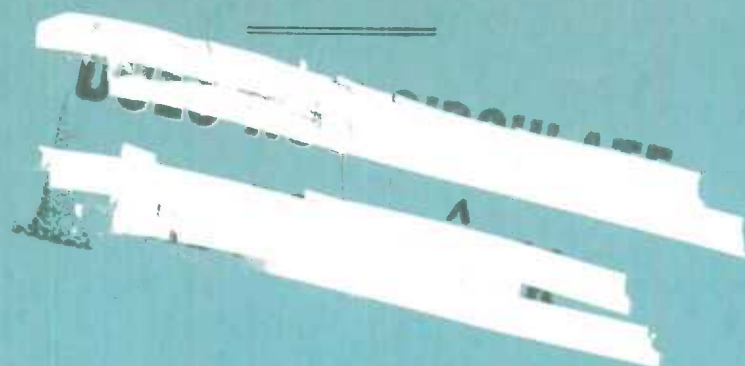


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DOMINION BUREAU OF STATISTICS

NATIONAL INCOME UNIT



NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
1938 - 1946

DEPARTMENT OF
TRADE AND COMMERCE



CANADA
1947

Published by Authority of the Hon. James A. MacKinnon, M.P.,
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CANADA
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
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OTTAWA
1947

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CANADA

National Accounts, Income and Expenditure, 1938-1946.

Dominion Statistician:	Herbert Marshall
Chief, Central Research and Development Staff:	C. M. Isbister
Chief, National Income Unit:	A. S. Abell

Gross national product and gross national expenditure in 1946 were at a level of \$11,129 million in comparison with \$11,478 million in 1945. The 1946 estimates are preliminary as are the 1945 estimates but the latter have been revised since their first publication. The moderate decline in the money totals is larger in real terms as is indicated by the rise of 4.8 per cent in the index of wholesale prices and 3.4 per cent in the cost of living index from 1945 to 1946.

Net national income in 1946 was \$9,212 million as compared with \$9,587 million in 1945. Civilian salaries and wages increased by \$247 million while military pay and allowances decreased by \$817 million. The main components of investment income were maintained at their 1945 levels. The decline of \$140 million in total investment income is accounted for by two items, a decline in government trading profits and an increase in dividends paid abroad. Agriculture and other individual enterprise showed proportionate gains.

While the national income declined in 1946 personal income increased by \$358 million. This is largely due to the increase in transfer payments by government to individuals. The large increase in transfer payments includes the increase in family allowances and the large scale payment to veterans in 1946 of war service gratuities, re-establishment credits and pensions.

Components of gross national expenditure reflect a significant diminution of government expenditures offset in large part by increases of consumer expenditure and investment in plant, equipment and inventory. Receipts from abroad were maintained at a high level because of the continuing foreign demands for commodity exports backed up by Canadian government loans.

This bulletin continues the series which were presented and described in "National Accounts, Income and Expenditure, 1938-1945". The presentation of gross national expenditure has been changed in two respects. In the first place, foreign investment by governments has been excluded from government expenditure on goods and services and the balance of foreign investment which was formerly carried under "net private investment abroad" has been eliminated from the table. This has made it possible to include the effect of international transactions by adding current receipts from abroad (exclusive of Mutual Aid, Military Relief and UNRRA) and deducting current expenditures abroad. The other change in presentation results from shifting the Wheat Board inventory from government non-war expenditure to gross investment at home.

The estimates will be subject to revision when fuller information becomes available.

CANADA

TABLE 1

NET NATIONAL INCOME AT FACTOR COST AND GROSS NATIONAL PRODUCT AT MARKET PRICES, 1938-1946

(Millions of Dollars)

Item No.	1938	1939	1940	1941	1942	1943	1944	Revised Prelim. 1945	Prelim. 1946
1. Salaries, wages and supplementary labour income	2,449	2,540	2,860	3,529	4,233	4,790	4,969	4,865	5,112
2. Military pay and allowances	9	32	193	386	641	910	1,068	1,132	315
3. Investment income	692	782	1,110	1,518	1,765	1,809	1,785	1,916	1,776
4. Net income of individual enterprise, agriculture and other	790	867	949	1,081	1,638	1,560	1,863	1,674	2,009
5. NET NATIONAL INCOME AT FACTOR COST (1) + (2) + (3) + (4)	3,940	4,221	5,112	6,514	8,277	9,069	9,685	9,587	9,212
6. Indirect taxes less subsidies	646	743	843	1,062	1,092	1,125	1,125	1,006	1,237
7. Depreciation allowances and similar business costs	504	528	581	684	771	819	771	711	756
8. Residual error of estimate for reconciliation with Table 11, Item 7 .	- 15	+ 3	+ 92	+ 75	+ 156	+ 111	+ 190	+ 174	- 76
9. GROSS NATIONAL PRODUCT AT MARKET PRICES (5) + (6) + (7) + (8)	5,075	5,495	6,628	8,335	10,296	11,124	11,771	11,478	11,129

CANADA

TABLE 11

GROSS NATIONAL EXPENDITURE AT MARKET PRICES, 1938-1946.

