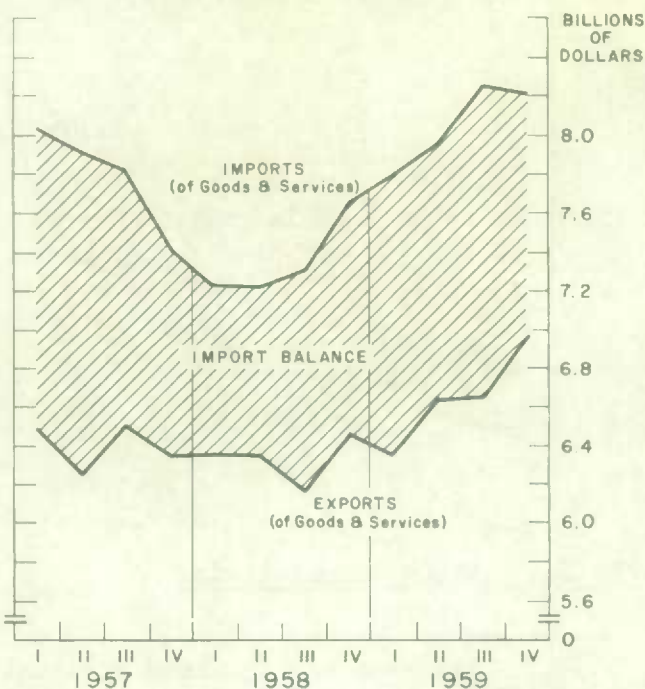
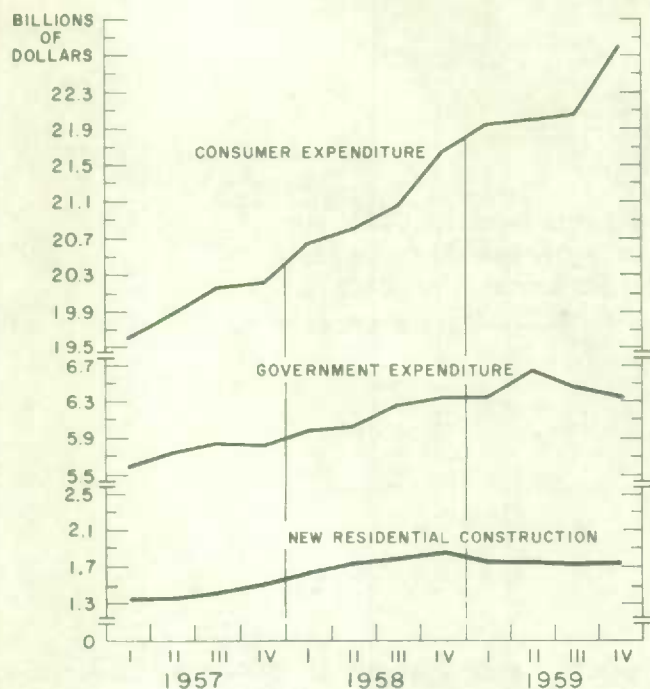
THE TWO-YEAR DOWNTREND OF BUSINESS  
OUTLAYS FOR PLANT AND EQUIPMENT  
WAS REVERSED IN THE EARLY  
PART OF 1959

(DATA SEASONALLY ADJUSTED AT ANNUAL RATES)



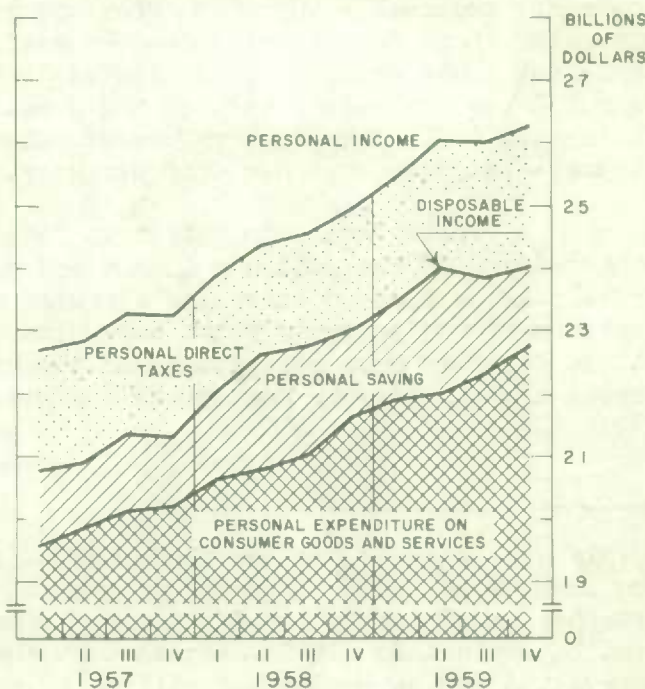
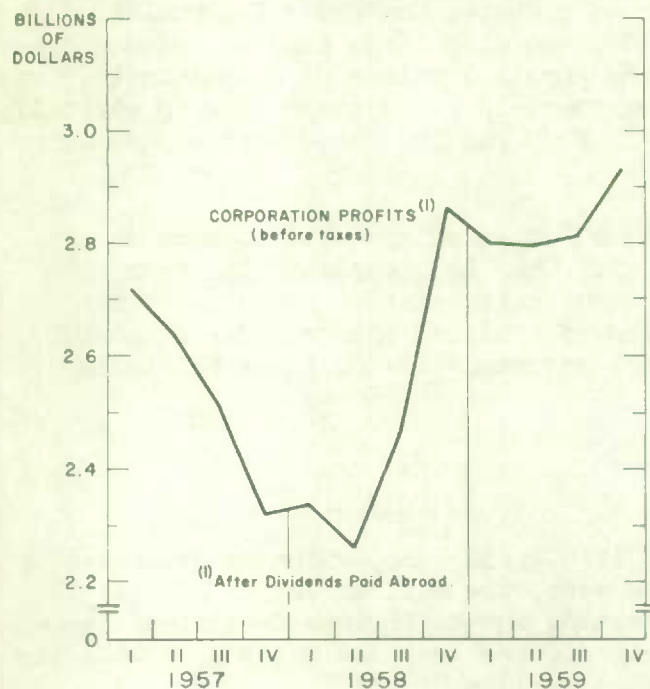
CONSUMER EXPENDITURE CONTINUED TO PROVIDE STRENGTH ON THE DEMAND SIDE. HOWEVER, THE UPWARD TRENDS IN HOUSING AND GOVERNMENT EXPENDITURE WERE INTERRUPTED DURING THE PERIOD

EXPORTS ROSE SUBSTANTIALLY, BUT THE RISE WAS ACCOMPANIED BY A MUCH SHARPER INCREASE IN IMPORTS, WITH A CONSEQUENT WIDENING OF THE DEFICIT



CORPORATION PROFITS LEVELLED OFF IN 1959, FOLLOWING THE SHARP UPSWING IN THE LAST HALF OF 1958

PERSONAL INCOME SHOWED A YEAR-TO-YEAR GAIN OF 6 PER CENT, WHICH WAS LARGELY ABSORBED BY THE RISE IN CONSUMER EXPENDITURES AND DIRECT TAXES



(ALL DATA AT SEASONALLY ADJUSTED ANNUAL RATES)



## INTRODUCTORY REVIEW

(This report incorporates revisions to data for 1958 and 1959, based mainly on new information from "Private and Public Investment in Canada - Outlook 1960". See also Technical Note on page 18).

### The Year 1959 - Annual Review

The recovery in Gross National Product, which began in 1958 as the economy emerged from a mild recession, continued during 1959. The upswing carried the Gross National Product to new levels in the first half of the year, but moderated in the third quarter when the expansion was checked by a combination of factors associated in large part with industrial disputes in Canada and the United States. In the fourth quarter the advance was resumed, with a further gain in the value of the nation's total output of goods and services of about 2 per cent from the preceding quarter, seasonally adjusted. For the year as a whole, the Gross National Product averaged about 6 per cent above the year 1958, and with final product prices higher by about 2 per cent, it is estimated that the physical volume of output in 1959 was about 4 per cent above that of the preceding year. <sup>1/</sup> This compares with virtually no change in the physical volume of output in 1957 and 1958, and with a post-war average increase of 4 per cent per year.

The increase in output in 1959 was accompanied by broad changes in the composition of the nation's income and outlay. Over the course of the year, reversals in trend occurred in a number of major categories of demand, and the pattern of the nation's total expenditure showed a marked change. The following table provides some perspective on the nature and magnitude of these shifts in terms of year-to-year percentage changes.

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<sup>1/</sup> The figures include the value of the 1959 grain crop, which is estimated to be about 7 per cent above the year 1958. However, the full effect of adverse weather conditions which delayed grain harvesting in the Prairie Provinces cannot yet be evaluated. It is assumed that the part of the crop now under snow will be harvested in the spring and will be of average quality.

Changes in Components of Gross National Expenditure

	<u>Percentage Changes</u>		<u>Change in \$ Billions</u>
	1957 to <u>1958</u>	1958 to <u>1959</u>	1958 to <u>1959</u>
Personal Expenditure .....	5.4	5.8	1.2
Government Expenditure .....	7.4	4.5	0.3
Residential Construction .....	25.1	-1.1	-
Non-Residential Construction .....	-9.4	-7.8	-0.2
Machinery and Equipment .....	-14.9	9.4	0.2
Exports .....	-1.0	5.1	0.3
 Total Final Demand .....	 2.7	 4.5	 1.8
Inventories .....	(-\$0.6 b.)	(+\$0.7 b.)	0.7
(Business Only) .....	(-\$0.6 b.)	(+\$0.7 b.)	0.7
Imports .....	-5.6	9.5	-(+0.7)
 Gross National Product ....	 2.6	 6.1	 2.0

Much of the support to the rising level of production in 1959 came from the renewed build-up of inventories and the reversal of the down-trend in plant and equipment outlays during the year. Business inventories shifted from a position of heavy liquidation in 1958 to one of moderate accumulation in 1959; the turn-around here was the equivalent of about \$0.7 billion in terms of new demands on production. The decline in business capital expenditures for new plant and equipment, which was moderating in the latter part of 1958, was reversed in 1959, and outlays by the business sector were providing a stimulus to the advance in final demand in the second and third quarters of the year; the slight decline in the fourth quarter appears to have been associated with the effects of the United States' steel strike on machinery and equipment investment in Canada. For the year as a whole, however, plant and equipment outlays were unchanged. On the other hand, outlays for new housing, which rose very sharply in 1958 (by 25 per cent) were moving downward through the first three quarters of 1959, recovering slightly in the fourth quarter as new mortgage money made available by the government was taken up. For the year as a whole, housing outlays were down very slightly from 1958.

