

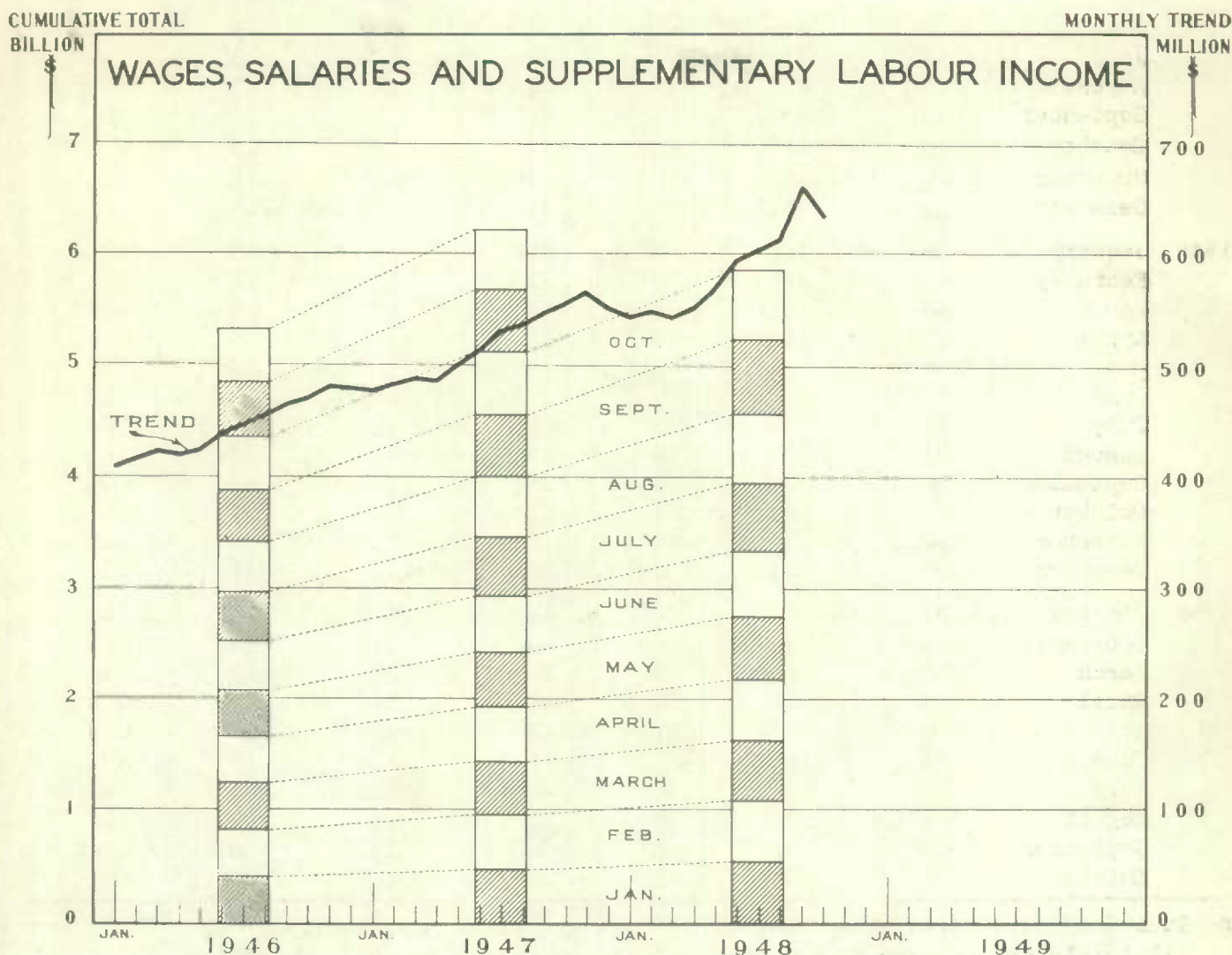
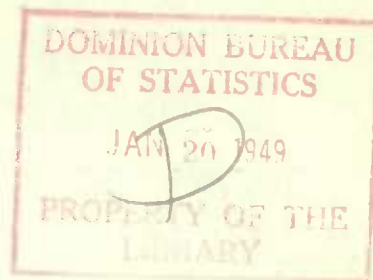
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Dominion Bureau of Statistics
Department of Trade & Commerce

MONTHLY ESTIMATES OF LABOUR INCOME IN CANADA

October, 1948

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Price - \$1 a year,
Single copy 10 cents

OTTAWA, CANADA
January, 1949

MONTHLY ESTIMATES OF CANADIAN LABOUR INCOME
(\$ Millions)

		Agricul- ture, Logging, Fishing, Trapping, Mining	Manu- fac- turing	Con- struc- tion	Utilities, Trans- portation, Communi- cation, Storage, Trade	Finance, Services (includ- ing Govern- ment	Supple- mentary Labour Income	TOTAL
1946	January	39	140	17	104	95	13	409
	February	41	140	17	107	97	13	415
	March	40	144	18	108	98	14	422
	April	37	142	20	109	98	13	419
	May	37	139	23	110	101	14	423
	June	41	143	26	113	102	14	439
	July	43	142	28	114	103	14	445
	August	45	145	29	116	105	15	454
	September	46	148	29	119	108	15	464
	October	45	153	29	121	108	15	471
	November	45	159	28	125	109	16	481
	December	46	161	24	124	110	15	479
1947	January	46	163	23	122	108	15	477
	February	45	165	24	123	109	15	483
	March	44	167	25	125	110	16	487
	April	39	168	28	126	111	15	486
	May	41	172	31	129	112	16	500
	June	45	173	35	133	113	16	515
	July	49	177	38	134	115	16	530
	August	51	179	39	135	116	17	536
	September	54	183	40	137	117	17	548
	October	55	187	41	138	117	17	555
	November	58	191	39	145	116	17	567
	December	57	189	31	141	116	17	551
1948	January	53	187	30	140	118	17	545
	February	54	193	29	140	116	17	549
	March	49	189	28	140	120	17	544
	April	44	195	33	142	120	17	552
	May	49	195	37	148	124	17	570
	June	53	201	42	151	130	18	596
	July	54	202	48	154	131	18	607
	August	56	205	47	158	130	19	615
	September	60	220	48	185	131	20	664*
	October	62	213	48	165	129	20	637