(Millions of Dollars)

Item No.	1938	1939	1940	1941	1942	1943	1944	Revised Prelim. 1945	Prelim. 1946
1. Government expenditures -									
(a) War - goods and services, excluding Mutual Aid.....	37	75	583	1,209	2,330	3,114	3,336	1,816	735
- Mutual Aid, etc.	-	-	-	-	1,002	516	961	1,041	200
(b) Non-war	682	703	661	665	683	697	764	850	1,000
2. Gross investment at home -									
(a) Plant and equipment	505	490	667	842	689	571	657	823	1,100
(b) Inventories - Wheat Board	88	94	5	-39	35	110	-7	-212	-33
- Other	-55	215	337	280	104	-267	-37	-166	308
3. Personal expenditure on consumers goods and services	3,700	3,799	4,293	4,956	5,511	5,896	6,268	6,824	7,323
x4. Add current receipts from abroad for goods and services, excluding Mutual Aid, etc.	1,363	1,452	1,802	2,464	2,373	3,456	3,558	3,590	3,225
5. Deduct current expenditures abroad for goods and services	-1,261	-1,331	-1,627	-1,967	-2,275	-2,858	-3,539	-2,914	-2,865
6. Residual error of estimate for recon- ciliation with Table 1, Item 9	+16	-2	-93	-75	-156	-111	-190	-174	+76
7. GROSS NATIONAL EXPENDITURE AT MARKET PRICES (1) + (2) + (3) + (4) + (5) + (6)	5,075	5,495	6,628	8,335	10,296	11,124	11,771	11,478	11,129

x In addition to the exclusion of Mutual Aid minor adjustments have been made in the figures of Current Receipts shown in "The Canadian Balance of International Payments, 1926-1945", Dominion Bureau of Statistics, Page 47.

CANADA

TABLE 111

PERSONAL INCOME

(Millions of Dollars)

Item No.	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	Revised Prelim. <u>1945</u>	Prelim. <u>1946</u>
1. Net national income at factor cost	3,940	4,221	5,112	6,514	8,277	9,069	9,685	9,587	9,212
2. Add: Transfer payments	346	347	342	327	357	396	501	849	1,469
3. Less: Employer and employee contributions to social security and industrial pension funds	48	53	59	96	144	185	173	179	198
4. Less: Components of investment income not paid out to individuals	265	344	641	1,033	1,235	1,303	1,289	1,443	1,311
5. PERSONAL INCOME (1) + (2) - (3) - (4)	3,973	4,171	4,754	5,712	7,255	7,977	8,724	8,814	9,172

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C A N A D A

National Accounts, Income and Expenditure, 1938-1946

Dominion Statistician:	Herbert Marshall
Assistant Dominion Statistician (Research):	C. M. Isbister
Chief, National Income Unit:	A. S. Abell
National Income Statistician:	S. A. Goldberg

This bulletin presents revised estimates of the figures contained in the book "National Accounts, Income and Expenditure, 1938-1945" published April, 1946, and the bulletin "National Accounts, Income and Expenditure, 1938-1946" published February, 1947. In addition a number of new tables are included. The presentation of the table of Personal Income has been changed to indicate the main income components and it is here supplemented by an analysis of the disposition of personal income. Personal expenditure has been summarized by main commodity and service groups. Further detail of the components of gross national product, gross national expenditure and personal income is provided by analyses of transfer payments, investment income and corporation profits, and by an industrial distribution of salaries and wages and net income of agriculture and other unincorporated business. The provincial distribution of salaries and wages and net income has been brought up to date.

The revisions incorporated in the present series are the result of new sources of information and of more comprehensive analysis of components. The presentation of the tables of Gross National Product and Expenditure has been altered slightly where the changes were thought to contribute to clarity. Thus Item 4 of Table 1 is now called "Net income of agriculture and other unincorporated business" whereas it formerly appeared under the rather ambiguous heading "Net income of individual enterprise, agricultural and other". "Plant, equipment and housing", Item 3a, Table 2, contains the same components as appeared under "Plant and equipment" in the previous publication. The change has been made to indicate more clearly that new residential construction is included.

