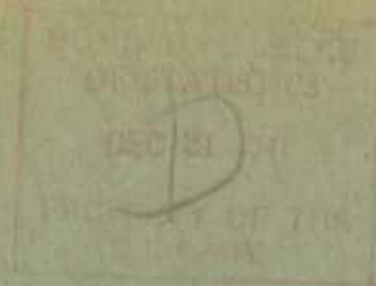


201

DOMINION BUREAU OF STATISTICS  
RESEARCH AND DEVELOPMENT  
NATIONAL INCOME

---



~~DOES NOT CIRCULATE~~  
~~NE PAS PRÉTER~~

NATIONAL ACCOUNTS  
INCOME AND EXPENDITURE  
1938 - 1947

DEPARTMENT OF  
TRADE AND COMMERCE



CANADA  
1948

Published by Authority of the Rt. Hon. C. D. Howe, M.P.,  
Minister of Trade and Commerce

Price 50 cents

## TABLE OF CONTENTS

	PAGE
Introduction .....	1 - 3
Table I. Business Operating Account .....	4 & 5
Table II. Personal Income and Expenditure Account .....	6 & 7
Table III. Government Revenue and Expenditure Account .....	8 & 9
Table IV. Non-Residents Revenue and Expenditure Account ..	10 & 11
Table V. Investment Income Appropriation Account .....	12 & 13
Table VI. Source and Use of Private Saving Account .....	14 & 15
Table VII. Gross National Product and Expenditure .....	16 & 17
Appendix Notes to Tables .....	18 - 23



## C A N A D A

### National Accounts, Income and Expenditure, 1938-1947

---

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

---

The system of balancing accounts presented in this bulletin is an important elaboration of the Bureau's previous publications of national accounts. The main current transactions of the economy are summarized in the present publication in such fashion that it is possible to trace the flow of income and expenditure from one account to another. Each expenditure item shown in the accounts is matched elsewhere in the system by a corresponding revenue item, cross-referenced for ease of identification. At the same time, each account summarizes an important group of economic transactions. These features of the presentation should extend the usefulness of national income statistics as an aid to economic analysis.

The present system of accounts divides the economy into four main parts or sectors: the business sector, the personal sector, the government sector and the non-residents (rest of the world) sector. A separate revenue and expenditure account is given for each of these sectors (Tables I to IV). In addition to these separate accounts for the sectors, two accounts are presented for all sectors combined, that is, the economy as a whole, viz., Investment Income Appropriation Account (Table V) and Source and Disposition of Private Saving Account (Table VI). National income, gross national product, and gross national expenditure can be obtained by rearrangement of items in Tables I to VI. There are a number of ways in which this can be done and one of these is presented in Table VII.

The Business Operating Account (Table I) summarizes the transactions of business enterprise as a whole. Purchases by one business from another are eliminated except for purchases on capital account (gross home investment). Broadly speaking all economic units selling goods and services on a profit basis are included under the category of business - incorporated and unincorporated private businesses, farms, landlords, self-employed professionals, and government business enterprises such as the Canadian National Railways. Home owners are regarded as landlords who rent to themselves and are, therefore, included as business enterprisers. The business operating account includes only operating revenues and expenditures and consequently investment income received from the other sectors is excluded.

The Personal Income and Expenditure Account (Table II) summarizes the source and disposition of current income of households and private non-commercial institutions, such as charities and hospitals. Like households, these non-commercial institutions do not operate for profit. Private pension funds are also included in this sector. Since personal income measures all



income received by Canadian residents, irrespective of whether it is earned, it includes transfer payments such as family allowances and unemployment insurance benefits, and excludes current earnings not paid out to persons such as undistributed profits and government trading profits. Table II indicates the composition of personal income and shows how much of this income is used to pay direct taxes, how much is spent on consumer goods and services and how much is saved.

Transactions of federal, provincial, and municipal governments relating to the gross national product and expenditure are summarized in Table III. The conventional government accounting statements of fiscal year revenue and expenditure are adjusted to exclude purely bookkeeping transactions as well as the purchase and sale of existing capital assets. Interest received by governments on advances to government business enterprises, sinking funds and other public funds, is included as government revenue. Thus, in order to arrive at a figure of the net "transfer" of interest to the private sector, it is necessary to deduct this interest revenue from the gross interest paid. Corporation income and excess profits taxes have been adjusted to an accrual basis to correspond with business practice and maintain consistency with the rest of the accounts. Other figures of revenue are, in the main, on a cash basis. Federal government figures have been adjusted from a fiscal to a calendar year basis. Because of the above adjustments the surplus or deficit does not agree with the conventional government surplus or deficit. (See note to Table VI).

