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CANADA

**NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
THIRD QUARTER
1955**

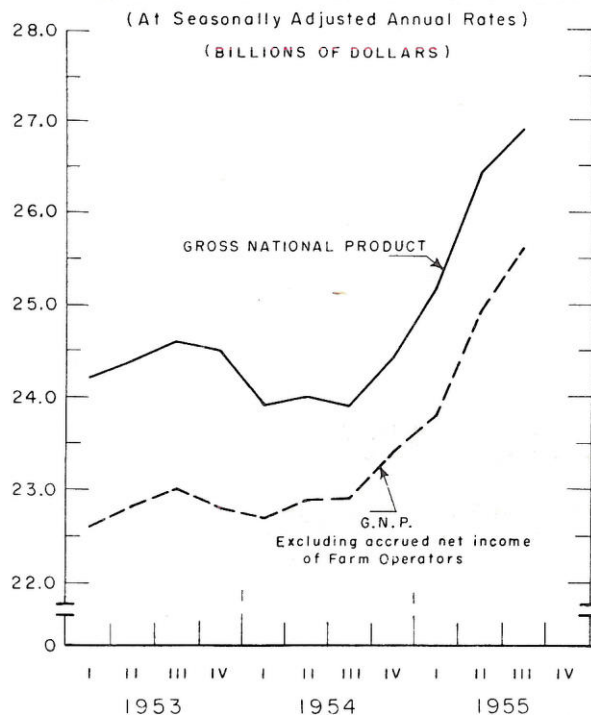
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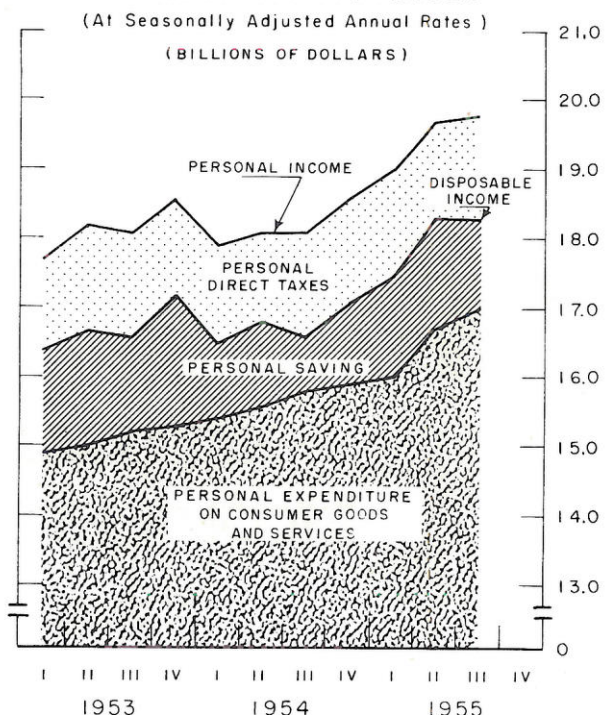
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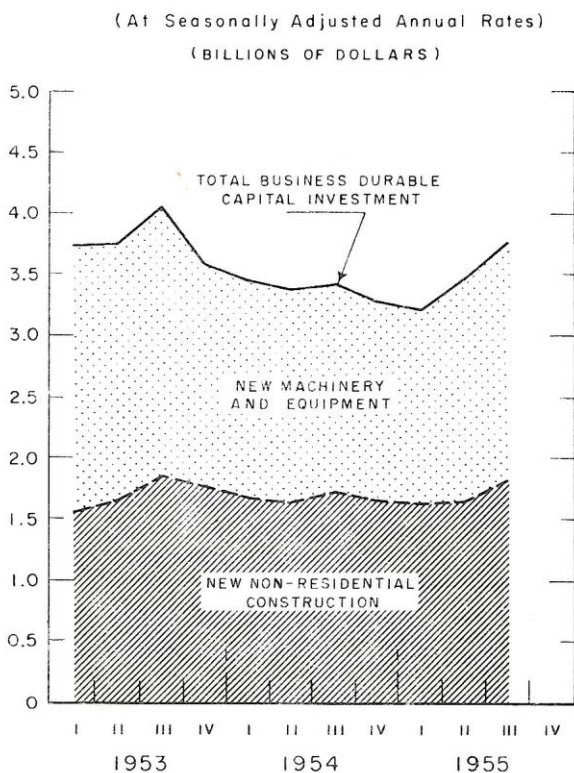
GROSS NATIONAL PRODUCT HAS MOVED SHARPLY UPWARD IN THE FIRST NINE MONTHS OF 1955