The personal and government sectors contributed significantly to the advance in output in 1959. Personal expenditure on consumer goods and services registered a slightly greater increase than in the previous year, and with prices up more moderately, the volume of consumption showed a more pronounced gain than in 1958. However, government expenditures on goods and services rose less sharply in 1959, by only 5 per cent, compared with 7 per cent in 1958. In the last half of the year, government outlays for goods and services declined.

Turning to transactions on international account, exports of goods and services, after having remained stable at a high level for two years despite the recession, rose by 5 per cent in 1959. Most of the gain was concentrated in the last



half of the year. At the same time, imports of goods and services, which fell sharply in the recession period but were rising in the latter part of 1958, continued upward in 1959, and for the year as a whole showed a gain of 9 per cent. The deficit on current account widened substantially, but there was some narrowing of the merchandise deficit at year-end, on a seasonally adjusted basis.

Taken together, these shifts in the pattern of the nation's total expenditure produced a Gross National Product in 1959 which was about 6 per cent above the level of the year 1958, compared with a gain of about 2 1/2 per cent in the 1957-1958 period.

The flow of income to the personal, business, and government sectors was also marked by changes in the trend of important income components and by shifts in the compositional pattern of the income aggregates in 1959. Transfer payments, which rose by 27 per cent between 1957 and 1958, made a much smaller contribution to the gain in personal income in 1959. The reverse is true of labour income, which showed only a small change between 1957 and 1958 but rose sharply in 1959, accounting for a much greater proportion of the increase in total personal income than in the previous year. While corporation profits showed little change over the four quarters of 1959, they were at an average rate about 14 per cent above the year 1958; this compares with a decline of less than 3 per cent between 1957 and 1958.

The shift in the pattern of profits, labour income, and transfer payments was largely responsible for the differing rates of change between national income and personal income in the two periods. In 1958, national income was affected by the small rise in labour income and the drop in profits, and showed only a 3 per cent gain; personal income advanced by 6 per cent, reflecting the sharp rise in transfer payments. In 1959, however, with profits and labour income showing substantial gains and transfer payments moderating, the advance in national income and in personal income were closely in line.

#### Changes in Major Income Components

	<u>Percentage Changes</u>	
	1957 to 1958	1958 to 1959
<u>Selected Personal and Business</u> <u>Income Components</u>		
Wages, Salaries, and Supplementary Labour Income .....	2.7	7.8
Transfer Payments .....	27.8	4.8
Personal Income .....	6.2	6.4
Corporation Profits After Dividends Paid Abroad .....	-2.5	14.2
Capital Consumption Allowances .....	-1.8	5.3
Rents, Interest, and Miscellaneous Investment Income .....	5.8	3.9
Net Income of Non-Farm Unincorporated Business .....	5.4	1.5
Accrued Net Income of Farm Operators from Farm Production ...	19.8	-7.1
National Income .....	3.5	6.4
<u>Selected Government Revenues</u> (All levels of government)		
Direct Personal Taxes .....	-6.4	16.4
Corporation Tax Liabilities .....	-3.5	17.7
Indirect Taxes .....	1.5	9.6

The expansion of activity in 1959 was characterized by a marked recovery in the tax revenues collected by or accruing to the government sector, reflecting the recovery in profits, higher employment and earnings, a higher level of imports, sales and shipments, and increases in tax rates. The changes in government revenues from the three major tax sources for all levels of government combined are shown in the table on the preceding page.

### Value, Volume, Price Comparisons

Taking the change in the price of all components together, it is estimated that the price element of total Gross National Expenditure was higher in 1959 by about 2 per cent. The value, volume and price components of each of the main expenditure categories are shown in the accompanying table:

#### Percent Changes, Value, Volume and Price

	<u>1959 1958</u>			Price Change <sup>1.</sup>
	Value	Volume	Price <sup>1.</sup>	<u>Year 1958 Year 1957</u>
Personal Expenditure .....	5.8	4.5	1.2	2.5
Goods .....	5.3	4.9	0.5	1.8
Non-Durable .....	5.0	4.9	0.3	1.9
Durable .....	6.3	4.7	1.8	1.4
Services .....	6.8	3.7	2.7	3.6
Government Expenditure .....	4.5	1.2	2.9	3.2
Business Gross Fixed Capital Formation ..	-0.2	-2.9	3.0	2.1
New Residential Construction .....	-1.1	-5.0	4.0	2.5
New Non-Residential Construction .....	-7.8	-10.1	2.6	1.2
New Machinery and Equipment .....	9.4	6.9	2.5	2.7
Exports of Goods and Services .....	5.1	2.2	1.5	-0.2
Imports of Goods and Services .....	9.5	10.1	-0.4	1.3
Gross National Expenditure .....	6.1	3.5	2.3	2.2

1. The price comparisons shown above are based on a set of fixed weight price indexes (1955 = 100), and not upon the implicit price deflators which can be derived by dividing the value series by the volume series. The implicit deflators are weighted by changes in the expenditure pattern over time, and do not permit accurate measurements of price change. A specially constructed set of fixed weight price indexes has therefore been used for purposes of depicting price changes in the above table.

Final product prices continued to drift upward slightly between 1958 and 1959. In the over-the-year comparisons, the advance was about the same as that which occurred between 1957 and 1958. The rise in the price of consumer goods and services in 1959 was small, and amounted to less than half the price rise of the 1957-1958 period, but this development was accompanied by a somewhat larger increase in the price of capital goods and in exports. Prices of imported goods declined, reflecting for the most part a higher rate of exchange on the Canadian dollar.



## Production and Employment

Most major industry divisions contributed to the rise in the physical volume of output in 1959. The sharpest increases were in forestry, mining, and public utilities. The almost uniformly upward trend of production in 1959 is in strong contrast to the mixed and largely offsetting movements that characterized output in the previous year. A large part of the increase from 1958 levels came in the first half of 1959; the rate of increase dropped in the second half, partly as a result of industrial disputes in Canada and the delayed effects of the steel strike in the United States.

Among the primary industries, an increase of about 9 per cent in forestry production was entirely attributable to pulpwood; output of other forest products was fractionally lower. The improvement in markets for some traditional metals and fuels and the continued expansion of output of new resource industries brought about a more than 10 per cent increase in mining production as a whole and relatively large gains in the output of several important products. Among these are nickel (31 per cent), copper (15 per cent), crude petroleum (12 per cent), uranium (18 per cent), and natural gas (24 per cent). Output of coal continued to decline as did that of lead and zinc. The underlying trend of mining production as a whole was strongly upward throughout the year and by December the index was nearly 15 per cent higher than a year earlier.

The output of manufacturing industries was about 7 per cent higher in 1959 than in 1958; the gain in durables was about 8 per cent and in non-durables about 6 per cent. All the major divisions of manufacturing increased their production with the single exception of transportation equipment. Production in this industry was off slightly, partly as a result of the steep drop in activity in aircraft and parts. The largest increases in output were in iron and steel products (18 per cent), rubber products (17 per cent), textiles (12 per cent), products of petroleum and coal (11 per cent) and non-metallic mineral products (9 per cent); in paper products, printing and publishing, and electrical apparatus and supplies, the rise in production was close to the average for manufacturing industries as a whole; the remaining divisions recorded smaller gains. The expansion of output was particularly marked in some individual industries, notably agricultural implements (34 per cent), and primary iron and steel (38 per cent).

The rising trend of manufacturing production in 1959 was interrupted in the third quarter, when the prolonged industrial dispute in the woods industry in British Columbia affected production of durable goods. In the closing quarter the rise in manufacturing production was restrained by November lay-offs in the automotive industry due to shortages of steel among United States' suppliers. Nevertheless, production advanced 2 per cent in the final quarter of the year, after allowing for seasonal factors. By the end of the year the index of manufacturing output was 6 per cent above its level one year earlier. Non-durable manufacturing production was running 4 per cent above its previous 1957 peak, but durable manufacturing production was still 3 per cent below the peak reached in July, 1956.

The relatively large year-to-year advance in the output of public utilities -- 14 per cent -- was mainly the result of a huge increase in the distribution of natural gas to final users; distribution by electric power utilities was up less than 10 per cent.

The volume of construction is estimated to have been 3 per cent lower in 1959 than in 1958. The increase in the volume of public construction did not fully offset the decline in private construction.



All the service-producing industries shared in the 4 1/2 per cent advance in output for the group as a whole. A 6 per cent gain in volume in transportation, communication and storage contrasts with the 4 per cent decline in 1958. Railway car loadings were only slightly higher but most other forms of transport handled a decidedly larger volume of business, notably shipping, air transport, and oil pipelines.

The gains in production outlined above were accompanied by an increase in total employment in 1959. The number of persons with jobs was close to 3 per cent higher than in 1958; the number with jobs in the non-farm sector was 3 1/2 per cent higher. This growth in employment opportunities in 1959 reduced the number of persons without jobs and seeking work from 6.6 to 5.6 per cent of the labour force.

