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CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

DOES NOT CIRCULATE
NE PAS PRÊTER

ESTIMATED NATIONAL INCOME OF CANADA

IN THE CALENDAR YEAR 1942

AND IN THE TWELVE MONTHS ENDED

JUNE 30, 1943.

(According to the Canadian and the American methods)



OTTAWA
1944

ESTIMATES OF THE NATIONAL INCOME OF CANADA IN 1942 AND IN THE TWELVE MONTHS ENDED

JUNE, 1943.

(According to the Canadian and the American methods)

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The estimate of the national income of Canada serving as a basis for the Dominion government's contribution to the United Nations Relief and Rehabilitation Administration during the twelve months ended June, 1943 is placed at about \$7,600 million according to the American method of computation. The method of computation presently used by the Department of Commerce in Washington was followed closely. The recent completion of the annual industrial surveys for 1942 conducted by the Branches of the Bureau greatly facilitated the computation and added to the accuracy of the results. The general plan involved the projection of the estimates for 1942 by monthly indexes to cover the required period. The totals for 1942 were obtained mainly by the summation of the income paid to individuals for current services and business and corporate savings. The income originating in agriculture and fisheries was obtained by deducting the cost of materials, general expenses and depreciation from the gross operating revenues.

According to the Canadian method, which includes imputed rents of owned farm homes and non-farm homes, and dependants' allowances and allowances in kind to the Armed Forces in Canada, the National Income in the twelve months ended June 30, 1943, is placed at \$7,960,000,000.

OCCUPATIONAL INCOME

Occupational income consists of salaries and wages, living allowances of so-called unpaid labour, workmen's compensation for injuries and the withdrawals of working proprietors. Salaries and wages were computed for each of the thirty industrial and service groups of the Canadian economy. The annual census of industry conducted by the Bureau was the main source of information. For government and financial groups, a compilation was made from public and company accounts. The decennial census was valuable in furnishing totals for the 1930-31 and 1940-41 periods for the remaining groups. Interpolation was effected by means of appropriate indexes or other relevant data. The indexes of employment and wage rates were of value in this connection. The numbers employed and the average rates of compensation were computed for each of the thirty groups.

Living allowances were computed for the so-called "no pays" in six of the industrial and service groups. The numbers were determined from decennial census reports for available years and interpolated by means of appropriate indexes for intercensal periods. The board and lodging rates on farms as reported by crop correspondents were useful in determining the living allowances of unpaid agricultural labour. The so-called "no pays" form part of the personnel engaged in agriculture, forestry, fisheries, education, professional and other service.

Other labour income includes compensation for injuries in the steam and electric railways groups and various payments by government. The payments made by government are mainly compensation for injuries, hospitalization and pensions provided through provincial Workmen's Compensation Boards and contributions to Superannuation Funds and the Unemployment Insurance Fund on behalf of Dominion government employees.

Withdrawals of working proprietors were estimated for nineteen of the thirty groups of the national income classification. The numbers of employers and "own accounts" were obtained from the decennial censuses for the years 1931 and 1941. The national registration in 1940 was used as a guide for establishing the numbers in some industries pending the receipt of full information from the decennial census of 1941. The numbers for intercensal years were estimated by the fluctuations in the number of establishments or smoothed number of employees.

Statistics of the rates obtained by managers in the same industrial and service groups were taken into consideration in arriving at the remuneration of working proprietors in census years. Other criteria were made available by the median age, conventional and "American experience" methods. Having established by means of this information a rate for each of the nineteen groups for the year 1930, extrapolation was effected for 1942 according to the trend of employee rates as described below for the major and minor groups and industries. The product of the numbers by the rates was regarded as the withdrawals of working proprietors.

In view of the desire to make this presentation comparable with the American, transfer payments such as dependants' allowances, civil and war gratuities, war veterans' allowances, allowances to mothers and deserted wives and direct relief paid by provincial governments and municipalities were omitted.

INVESTMENT INCOME

Investment income is made up of net dividends and bond interest, interest on savings deposits, interest from insurance and annuity contracts, certain pensions, including pensions to teachers, in the education group, mortgage interest and rent paid to individuals. Only a part of the dividends paid by Canadian corporations was received by individuals living in Canada. A considerable portion was paid to other companies and an even larger sum to shareholders living abroad. On the other hand, dividends, declared and paid by external companies were received in appreciable amount by Canadian shareholders. The total of net dividends received by individuals in Canada was determined by means of a questionnaire distributed to most of the incorporated companies. The difference between the payments and receipts as reported was used in this connection, with adjustment for the balance between payments to external holders and receipts by Canadian non-corporate stockholders from securities issued in other countries.

A similar procedure was followed in computing the amount of bond interest received by individuals. Bond interest received by insurance companies and other financial institutions, being generally in excess of payments, appears in these groups as a negative item. Bond interest receipts were deducted from payments to give the net figure during the period. An adjustment is necessary for interest received by individuals from external sources. The application of the principle of "associations of individuals" was abandoned several years ago, and the present method of computing income originating in the financial group gives results somewhat more comparable with those in other industries.

Interest on the savings deposits of the chartered and other operating banks was estimated by taking a percentage of the appropriate portion of such savings accounts. The distribution of notice deposit accounts according to size, made available by the chartered banks each year since 1934, was useful in determining the savings deposits of individuals. Trust company payments were determined by multiplying the two-year moving averages of guaranteed funds by the average rates of interest paid. Interest accrued on savings deposits of loan companies was compiled or estimated from the annual reports of the Registrar of Loan corporations, Ontario,

of the Superintendent of Insurance and the Annual Financial Review.

The basic information for the compilation of interest from insurance and annuity contracts was obtained from the annual Reports of the Superintendent of Insurance. A relationship between income and expenditure was the basic assumption. The receipts of the companies and societies consist mainly of premium and investment income. The net income available for insurance and annuity contracts is obtained by deducting supplemental contracts, amounts left with the companies and societies and total expenses from the total income. The investment income, consisting of interest, dividends and rent was then expressed as a percentage of the net income available for claims, and this percentage was applied to net disbursements under insurance and annuity contracts to estimate investment income paid to policyholders or their beneficiaries.

Mortgage Interest: By utilizing the results of the decennial census, the annual reports of the Dominion and various provincial governments and the yearly statements of insurance, mortgage, trust, bank and railway companies, the amount of mortgage interest paid to individuals was estimated. Mortgages held by individuals are divided into liens on farms and on non-farm property. The latter covers business and industrial property as well as residential, the total being segregated under the industrial group of real estate.

Net Rentals: Net rentals, whether for residential or business property, are an important form of return on investment. Offsetting expenses such as taxes, interest on mortgages, fire insurance, repairs, depreciation, and other costs incidental to the ownership of property are deducted and allowances made for vacancies and non-collection of rents on rented properties to obtain the net return. Imputed net rents for owner-occupied houses are excluded from the presentation on the American model.

BUSINESS AND CORPORATE SAVINGS

The savings of incorporated companies were obtained mainly by a questionnaire distributed to about 18,000 companies. The information regarding 628 large companies compiled by the Research Department of the Bank of Canada supplemented the results of the enquiry. An estimate of savings of unincorporated enterprises was made for most of the groups in which working proprietors played an important role. Considerable information was available as to the rates of remuneration and of savings of working proprietors in the United States during 1938. Using the relationship between the two rates in a considerable number of industries, the ratio was applied to entrepreneurial remuneration rates in Canada in the same year. The savings were increased according to the expansion in corporate savings before dividends from the year of reference to 1942. The basic data for the latter ratio were taken from the Statistical Summary of the Bank of Canada, October-November, 1943, page 83.

CONCEPT AND DEFINITIONS

The present statement of national income presents a contrast with previous releases of the Bureau. It was decided to adopt for the present purpose, the general plan of computation of the Department of Commerce in Washington. The main difference thus introduced is in connection with the treatment of income originating in government and agriculture. The procedure of the Bureau in estimating government income from the end of the last world war followed that introduced in "National Income and its Composition, 1919-1938", published by the National Bureau of Economic Research. Transfer payments made by Government without the current rendering of services on the part of the recipient are in the first instance considered as a component but are

automatically excluded by the counterbalancing savings of government.

The plan of the Department of Commerce excludes transfer payments for the most part and savings of government and no account is taken of imputed rents on owner-occupied dwellings. Allowances in kind for armed forces in Canada and dependants' allowances are important excluded items during the period under review. Contributions to superannuation funds and unemployment insurance are included in the national income whether paid by employer or employee.

With regard to agriculture, net imputed rents on occupied farm dwellings are excluded, and changes in farm grain and livestock inventories and governmental payments are included, in accordance with the method of the Department of Commerce.

PROJECTION TO THE YEAR ENDED JUNE, 1943.

Owing to the recent completion of the annual census work of the Branches of the Bureau and of the compilation of dividends, interest and corporate savings through the enquiry instituted by the Business Statistics Branch, and the availability of preliminary statistics from the decennial census of 1941, the formation of the estimate of the Canadian national income for 1942 was greatly facilitated. The necessary information for a similar compilation for 1943 will not be available for at least a year.

It was consequently necessary to extend the results for 1942 to cover the twelve months ended June, 1943. In view of the insistent demand for current statistics of national income, the Bureau has maintained a tentative monthly computation. An attempt was made to choose pertinent monthly data relating to each of the thirty groups. The indexes of employment and average weekly payrolls were particularly useful in this connection.

Quarterly corporate additions to surplus are not available in Canada to any important extent and the computation of quarterly totals by adding the income paid for current services and business and corporate savings has not been developed.

