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NATIONAL ACCOUNTS INCOME AND EXPENDITURE

Second Quarter

1955

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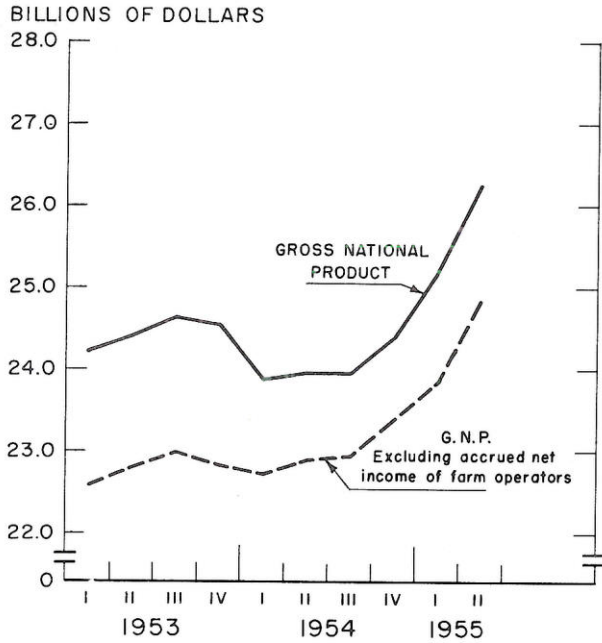
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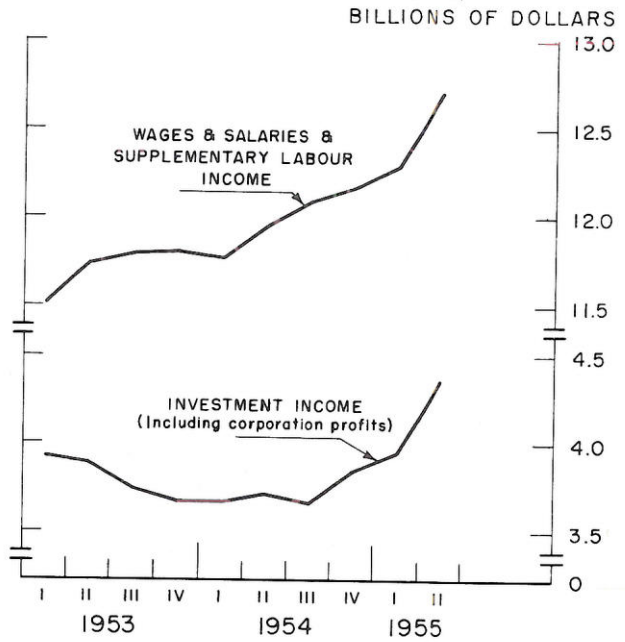
SELECTED COMPONENTS OF INCOME AND EXPENDITURE

(AT SEASONALLY ADJUSTED ANNUAL RATES)