The Non-Residents Revenue and Expenditure Account (Table IV) summarizes transactions between Canadian residents and the rest of the world. The figures used are those published by the Balance of Payments Section of the Bureau, with some modification and rearrangement. Since this is the account of non-residents with Canadian business, persons and governments, Canadian imports appear as a revenue and Canadian exports as an expenditure. Separate figures are shown for the United States, the United Kingdom and other Empire, and other countries so that the main channels of our foreign trade are indicated.

The Investment Income Appropriation Account (Table V) summarizes the sources and disposition of investment income for all sectors, that is for the economy as a whole. This table serves the important function of assembling all the elements of investment income and in addition it facilitates carrying out the double-entry system embodied in the accounts.

The Source and Use of Private Saving Account (Table VI) also applies to all the sectors. It assembles the elements of private saving and indicates the manner in which they are absorbed by gross home investment in plant, equipment, housing and inventories, by investment abroad, and by the government deficit. In contrast to a government deficit, a government surplus supplements saving in the private sectors.

National income, gross national product, and gross national expenditure are presented in Table VII in a manner which enables their derivation to be

traced from the preceding accounts. National income (net national income at factor cost) 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) 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 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 costs. Gross national expenditure (at market prices) 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 expenditure on these goods and services, including changes in inventories. Thus it measures the same total as gross national product but in a different way. The incompleteness or inconsistency of available statistical sources is reflected in a difference between the two aggregates. This difference is divided equally and shown as the "residual error of estimate".

Similar systems of accounts have been published for the United Kingdom, the United States and other countries. The tables presented here have benefited from these publications.

Detailed notes are presented in the Appendix "Notes to Tables". Reference should also be made to "National Accounts Income and Expenditure 1938-1945" (April 1946) and to "National Accounts Income and Expenditure 1926-1947" (Sept. 1948) for a description of concepts, methods and sources.

OTTAWA,

November, 1948.

## CANADA

Table 1

## BUSINESS OPERATING ACCOUNT

(millions of dollars)

REVENUE	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947 prelim.
1. Sales to Residents										
(a) Persons (17a)	3,531	3,630	4,169	4,801	5,309	5,576	5,961	6,542	7,554	8,516
(b) Governments (27a)	261	263	502	831	2,523	2,220	2,159	1,315	701	585
(c) Business on capital account										
(i) Housing (53a)	129	145	153	163	128	131	157	210	338	466
(ii) Plant and equipment (53b)	447	409	560	832	803	697	599	655	983	1,576
(iii) Inventories (53c)	6	327	371	217	335	-40	-82	-300	467	842
2. Sales to Non-Residents										
(a) U.S.A. (36ai)	637	752	816	1,006	1,366	1,721	1,962	1,684	1,501	1,632
(b) U.K. and other Empire (36aii)	502	496	844	1,316	819	1,558	1,464	1,415	1,090	1,322
(c) Other countries (36aiii)	151	146	93	76	70	65	69	401	542	600
3. Residual Error of Estimate	19	9	-26	-33	-170	-167	-189	-171	8	105
4. Total	5,683	6,177	7,482	9,209	11,183	11,761	12,100	11,751	13,184	15,644



Table I

## BUSINESS OPERATING ACCOUNT

(millions of dollars)

EXPENDITURE	1938	1939	1940	1941	1942	1943	1944	1945	1946	prelim. 1947
5. Factor Costs										
(a) Salaries, wages and supplementary labour income (10a)	2,054	2,132	2,472	3,092	3,710	4,161	4,296	4,253	4,576	5,362
(b) Net income of agriculture and other unincorporated business (12)	790	891	991	1,135	1,753	1,659	1,962	1,822	2,154	2,354
(c) Corporation profits (excluding interest and dividends from abroad)(39)*	440	587	790	1,094	1,279	1,274	1,181	1,198	1,387	1,789
(d) Other investment income (excluding interest on the public debt) (40)	383	343	497	510	552	597	683	784	710	697
6. Other Costs										
(a) Indirect taxes (22)	699	720	889	1,130	1,180	1,328	1,380	1,269	1,502	1,746
(b) Less subsidies (29)	-62	17	-52	-74	-107	-202	-257	-264	-241	-174
(c) Depreciation allowances and similar business costs (50)	560	582	655	751	883	912	863	785	846	928
7. Purchases from Non-Residents										
(a) U.S.A. (31ai)	519	600	844	1,123	1,396	1,508	1,437	1,335	1,731	2,362
(b) U.K. and other Empire (31aii)	234	230	287	336	301	285	273	283	336	425
(c) Other countries (31aiii)	84	85	84	79	67	73	93	116	192	261
8. Residual Error of Estimate	-18	-10	25	33	169	166	189	170	-9	-106
9. Total	5,683	6,177	7,482	9,209	11,183	11,761	12,100	11,751	13,184	15,644

\* For total corporation profits, see Table V.



