

Quarterly Estimates of National Expenditure

This article is the second in a new series presenting quarterly estimates of national expenditure. The first article in this series was published as a special supplement to the January 1957 issue of *Economic Trends*.

The estimates have been prepared by the Central Statistical Office, with the collaboration of other Government Departments, and are consistent with the annual estimates given in the latest National Income White Paper (Cmd. 123).

Tables A, B, C and D are a continuation of those published in the January issue of *Economic Trends*. Table A summarises the quarterly estimates of each major category of national expenditure at current prices. Tables B and C give estimates of consumers' expenditure and of gross domestic fixed capital formation in more detail at both current and constant prices. Table D sets out the revenue account of the Central Government including National Insurance Funds.

Consumers' expenditure

In the fourth quarter of 1956 consumers' expenditure increased by £215 million, to £3,606 million. Much of this increase was seasonal. In 1955, the increase between the last two quarters was £170 million, and in 1954, £164 million. Compared with the fourth quarter of 1955, consumers' expenditure was £143 million, or 4 per cent. higher; measured at average 1948 prices it was 1 per cent. higher.

The estimates in Table B suggest that consumers' expenditure at constant prices, after falling slightly in the third quarter compared with the corresponding quarter of the previous year, resumed its slight upward trend in the fourth quarter. Falls in expenditure on food and beer recorded in the third quarter were reversed in the fourth quarter and expenditure on durable household goods recovered to the peak level reached a year earlier. Expenditure on wines and spirits, on clothing and on fuel and light continued their steady rise, but expenditure on housing and on tobacco were unchanged as in previous quarters. On the other hand, expenditure on private motoring continued to fall and was nearly one quarter lower in the fourth quarter of 1956 than in the same period of 1955. This fall in expenditure on private motoring alone was equal to a fall of 1 per cent. in total consumers' expenditure.

The following table summarises the changes in consumers' expenditure between the fourth quarter of 1955 and the fourth quarter of 1956 and compares these changes with the changes between the first three quarters of the two years.

Consumers' expenditure (at 1948 market prices)

	1956	1955	
		Jan.-Sept. 1955	Oct.-Dec. 1955
		to	to
		Jan.-Sept. 1956	Oct.-Dec. 1956
	£ million	per cent. changes	
Food	2,656	+ 1	+ 4
Alcoholic drink ..	910	+ 3	+ 5
Tobacco	842	+ 2	—
Housing	816	+ 1	—
Fuel and light ..	391	+ 4	+ 6
Durable household goods	736	- 5	—
Clothing	1,059	+ 3	+ 3
Private motoring and cycling ..	365	- 9	-23
Other goods and services	2,084	—	—
Total	9,859	+ 1	+ 1

Expenditure by public authorities

Current expenditure by public authorities (both Central Government and local authorities) on goods and services increased by £302 million between the two calendar years 1955 and 1956. Most of this increase was due to higher prices and increased rates of pay. Increased expenditure by local authorities accounted for a third of the increase and increased expenditure by the Central Government on military defence for another third.

Details of Central Government expenditure, including transfer payments as well as expenditure on goods and services, together with details of revenue, are given in Table D. The quarterly estimates of expenditure on goods and services, like the annual figures, relate mostly to cash payments by Departments. Quarter to quarter changes in these payments cannot be expected to correspond precisely with changes in the production of the goods purchased.

Between the third and fourth quarters of 1956, total expenditure by the Central Government increased by £47 million; this compares with an increase of £82 million between the last two quarters of 1955. This smaller rise was due partly to the postponement of interest payments on the United States and Canadian loans and partly to the smaller rise in expenditure on military defence.

It may also be observed that the pattern of current expenditure on goods and services by the Central Government in 1956 was somewhat different from that in the two earlier years shown. In 1954 and 1955 expenditure was highest in the first quarter (the final quarter of the financial year). In 1956, expenditure rose throughout the year. This was due partly to military expenditure associated with the Suez operation, and partly to increased rates of pay introduced in the second quarter and to higher prices.

Gross fixed capital formation

The steady slowing down in the rate of increase of capital expenditure continued in the fourth quarter of 1956. Although expenditure in the fourth quarter increased substantially from the third quarter, some of this rise may well have been seasonal (possibly associated with the coincidence of accounting years of many businesses with the calendar year). Compared with the fourth quarter of 1955, expenditure was only £21 million, or 2½ per cent. higher.

Table C shows that compared with 1955 capital expenditure in manufacturing continued to increase throughout 1956 but at a diminishing rate, while capital expenditure in transport and communication and in public services rose at an increasing rate. On the other hand, investment in gas, electricity and water and in distribution and other industries, though higher in the first half of 1956 (compared with the same period in 1955) was lower in the second half.