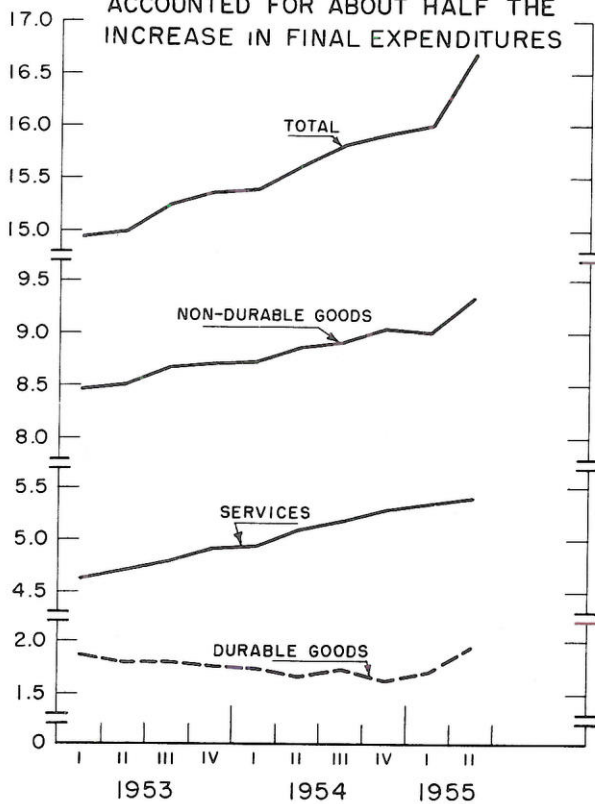
GROSS NATIONAL PRODUCT ROSE AT A SHARPER RATE IN THE SECOND QUARTER



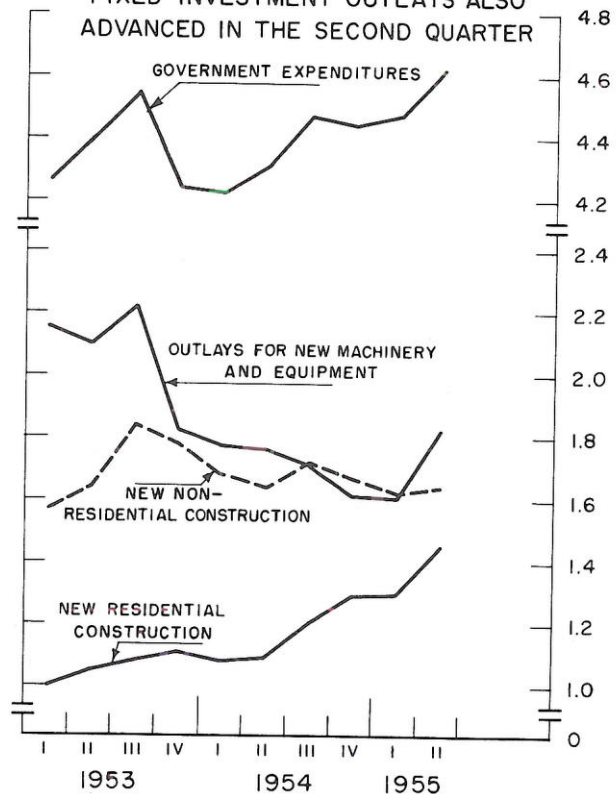
MAJOR GAINS WERE MADE IN WAGES AND SALARIES AND INVESTMENT INCOME (INCLUDING CORPORATION PROFITS)



RISING CONSUMER OUTLAYS ACCOUNTED FOR ABOUT HALF THE INCREASE IN FINAL EXPENDITURES



GOVERNMENT EXPENDITURES AND FIXED INVESTMENT OUTLAYS ALSO ADVANCED IN THE SECOND QUARTER



INTRODUCTORY REVIEW

This report includes revised data for the
first quarter of 1955

Gross National Product moved upward at an accelerated rate in the second quarter of 1955, as the expansion in economic activity which began in the last half of 1954 made a sharp advance. The second quarter rate of Gross National Product is estimated at \$26.2 billion, a gain of 4 per cent over this year's first quarter, and 9 per cent above the annual average for the year 1954 of \$24.0 billion. It may be noted that the gain over last year includes an allowance of \$300 million for an estimated higher crop production in 1955, and is thus subject to partial qualification¹. With the element of farm production eliminated, the general level of activity in the non-farm sector of the economy² in the second quarter was 8 per cent above the 1954 annual average, and also 8 per cent above the peak reached in the third quarter of 1953 just prior to the downturn in activity.

The gain in the value of non-farm production between the first and second quarters of this year amounted to 4 per cent, compared with gains of 2 per cent in each of the two preceding quarters. With prices relatively stable, these gains reflect a growth of similar magnitude in the volume of output. The recent advance appears to have been more widely dispersed than that which occurred between the fourth quarter of 1954 and the first quarter. Almost all industrial groups have shared in the general advance in production. Related indicators suggest that, after adjustment for seasonal factors, about one-half of the production gain from the first to second quarter occurred in manufacturing. In contrast to the first quarter, however, when the increase in manufacturing production was concentrated in durable goods (especially automobiles), the second quarter gains appear to have been quite widespread, with the major part of the advance occurring in the non-durable goods industries. It may be noted that the

1. In the seasonally adjusted figures of Gross National Product given in this report, the estimated value of crop production is distributed evenly across the four calendar quarters of the year. The estimate of crop production for the first two quarters of 1955 is based on the latest available information on the crop outlook (August 30). The figure is therefore subject to revision as later information becomes available. Recent data on the agricultural situation indicate that yields of Western grains will be larger than the 10-year average. Thus, the figure of accrued net income of farm operators from farm production, which appeared in the first quarter publication, has been revised upward by about \$200 million. Revised Gross National Product for the first quarter is put at \$25.2 billion.

2. As indicated by Gross National Product excluding accrued net income of farm operators from farm production. It may be noted that these figures are only approximately representative of movements in the non-farm sector since they include a number of small and stable components of Gross National Product originating in agriculture, e.g. wages, interest, rents and depreciation.

rise in manufacturing production, both durable and non-durable, in recent quarters, has brought the level of production in this industry to a point approximately 8 per cent above the second quarter of 1954. In spite of these gains over last year, durable production had not reached the high levels of the second quarter of the year 1953, but non-durable production in the second quarter was running at a rate approximately 4 per cent above the mid-1953 level.

Outside of the manufacturing field, production gains from the first to second quarter of this year were also widely diffused, with the services, construction, and most of the primary industries sharing in the advance.

Accompanying these gains in production, the total number of persons with jobs in the second quarter was about 3 per cent higher than in the same period of 1954. In the non-agricultural sector, the number of persons with jobs rose by about 4 per cent. At the same time, average hours worked per week in manufacturing were about 2 per cent higher than a year ago. In the second quarter of this year, the number of persons without jobs and seeking work had declined by 2 per cent below the level of last year's second quarter.