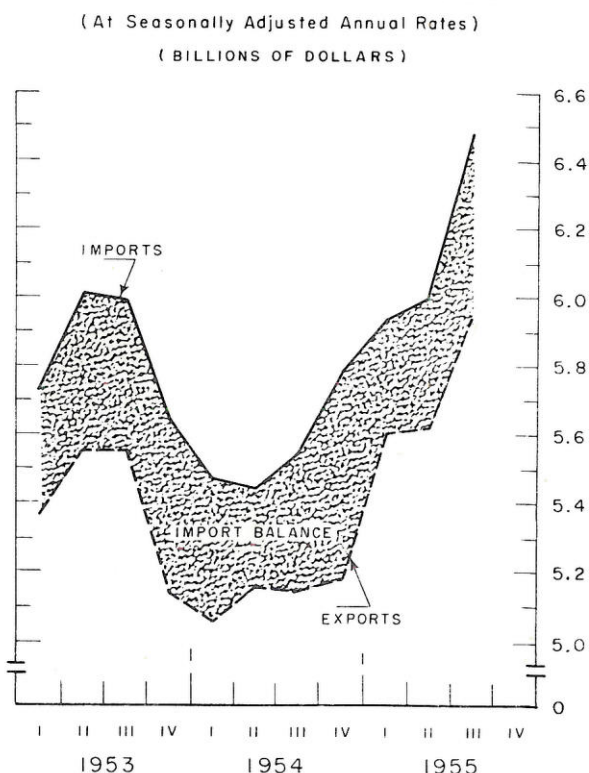
PERSONAL INCOME AND EXPENDITURE ROSE TO RECORD LEVELS WHILE SAVING INCREASED



BUSINESS CAPITAL INVESTMENT OUTLAYS HAVE STRENGTHENED IN RECENT QUARTERS



BOTH EXPORTS AND IMPORTS INCREASED MARKEDLY IN 1955



INTRODUCTORY REVIEW

This report includes revised data for the
second quarter of 1955

Gross National Product, seasonally adjusted, rose to \$26.9 billion in the third quarter of 1955, marking the fourth successive advance in output since the mild contraction from mid 1953 to mid 1954. The gain in output in the third quarter was more moderate than that which occurred between the first and second quarters of this year, amounting to about 2 per cent compared with an increase of more than 4 per cent in the preceding quarter. The successive advances in output since a year ago have amounted to \$2.9 billion at annual rates, and have brought the general level of economic activity to a point about 12 per cent above the 1954 third quarter rate of \$23.9 billion.

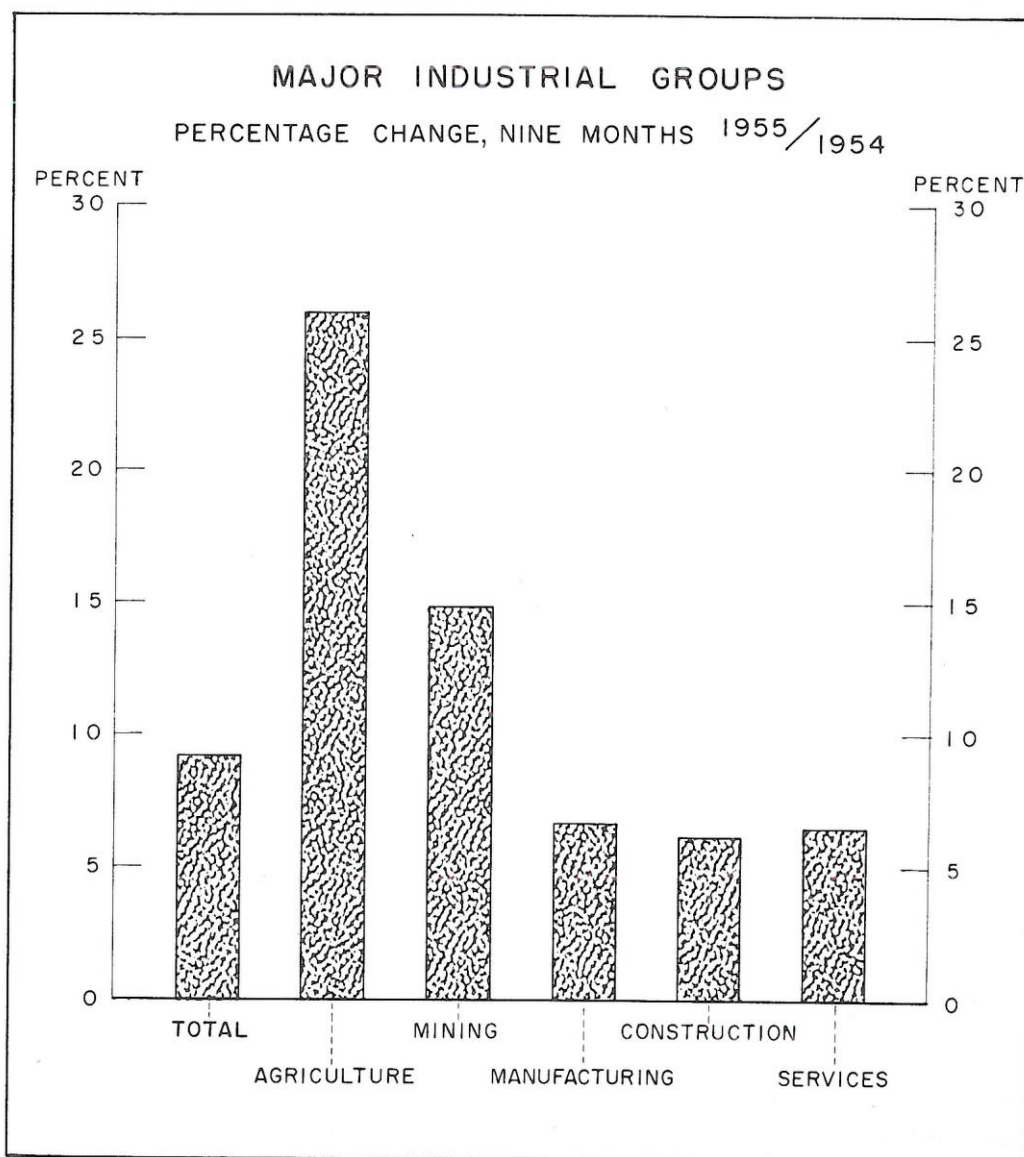
A number of expansionary factors have contributed to this \$2.9 billion growth in output over the course of the past year. The larger grain crop in 1955 is reflected in the increase, accounting for about \$300 million of the gain in total Gross National Product. Personal expenditure on consumer goods and services has led the advance in final purchases, with a gain of \$1.2 billion, while exports, gross domestic investment in durable assets, and government expenditures have together absorbed an additional \$1.7 billion of output. Finally, the swing in business inventories from liquidation a year ago to net accumulation in the third quarter of 1954 has amounted to \$0.5 billion. Under these stimuli, Canadian production has pushed rapidly forward, although a considerable part of both final and inventory demand has been channelled into imports, which have risen by more than \$0.9 billion (at seasonally adjusted annual rates) over the past year.