### The Fourth Quarter

The advance in Gross National Product which had been temporarily checked in the third quarter of 1959 was resumed in the final quarter of the year. Total production of goods and services is estimated to have risen by about 2 per cent over the third quarter on a seasonally adjusted basis. Price factors were somewhat more prominent in the fourth quarter than had been the case throughout the earlier part of the year, reflecting largely irregular movements in food prices. The increase in the physical volume of production during the quarter was therefore somewhat less than that indicated by the value figures.

The fourth quarter rise in output was widely diffused through the economy, with all industry groups showing an advance over the third quarter. The increase in forestry was particularly sharp, following settlement in mid-September of the work stoppage in the primary wood and wood fabricating industries in British Columbia. Manufacturing production, which had declined in the third quarter, was higher by 2 per cent in the fourth. Durable goods manufacturing rose by 3 per cent, despite the fact that output was off sharply in November as shortages of steel from the United States severely affected motor vehicle production. In part, the fourth quarter rise in the durable index reflected higher output in the wood and wood products industries, and in part a sharp increase in the operating levels of the Canadian primary iron and steel industry. Non-durable manufacturing production, which had also declined in the third quarter, was higher in the fourth by 1 per cent. Mining, quarrying, and oil wells advanced by 2 per cent in the quarter, while construction and the service industries all showed gains ranging from 1 to 3 per cent.

The major expansionary factors on the demand side during the quarter were a further rise of 2 per cent in personal expenditure on consumer goods and services, and a sharp increase in exports of goods and services. The gain in consumer outlays amounted to 2 per cent, and was somewhat more pronounced in the durable group than in non-durables and services. The chief contributing factor to the rise in durable goods was an increase of more than 8 per cent in purchases of new and used automobiles. In the non-durables group, a very sharp increase occurred in purchases of natural and manufactured gas, reflecting the installation of new transmission facilities which came into operation during the summer and fall of 1959. Gains in most other non-durable items ranged from 1 to 3 per cent. Services (including net expenditure abroad) were higher in the quarter by about 2 per cent.

The pronounced rise in exports of goods and services in the fourth quarter, amounting to 5 per cent, was entirely attributable to the merchandise items, with transactions on invisible account showing a small decline. Three main commodity groups accounted for the major part of the increase in merchandise items;

exports of wood and wood products were higher by 7 per cent, as supplies became more plentiful following the end of the work stoppage in British Columbia; exports of iron and its products rose by 34 per cent, reflecting higher purchases of steel and iron ore from Canadian producers; and exports of non-ferrous metals rose by 9 per cent, associated largely with higher sales of aluminum, copper and nickel. The sharp increase in exports of goods and services in the fourth quarter was accompanied by a fractional decline in imports of goods and services, so that the deficit on current account narrowed considerably.

After moving upward for two successive quarters, business outlays for plant and equipment declined slightly in the fourth quarter of 1959. The decline was entirely attributable to a drop in outlays for new machinery and equipment and appears to have been related to supply difficulties associated with the steel strike in the United States; both domestic shipments and imports of machinery and equipment were down in the fourth quarter on a seasonally adjusted basis. Outlays for new non-residential construction were somewhat higher in the fourth quarter than in the third.

Outlays for new housing, which had been declining since early 1959, showed a small increase in the fourth quarter of the year. The gain was associated with a 12 per cent rise in housing "starts" following the taking up of additional mortgage funds made available from government sources; "completions" continued to decline in the quarter.

The rate of business inventory accumulation in the fourth quarter was somewhat lower than in the third. However, the build-up in manufacturing continued at an accelerated rate mainly due to a sharp increase in the rate at which iron and steel products were being accumulated. The rate of accumulation of wholesale inventories was only slightly below that of the third quarter, reflecting developments in the iron and steel and food groups. At retail, however, the rate of accumulation fell sharply, from \$160 million in the third quarter to \$40 million in the fourth quarter. The decline in the build-up in this group was more than accounted for by the sharp swing in retail holdings of automobiles from a position of accumulation in the third quarter to sizable liquidation in the fourth quarter, on a seasonally adjusted basis. Partially offsetting this swing in retail holdings of automobiles was a fairly substantial rise in holdings of lumber, building materials and farm implements.

#### COMPONENTS OF GROSS NATIONAL EXPENDITURE

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

Moderate increases in most categories accompanied a 6 per cent rise in personal expenditure on consumer goods and services in 1959. While consumer prices continued to advance, the upward trend moderated. The greater part of the increase in spending in 1959 thus represented a gain in real consumption. On a per capita basis, consumer expenditure showed the first volume increase since 1956.

Consumer expenditure on non-durable goods rose by 5 per cent in 1959. All categories showed increases of varying magnitude, the most significant occurring in gas (34 per cent), electricity and tobacco products (each up 10 per cent), and auto parts and accessories (9 per cent); other important changes occurred in expenditures on alcoholic beverages, clothing, fuel, and soaps and cleaning supplies, all of which increased by amounts varying between 4 per cent and 6 per cent. Expenditures



on food increased by about 3 1/2 per cent, one of the more moderate increases in recent years. However, with food prices somewhat lower, the gain in real food consumption was considerably larger.

Expenditure on durables rose more than 6 per cent, the major part of which is accounted for by a 9 per cent gain in purchases of new and used automobiles. However, there was a significant advance in outlays for other durables, notably home furnishings (6 per cent) and appliances and radios (6 per cent); purchases of furniture showed little change.

The 11 per cent gain in sales of new passenger cars in 1959 was the largest since 1955 when they rose by 28 per cent. In contrast to 1955, however, sales of imported European and British models in 1959 accounted for 18 per cent by value of all new car sales, rising by 45 per cent over the year 1958. Sales of domestic and United States manufactured vehicles rose by 6 per cent.

The rise in durable goods purchases in 1959 was accompanied by an increase in consumer credit outstanding. Between December 1958 and December 1959, total consumer credit outstanding on the books of finance companies and retail dealers rose by 6 per cent. Unsecured personal loans by chartered banks (excluding home improvement loans) rose by 30 per cent in the same period.

Continuing to make relatively large gains, expenditure on services rose almost 7 per cent. The most significant increases were in outlays for shelter (8 per cent), medical care (9 per cent) and household operation (8 per cent).

The advance in personal expenditure in 1959 was closely in line with the increase in disposable income so that the level of personal saving showed little change. As a percentage of disposable income, personal saving was 6.7 per cent in 1959 compared with 7.1 per cent in 1958, rates of saving which in both cases are relatively high by the standards of post-war years.

### Investment in Business Inventories

The accumulation of business inventories in 1959 amounted to \$355 million, in contrast to a liquidation of \$323 million in 1958. This shift of nearly \$700 million between the two years was an important factor in economic recovery and accounted for almost one-third of the \$2.0 billion rise in Gross National Product in 1959.

### Change in Business Inventories

	<u>1957</u>	<u>1958</u>	<u>1959</u>
Manufacturing .....	128	-257	134
Wholesale .....	75	-53	72
Retail .....	32	-9	134
Other .....	<u>76</u>	<u>-4</u>	<u>15</u>
Total .....	311	-323	355

Nearly 60 per cent of the turn-around in business inventories took place in manufacturing. The building up of stocks did not keep pace with the growth in

sales, and ratios of stocks to shipments fell significantly between 1958 and 1959 in both the durable and non-durable segments of manufacturing. The turn-around in manufacturing was almost totally due to the durable goods industries build-up. All durable groups showed a positive year-to-year shift, the most pronounced of all being in the iron and steel, and transportation equipment industries. In the non-durables group, while stocks of food and chemicals were depleted heavily, this liquidation was counter-balanced by a build-up in the petroleum, rubber and clothing industries.

Wholesalers built up stocks in 1959, after having drawn them down in 1958. As in manufacturing, stock-sales ratios were lower in 1959 than in 1958. Accumulation of inventories was fairly widespread among durable and non-durable goods' wholesalers, and included substantial build-ups in industrial machinery and equipment and in petroleum products.

Retail traders also built up stocks in 1959 after having depleted them in 1958. Stock-sales ratios however appeared slightly higher than those in 1958. Both durable and non-durable goods' retailers increased their holdings of inventories in 1959.

#### Business Gross Fixed Capital Formation

At a level of \$7.0 billion, expenditures on construction and machinery and equipment remained almost unchanged in 1959. However, this stable aggregate conceals important changes among components.

Non-residential construction fell to \$2.6 billion, nearly 8 per cent lower than in 1958. The decline in construction, mainly concentrated in engineering works, reflected the completion of certain large projects, such as pipelines, electric power installations and the St. Lawrence Seaway, reinforced by a decided drop in expenditures for construction by manufacturing industries.

At the same time, there was an upsurge in outlays for machinery and equipment which rose to \$2.6 billion, more than 9 per cent above the level of the preceding year. <sup>1/</sup> This increase was supported by higher imports and domestic shipments of machinery and equipment, which were both up more than 10 per cent. New orders in the industries producing capital goods (excluding transportation equipment) averaged higher by 20 per cent. Notable gains were recorded in purchases of farm machinery (22 per cent), and commercial vehicles (17 per cent).

The value of residential construction, at \$1.7 billion, was slightly lower than in 1958. The decline reflects a 14 per cent drop in housing units started and virtually no change in completions. Approvals of N.H.A. loans of all kinds fell by nearly one-third. Approved lenders, in the face of strong competing demands for funds and rising interest rates, curtailed their mortgage lending sharply. From September 1st, Central Mortgage and Housing Corporation made direct loans available to builders. In these circumstances, outlays for housing rose a little in the closing quarter of the year.