The income originating during 1942 in each of the thirty groups was expressed as a ratio of the extrapolating factor during the same year and transferred to the twelve months ended June, 1943.

INCOME ORIGINATING IN SEVEN MAJOR GROUPS, 1942, TOGETHER WITH ESTIMATE FOR
TWELVE MONTHS ENDED JUNE 30, 1943.

(In Thousands of Dollars)

	Primary Production	Secondary Production	Transport- ation & Communi- cation	Trade	Finance
Income originating	2,065,302	2,084,374	669,276	752,425	298,572
Salaries and wages	552,913	1,699,117	454,089	486,979	139,693
No pay allowances	64,386	-	-	-	-
Other labour income	-	-	4,271	-	-
Pensions and annuities	-	-	10,126	-	4,062
Interest on Insurance and Annuity contracts	-	-	-	-	47,991
Net dividends	124,923	94,478	12,635	18,128	5,754
Deposit interest	-	-	-	-	20,022
Net interest on bonds and debentures	46,798	5,820	67,171	1,759	-149,692
Withdrawals	796,305	137,114	28,939	203,192	8,700
Net rentals	-	-	-	-	82,401
Mortgage interest	13,829	-	-	-	35,000
Income paid out to individuals	1,605,154	1,966,529	577,231	710,058	193,930
Positive or negative savings	/ 460,148	/ 117,845	/ 92,045	/ 742,367	/ 104,642
National Income Twelve Months ended June 30, 1943	2,065,866	2,154,864	711,640	752,163	303,741

	Service	Govern- ment	Total Originating	National Income (2)
Income originating	649,739	1,067,459	7,614,847(1)	7,374,847
Salaries and wages	427,722	783,679	4,544,192	-
No pay allowances	13,604	-	77,990	-
Other labour income	-	25,851	57,822(1)	-
Pensions and annuities	3,926	16,247	34,361	-
Interest on Insurance and Annuity contracts	-	-	47,991	-
Net dividends	1,693	-	257,611	-
Deposit interest	-	-	20,022	-
Net interest on bonds and debentures	9,358	241,682	222,835	-
Withdrawals	190,491	-	1,394,741	-
Net rentals	-	-	82,401	-
Mortgage interest	-	-	54,829	-
Income paid out to individuals	646,794	1,067,459	6,794,855(1)	6,554,855
Positive or negative savings	/ 2,945	-	819,992	-
National Income Twelve Months ended June 30, 1943	671,367	1,125,000	7,812,337	7,582,337
Rounded to				7,600,000

(1) Includes employers' contributions under the Unemployment Insurance Plan valued at \$27,700,000.

(2) The net outward flow of dividends and interest is deducted from the total to obtain National Income proper.

SCOPE AND METHOD

(1) The national income is here defined as income home-produced and from abroad received by or in some cases accruing to nationals or de jure residents of Canada. The word "nationals" as used in this connection is not limited to that portion of the population which has the right of citizenship within the country either by birth or naturalization but includes as well, with the exceptions noted below, all nationals of other countries domiciled within our borders irrespective of their political affiliations. Cash payments to the armed forces overseas are included, while payments to the following persons presently domiciled in Canada are excluded: diplomatic and consular representatives and armed forces of other countries and workers employed by external governments engaged in special defence projects. Dividends and interest going to foreign security holders are excluded and receipts of persons in Canada from securities held elsewhere are included. Other items of investment income such as net rentals, mortgage interest, etc., have been limited to that portion originating in Canada without adjustment for the international balance.

(2) Excise duties on spirituous liquor, beer and tobacco are not included in the value of production compiled by the annual census of industry, and are, consequently, excluded from the computation of the Canadian national income. The sales taxes levied by the Dominion Government on manufactures are included in the net sales of retailers. The amount is deducted as a part of the miscellaneous expenses and consequently is excluded from the income originating in Trade. Sales taxes levied on retailers by several of the Provincial governments are not included in net sales and consequently no deduction is necessary.

Import duties when paid on raw or intermediate commodities are included in the gross value of manufactured goods as reported by the annual census of industry, but such charges are automatically eliminated by the deduction of the cost of materials. Briefly stated, excise and import duties are not included in the income originating in the industrial groups engaged in commodity production.

Property taxes and rates are classed as an expense and consequently deducted from gross rents in obtaining the estimate of net rents as received by individuals.

(3) The treatment of wartime subsidies, paid by government for the purpose of price stabilization is debatable. For the present purpose following the American model, such payments are included, directly or indirectly. The treatment of income originating in government is the main point of contention in national income studies.

(4) The services of government and professional personnel are valued at cost. Income originating in public education is computed by a re-arrangement of the statistics received from the provincial governments, education being one of the thirty industrial and service groups.

Services of defence, revenue-collecting and state officials generally are treated similarly to those of other employees. Salaries and wages include contributions to various pension and retirement funds. Net cash payments to the armed forces are included.

Religious and health services are regarded as part of the professional compilation, income payments to individuals being added to give the income originating for the consolidated group.

(5) Following the practice of the Dominion Income Tax Division, in assessing income of individuals, no account is taken of changes in the value of stocks and other credit instruments. Such changes are regarded as pertaining to a study of wealth rather than of income. It would be logical to include the gains of brokers, and professional traders in stocks and bonds, but no method of computation presents itself.

(6) While services which are rationed or have consumption controlled in ways other than by prices are profoundly affected especially in wartime by government control, no adjustment is attempted.

Imputed rents for owner-occupied houses after deduction of expenses such as taxes, insurance premiums, depreciation, are excluded by the American model but included in Canadian estimates.

(7) No attempt is made to compile the rent of other durable consumers' goods such as automobiles, furniture and household utilities.

(8) Services rendered within the family circle such as the domestic work performed by house wives, and miscellaneous personal and household services in lieu of paid work, are not included in the Canadian totals.

The output of gardens and small farms and the goods produced on farms and consumed by farmers' families are included.

(9) No allowance is made for gifts passing between individuals within the country or abroad.

(10) Interest payments to individuals on Government debt, whether incurred for war or other purposes, are included according to the American model.

Treatment of income from pensions, payments to the unemployed, etc., is as follows:

(a) Contributory: With a few exceptions employers and employees' contributions during employment are included as income taking the form of current savings. Government contributions, augmenting for example, the unemployment insurance fund, except to their own employees, are regarded as transfer payments and consequently excluded. During the period of unemployment, the portion of the payment which represents interest on the investment of the accumulated savings held in the fund is treated as income. The portion which represents a return of past savings is regarded as consumption of capital.

(b) Non-contributory pensions and social security benefit payments are, with some exceptions, regarded as transfer payments. Of the exceptions, payments for Workmen's Compensation for injuries is the main component.

(c) Special pensions such as "old age" and "blind", payments to widowed mothers for the support of their children and direct relief not on a basis of quid pro quo are paid by government out of revenues. As transfer payments, they are consequently excluded from the national income estimates.

(d) The pension contributions of and benefit payments to university and school teachers are treated as in 10 (a).

(e) Payments in the form of annuities are segregated into two parts.

The part derived from interest on the original payments into the fund is regarded as income, while the remainder is taken as consumption of capital.

Where government pension, annuity or social security fund is maintained, the investment income is expressed as a factor of the total revenue of the fund and this factor is applied to the total payments to individuals to obtain that portion which represents income. The lack of statistical data on corporation pension funds requires a practical treatment which is not strictly in keeping with the theoretical concept. The procedure has been to deduct individual and corporation payments from salaries and wages during employment and count the full payments upon retirement. In this way the net payments to individuals are counted each year.

(11) Government expenditures, being made from the consolidated revenue fund, cannot be identified with revenue raised by either direct or indirect taxation. Income originating in public administration is regarded mainly on the American model as the fixed charges on the public debt and salaries and wages paid to employees. The interest charges of the Dominion government would be excluded according to the British model.

Government contributions to social insurance funds are disregarded unless the payments are on behalf of government employees.

(12) Income in the form of board, lodging and other perquisites is included in connection with agriculture, shipping, hotels and restaurants, professional and domestic service. Provision of board and lodging by charity is excluded.

(13) While cash expenditure of considerable amount pertains to certain classes of employment, it is evident that the computation owing to lack of data would present great difficulty and has consequently not been undertaken. Due to the housing shortage for example, recent migrants to war production centres are subject to heavy costs of transportation.

(14) Adjustment of fixed capital for price changes would affect the enterprise savings and the depreciation charges. The revaluation of inventories would have a bearing on additions to surplus. The computers of Canadian income have up to the present used the unadjusted compilations of annual census returns as received by the Bureau and other basic sources.

(15) In conformity with the definition of national income, the inclusion of the undistributed profits of private enterprise is imperative. The positive or negative savings are computed by the examination of company accounts and by a questionnaire circulated to the incorporated companies of Canada for information as to the undistributed profits or losses for 1942.

(16) Account is taken of depletion charges only when provision is made in company accounts, the exhaustion of mineral resources receiving only minor recognition.

(17) Disbursements under insurance and annuity contracts are not counted as income paid out except for the estimated portion of such disbursements which represents interest on the savings of the policyholder. Interest, dividends and rents, earned but not regarded as paid out in this sense, are included in the "savings" of the insurance group.

(18) The cost of advertising is regarded as business expense, being consequently deducted along with other items from gross operating revenues to give the income originating in the several groups.

(19) Depreciation charges are compiled for capital goods. The fixed capital employed by a considerable number of groups is reported through the annual census of industry conducted by the Bureau and through other sources. The depreciation charges are computed at annual standard rates. No depreciation account is maintained against inventories.