DEVELOPMENTS IN THE HALF YEAR

The vigorous pace of activity in the first six months of this year has been accompanied by major gains in most of the important segments of income and demand. The table below shows percentage increases for a number of selected aggregates since the first half of last year when economic activity had reached the low point of the recent down-turn. Both personal and business incomes have shown striking gains since that time, and these in turn have been reflected in the growth of a number of major expenditure categories. On the income side, investment income, including corporation profits, has risen sharply; available information suggests that corporation profits may have been of the order of 15 per cent above the first half of 1954. Wages and salaries have shown a gain of approximately 6 per cent over a year ago; this compares with a gain of only 2 per cent from 1953 to 1954 in the half year comparison. Personal income has been running at a rate approximately 6 per cent above 1954 in the first half of this year, and the level of personal saving has risen.

Percentage Change, First Half 1955 over First Half 1954

<u>Selected Income Aggregates</u>		<u>Selected Expenditure Aggregates</u>	
National Income	+7.4 %	Gross National Expenditure	+7.2 %
Personal Income	+5.9 %	Personal Expenditure	+5.7 %
Wages and Salaries	+5.6 %	Government Expenditure	+6.1 %
Investment Income	+14.8 %	Residential Construction	+27.4 %
Government Transfer Payments	+9.1 %	Exports	+10.4 %
		Imports	+8.1 %

On the expenditure side, major sources of strength in the half year have been the increase in consumers' outlays, substantially higher levels of housebuilding activity, and a sharp rise in exports of goods and services. The rate of business inventory accumulation has also been moderately higher, while some increase has occurred in government expenditure on goods and services.

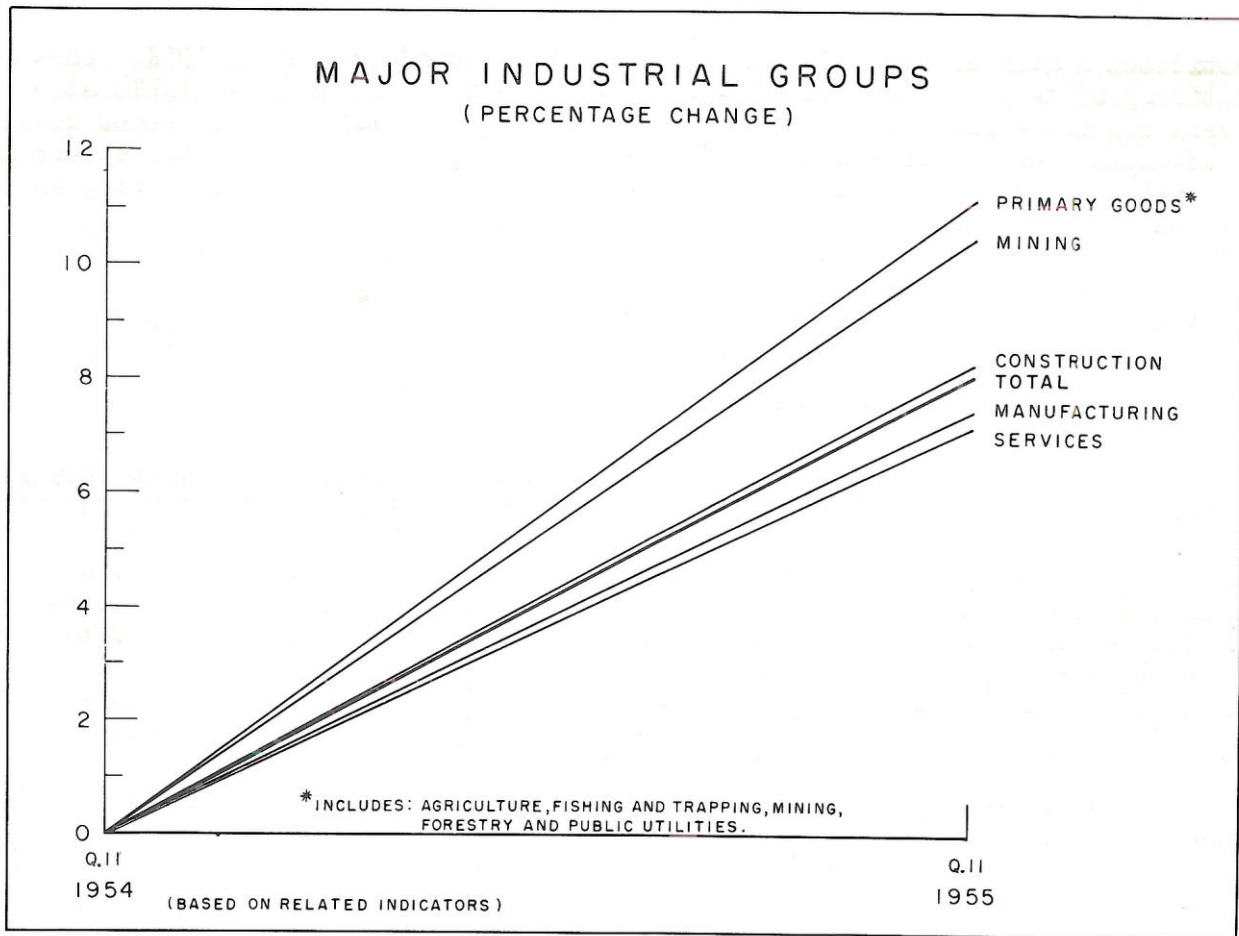
Imports have responded to the increases in these demand categories, and have shown a sharp rise. On the other hand, outlays for new non-residential construction and machinery and equipment have shown minor declines in the first half of this year. These developments are illustrated in the table immediately below. It is also of interest to note that during the period of the down-turn between 1953 and 1954 when most other expenditure categories were declining, consumer outlays and housing were continuing to rise and this growth has continued throughout the first half of 1955.