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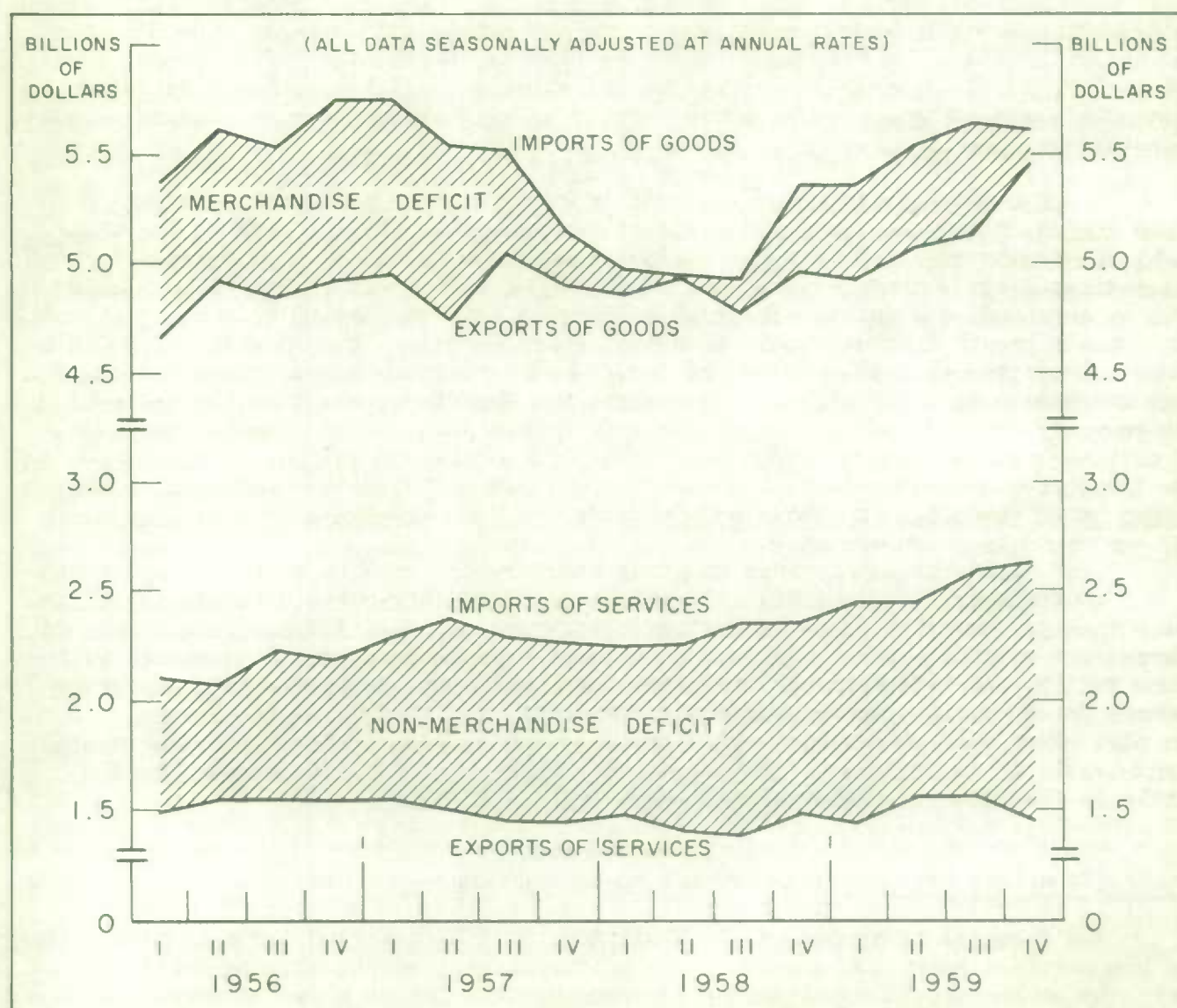
<sup>1/</sup> See footnote 4, Table 2.



## Exports and Imports of Goods and Services

In a situation of vigorous recovery in the United States and expanding economic activity in other industrialized countries, exports of goods and services rose to \$6.7 billion in 1959, 5 per cent higher than the levels attained in 1957 and 1958. The rate of increase was about the same for merchandise exports as for invisible items.

Among merchandise exports, the products of the leading primary industries were prominent in raising the total. Thus exports of forest products, metals and minerals were up over 10 per cent. Exports of iron and its products showed the largest relative gain of all the main commodity groups, rising by almost one-third, in contrast to a decline of about one-sixth in 1958. This unusually large increase was related to the strike-induced shortage of steel in the United States. Among other products showing relatively large gains were lumber, pulp and paper, uranium and some other non-ferrous metals. These gains were partially offset by lower sales of some agricultural products, including grains and cattle; and of some manufactured products, namely, aircraft and ships, sales having been extraordinarily high in the previous year.



So far as invisible items are concerned, receipts from the tourist trade, from freight and shipping, from miscellaneous services and in the form of interest and dividends were all higher in 1959 than in 1958. On the other hand, gold production available for export was lower. Receipts from services totalled \$1.5 billion, compared with \$1.4 billion the previous year.

As has been characteristic of periods of rising economic activity, imports of goods and services advanced sharply in 1959, reaching an annual total of \$8.1 billion, 9 1/2 per cent higher than in 1958. Payments for merchandise imports and for services rose in about the same proportion.

In spite of the substantial increase in merchandise imports in 1959, the level was somewhat below the peak in 1956. The gains were well distributed and included industrial machinery, farm machinery, consumer goods, both durable and non-durable, and industrial materials to support the higher level of production and to replenish stocks. Imports of certain items, such as primary steel and steel pipe, were significantly lower. The largest increase in imports came in the second quarter of the year; thereafter there was little change, seasonal factors apart.

Payments for all items in the service account were substantially higher in 1959 than in 1958. The 12 per cent increase in remittances of interest and dividends reflected growing indebtedness, higher interest rates, and larger dividend payments to non-residents. The rise in merchandise imports, particularly from overseas countries, swelled payments for freight and shipping. Higher economic activity brought larger payments for business services. Payments on tourist account were also up considerably.

The consequence of the changes in exports and imports of goods and services described above was a deficit on current international account (on the National Accounts basis) of \$1.4 billion, compared with one of \$1.0 billion in 1958, and slightly above the previous peak in 1957. Of this deficit about \$400 million was on merchandise account. The \$1.0 billion deficit on service account, continuing the steady growth characteristic of recent years, was more than double the deficit from this source in 1955. Prices of imports were slightly lower, while prices of exports were moderately higher. Thus there was some improvement in the terms of trade.

#### Government Expenditure on Goods and Services

Government expenditure on goods and services rose to \$6.4 billion, about 5 per cent higher than in 1958. All this advance is attributable to provincial and municipal governments; it reflects increased wages and salaries and larger expenditures of a capital nature. Federal government expenditures were down slightly, reflecting a decline in outlays for defence of about 6 per cent, which was largely offset by increased spending for other purposes.

#### COMPONENTS OF GROSS NATIONAL PRODUCT

##### Wages, Salaries, and Supplementary Labour Income

Labour income rose to \$17.7 billion in 1959, nearly 8 per cent higher than in the previous year. Unlike 1958, a significant part of the advance reflected gains in employment; a small part came from somewhat longer hours of work. The



upward trend in average earnings continued to contribute substantially to the advance in labour income.

All major industries shared in the increase in labour income in 1959, in contrast to the situation in 1958 when income failed to rise in several important industries. The largest gain occurred in the service group, <sup>1/</sup> where income was higher by more than 13 per cent. Income in government service and in the construction industry, up more than 9 per cent, also registered better than average gains. A small increase in employment (1 per cent) and in hours of work (1 per cent), together with substantially higher hourly wages (4 per cent), raised income in manufacturing by 6 per cent, in contrast to a slight decline in the preceding year. Income in mining rose 5 per cent, in spite of an unchanged volume of employment, reflecting some increase in hours worked but mainly higher average hourly earnings. The increases in income in the transportation, communications and storage group, in finance, insurance and real estate, in public utilities and in trade were all within a narrow range and somewhat below the all industry average. With a significant improvement in employment in forestry, income rose more than 6 per cent, as opposed to a sharp decline in the previous year.

The factors contributing to the advance in labour income in 1959 for two major industries for which data are available are shown in the following table:

	<u>Employment</u>	<u>Hrs. Worked per week</u>	<u>Average Hourly Earnings</u>	<u>Labour Income</u>
Manufacturing .....	1.2 %	1.2 %	3.6 %	5.8 %
Mining .....	-	-	4.1 %	4.9 %

#### Corporate Profits and Other Investment Income

Characteristically sensitive to changes in the tempo of economic activity, corporate profits reversed their downward trend in the middle of 1958 and rose sharply in the closing quarter; they remained high in 1959, reaching an annual total as measured in the National Accounts of \$2.8 billion, a rise of 14 per cent in contrast to a decline of 3 per cent in the previous year. Dividends paid abroad, which are not included in the figure set out above, rose by 10 per cent.

Increases in profits were widespread by industry and in many cases extremely large, particularly in those industries whose earnings had deteriorated during the recession. Thus profits in mining were up 18 per cent, following an even sharper decline in 1958. The same rate of increase occurred in manufacturing industries, with especially large gains in iron and steel (35 per cent) and in chemical products (24 per cent). Among the manufacturing industries, only non-metallic mineral products and products of petroleum and coal failed to record any rise in profits.

Earnings in the goods-handling industries, like the goods-producing industries, had felt the impact of the recession and responded to the upswing in economic activity in 1959. Thus profits in transportation, communication and

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<sup>1/</sup> Includes community, business, personal and recreational services.

storage rose sharply, after having fallen a little in 1958. Profits in wholesale trade also recovered from their recessionary decline. In retail trade, in the financial group and in services, profits were either unchanged or slightly lower, in contrast to the situation in 1958 when profits in the service-connected industries continued to rise.

Rents, interest, and miscellaneous investment income, estimated at \$2.1 billion, rose by 4 per cent in 1959. The advance in rental income continued to reflect the growth of the housing stock and a further slight increase in rents. With the rise in interest rates, interest receipts of persons and governments were sharply higher in 1959. However, a large part of these interest receipts take the form of interest paid on the government debt which is not included as a part of National Income. Trading profits of government enterprises were slightly higher in 1959, and investment income of life insurance companies and industrial pension funds rose sharply.