(20) Government expenditure is readily differentiated between transfer payments and compensation to individuals for goods and services. The public accounts are not properly arranged for the segregation of payments to consumers or to entrepreneurs for the encouragement of production.

(21) The income of societies and other corporate bodies is treated in a manner similar to that of financial corporations.

(22) The inventory method signifying the assembling of pertinent data from accessible sources, was adopted for Canada, the lack of comprehensive Income Tax information preventing an alternative approach by means of aggregates.

(23) The cross-classification of types of payments by industrial and service groups is the essence of the Canadian method of computation. Thirty minor groups, are combined under seven major divisions consisting of primary production, secondary production, transportation and communication, trade, finance, government and services. The types of payment include salaries and wages, compensation for injuries, no-pay living allowances, withdrawals of working proprietors, net dividends, net bond interest, mortgage interest, deposit interest, interest on insurance and annuity contracts and net rents on tenant-occupied buildings, imputed net rents on owner-occupied dwellings having been excluded.

1. OPERATING ACCOUNTS OF PRIMARY PRODUCTION AND PROCESSING, 1942.

\$000

	Agriculture	Forestry	Fisheries	Trapping	Mining	Electric Power	Total
Income originating a	1,309,429	261,247	51,603	14,651	310,093	118,279	2,065,302
Salaries and wages b	95,483	207,580	16,302	712	198,550	34,286	552,913
No pay allowances c	34,064	124	198	-	-	-	64,386
Net dividends d	-	6,885	445	-	96,157	21,426	124,923
Mortgage interest							
Paid to Individuals e	19,829	-	-	-	-	-	19,829
Net interest f	-	9,994	57	-	1,544	35,203	46,798
Withdrawals g	730,528	16,252	27,530	13,939	8,056	-	796,305
Payments to individuals h	909,904	240,835	44,532	14,651	304,307	90,925	1,605,154
Positive savings i	399,525	20,412	7,071	-	5,786	27,354	460,148

The major group of primary production and processing embraces the activities based upon the development and use of natural resources. Six minor groups and industries are included in the compilation. Agriculture includes fur farming and the woods operations of the farmer on his own property. Dairy activities are limited to the production of milk, butter and cheese on the farms. Forestry includes the operations of the sawmilling and pulp and paper industries as well as woods operations other than those of the farmer on his wood lot. Fish canning and curing plants, as well as primary operations, are included in the fisheries group. The activities of trappers and hunters constitute the trapping industry to the exclusion of fur farming.

As the final product is the first to which a commercial value is assigned, the processing industries of non-ferrous smelting and refining, cement, clay products, lime and salt are included in mining. The electric power industry coincides with central electric stations as annually reported by the Bureau.

(a) The income originating in agriculture and fisheries is computed by deducting from the gross operating revenues, the sum of the cost of commodities and services obtained from other enterprises and depreciation charges. The contribution of forestry, mining, and electric power consists of the sum of the income payments to individuals and business savings.

(b) Wages paid by farm operators have been estimated by the Agricultural Branch of the Dominion Bureau of Statistics. The method consisted in extending the decennial census results for 1940. The salaries and wages paid in the processing phases of forestry and fisheries are given in annual census reports. The remuneration of employees in woods operations other than on farms, primary fishing and trapping are based mainly on decennial census returns with interpolation according to data prepared annually by the Forestry and Animal Products Branches of the Bureau. The pay-rolls of the mining and electric power groups are taken directly from the annual census reports.

(c) The living allowances of so-called unpaid labour occupied on farms were derived from annual and decennial census data. The numbers were obtained from the decennial census of 1941. The board allowances of farm labourers was useful in

estimating the rates of remuneration. The numbers were interpolated by means of an index of the area of field crops. "No pay" allowances were also estimated for primary forestry and fisheries.

(e) and (f) Net dividends and interest on bonds and debentures were collected for forestry, fisheries, mining and electric power. The basic data were obtained by means of a questionnaire sent to the operating firms supplemented by data for large firms obtained from the Research Department of the Bank of Canada. The results are given without deduction of the international balance, on dividends and interest, that is, the excess of the entire outward payments over the receipts of Canadian residents holding securities of other countries.

(g) The numbers of farm operators were given by the industrial division of the decennial census for the year 1941. The rates were established at a differential over the wage rate in the decennial census year. Withdrawals were also estimated for other industries in the group, except electric power. Income paid out to individuals is the sum of lines (b) to (g).

(h) The positive savings, except in fisheries, and agriculture were obtained through the above-mentioned questionnaire, and, in the case of electric power, an additional source of information was reports of Provincial Hydro-Electric Commissions.

AGRICULTURE

The place of agriculture in the Canadian economy is fundamental in many respects. Favoured by outstanding natural resources, the industry has contributed in full measure to the present structure of Canadian life.

The great majority of the material required to estimate the income originating in Agriculture, including cash sales, inventory changes, income in kind, and expenses, has been furnished in detail by the Agricultural Branch of the Dominion Bureau of Statistics, and a detailed statement of sources and methods in this connection will shortly be made available. Information with regard to bonuses and other governmental payments to farmers, including payments under the Wheat Acreage Production Plan, Prairie Farmers' Income Act and Prairie Farmers' Assistance Act were furnished by the Agricultural Economics Branch of the Department of Agriculture.

The plan adopted was to deduct from the sum of cash income from sales, income in kind, except imputed rents, changes in farm grain and livestock inventories and governmental payments not included elsewhere, the expenses of operation, exclusive of wages and mortgage interest going to individuals, which are considered as distributive payments rather than expenses.

Imputed rents on farm dwellings were not included in the revenues in accordance with the method adopted by the U.S. Department of Commerce. Consequently some \$35 million, representing taxes, depreciation and maintenance for farm dwellings was deducted from the expenses as estimated by the Agricultural Branch. Subsidies paid to agriculture, amounting to about \$30 million in 1942, were included directly in the case of cash bonuses, etc. and, indirectly where the effect of the subsidy was to increase reported prices or decrease expenses. Farm grain and livestock accumulations in 1942 and 1942-43 were substantial, amounting to \$366 million in the former period and about \$225 million in the latter.

The estimate for 1942 was projected six months through the use of an extrapolating factor. The monthly factor used in this connection was based upon the receipts of grain at country elevators supplemented by a price series. Other factors included the inspected slaughterings and prices of livestock, and dairy output with prices. The extrapolating factor for 1942 was divided into the estimate of income originating in agriculture less governmental payments and inventory changes, during that year and multiplied by the extrapolating factor for the twelve months ended June, 1943. Governmental payments and inventory changes for the later period were then added to give a total of \$1,307 million as the income originating in 1942-43.

FORESTRY

The plan adopted in regard to the computation of income originating in forestry was the summation of payments to individuals and the savings of working proprietors and incorporated companies. The number of employees engaged in primary forestry was placed at 83,120 in 1941, being based on material furnished by the Forestry Branch. This amount excludes the operations of farmers working part time in the woods. Corresponding data are not yet available for 1942. Consequently, the index of employment in logging published by the Employment Branch of the Bureau was used to extend the number. The employment index rose from 137.8 in 1941 to 196.5 in 1942, resulting in an estimate of 86,971 employees in logging.

The annual full-time rate was placed at \$924 in 1941. The index of the rate of wages in logging and sawmilling combined, advanced 11 p.c. in 1942 from the preceding year and the corresponding increase was attributed to the fulltime rate in the national income calculations, placing the total for 1942 at \$1,016. The product of the estimated number and rates gave the wages paid in 1942 as \$88,362,000.

Sawmilling: The annual Census of Industry gave the total of salaries and wages paid in sawmilling establishments in 1942 as \$49,582,000, and the total for the pulp and paper industry was reported at \$69,666,000.

Withdrawals: The preliminary estimate of the Census Branch placed the number of working proprietors engaged in logging at 5,000 in 1941. The same estimate was used for 1942. The rate was placed at 11 p.c. over 1941. The estimated withdrawals were, therefore, 5,000 multiplied by 1.11 x \$1,186 equalling \$6,582,000.

Sawmilling and Pulp and Paper: The number of working proprietors in the secondary division of the forestry industry has been extrapolated from 1931 on the basis of the number of establishments reporting. An extension of this process gave the number in 1942 as 3,037. The numbers having been multiplied by the estimated rate, the extended withdrawals were estimated at \$9,670,000. The living allowances of no-pays in forestry operations were placed at \$124,000, unchanged from the preceding year. A questionnaire distributed to the corporations operating in forestry gave for the year 1942 net dividends of \$6,885,000 and interest of \$9,994,000. These totals consisted of the difference between payments and receipts by the firms operating. The positive or negative savings resulting from the same enquiry were \$11,327,000 and the savings of working proprietors were estimated at \$8,475,000. The net result of the computation described above was income originating in Forestry at \$261,247,000.

The extrapolating factor used for the projection of the forestry total consisted of an average of the indexes of forestry production and of timber scaled in British Columbia multiplied by the prices of raw commodities of forest origin. The application of this method resulted in a total of \$244,923,000 as income originating in forestry during the period ended June, 1943.

FISHERIES

The fisheries industry as contemplated here, consists of the primary and secondary divisions. The statistics of the catch and of the products marketed in the fresh or prepared state are collected by the local fishery officers, verified by the Dominion or Provincial departments, and co-ordinated and compiled by the Animal Products Branch of the Bureau. The sum of the value of the fisheries and the cost of fish used in factories is regarded as the gross revenue of the industry. The former is given historically in Table 15 on page 45 of the Bureau report on Fisheries Statistics, 1941. The totals include the value of fish sold by fish canning and curing plants as well as the sales of fishermen, other than to such processing establishments.