Measured at average 1948 prices, gross fixed capital formation was 9 per cent. higher in the first quarter of 1956 than in the corresponding quarter of 1955; in the second quarter it was 4 per cent. higher; in the third quarter 2 per cent. higher; and in the fourth quarter 1 per cent. lower.

The table below shows that the fall in the rate of increase in capital expenditure affected all the major groups of fixed assets, except dwellings which appeared to show some recovery in the fourth quarter of 1956.

Percentage increase in gross domestic fixed capital formation (at 1948 prices) over corresponding quarter of previous year

1956	Vehicles, ships and aircraft			Dwellings	Other new buildings and works
	Total	Plant and machinery			
1st quarter	+ 9	+ 16	+ 6	- 2	+ 16
2nd quarter	+ 4	+ 10	+ 1	- 5	+ 15
3rd quarter	+ 2	+ 9	+ 2	- 8	+ 7
4th quarter	- 1	+ 5	- 5	-	- 1

Investment in stocks and work in progress

The information available suggests that during 1956 there was a substantial increase in stocks and work in progress, although the increase was somewhat less than in 1955. Over the year as a whole stocks increased in volume by £200 million, or by 2½ per cent.

In the first half of 1956 stocks rose by about the same amount as in the first half of 1955 but in the second half

of the year they fell whereas they rose in the corresponding period of 1955. The large rise in stocks in the first quarter, and the sharp fall in the last quarter of 1956 can be explained mostly by seasonal variations in retailers' stocks. If retailers' stocks are excluded from the series in Table A the quarterly figures of physical changes in stocks and work in progress for 1956 are as follows:

	£ million
1st quarter	75
2nd quarter	75
3rd quarter	40
4th quarter	10

The figures suggest that the increase in stocks and work in progress in 1956 occurred mainly in the first half of the year. A part of this increase was undoubtedly due to production not being reduced immediately to meet the decline in demand for certain kinds of consumer goods and vehicles. In the third quarter of 1956 the rate of increase fell; in the fourth quarter there was virtually no change. However, investment in stocks in the fourth quarter might have been somewhat greater but for the dislocation of shipping following the closing of the Suez Canal.

Exports and imports of goods and services

Table A gives quarterly figures of exports and imports of goods and services. The difference between the two is not the same as the current surplus in the balance of payments because the latter includes not only transactions in goods and services but also net income from abroad and other transfers. Details of the balance of payments are given in the latest Balance of Payments White Paper (Cmnd. 122).

Gross domestic product

Quarterly estimates of the gross domestic product at current prices are given in Table A. These estimates, like the annual estimates, are derived from estimates of expenditure and imports. But the quarterly figures are less reliable than the annual figures as a guide to changes in the level of output as it is not always possible to record all the different forms of expenditure on precisely the same basis or at the same point in time.

The estimates show that between 1955 and 1956 the gross domestic product increased by £1,181 million, or by 7 per cent. About one-fifth of this represented a real increase; the rest was due to higher costs per unit of output.

Expenditure on the gross domestic product

TABLE A

£ million

	Expenditure on the gross domestic product ⁽¹⁾	Domestic expenditure on goods and services					Exports of goods and services	Imports of goods and services	Taxes on expenditure	Subsidies
		Total	Consumers' expenditure	Public authorities' current expenditure	Gross domestic fixed capital formation	Value of physical increase in stocks and work in progress				
1938	4,983	5,822	4,394	772	656	—	723	977	622	37
1946	8,743	10,324	7,159	2,291	925	-51	1,251	1,668	1,551	387
1947	9,273	11,181	7,909	1,743	1,199	330	1,456	2,051	1,785	472
1948	10,189	11,842	8,471	1,761	1,435	175	1,991	2,197	2,020	573
1949	10,895	12,456	8,831	1,977	1,583	65	2,305	2,410	1,981	525
1950	11,299	12,909	9,348	2,071	1,700	-210	2,785	2,809	2,060	474
1951	12,576	14,976	10,068	2,440	1,893	575	3,470	4,066	2,272	468
1952	13,847	15,644	10,582	2,898	2,114	50	3,604	3,531	2,288	418
1953	14,738	16,794	11,246	3,055	2,368	125	3,397	3,442	2,375	364
1954	15,681	17,731	11,963	3,143	2,550	75	3,608	3,596	2,485	423
1955	16,643	19,138	12,772	3,211	2,855	300	3,925	4,140	2,626	346
1956	17,824	20,179	13,378	3,513	3,088	200	4,366	4,268	2,822	369
1954 1st quarter	3,709	4,188	2,703	821	604	60	905	883	622	121
2nd quarter	3,846	4,272	2,934	749	624	-35	925	860	597	106
3rd quarter	4,070	4,626	3,081	767	643	135	913	920	617	68
4th quarter	4,056	4,645	3,245	806	679	-85	865	933	649	128
1955 1st quarter	3,966	4,604	2,900	847	642	215	972	1,044	662	96
2nd quarter	4,067	4,603	3,116	764	678	45	985	978	618	75
3rd quarter	4,188	4,914	3,293	789	717	115	918	1,057	665	78
4th quarter	4,422	5,017	3,463	811	818	-75	1,050	1,061	681	97
1956 1st quarter	4,231	4,832	3,077	840	740	175	1,073	1,068	715	109
2nd quarter	4,485	5,008	3,304	869	750	85	1,121	1,045	679	80
3rd quarter	4,503	5,099	3,391	894	759	55	1,077	1,063	690	80
4th quarter	4,605	5,240	3,606	910	839	-115	1,095	1,092	738	100