Gross National Expenditure, First Half 1953, 1954 and 1955
(Seasonally Adjusted at Annual Rates)

	6 months 1953	6 months 1954	6 months 1955	Change 1953 to 1955	Change 1954 to 1955
	<u>\$ Billion</u>				
Personal Expenditure	15.0	15.5	16.3	+1.4	+.8
Government Expenditure	4.3	4.3	4.5	+.2	+.3
Residential Construction	1.0	1.1	1.4	+.3	+.3
Non-Residential Construction	1.6	1.7	1.6	-	-
Machinery and Equipment	2.1	1.8	1.7	-.4	-.1
Exports	5.5	5.1	5.6	+.1	+.5
TOTAL FINAL PURCHASES (EX INVENTORIES)	<u>29.5</u>	<u>29.4</u>	<u>31.2</u>	<u>+1.7</u>	<u>+1.8</u>
Change in Inventories (Business Only)	.6 (.4)	-.1 (-)	.4 (.2)	-.2 (-.2)	+.5 (+.2)
Imports	-5.9	-5.5	-6.0	-.1	-.5
Error	.1	.1	.1	-	-
GROSS NATIONAL EXPENDITURE	<u>24.3</u>	<u>23.9</u>	<u>25.7</u>	<u>+1.4</u>	<u>+1.8</u>

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

The increases in both the second quarter and in the first half of this year over the same period of 1954 have taken place on a relatively broad front, with all industrial groups sharing in the advance. The chart immediately following suggests comparative orders of magnitude for the second quarter comparison.



COMPONENTS OF GROSS NATIONAL PRODUCT

Wages, Salaries and Supplementary Labour Income

Reflecting the substantial gain in production and the accompanying rise in employment, wages and salaries seasonally adjusted reached an annual rate of \$12.7 billion in the second quarter of this year. This represents an increase of more than 3 per cent over the first quarter (on the seasonally adjusted basis), and was about 7 per cent over the same period a year ago. The 7 per cent advance over last year breaks down into a 4 per cent increase in the number of paid workers and a 3 per cent increase in average weekly earnings.

Mirroring changes in production, the gain over a year ago was widespread throughout the various industries, with all groups showing advances. In spite of the widespread nature of the gains, however, manufacturing, construction and trade together accounted for about half of the increase. These three groups also accounted for the major part of the advance from the first to second quarter of this year.

Investment Income

Investment income seasonally adjusted rose by 11 per cent from the first to second quarter of 1955, to a level of \$4.4 billion at annual rates. This

constitutes a gain of about 20 per cent over the second quarter of 1954. Corporation profits were the major factor in the increase and data available at present suggest a gain of the order of 20 per cent over last year's second quarter. The advances from a year ago and from the first to second quarter again appear to have been quite general, with the majority of the industrial groups sharing in the increase.

Other components of investment income, including interest and rents received by individuals and government investment income, showed little movement from the first to second quarter, but were generally higher than a year earlier.

Net Income of Unincorporated Business

Seasonally adjusted, accrued net income of farm operators from farm production in the second quarter was at an annual rate of \$1.4 billion compared with the annual average for the year 1954 of \$1.1 billion. This increase reflects the method of seasonally adjusting grain production on the basis of anticipated crop yields (see footnote 1 page 1); the value of the 1955 crop is estimated to be some \$300 million higher than that of 1954. These figures are based on data available as at August 30 of this year. In the unadjusted data, accrued net income of farm operators shows a gain of about 16 per cent over the second quarter of last year, reflecting for the most part higher marketings of wheat.

Net income of non-farm unincorporated business was up slightly from the first to the second quarter, and was about 6 per cent above the level of the same period a year ago. The major part of this increase was in net income from construction, reflecting a higher level of housebuilding in 1955.

Indirect Taxes Less Subsidies

Indirect taxes less subsidies, seasonally adjusted, rose moderately from the first to second quarter and were at an annual rate of \$3.2 billion, 6 per cent above the level of the previous year. The gains were entirely attributable to indirect taxes, with subsidies showing little change. Featured in the increases over last year were customs import duties, which rose by 11 per cent, associated with the sharp rise in imports; and excise duties, which rose by 15 per cent, reflecting higher consumption of tobacco and alcoholic beverages. Federal excise taxes showed little change, reflecting the inter-action of reductions in rates in the April 1955 Budget with a higher level of production and consumption. At the provincial level, the gains were concentrated in gasoline, retail sales and public domain taxes, while at the municipal level, gains occurred in real property taxes.