With the crop out-turn now known and data covering three quarters of the year's activity in the non-farm sector available, it is possible to suggest some order of magnitude for the year 1955 as a whole. On the basis of present evidence, it seems likely that Gross National Product in 1955 will be about 9 per cent higher than last year's figure of \$24.0 billion. With final product prices relatively stable in the first nine months of this year, this gain of 9 per cent would reflect, for the most part, an increase in the physical volume of output. It will be recalled that in 1954 the volume of output declined by 3 per cent while some increases in the labour force and productive capacity were taking place. This made possible the very sharp increase in the volume of output which is indicated for 1955. The increase over 1953 is of the order of 5 per cent.

Before proceeding to a discussion of the major product and expenditure categories, it will be useful to review briefly the experience of the various industrial groups in the third quarter of this year, and over the course of the past twelve months. After allowing for seasonal factors, the expansion in non-farm output between the second and third quarters appears to have occurred mainly in non-manufacturing activity, in contrast to preceding quarters where manufacturing accounted for about half of the total rise in output; durable goods production was responsible for most of the relatively modest gain in manufacturing activity in the third quarter. Outside the manufacturing field, industrial gains were widespread, with all major groups showing gains over the second quarter. Rising export demand for mine and metal products was accompanied by a sharp increase in the output of the mining industry; forestry production also rose as exports of wood and wood products were sustained at a high level. The recent up-turn in non-residential construction together with a continuation of the high

level of activity in the residential field contributed to a further gain in output in the construction industry. Gains were also registered in transportation and in most of the other service sectors.

Taking the first nine months of 1955 together, production increases over the same period of a year ago have been both widely dispersed and substantial in size. Manufacturing production has shown an increase of close to 7 per cent, with durable goods production up by 8 per cent and non-durable up by 5 per cent. It may be noted that since mid 1954, substantial increases have occurred in almost all of the manufacturing sub-groups which were affected by the earlier contraction in activity, including iron and steel products, electrical apparatus and supplies, transportation equipment, and textiles. At the same time, related indicators suggest that in the construction industry, and in the services group taken as a whole, gains of the order of 6 or 7 per cent have occurred in the first nine months of this year, marking a continuation of a general upward trend. In the primary industries group, a large gain is indicated for agriculture, while forestry, public utilities and mining have shown increases ranging from 9 to 15 per cent.



Accompanying these developments on the production side, the total number of persons with jobs in the third quarter was about 4 per cent higher than in the same period of 1954. In the non-agricultural sector, the number of persons with jobs rose by 6 per cent. At the same time, average hours worked per week in manufacturing were somewhat higher than a year ago. The number of persons without jobs and seeking work in Canada in the third quarter was almost 20 per cent below the level of last year's third quarter.

Prices on the average have been relatively stable over the course of the past year. Prices of non-agricultural primary materials have begun to edge upward, while agricultural prices have continued to decline. In particular, prices of non-grain export products and construction materials have shown some increases. The wholesale price index in the third quarter was about 1 1/2 per cent above the same period of a year ago, while the consumer price index was relatively unchanged.

SUMMARY OF DEVELOPMENTS IN INCOME AND EXPENDITURE

Both personal and business incomes continued to expand between the second and third quarters, reflecting for the most part further gains in wages and salaries and in investment income including corporation profits. The successive quarter-to-quarter gains in these two important income categories have accounted for the greater part of the enlarged flow of income over the course of the past year. Thus, the most recent gains have brought wages and salaries to a point approximately 8 per cent above last year's third quarter, while investment income is running at a rate approximately 25 per cent above a year ago. At the same time, account must be taken of the important increase in net income of farm operators in 1955 resulting from the substantially higher level of crop production compared with last year. The table below shows percentage increases for a number of selected income aggregates in the first nine months of 1955.

Percentage Change, Nine Months 1955 over Nine Months 1954 (percentage changes based on seasonally adjusted data)

National Income	+ 10 %	Wages and Salaries	+ 7 %
Personal Income	+ 8 %	Investment Income	+ 19 %
		Accrued Net Income of Farm Operators	+ 27 %

Accompanying these income gains, impressive increases have occurred in almost all segments of Gross National Expenditure in the first nine months of this year relative to the same period of 1954. Especially noteworthy in the last two quarters have been the firming of business investment outlays for new construction and machinery and equipment, which had been relatively stable since the declines of late 1953 and early 1954. In the third quarter of this year, these investment categories accounted for about \$0.3 billion of the \$1.1 billion increase in final purchases over the second quarter; the growth in consumer outlays and in exports accounted for almost all of the remaining increase, as shown in the table below. These developments between the second and third quarter were accompanied by one of the sharpest advances in imports of goods and services since the period immediately following the out-break of the Korean war.