(1) Equals total domestic expenditure on goods and services plus exports of goods and services less imports of goods and services less taxes on expenditure plus subsidies.

Source : Central Statistical Office

Personal expenditure on consumers' goods and services

(i) At current market prices

£ million

TABLE B

	Total	Food	Alcoholic drink		Tobacco	Housing ⁽¹⁾	Fuel and light	Durable household goods	Clothing		Travel	Entertainments	Other goods and services
			Beer	Other					Foot-wear	Other			
1949	8,831	2,471	525	244	753	756	332	540	181	832	361	175	1,661
1950	9,348	2,734	497	262	766	793	353	617	185	878	356	177	1,730
1951	10,068	2,987	510	284	800	845	388	701	199	911	383	183	1,877
1952	10,582	3,282	521	278	821	904	421	675	196	887	418	186	1,993
1953	11,246	3,584	526	288	837	982	447	744	194	898	437	184	2,125
1954	11,963	3,830	517	306	855	1,053	485	832	206	968	443	189	2,279
1955	12,772	4,122	531	328	880	1,065	521	903	216	1,052	462	196	2,496
1956	13,378	4,376	543	351	935	1,112	589	923	229	1,107	486	197	2,530
1954 1st quarter ...	2,703	865	103	62	198	252	144	177	41	206	92	46	517
2nd quarter ...	2,934	938	135	61	210	271	116	183	56	249	113	44	558
3rd quarter ...	3,081	998	142	71	225	266	100	215	50	228	136	49	601
4th quarter ...	3,245	1,029	137	112	222	264	125	257	59	285	102	50	603
1955 1st quarter ...	2,900	942	106	70	201	255	155	210	42	222	94	50	553
2nd quarter ...	3,116	1,009	136	68	211	275	121	191	58	269	117	47	614
3rd quarter ...	3,293	1,072	157	77	234	269	106	221	52	244	144	50	667
4th quarter ...	3,463	1,099	132	113	234	266	139	281	64	317	107	49	662
1956 1st quarter ...	3,077	1,028	112	75	214	263	174	208	46	233	100	50	574
2nd quarter ...	3,304	1,088	144	69	226	286	142	208	59	277	123	47	635
3rd quarter ...	3,391	1,094	150	84	249	281	117	224	57	263	149	51	672
4th quarter ...	3,606	1,166	137	123	246	282	156	283	67	334	114	49	649

(ii) Revalued at average 1948 prices

£ million

TABLE B (continued)

	Total	Food	Alcoholic drink		Tobacco	Housing ⁽¹⁾	Fuel and light	Durable household goods	Clothing		Travel	Entertainments	Other goods and services
			Beer	Other					Foot-wear	Other			
1949	8,616	2,364	549	246	740	743	322	537	186	782	360	172	1,615
1950	8,824	2,449	545	268	745	756	336	593	190	813	350	169	1,610
1951	8,782	2,446	552	284	768	757	350	580	166	741	358	170	1,610
1952	8,730	2,421	549	278	782	773	346	548	158	734	366	167	1,608
1953	9,098	2,522	552	286	794	796	349	624	160	752	377	163	1,723
1954	9,512	2,586	540	309	811	829	364	714	170	807	374	164	1,844
1955	9,800	2,610	547	333	831	811	375	763	180	850	375	168	1,957
1956	9,859	2,656	551	359	842	816	391	736	182	877	377	162	1,910
1954 1st quarter ...	2,175	611	107	63	188	200	110	149	34	173	78	41	421
2nd quarter ...	2,329	631	142	62	199	214	88	154	46	209	96	39	449
3rd quarter ...	2,431	662	148	72	214	209	75	184	41	190	115	42	479
4th quarter ...	2,577	682	143	112	210	206	91	227	49	235	85	42	495
1955 1st quarter ...	2,258	613	110	71	191	196	116	180	35	181	78	42	445
2nd quarter ...	2,391	640	140	69	200	208	92	161	48	217	95	40	481
3rd quarter ...	2,518	676	161	79	222	204	74	187	44	197	117	44	513
4th quarter ...	2,633	681	136	114	218	203	93	235	53	255	85	42	518
1956 1st quarter ...	2,292	632	115	78	200	198	119	164	37	186	78	42	443
2nd quarter ...	2,409	644	146	71	204	209	97	161	47	220	95	40	475
3rd quarter ...	2,500	672	152	86	221	205	76	177	45	208	117	41	500
4th quarter ...	2,658	708	138	124	217	204	99	234	53	263	87	39	492