The examination of all series for consistency of concept and method, particularly with a view to elimination of the rather large residual error of estimate during some of the war years, is still continuing. Several sources of information hitherto not available are being examined. Consequently, the figures presented in this publication cannot be regarded as final. Further results of this work will be incorporated in the various series during the first half of 1948 and when this is accomplished interrelated income and expenditure accounts for the main sectors of the economy will be published in detail. These accounts will include the business sector, the personal sector, the government sector, the foreign sector and consolidated capital account. The work of extending the series back to 1926 will also be completed during 1948. A detailed discussion of concepts is included in "National Accounts, Income and Expenditure, 1938-1945" published April, 1946. As a matter of convenience the definitions of the main aggregates are summarized in the present publication.

Net National Income at Factor Cost - Table 1

Net national income at factor cost or, more briefly, national income, measures the aggregate earnings of Canadian residents from current production of goods and services. It is the sum of labour income, investment income including corporation profits, and net income of unincorporated business.

Gross National Product at Market Prices - Table 1

Gross national product at market prices is defined as the value of all goods and services produced by the labour, capital, and enterprise of Canadian residents in a year, measured through a consolidated national accounting of all costs involved in their production. These costs include factor costs, that is, the aggregate of national income, as previously defined, and in addition, indirect taxes less subsidies and depreciation and similar business charges.

Gross National Expenditure at Market Prices - Table 2

Gross national expenditure is defined as the market value of all goods and services produced by the labour, capital, and enterprise of Canadian residents in a year, measured through a consolidated national accounting of the sales of these goods and services, including changes in inventories. Thus it measures the same total as gross national product but in a different way.

Residual Error of Estimate

Gross national product and gross national expenditure measure the same total independently. Incompleteness or inconsistency of available statistical sources is necessarily reflected in a difference between these aggregates. The difference between the totals obtained by measurement of gross national product and gross national expenditure is divided equally under the heading of "Residual error of estimate" in Tables 1 and 2.

Personal Income - Table 3

Personal income is defined as the sum of current receipts of income of persons, whether in cash or in kind. The term person includes individuals, private non-commercial institutions (charities, hospitals, etc.) and private pension funds. Personal income differs from national income in that it excludes all current earnings not paid out to persons, such as, undistributed profits and government trading profits, and includes receipts which have not been earned in the course of current production, that is, transfer payments.

Disposable Income

Personal income less direct taxes is called disposable income.

Personal Saving

Personal saving is defined as the excess of disposable income over personal expenditure on consumer goods and services. If data were available, personal saving could be calculated directly by estimating changes in the various assets and liabilities of persons, taking care to exclude changes due to capital gains or losses. In Table 4, it has been necessary to obtain personal saving residually by subtracting direct taxes and personal expenditure on consumer goods and services from the total of personal income. Although the series of personal saving thus obtained appears reasonable, it should be accepted with considerable reservations pending the development of additional data to corroborate it. The savings figure in Table 4 includes the net change in farm inventories as well as the estimated refundable portion of income and personal excess profits taxes.

C A N A D A

Table 1

NET NATIONAL INCOME AT FACTOR COST AND GROSS NATIONAL PRODUCT AT MARKET PRICES, 1938-1946

(Millions of Dollars)

Item No.	1938	1939	1940	1941	1942	1943	1944	1945	Prelim. 1946
1. Salaries, wages and supplementary labour income	2,476	2,565	2,922	3,555	4,219	4,703	4,869	4,859	5,113
2. Military pay and allowances	9	32	193	386	641	910	1,068	1,132	315
3. Investment income	687	776	1,120	1,480	1,717	1,723	1,755	1,911	1,885
4. Net income of agriculture and other unincorporated business	800	901	1,001	1,123	1,696	1,605	1,904	1,742	2,151
5. NET NATIONAL INCOME AT FACTOR COST (1) + (2) + (3) + (4)	3,972	4,274	5,236	6,544	8,273	8,941	9,596	9,644	9,464
6. Indirect taxes less subsidies	630	726	826	1,048	1,073	1,126	1,123	1,000	1,204
7. Depreciation allowances and similar business costs	560	582	655	755	900	929	881	792	803
8. Residual error of estimate for reconciliation with Table 2, Item 7.	- 21	- 1	+ 23	+ 56	+ 241	+ 248	+ 220	+ 178	- 54
9. GROSS NATIONAL PRODUCT AT MARKET PRICES (5) + (6) + (7) + (8)	5,141	5,581	6,740	8,403	10,487	11,244	11,820	11,614	11,417

FOOTNOTE:

Item 7 includes an estimate of "capital outlay charged to current account", which has also been included with Item 3 (a), "Gross home investment" in Table 2.