The following table provides a summary review of changes in the categories of Gross National Expenditure from the second to third quarter, and in the first nine months of 1955 relative to a year ago.

Changes in Gross National Expenditure

	Change 2nd Q. 1955 to 3rd Q. 1955	Change 9 Months 1954 to 9 Months 1955	
	Seasonally Adjusted at Annual Rates \$ billions	Seasonally Adjusted at Annual Rates \$ billions	Percentage Change
Personal Expenditure.....	+ 0.3	+ 1.0	+ 6.1 %
Government Expenditure.....	+ 0.1	+ 0.3	+ 6.5 %
Residential Construction.....	+ 0.1	+ 0.3	+ 25.6 %
Non-Residential Construction....	+ 0.2	-	+ 0.6 %
Machinery and Equipment.....	+ 0.1	-	+ 2.7 %
Exports.....	+ 0.3	+ 0.6	+ 11.7 %
 TOTAL FINAL PURCHASES (ex. inventories).....	 + 1.1	 + 2.2	 + 7.4 %
Change in Inventories.....	- 0.2	+ 0.7	N.A.
(Business only).....	(-)	(+ 0.3)	(N.A.)
Imports.....	- 0.5	- 0.7	+ 11.9 %
Error.....	-	-	-
 GROSS NATIONAL EXPENDITURE....	 + 0.5	 + 2.2	 + 9.3 %
 GROSS AVAILABLE SUPPLY ¹	 + 1.0	 + 2.9	 9.8 %

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

1. Gross National Expenditure (production) plus imports.

GROSS NATIONAL PRODUCT

Wages, Salaries and Supplementary Labour Income

Labour income continued to rise in the third quarter of 1955, increasing by 3 per cent over the second quarter to a rate of \$13.1 billion. A comparison with the third quarter of last year shows an increase of over 8 per cent. Accompanying this gain over a year ago, the number of paid workers with jobs increased by more than 5 per cent, while average weekly earnings in the major non-agricultural industries rose by more than 3 per cent.

The changes in production which were noted previously were reflected in the industrial components of labour income. Thus, from the second to the third quarter of 1955, the primary industries including forestry and mining showed the largest gain, followed by construction and the service industries. The increase in labour income in manufacturing from the second quarter was smaller than in recent quarters.

Comparing the first nine months of 1955 with the same period a year ago, labour income shows an increase of nearly 7 per cent. Total wages and salaries in the primary industries, manufacturing and the trade group advanced by between

4 and 6 per cent, while finance, the services, and construction registered gains between 9 and 12 per cent. Since the consumer price index changed very little during this period, the increases in labour income noted above represented almost completely a gain in real terms.

Investment Income

Investment income reached a level of \$4.7 billion at seasonally adjusted annual rates in the third quarter of 1955, 3 per cent above the previous quarter. Compared with the third quarter of 1954, investment income was higher by 26 per cent. The main contributing factor in the rise of investment income, both from the second quarter of this year and from the comparable quarter of last year was the increase in corporation profits. However, while corporation profits in all industrial groups contributed to the rise in investment income from a year ago, the increase in corporation profits from the second quarter of this year was concentrated in the non-manufacturing industries, reflecting the trend which was noted previously. Other components of investment income showed little change from the second quarter, though they increased considerably over the third quarter of last year. Especially noteworthy were the gains in net rental income received by persons and in profits of government business enterprises.

During the first nine months of 1955, investment income rose by 20 per cent over the corresponding period of 1954. Corporation profits were again the major factor in this increase, while other components including net rents and government investment income were also higher.

Net Income of Unincorporated Business

Accrued net income of farm operators from farm production at seasonally adjusted annual rates was at \$1.3 billion in the third quarter of 1955, compared with the annual average of \$1.1 billion for the full year 1954. The increase in the rate of accrued net farm income for the first nine months of 1955 was 27 per cent over the first nine months of 1954, reflecting for the most part a larger grain crop. Although the rise in production was sharp, sales of grain off farms showed little change with the result that farm cash income was about level with the previous year.

The seasonally adjusted rate of net income of non-farm unincorporated business amounted to \$1.7 billion in the third quarter of 1955. The change in this component from the second quarter of this year was minor; compared with the same quarter of a year ago an increase of 5 per cent occurred largely accounted for by gains in the retail trade and construction groups.

Indirect Taxes less Subsidies

Indirect taxes less subsidies were at a seasonally adjusted annual rate of \$3.2 billion in the third quarter of 1955, an increase of about 2 per cent over the second quarter. The increase in this component from the third quarter of last year amounted to 12 per cent, attributable almost entirely to indirect taxes. Federal customs import duties have shown a gain over a year ago of 22 per cent, approximately the same as the percentage rise in imports of goods. At the same time, the increase in domestic production and shipments of goods has been accompanied by higher revenues from sales and excise taxes. Larger outlays by consumers on alcoholic beverages and tobacco have given rise to increased federal excise duties.

GROSS NATIONAL EXPENDITURE

Personal Expenditure on Consumer Goods and Services

Consumer outlays for goods and services, seasonally adjusted, rose by 2 per cent between the second and third quarters, to an annual rate of \$17.0 billion. This represents an increase of approximately 7 per cent over the third quarter of last year.