COMPONENTS OF GROSS NATIONAL EXPENDITURE

Personal Expenditure on Consumer Goods and Services

Outlays by consumers for goods and services (seasonally adjusted) increased substantially from the first to the second quarter of 1955, with widespread gains in the non-durable goods group, and a large increase in purchases of durable goods associated with a sharp upswing in sales of new passenger automobiles. All major groups, durables, non-durables and services, were at new peaks in the second quarter, with increases of 15 per cent, 4 per cent, and

2 per cent, respectively, over the first quarter. These gains brought the total level of consumer expenditure in the second quarter to a point approximately 7 per cent above the level of the second quarter of 1954.

The heavy volume of new passenger car sales in the second quarter of this year is mirrored in a value increase of 36 per cent over the same period of 1954. This has been the major factor in the gain of 20 per cent for the total durable goods group. In the non-durable goods group, all of the component items have shown gains over last year, with the more important value increases occurring in food, and tobacco and alcoholic beverages. Consumer outlays for services have continued to grow steadily, and the level of the second quarter of 1955 was approximately 6 per cent over a year ago. The growth of the rent component of the services group has continued to rise as a result of an increased volume of housing units and a somewhat higher level of average rents.

Prices have been steady in the consumer sector over the past year, and the consumer price index has shown very little change. However, it may be noted that the price of services has risen while the prices of durable and non-durable goods have shown a decline of about 1 per cent.

Government Expenditure on Goods and Services

Government expenditure on goods and services, seasonally adjusted, rose moderately from the first to second quarter, reflecting for the most part a pick-up in federal defence outlays (largely on non-procurement items) but also to a lesser degree small gains in non-defence outlays at the three levels of government. The second quarter rate of \$4.6 billion was thus about 7 per cent over the corresponding period for 1954. Defence expenditures, which contributed almost half the gain over last year, were about 9 per cent higher. The growth in expenditures at the provincial and municipal levels of government reflected in part, higher investment outlays for capital facilities.

Residential Construction

Investment in new residential construction, seasonally adjusted, rose by approximately 12 per cent from the first to second quarter of 1955 and was at an annual rate of more than \$1.4 billion. This constitutes an increase of 33 per cent over the second quarter of last year and is the largest single percentage gain of any major component of Gross National Expenditure. Both housing starts and completions were up by 30 and 31 per cent, respectively, over the second quarter of 1954, while the residential building material price index has shown a gain of about 2 per cent.

Non-Residential Construction

By contrast with the rise in residential construction noted above, non-residential construction (seasonally adjusted) showed little change from the first to the second quarter of 1955, and was down slightly compared with the second quarter of 1954; in the first six months of this year, non-residential construction dropped by approximately 3 per cent from last year's level.

Machinery and Equipment

Investment in new machinery and equipment rose by 14 per cent from the first to the second quarter of 1955, the first major increase in this component since early in 1953. The gain was accounted for by an increase of 24 per cent in purchases of commercial vehicles, and by a rise in purchases of passenger vehicles for business use above the levels of the second quarter of 1954. In spite of this gain in the second quarter, however, investment in machinery and equipment for the first six months of this year was approximately unchanged from the first half of 1954.

Change in Inventories

The seasonally adjusted figures of inventory change indicate some accumulation in the second quarter. However, most of this accumulation can be ascribed to stocks of grain in commercial channels¹. Business inventories, seasonally adjusted, showed little change in the second quarter, but the minor change obscures offsetting movements within industries. Among these changes, it may be noted that manufacturing inventories, seasonally adjusted, were drawn down during the second quarter, reflecting the fact that shipments of motor vehicles from the factory were substantially in excess of the high rate of factory production. It may be recalled that in the first quarter of 1955, shipments of passenger vehicles were much lower than the production, especially during March when 17,000 units accumulated at the factory level. The rate of shipments of automobiles from the factories was in excess of the high volume of car sales in the second quarter, with the result that some accumulation took place at the retail level. This transfer of motor vehicles from factories to dealers played a substantial part in the overall increase in inventory holdings at retail.

Other developments within the components of business inventories in the second quarter appear to have been mainly offsetting so that on balance very little change is shown in the total level of business holdings at book value.

Exports and Imports of Goods and Services²

Exports and imports of goods and services in the second quarter were 10 per cent and 9 per cent, respectively, above the same period a year earlier. After seasonal adjustment, the figures indicate that the high levels reached in the first quarter of this year were maintained; exports were running at \$5.6 billion while imports were at \$6.0 billion.

Non-agricultural exports of goods, seasonally adjusted, rose to a new high from the first to second quarter, but declines in exports of agricultural products offset this increase. For the first half of 1955, while exports of agricultural products were approximately unchanged from the same period of 1954,

1. Withdrawals from stocks of grain in commercial channels were less than seasonal in the second quarter so that, in the seasonally adjusted figures, some accumulation is shown.

2. For a fuller discussion and report, see "The Canadian Balance of International Payments, Second Quarter, 1955".

all other commodities rose 12 per cent over the first half of 1954 and were 4 per cent above the first half of 1952, the previous peak. The strongest increases in exports in the half year comparison were in wood products, non-ferrous metals, non-metallic minerals and chemical products. Reflecting the coming into operation of relatively new sources of production, exports of iron ore, petroleum and chemicals rose considerably in the second quarter relative to the preceding year. Behind the continued strength of exports was the expansion of economic activity in the United States and the continued high levels of economic activity in the United Kingdom and other West European countries.