C A N A D A

Table 2

GROSS NATIONAL EXPENDITURE AT MARKET PRICES, 1938-1946

(Millions of Dollars)

Item No.	1938	1939	1940	1941	1942	1943	1944	1945	Prelim. 1946
1. Personal expenditure on consumer goods and services	3,714	3,817	4,334	4,979	5,508	5,822	6,235	6,782	7,495
2. Government expenditure -									
(a) War - goods and services, excluding Mutual Aid, etc.	36	70	549	1,129	2,222	3,096	3,410	1,876	672
- Mutual Aid, UNRRA and Military Relief					1,002	518	960	1,041	187
(b) Non-War	685	690	633	647	661	685	735	841	974
3. Gross home investment -									
(a) Plant, equipment and housing	576	554	713	995	931	828	756	865	1,241
(b) Inventories	7	329	368	218	333	-42	-83	-294	475
4. Exports of goods and services	1,359	1,449	1,792	2,458	2,347	3,443	3,566	3,576	3,170
5. Imports of goods and services	-1,257	-1,328	-1,626	-1,967	-2,275	-2,858	-3,539	-2,895	-2,850
6. Residual error of estimate for reconciliation with Table 1, Item 9	+ 21	-	-23	- 56	- 242	- 248	- 220	- 178	+ 53
7. GROSS NATIONAL EXPENDITURE AT MARKET PRICES (1) + (2) + (3) + (4) + (5) + (6)	5,141	5,581	6,740	8,403	10,487	11,244	11,820	11,614	11,417

FOOTNOTES:

Item 3 (a) - See footnote, Item 7, Table 1.

Item 3 (b) - Includes grain held by the Canadian Wheat Board.

Item 4 - Excludes Mutual Aid, UNRRA and Military Relief.

Item 4 & 5 - Minor adjustments have been made to the figures of current receipts and payments shown on page 23 of "The Canadian Balance of International Payments, 1926-1946", Dominion Bureau of Statistics, to achieve consistency with the other component series.

C A N A D A

Table 3

PERSONAL INCOME
(Millions of Dollars)

Item No.	1938	1939	1940	1941	1942	1943	1944	1945	Prelim. 1946
1. Salaries, wages and supplementary labour income	2,476	2,565	2,922	3,555	4,219	4,703	4,869	4,859	5,113
Deduct: Employer and employee contributions to social insurance and government pension funds	- 33	- 35	- 38	- 68	- 111	- 125	- 134	- 136	- 145
2. Military pay and allowances	9	32	193	386	641	910	1,068	1,132	315
3. Net income of agriculture and other unincorporated business	800	901	1,001	1,123	1,696	1,605	1,904	1,742	2,151
4. Interest, dividends and net rental in- come of persons	511	553	594	618	683	717	765	805	833
5. Transfer payments to persons -									
(a) From government	263	250	225	198	227	217	264	553	1,103
(b) Charitable contributions of corpora- tions	5	6	7	10	12	12	11	12	13
6. PERSONAL INCOME (1) + (2) + (3) + (4) + (5)	4,031	4,272	4,904	5,822	7,367	8,039	8,747	8,967	9,383

FOOTNOTE:

Item 5 (a) - Excludes government interest on debt not incurred to finance existing real assets, since this is included under Item 4 above.

C A N A D A

Table 4

DISPOSITION OF PERSONAL INCOME
(Millions of Dollars)

Item No.	1938	1939	1940	1941	1942	1943	1944	1945	Prelim. 1946
1. Personal direct taxes -									
(a) Income taxes	62	61	91	239	433	631	771	733	711
(b) Succession duties	32	28	23	30	37	38	40	47	44
(c) Miscellaneous	31	32	34	28	24	28	25	25	26
Total direct taxes	125	121	148	297	494	697	836	805	781
2. Personal expenditure on consumer goods and services	3,714	3,817	4,334	4,979	5,508	5,822	6,235	6,782	7,495
3. Personal saving	192	334	422	546	1,365	1,520	1,676	1,380	1,107
4. PERSONAL INCOME									
(1) + (2) + (3)	4,031	4,272	4,904	5,822	7,367	8,039	8,747	8,967	9,383

FOOTNOTES:

Item 1. The tax figures are actual collections in the current year reduced in the case of income taxes by the estimated refundable portion which has been treated as savings. Miscellaneous direct taxes include the personal share of motor vehicle and other licences, permits, and fees.