The recent gain in consumer expenditure was most pronounced in the field of durable goods purchases, where the gain of 8 per cent from the high second quarter level accounted for about half of the advance in total consumer outlays. In contrast to the second quarter advance, where sales of new passenger automobiles were the key factor in pushing up durable goods purchases, the gain in the third quarter was more widespread, with substantial increases occurring in sales of appliances, home furnishings and furniture, as well as automobiles.

Sales of non-durable goods showed a slight rise from the second to third quarter, with small movements occurring throughout most of the component sub-groups. Compared with a year ago, consumer outlays for non-durable goods were at a rate approximately 6 per cent higher in the third quarter of this year.

Consumer outlays for services continued to move upward in the third quarter, and were at a rate about 6 per cent over a year ago.

Over the course of the past year, prices of durable goods have declined by approximately 5 per cent. Prices of non-durable goods have shown a more moderate drop while prices of services have continued to move upward.

Taking the first nine months of 1955 as a whole, consumer outlays for durable goods have shown a gain of 14 per cent over the same period of a year ago. Some of the more striking increases have occurred in the following items: new passenger cars, unit sales of which were up by 21 per cent over last year; refrigerators, shipments of which were up by 17 per cent; washing machines, shipments of which were up by 21 per cent; and television sets, shipments of which were up by 32 per cent. The gain in total consumer durable goods purchases over a year ago has been accompanied by an increase in consumer credit outstanding; the most recent figures for the second quarter indicate a rise of 11 per cent over the second quarter of 1954, and available information suggests that the increase may be somewhat larger in the third quarter comparison. At the same time the third quarter rate of personal disposable income has risen by about 10 per cent over a year ago.

In the nine-month comparison, non-durable goods purchases have risen by 5 per cent, with gains of approximately the same order in sales of food and tobacco and alcoholic beverages; clothing purchases showed only a small increase over the period. Consumer outlays for services have been running about 6 per cent above a year ago in the first nine months of 1955.

Government Expenditure on Goods and Services

Government expenditure on goods and services, seasonally adjusted, showed a moderate increase of 3 per cent from the second to the third quarter of 1955 and was at an annual rate of \$4.8 billion; this constituted a gain of 7 per

cent above the third quarter of a year ago. The increase in government expenditure over last year was the result of higher outlays for salaries and wages at all three levels of government, higher defence expenditure, higher provincial highway construction, and the expansion of municipal facilities associated with the high level of house building activity.

Gross Domestic Investment (ex-Inventories)

In the third quarter of 1955, investment in durable capital goods was an important expansionary element in final demand, accounting for an increase over the second quarter of \$0.4 billion at annual rates.

Outlays for new residential construction continued to rise, although at a more moderate rate than in preceding quarters, reaching a level of \$1.5 billion in the third quarter; this constitutes a rise of about 25 per cent over a year ago. Most of this increase represented a real gain, as house building costs rose by about 3 per cent in the yearly comparison. It is of interest to note that about one-half of this price increase has taken place within the past three months, as prices of some lumber and metal products have risen.

Investment in new non-residential construction, which had shown little movement since the downturn in late 1953, moved sharply upward in the third quarter to a rate of \$1.8 billion, 10 per cent above the second quarter, and 6 per cent above the third quarter of last year. As noted in connection with house building, construction costs have begun to edge upward recently, so that some of the recent value increase represented price gains. In the year-to-year comparison, prices of non-residential building materials rose by 2 1/2 per cent.

The recent rise in non-residential construction along with a continued high level of house building has been accompanied by a 13 per cent increase in employment in construction relative to a year ago.

The sharp increase in investment in machinery and equipment noted in the second quarter continued into the third quarter, raising the annual rate to about \$1.9 billion, the highest level since the downturn in late 1953. This development has brought the third quarter level to a point about 16 per cent above the same period of a year ago. Associated with these increases were gains in business purchases of motor vehicles, and a sharp increase in imports of machinery. On the whole, there was little price movement in machinery items, so that the value gains over a year ago were approximately matched by volume increases.

This recent upsurge in business durable investment has been paralleled in the United States, where it has been attributed, in part, to the growing pressure of demand on existing capital facilities and sharply increased profits.

Investment in Inventories

Investment in inventories in the third quarter of 1955 was estimated to be \$860 million, almost all of which reflects harvesting operations on the farms and the movement of grains into commercial channels. This compares with a build-up of about \$394 million in the same part of 1954, following the poor crop of that year. Business inventories in the third quarter of 1955 rose by only \$35 million, an amount consistent with normal seasonal requirements. After allowance for seasonal variations, therefore, business inventories were almost unchanged

from the level of the second quarter of this year.

The relative stability in business holdings was fairly general throughout the industrial groups. Some drawing down of stocks at the manufacturing level took place, associated with the strong consumer, investment and export demands. In the wholesale and retail trades, almost no change beyond normal seasonal movements occurred. At the retail level, this stability reflected an increase in stocks of non-durable goods, offset by some liquidation of motor vehicle inventories as sales of automobiles exceeded seasonal levels. The small overall net increase in business inventories (seasonally adjusted) took the form of minor advances in forestry, mining and some of the other industry groups. Such a low rate of business inventory accumulation during a period of rapid general expansion in activity, is in contrast to the general pattern of the post war years when such periods of expansion were usually marked by a substantial build-up of stocks.

In the second and third quarters of 1955, the volume of goods becoming available from domestic production rose sharply, and this was accompanied by a large gain in imports. This increased supply, however, has been approximately matched by the high levels of final purchases, with resulting stability in the level of business inventories. With the rapid expansion in final purchases and the relative stability in business inventory holdings, the ratio of stocks to sales has been falling off, particularly in the second and third quarters of this year.