#### Net Income of Unincorporated Business

Estimated at \$1.1 billion in 1959, accrued net income of farm operators was about 7 per cent below the preceding year. This estimate involves little change in farm gross income, accompanied by a rise in farm operating expenses. The value of the new crop is estimated to have been higher by 7 per cent. This estimate, based on the November forecast, assumes that the part of the crop now under snow in the Prairies will be harvested in the spring and will be of average quality. The full effects of the adverse harvesting conditions in the Prairie Provinces cannot be evaluated at the present time.

	1958	1959	Change 1959 1958	Percent Change 1959 1958
	(\$m)	(\$m)	(\$m)	
Farm Cash Income .....	2,787	2,772	-15	-0.5
Income in Kind .....	339	346	7	2.1
Farm Inventory Change .....	-79	-67	12	-
Gross Income .....	3,047	3,051	4	0.1
<u>Deduct:</u>				
Farm Operating Expenses .....	1,514	1,590	76	5.0
Depreciation .....	288	292	4	1.4
<u>Add:</u>				
Adjustment on Grain Transactions..	-4	-8	-4	-
Other Adjustments <sup>1/</sup> .....	-48	-53	-5	-
Accrued Net Income of Farm Operators from Farm Production .....	1,193	1,108	-85	-7.1

<sup>1/</sup> Includes items in investment income and an estimated amount for Newfoundland.

Income of unincorporated business, non-farm, was \$2.2 billion, somewhat higher than in 1958. The major part of the increase originated in the service industries which account for about one-third of the total estimate. Income



originating in retail trade and construction, which come next in order of importance, was off slightly.

### Indirect Taxes Less Subsidies

Indirect taxes less subsidies reached an estimated level of \$4.2 billion in 1959, 9 per cent higher than in the previous year. The sharpest increase in indirect taxes, 11 per cent, was at the Federal level and the major part of it was in excise taxes which rose by 13 per cent. Customs import duties moved up in line with imports and were nearly 9 per cent above the previous year. The April Budget introduced higher rates of taxes and duties on tobacco products and spirits, in addition to an increase in the sales tax to help finance the old age security scheme. Thus Federal revenues from indirect taxes reflect changes in rates as well as expanding activity.

Gasoline and sales taxes, and miscellaneous taxes on natural resources account for most of the increase in indirect taxes at the Provincial level, which were up by 7 per cent; higher real and personal property taxes largely account for the rise of 9 per cent at the municipal level.

Subsidies rose very sharply in 1959, reflecting mainly higher losses incurred under the Agricultural Commodities Stabilization program.

### National Saving and Investment

Gross national saving increased by 9 per cent in 1959, from \$5.4 billion in 1958 to \$5.9 billion in 1959. This was the first increase in national saving since 1956. Virtually all the domestic sectors contributed towards this improvement in the national saving picture.

The business sector showed a very significant improvement with an increase of 6 1/2 per cent, saving in the personal sector decreased by 1 per cent, while the decline in the dissaving (deficit) of the government sector amounted to over 40 per cent. With an increase of approximately 6 per cent in Gross National Product from 1958 to 1959, and an increase of 9 per cent in national saving over the same period, the proportion of national saving to Gross National Product changed slightly over the two years, from 16.6 per cent in 1958 to 17.0 per cent in 1959.

	1958	1959	Change 1958 to 1959
	(billions of dollars)		
Personal Saving .....	1.6	1.6	-
Business Saving .....	4.8	5.1	0.3
Government Deficit .....	-1.0	-0.6	0.4
Inventory Valuation Adjustment .....	-	-0.1	-0.1
Residual Error of Estimate .....	0.1	-	
Gross National Saving .....	5.4	5.9	0.5
Business Gross Fixed Capital Formation ..	7.0	7.0	-
Change in Inventories .....	-0.4	0.3	0.7
Net Foreign Investment .....	-1.0	-1.4	-0.4
Residual Error of Estimate .....	-0.1	-	
Gross National Investment ...	5.4	5.9	0.5

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

The nation's total fixed capital investment program for housing, non-residential construction, and machinery and equipment remained virtually unchanged between 1958 and 1959. The increase in saving took the form of increased investment in inventories, which showed a very significant change over the period, with the turn-around amounting to \$0.7 billion. As in previous years, the amount of saving available from domestic sources was insufficient to support the investment program. The short-fall in the nation's saving was met by drawing upon foreign sources and the deficit on current account in 1959 amounted to \$1.4 billion, an increase of about 36 per cent over the deficit in 1958. The deficit in 1959 was slightly above the previous peak year 1957.

#### TECHNICAL NOTE

##### Revisions to Data

The figures published in the present report will be held firm throughout 1960. Revisions to basic source data for 1958 and 1959 which accumulate during the course of the year will not be incorporated until March, 1961, at the time of the fourth quarter and preliminary annual 1960 report. In the past, it has been the practice to revise the Accounts at the time of the fourth quarter and preliminary annual release (March) to bring the data into line with the results of the private and public investment survey; and again in the fall, to bring in revisions to other basic source material which becomes available about mid-year. It has become apparent that two sets of revisions per year is a considerable inconvenience to the users of the Accounts, notwithstanding the earlier up-dating of the figures. In future, therefore, all outstanding revisions will be incorporated at one time with the release of the fourth quarter and preliminary annual report.





TABLE 1. NATIONAL INCOME AND  
(millions)

	1957				Year
	I	II	III	IV	
1. Wages, Salaries, and Supplementary Labour Income ....	3,782	4,004	4,174	4,036	15,996
2. Military Pay and Allowances .....	108	116	131	121	476
3. Corporation Profits before Taxes <sup>1</sup> .....	559	754	700	534	2,547
4. Rent, Interest, and Miscellaneous Investment Income..	469	465	483	488	1,905
5. Accrued Net Income of Farm Operators from Farm Production <sup>2</sup> .....	1	86	784	125	996
6. Net Income of Non-Farm Unincorporated Business <sup>3</sup> .....	425	519	524	543	2,011
7. Inventory Valuation Adjustment <sup>4</sup> .....	-39	-26	-9	3	-71
8. NET NATIONAL INCOME AT FACTOR COST .....	5,305	5,918	6,787	5,850	23,860
9. Indirect Taxes less Subsidies .....	962	972	976	938	3,848
10. Capital Consumption Allowances and Miscellaneous Valuation Adjustments .....	960	1,021	1,011	1,002	3,994
11. Residual Error of Estimate .....	-80	-81	80	152	71
12. GROSS NATIONAL PRODUCT AT MARKET PRICES .....	7,147	7,830	8,854	7,942	31,773
13. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators) .....	(7,146)	(7,744)	(8,070)	(7,817)	(30,777)

1. Excludes dividends paid to non-residents.

2. Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

3. Includes net income of independent professional practitioners.

4. See footnote 3, Table 2.

TABLE 2. GROSS NATIONAL  
(millions)

	1957				Year
	I	II	III	IV	
1. Personal Expenditure on Consumer Goods and Services..	4,566	4,983	4,949	5,466	19,964
2. Government Expenditure on Goods and Services <sup>1,2</sup> .....	1,277	1,345	1,639	1,477	5,738
3. Business Gross Fixed Capital Formation <sup>3</sup> .....	1,542	1,994	2,002	1,797	7,335
4. New Residential Construction .....	248	359	393	409	1,409
5. New Non-Residential Construction .....	579	775	946	803	3,103
6. New Machinery and Equipment <sup>4</sup> .....	715	860	663	585	2,823
7. Value of Physical Change in Inventories <sup>5</sup> .....	107	-32	341	-406	210
8. Non-Farm Business Inventories .....	360	46	-8	-87	311
9. Farm Inventories and Grain in Commercial Channels..	-253	-78	549	-319	-101
10. Exports of Goods and Services .....	1,412	1,579	1,767	1,636	6,394
11. Deduct: Imports of Goods and Services .....	-1,837	-2,119	-1,964	-1,876	-7,796
12. Residual Error of Estimate .....	80	80	-80	-152	-72
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES .....	7,147	7,830	8,854	7,942	31,773

1. Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

2. Includes defence expenditures of:

(Millions of Dollars)

1957					1958					1959				
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year
511	383	442	429	1,765	472	377	404	408	1,661	457	356	371	376	1,560

3. Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

4. The 1959 annual figure is \$150 million higher than that shown in "Private and Public Investment in Canada, Outlook 1960", Table 9, to take account of later available information. This adjustment is included in the quarterly distribution of expenditures on new machinery and equipment.

5. The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 7, Table 1).



GROSS NATIONAL PRODUCT, BY QUARTERS, 1957-1959  
of dollars)

1958					1959				
I	II	III	IV	Year	I	II	III	IV	Year
3,864	4,104	4,252	4,214	16,434	4,171	4,437	4,571	4,538	17,717 1.
117	126	125	123	491	118	129	127	122	496 2.
471	658	686	668	2,483	568	810	780	678	2,836 3.
459	471	532	553	2,015	513	504	517	560	2,094 4.
10	133	877	173	1,193	-29	151	920	66	1,108 5.
431	533	551	604	2,119	453	552	543	602	2,150 6.
-27	15	5	-26	-33	-33	-42	-42	-3	-120 7.
5,325	6,040	7,028	6,309	24,702	5,761	6,541	7,416	6,563	26,281 8.
950	968	963	1,002	3,883	1,000	1,056	1,079	1,085	4,220 9.
955	1,002	979	987	3,923	962	1,070	1,036	1,063	4,131 10.
-120	-30	124	124	98	-120	-103	80	104	-39 11.
7,110	7,980	9,094	8,422	32,606	7,603	8,564	9,611	8,815	34,593 12.
(7,100)	(7,847)	(8,217)	(8,249)	(31,413)	(7,632)	(8,413)	(8,691)	(8,749)	(33,485) 13.