The cost of fish used by the secondary phase of the industry is presented in Part 2 of the same report. The sum of the value of the fisheries shown in Table 7 and the cost of fish used as recorded in Part 2(a), pages 184 to 185 is regarded as the gross revenue of the industry. Deducting the cost of materials, fuel and electricity from the gross revenue, we have the value added. The cost of materials and fuel and electricity are taken from Part 2(a) and (c). The percentage of miscellaneous expenses to the net revenue was determined by a study of the data collected in 1919 to 1921 by the manufactures census. The breakdown for the period was as follows: office rent, insurance, taxes, royalties, advertising, repairs, travelling and sundry. The average ratio to the net value of factory output was 7 p.c. The capital equipment for primary operations consists of vessels, boats, nets, traps, piers, wharves and other durable equipment. The depreciation rate in view of heavy losses by storms was placed at 13 p.c. Six p.c. of the value of the land, buildings, machinery and tools utilised by the fish processing plants gives the depreciation for the secondary division.

The difference between the gross national product and the depreciation summated for both phases of the industry is regarded as the income originating. The net dividends and interest were obtained by an enquiry sent to incorporated firms. The statistics of salaries and wages and no-pay allowances were computed from information given in the report on Fisheries for 1942. The remuneration of working proprietors in primary fisheries was based partly on the numbers as given in the decennial census in 1921 and 1931. The extrapolation was affected by means of the total number of fishermen reported in the "Fisheries Statistics". The employee rate, the computation of which is described above, was also used in this connection. The number of working proprietors in fish canning and curing plants were also based on decennial census results for abutments, extrapolation being effected by means of the number of establishments. The income originating in the fishery industry was placed at \$51,603,000 for the year 1942.

TRAPPING

While at present one of the smallest of the industrial groups, trapping has a background of great historical significance. The fur trade of Canada had an important bearing on the whole process of exploration and settlement.

The annual survey of raw fur production as communicated by licensed fur traders was inaugurated in 1920 by the Dominion Bureau of Statistics. In later years the reports have been based on records of royalties, exports, taxes and so forth, made available by the provincial and territorial game departments. The fur trade draws its supply of Canadian pelts from both the wild life resources and the fur farms, the latter being operated under provincial licenses and according to provincial regulations. As the operations of fur farms cannot be readily segregated for the most part from farming generally, it was decided to regard such activities as a part of the agricultural industry. The gross value of production was obtained by deducting the value of the pelts sold from fur farms from the total value of fur production during the fur year terminating at

the end of next June. The difference indicated for Prince Edward Island was arbitrarily reduced as the derived value given for wild life was believed excessive. The Dominion total was correspondingly reduced giving effect to the adjustment. The residuals were regarded as the gross value of production, a starting point in estimating the income originating in the trapping industry.

General expenses were roughly estimated at about 27 p.c. of the gross revenue. No allowance was made for depreciation, and the gross national product, obtained by deducting the general expenses from the net revenue, was consequently regarded as equivalent to the income originating. As the gross revenue was placed at \$20,060,000 in 1942 the income originating in trapping was computed at \$14,651,000. The total for 1942 was projected to the required period on the basis of export of furs.

MINING

The annual census of mineral production conducted by the Dominion Bureau of Statistics is the main source of basic data in determining the income originating in mining. The principal statistics and considerable information regarding the operations of the mining concerns has been collected by the Mining, Metallurgical and Chemical Branch for 1942.

The number of persons gainfully occupied in mining was reported by the decennial census under the industrial classification as 100,666 (See bulletin of decennial census, 1941). Deducting 7,140 on active service, the net working force was 93,526. The difference between the number of gainfully occupied and the number of wage-earners, actively engaged at 3,690 was taken to be the number of employers and own accounts. There are very few no-pays in this industrial group.

The number of operating mines in the industry as reported by the annual census declined from 13,149 in 1941 to 12,897 in 1942, that is, about 2 p.c. It was assumed that the number of proprietors declined in a similar proportion, the total for 1942 having been estimated at 3,616. The rate for the status class was based on the per capita remuneration established in 1930-31, extrapolation having been by means of a smoothed version of the salary-wage rate. Years subsequent to 1941 were varied directly with the salary-wage rate. The withdrawal rate in 1942 was placed at \$2,228. The withdrawals of working proprietors amounted to \$8,056,000.

Investment income consisting of net dividends and interest was obtained by an enquiry sent to the incorporated companies operating in this field. The addition to surplus after the payment of dividends was also obtained from the questionnaire. The computation of the savings of working proprietors followed the general method described elsewhere. The net result was that the total income originating in the industry reached \$310,093,000 in 1942. The extrapolating factor for projecting the total to the required period was a multiplicand of the average of the indexes of production and employment in mining, and the index of prices of raw commodities of mining origin. The extrapolation resulted in a total of \$319,017,000 for the period 1942-43.

ELECTRIC POWER

The operating accounts of the electric power industry were derived from the statistics appearing in the annual report on the Central Electric Stations in Canada, from an enquiry sent to the incorporated companies in the industry, and from a study of the accounts of municipal and provincial utilities. The salaries and wages were reported at \$34,236,000 in 1942 by the Transportation Branch of the Bureau.

The returns filed by corporations indicated that net dividends amounted to \$21,436,000. The result was obtained by deducting the receipts of the companies in question from the payments. The net interest of \$35,203,000 was obtained by adding the results of the questionnaire and of the totals compiled from the accounts of the hydro-electric systems of municipalities and provinces. Payments to individuals are the total of occupational and investment income discussed above. The positive or negative savings were compiled from the above-mentioned questionnaire and from the statements of the Provincial Hydro-Electric Commissions.

2. INCOME ORIGINATING IN SECONDARY PRODUCTION, 1942.

\$000

	Manufactures n.e.s.	Construction	Custom and Repair	Total
Income Originating	1,744,147	234,098	106,129	2,084,374
Salaries and wages	1,441,577	189,375	68,155	1,699,117
Net Dividends	93,974	461	43	94,478
Net Interest	5,840	- 40	20	5,820
Withdrawals	92,556	37,266	37,292	137,114
Payments to individuals	1,633,947	227,062	105,520	1,966,529
Savings	110,200	7,036	609	117,845

SECONDARY PRODUCTION (EXCLUSIVE OF PROCESSING)

Secondary production embraces the construction, manufacturing "n.e.s." and custom and repair industries. Construction covers operations of general contractors and sub-contractors as reported in recent years by the Bureau. The work performed directly by Dominion, Provincial and Municipal authorities is excluded, thus avoiding duplication with the totals shown elsewhere for the government group.

Manufacturing production n.e.s. is exclusive of processing activities closely connected with several primary industries. Sawmilling and pulp and paper operations are included with forestry; fish curing and packing is a part of the fisheries industry; while smelting, cement, clay products, lime and salt are treated along with mining. The eight industries, for the purpose of avoiding duplication, are excluded from manufactures, n.e.s. Also excluded are operations of railway repair shops of the two large railway systems which are treated with the steam railway group.

Custom and repair includes thirteen industries of which dyeing, cleaning and laundry, and automobile garages are the most important. The industrial section of the decennial census furnishes periodical information in regard to the personnel in these industries. The census of merchandising and service for 1941 was used extensively in estimating income in this industry. The income originating in each of the three groups was obtained by adding the payments to individuals and the business savings.

Statistics of salaries and wages in manufactures n.e.s. were obtained directly from annual census reports, payments by the nine duplicated industries being deducted. Remuneration of employees in the construction industry were obtained as the product of the numbers and rates estimated for the purpose. Salaries and wages for the custom and repair were determined for 1941 from information given by the trading census.

Withdrawals, signifying the remuneration of employers, independent operators and "own accounts", for management and work performed were relatively more steady in the secondary production group than salaries and wages. The number of working proprietors in manufactures n.e.s. was taken directly from the decennial census of 1941. The margin of the withdrawal rate over the salary-wage rate was determined through the use of census data and American experience. Net dividends

and interest paid to individuals and external holders of securities were computed from the financial returns of concerns engaged in the group. The receipts of corporations in the form of dividends and bond interest were deducted.

The addition of occupational and investment income gives the total income payments to individuals originating in the major group in question.

MANUFACTURES, N.E.S.

The basic data used in computing the income originating in manufactures, n.e.s. were obtained from the annual census of the Manufactures Branch, the industrial section of the decennial census and a questionnaire distributed to incorporated companies engaged in manufacturing operations.

Considerable attention was paid in the early history of the Dominion Bureau of Statistics to the problem of classification. One difficulty in this connection was the overlapping of the boundaries of different industrial and service groups. The historical treatment of three primary industries, forestry, fishing and mining, was to include a number of processing industries closely associated with the operations of the primary phases of these industries. For the compilation of the Survey of Production in 1920, a decision was reached to incorporate the statistics of the processing phases of these industries in the tabulation of the primary industries. For example, the sawmilling and pulp and paper industries were regarded as components of forestry. The fish curing and packing industry was included under the general heading of fisheries, while non-ferrous metal smelting, clay products, cement, lime and salt production remained with mining. As these industries are also included in the reports of manufactures, it was necessary in arriving at the grand totals of commodity production to eliminate the duplication. A similar method was adopted in the compilation of the income originating in commodity producing groups, in connection with the study of the national income.