## CANADA

Table II

## PERSONAL INCOME AND EXPENDITURE ACCOUNT

(millions of dollars)

INCOME	1938	1939	1940	1941	1942	1943	1944	1945	1946	prelim. 1947
10. Salaries, Wages and Supplementary Labour Income										
(a) From business (5a)	2,054	2,132	2,472	3,092	3,710	4,161	4,296	4,253	4,576	5,362
(b) From government (27bi)	326	327	347	366	427	482	508	549	613	717
(c) From persons (17b)	126	124	125	128	114	103	104	113	133	156
(d) Deduct employer and employee contributions to social in- surance and government pension funds (24)	-32	-34	-37	-68	-110	-124	-132	-135	-147	-166
11. Military Pay and Allowances (27bii)	9	32	193	386	641	910	1,068	1,117	340	83
12. Net Income of Agriculture and other Unincorporated Business (5b)	790	891	991	1,135	1,753	1,659	1,962	1,822	2,154	2,354
13. Interest, Dividends and Net Rental Income of Persons (44a)	520	564	604	627	703	745	795	835	878	939
14. Transfer Payments										
(a) From governments (excluding interest) (28b)	262	249	224	197	226	216	263	552	1,113	824
(b) Charitable contributions from corporations (44b)	5	6	7	10	12	12	11	12	10	10
15. Total	4,060	4,291	4,926	5,873	7,476	8,164	8,875	9,118	9,670	10,279

Table II

## PERSONAL INCOME AND EXPENDITURE ACCOUNT

(millions of dollars)

EXPENDITURE	1938	1939	1940	1941	1942	1943	1944	1945	1946	prelim. 1947
16. Personal Direct Taxes										
(a) Income taxes (20a)	62	61	91	239	433	631	772	733	711	694
(b) Succession duties (20b)	33	28	22	30	37	38	40	47	54	61
(c) Miscellaneous (20c)	17	21	23	21	24	28	25	25	31	31
17. Purchase of Goods and Services										
(a) From business (1a)	3,531	3,630	4,169	4,801	5,309	5,576	5,961	6,542	7,554	8,516
(b) Direct services (10c)	126	124	125	128	114	103	104	113	133	156
(c) Tourist and travel expenditure										
(i) U.S.A. (32ai)	66	67	40	18	24	34	56	81	130	152
(ii) U.K. and other Empire (32aii)	17	13	3	3	2	2	2	2	4	12
(iii) Other countries (32aiii)	3	1	-	-	-	-	-	-	1	3
(d) Other expenditure abroad (32b)	27	26	42	64	98	145	177	207	91	49
18. Personal Saving (47)	178	320	411	569	1,435	1,607	1,738	1,368	961	605
19. Total	4,060	4,291	4,926	5,873	7,476	8,164	8,875	9,118	9,670	10,279

Table III

## GOVERNMENT REVENUE AND EXPENDITURE ACCOUNT

(millions of dollars)

REVENUE	1938	1939	1940	1941	1942	1943	1944	1945	1946	prelim. 1947
20. Direct Taxes - Persons										
(a) Income tax (16a)	62	61	91	239	433	631	772	733	711	694
(b) Succession duties (16b)	33	28	22	30	37	38	40	47	54	61
(c) Miscellaneous (16c)	17	21	23	21	24	28	25	25	31	31
21. Direct Taxes - Corporations										
(a) Income and excess profits taxes (44c)	92	112	324	515	629	642	603	603	670	805
(b) Withholding taxes (44d)	10	11	13	24	29	27	27	29	29	35
22. Indirect Taxes (6a)	699	720	889	1,130	1,180	1,328	1,380	1,269	1,502	1,746
23. Investment Income										
(a) Interest (44f)	76	77	76	83	95	106	113	128	134	133
(b) Trading profits (44e)	-1	22	66	106	151	218	231	265	245	206
24. Employer and Employee Contributions to Social Insurance and Government Pension Funds (10d)	32	34	37	68	110	124	132	135	147	166
25. Deficit (+) or Surplus (-) (on transactions relating to the national accounts) (55)	166	42	62	-14	1,661	1,808	2,591	1,694	116	-932
26. Total	1,186	1,128	1,603	2,202	4,349	4,950	5,914	4,928	3,639	2,945

Table III

## GOVERNMENT REVENUE AND EXPENDITURE ACCOUNT

(millions of dollars)

EXPENDITURE	1938	1939	1940	1941	1942	1943	1944	1945	1946	prelim. 1947
27. Purchase of Goods and Services										
(a) From business (1b)	261	263	502	831	2,523	2,220	2,159	1,315	701	585
(b) Direct services										
(i) Salaries and wages (10b)	326	327	347	366	427	482	508	549	613	717
(ii) Military pay and allowances (11)	9	32	193	386	641	910	1,068	1,117	340	83
(iii) Interest (41a)	99	102	101	109	109	109	103	111	100	96
(c) Direct military expenditure abroad, (excluding military pay) (all countries) (33a)	-	-	13	58	117	550	1,237	618	74	-
28. Transfer Payments										
(a) Interest (41b)	167	172	171	181	199	261	319	402	457	466
(b) Other (14a)	262	249	224	197	226	216	263	552	1,113	824
29. Subsidies (6b)	62	-17	52	74	107	202	257	264	241	174
30. Total	1,186	1,128	1,603	2,202	4,349	4,950	5,914	4,928	3,639	2,945