3. Personal saving is estimated residually by deducting personal direct taxes and personal expenditure on goods and services from total personal income in Table 3. It includes changes in farm inventories, and the estimated refundable portion of personal income taxes as follows:

	1938	1939	1940	1941	1942	1943	1944	1945	Prelim. 1946
Net changes in farm inventories	36	60	80	- 58	368	- 62	- 124	- 238	47
Refundable personal taxes	-	-	-	-	59	138	76	4	-

C A N A D A

Table 5

PERSONAL EXPENDITURE ON CONSUMER GOODS AND SERVICES, 1938-1946
(Millions of Dollars)

	1938	1939	1940	1941	1942	1943	1944	1945	Prelim. 1946
1. GOODS									
1. Perishable goods -									
(a) Food	917	923	1,070	1,314	1,546	1,664	1,777	1,883	1,948
(b) Tobacco and alcoholic beverages	264	280	330	391	479	544	582	698	803
(c) Drugs	60	62	69	82	95	105	114	120	132
(d) Stationery, books, magazines	40	42	45	45	52	57	64	72	83
(e) Gasoline and lubricants	115	128	135	159	119	96	96	101	200
(f) Fuel	155	161	182	188	213	243	237	244	260
Sub-total	1,551	1,596	1,831	2,179	2,504	2,709	2,870	3,118	3,426
2. Semi-durable goods -									
(a) Clothing	419	441	528	645	785	815	882	961	1,032
(b) House furnishings, excluding furniture	32	33	38	44	48	49	52	57	72
(c) Automotive accessories	39	41	48	54	33	38	52	65	86
Sub-total	490	515	614	743	866	902	986	1,083	1,190
3. Durable goods -									
(a) Automobiles	89	82	97	91	20	1	3	3	88
(b) Furniture	46	47	59	67	66	62	67	77	103
(c) Household appliances and hardware	64	63	78	84	77	65	66	83	133
(d) Jewellery	23	25	32	38	43	49	56	64	71
Sub-total	222	217	266	280	206	177	192	227	395
4. Miscellaneous goods	143	149	178	213	234	245	261	284	332
Sub-total - goods	2,406	2,477	2,889	3,415	3,810	4,033	4,309	4,712	5,343

Prelim.

1938 1939 1940 1941 1942 1943 1944 1945 1946

II. SERVICES

1.	Household operation and utilities	717	730	763	801	816	816	832	859	903
2.	Attire and personal appearance	57	63	72	88	102	109	111	116	127
3.	Medical care and death expenses	159	165	176	198	204	215	237	265	302
4.	Tuition and education	28	29	29	29	31	32	33	34	35
5.	Recreation	60	61	67	81	97	110	113	135	148
6.	Transportation	126	130	144	171	197	231	248	258	297
7.	Communication	52	54	57	65	71	80	85	90	98
8.	Miscellaneous	162	164	173	188	196	208	218	229	248
	Sub-total - services	1,361	1,396	1,481	1,621	1,714	1,801	1,877	1,986	2,158

III. NET PERSONAL EXPENDITURE ABROAD - 53 - 56 - 36 - 57 - 16 - 12 + 49 + 84 - 6

IV. SUMMARY

1.	Goods	2,406	2,477	2,889	3,415	3,810	4,033	4,309	4,712	5,343
2.	Services	1,361	1,396	1,481	1,621	1,714	1,801	1,877	1,986	2,158
3.	Net expenditure abroad	- 53	- 56	- 36	- 57	- 16	- 12	+ 49	+ 84	- 6
	Grand total	3,714	3,817	4,334	4,979	5,508	5,822	6,235	6,782	7,495

6

FOOTNOTES:

General note:

It should be noted that the figures apply only to expenditures of persons (including private non-commercial institutions). Expenditures on consumer goods and services made by business in the course of production are excluded as are expenditures of governments on behalf of the community, such as, public education and health services. In addition to cash expenditures a valuation of income in kind has been included under the respective headings.

- Item I. 1 (a) - Includes meals purchased in restaurants.
2 (a) - Includes dry goods and men's, women's and children's apparel.
2 (c) - Includes parts, accessories, storage batteries, tires and tubes.
3 (c) - Includes stoves, gas and electric appliances.
4 - Includes items not specified elsewhere as well as a number of other adjustments

- II. 1. - The main components of this item are paid rents and imputed rents of owner-occupied houses, electricity, gas, domestic service.
2. - Includes barber shop and beauty parlour services, cleaning, dyeing, pressing and repair of clothing, etc.
3. - The major components of this item are medical and dental care, private duty nursing, operating expenses of hospitals other than government-owned hospitals, and funeral and burial services.
4. - Includes operating expenses of universities and private schools.
5. - Includes all taxed amusements, billiard parlour and bowling alley services, photographic services, etc.
6. - Includes expenditures by persons on steam and electric railways, buses, taxis, motor carriers, etc.
7. - Includes expenditures by persons on telephone, telegraph, cable, wireless and postage.
8. - The main services included here are personal insurance, financial and legal services, hotel rooms, board and lodging, and services of charitable and religious institutions.