Salaries and wages were obtained directly from annual census reports, payments by the nine duplicated industries being deducted. It was assumed that the working proprietors engaged in manufacturing operations reported their remuneration as salaries and wages in the same proportion as in retail trade. It was found that the percentage of working proprietories in retail trade reporting their salaries and wages was 34.13 p.c. of the total. This resulting amount of withdrawals was deducted from the salaries and wages as compiled in the manner described above. Having reduced the salaries and wages in view of the circumstances, a withdrawal of \$92,556,000 was regarded as a component. The savings of working proprietors were estimated in the manner described elsewhere. The net dividends, net interest and corporate savings were obtained from a questionnaire recently completed for the year in question.

CONSTRUCTION

A considerable section of the components of income originating in construction were obtained from the report of the Construction Branch of the Bureau relating to 1942.

The salaries and wages reported as paid by general and trade contractors and sub-contractors was taken as embracing salaries and wages and withdrawals of working proprietors. The total of \$226,641,000 was divided into salaries and wages of \$189,375,000 and withdrawals of \$37,266,000. The savings of working proprietors were estimated in accordance with the usual method. The positive savings of incorporated concerns, as well as the net dividends and the net interest, were provided by the tabulation of returns from construction firms.

CUSTOM AND REPAIR

The method consisted of assembling information on numbers of gainfully occupied and remuneration in 1940-41 from census work sheets furnished by Mr. Steedman of Merchandising and Services. Working proprietors not on payroll were assumed to have withdrawn the same average amount reported for salaried proprietors. Small amounts were transferred to this group from retail trade (see "retail trade" section of present study). Information furnished by the Census of occupations and industries was used, where possible, to supplement the service census. Total numbers and average remuneration rates were extended to 1942 by means of the personal service employment index published by the Employment Branch and the index of wage rates published by the Labour Department. A smoothed version of the latter was used in the case of withdrawal rates.

Investment income and savings were estimated by means of a questionnaire distributed to a number of companies operating in the field, and from information furnished by the Research Department of the Bank of Canada.

3. INCOME ORIGINATING IN TRANSPORTATION AND COMMUNICATION, 1942.

\$000

	Steam Railways	Electric Railways	Water Transport	Road Transport and Storage
Income originating	398,134	50,748	55,601	86,904
Salaries and wages	266,414	27,923	43,341	58,762
Other Labour Income	3,282	989		
Pensions and Annuities	9,083	534		
Net dividends	567	2,125	1,181	803
Net interest	53,894	6,500	1,081	39
Withdrawals			2,257	26,532
Payments to individuals	333,240	38,071	47,860	86,137
Positive savings	64,824	12,377	7,741	767

	Civil Aviation	Express	Telegraphs	Telephones	Total
Income originating	5,017	10,303	15,607	46,962	669,276
Salaries and wages	4,416	9,417	12,266	31,550	454,089
Other labour income					4,271
Pensions and Annuities				509	10,126
Net dividends	187			7,772	12,635
Net interest				5,657	67,171
Withdrawals	149				28,939
Payments to individuals	4,752	9,417	12,266	45,488	577,231
Positive savings	265	886	3,341	1,474	92,045

This group embraces activities connected with the movement of goods and passengers and with communication by wire and radio. The electric light and power industry is treated with the primary production group.

Annual reports of the Bureau supply considerable information regarding the following industries in the transportation-communication group: Steam and electric railways, civil aviation, express, telegraphs, and telephones. Water and road transport (including warehousing and storage) are also components, income being estimated on the basis of occupational data, furnished by the decennial census, and other relevant information.

Eight industries are included under the general heading of Transportation and Communication, as follows: Steam railways, electric railways, telephone, telegraph, express companies, civil aviation and road and water transport.

Steam Railways: The major part of the data necessary to estimate the income originating in this industry was obtained from the annual report on steam railways published by the Transportation Branch of the Bureau. In order to eliminate duplication with industries in other groups, the operation of steamships, hotels, express and telegraph departments of the two main railways are excluded. Contributions to pension funds are deducted from the gross salaries and wages and pension payments are included under investment income. This treatment is slightly at variance with the concept of income "transferred by enterprises" but in any case the difference is small.

Other labour income consists of compensation for injuries as given in the "steam railway" report. Interest and dividend payments and receipts were estimated from the above-mentioned report and also from annual statements of the principal companies to the Dominion Bureau of Statistics and to the shareholders.

Undistributed profits as reported by the Dominion Bureau of Statistics were adjusted for the operation of the above-mentioned subsidiary activities of the two main railways.

Electric Railways: Salaries and wages and other labour income consisting of compensation for injuries, interest and dividend payments were taken directly from the annual report on "electric railways" issued by the Bureau. Savings from the same report were adjusted considerably before adoption after an analysis of the accounts of one of the larger companies included and of depreciation charges allowed by all companies reporting.

Telephones: Most of the information required is contained in the annual report on telephones issued by the Transportation Branch of the Bureau. Some items under the heading of investment income, usually obtained through correspondence, were roughly estimated at the same levels as 1941 since experience over a term of years indicates marked stability. Annual reports of the major companies to their shareholders provided supplementary information on interest receipts and payments. Savings or undistributed profits were taken without adjustment from the above-mentioned report of the Dominion Bureau of Statistics.

Telegraph and Railway Express: Salaries and wages and commissions paid and undistributed profits were the two components of income originating in these minor industries. The statistics are available directly from the annual reports of the Bureau regarding telegraphs and cable companies and express companies.

Civil Aviation: Salaries and wages paid by this industry for 1942 are reported in "civil aviation" issued by the Transportation Branch of the Bureau. The operations of the provincial governments in this connection were excluded. Under "investment income" the only item included is the annual dividend payment of Trans-Canada Air Lines to Canadian National Railways. Entrepreneurial withdrawals were estimated through extension, by appropriate indexes, of numbers and rates established in 1930 on the basis of decennial census material. Savings in 1942 were obtained by deducting dividends and withdrawals from recorded operating expenses.

Road and Water Transport: The occupational income of the two groups was based mainly on the decennial census of 1941. Under "road transport" the two main items considered were salaries and wages paid and the withdrawals of working proprietors. The numbers were computed for 1941 by reference to preliminary census data and extended to 1942 by the sample statistics of employment. The number of working proprietors was estimated for 1941 by deducting census returns of wage-earners from the gainfully employed. Rates were determined by extrapolation from the census period of 1931. Personnel statistics of storage activities for 1941 were obtained from the census of trading establishments and extended to 1942 by the use of index numbers.

A similar method was applied in computing the occupational income of water transport. Subsistence allowances were calculated for a considerable proportion of the employees. While the census tabulation of personnel on an industrial classification was incomplete at time of computation, it was considered preferable to accept preliminary data rather than to depend on extrapolation from the preceding census period. The number of employees was deducted from the gainfully occupied to give an approximation of the number of working proprietors. The total number of employees was then reduced according to the relationship in 1930-31 to obtain the employment on a full-time basis. The index of employment maintained on a monthly basis was used to extend the adjusted numbers to 1942. The rates established on a long-term footing by extension from 1930 were used as a factor in deriving the salaries and wages paid. The dividends and interest transferred by these enterprises to individuals as well as the savings were supplied by the general questionnaire, compilation having been completed for the year 1942.

4. INCOME ORIGINATING IN TRADE, 1942.

\$000

	Retail Trade	Wholesale Trade	Total
Income Originating	500,284	252,141	752,425
Salaries and Wages	286,908	200,071	486,979
Net Dividends	8,064	10,064	18,128
Net Interest	729	1,020	1,759
Withdrawals	174,469	28,723	203,192
Income Paid Out to Individuals	470,180	239,878	710,058
Positive Savings	30,104	12,263	42,367

RETAIL TRADE

The estimate of income originating in retail trade was obtained mainly by projecting the statistics given in the report for 1941 issued by the Merchandising and Services Branch and from the questionnaire distributed to retail incorporated companies.

The salaries and wages in 1941 were obtained by deducting the total given for restaurants and an estimated amount dispensed in connection with service operations. A rate was obtained by dividing the remuneration of full-time employees by the number. The rate was divided into the wages of part-time employees to give the full-time equivalent of such employees. The total amount of salaries and wages paid was taken as the sum given for full-time employees and part-time employees. From the remuneration thus established was deducted \$22,635,000 paid to employees working in restaurants. The ratio of gross receipts from service activities of retail outlets to the total receipts was applied to the total salaries and wages paid by retail stores. The estimated proportion paid to employees engaged in service functions amounted to \$4,895,000. The rate of salaries and wages shown for retail establishments generally was divided into this remuneration to obtain an estimate of the number employed in the service activities of the stores. The sum of \$22,635,000 reported as remuneration for the 34,605 employees working in restaurants and \$4,895,000 paid as salaries and wages for service activities of retail stores were deducted from the grand total. The indexes of employment and of average weekly payrolls were applied to project the totals to 1942.

A somewhat similar plan was adopted in regard to the computation of the withdrawals of the working proprietors. The rate of withdrawals for the proprietors reporting salaries was applied to the number who did not so report. The total withdrawals after allowing for the restaurant and service activities was placed at \$174,469,000.

The net dividends and interest and corporate savings were collected by means of a questionnaire sent to incorporated companies engaged in retail trade supplemented by data regarding large companies furnished by the Research Department of the Bank of Canada. The savings of working proprietors were estimated by means of a study of withdrawals and rates of savings in the United States and similar basic data for Canada during the same period. The estimate was projected to 1942 by the relation of net income to stockholders in 1938 to that of the more recent year.