EXPENDITURE, BY QUARTERS, 1957-1959  
of dollars)

1958					1959				
I	II	III	IV	Year	I	II	III	IV	Year
4,834	5,215	5,166	5,820	21,035	5,163	5,523	5,442	6,133	22,261 1.
1,360	1,431	1,763	1,607	6,161	1,444	1,556	1,818	1,619	6,437 2.
1,410	1,883	1,913	1,769	6,975	1,341	1,899	1,946	1,775	6,961 3.
301	458	494	510	1,763	322	462	480	479	1,743 4.
532	718	852	709	2,811	471	646	783	692	2,592 5.
577	707	567	550	2,401	548	791	683	604	2,626 6.
-358	-265	561	-373	-435	-68	-80	774	-326	300 7.
-51	-146	-84	-42	-323	262	-13	60	46	355 8.
-307	-119	645	-331	-112	-330	-67	714	-372	-55 9.
1,387	1,616	1,655	1,674	6,332	1,347	1,727	1,779	1,804	6,657 10.
-1,643	-1,930	-1,840	-1,950	-7,363	-1,745	-2,164	-2,067	-2,086	-8,062 11.
120	30	-124	-125	-99	121	103	-81	-104	39 12.
7,110	7,980	9,094	8,422	32,606	7,603	8,564	9,611	8,815	34,593 13.

TABLE 3. SOURCES OF PERSONAL  
(millions)

	1957				Year
	I	II	III	IV	
1. Wages, Salaries, and Supplementary Labour Income .....	3,782	4,004	4,174	4,036	15,996
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	-145	-143	-150	-151	-589
3. Military Pay and Allowances .....	108	116	131	121	476
4. Net Income Received by Farm Operators from Farm Production <sup>1</sup> .....	21	107	765	109	1,002
5. Net Income of Non-Farm Unincorporated Business .....	425	519	524	543	2,011
6. Interest, Dividends, and Net Rental Income of Persons <sup>2</sup> .....	466	524	486	537	2,013
Transfer Payments to Persons:					
7. From Government (Excluding Interest) .....	581	463	502	533	2,079
8. Charitable Contributions by Corporations .....	8	10	10	8	36
9. PERSONAL INCOME .....	5,246	5,600	6,442	5,736	23,024

1. This item differs from line 5 of Table 1 in that it excludes the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

2. Includes all government debt interest paid to persons.

TABLE 4. DISPOSITION OF PERSONAL  
(millions)

	1957				Year
	I	II	III	IV	
1. Personal Direct Taxes: .....	466	501	474	476	1,917
2. Income Taxes .....	393	445	426	429	1,693
3. Succession Duties .....	35	33	28	30	126
4. Miscellaneous .....	38	23	20	17	98
5. Personal Expenditure on Consumer Goods and Services:	4,566	4,983	4,949	5,466	19,964
6. Non-Durable Goods .....	2,293	2,488	2,570	3,006	10,357
7. Durable Goods .....	520	680	608	623	2,431
8. Services <sup>1</sup> .....	1,753	1,815	1,771	1,837	7,176
9. Personal Net Saving: .....	214	116	1,019	-206	1,143
10. Personal Saving Excluding Change in Farm Inventories .....	458	209	485	143	1,295
11. Value of Physical Change in Farm Inventories .....	-244	-93	534	-349	-152
12. PERSONAL INCOME .....	5,246	5,600	6,442	5,736	23,024
13. (Personal Disposable Income) <sup>2</sup> .....	(4,780)	(5,099)	(5,968)	(5,260)	(21,107)

1. Includes net expenditure abroad.

2. Personal Income less Total Personal Direct Taxes.



INCOME, BY QUARTERS, 1957-1959  
of dollars)

1958					1959						
I	II	III	IV	Year	I	II	III	IV	Year		
3,864	4,104	4,252	4,214	16,434	4,171	4,437	4,571	4,538	17,717	1.	
-152	-149	-156	-157	-614	-162	-157	-164	-181	-664	2.	
117	126	125	123	491	118	129	127	122	496	3.	
30	140	868	159	1,197	-10	175	908	43	1,116	4.	
431	533	551	604	2,119	453	552	543	602	2,150	5.	
497	538	535	550	2,120	529	577	574	620	2,300	6.	
765	638	599	655	2,657	824	689	636	636	2,785	7.	
7	9	10	10	36	8	11	11	10	40	8.	
5,559	5,939	6,784	6,158	24,440	5,931	6,413	7,206	6,390	25,940	9.	

INCOME, BY QUARTERS, 1957-1959  
of dollars)

1958					1959						
I	II	III	IV	Year	I	II	III	IV	Year		
456	431	440	467	1,794	480	531	525	552	2,088	1.	
380	376	393	406	1,555	375	447	454	471	1,747	2.	
33	33	27	33	126	35	30	30	35	130	3.	
43	22	20	28	113	70	54	41	46	211	4.	
4,834	5,215	5,166	5,820	21,035	5,163 ✓	5,523	5,442	6,133	22,261	5.	
2,453	2,609	2,651	3,140	10,853	2,570 ✓	2,711	2,789	3,330	11,400	6.	
538	688	600	674	2,500	584 ✓	763	624	687	2,658	7.	
1,843	1,918	1,915	2,006	7,682	2,009 ✓	2,049	2,029	2,116	8,203	8.	
269	293	1,178	-129	1,611	288	359	1,239	-295	1,591	9.	
531	386	567	206	1,690	595	405	569	89	1,658	10.	
-262	-93	611	-335	-79	-307	-46	670	-384	-67	11.	
5,559	5,939	6,784	6,158	24,440	5,931	6,413	7,206	6,390	25,940	12.	
(5,103)	(5,508)	(6,344)	(5,691)	(22,646)	(5,451)	(5,882)	(6,681)	(5,838)	(23,852)	13.	

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

	1957				
	I	II	III	IV	Year
1. Wages, Salaries, and Supplementary Labour Income .....	15,800	15,968	16,160	16,056	15,996
2. Military Pay and allowances .....	460	460	500	484	476
3. Corporation Profits before Taxes <sup>1</sup> .....	2,720	2,636	2,512	2,320	2,547
4. Rent, Interest, and Miscellaneous Investment Income ..	1,896	1,896	1,932	1,896	1,905
5. Accrued Net Income of Farm Operators from Farm Production <sup>2</sup> .....	1,048	976	1,032	928	996
6. Net Income of Non-Farm Unincorporated Business <sup>3</sup> .....	2,028	2,008	2,016	1,992	2,011
7. Inventory Valuation Adjustment .....	-156	-104	-36	12	-71
8. NET NATIONAL INCOME AT FACTOR COST .....	23,796	23,840	24,116	23,688	23,860
9. Indirect Taxes less Subsidies .....	3,900	3,872	3,860	3,760	3,848
10. Capital Consumption Allowances and Miscellaneous Valuation Adjustments .....	4,008	4,012	3,996	3,960	3,994
11. Residual Error of Estimate .....	40	28	120	96	71
12. GROSS NATIONAL PRODUCT AT MARKET PRICES .....	31,744	31,752	32,092	31,504	31,773
13. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators) .....	(30,696)	(30,776)	(31,060)	(30,576)	(30,777)

1. Excludes dividends paid to non-residents.

2. Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in 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.

3. Includes net income of independent professional practitioners.

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

	1957				
	I	II	III	IV	Year
1. Personal Expenditure on Consumer Goods and Services ..	19,604	19,880	20,164	20,208	19,964
2. Government Expenditure on Goods and Services <sup>1</sup> .....	5,592	5,716	5,836	5,808	5,738
3. Business Gross Fixed Capital Formation <sup>2</sup> .....	7,496	7,416	7,300	7,128	7,335
4. New Residential Construction .....	1,352	1,364	1,412	1,508	1,409
5. New Non-Residential Construction .....	3,052	3,128	3,144	3,088	3,103
6. New Machinery and Equipment <sup>3</sup> .....	3,092	2,924	2,744	2,532	2,823
7. Value of Physical Change in Inventories .....	640	440	224	-464	210
8. Non-Farm Business Inventories .....	684	408	356	-204	311
9. Farm Inventories and Grain in Commercial Channels <sup>4</sup> ..	-44	32	-132	-260	-101
10. Exports of Goods and Services .....	6,492	6,240	6,504	6,340	6,394
11. Deduct: Imports of Goods and Services .....	-8,040	-7,912	-7,812	-7,420	-7,796
12. Residual Error of Estimate .....	-40	-28	-124	-96	-72
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES .....	31,744	31,752	32,092	31,504	31,773

1. Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases 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 and business investors.

3. The 1959 annual figure is \$150 million higher than that shown in "Private and Public Investment in Canada, Outlook 1960", Table 9, to take account of later available information. This adjustment is included in the quarterly distribution of expenditures on new machinery and equipment.

(millions)

	1957				
	I	II	III	IV	Year
4. Detail: Farm Inventories -					
Value of grain crop production .....	800	800	800	804	801
Depletion of farm stocks of grain ....	-1,008	-928	-896	-1,036	-967
Change in livestock inventories .....	64	76	24	-108	14
Grain in Commercial Channels .....	100	84	-60	80	51

In the seasonally adjusted series, the value of grain crop production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see Footnote 2, Table 5). All other items in the farm inventories series are seasonally adjusted by standard techniques.