CANADA  
Table IV

NON-RESIDENTS' REVENUE AND EXPENDITURE ACCOUNT

(millions of dollars)

RECEIPTS FROM CANADA (Canadian Imports)	1938	1939	1940	1941	1942	1943	1944	1945	1946	prelim. 1947
<b>31. Receipts from Business</b>										
(a) Other than interest and dividends										
(i) U.S.A. (7a)	519	600	844	1,123	1,396	1,508	1,437	1,335	1,731	2,362
(ii) U.K. and other Empire (7b)	234	230	287	336	301	285	273	283	336	425
(iii) Other countries (7c)	84	85	84	79	67	73	93	116	192	261
(b) Interest and dividends										
(i) U.S.A. (45ai)	168	169	178	160	162	148	144	129	189	225
(ii) U.K. and other Empire (45aii)	63	61	60	56	44	45	49	48	49	48
(iii) Other countries (45aiii)	6	6	4	4	4	3	3	3	5	7
<b>32. Receipts from Persons</b>										
(a) Tourist and travel expenditure										
(i) U.S.A. (17ci)	66	67	40	18	24	34	56	81	130	152
(ii) U.K. and other Empire (17cii)	17	13	3	3	2	2	2	2	4	12
(iii) Other countries (17ciii)	3	1	-	-	-	-	-	-	1	3
(b) All other receipts (all countries) (17d)	27	26	42	64	98	145	177	207	91	49
<b>33. Receipts from Government</b>										
(a) Direct military expenditure (excluding military pay) (all countries) (27c)	-	-	13	58	117	550	1,237	618	74	-
(b) Interest										
(i) U.S.A. (45bi)	50	51	55	54	53	57	59	63	61	49
(ii) U.K. and other Empire (45bii)	20	19	16	12	7	7	7	6	6	4
(iii) Other countries (45biii)	-	-	-	-	-	1	2	2	2	2
<b>34. Net Debit (+) or Credit (-) on Current Account*</b>										
(a) U.S.A. (54a)	-148	-115	-280	-318	-232	-162	-	34	-601	-1,129
(b) U.K. and other Empire (54b)	171	176	444	805	269	713	45	379	621	832
(c) Other countries (54c)	76	62	15	4	10	-6	-18	270	306	314
<b>35. Total</b>	<b>1,356</b>	<b>1,451</b>	<b>1,805</b>	<b>2,458</b>	<b>2,322</b>	<b>3,403</b>	<b>3,566</b>	<b>3,576</b>	<b>3,197</b>	<b>3,616</b>

\* These figures differ from those shown in The Canadian Balance of International Payments, Dominion Bureau of Statistics, 1948, because adjustments have been made to the figures of receipts and payments to achieve consistency with other component series.

## CANADA

Table IV

## NON-RESIDENTS' REVENUE AND EXPENDITURE ACCOUNT

(millions of dollars)

PAYMENTS TO CANADA (Canadian Exports)		1938	1939	1940	1941	1942	1943	1944	1945	1946	prelim. 1947
36. Payments to Business											
(a) Payments other than interest and dividends											
(i) U.S.A. (2a)		637	752	816	1,006	1,366	1,721	1,962	1,684	1,501	1,632
(ii) U.K. and other Empire (2b)		502	496	644	1,316	819	1,558	1,464	1,415	1,090	1,322
(iii) Other countries (2c)		151	146	93	76	70	65	69	401	542	600
(b) Interest and dividends (all countries) (42a)		37	31	24	30	38	28	40	41	34	32
37. Payments to Persons											
Interest and dividends (all countries) (42b)		29	26	28	30	29	31	31	35	30	30
38. Total		1,356	1,451	1,805	2,458	2,322	3,403	3,566	3,576	3,197	3,616

Table V

## INVESTMENT INCOME APPROPRIATION ACCOUNT

(millions of dollars)

SOURCES	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947 <sup>a</sup>
39. Corporation Profits (excluding interest and dividends from abroad) (5c)*	440	587	790	1,094	1,279	1,274	1,181	1,198	1,387	1,789
40. Other Investment Income (excluding interest on the public debt) (5d)	383	343	497	510	552	597	683	784	710	697
41. Interest on the Public Debt										
(a) Portion included in national income (27biii)	99	102	101	109	109	109	103	111	100	96
(b) Transfer portion (28a)	167	172	171	181	199	261	319	402	457	466
42. Interest and Dividends from Non-Residents received by										
(a) Corporations (36b)*	37	31	24	30	38	28	40	41	34	32
(b) Persons (37)	29	26	28	30	29	31	31	35	30	30
43. Total	1,155	1,261	1,611	1,954	2,206	2,300	2,357	2,571	2,718	3,110

