

THE COMPONENTS OF GROSS NATIONAL EXPENDITURE

Personal consumption expenditures rose to \$19,768,000,000 in 1957, close to 6 p.c. higher than in 1956. All the increased spending was on services and non-durables; purchases of durables remained stable. The major part of the rise in total spending represents the higher prices prevailing in the consumer sector. The modest increase in the real volume of consumption in 1957 is in contrast to the decided gains recorded in the two preceding years; on a per capita basis, real consumption fell slightly, the first such decline since 1950-51.

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

Outlays for durable goods were stable in 1957. House furnishings was the only category of durable goods that showed any increase. Purchases of appliances and radios were about the same as in 1956. In real terms, purchases of durables in 1957 were about 3 p.c. below the level of the preceding year.

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

Consumer expenditure on services rose 9 p.c., with increases recorded in all the groups. One of the largest gains was in expenditure on shelter, reflecting the addition to the stock of housing and the rise in rents. Spending on personal service and medical care rose substantially. The rise in prices, some 4.5 p.c., was very pronounced in the services sector.

GOVERNMENT EXPENDITURE ON GOODS AND SERVICES

Government expenditure on goods and services amounted to \$5,612,000,000 in 1957, 7 p.c. higher than in 1956, with the major increases at the provincial and municipal levels. Most of the increase at all levels of government was accounted for by larger expenditures for wages and salaries and for construction.

BUSINESS GROSS FIXED CAPITAL FORMATION

In 1955 and 1956 the high and rising demand in world markets for the products of Canada's resource-based industries encouraged a vigorous expansion of productive capacity. This expansion centred on those industries producing raw materials and radiated to the fuel, power and transportation industries. Accordingly, an unusually large number of such projects were initiated in those years. In 1957, business expenditures for plant and equipment rose to \$5,965,000,000, an increase of nearly 14 p.c. over the preceding year. This increase reflected the large number of projects undertaken in earlier years and at various stages of completion in 1957, as well as those launched during 1957. The 1957 gain compares with an increase of 37 p.c. in 1956 and thus represents a distinct slowing down in the extraordinarily high rate of growth characteristic of the latter year.

Within business expenditures for plant and equipment, the emphasis in 1957 shifted strongly toward new construction which, at \$3,233,000,000, was about 25 p.c. higher than in 1956. This shift was partly attributable to the fact that expenditures on such major projects as the St. Lawrence Seaway and Power Project and the Trans-Canada Pipeline were moving towards their peak in 1957. Expenditures for new machinery and equipment were \$2,732,000,000, only about 3 p.c. higher than in 1956, in contrast to an increase of 34 p.c. in the preceding year. Purchases of machinery and equipment appear to have reached their peak in the first quarter of the year. Both domestic shipments and imports of the main categories of machinery and equipment declined in the second half of 1957.