NATIONAL PRODUCT, BY QUARTERS, 1957-1959  
AT ANNUAL RATES  
of dollars)

1958					1959				
I	II	III	IV	Year	I	II	III	IV	Year
16,144	16,360	16,460	16,772	16,434	17,372	17,640	17,756	18,100	17,717
496	500	476	492	491	500	508	488	488	496
2,340	2,260	2,468	2,864	2,483	2,800	2,796	2,816	2,932	2,836
1,872	1,948	2,108	2,132	2,015	2,112	2,056	2,088	2,120	2,094
1,168	1,280	1,256	1,068	1,193	1,136	1,188	1,108	1,000	1,108
2,068	2,064	2,120	2,224	2,119	2,140	2,156	2,128	2,176	2,150
-108	60	20	-104	-33	-132	-168	-168	-12	-120
23,980	24,472	24,908	25,448	24,702	25,928	26,176	26,216	26,804	26,281
3,872	3,828	3,820	4,012	3,883	4,076	4,188	4,268	4,348	4,220
3,972	3,936	3,880	3,904	3,923	4,008	4,152	4,132	4,232	4,131
-36	196	216	16	98	-56	12	-	-112	-39
31,788	32,432	32,824	33,380	32,606	33,956	34,528	34,616	35,272	34,593
(30,620)	(31,152)	(31,568)	(32,312)	(31,413)	(32,820)	(33,340)	(33,508)	(34,272)	(33,485)

BY QUARTERS, 1957-1959  
AT ANNUAL RATES  
of dollars)

1958					1959				
I	II	III	IV	Year	I	II	III	IV	Year
20,640	20,804	21,060	21,636	21,035	21,936	22,024	22,304	22,780	22,261
5,992	6,076	6,244	6,332	6,161	6,336	6,612	6,444	6,356	6,437
6,984	6,960	6,936	7,020	6,975	6,728	6,948	7,072	7,096	6,961
1,644	1,740	1,792	1,876	1,763	1,756	1,748	1,720	1,748	1,743
2,872	2,864	2,804	2,704	2,811	2,572	2,572	2,580	2,644	2,592
2,468	2,356	2,340	2,440	2,401	2,400	2,628	2,772	2,704	2,626
-980	-332	-56	-372	-435	332	296	412	160	300
-788	-312	-132	-60	-323	452	272	400	296	355
-192	-20	76	-312	-112	-120	24	12	-136	-55
6,348	6,344	6,176	6,460	6,332	6,364	6,640	6,648	6,976	6,657
-7,236	-7,224	-7,316	-7,676	-7,363	-7,800	-7,976	-8,268	-8,204	-8,062
40	-196	-220	-20	-99	60	-16	4	108	39
31,788	32,432	32,824	33,380	32,606	33,956	34,528	34,616	35,272	34,593

of dollars)

1958					1959				
I	II	III	IV	Year	I	II	III	IV	Year
860	860	860	860	860	920	924	924	924	923
-972	-992	-872	-1,004	-960	-1,108	-832	-1,024	-1,080	-1,011
-12	196	72	-172	21	60	-4	56	-28	21
-68	-84	16	4	-33	8	-64	56	48	12

TABLE 7. SOURCES OF PERSONAL  
SEASONALLY ADJUSTED  
(millions)

	1957				
	I	II	III	IV	Year
1. Wages, Salaries, and Supplementary Labour Income .....	15,800	15,968	16,160	16,056	15,996
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	-576	-580	-596	-604	-589
3. Military Pay and Allowances .....	460	460	500	484	476
4. Net Income Received by Farm Operators from Farm Production <sup>1</sup> .....	1,120	1,004	980	904	1,002
5. Net Income of Non-Farm Unincorporated Business .....	2,028	2,008	2,016	1,992	2,011
6. Interest, Dividends, and Net Rental Income of Persons <sup>2</sup>	1,968	2,032	2,012	2,040	2,013
Transfer Payments to Persons:					
7. From Government (Excluding Interest) .....	1,868	1,916	2,188	2,344	2,079
8. Charitable Contributions by Corporations .....	40	36	36	32	36
9. PERSONAL INCOME .....	22,708	22,844	23,296	23,248	23,024

1. This item differs from line 5, Table 5 in that it excludes the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

2. Includes all government debt interest paid to persons.

TABLE 8. DISPOSITION OF PERSONAL  
SEASONALLY ADJUSTED  
(millions)

	1957				
	I	II	III	IV	Year
1. Personal Direct Taxes: .....	1,916	1,924	1,916	1,912	1,917
2. Income Taxes .....	1,692	1,696	1,688	1,696	1,693
3. Succession Duties .....	128	128	124	124	126
4. Miscellaneous .....	96	100	104	92	98
5. Personal Expenditure on Consumer Goods and Services:	19,604	19,880	20,164	20,208	19,964
6. Non-Durable Goods .....	10,140	10,328	10,456	10,504	10,357
7. Durable Goods .....	2,436	2,408	2,476	2,404	2,431
8. Services <sup>1</sup> .....	7,028	7,144	7,232	7,300	7,176
9. Personal Net Saving: .....	1,188	1,040	1,216	1,128	1,143
10. PERSONAL INCOME .....	22,708	22,844	23,296	23,248	23,024
11. (Personal Disposable Income) <sup>2</sup> .....	(20,792)	(20,920)	(21,380)	(21,336)	(21,107)

1. Includes net expenditure abroad.

2. Personal Income less Total Personal Direct Taxes.



INCOME, BY QUARTERS, 1957-1959  
AT ANNUAL RATES  
of dollars)

1958					1959					
I	II	III	IV	Year	I	II	III	IV	Year	
16,144	16,360	16,460	16,772	16,434	17,372	17,640	17,756	18,100	17,717	1.
-600	-608	-620	-628	-614	-640	-640	-652	-724	-664	2.
496	500	476	492	491	500	508	488	488	496	3.
1,196	1,256	1,284	1,052	1,197	1,128	1,248	1,120	968	1,116	4.
2,068	2,064	2,120	2,224	2,119	2,140	2,156	2,128	2,176	2,150	5.
2,080	2,092	2,196	2,112	2,120	2,212	2,248	2,356	2,384	2,300	6.
2,472	2,644	2,616	2,896	2,657	2,672	2,860	2,788	2,820	2,785	7.
36	32	36	40	36	40	40	40	40	40	8.
23,892	24,340	24,568	24,960	24,440	25,424	26,060	26,024	26,252	25,940	9.

INCOME, BY QUARTERS, 1957-1959  
AT ANNUAL RATES  
of dollars)

1958					1959					
I	II	III	IV	Year	I	II	III	IV	Year	
1,832	1,688	1,784	1,872	1,794	1,956	2,044	2,148	2,204	2,088	1.
1,596	1,460	1,572	1,592	1,555	1,616	1,700	1,820	1,852	1,747	2.
132	132	108	132	126	140	120	120	140	130	3.
104	96	104	148	113	200	224	208	212	211	4.
20,640	20,804	21,060	21,636	21,035	21,936	22,024	22,304	22,780	22,261	5.
10,752	10,808	10,824	11,028	10,853	11,156	11,288	11,456	11,700	11,400	6.
2,492	2,420	2,464	2,624	2,500	2,708	2,664	2,584	2,676	2,658	7.
7,396	7,576	7,772	7,984	7,682	8,072	8,072	8,264	8,404	8,203	8.
1,420	1,848	1,724	1,452	1,611	1,532	1,992	1,572	1,268	1,591	9.
23,892	24,340	24,568	24,960	24,440	25,424	26,060	26,024	26,252	25,940	10.
(22,060)	(22,652)	(22,784)	(23,088)	(22,646)	(23,468)	(24,016)	(23,876)	(24,048)	(23,852)	11.

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

	1957				Year
	I	II	III	IV	
1. Personal Expenditure on Consumer Goods and Services..	3,664	4,005	3,943	4,372	15,984
2. Non-Durable Goods .....	2,009	2,183	2,225	2,604	9,021
3. Durable Goods .....	453	587	534	553	2,127
4. Services .....	1,202	1,235	1,184	1,215	4,836
5. Government Expenditure on Goods and Services .....	867	896	1,100	969	3,832
6. Business Gross Fixed Capital Formation .....	1,081	1,388	1,384	1,232	5,085
7. New Residential Construction .....	178	254	277	288	997
8. New Non-Residential Construction .....	395	528	642	542	2,107
9. New Machinery and Equipment <sup>3</sup> .....	508	606	465	402	1,981
10. Change in Inventories .....	-7	-106	702	-451	138
11. Non-Farm Business Inventories .....	295	41	-7	-59	270
12. Farm Inventories and Grain in Commercial Channels..	-302	-147	709	-392	-132
13. Exports of Goods and Services .....	1,171	1,299	1,477	1,413	5,360
14. Deduct: Imports of Goods and Services .....	-1,553	-1,786	-1,673	-1,584	-6,596
15. Residual Error of Estimate .....	60	60	-59	-115	-54
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1949) DOLLARS .....	5,283	5,756	6,874	5,836	23,749

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.

3. The 1959 figures reflect the \$150 million adjustment in current dollars made to take account of later available information - see footnote 4, Table 2.