- III. - Includes the expenditures of Canadian tourists and servicemen abroad, gifts in kind abroad and personal remittances abroad less expenditures in Canada of tourists and foreign servicemen, and personal remittances to Canada. This adjustment is necessary in order to relate the expenditure figures to Canadian personal income.

C A N A D A

Table 6

GOVERNMENT TRANSFERS TO PERSONS, 1938-1946
(Millions of Dollars)

Item No.		1938	1939	1940	1941	1942	1943	1944	1945	Prelim. 1946
1.	Family allowances	-	-	-	-	-	-	-	114	240
2.	War service gratuities	-	-	-	-	-	-	-	116	322
3.	Re-establishment credits	-	-	-	-	-	-	-	13	87
4.	Rehabilitation benefits	-	-	-	-	-	-	2	10	89
5.	Pensions World War I	41	41	40	39	38	37	37	37	37
6.	Pensions World War II	-	-	-	1	2	5	10	20	30
7.	War veterans' allowances	6	7	8	8	8	8	12	20	32
8.	Direct relief	102	83	47	18	9	6	6	6	7
9.	Unemployment insurance benefits	-	-	-	-	-	1	3	15	49
10.	Workmen's compensation benefits	15	15	17	20	23	26	28	30	30
11.	Old age pensions	39	40	40	40	42	48	58	62	68
12.	Mothers' allowances	9	10	10	9	9	10	10	11	12
13.	Prairie Farm Income Plan	-	-	-	1	18	-	-	-	-
14.	Prairie Farm Assistance Act	-	2	10	6	14	-	10	6	17
15.	Pensions to government employees	10	10	11	12	13	14	16	19	21
16.	Provincial and municipal grants to private non-commercial institutions	32	33	34	34	36	39	39	40	41
17.	Dominion grants to war charities	-	-	-	1	5	10	18	15	3
18.	Miscellaneous	9	9	8	9	10	13	15	19	18
19.	TOTAL	263	250	225	198	227	217	264	553	1,103

C A N A D A

Table 7

ANALYSIS OF INVESTMENT INCOME (Millions of Dollars)

Item No.	1938	1939	1940	1941	1942	1943	1944	1945	Prelim. 1946
1. Corporate profits before tax (excluding dividends paid to non-residents)	292	421	614	935	1,126	1,126	1,068	1,102	1,174
2. Other private investment income	448	460	477	504	567	605	663	725	751
3. Government investment income	54	78	120	173	221	326	287	428	368
4. Adjustments -									
(a) Government interest on debt not incurred to finance existing real assets	-133	-138	-139	-149	-164	-228	-288	-372	-431
(b) Inventory revaluation	16	-56	35	-7	-62	-133	-2	-2	-8
(c) Withholding taxes	10	11	13	24	29	27	27	30	31
5. INVESTMENT INCOME	687	776	1,120	1,480	1,717	1,723	1,755	1,911	1,885

FOOTNOTES:

- Item 1. Includes taxable income, depletion charges and charitable donations. Corporate losses and dividends paid to non-residents have been deducted. These figures are obtained by deducting Item 4 from Item 1 in Table 8.
2. The main components of this item are: cash interest and rents received by persons, imputed rents on owner-occupied houses, investment income of life insurance companies accruing on behalf of Canadian policyholders, and a valuation of services rendered by banks to individual depositors without specific charge. The major difference between this item and Item 4 of Table 3 is that the latter includes Canadian dividends received by persons.
3. Includes net profits of government business enterprises such as the C.N.R., miscellaneous investment income from loans and advances, and interest on public funds, etc.
- 4(a). Items 1, 2 and 3 above include the total of government debt interest after deduction of sinking fund earnings. An adjustment is therefore necessary, since national income is defined to include only interest on government debt incurred to finance existing real assets, which is estimated in millions of dollars, as follows: 1938, 115; 1939, 117; 1940, 115; 1941, 123; 1942, 122; 1943, 122; 1944, 114; 1945, 122; 1946, 110.
- 4(b). The adjustment has been made only to grain held in commercial channels. The difference between the change in the year end values at market prices of grain held in store and the average value of the change in physical stocks is considered a capital gain and is termed inventory revaluation adjustment. Since it is a capital gain it is excluded from national income and from the corresponding investment figure.