WHOLESALE TRADE

The statistics of wholesale trade were based on the survey of the industry conducted by the Merchandising and Services Branch of the Bureau.

Salaries and wages paid were reported as \$188,456,000 in 1941. Using the data of employment and the average weekly payrolls this amount was projected to 1942. The number of working proprietors was compiled in connection with the census in question for 1941. The rate of withdrawals was taken at a differential over the wage rate. The net result of the computation was an estimate of \$28,723,000 for the withdrawals for 1942. Dividends, interest and corporate savings were obtained by means of the general question-

naire. An estimate was made of the savings of working proprietors based on American experience and data in regard to the numbers and rates of employees in Canada for the same period. The projection was made on the basis of the amount of net income to stockholders in 1938 to 1942.

5. INCOME ORIGINATING IN FINANCE, 1942.

	\$000						
	Bank- ing	Trust Com- panies	Stock and Bond Dealers	Loan and Mort- gage Co's	Insur- ance	Real Estate	Total
Income Originating	23,246	10,217	9,026	9,422	118,769	127,892	298,572
Salaries and Wages	47,152	6,448	5,326	2,267	75,000	3,500	139,693
Pensions	3,062	-	-	-	1,000	-	4,062
Interest on Insurance and Annuity Contracts	-	-	-	-	47,991	-	47,991
Net dividends	12,370	1,534	-	1,850	10,000	-	5,754
Deposit Interest	15,900	3,500	-	622	-	-	20,022
Net Interest, Bonds and Debentures	-65,000	2,200	-	2,513	87,000	1,991	-149,693
Withdrawals	-	-	3,700	-	-	5,000	8,700
Net Rentals	-	-	-	-	-	82,401 ^{1/}	82,401
Mortgage Interest	-	-	-	-	-	35,000	35,000
Income Paid out to Individuals	13,484	9,282	9,026	7,255	26,991	127,892	192,930
Positive Savings	9,762	935	-	2,167	91,778	-	104,642

1/ Imputed net rentals of owner-occupied residential property, rural non-farm and urban, would be included according to the British and Canadian models.

FINANCE

The method of estimating the income originating in the finance section of the national income which includes the following industries, banking, trust companies, loan and mortgage companies, insurance, real estate and stock and bond dealers, was described in the Monthly Review of December, 1943. Here it is intended to give only a rough sketch of the special problems involved in estimating the results for 1942.

Banking: Salaries and wages were obtained through correspondence with the Canadian Bankers' Association in the case of the chartered banks and by separate enquiry for the various other banks. Pensions paid are generally obtained by correspondence but were not available at the time of the compilation. Consequently, this item, which is relatively stable, was assumed to be unchanged from 1941. A tentative estimate of net interest receipts was made by making use of information on security holdings of chartered banks and the Bank of Canada as shown in the Statistical Summary of the Bank of Canada for October-November, 1943. The method was to obtain a rough measure of the average increase of securities held from 1941 to 1942, and apply an appropriate interest rate. The interest estimated in this manner was added to the compiled net interest receipts for 1941 to obtain the tentative estimate for 1942. Net dividends were obtained from the Financial Post Survey of Corporate Securities for 1943. Interest on savings deposits were computed by extending the estimate for 1941 by means of an index of the average monthly savings deposits of the chartered banks. Undistributed profits were compiled directly from the Financial Post Survey with minor adjustment. Undistributed profits of, and dividend payments by, the Bank of Canada were obtained from the annual report to the Minister of Finance for 1943, page 16.

As noted above, the results for banking in 1942 are tentative since some of the information necessary was not directly available at the time of compilation. How-

ever, of the most important items, salaries and wages, savings and dividends are final. It is considered that interest on savings deposits will not vary greatly from the preliminary estimate and that the estimate of net interest on bonds and debentures is fairly accurate.

Trust Companies: Salaries and wages paid by trust companies were compiled directly from the annual reports of the registrars for Ontario, Quebec and the Dominion. Net interest on bonds and debentures, a relatively stable item, was placed at the same level as in 1941, as were interest on savings deposits and receipts of dividends. Dividend payments and savings on undistributed profits were compiled directly from the above-mentioned reports. The savings were adjusted for capital gains and losses and for non-operating charges. Salaries and wages and dividends paid as compiled were considered to cover 98 p.c. of the whole industry and were raised to 100 p.c.

Loan and Mortgage companies: All items were compiled directly from the reports of the Ontario and Dominion registrars of Loan Companies and the Financial Post Survey of Corporate Securities. As in the case of trust companies, net profits were adjusted for capital gains and losses.

Insurance: The predominant component of the income originating in insurance consists of the "savings" which are defined as the net change in equities of policyholders in Insurance and pension reserves, due to investment earnings of the companies. This item is computed by subtracting from the Canadian dividend, interest, and rental earnings of casualty and fire insurance companies and fraternal benefit societies operating in Canada, the estimated interest portion of disbursements under insurance and annuity contracts. Salaries and wages, pensions, net dividends and net bond interest were taken as being approximately the same as in 1941. Interest on insurance and annuity contracts was projected from 1941 on an index of disbursements under insurance and annuity contracts obtained from the annual report of the Superintendent of Insurance.

Although most of the information required to compute the last-named item was actually available at the time of compilation, the work involved would have been substantial and it was considered that due to the lack of time the only item which needed to be computed directly was the savings.

Real Estate: Salaries and wages were taken to be at the same level as in 1941. Interest on bonds and debentures were compiled as in previous years. Mortgage interest paid to individuals was assumed to be approximately the same as in 1941. The detail involved in estimating this item, following the method adopted in previous years, made the compilation impracticable in the available time. Net rentals were computed as in previous years. However, for the purpose in hand, i.e. to secure an estimate of national income comparable with that of the Department of Commerce of the United States, imputed rents on urban and rural owner-occupied houses were excluded. If the British definition were adopted, imputed rents would be included. No savings were estimated for the industry.

Stock and Bond Dealers: The data necessary to provide a reasonable estimate of income originating in the industry are furnished by the decennial census of occupations and industries. However, the information for 1941 was only partially available at the time of computation. The number of employers and own accounts reported as stock and bond brokers in 1941 was 1,480. Withdrawal rates were assumed to be 150 p.c. of the average salary rate for employees in brokerage and stock market operations as reported by the Employment Branch of the Dominion Bureau of Statistics for June, 1941. The rates were put on a yearly basis by multiplying by 52. The number of proprietors was assumed to be the same in 1942 as in 1941 and rates were assumed to have increased about 5 p.c. Withdrawals are the product of numbers and rates. The number of employees in 1941 was roughly computed by extending the 1930 estimate, based on the decennial census, by means of a smoothed index of shares traded on the Montreal Stock Exchange. This estimate was further extended to 1942 by the Employment index published by the Employment Branch. Weekly employment rates in stock market and brokerage operations, referred to above, were placed on a yearly footing by multiplying by 52. No investment income or savings were estimated in this group due to a complete lack of information in this connection.

6. INCOME ORIGINATING IN GOVERNMENT, 1942.

\$000

	Dominion	Provincial	Municipal(1)	Total	Adjust- ments(2)	Income Paid Out
Salaries and Wages, Pay and Allowances	629,934	75,126	69,000	774,060	(a) 9,619	783,679
Other Labour Income	139,392	33,328	-	172,720	(b) -146,839	25,851
Pensions and Annuities	58,191	52,457	2,000	112,648	(c) - 96,401	16,247
Net Interest	172,295	45,387	24,000	241,682	-	241,682
Total	999,812	206,298	95,000	1,301,110	-233,651	1,067,459
Add Employer, Employee contributions to various funds	11,040	3,631	-	14,671		
	1,010,852	209,929	95,000	1,315,781		
Less Transfer payments and Capital re- payments	193,372	54,950	-	248,322		
Income Paid out	817,480	154,979	95,000	1,067,459		

(1) Roughly estimated

(2) Adjustments for "transfer" payments, "capital" repayments and contributions to unemployment insurance, superannuation and pension funds to reconcile statement with Government section of industrial summary table. See text.

(a), (b) and (c) See notes at end of Section 6.

GOVERNMENT

Income originating in government has been estimated as the total income disbursed by the group, in accordance with the definition adopted by the U.S. Department of Commerce. It is sufficient to note in this connection that government "savings" and transfer payments are excluded.

The main sources of information were the public accounts of the Dominion and the various provincial governments, and reports of government boards and commissions. Decennial census information was valuable in estimating income arising from Municipal government. The following description refers to so-called "income payments" by Government. Adjustments necessary to obtain "income paid out" as shown in the accompanying table are explained below.

Salaries and Wages. - Salaries and wages paid includes pay to Canadian armed forces in Canada and overseas. Income in kind in the form of rations and clothing issues is excluded. Contributions of employees to superannuation funds and unemployment insurance are deducted.

The following boards and commissions were covered in the survey. - Canadian Broadcasting Corporation, Canadian Farm Loan Board, Canadian Wheat Board, Federal District Commission, National Battlefields Commission and the National Harbours Board. Other payments taken into consideration were in connection with the Kings Printer's Advance account; remuneration of revenue postmasters and mail service by land conveyance and to returning officers and others assisting with the conduct of general and by-elections; sessional indemnities, and cost of living bonuses. Salaries and wages paid by Crown Companies are included for the most part in the Manufacturing group of the National Income, consequently, only a portion is included with government activities.