(1) Rent, rates, water charges and expenditure by occupiers on repairs and maintenance.

Source : Central Statistical Office

Gross domestic fixed capital formation

(i) Analysis by industry group at current prices

TABLE C

£ million

	Total	Mining and quarrying	Manufacturing	Gas, electricity and water	Transport and communication	Distribution and other industries ⁽¹⁾	Dwellings	Public services	Legal fees, etc. ⁽²⁾
1938	656	8	224 ⁽³⁾	58	92	.. ⁽⁴⁾	180	80	14
1948	1,435	29	349	138	213	237	337	90	42
1949	1,583	36	397	171	225	267	332	110	45
1950	1,700	33	466	195	216	278	331	134	47
1951	1,893	35	542	216	201	310	376	163	50
1952	2,114	48	583	239	206	330	494	174	40
1953	2,368	64	581	265	262	348	630	182	36
1954	2,550	83	595	303	266	418	656	191	38
1955	2,855	92	733	343	280	520	640	205	42
1956	3,088	92	859	341	339	532	648	243	34
1954 1st quarter ...	604	15	139	77	67	98	145	55	8
2nd quarter ...	624	19	135	67	67	111	171	45	9
3rd quarter ...	643	24	156	78	65	101	163	46	10
4th quarter ...	679	25	165	81	67	108	177	45	11
1955 1st quarter ...	642	17	160	87	66	108	135	57	12
2nd quarter ...	678	23	161	75	70	135	156	48	10
3rd quarter ...	717	25	190	85	66	121	168	51	11
4th quarter ...	818	27	222	96	78	156	181	49	9
1956 1st quarter ...	740	18	201	95	76	138	141	62	9
2nd quarter ...	750	23	202	81	79	141	158	56	10
3rd quarter ...	759	25	220	80	87	115	161	63	8
4th quarter ...	839	26	236	85	97	138	188	62	7

TABLE C (continued) (ii) Analysis by type of asset

£ million

	At current prices					At 1948 prices				
	Total	Vehicles, ships and aircraft	Plant and machinery	Dwellings	Other new buildings and works ⁽¹⁾	Total	Vehicles, ships and aircraft	Plant and machinery	Dwellings	Other new buildings and works ⁽¹⁾
1938	656	87	181	180	208	1,559	205	402	474	478
1948	1,435	266	495	337	337	1,435	266	495	337	337
1949	1,583	289	550	332	412	1,561	285	536	330	410
1950	1,700	274	629	331	466	1,643	257	600	323	463
1951	1,893	272	742	376	503	1,649	222	658	316	453
1952	2,114	278	781	494	561	1,673	212	624	377	460
1953	2,368	329	817	630	592	1,851	242	632	493	484
1954	2,550	352	902	656	640	2,007	261	700	519	527
1955	2,855	412	1,039	640	764	2,132	293	767	480	592
1956	3,088	461	1,108	648	871	2,199	322	772	462	643
1954 1st quarter ...	604	87	215	145	157	482	65	168	117	132
2nd quarter ...	624	90	209	171	154	494	67	164	136	127
3rd quarter ...	643	84	229	163	167	503	62	177	128	136
4th quarter ...	679	91	249	177	162	528	67	191	138	132
1955 1st quarter ...	642	97	243	135	167	494	70	185	105	134
2nd quarter ...	678	109	240	156	173	514	79	180	119	136
3rd quarter ...	717	96	258	168	195	527	67	188	123	149
4th quarter ...	818	110	298	181	229	597	77	214	133	173
1956 1st quarter ...	740	114	278	141	207	537	81	197	103	156
2nd quarter ...	750	123	259	158	210	537	87	181	113	156
3rd quarter ...	759	105	276	161	217	536	73	191	113	159
4th quarter ...	839	119	295	188	237	589	81	203	133	172

(1) Including agriculture, forestry, fishing, building and contracting, distribution and other services.
 (2) Legal fees, stamp duties, etc. (representing net transactions in land and existing buildings) less insurance compensation for buildings destroyed.
 (3) In 1938 fixed capital formation by distribution and other industries, is included with manufacturing.
 (4) Including legal fees, etc.

