

provincial level and to real and personal property taxes at the municipal level. Subsidies were lower by \$13,000,000, mainly because of smaller payments by the Federal Government on the cost of storing grain.

#### PERSONAL INCOME AND SAVING

Personal income amounted to \$23,142,000,000 in 1957, an increase of about 5 p.c. over the preceding year; this was a significantly larger increase than occurred in national income, which rose by only 3 p.c. Transfer payments advanced by 18 p.c. and showed the largest gain of any component of personal income. Rates of payment under the family allowance and old age security schemes were raised during the course of the year and a new transfer payment out of oil royalties was introduced in the Province of Alberta. The larger volume of unemployment, together with some extension of benefits, raised payments in the form of unemployment benefits by 45 p.c. Maintenance of dividend payments despite a fall in corporate profits was another factor in the divergence between national and personal income.

With a progressive tax structure, the rise in taxable incomes made for a fairly sharp increase in personal direct taxes, which were up 11 p.c. Income at the disposal of consumers for spending amounted to \$21,235,000,000, 5 p.c. above the level of 1956. Since consumer prices were over 3 p.c. higher, personal disposable income in real terms advanced only moderately, in contrast to the substantial advance that occurred in 1956; on a per capita basis, real disposable income declined slightly in 1957.

The advance in consumer spending matched fairly closely the rise in disposable income, leaving the rate of personal saving only slightly lower than in the preceding year. Personal saving dropped to \$1,467,000,000 in 1957 from \$1,541,000,000 in 1956.

#### NATIONAL SAVING AND INVESTMENT

Gross national saving fell from \$6,219,000,000 in 1956 to \$6,063,000,000 in 1957. The sources of saving were considerably altered. The surplus on consolidated government account, which at \$379,000,000 represented a significant part of total saving in 1956, was reduced to \$52,000,000 in 1957. Savings in the form of undistributed profits were also lower. An increase in depreciation allowances acted as a partial offset to the reduction in the other forms of saving.

The sharply reduced rate of accumulation of inventories (which shifted downward by \$673,000,000) brought the level of total gross capital formation slightly below the 1956 level. However, in 1957 as in 1956, total national saving fell short of investment requirements and this deficiency was met from foreign sources. In both years the deficit on international current account amounted to about \$1,400,000,000, and this imbalance was chiefly financed by net inflows of capital for long-term investment.

GROSS NATIONAL SAVING AND INVESTMENT, 1957 COMPARED WITH 1956  
(Billions of dollars)

Item	1956	1957	Change 1956 to 1957
Gross Private Saving—			
Personal saving.....	1.5	1.5	—
Undistributed corporation profits.....	1.0	0.8	-0.2
Depreciation allowances.....	3.5	3.7	+0.2 <sup>1</sup>
Other.....	-0.1	-0.1	-0.2
Government surplus.....	0.4	0.1	-0.3
Residual error.....	—	0.1	—
<b>GROSS NATIONAL SAVING.....</b>	<b>6.2<sup>1</sup></b>	<b>6.1</b>	<b>-0.1</b>
Gross Capital Formation—			
Gross fixed capital formation.....	6.8	7.4	+0.6
Change in inventories.....	0.8	0.1	-0.7
Net foreign investment.....	-1.4	-1.4	—
Residual error.....	—	-0.1	0.1
<b>GROSS NATIONAL INVESTMENT.....</b>	<b>6.2</b>	<b>6.1<sup>1</sup></b>	<b>-0.1<sup>1</sup></b>

<sup>1</sup> Not exact, because of rounding of figures.