\* For total corporation profits, add items 39 and 42 (a)

## CANADA

Table V

## INVESTMENT INCOME APPROPRIATION ACCOUNT

(millions of dollars)

DISPOSITION	1938	1939	1940	1941	1942	1943	1944	1945	1946	prelim. 1947
44. To Canadian Residents										
(a) Interest, dividends and net rental income of persons (13)	520	564	604	627	703	745	795	835	878	939
(b) Charitable contributions from corporations (14b)	5	6	7	10	12	12	11	12	10	10
(c) Corporation income and excess profits taxes (21a)	92	112	324	515	629	642	603	603	670	805
(d) Withholding taxes (21b)	10	11	13	24	29	27	27	29	29	35
(e) Gov't trading profits (23b)	-1	22	66	106	151	218	231	265	245	206
(f) Gov't interest revenue (23a)	76	77	76	83	95	106	113	128	134	133
(g) Undistributed corporation profits (48a)	131	219	172	304	377	365	334	386	411	608
(h) Undistributed Wheat Board trading profits (48b)	-	-	-	6	3	57	-19	64	37	57
(i) Inventory revaluation adjustment (49)	15	-56	36	-7	-63	-135	-2	-2	-8	-18
45. To Non-Residents, Interest and Dividends received from										
(a) Business										
(i) U.S.A. (31bi)	168	169	178	160	162	148	144	129	189	225
(ii) U.K. and other Empire (31bii)	63	61	60	56	44	45	49	48	49	48
(iii) Other countries (31biii)	8	6	4	4	4	3	3	3	5	7
(b) Government										
(i) U.S.A. (33bi)	50	51	55	54	53	57	59	63	61	49
(ii) U.K. and other Empire (33bii)	20	19	16	12	7	7	7	6	6	4
(iii) Other countries (33biii)	-	-	-	-	-	1	2	2	2	2
46. Total	1,155	1,261	1,611	1,954	2,206	2,300	2,357	2,571	2,718	3,110



## CANADA

Table VI

## SOURCE AND DISPOSITION OF PRIVATE SAVING ACCOUNT

(millions of dollars)

SOURCE	1938	1939	1940	1941	1942	1943	1944	1945	1946	prelim. 1947
47. Personal Saving (18)	178	320	411	569	1,435	1,607	1,738	1,368	961	605
48. Business Saving										
(a) Undistributed corporation profits (44g)	131	219	172	304	377	365	334	386	411	608
(b) Undistributed Wheat Board trading profits (44h)	-	-	-	6	3	57	-19	64	37	57
49. Inventory Revaluation Adjustment (44i)	15	-56	36	-7	-63	-133	-2	-2	-8	-18
50. Depreciation Allowances and Similar Business Costs (6c)	560	582	655	751	883	912	863	785	846	928
51. Residual Error of Estimate	-18	-10	25	33	169	166	189	170	-9	-106
52. Total	866	1,055	1,299	1,656	2,804	2,974	3,103	2,771	2,238	2,074

## CANADA

Table VI

## SOURCE AND DISPOSITION OF PRIVATE SAVING ACCOUNT

(millions of dollars)

DISPOSITION	1938	1939	1940	1941	1942	1943	1944	1945	1946	prelim. 1947
53. Gross Home Investment										
(a) Housing (1ci)	129	145	153	163	128	131	157	210	338	466
(b) Plant and equipment (1cii)	447	409	560	832	803	697	599	655	983	1,576
(c) Inventories (1ciii)	6	327	371	217	335	-40	-82	-300	467	842
54. Net Foreign Investment*										
(a) U.S.A. (34a)	-148	-115	-280	-318	-232	-162	-	34	-601	-1,129
(b) U.K. and other Empire (34b)	171	176	444	805	269	713	45	379	621	832
(c) Other countries (34c)	76	62	15	4	10	-6	-18	270	306	314
55. Government Deficit (+) or Surplus (-) (25)	166	42	62	-14	1,661	1,808	2,591	1,694	116	-932
56. Residual Error of Estimate	19	9	-26	-33	-170	-167	-189	-171	8	105
57. Total	866	1,055	1,299	1,656	2,804	2,974	3,103	2,771	2,238	2,074

\* See footnote to table IV

## CANADA

Table VII

## NATIONAL INCOME AND GROSS NATIONAL PRODUCT

(millions of dollars)