C A N A D A

Table 8

ANALYSIS OF CORPORATION PROFITS

(Millions of Dollars)

	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>Prelim.</u> <u>1946</u>
1. Corporate profits before tax	467	598	796	1,103	1,296	1,282	1,221	1,240	1,379
2. Deduct tax liabilities (excluding refundable E.P.T.)	- 92	-112	-324	-515	-629	-642	-603	-603	-640
3. Corporate profits after tax	375	486	472	588	667	640	618	637	739
4. Deduct dividends paid to non-residents.	-175	-177	-182	-168	-170	-156	-153	-138	-205
5. Corporate profits retained in Canada after tax	200	309	290	420	497	484	465	499	534

FOOTNOTES:

Item 1 - Includes corporate taxable income, depletion charges and charitable donations and is adjusted for corporate losses, renegotiation of war contracts and conversion to a calendar year basis.

2 - The refundable portion of the excess profit tax is regarded as corporate saving in the year in which the liability is incurred rather than as a tax. For the years 1944 and 1945 the refundable E.P.T. averages about \$70 million. Adjustments have been made for renegotiation of war contracts and conversion to a calendar year basis.

4 - Estimated before deduction of withholding taxes.

5 - To arrive at undistributed profits from this item it is necessary to deduct charitable donations and dividends paid to resident persons. For 1944 and 1945 dividends paid to resident persons were \$120 million and \$100 million respectively, but satisfactory data are not yet available for years prior to 1944.

C A N A D A

Table 9

SALARIES AND WAGES, BY INDUSTRY, AND SUPPLEMENTARY LABOUR INCOME, 1938-1946

(Millions of Dollars)

Item No.	1938	1939	1940	1941	1942	1943	1944	1945	Prelim. 1946
1. Agriculture.....	61	62	68	71	72	76	99	104	132
2. Forestry.....	43	54	80	83	96	105	106	128	149
3. Fishing, Hunting, and Trapping.....	3	3	3	5	6	7	7	9	7
4. Mining.....	121	128	137	152	154	151	153	145	154
5. Manufacturing.....	710	742	927	1,281	1,711	2,021	2,063	1,867	1,736
6. Public Utility Operation.....	36	38	38	41	44	46	48	52	60
7. Construction.....	99	96	124	189	229	236	161	178	236
8. Transportation, Communication and Storage	270	278	297	343	389	444	511	528	572
9. Wholesale Trade.....	129	138	153	181	194	200	218	237	268
10. Retail Trade.....	221	231	257	294	312	321	347	377	435
11. Finance, Insurance, Real Estate....	112	114	116	125	135	141	149	159	184
12. Government and Community Service...	419	422	444	466	527	586	625	678	732
13. Recreational Service.....	11	12	13	15	17	18	19	20	23
14. Business Service.....	18	19	20	23	23	24	25	29	33
15. Personal Service.....	97	99	105	119	119	121	128	134	155
16. Supplementary Labour Income.....	126	129	140	167	191	206	210	214	237
17. TOTAL.....	2,476	2,565	2,922	3,555	4,219	4,703	4,869	4,859	5,113

FOOTNOTES:

Reference should be made to the "Standard Classification of Industries", D.B.S.

Item 16. Includes board and living allowances, employers' contributions to unemployment insurance and workmen's compensation, pensions and pension funds, and welfare expenditures in all industries.

C A N A D A

Table 10

SALARIES, WAGES AND SUPPLEMENTARY LABOUR INCOME, BY PROVINCE, 1938-1946

(Millions of Dollars)

Item No.		<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	Prelim. <u>1946</u>
1.	Prince Edward Island	8	8	9	9	9	11	13	14	15
2.	Nova Scotia	101	106	122	148	183	207	222	220	230
3.	New Brunswick	67	69	77	89	104	115	123	130	138
4.	Quebec	660	677	774	975	1,187	1,338	1,380	1,365	1,414
5.	Ontario	1,032	1,074	1,240	1,524	1,785	1,953	2,005	1,988	2,065
6.	Manitoba	139	145	159	187	204	212	238	247	269
7.	Saskatchewan	99	105	115	126	133	142	160	170	187
8.	Alberta	129	134	147	171	184	205	228	238	271
9.	British Columbia	241	247	279	326	430	520	500	487	524
10.	Canada	2,476	2,565	2,922	3,555	4,219	4,703	4,869	4,859	5,113

FOOTNOTE:

Item 9. Includes Yukon and Northwest Territories.

