

*Gross National Expenditure.*—Aggregate final demand, together with additions to inventories, increased by approximately \$1,600,000,000 or 5 p.c. in 1953, with consumer expenditures accounting for about one-half of the gain. Additional expansionary elements were provided by housing outlays, which rose by \$275,000,000, government expenditure on goods and services which rose by \$200,000,000 and investment in new non-residential construction which showed a gain of \$170,000,000. Additions to business inventories were quite substantial in 1953, particularly in the second and third quarters of the year: for the year as a whole, they showed a net positive change from last year of \$570,000,000. Exports of goods and services declined, and additions to stocks of grain and farm inventories were also somewhat smaller than in 1952.

The large expansion in total demand referred to above was met mainly out of the increase in the nation's production of goods and services, which rose by about \$1,100,000,000 in terms of current dollars. The gap not covered by the production increment was met, on balance, from foreign sources of supply, as reflected in the large increase in imports of goods and services which occurred in 1953.

Price influences featured less prominently in the gain in the value of total production in 1953 than in the preceding two years. While the major components of gross national expenditure were variously affected by price changes, over-all price effects were small, reflecting mainly price stability in the important field of consumer goods and services.

Personal expenditure on consumer goods and services amounted to \$15,165,000,000 in 1953, a gain of 5 p.c. over 1952. Inasmuch as consumer prices were substantially unchanged from the average of the previous year, the volume increase was also about 5 p.c. In the goods category, durable goods showed the largest percentage increase amounting to about 13 p.c., the greater part accounted for by sales of new automobiles which rose by 24 p.c., and by purchases of television sets, factory shipments of which more than doubled. Non-durable goods purchases showed a gain of nearly 3 p.c. in 1953, reflecting largely an increase in retail sales of food. Consumer purchases of services expanded in most categories, with the total increase amounting to about 7 p.c.

Government expenditure on goods and services rose to \$4,408,000,000 in 1953, a gain of 5 p.c. over the previous year. Defence expenditure rose to \$1,909,000,000, an increase of 6 p.c.; this compares with a gain of 56 p.c. in 1952 and 135 p.c. in 1951. Defence spending, though at a high level, was of much less importance in the total expansion of demand in 1953 than in the two preceding years.

Gross domestic investment (excluding investment in inventories) increased to \$4,709,000,000 in 1953, an advance of 11 p.c. over 1952. The entire increase is accounted for by a gain in the value of new construction put in place, with new housing showing the most striking gain; investment in new machinery and equipment showed little change.

The value of investment inventories (business inventories, farm inventories and grain in commercial channels) in 1953 amounted to \$572,000,000—more than double the 1952 value. Additions to stocks of business inventories, in 1953, amounted to \$376,000,000 in value terms, compared with a net liquidation in 1952 of \$88,000,000. They represented about 5 p.c. of total book value holdings by all groups, and were in proportion to increases in non-farm output. The increments in 1953 were concentrated mainly in the manufacturing, wholesale and retail trade groups.