

Accrued net income of farm operators from farm production declined about one-third from \$1,653,000,000 in 1953 to \$1,058,000,000 in 1954. The decline was accounted for by a drop of more than \$500,000,000 in the value of crop production which reflected adverse weather conditions and severe rust damage to the grain crop in the western provinces. The net income of non-farm unincorporated business also declined somewhat from the 1953 total, amounting to \$1,645,000,000 in 1954. Certain industry groups however such as professional services and construction, recorded gains in the same comparison.

### 1.—National Income and Gross National Product 1939-54

(Millions of dollars)

Item	1939	1944	1946	1950 <sup>1</sup>	1951	1952 <sup>r</sup>	1953 <sup>r</sup>	1954
Wages, salaries and supplementary labour income.....	2,575	4,940	5,323	8,311	9,716	10,868	11,706	11,989
Military pay and allowances.....	32	1,068	340	137	201	270	309	367
Investment income.....	917	1,829	1,975	3,155	3,642	3,763	3,800	3,715
Net Income of Unincorporated Business—								
Accrued net income of farm operators from farm production.....	385	1,185	1,112	1,503	2,072	1,851	1,653	1,058
Net income of non-farm unincorporated business.....	464	804	1,071	1,444	1,507	1,574	1,688	1,645
<b>Net National Income at Factor Cost.</b>	<b>4,373</b>	<b>9,826</b>	<b>9,821</b>	<b>14,550</b>	<b>17,138</b>	<b>18,326</b>	<b>19,156</b>	<b>18,774</b>
Indirect taxes less subsidies.....	733	1,111	1,269	2,018	2,478	2,714	2,901	2,914
Depreciation allowances and similar business costs.....	610	957	903	1,636	1,910	2,120	2,411	2,511
Residual error of estimate.....	-9	60	33	-1	-52	95	-19	-158
<b>Gross National Product at Market Prices</b> .....	<b>5,707</b>	<b>11,954</b>	<b>12,026</b>	<b>18,203</b>	<b>21,474</b>	<b>23,255</b>	<b>24,449</b>	<b>24,041</b>

<sup>1</sup> Newfoundland included from 1950.

*Gross National Expenditure.*—Consumer expenditure and investment in new housing construction were the two important sustaining influences on the demand side in 1954. With the exception of government expenditure on goods and services, which remained level, all other major expenditure categories showed declines in 1954 as compared with 1953. During the period of the downturn in production (mid-1953 to mid-1954) the declines in the seasonally adjusted expenditure components were particularly sharp but from mid-1954 to the end of the year all expenditure items were rising again with the exception of outlays for new machinery and equipment.

The major expansionary force in the economy in 1954 was personal expenditure on goods and services which rose 4 p.c. to \$15,676,000,000 from \$15,125,000,000 in 1953. This was supported by higher labour income and interest and net rental income of persons together with increases in other components of personal income. Expenditures for services were higher by 8 p.c. and for non-durable goods by 3 p.c. but expenditures for durable goods declined by 6 p.c. With prices slightly higher than in the preceding year the volume increase in total personal expenditure amounted to approximately 3 p.c.

As already stated expenditure for goods and services by all levels of government remained practically unchanged in 1954 at \$4,361,000,000. A decline at the federal level of about 4 p.c. from 1953, concentrated in defence expenditure, was offset by gains of 5 p.c. and 7 p.c. respectively in provincial and municipal government expenditures.