Provincial Government. - Salaries and wages paid by Provincial Governments were compiled mainly from the ordinary and capital expenditure sections of the public accounts. Payments made for general administration and maintenance of highways and public works, sessional indemnities, and remuneration in connection with elections, constituted a large part of the salary-wage account. Special items included salaries and wages paid for the appropriate administration and maintenance of colleges and schools under Provincial governments. Salaries and wages for Public Welfare administration in connection with mothers' allowances, old age and blind pensions, hospitals and health centres were also included for provinces. Another component was the payment for the appropriate administration of trust and special accounts, for example, in Saskatchewan - the Milk Control Board, the Fire Prevention Fund, the Kings Printer's Advance account, the Warehouse Advance account, the Saskatchewan Book Bureau, the Agricultural Aids account and the Saskatchewan Cream Grading account.

Salaries and wages paid on capital account for roads, bridges, buildings, etc., constructed directly by the Provincial governments were also included. The accounts of the eight Workmen's Compensation Boards were analyzed to obtain the amount of salaries and wages paid.

Contributions to superannuation and pension funds were deducted to obtain net salaries and wages.

Municipalities. - The salaries and wages as reported to the decennial census of 1930-31 for the fire, police, and water service and other departments were taken as indicative of the expenditures in this line by the municipalities. Partial information was also available for 1940-41. The earnings were raised to provide for the non-reporters, and salaries and wages paid in representative cities or other relevant data were used as extrapolating factors in formulating estimates for the remainder of the period.

Other Labour Income. - Included under this heading are dependants' allowances, payments from the Unemployment Insurance Fund, Veterans' allowances, and some other items paid by the Dominion Government. Workmen's compensation and medical aid are included under Provincial Government. Mothers' allowances and direct relief payments paid by municipal and provincial governments constitute the other item included here.

Pensions and Annuities. - As indicated, payments from government annuity and pension funds, military and civil, are covered under this item. In the case of Provincial governments, industrial pensions paid by workmen's compensation boards, and old age and blind pensions are additional components.

Net Interest on Bonds and Debentures. - A part only of the bond interest paid by the three classes of Canadian government was received by individuals living in Canada. A considerable portion was paid to financial institutions such as insurance companies and banks and a large sum was paid to bond holders living abroad.

Interest paid on bonds and treasury bills issued by Dominion Government were compiled from the public accounts. Interest receipts, principally from sinking fund investments, were deducted to obtain the net payments. A similar course was followed in assembling the data regarding the net interest payments of the Provincial governments. Interest receipts were augmented in eight of the provinces by interest on advances and investments in various public interest projects, and the power commissions of Nova Scotia, New Brunswick, Ontario, Manitoba and Saskatchewan, and railways in Nova Scotia, New Brunswick and Ontario. Interest received on the invested funds of the Workmen's Compensation Boards was included in this connection. The Provincial governments receive interest from many other sources which, due to lack of space, cannot be enumerated.

The computation of net bond interest paid by the municipalities excludes net payments in respect to electric light and power, electric railway, hospital, telephone and school debt which are considered in connection with other groups contributing to the national income.

The summation of the four types of income enumerated above gives the total income known as "income payments". To obtain "income paid out", certain adjustments were made. These adjustments are indicated in the accompanying Table number 6 and are explained as follows: -

- (a) Employees contributions to unemployment insurance, retirement and superannuation funds.
- (b) Including additions of government contributions to unemployment insurance, retirement and superannuation schemes on behalf of own employees and deductions of transfer payments such as gratuities, veterans' allowances relief, etc. and capital repayments.
- (c) Comprises deductions of capital repayments, Indian annuities, military pensions (other than for permanent personnel).

7. INCOME ORIGINATING IN SERVICE ACTIVITIES, 1942

\$'000

	Professional	Education	Service Other	Total
Income Originating	202,593	120,616	323,530	649,739
Salaries and Wages	104,918	102,895	219,909	427,722
No Pay Allowances	6,914	3,942	2,748	13,604
Pensions	-	3,926	-	3,926
Net Dividends	-	-	1,693	1,693
Net Interest	573	8,550	235	9,358
Withdrawals	90,188	1,303	99,000	190,491
Income Paid Out to Individuals	202,593	120,616	323,585	646,794
Positive Savings	-	-	2,945	2,945

PROFESSIONAL SERVICE

The decennial census of occupations and industries is almost the sole source of information regarding incomes in this important service group. Since only partial information was available for the recent census year, considerable use was made of statistics compiled in connection with the census of 1930-31. Estimates were made of the number of persons gainfully occupied, by status, in the industry on the basis of material furnished by the Census Branch.

In 1930, average yearly rates of remuneration were estimated on the basis of complete census information as follows: -

a Employers and own accounts, \$1,897. b Wage earners, \$979. c No pays (living allowances) \$333. These rates were respectively extrapolated to the years 1941 and 1942 by means of the following indexes: -

a A five-year moving average of the general wage index published by the Labour Department. b Index of rates of wages, Labour Department. c Cost of living index, Merchandising and Services Branch.

Numbers were assumed to be the same in 1942 as in 1941. Withdrawals, wages, and living allowances were obtained by multiplying the appropriate number by the estimated remuneration rates described above.

Investment income in this group consisted of a small amount of interest in connection with hospitals not treated in the Municipal Government section of the national income. No "savings" were estimated for the group.

EDUCATION

The salaries and wages distributed by the educational group in 1942 were compiled by the Education Branch. Returns were available for each of the provinces except Quebec, the total for the latter having been estimated. The Branch total was distributed among the three status classes participating in the distribution. The numbers and rates for working proprietors were based on a three-year moving average of the total number and general rate for extrapolation from levels established for 1930. The number of no pays was estimated by a similar method and the board and lodging rate was regarded as equivalent to that for the same status class in agriculture. The resulting estimate of the remuneration of proprietors and no pays was deducted from the grand total to give the portion allotted to salaried employees proper. One half the increase in pensions in 1941 over the preceding year was added to the pension account of 1941. The interest received from endowments was deducted from the interest paid on school and college debt and the remainder regarded as a component of the income originating.

OTHER SERVICE

The main sources of information regarding the group are the decennial census of merchandising and services and the census of occupations and industries. Information on the gainfully occupied and their remuneration rates is compiled from both sources and cross checked where possible to assure the best possible coverage of the industry. The industries included under "other service" are as follows: - recreational service, business service, barbers, beauty parlors, undertaking, photography, hotels and restaurants, domestic service and board and lodging houses.

Information on the salaries and wages and withdrawals in the group during 1941 was obtained from work sheets furnished by Mr. Steedman of the Merchandising and Services Branch. An assumption made in this connection was that proprietors not on the firm payrolls would be allowed a withdrawal equal to the average salary reported for proprietors on payrolls. In addition to salaries and wages and withdrawals, reported or estimated in connection with the main service group, small amounts were transferred from the "retail trade" industry as explained under the retail trade section of the present study.

The number of wage earners and no pays employed in domestic service in 1941 was estimated from material furnished by the Census Branch. Rates established in 1930 were extrapolated to 1941 by means of the cost of living index and the index of wage rates for common factory labour published by the Labour Department.

Income arising from board and lodging houses, other than hotels, was estimated mainly by extension of the figures for 1930, the required information not being available for 1940-41. Methods employed by the Dominion-Provincial Relations Commission were followed in connection with estimating the entrepreneurial withdrawals.

The three types of occupational income were totalled for all minor industries, and divided by the appropriate total number to give average remuneration rates for the industry. Numbers and rates were then extended to 1942 by means of indexes of employment and per capita earnings in "Service" published by the Employment Branch.

Investment income and savings in this group were obtained by means of a questionnaire sent to a large number of service firms, and from information supplied by the Research Department of the Bank of Canada.

NOTE REGARDING AMERICAN, CANADIAN AND BRITISH DEFINITIONS
OF NATIONAL INCOME.

Although a final definition has not been adopted for the Canadian national income, the content of present estimates differs somewhat from the American model. The first of the differences involves the treatment of residential and farm dwellings as investments. American practice is to regard the purchase of a dwelling as a current expense to the purchaser, as long as it is not rented to some other person, while in Canada it is preferred to regard such a purchase as investment or saving, regardless of the occupant, yielding income over the period of usefulness in the form of rent. The American income estimates include only money rents going to individuals, while in Canada an additional amount representing corresponding income for persons living in their own dwellings is included.

Two other additions to the American model are made in arriving at the present Canadian definition, namely, allowances in the form of clothing and rations to the armed forces in Canada and dependants' allowances. The fact that the former item represents payment in kind rather than cash should not, it is believed, affect the dimensions of the national income. Corresponding payments in kind in other industries, notably agriculture, are included in both the American and Canadian models. Dependants' allowances are regarded as a transfer payment by the U.S. Department of Commerce, but in Canada it is considered that they are merely an additional form of income to the Armed Forces in view of low remuneration and should be counted on the same footing as direct pay and allowances. The American version includes changes in farm inventories and this practice has been followed in the Canadian estimates.

The main items of difference between the Canadian definition of national income as described above and the British "net national income" lies in the treatment of three items. British practice is to include corporation income and excess profits taxes whereas the Canadian and American computers regard such payments as a deductible expense. In addition, employers' contributions to social security plans, and interest on the National Debt are excluded in the British model, the former being regarded as an expense and the latter as a transfer payment. The Canadian national income as shown in the accompanying table includes the former, and that portion of the latter which is paid to individuals domiciled in Canada. The differences between the American and Canadian models for 1942 and 1943 are outlined in the following table.