Imports of goods rose sharply in most components in the second quarter relative to the first; this increase in goods was partly offset by a decline in services. The gain in imports of goods reflects the expansion in economic activity in Canada in the first half of this year from the low point a year ago. The upswing in manufacturing production, the cessation of inventory liquidation followed by some accumulation, and the continued growth of consumer expenditure, has been accompanied by rising import levels. All nine import groups increased in both the second quarter and in the first half of 1955 compared to the same periods of 1954. Imports in the first six months of this year were approaching the peak levels of the first half of 1953, and several of the major import groups had in fact considerably exceeded them.

In the first half of this year, the deficit on current account has averaged slightly lower than the first half of the year 1954. A slight improvement in the terms of trade has occurred since the second quarter of last year, as export prices have risen moderately relative to import prices which have remained approximately unchanged.

Personal Income and Expenditure

Personal income, seasonally adjusted, in the second quarter of 1955 amounted to \$19.6 billion, up 3 per cent over the first quarter of this year and 8 per cent over the second quarter of a year ago. The major portion of these gains is accounted for by the rise in wages and salaries, and reflects higher wage rates and increased employment. All other elements of personal income also show gains relative to a year ago. From the first to second quarter of 1955, advances occurred in all components except government transfer payments, and interest, dividends and net rental income of persons.

The level of personal saving has risen in the first half of 1955, as advances in personal income have been larger than the increase in consumer outlays and personal direct taxes. Thus, the rate of saving in the first six months of the year has amounted to about 9 per cent of personal disposable income, compared with about 7 per cent in the first half of 1954.

TABLE 1. NATIONAL INCOME AND GROSS NATIONAL PRODUCT, BY QUARTERS, 1954-1955
(millions of dollars)

	1954				Year	1955	
	I	II	III	IV		I	II
1. Wages, Salaries and Supplementary Labour Income...	2,855	2,947	3,074	3,113	11,989	2,984	3,143
2. Military Pay and Allowances.....	83	92	95	97	367	93	100
3. Investment Income.....	843	965	1,002	905	3,715	907	1,168
Net Income of Unincorporated Business:							
4. Accrued Net Income of Farm Operators from Farm Production ¹	42	119	734	163	1,058	21	138
5. Net Income of Non-Farm Unincorporated Business ²	334	426	445	440	1,645	346	452
6. NET NATIONAL INCOME AT FACTOR COST.....	4,157	4,549	5,350	4,718	18,774	4,351	5,001
7. Indirect Taxes less Subsidies.....	716	734	728	736	2,914	750	778
8. Depreciation Allowances and Similar Business Costs	575	639	630	667	2,511	609	670
9. Residual Error of Estimate.....	-42	-100	-46	30	-158	-63	-55
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,406	5,822	6,662	6,151	24,041	5,647	6,394
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(5,364)	(5,703)	(5,928)	(5,988)	(22,983)	(5,626)	(6,256)

Footnotes:

1. This item includes the undistributed earnings of the Canadian Wheat Board, and an inventory valuation adjustment for grain in Wheat Board channels.
2. Includes net income of independent professional practitioners.

TABLE 2. GROSS NATIONAL EXPENDITURE, BY QUARTERS, 1954-1955
(millions of dollars)

	1954				Year	1955	
	I	II	III	IV		I	II
1. Personal Expenditure on Consumer Goods and Services.....	3,593	3,925	3,801	4,357	15,676	3,737	4,213
2. Government Expenditure on Goods and Services ^{1,2}	1,121	874	1,183	1,183	4,361	1,167	950
Gross Domestic Investments ²							
3. New Residential Construction.....	206	283	334	343	1,166	246	377
4. New Non-Residential Construction.....	335	414	491	436	1,676	320	405
5. New Machinery and Equipment.....	429	508	402	372	1,711	387	542
6. Change in Inventories.....	-136	-118	394	-420	-280	-120	19
7. (Business Inventories only) ³	(104)	(-1)	(-75)	(-148)	(-120)	(141)	(95)
8. Exports of Goods and Services.....	1,089	1,278	1,397	1,372	5,136	1,208	1,406
9. Deduct: Imports of Goods and Services.....	-1,272	-1,442	-1,386	-1,462	-5,562	-1,360	-1,574
10. Residual Error of Estimate.....	41	100	46	-30	157	62	56
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	5,406	5,822	6,662	6,151	24,041	5,647	6,394

Footnotes:

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:

1954					1955	
I	II	III	IV	Year	I	II
528	360	399	440	1,727	520	391

TABLE 3. SOURCES OF PERSONAL INCOME, BY QUARTERS, 1954-1955
(millions of dollars)

