

GROSS NATIONAL PRODUCT CLIMBS

Canada's gross national product was at a seasonally adjusted annual rate of \$31.0 billion in the fourth quarter of 1956, 2 percent above the third quarter rate and about 3 percent above the average annual rate for the year 1956 as a whole. This amounted to \$29.9 billion compared to \$26.9 billion in 1955.

Price factors accounted for a significant part of the increase in the fourth quarter, and related evidence suggests that only about one-half of the value gain represented an increase in the physical volume of production. This would constitute one of the smallest increases in the volume of output since the upswing in activity began in mid-1954. Final product prices were between 3 percent and 4 percent higher for the year as a whole, the gain in the physical volume of output in 1956 amounting to about 7 percent. This increase in the physical volume of production was the second largest in the post-war period, being exceeded only by the record advance of 9 percent in 1955.

On the expenditure side, the major factors in the fourth quarter increase were gains in consumer outlays for non-durable goods and services of 2 percent and 3 percent, respectively, a continuation of the uptrend in business capital investment outlays for non-residential construction and new machinery and equipment (up 6 percent and 3 percent, respectively) and a substantial pickup in the rate of inventory accumulation. Apart from larger holdings of farm inventories, the inventory movement represented an upswing in the rate of accumulation of business stocks at the manufacturing, retail and wholesale trade levels. The swing in retail holdings of motor vehicles was especially pronounced in the fourth quarter, and reflected the earlier timing of the model change-over in 1956.

POPULATION GAIN: Canada's population reached 16,420,000 at March 1 this year, according to the regular quarterly estimates by the Dominion Bureau of Statistics. This was an increase of 112,000 from the previous quarterly estimate of 16,308,000 at December 1 last year and compares with a gain of 79,000 for the corresponding 1955-56 quarter.

Estimated increases are usually lowest of the year for the three months, December, January and February, but a larger flow of immigrants to Canada in the period raised the quarter's gain to levels only slightly smaller than the September-December rise and to the same level as in the June, July and August period. The increase from June 1 to September 1 was put at 112,000 and from September 1 to December 1 at 115,000.

The total estimated gain for the 12 months ending March 1 this year amounted to 448,000 or a rate of 2.8 percent. This compares with

The build-up in inventories at the manufacturing level occurred mainly in the sub-groups of iron and steel products, foods and beverages, and petroleum and chemical products. Partial offsets occurred to this build-up of stocks at the manufacturing and trade levels, with liquidations taking place in forestry, construction and some of the other industry groups. Residential construction continued to decline in the fourth quarter and government expenditures were also lower. Exports of goods and services showed little change, but imports again rose moderately, and the deficit on current account was at a rate of over \$1.5 billion.

These changes in the expenditure pattern in the fourth quarter of 1956 were accompanied by further gains in most of the major components of national income. Wages and salaries rose by 2 percent in the quarter, investment income by 3 percent, and accrued net income of farm operators by about 9 percent; the latter reflects almost entirely an increase in farm-held inventories of livestock. The gain in investment income is attributable to further increases in interest and rental income; while data are not yet available on corporation profits for the fourth quarter, the present estimates allow for little change in this item.

The gain in the physical volume of output in the fourth quarter appears to have been concentrated in the construction industry, durable goods manufacturing, wholesale and retail trade, and mining, quarrying and oil wells. Declines occurred in non-durable goods manufacturing, forestry, and transportation, communication and storage.

estimated increases of 385,000 (2.5 per cent) for the corresponding 1955-56 period, 425,000 (2.8 per cent) in the 1954-55 period, 432,000 (2.9 per cent) in the 1953-54 period, and 394,000 (2.7 per cent) in the 1952-53 period.

3 NEW INSTITUTES: The establishment of three new technological institutes in the Province of Ontario was announced recently by Education Minister William J. Dunlop. These will provide facilities for trade and technical training, and will be developed to the same level as the Ryerson Institute of Technology in Toronto.

The three new institutes will be located in Hamilton, Ottawa and Windsor. The Hamilton one is already in operation, following reorganization and expansion at the former Institute of Textiles. Opening of the Ottawa and Windsor institutes is scheduled for next September.