NATIONAL INCOME ORIGINATING IN SEVEN MAIN GROUPS;
AMERICAN AND TENTATIVE CANADIAN MODELS

\$000

<u>1 9 4 2</u>	<u>American</u>	<u>Adjustment</u>	<u>Canadian</u>
Primary Production a	2,065,302	+ 27,127(1)	2,092,429
Secondary Production b	2,084,374		2,084,374
Transportation and Communication ... c	669,276		669,276
Trade d	752,425		752,425
Finance e	298,572	+ 113,000(2)	411,572
Service f	649,729		649,729
Government g	1,067,459	+ 220,000(3)	1,287,459
Total Lines a to g h	7,587,147	360,127	7,947,274
Add - Employers' Contribution to Unemployment Insurance i	+ 27,700		+ 27,700
Deduct - Net outward flow of dividends and interest j	- 240,000		- 240,000
National Income k	7,374,847		7,734,974
Rounded l	7,370,000		7,730,000

<u>Year ended June 30, 1943</u>	<u>American</u>	<u>Adjustment</u>	<u>Canadian</u>
Primary Production a	2,065,866	+ 27,127(1)	2,092,993
Secondary Production b	2,154,864		2,154,864
Transportation and Communication ... c	711,640		711,640
Trade d	752,163		752,163
Finance e	303,741	+ 119,000(2)	422,741
Service f	671,363		671,363
Government g	1,125,000	+ 230,000(3)	1,355,000
Total Lines a to g h	7,784,637	376,127	8,160,764
Add - Employers' Contribution to Unemployment Insurance i	+ 27,700		+ 27,700
Deduct - Net outward flow of dividends and interest j	- 230,000		- 230,000
National Income k	7,582,337		7,958,464
Rounded to l	7,600,000		7,960,000

(1) Net imputed rents: farm homes - estimated by Agricultural Branch, D.B.S.

(2) Imputed rents, owner occupied non-farm residential dwellings.

(3) Dependants' allowances and allowances in kind for the Armed Forces in Canada.

NOTES ON THE EXTRAPOLATION OF THE INCOME ORIGINATING IN GROUPS FROM THE CALENDAR
YEAR 1942 TO THE TWELVE-MONTH PERIOD ENDED JUNE, 1943.

Definite basic data needed for the computation of the Canadian national income during 1943 are practically non-existent. Index numbers mainly prepared by sampling are available in considerable profusion but only a part of the field is covered and an appreciable margin of error normally results from their use. For the present project two alternate plans were considered. It would have been possible to estimate the income for the year 1943 on the footing of incomplete information and average the results for the two years to obtain an estimate for the twelve months ended June 1943.

Observing that the six months ended December, 1942 are common to the two periods in question, it was considered preferable to use extrapolating factors month by month for the purpose of estimating the income originating in most of the thirty industrial and service groups during the required period.

1. PRIMARY PRODUCTION AND PROCESSING

Income Originating, \$000					
	1942	Twelve Months Ended June, 1943		1942	Twelve Months Ended June, 1943
Agriculture	1,309,429	1,307,443	Mining	310,093	319,017
Forestry	261,247	244,923	Electric		
Fisheries	51,603	56,349	Power	118,279	121,570
Trapping	14,651	16,564	TOTAL	2,035,302	2,035,866

Agriculture

The content of the extrapolating factor for agriculture is outlined above in Section 1 relating to the "Operating accounts of primary production and processing, 1942". The income originating in agriculture less the cash subsidies and inventory changes amounting to \$882,059,000 in 1942 was expressed as a ratio of the extrapolating factor summed for the year at \$1,078,736,000. The factor was multiplied by the quotient for each of the twelve months ended June, 1943 and the sum including cash subsidies of \$50,000,000 and inventory changes amounting to \$225,000,000 was regarded as the income originating in agriculture during the required period.

Forestry

The method of projecting the income estimate for forestry by six months is also briefly described above in the first section on the primary group. The projecting factor is based on volume and price data for each of the three industries, logging, sawmilling and pulp and paper, designed to present an estimate of net production for the forestry group month by month. The sum for the twelve months of 1942 was divided by the estimate of income originating in forestry during the year and the ratio applied to the desired period.

Fisheries and Trapping

The sum of the value of fishery exports and of the fish caught and landed was used to estimate the net value of production which in turn became the extrapolator for income originating. Income produced by the trapping industry was extended according to the value of furs exported.

Mining and Electric Power

The indexes of production and of employment were averaged and multiplied by the index of prices of raw commodities of mineral origin for estimating the trend of income originating in mining. Owing to the stability of rates, the index of the output of power was utilized in estimating the desired result for the electric power and light industry.

2. SECONDARY PRODUCTION

Income Originating, \$000

	1942	Twelve Months Ended June, 1943
Manufactures, n.e.s.	1,744,147	1,811,139
Construction	254,098	231,166
Custom & Repair	106,129	112,559
TOTAL	2,084,374	2,154,864

Manufactures, n.e.s.

The plan adopted in projecting the income estimate for manufactures, n.e.s. was to deduct the series of material costs from the gross production. The gross operating revenues were estimated by averaging indexes of manufacturing employment and production and multiplying by the index of prices of chiefly and fully manufactured products. The same volume factor was multiplied by the prices of raw and partly manufactured commodities.

Construction and Custom and Repair

The index of construction contracts awarded was averaged with the product of indexes of employment in building and the prices of building materials. The trend of the custom and repair industrial total was measured by an average of the indexes of employment in personal service and of the physical volume of business multiplied by an index of the cost of living.

3. TRANSPORTATION AND COMMUNICATION

Income Originating, \$000

	1942	Twelve Months Ended June, 1943
Steam Railways	398,134	433,507
Electric Railways	50,748	52,824
Water Transport	55,601	54,926
Road Transport & Storage	86,904	91,182
Civil Aviation	5,017	4,762
Express	10,303	10,788
Telegraphs	15,607	16,494
Telephones	46,962	47,157
TOTAL	669,276	711,640

Steam and Electric Railways

Income originating in steam railways was extended by means of the trend of the gross operating revenues of the two main railways. The salaries and wages paid by electric railways were estimated by taking the product of rates and the number, determined by the trend of employment. A residual unchanged throughout the year was added to indicate the trend of income originating.

Water and Road Transport

Indexes of employment and rates in shipping and stevedoring as reported by the Employment Branch were useful in extending the payment of salaries and wages in water transport. A relatively small residual was added to represent the other items entering into the income originating.

The cartage index of employment and monthly rates and a residual were also used in connection with the estimate for road transport, the index of cold storage holdings being used in connection with the computation for storage and warehousing.

Express, Telephone and Telegraphs

The procedure consisted in estimating salaries and wages by means of employment and rate indexes and placing the residual at one-twelfth of the sum of the remaining factors in the latest available year.

4. TRADE

Income Originating, \$000

	1942	Twelve Months Ended June, 1943.
Retail Trade	500,284	500,261
Wholesale Trade	252,141	251,802
TOTAL	752,425	752,163

Retail and Wholesale Trade

The estimate of income originating in trade was based on the trend of employment and remuneration rates as prepared by the Employment Statistics Branch. Having obtained a monthly estimate of salaries and wages, the residual was taken as unchanged month by month throughout the period. A computation was made separately for the operations of retail and of wholesale establishments.

5. FINANCE

Income Originating, \$000

	1942	Twelve Months Ended June, 1943
Banking	23,246	24,272
Trust Companies	10,217	10,393
Stock & Bond Dealers	9,026	9,542
Loan & Mortgage Companies	9,422	9,591
Insurance	118,769	122,435
Real Estate	127,892	127,508
TOTAL	298,572	303,741

The income from banking was compiled by taking a percentage of .055 on current loans and of .030 on security holdings. Employment as reported for banks and trust companies was also taken into consideration.

Employment, monthly rates and a stable residual, were used in connection with trust, loan and mortgage companies. An average of indexes of common stock prices and the volume of trading was combined with an index of employment to appraise the trend of income originating in the stock and bond dealer group. The projection of the insurance total was effected by a study of the trend of the principal factors. The real estate estimate was extended by taking one-twelfth of the mortgage interest in the latest available year as well as a rental extrapolator and a residual to cover other accounts.

6. GOVERNMENT

Income Originating, \$000

	1942	Twelve Months Ended June, 1943
Dominion	817,480	875,021
Provincial	154,979	154,979
Municipal	95,000	95,000
TOTAL	1,067,459	1,125,000

Dominion Government

The income paid out by the Dominion Government was extended by the following method, - It was assumed that the income payments to individuals arising from ordinary expenditures were about the same for the twelve months ended June 30, 1943 as for the fiscal year ended March 31 of the same year. The pay and allowances of the armed forces were increased by about 10 p.c. in line with the change in war expenditures exclusive of mutual aid. The total margin in the required period over 1942 was about 7 p.c.

Provincial Government and Municipalities

Income distributed by provincial governments was extended without change from the latest year for which statistics were available, while the total for municipalities was reduced according to preliminary calculations.

7. SERVICE

Income Originating, \$000

	1942	Twelve Months Ended June, 1943
Professional	202,593	205,489
Education	120,616	124,542
Service, Other	326,530	341,332
TOTAL	649,739	671,363

Professional and Education

The extrapolating factor for professional service was designed to establish the trend of the remuneration of professionals in private practice. The numbers and rates were extended according to the trend of employment and average payrolls in communications, services and finance. The residual income after deducting the withdrawals consisting of the product of the numbers and rates was regarded as unchanged from month to month. The salaries and wages paid by the education group were estimated by a method similar to that used in connection with the withdrawals of professionals.

Other Service

The indexes of employment and rates for hotels and restaurants were used in extending the salaries and wages paid by the "Other Service" group. The residual amount covering other items was extended without change.

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