	1954				Year	1955	
	I	II	III	IV		I	II
1. Wages, Salaries and Supplementary Labour Income...	2,855	2,947	3,074	3,113	11,989	2,984	3,143
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds...	-96	-99	-99	-101	-395	-101	-102
3. Military Pay and Allowances.....	83	92	95	97	367	93	100
4. Net Income Received by Farm Operators from Farm Production ¹	48	130	709	198	1,085	-1	155
5. Net Income of Non-Farm Unincorporated Business....	334	426	445	440	1,645	346	452
6. Interest, Dividends and Net Rental Income of Persons ²	422	474	454	475	1,825	476	496
Transfer Payments to Persons:							
7. From Government (Excluding Interest).....	473	381	371	376	1,601	522	410
8. Charitable Contributions by Corporations.....	6	8	7	7	28	6	10
9. Net Bad Debt Losses of Corporations.....	6	7	7	8	28	6	7
10. PERSONAL INCOME.....	4,131	4,366	5,063	4,613	18,173	4,331	4,671

Footnotes:

1. This item differs from line 4 of Table 1 in that it excludes the undistributed earnings (and the inventory valuation adjustment) of the Canadian Wheat Board.
2. Includes all government debt interest paid to persons.

TABLE 4. DISPOSITION OF PERSONAL INCOME, BY QUARTERS, 1954-1955
(millions of dollars)

	1954				Year	1955	
	I	II	III	IV		I	II
Personal Direct Taxes:							
1. Income Taxes.....	298	356	313	323	1,290	310	336
2. Succession Duties.....	17	17	19	24	77	21	23
3. Miscellaneous.....	23	15	9	12	59	28	18
4. Total Personal Direct Taxes.....	338	388	341	359	1,426	359	377
Personal Expenditure on Consumer Goods and Services:							
5. Non-Durable Goods.....	1,953	2,160	2,167	2,600	8,880	2,004	2,274
6. Durable Goods.....	394	474	397	417	1,682	388	567
7. Services ¹	1,246	1,291	1,237	1,340	5,114	1,345	1,372
8. Total Personal Expenditure on Consumer Goods and Services.....	3,593	3,925	3,801	4,357	15,676	3,737	4,213
Personal Saving:							
9. Personal Saving Excluding Farm Inventory Change.	396	137	469	214	1,216	438	153
10. Farm Inventory Change.....	-196	-84	452	-317	-145	-203	-72
11. Total Personal Saving.....	200	53	921	-103	1,071	235	81
12. PERSONAL INCOME.....	4,131	4,366	5,063	4,613	18,173	4,331	4,671
13. (Personal Disposable Income) ²	(3,793)	(3,978)	(4,722)	(4,254)	(16,747)	(3,972)	(4,294)

Footnotes:

1. Includes net expenditure abroad.
2. Personal Income less Total Personal Direct Taxes.

TABLE 5. NATIONAL INCOME AND GROSS NATIONAL PRODUCT, BY QUARTERS, 1954-1955
SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1954				Year	1955	
	I	II	III	IV		I	II
1. Wages, Salaries and Supplementary Labour Income...	11,768	11,936	12,080	12,172	11,989	12,284	12,712
2. Military Pay and Allowances.....	332	368	380	388	367	372	400
3. Investment Income.....	3,668	3,708	3,656	3,828	3,715	3,940	4,364
Net Income of Unincorporated Business:							
4. Accrued Net Income of Farm Operators from Farm Production ¹	1,148	1,068	1,008	1,008	1,058	1,344	1,404
5. Net Income of Non-Farm Unincorporated Business ²	1,616	1,624	1,652	1,688	1,645	1,672	1,720
6. NET NATIONAL INCOME AT FACTOR COST.....	18,532	18,704	18,776	19,084	18,774	19,612	20,600
7. Indirect Taxes less Subsidies.....	2,904	2,984	2,884	2,884	2,914	3,052	3,164
8. Depreciation Allowances and Similar Business Costs	2,420	2,544	2,536	2,544	2,511	2,564	2,664
9. Residual Error of Estimate.....	16	-272	-248	-128	-158	-36	-180
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	23,872	23,960	23,948	24,384	24,041	25,192	26,248
11. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(22,724)	(22,892)	(22,940)	(23,376)	(22,983)	(23,848)	(24,844)

Footnotes:

1. Includes an arbitrary smoothing of crop production, standard seasonal adjustments for livestock items, and a seasonal adjustment for earnings of the Canadian Wheat Board. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.
2. Includes net income of independent professional practitioners.

TABLE 6. GROSS NATIONAL EXPENDITURE, BY QUARTERS, 1953-1954
SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1954				Year	1955	
	I	II	III	IV		I	II
1. Personal Expenditure on Consumer Goods and Services	15,376	15,600	15,812	15,916	15,676	16,004	16,668
2. Government Expenditure on Goods and Services ¹	4,224	4,312	4,472	4,436	4,361	4,472	4,620
Gross Domestic Investments ²							
3. New Residential Construction.....	1,084	1,092	1,200	1,288	1,166	1,288	1,448
4. New Non-Residential Construction.....	1,676	1,640	1,716	1,672	1,676	1,620	1,636
5. New Machinery and Equipment.....	1,772	1,756	1,708	1,608	1,711	1,604	1,824
6. Change in Inventories.....	172	-428	-808	-56	-280	500	284
7. (Business Inventories only) ³	(300)	(-356)	(-460)	(36)	(-120)	(364)	(20)
8. Exports of Goods and Services.....	5,060	5,156	5,148	5,180	5,136	5,604	5,592
9. Deduct: Imports of Goods and Services.....	-5,472	-5,440	-5,548	-5,788	-5,562	-5,936	-6,000
10. Residual Error of Estimate.....	-20	272	248	128	157	36	176
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	23,872	23,960	23,948	24,384	24,041	25,192	26,248

Footnotes:

1. Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes the change in inventories of government commodity agencies.
2. Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals.
3. Excludes grain in commercial channels and farm inventories.