	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947
Salaries and Wages	2,506	2,583	2,944	3,586	4,251	4,746	4,908	4,915	5,322	6,235
From business	2,054	2,132	2,472	3,092	3,710	4,161	4,296	4,253	4,576	5,362
From government	326	327	347	366	427	482	508	549	613	717
From persons	126	124	125	128	114	103	104	113	133	156
Military Pay and Allowances	9	32	193	386	641	910	1,068	1,117	340	83
Investment Income	681	783	1,127	1,487	1,737	1,778	1,774	1,918	1,949	2,309
Total	1,155	1,261	1,611	1,954	2,206	2,300	2,357	2,571	2,718	3,110
Less Interest and dividends to non-residents	-307	-306	-313	-286	-270	-261	-264	-251	-312	-335
Transfer interest on public debt	-167	-172	-171	-181	-199	-261	-319	-402	-457	-466
Net Income of Agriculture and Other Unincorporated Business	790	891	991	1,135	1,753	1,659	1,962	1,822	2,154	2,354
Net National Income at Factor Cost	3,986	4,289	5,255	6,594	8,382	9,093	9,712	9,772	9,765	10,981
Indirect Taxes less Subsidies	637	737	837	1,056	1,073	1,126	1,123	1,005	1,261	1,572
Depreciation Allowances and Similar Business Costs	560	582	655	751	883	912	863	785	846	928
Residual Error of Estimate	-18	-10	25	33	169	166	189	170	-9	-106
GROSS NATIONAL PRODUCT AT MARKET PRICES	5,165	5,598	6,772	8,434	10,507	11,297	11,887	11,732	11,863	13,375

## CANADA

Table VII

## GROSS NATIONAL EXPENDITURE

(millions of dollars)

	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947
Personal Expenditure on Consumer Goods and Services	3,770	3,861	4,379	5,014	5,547	5,860	6,300	6,945	7,913	8,888
Purchases from business	3,531	3,630	4,169	4,801	5,309	5,576	5,961	6,542	7,554	8,516
Purchases of direct services	126	124	125	128	114	103	104	113	133	156
Purchases from non-residents	113	107	85	85	124	181	235	290	226	216
Government Expenditure on Goods and Services	695	724	1,156	1,750	3,817	4,271	5,075	3,710	1,828	1,481
Purchases from business	261	263	502	831	2,523	2,220	2,159	1,315	701	585
Salaries and wages	326	327	347	366	427	482	508	549	613	717
Military pay and allowances	9	32	193	386	641	910	1,068	1,117	340	83
Interest	99	102	101	109	109	109	103	111	100	96
Direct military expenditure abroad	-	-	13	58	117	550	1,237	618	74	-
Gross Home Investment	582	881	1,084	1,212	1,266	788	674	565	1,788	2,884
Housing	129	145	153	163	128	131	157	210	338	466
Plant and equipment	447	409	560	832	803	697	599	655	983	1,576
Inventories	6	327	371	217	335	-40	-82	-300	467	842
Exports of Goods and Services	1,356	1,451	1,805	2,458	2,322	3,403	3,566	3,576	3,197	3,616
Payments to Canadian business	1,327	1,425	1,777	2,428	2,293	3,372	3,535	3,541	3,167	3,586
Payments to persons	29	26	28	30	29	31	31	35	30	30
Imports of Goods and Services	-1,257	-1,328	-1,626	-1,967	-2,275	-2,858	-3,539	-2,893	-2,871	-3,599
Receipts from Canadian business	-1,074	-1,151	-1,457	-1,758	-1,974	-2,062	-1,999	-1,914	-2,502	-3,328
Receipts from persons	-113	-107	- 85	- 85	-124	-181	-235	-290	-226	-216
Receipts from government	- 70	- 70	- 84	-124	-177	-615	-1,305	-689	-143	- 55
Residual Error of Estimate	19	9	- 26	- 33	-170	-167	-189	-171	8	105
GROSS NATIONAL EXPENDITURE AT MARKET PRICES	5,165	5,598	6,772	8,434	10,507	11,297	11,887	11,732	11,863	13,375



## APPENDIX

### Notes to Tables

Table I

Item

- 1 (a) Includes all personal expenditure on consumer goods and services except personal expenditure abroad and personal expenditure for direct services such as domestic help, neither of which is purchased from Canadian business. Expenditure by persons on consumer durables such as automobiles and refrigerators is included but purchase of houses is excluded.
- (b) This category embraces all government expenditure on goods and services except salaries and wages, military pay and allowances, interest on government debt incurred to finance existing real assets, and government direct military expenditure abroad. Salaries, wages, military pay, and direct military expenditure abroad are excluded because the purchase is not made from Canadian business; interest is excluded because the business operating account does not include investment income received from other sectors. Government expenditure abroad for official travel, maintenance of embassies, etc., should be excluded. It was not feasible to make this adjustment which is known to be relatively small. Government expenditure for gifts abroad (mutual aid, U.N.R.R.A. and military relief) is included here.
- (c) All expenditure in Canada on new plant, equipment, housing and inventories by private or government business enterprises and home owners is included here. (The total of these items is called gross home investment). Government expenditure on roads, public buildings and other new durable assets (other than expenditure by government business enterprises) is not included here but appears in government expenditure on goods and services, item 27. An estimate of capital expenditure charged to current account is included with plant and equipment (see item 6(c)). An inventory revaluation adjustment has been made for grain held in commercial channels (see item 44 (i)).
2. This item includes all Canadian credits on current international account except interest and dividends received from abroad. The assumption is made that all exports of goods and services are made by business, in order to avoid adjustments which are not of sufficient practical importance to warrant additional complication of the accounts. Interest and dividends received from abroad are excluded because Table I is an operating account.
4. Sales by one Canadian business to another, other than sales on capital account, do not appear as such in this consolidated table. If these inter-business transactions were shown, the same amount would appear on both sides of the account and items 4 and 9 would be correspondingly larger.

