

Gross National Product.—Gross national product, by totalling all costs arising in production, measures the market value of all final goods and services produced in the current period by Canadian factors of production. It is equal to national income plus net indirect taxes (indirect taxes less subsidies), plus capital consumption allowances and miscellaneous valuation adjustments.

Personal Income.—Personal income is the sum of current receipts of income whether or not these receipts represent earnings from production. It includes transfer payments from government such as family allowances, unemployment insurance benefits, and war service gratuities, in addition to wages and salaries, net income of unincorporated business, interest and dividends and net rental income of persons. It does not include undistributed profits of corporations and other elements of the national income not paid out to persons.

Gross National Expenditure.—Gross national expenditure measures the same aggregate as gross national product, namely, total production of final goods and services at market prices, by tracing the disposition of production through final sales to persons, to governments, to business on capital account (including changes in inventories) and to non-residents (exports). Imports of goods and services, including net payments of interest and dividends to non-residents, are deducted since the purpose is to measure only Canadian production.

Economic Activity in 1955 and 1956

Gross National Product and National Income.—In the year 1955 there was a sharp recovery from the mild contraction in economic activity that characterized the period mid-1953 to mid-1954. Output of goods and services, which was beginning to rise in the latter part of 1954, expanded rapidly throughout 1955, and for the year as a whole was approximately 9 p.c. higher than in 1954. The upswing lifted the gross national product from \$24,871,000,000 in 1954 to \$27,070,000,000 in 1955. With prices virtually unchanged, this increase represented the largest gain of any postwar year in the volume of production.

The expansion of output in the various industrial groups was widely dispersed and substantial in size. Manufacturing output showed an increase of 7 p.c., with relatively large increases in almost all those sub-groups that had been affected by the contraction of activity in 1953-54 (iron and steel products, electrical apparatus and supplies, and textiles). Sharp gains were also recorded in wood products, non-ferrous metal products and non-metallic mineral products.

These developments in production were associated with an increase of 4 p.c. in the number of persons with jobs in the non-farm sector. The expansion in employment, together with higher average earnings, raised labour income to \$13,215,000,000, 6 p.c. higher than in 1954.

Accrued net income of farm operators from farm production rose from \$1,017,000,000 to \$1,261,000,000, largely as a result of a better crop of grain; farm cash income, however, was slightly lower than in the previous year. Net income of non-farm unincorporated business rose 8 p.c., with the increases concentrated in construction and retail trade.

Corporate profits, which had been declining year by year from their postwar peak in 1951, rose to a new high of \$2,489,000,000, a gain of 27 p.c. Other investment income continued to rise.

Sustained expansion in economic activity in 1956 again raised the level of gross national product, which reached a total of \$30,098,000,000, 11 p.c. higher than in 1955. Prices resumed their upward trend and the gain in the physical volume of output was 7 p.c.—not much short of the 9 p.c. achieved in 1955.

The most striking increases in production in non-agricultural industries occurred in transportation, mining and construction. In manufacturing industries the increase was about 6 p.c., with an 8-p.c. increase in durable goods industries and a 4.5-p.c. increase in non-durables; gains were relatively large in those industries manufacturing producer and consumer durables, construction materials, and basic export products.