Although investment in business inventories in the two most recent quarters has been relatively minor, it is interesting to note the significance which the turn-around in the inventory position has had throughout the decline in economic activity from mid 1953 to mid 1954 and again in the subsequent expansion.

During the contraction in activity between the third quarter of 1953 and the third quarter of 1954, Gross National Expenditure declined by about \$0.7 billion at annual rates, and the turn-around in business inventory investment from net accumulation to liquidation amounted to \$0.8 billion. During the subsequent expansion to the third quarter of 1955, Gross National Expenditure rose by \$2.9 billion at annual rates, while the swing in business inventories amounted to \$0.5 billion as stock depletions ended and some small net investment occurred.

Exports and Imports of Goods and Services¹

Reflecting strong United States and overseas demand for Canadian products, and a rising level of Canadian production, exports and imports of goods and services reached record heights in the third quarter of 1955. The gain in exports was 6 per cent, and in imports, 8 per cent. The most recent increases have brought the level of exports to a point 11 per cent above the third quarter of 1954, and the level of imports to a point 18 per cent above a year ago.

The major share of these gains in exports from both the second quarter and a year ago occurred in commodity trade. Growing demands for Canadian

1. For a fuller discussion see "Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter, 1955" (Dominion Bureau of Statistics).

primary products associated with high levels of production in the United States, United Kingdom and the rest of the Sterling Area, were reflected in rising exports of non-ferrous metals, along with a high level of shipments of wood and wood products. Other increases were related to the development of new mining and industrial capacity; exports of petroleum, chemical and particularly iron ore showed substantial gains over the previous year. These developments were accompanied by higher levels of activity in mining, forestry and in wood and paper manufacturing. It might be noted that much of the gain in exports of non-ferrous metal products represented significant price increases in the past year.

Imports of goods, seasonally adjusted, rose rapidly between the second and third quarters, and were also much higher than a year ago with the gains being fairly widespread throughout most of the groups. Sharp advances in imports of fibres and textiles were related to higher levels of clothing and textile production, while the large increase in imports of iron and its products was associated with rising levels of demand for consumer durables and investment in new machinery. Part of the increase in imports appears to be related to the end of the strikes which interrupted British trade in the second quarter of this year.

It is interesting to note that imports of goods have increased by 22 per cent since the third quarter of 1954, compared with an advance in manufacturing production of 10 per cent. This volatility of imports was also observed during the course of the recent downturn, (mid 1953 to mid 1954) when a decline of 10 per cent occurred, compared with a drop of only 5 per cent for manufacturing production.

For the nine months as a whole, the deficit on current account (on the National Accounts basis), rose to \$407 million, from \$336 million for the same period in 1954. The major part of the increase in the deficit was accounted for by the invisible items, as gains in receipts from tourist and travel, and interest and dividends from non-residents were more than offset by larger payments on these items. However, the value of the Canadian dollar remained relatively stable in the third quarter, and the net long-term capital inflow virtually offset the deficit on current account.

While prices of imports were relatively unchanged in the past year, an increase in export prices of about 3 per cent has led to an improvement in the terms of trade since the third quarter of 1954.

Personal Income and Expenditure

Personal income, seasonally adjusted, was at a rate of \$19.8 billion in the third quarter, almost level with the second quarter, but 9 per cent above a year ago.

Offsetting movements accounted for the stability of personal income between the second and third quarters. Gains in employment and average weekly earnings have each contributed to a higher level of wages and salaries, while interest, dividends and net rental income of persons continued upward; the rise in dividend payments has been much more moderate than recent gains in corporation profits. Offsetting these increases, there were declines in government transfer payments and in net income received by farm operators from farm production, the latter reflecting partly the absence of any grain adjustment payment in the third quarter.

Compared with a year ago, all components of personal income were higher in the third quarter. Of the \$1.7 billion increase in the annual rate over the last year, \$1.0 billion was accounted for by wages and salaries, \$0.3 billion by higher farm income, and the balance by gains in government transfer payments, interest, dividends and net rental income, and net income of non-farm unincorporated business.

Turning to the expenditure side, personal expenditure on consumer goods and services, seasonally adjusted, rose by 2 per cent from the second to the third quarter, with durable goods purchases accounting for about half of the increase. At the same time, personal direct taxes rose by 6 per cent, reflecting lower-than-normal payments in the second quarter, in turn associated with the final tax payments on reduced unincorporated business income in 1954.

For the first nine months of 1955, personal saving was running at an average rate of \$1.5 billion compared with a rate of \$1.1 billion for the year 1954 as a whole. The rise in saving over a year ago reflects in part the higher grain crop of 1955.