- 5 (a) Includes salaries, wages and supplementary labour income paid to resident Canadians (or those temporarily abroad) by incorporated and unincorporated private businesses, independent professionals, and government business enterprises. Salaries and wages include bonuses and commissions and are reckoned before deduction of income taxes and employee contributions to pension and social security funds. Supplementary labour income consists of employers' contributions (in cash or in kind) that are regarded as payment for employees' services, e.g., employer contributions to pensions, living allowances, etc. Theoretically, payments of salaries and wages to non-residents should also be included here, but it is not yet feasible to do so, and the amount involved is believed to be relatively small. Accordingly, salaries and wages paid to non-residents are included with item 7 below.
- (b) This includes the net income of unincorporated businesses, independent professionals, and of farm operators from current farm production. Earnings from sources other than their own businesses appear under other headings. The figures are calculated before income and excess profits taxes.
- (c) Corporation profits are reckoned before deduction of income and excess profits taxes, depletion allowances and charitable donations. All non-operating revenue should be excluded from this item but in practice it is possible to exclude only interest and dividends from abroad. The figures are adjusted for corporation losses, re-negotiation of war contracts and conversion to a calendar year basis. (For the total of corporation profits inclusive of interest and dividends received from abroad see footnote to Table V).
- (d) This item is obtained by taking the sum of interest and net rents received by persons, investment income of life insurance companies and similar bodies accruing on behalf of Canadian policyholders, undistributed Wheat Board profits, and trading profits of government business enterprises; and deducting all interest on government debt, including interest on debt incurred to finance existing real assets. Interest and dividends received from abroad by persons are omitted. The inventory revaluation adjustment on grain held in commercial channels is included here. See item 44 (i).
- 6 (a) Indirect taxes represent a part of the market prices of goods and services which does not appear in factor costs. In contrast to direct taxes which are levied on net income, indirect taxes are deductible from gross revenue as business costs, e.g., real property taxes, excise and sales taxes.
- (b) Subsidies represent amounts contributed by government toward current costs of production. Accordingly, they are treated as off-sets to indirect taxes collected by government.
- (c) Business accounting depreciation allowances are used as a basis for calculating depreciation on plant, equipment and machinery. Depreciation on residential property is calculated as a percentage of gross rents. Losses by fires and accidental damage to business and residential property, and an estimate of capital expenditure charged to current account are also included here.



7. Includes all Canadian debits on current international account exclusive of interest and dividends paid abroad, tourist and travel expenditure, expenditure by Canadian service men abroad, personal remittances abroad, and government military expenditure abroad. See also item 1 (b) re government expenditure abroad, and item 17 (c) re personal expenditure abroad.

9. See item 4.

Table II

- 10 (a) See item 5 (a)
- (b) See item 27 (bi)
- (c) Includes wages of domestic servants and salaries and wages paid by private non-commercial institutions. In addition, it includes salaries and wages of certain government non-commercial institutions, namely municipal hospitals and provincial universities. See item 27 (bi).
- (d) Employer and employee contributions to social insurance and government pension funds are earnings of persons not available to them in the year in which the contributions are made. They are, therefore, deducted in this account. The outpayments of these funds, however, are disposable to persons in the year in which they are made and they appear under transfer income, item 14 (a). In a closely related case, however, that of employer and employee contributions to private pension funds, it is preferable to treat the contributions as elements of current personal income, and payments from the funds as inter-personal transfers which cancel out in this account. The present alternative would be to include these transactions with the business sector,
11. In addition to cash payments this item includes estimates for food and clothing supplied in kind.
12. Includes the whole of net income of unincorporated business. It would be preferable to separate withdrawals for personal use from earnings retained in the business and to include only the former part here, but this is not statistically possible.
13. This item can be obtained from "other investment income" item 5 (d), by adding interest and dividends received by persons from abroad, dividends received by persons from Canadian corporations, and interest on public debt; and subtracting interest paid abroad, undistributed Wheat Board trading profits, government trading profits, and the inventory revaluation adjustment.
- 14 (a) Includes elements of personal income which are not earnings from productive services, e.g., family allowances, old age pensions, veterans' gratuities, grants to private non-commercial institutions, outpayments of social security and government pension funds. See also item 10 (d).
- (b) Charitable donations by corporations are treated as transfers from the business sector to the personal sector.