C A N A D A

Table 11

NET INCOME OF AGRICULTURE AND OTHER UNINCORPORATED BUSINESS, BY INDUSTRY, 1938-46 (Millions of Dollars)

Item No.	1938	1939	1940	1941	1942	1943	1944	1945	Prelim. 1946
1. Agriculture	371	461	508	548	1,089	969	1,213	971	1,244
2. Forestry and mining	14	14	15	16	17	18	19	19	20
3. Fishing, hunting and trapping	10	11	15	28	36	42	49	56	69
4. Manufacturing	59	59	65	68	70	69	71	74	90
5. Construction	44	47	51	53	47	44	48	70	103
6. Transportation, communication and storage	17	18	24	29	28	28	28	28	36
7. Wholesale trade	19	20	22	26	29	31	34	38	45
8. Retail trade	111	113	129	154	167	183	208	232	263
9. Finance, insurance and real estate	11	10	10	11	12	13	15	18	20
10. Community service	61	62	67	79	81	82	86	97	113
11. Recreational service	3	4	4	4	5	5	6	6	6
12. Business service	32	33	40	49	53	54	56	57	61
13. Personal service	48	49	51	58	62	67	71	76	81
14. TOTAL	800	901	1,001	1,123	1,696	1,605	1,904	1,742	2,151

FOOTNOTES:

Reference should be made to the "Standard Classification of Industry", Dominion Bureau of Statistics.

- Item 2 - Forestry excludes income arising from operations on farm wood lots, which is included under agriculture, and mining includes prospecting.
- 4 - Includes custom and repair shops.
- 9 - Includes real estate and non-life insurance agents, stock and bond brokers, etc.
- 10 - Includes independent doctors, dentists, nurses, writers, musicians, teachers, etc.
- 12 - Includes independent lawyers, accountants, advertising agents, architects, consulting engineers, etc.
- 13 - Includes independent barbers and hairdressers, laundries, hotels and restaurants, undertakers, etc.

C A N A D A

Table 12

NET INCOME OF AGRICULTURE AND OTHER UNINCORPORATED BUSINESS, BY PROVINCE, 1938 - 1946

Item No.	(Millions of Dollars)								Prelim. 1946
	1938	1939	1940	1941	1942	1943	1944	1945	
1. Prince Edward Island	5	6	7	8	12	14	13	15	16
2. Nova Scotia	31	27	32	35	40	52	55	59	74
3. New Brunswick	18	20	24	28	37	45	46	46	52
4. Quebec	175	190	218	252	294	333	352	345	424
5. Ontario	298	300	328	398	494	480	533	585	661
6. Manitoba	59	62	72	89	142	153	155	132	181
7. Saskatchewan	47	133	129	111	332	238	393	245	332
8. Alberta	104	100	123	112	246	178	240	183	263
9. British Columbia	63	63	68	90	99	112	117	132	148
10. Canada	800	901	1,001	1,123	1,696	1,605	1,904	1,742	2,151

FOOTNOTE:

Item 9 includes Yukon and Northwest Territories.

CANADA

Table 13

NET INCOME OF AGRICULTURE BY PROVINCE

(Millions of Dollars)

Item No.	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	Prelim. <u>1946</u>
1. Prince Edward Island	3	4	4	5	8	10	9	10	10
2. Nova Scotia	13	9	11	9	12	19	17	14	21
3. New Brunswick	7	8	11	13	20	26	25	23	26
4. Quebec	65	78	92	107	138	170	175	152	198
5. Ontario	131	129	137	178	267	246	282	301	324
6. Manitoba	34	36	43	55	107	115	114	86	126
7. Saskatchewan	25	110	103	81	301	205	355	205	284
8. Alberta	79	74	93	78	208	138	196	135	206
9. British Columbia	14	13	14	22	28	40	40	45	49
10. Canada	371	461	508	548	1,089	969	1,213	971	1,244

FOOTNOTE:

Item 9 includes Yukon and Northwest Territories

C A N A D A

Table 14

Reconciliation of Net Income of Agriculture, 1938-1946, in Tables 11, 12 and 13 with
"Net Income of Farm Operators from Farming Operations", as published by the
Agricultural Division, D. B. S.

(Millions of Dollars)

Item No.	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	Prelim. <u>1946</u>
1. Net income of farm operators from farming operations	387	485	529	597	1,104	990	1,227	1,004	1,267
2. Deduct Imputed net rent of owner-occupied farm dwellings	- 16	- 16	- 16	- 17	- 17	- 17	- 18	- 18	- 19
3. Deduct net transfers under Prairie Farm Income Plan and Farm Assistance Act	-	- 8	- 5	- 32	2	- 4	4	- 15	- 4
4. Net Income of Agriculture	371	461	508	548	1,089	969	1,213	971	1,244

FOOTNOTES :

- Item 1. See "Net Income of Farm Operators from Farming Operations, Canada, 1938 to 1945", D.B.S.
2. This item is included with investment income, Item 3, Table 1
3. These items are deducted since transfer payments are excluded from National Income, Item 5, Table 1.
These figures differ from those shown in Table 6, Items 13 and 14, since the latter are on a cash
basis and are not reduced by **farmers'** contributions.

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