Source : Central Statistical Office

Revenue account of Central Government including National Insurance Funds

(i) Revenue and surplus

£ million

TABLE D

	Total revenue	Gross trading income (1)	Rent, dividends and interest	Taxes on income	Taxes on capital	Taxes on expenditure	National insurance contributions	Current grants from overseas governments	Surplus before providing for depreciation and stock appreciation
1938	1,021	44		380	78	410	109	—	—87
1948	4,018	77	93	1,595	215	1,703	335	—	523
1949	4,320	83	112	1,780	254	1,655	436	—	598
1950	4,377	118	112	1,795	190	1,722	440	—	685
1951	4,711	96	151	1,907	194	1,907	452	4	651
1952	5,009	18	185	2,154	159	1,896	476	121	387
1953	5,074	35	208	2,096	165	1,940	525	105	237
1954	5,225	78	233	2,125	183	2,024	532	50	279
1955	5,610	80	262	2,298	184	2,148	594	44	516
1956	5,821	94	292	2,332	166	2,271	643	23	386
1954 1st quarter ...	2,042	19	64	1,257	43	510	129	20	751
2nd quarter ...	986	19	45	259	45	481	133	4	—194
3rd quarter ...	1,102	24	59	323	48	501	135	12	—67
4th quarter ...	1,095	16	65	286	47	532	135	14	—211
1955 1st quarter ...	2,213	18	79	1,370	51	546	132	17	896
2nd quarter ...	1,063	19	48	294	46	498	142	16	—132
3rd quarter ...	1,141	21	65	298	46	544	160	7	—109
4th quarter ...	1,193	22	70	336	41	560	160	4	—139
1956 1st quarter ...	2,256	23	85	1,344	45	594	159	6	897
2nd quarter ...	1,133	16	59	312	44	537	162	3	—186
3rd quarter ...	1,197	25	66	355	38	546	159	8	—158
4th quarter ...	1,235	30	82	321	39	594	163	6	—167

(ii) Expenditure

£ million

TABLE D (continued)

	Total expenditure	Current expenditure on goods and services				Subsidies	National insurance benefits	Other current grants to persons	Debt interest	Current grants to local authorities	Current grants paid abroad	Transfers to capital account
		Total	Military defence	Health services	Other							
1938	1,108	463	32	124	126	213	133	8	9
1948	3,495	1,233	740	182	311	559	334	332	509	280	42	206
1949	3,722	1,437	770	369	298	511	379	329	507	286	40	233
1950	3,692	1,508	820	414	274	461	388	327	507	296	45	160
1951	4,060	1,815	1,090	427	298	453	406	336	550	332	49	119
1952	4,622	2,211	1,450	436	325	400	473	388	609	369	60	112
1953	4,837	2,320	1,540	450	330	345	527	424	639	398	58	126
1954	4,946	2,356	1,554	465	337	403	531	434	637	423	62	100
1955	5,094	2,371	1,523	498	350	321	614	430	709	470	67	112
1956	5,435	2,563	1,634	550	379	340	671	444	726	524	63	104
1954 1st quarter...	1,291	628	423	112	93	116	133	103	147	110	17	37
2nd quarter...	1,180	554	350	121	83	101	132	112	156	93	13	19
3rd quarter...	1,169	569	371	115	83	63	132	109	144	113	18	21
4th quarter...	1,306	605	410	117	78	123	134	110	190	107	14	23
1955 1st quarter...	1,317	643	435	117	91	91	137	110	159	126	20	31
2nd quarter...	1,195	557	341	128	88	69	151	113	167	100	13	25
3rd quarter...	1,250	577	363	125	89	71	160	103	168	127	15	29
4th quarter...	1,332	594	384	128	82	90	166	104	215	117	19	27
1956 1st quarter...	1,359	620	397	130	93	102	173	104	174	133	19	34
2nd quarter...	1,319	636	400	140	96	73	165	115	184	111	14	21
3rd quarter...	1,355	652	418	137	97	73	163	109	173	141	14	30
4th quarter...	1,402	655	419	143	93	92	170	116	195	139	16	19

(1) Before providing for depreciation and stock appreciation.

Source : Treasury and Central Statistical Office