TABLE 10. NATIONAL SAVING ACCOUNT, 1957-1959

SOURCE

(millions of dollars)

	1957	1958	1959
1. Personal Net Saving .....	1,143	1,611	1,591
2. Business Gross Saving:			
(a) Undistributed Corporation Profits .....	870	852	957
(b) Capital Consumption Allowances and Miscellaneous Valuation Adjustments .....	3,994	3,923	4,131
(c) Adjustment on Grain Transactions .....	-6	-4	-8
3. Inventory Valuation Adjustment .....	-71	-33	-120
4. Government Surplus (+) or Deficit (-) .....	70	-1,037	-617
5. Residual Error of Estimate .....	71	98	-39
6. Total .....	6,071	5,410	5,895



DOLLARS, BY QUARTERS, 1957-1959  
 FOR SEASONALITY <sup>1, 2</sup>  
 of dollars)

1958					1959				
I	II	III	IV	Year	I	II	III	IV	Year
3,782	4,065	4,030	4,544	16,421	3,970	4,273	4,197	4,723	17,163
2,106	2,222	2,261	2,681	9,270	2,197	2,335	2,383	2,811	9,726
465	590	526	577	2,158	493	640	540	586	2,259
1,211	1,253	1,243	1,286	4,993	1,280	1,298	1,274	1,326	5,178
882	920	1,155	1,028	3,985	908	969	1,154	1,000	4,031
961	1,285	1,301	1,191	4,738	895	1,258	1,285	1,163	4,601
211	318	341	350	1,220	219	307	317	316	1,159
356	481	572	468	1,877	308	422	511	447	1,688
394	486	388	373	1,641	368	529	457	400	1,754
-377	-334	749	-418	-380	-156	-161	928	-407	204
-20	-102	-67	-39	-228	214	-2	44	25	281
-357	-232	816	-379	-152	-370	-159	884	-432	-77
1,186	1,391	1,411	1,452	5,440	1,140	1,448	1,464	1,505	5,557
-1,357	-1,626	-1,559	-1,656	-6,198	-1,468	-1,824	-1,752	-1,777	-6,821
88	22	-91	-92	-73	86	74	-58	-74	28
5,165	5,723	6,996	6,049	23,933	5,375	6,037	7,218	6,133	24,763

TABLE 11. NATIONAL SAVING ACCOUNT, 1957-1959  
 DISPOSITION  
 (millions of dollars)

	1957	1958	1959
1. Business Gross Fixed Capital Formation: <sup>1</sup>			
(a) New Residential Construction .....	1,409	1,763	1,743
(b) New Non-Residential Construction .....	3,103	2,811	2,592
(c) New Machinery and Equipment <sup>2</sup> .....	2,823	2,401	2,626
2. Value of Physical Change in Inventories .....	210	-435	300
3. Surplus (+) or Deficit (-) on Current Account with Non-Residents	-1,402	-1,031	-1,405
4. Residual Error of Estimate .....	-72	-99	39
5. Total .....	6,071	5,410	5,895

1. See Footnote 3, Table 2. For reconciliation with "Private and Public Investment" figures published by the Department of Trade and Commerce, See Table 15.

2. See Footnote 3, Table 15.

TABLE 12. GOVERNMENT REVENUE AND EXPENDITURE, BY LEVEL OF GOVERNMENT, 1957-1959

	REVENUE		
	(millions of dollars)		
	1957	1958	1959
1. Direct Taxes - Persons .....	1,917	1,794	2,088
2.   Federal .....	1,723	1,581	1,770
3.   Provincial .....	176	195	298
4.   Municipal .....	18	18	20
5. Direct Taxes - Corporations .....	1,326	1,280	1,506
6.   Federal .....	1,120	1,047	1,248
7.   Provincial .....	206	233	258
8. Withholding Taxes: - Federal .....	83	48	72
9. Indirect Taxes .....	3,964	4,022	4,410
10.   Federal .....	1,990	1,912	2,131
11.   Provincial .....	932	963	1,033
12.   Municipal .....	1,042	1,147	1,246
13. Investment Income .....	865	943	992
14.   Federal .....	276	319	326
15.   Provincial .....	383	394	430
16.   Municipal .....	206	230	236
17. Employer and Employee Contributions to Social Insurance and Government Pension Funds .....	589	614	664
18.   Federal .....	384	391	413
19.   Provincial .....	191	201	227
20.   Municipal .....	14	22	24
21. Transfers from Other Levels of Government .....	989	1,225	1,514
22.   Provinces - From Canada .....	504	644	861
23.       - From municipalities .....	26	21	22
24.   Municipalities - From Canada .....	16	22	20
25.       - From provinces .....	443	538	611
26. Total Revenue .....	9,733	9,926	11,246
27.   Federal .....	5,576	5,298	5,960
28.   Provincial .....	2,418	2,651	3,129
29.   Municipal .....	1,739	1,977	2,157



EXPENDITURE  
(millions of dollars)

	1957	1958	1959
1. Goods and Services .....	5,738	6,161	6,437
2.   Federal .....	2,727	2,849	2,818
3.   Provincial .....	1,149	1,274	1,377
4.   Municipal .....	1,862	2,038	2,242
5. Transfer Payments .....	2,820	3,438	3,722
6.   Federal .....	1,982	2,454	2,479
7.   Provincial .....	685	815	1,057
8.   Municipal .....	153	169	186
9. Subsidies .....	116	139	190
10.   Federal .....	108	132	181
11.   Provincial .....	8	7	9
12. Transfers to Other Levels of Government .....	989	1,225	1,514
13.   Canada - To provinces .....	504	644	861
14.       - To municipalities .....	16	22	20
15.   Provinces - To municipalities .....	443	538	611
16.   Municipalities - To provinces .....	26	21	22
17. Total Expenditure .....	9,663	10,963	11,863
18.   Federal .....	5,337	6,101	6,359
19.   Provincial .....	2,285	2,634	3,054
20.   Municipal .....	2,041	2,228	2,450
21. Deficit (-) or Surplus (+) .....	70	-1,037	-617
22.   Federal .....	239	-803	-399
23.   Provincial .....	133	17	75
24.   Municipal .....	-302	-251	-293
25. Total Expenditure Minus Deficit (or Plus Surplus) .....	9,733	9,926	11,246
26.   Federal .....	5,576	5,298	5,960
27.   Provincial .....	2,418	2,651	3,129
28.   Municipal .....	1,739	1,977	2,157

1. Defence expenditures included in these figures are as follows: 1957, \$1,765 million; 1958, \$1,661 million; 1959, \$1,560 million.
2. The conventional accounting statements of the various governments have been adjusted to include only those transactions which have relevance for the National Accounts.

TABLE 14. BUSINESS GROSS FIXED CAPITAL FORMATION, BY INDUSTRY, 1957-1959<sup>1</sup>  
(millions of dollars)

	1957	1958	1959
1. Agriculture .....	434	465	555
2. Fishing and Trapping .....			
3. Forestry .....	48	33	46
4. Mining, Quarrying, and Oil Wells .....	606	342	344
5. Manufacturing .....	1,479	1,095	1,074
6. Construction .....	158	157	183
7. Transportation .....			
8. Storage .....	1,032	955	694
9. Communication <sup>2</sup> .....	312	336	325
10. Electric Power, Gas, and Water Utilities <sup>3</sup> .....	959	857	823
11. Trade .....	370	356	333
12. Finance, Insurance, and Real Estate <sup>4</sup> .....	1,545	1,943	1,987
13. Service <sup>5</sup> .....	392	436	447
14. Adjustment (not allocated) <sup>6</sup> .....	-	-	150
15. Total .....	7,335	6,975	6,961

1. This table is derived from "Private and Public Investment in Canada, Outlook 1959 and 1960". Additional detail has been provided by the D.B.S. Business Finance Division, and adjustments have been made to bring the data into line with National Accounting concepts. See reconciliation statement, Table 15. For an industrial distribution of total private and public investment, see Table 1 in the aforementioned publications.
2. Excludes investment expenditures by the Canadian Broadcasting Corporation, which are included in "government expenditure on goods and services".
3. Includes outlays for investment of grain elevators of \$10 million in 1957, \$12 million in 1958, and \$24 million in 1959. This industry is assigned to the storage group under the Standard Industrial Classification.
4. Includes all new residential construction, (exclusive of government other than government business enterprises). See Table 2, line 4.
5. Excludes government departmental expenditures, federal hospital, provincial hospital and school, and municipal school expenditures, which are included with "government expenditure on goods and services". Investment expenditures of government business enterprises (railways, power commissions, etc.) are included under appropriate industry headings.
6. See footnote 3, Table 15.

TABLE 15. BUSINESS GROSS FIXED CAPITAL FORMATION, 1957-1959

## RECONCILIATION STATEMENT

(millions of dollars)

	1957	1958	1959
1. Total Private and Public Investment in Canada <sup>1</sup> .....	8,717	8,364	8,411
2. Deduct: New Residential Construction by Governments <sup>2</sup> .....	-21	-19	-16
3. Deduct: New Non-Residential Construction by Governments .....	-1,251	-1,237	-1,447
4. Deduct: New Machinery and Equipment Outlays by Governments...	-110	-133	-137
5. Adjustment <sup>3</sup> .....	-	-	150
6. Business Gross Fixed Capital Formation .....	7,335	6,975	6,961

1. As presented in the publication "Private and Public Investment in Canada, Outlook, 1959 and 1960".
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, National Housing Act) which are included under line 6.
3. The 1959 total has been revised upward from that shown in "Private and Public Investment in Canada, Outlook 1960" to take account of later available information. The entire adjustment is in the non-government machinery and equipment item.

TABLE 16. EXPORTS AND IMPORTS OF GOODS AND SERVICES, 1957-1959<sup>1</sup>

## RECONCILIATION STATEMENT

(millions of dollars)

	1957	1958	1959
<u>Exports of Goods and Services:</u>			
1. Merchandise Exports .....	4,909	4,890	5,152
2. Gold Production Available for Export .....	147	160	147
3. Interest and Dividends Received from Non-Residents .....	154	166	170
4. Other Receipts from Services Rendered to Non-Residents .....	1,320	1,407	1,288
5. Subtotal: "Current Receipts" as per Canadian Balance of International Payments .....	6,530	6,423	6,757
6. Inheritances and Immigrants' Funds .....	-124	-91	-100
7. Other Adjustments .....	-12	-	-
8. Total "Exports of Goods and Services" as per National Accounts <sup>2</sup>	6,394	6,332	6,657
<u>Imports of Goods and Services:</u>			
9. Merchandise Imports .....	5,488	5,060	5,538
10. Interest and Dividends Paid to Non-Residents .....	587	586	656
11. Other Payments for Services Rendered by Non-Residents .....	1,879	1,862	2,023
12. Subtotal: "Current Payments" as per Canadian Balance of International Payments .....	7,954	7,508	8,217
13. Inheritances and Emigrants Funds .....	-157	-145	-155
14. Other Adjustments .....	-1	-	-
15. Total "Imports of Goods and Services" as per National Accounts <sup>2</sup>	7,796	7,363	8,062

1. Data sources are reports on the "Canadian Balance of International Payments" (Balance of Payments Section, Dominion Bureau of Statistics), and other information received from the Balance of Payments Section. Figures exclude mutual aid to N.A.T.O. countries.
2. See also Table 2.





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