- 16 (a) In addition to personal income taxes this item includes excess profits taxes paid by unincorporated businesses.
- (c) Includes motor vehicle licenses, radio licenses, marriage licenses, fines and penalties, etc., paid by persons.
17. (a) See item 1 (a).
- (b) See item 10 (c).
- (c) The figures of "tourist and travel expenditure" as published in the Canadian Balance of International Payments are used provisionally to represent total personal expenditure abroad, exclusive of personal remittances abroad and expenditure by Canadian service men abroad. On the one hand, this procedure fails to take account of certain elements of personal expenditure abroad, such as mail order purchases, which are not included in the total of tourist expenditure; on the other hand, it includes certain elements of business and government expenditure abroad which should be excluded. It is not possible at the present time to make satisfactory adjustments for these factors. See also items 1 (b) and 7.
- (d) Includes personal remittances abroad and expenditure by Canadian service men abroad.
18. This item is estimated residually by deducting from personal income the sum of personal direct taxes and personal expenditure on consumer goods and services. The figure includes the net change in farm inventories as well as the refundable portion of income and personal excess profits taxes.
- Table III
20. (a) See item 16 (a).
- (c) See item 16 (c).
- 21 (a) Includes corporate income and excess profits taxes on an accrual basis. The refundable portion of the excess profits tax is excluded. Adjustments have been made for renegotiation of war contracts and conversion to a calendar year basis.
- (b) These are taxes on interest, dividends, rents and royalties paid to non-residents.
22. See item 6 (a).
23. (a) Includes interest on advances to public utilities and earnings of sinking funds and other public funds such as social security and pension funds. See also item 28 (a).
- (b) Includes net profits of government business enterprises such as Canadian National Railways, provincial public utilities, etc.
24. See item 10 (d).



25. This is not the conventional budgetary deficit or surplus since government revenue and expenditure are adjusted to conform with the basic definitions incorporated in the National Accounts. See introductory note to Table III.
- 27 (a) See item 1 (b).
- (bi) Includes salaries, wages and supplementary labour income paid by government, other than government business enterprises. Salaries and wages of certain non-commercial institutions, viz. municipal hospitals and provincial universities are excluded. Salaries and wages paid by government business enterprises are included under 5(a) and salaries and wages of the above government non-commercial institutions under 10 (c).
- (bii) See item 11.
- (biii) Interest on the public debt is divided into two parts. Interest on that portion of the public debt incurred to finance existing real assets forms part of national income and is included here. Interest on the other portion of the public debt is treated as a transfer payment and appears under item 28 (a) below.
- (c) This item includes expenditure for the maintenance of Canadian armed forces abroad, (exclusive of military pay and allowances which are included under 27 (bii) above), and purchase of military equipment and facilities from other countries.
- 28 (a) This is interest on that portion of the public debt not incurred to finance existing real assets. This figure is gross and consequently it is necessary to deduct interest revenue, item 23 (a), to approximate the net transfer to the private sectors. See also items 23 (a) and 27 (biii) above.
- (b) See item 14 (a).
29. See item 6 (b).

Table IV

- 31 (a) See item 7.
- (b) Includes payment of interest and dividends after deduction of withholding taxes.
32. See items 17 (c) and 17 (d).
- 33 (a) See item 27 (c).
34. See footnote to Table IV.
- 36 (a) See item 2.
- (b) Includes interest and dividends received by Canadian corporations from abroad.

37. Includes interest and dividends received by persons (including unincorporated business) from abroad.

**Table V**

39. To obtain the total of corporation profits before taxes add items 39 and 42 (a). See also item 5 (c).
40. See item 5 (d).
41. See items 27 (biii) and 28 (a).
42. See items 36 (b) and 37.
- 44 (a) See item 13.
- (b) See item 14 (b).
- (c) See item 21 (a).
- (d) See item 21 (b).
- (e) See item 23 (b).
- (f) See item 23 (a).
- (i) An inventory revaluation adjustment has been made only for grain held in commercial channels. The adjustment has been made in order to exclude from current year's income any capital gains or losses resulting from price changes of stocks carried over from previous years' production. Such capital gains or losses are excluded by definition from national income. In the case of inventories held on the farm a specific adjustment is unnecessary as farm income is calculated in such a way as to exclude automatically inventory profits or losses. Adequate information is not yet available to make similar adjustments to inventories other than grain.
- 45 (a) See item 31 (b).

**Table VI**

47. See item 18.
49. See item 44 (i).
50. See item 6 (c).
53. See item 1 (c).
54. See item 34.
55. See item 25.

173003

STATISTICS CANADA LIBRARY  
BIBLIOTHÈQUE STATISTIQUE CANADA



1010721672