

Responding to the recovery of industrial activity in the United States, strong overseas demand for Canadian goods, a rising level of Canadian production and higher consumer and investment outlays, exports and imports of goods and services rose to new levels in 1955. The gain in exports was 11 p.c., and in imports 14 p.c., bringing the annual levels to \$5,700,000,000 and \$6,300,000,000, respectively. These advances in exports and imports of goods and services were mainly attributable to a sharp recovery in commodity trade in 1955, following the declines of the previous year. However, payments and receipts on invisible items were also up sharply in 1955.

In the export group, gains in forest products, minerals, metals and chemicals were especially noteworthy. Sharp increases occurred in exports of iron ore, chemicals and crude petroleum, made possible by new industrial capacity in Labrador and Western Canada. Gains in wood and wood products, and non-ferrous metals were of particular significance in the total export increase, the latter group reflecting to a large extent higher prices. The sharp advances in the commodity exports more than offset a decline in shipments of grain and in some types of manufactured products in 1955. In the fourth quarter of 1955, the annual rate of exports of goods and services was \$5,800,000,000, 2 p.c. above the average for the year 1955 as a whole.

Even more striking than the gain in exports in 1955 was the sharp advance in commodity imports, particularly in the latter half of the year. The major part of the increase in imports was from United States sources, and in the third and fourth quarters of 1955 imports from that country were 23 p.c. and 28 p.c., respectively, above the same period of 1954. While the increase in imports was widespread, the major gains occurred in metal products including primary steel, industrial machinery and equipment, automobiles and parts, aircraft, electrical apparatus and other kinds of hard goods. These increases were related to the recovery of investment in plant and equipment and consumer outlays for durable goods in 1955. Imports of textile materials and products also rose sharply in 1955, associated with a pick-up in clothing and textile production, and higher consumer expenditure on clothing. In the fourth quarter, imports of goods and services were running at a seasonally adjusted annual rate of \$7,000,000,000, almost 10 p.c. above the annual average for the full year 1955.

Personal income amounted to \$19,800,000,000 in 1955, a gain of 9 p.c. over the previous year. The difference in this increase and the 11 p.c. gain in national income, was mainly a reflection of the fact that corporation profits, included in national income, rose much more sharply in 1955 than dividend payments to Canadians. It may be recalled that in 1954 personal income showed a small advance in the face of a decline in national income. This difference was again partly a reflection of the relatively greater stability of dividend payments, which continued to be maintained at a time when profits were declining.

All components of personal income were higher in 1955. Of the \$1,600,000,000 increase over the previous year, \$900,000,000 was accounted for by higher wages and salaries, \$300,000,000 by higher farm income, and the balance by government transfer payments, interest, dividends and net rental income, and net income of non-farm unincorporated business.

Turning to the expenditure side, personal expenditure on consumer goods and services rose by 7 p.c. in 1955; personal direct tax collections were about 4 p.c. higher reflecting for the most part a sharp increase in succession duty collections; personal income tax collections were level with the preceding year, reflecting mainly the inter-action of a higher level of personal income in 1955 and a reduction of the personal income tax rate effective from mid-year.

Personal saving in 1955 amounted to \$1,500,000,000 compared with \$1,000,000,000 in 1954, an increase attributable in large part to the higher grain crop in 1955. As a percentage of personal income, personal saving made up 7.5 p.c. of the personal income total in 1955 compared with 5.3 p.c. in 1954. Gross national saving rose by 30 p.c. in 1955, from \$4,000,000,000 in 1954 to \$5,200,000,000. This increase was attributable to