* Includes retroactive wage payments to railway system employees.

All totals are rounded to the nearest million independently. Therefore, the final total does not necessarily agree exactly with the sum of the individual estimates.

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Director, Labour and Prices Division:

Herbert Marshall
H. F. Greenway

MONTHLY ESTIMATES OF CANADIAN LABOUR INCOME

OCTOBER, 1948

Canadian labour income in the month of October, 1948, is estimated at \$637 million. The total is \$27 million lower than the estimate of \$664 million in the previous month owing to the \$31 million in retroactive wages paid to employees of Canadian railway systems in September. Discounting this lump-sum payment, wages, salaries and supplementary labour income showed a gain of \$4 million. The 10-month total for 1948 is estimated at \$5,879 million, about 15 per cent higher than the corresponding total of \$5,117 million in 1947.

Small increases in both employment and average weekly earnings in the nine leading non-agricultural industries contributed to the \$4 million increase. At the same time there were seasonal declines in the aggregate wages and salaries paid in the agriculture and fishing industries. The cost-of-living index remained constant at 139.6 during the month.

An adjustment in the statistics of labour income was made for this publication to bring the totals into agreement with the revised annual totals published in "National Accounts, Income and Expenditure, 1926-1947." At the same time the policy was adopted of including the living allowances of employees in agriculture, forestry, water transport, religious institutions, miscellaneous professional service and domestic service with the salaries and wages in the industrial group in which they are paid. Sufficient information was not available to break down employers' contributions to pensions, welfare, workmen's compensation and unemployment insurance accurately among all industries. These amounts constitute the new total of supplementary labour income.

The Chart

The chart on the front of the publication shows the annual totals of wages, salaries and supplementary labour income by months for 1946 and 1947, as well as the cumulative total to date in 1948. The annual totals can be measured against the scale on the left side of the chart. The monthly trend is plotted according to the scale on the right side of the chart and shows the month-to-month changes in the totals over the whole period.

Methods

The monthly estimates are obtained from annual estimates by projection on indexes of month-to-month changes in salaries and wages in each industry and, where necessary, monthly indexes of supplementary labour income. In the major sectors the



monthly indexes used are the indexes of "Aggregate Payrolls" published in the D.B.S. Bulletins on Employment and Payrolls. In a number of sectors where no suitable indexes of payrolls are available, data relating to changing numbers of employees from the quarterly Labour Force Survey are used in conjunction with a variety of wage-rate information to provide an index of payrolls. A full description of the concepts, methods and quality of the monthly estimates set forth in the Bulletin "Wages, Salaries and Supplementary Labour Income in Canada by Month, January, 1946 to April, 1947".

Method of Adjusting the Estimates to the Annual Totals

In making the adjustment of the monthly estimates to the annual totals, the main problem has been to maintain the trend of month-to-month fluctuations and spread the adjustment over the whole period.

The 1946 monthly estimates were adjusted to the final 1946 total by multiplying each monthly value by the ratio of the 1946 annual total to the sum of the 1946 estimates. This adjustment was carried through the 1947 estimates.

As the sum of these monthly estimates for 1947 did not agree exactly with the annual total, a further adjustment had to be made. A method was devised which would spread this adjustment over the two years rather than putting it all in 1947, because the latter method would carry with it the assumption that the whole of the bias in the indexes developed in the second of the two years.

A third-degree correction curve was integrated for each month of 1946 and 1947. The curve had the following qualifications governing its construction: the correction for January 1, 1946 was zero; the sum of the correction values for 1946 was zero; the sum of the correction factors in 1947 equalled the ratio between the annual totals and the sum of the partially-adjusted estimates, and the slope of the correction curve at the end of December, 1947 was zero.

The remaining amount to be adjusted in 1947 was then multiplied by the value of the integrated curve for each month in the two years. These monthly values were divided by twelve and the quotient was added to or subtracted from the partially-adjusted monthly estimates of labour income.

When the revised monthly estimates were plotted on squared paper against the unadjusted totals, there were no apparent differences in the month-to-month fluctuations of the two series.

Relation to the National Accounts

Labour income constituted about 57 percent of "Net National Income at Factor Cost", in 1947. The relationship between labour income and other items of the National Accounts can be studied in the bulletin "National Accounts, Income and Expenditure, 1926-1947".

Components of Labour Income

Estimates of labour income include all wages, salaries and supplementary remuneration for employees' services. Salaries and wages include bonuses and commissions and are reckoned before deductions for income tax or any other payments. Supplementary labour income consists of all other employers' expenditures in cash or in kind that can be regarded as compensation for the employees' services. Examples of the latter are: employers' contribution to Unemployment Insurance; clothing and living accommodation or cash allowance for these provided by employers and other benefits.