TABLE 7. SOURCES OF PERSONAL INCOME, BY QUARTERS, SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1954				Year	1955	
	I	II	III	IV		I	II
1. Wages, Salaries and Supplementary Labour Income..	11,768	11,936	12,080	12,172	11,989	12,284	12,712
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds..	-376	-396	-404	-404	-395	-396	-412
3. Military Pay and Allowances.....	332	368	380	388	367	372	400
4. Net Income Received by Farm Operators from Farm Production ¹	1,172	1,112	908	1,148	1,085	1,260	1,472
5. Net Income of Non-Farm Unincorporated Business...	1,616	1,624	1,652	1,688	1,645	1,672	1,720
6. Interest, Dividends and Net Rental Income of Persons ²	1,760	1,812	1,840	1,888	1,825	1,988	1,932
Transfer Payments to Persons:							
7. From Government (Excluding Interest).....	1,608	1,608	1,564	1,624	1,601	1,776	1,728
8. Charitable Contributions by Corporations.....	28	28	28	28	28	24	40
9. Net Bad Debt Losses of Corporations.....	28	28	28	28	28	24	28
10. PERSONAL INCOME.....	17,936	18,120	18,076	18,560	18,173	19,004	19,620

Footnotes:

1. This item differs from line 4, Table 5, in that it excludes undistributed earnings (and the inventory valuation adjustment) of the Canadian Wheat Board.
2. Includes all government debt interest paid to persons.

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

	1954				Year	1955	
	I	II	III	IV		I	II
Personal Direct Taxes:							
1. Income Taxes.....	1,264	1,228	1,352	1,316	1,290	1,316	1,164
2. Succession Duties.....	68	68	76	96	77	84	92
3. Miscellaneous.....	64	60	56	56	59	76	72
4. Total Personal Direct Taxes.....	1,396	1,356	1,484	1,468	1,426	1,476	1,328
Personal Expenditure on Consumer Goods and Services:							
5. Non-Durable Goods.....	8,720	8,860	8,912	9,028	8,880	8,988	9,324
6. Durable Goods.....	1,728	1,656	1,728	1,616	1,682	1,696	1,944
7. Services ¹	4,928	5,084	5,172	5,272	5,114	5,320	5,400
8. Total Personal Expenditure on Consumer Goods and Services.....	15,376	15,600	15,812	15,916	15,676	16,004	16,668
Personal Saving:							
9. Personal Saving Excluding Farm Inventory Change	1,384	1,376	888	1,216	1,216	1,424	1,596
10. Farm Inventory Change.....	-220	-212	-108	-40	-145	100	28
11. Total Personal Saving.....	1,164	1,164	780	1,176	1,071	1,524	1,624
12. PERSONAL INCOME.....	17,936	18,120	18,076	18,560	18,173	19,004	19,620
13. (Personal Disposable Income) ²	(16,540)	(16,764)	(16,592)	(17,092)	(16,747)	(17,528)	(18,292)

Footnotes:

1. Includes net expenditure abroad.
2. Personal Income Less Total Personal Direct Taxes.



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TABLE 9. GROSS NATIONAL EXPENDITURE IN (1949) CONSTANT DOLLARS, BY QUARTERS,
UNADJUSTED FOR SEASONALITY¹
(millions of dollars)

	1954				Year	1955	
	I	II	III	IV		I	II
1. Personal Expenditure on Consumer Goods and Services.....	3,047	3,327	3,199	3,689	13,262	3,146	3,586
2. Non-Durable Goods.....	1,753	1,946	1,938	2,337	7,974	1,813	2,058
3. Durable Goods.....	347	418	353	373	1,491	351	526
4. Services.....	947	963	908	979	3,797	982	1,002
5. Government Expenditure on Goods and Services..	859	660	907	898	3,324	873	701
Gross Domestic Investment:							
6. New Residential Construction.....	162	222	260	266	910	190	290
7. New Non-Residential Construction.....	250	313	376	333	1,272	238	299
8. New Machinery and Equipment.....	359	423	337	307	1,426	321	455
9. Change in Inventories.....	-159	-154	545	-517	-285	-217	-44
10. (Business Inventories only).....	(115)	(11)	(-40)	(-137)	(-51)	(93)	(63)
11. Exports of Goods and Services.....	990	1,151	1,264	1,260	4,665	1,090	1,242
12. Deduct: Imports of Goods and Services.....	-1,159	-1,298	-1,250	-1,331	-5,038	-1,223	-1,410
13. Residual Error of Estimate.....	34	82	38	-25	129	50	46
14. GROSS NATIONAL EXPENDITURE.....	4,383	4,726	5,676	4,880	19,665	4,468	5,165

Footnote:

1. See footnotes, Table 2.