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

	1954				Year	1955		
	I	II	III	IV		I	II	III
1. Wages, Salaries and Supplementary Labour Income...	2,855	2,947	3,074	3,113	11,989	2,984	3,153	3,326
2. Military Pay and Allowances.....	83	92	95	97	367	93	100	101
3. Investment Income.....	843	965	1,002	905	3,715	907	1,184	1,267
Net Income of Unincorporated Business:								
4. Accrued Net Income of Farm Operators from Farm Production ¹	42	119	734	163	1,058	21	146	1,081
5. Net Income of Non-Farm Unincorporated Business ²	334	426	445	440	1,645	346	450	468
6. NET NATIONAL INCOME AT FACTOR COST.....	4,157	4,549	5,350	4,718	18,774	4,351	5,033	6,243
7. Indirect Taxes less Subsidies.....	716	734	728	736	2,914	750	778	814
8. Depreciation Allowances and Similar Business Costs	575	639	630	667	2,511	609	672	674
9. Residual Error of Estimate.....	-42	-100	-46	30	-158	-63	-64	-95
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,406	5,822	6,662	6,151	24,041	5,647	6,419	7,636
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)	(6,273)	(6,555)

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	III
1. Personal Expenditure on Consumer Goods and Services.....	3,593	3,925	3,801	4,357	15,676	3,737	4,217	4,095
2. Government Expenditure on Goods and Services ^{1,4} ..	1,121	874	1,183	1,183	4,361	1,167	950	1,265
Gross Domestic Investment: ²								
3. New Residential Construction.....	206	283	334	343	1,166	246	377	422
4. New Non-Residential Construction.....	335	414	491	436	1,676	320	405	522
5. New Machinery and Equipment.....	429	508	402	372	1,711	387	542	467
6. Change in Inventories.....	-136	-118	394	-420	-280	-120	29	860
7. (Business Inventories only) ³	(104)	(-1)	(-75)	(-148)	(-120)	(141)	(97)	(35)
8. Exports of Goods and Services.....	1,089	1,278	1,397	1,372	5,136	1,208	1,414	1,551
9. Deduct: Imports of Goods and Services.....	-1,272	-1,442	-1,386	-1,462	-5,562	-1,360	-1,579	-1,641
10. Residual Error of Estimate.....	41	100	46	-30	157	62	64	95
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	5,406	5,822	6,662	6,151	24,041	5,647	6,419	7,636

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	III
528	360	399	440	1,727	520	391	414

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

	1954				Year	1955		
	I	II	III	IV		I	II	III
1. Wages, Salaries and Supplementary Labour Income...	2,855	2,947	3,074	3,113	11,989	2,984	3,153	3,326
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds...	-96	-99	-99	-101	-395	-101	-102	-104
3. Military Pay and Allowances.....	83	92	95	97	367	93	100	101
4. Net Income Received by Farm Operators from Farm Production ¹	48	130	709	198	1,085	-1	163	1,068
5. Net Income of Non-Farm Unincorporated Business....	334	426	445	440	1,645	346	450	468
6. Interest, Dividends and Net Rental Income of Persons ²	422	474	454	475	1,825	476	501	498
Transfer Payments to Persons:								
7. From Government (Excluding Interest).....	473	381	371	376	1,601	522	410	386
8. Charitable Contributions by Corporations.....	6	8	7	7	28	6	10	9
9. Net Bad Debt Losses of Corporations.....	6	7	7	8	28	6	7	7
10. PERSONAL INCOME.....	4,131	4,366	5,063	4,613	18,173	4,331	4,692	5,759

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	III
Personal Direct Taxes:								
1. Income Taxes.....	298	356	313	323	1,290	310	336	322
2. Succession Duties.....	17	17	19	24	77	21	23	23
3. Miscellaneous.....	23	15	9	12	59	28	18	12
4. Total Personal Direct Taxes.....	338	388	341	359	1,426	359	377	357
Personal Expenditure on Consumer Goods and Services:								
5. Non-Durable Goods.....	1,953	2,160	2,167	2,600	8,880	2,004	2,278	2,295
6. Durable Goods.....	394	474	397	417	1,682	388	567	482
7. Services ¹	1,246	1,291	1,237	1,340	5,114	1,345	1,372	1,318
8. Total Personal Expenditure on Consumer Goods and Services.....	3,593	3,925	3,801	4,357	15,676	3,737	4,217	4,095
Personal Savings:								
9. Personal Saving Excluding Farm Inventory Change.	396	137	469	214	1,216	438	162	530
10. Farm Inventory Change.....	-196	-84	452	-317	-145	-203	-64	777
11. Total Personal Saving.....	200	53	921	-103	1,071	235	98	1,307
12. PERSONAL INCOME.....	4,131	4,366	5,063	4,613	18,173	4,331	4,692	5,759
13. (Personal Disposable Income) ²	(3,793)	(3,978)	(4,722)	(4,254)	(16,747)	(3,972)	(4,315)	(5,402)

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	III
1. Wages, Salaries and Supplementary Labour Income...	11,768	11,936	12,080	12,172	11,989	12,284	12,732	13,104
2. Military Pay and Allowances.....	332	368	380	388	367	372	400	404
3. Investment Income.....	3,668	3,708	3,656	3,828	3,715	3,940	4,512	4,668
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	1,428	1,308
5. Net Income of Non-Farm Unincorporated Business ²	1,616	1,624	1,652	1,688	1,645	1,672	1,716	1,740
6. NET NATIONAL INCOME AT FACTOR COST.....	18,532	18,704	18,776	19,084	18,774	19,612	20,788	21,224
7. Indirect Taxes less Subsidies.....	2,904	2,984	2,884	2,884	2,914	3,052	3,164	3,232
8. Depreciation Allowances and Similar Business Costs	2,420	2,544	2,536	2,544	2,511	2,564	2,672	2,708
9. Residual Error of Estimate.....	16	-272	-248	-128	-158	-36	-252	-296
10. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	23,872	23,960	23,948	24,384	24,041	25,192	26,372	26,868
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)	(24,944)	(25,560)

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, 1954-1955
SEASONALLY ADJUSTED AT ANNUAL RATES
(millions of dollars)

	1954				Year	1955		
	I	II	III	IV		I	II	III
1. Personal Expenditure on Consumer Goods and Services	15,376	15,600	15,812	15,916	15,676	16,004	16,660	16,984
2. Government Expenditure on Goods and Services ¹	4,224	4,312	4,472	4,436	4,361	4,472	4,620	4,768
Gross Domestic Investment: ²								
3. New Residential Construction.....	1,084	1,092	1,200	1,288	1,166	1,288	1,448	1,504
4. New Non-Residential Construction.....	1,676	1,640	1,716	1,672	1,676	1,620	1,636	1,808
5. New Machinery and Equipment.....	1,772	1,756	1,708	1,608	1,711	1,604	1,824	1,948
6. Change in Inventories.....	172	-428	-808	-56	-280	500	308	104
7. (Business Inventories only) ³	(300)	(-356)	(-460)	(36)	(-120)	(364)	(28)	(36)
8. Exports of Goods and Services.....	5,060	5,156	5,148	5,180	5,136	5,604	5,624	5,940
9. Deduct: Imports of Goods and Services.....	-5,472	-5,440	-5,548	-5,788	-5,562	-5,936	-6,000	-6,484
10. Residual Error of Estimate.....	-20	272	248	128	157	36	252	296
11. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	23,872	23,960	23,948	24,384	24,041	25,192	26,372	26,868

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	III
1. Wages, Salaries and Supplementary Labour Income...	11,768	11,936	12,080	12,172	11,989	12,284	12,732	13,104
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds...	-376	-396	-404	-404	-395	-396	-412	-420
3. Military Pay and Allowances.....	332	368	380	388	367	372	400	404
4. Net Income Received by Farm Operators from Farm Production ¹	1,172	1,112	908	1,148	1,085	1,260	1,496	1,256
5. Net Income of Non-Farm Unincorporated Business....	1,616	1,624	1,652	1,688	1,645	1,672	1,716	1,740
6. Interest, Dividends and Net Rental Income of Persons ²	1,760	1,812	1,840	1,888	1,825	1,988	1,952	1,996
Transfer Payments to Persons:								
7. From Government (Excluding Interest).....	1,608	1,608	1,564	1,624	1,601	1,776	1,728	1,628
8. Charitable Contributions by Corporations.....	28	28	28	28	28	24	40	36
9. Net Bad Debt Losses of Corporations.....	28	28	28	28	28	24	28	28
10. PERSONAL INCOME.....	17,936	18,120	18,076	18,560	18,173	19,004	19,680	19,772

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	III
Personal Direct Taxes:								
1. Income Taxes.....	1,264	1,228	1,352	1,316	1,290	1,316	1,236	1,320
2. Succession Duties.....	68	68	76	96	77	84	92	92
3. Miscellaneous.....	64	60	56	56	59	76	72	72
4. Total Personal Direct Taxes.....	1,396	1,356	1,484	1,468	1,426	1,476	1,400	1,484
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	9,408
6. Durable Goods.....	1,728	1,656	1,728	1,616	1,682	1,696	1,936	2,100
7. Services ¹	4,928	5,084	5,172	5,272	5,114	5,320	5,400	5,476
8. Total Personal Expenditure on Consumer Goods and Services.....	15,376	15,600	15,812	15,916	15,676	16,004	16,660	16,984
Personal Savings:								
9. Personal Saving Excluding Farm Inventory Change.	1,384	1,376	888	1,216	1,216	1,424	1,464	1,268
10. Farm Inventory Change.....	-220	-212	-108	-40	-145	100	156	36
11. Total Personal Saving.....	1,164	1,164	780	1,176	1,071	1,524	1,620	1,304
12. PERSONAL INCOME.....	17,936	18,120	18,076	18,560	18,173	19,004	19,680	19,772
13. (Personal Disposable Income) ²	(16,540)	(16,764)	(16,592)	(17,092)	(16,747)	(17,528)	(18,280)	(18,288)

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

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	III
1. Personal Expenditure on Consumer Goods and Services	3,047	3,327	3,199	3,689	13,262	3,146	3,583	3,481
2. Non-Durable Goods.....	1,753	1,946	1,938	2,337	7,974	1,813	2,057	2,076
3. Durable Goods.....	347	418	353	373	1,491	351	525	456
4. Services.....	947	963	908	979	3,797	982	1,001	949
5. Government Expenditure on Goods and Services.....	859	660	907	898	3,324	873	702	944
Gross Domestic Investment:								
6. New Residential Construction.....	162	222	260	266	910	190	290	319
7. New Non-Residential Construction.....	250	313	376	333	1,272	238	299	381
8. New Machinery and Equipment.....	359	423	337	307	1,426	321	453	386
9. Change in Inventories.....	-159	-154	545	-517	-285	-217	-42	1,032
10. (Business Inventories only).....	(115)	(11)	(-40)	(-137)	(-51)	(93)	(65)	(9)
11. Exports of Goods and Services.....	990	1,151	1,264	1,260	4,665	1,090	1,247	1,361
12. Deduct: Imports of Goods and Services.....	-1,159	-1,298	-1,250	-1,331	-5,038	-1,223	-1,416	-1,472
13. Residual Error of Estimate.....	34	82	38	-25	129	50	52	77
14. GROSS NATIONAL EXPENDITURE.....	4,383	4,726	5,676	4,880	19,665	4,468	5,168	6,509

1. See footnotes, Table 2.

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