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Dominion Bureau of Statistics  
DEPARTMENT OF TRADE AND COMMERCE

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**NATIONAL ACCOUNTS  
INCOME AND EXPENDITURE  
PRELIMINARY 1951**

**A Supplement to National Accounts,  
Income and Expenditure, 1926-1950**

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## INTRODUCTION

This publication presents preliminary estimates of National Income, Gross National Product and Expenditure, and Personal Income and Expenditure for the year 1951. It is issued as a supplement to "National Accounts, Income and Expenditure, 1926-1950", which contains a complete revision of the historical series together with a detailed description of concepts, sources and methods.

### Gross National Product and National Income

The Gross National Product, which measures the value of current production of goods and services at prevailing prices, amounted to \$21.2 billion in 1951. This represents a gain of \$3.2 billion or 18 per cent over 1950. Approximately 11 per cent of the increase is due to a rise in the price level. It is difficult to estimate accurately at the present time the exact increase in physical volume of goods and services but, according to the latest data, the increase in volume appears to be between 5 and 6 per cent.

National Income increased by 19 per cent to \$17.1 billion, largely a result of increases in wages, salaries and supplementary labour income of 17 per cent, in investment income of 20 per cent and in accrued income of farm operators from farm production of 33 per cent. The very large increase for accrued income of farm operators was due to several factors including the record wheat crop and the high average prices for livestock.

The Gross National Product includes, in addition to the factor costs which comprise the National Income, indirect taxes less subsidies and depreciation allowances and similar business costs. Indirect taxes less subsidies increased by over 20 per cent as a result of increases in both the tax base and the revised tax rates announced in the September 1950 and April 1951 Budgets of the federal government. Depreciation allowances and similar business costs were up by 9 per cent.

### Gross National Expenditure

The Gross National Expenditure indicates the manner in which the national output is absorbed. The major developments in 1951 were associated with the defence effort and the continued high level of investment particularly in the field of resource development. Expenditure by business for domestic investment in durable assets and inventories claimed a higher portion of the nation's output in 1951 than in 1950. Government expenditure on goods and services also absorbed a larger share of the Gross National Product while the portion absorbed by consumers for personal goods and services declined.

The increase in expenditures of federal, provincial and municipal governments can be accounted for in large part by the rise

in federal defence spending, from \$493 million in 1950 to \$1,152 million in 1951<sup>(1)</sup>.

Gross domestic investment by business in non-residential construction and machinery and equipment increased from \$2.4 billion in 1950 to \$3.1 billion in 1951. By contrast, new residential construction remained substantially unchanged in value but declined by 14 per cent in volume. The large inventory accumulation of \$1.7 billion contained approximately \$370 million for changes in farm inventories which are on a value of physical change basis. There was very little change for grain in commercial channels. The remaining amount of approximately \$1.3 billion represents changes in the book values of business inventories. A considerable proportion of the business inventory increase is due to increases in the prices at which end of year inventories are valued. This gain does not represent current production of goods and services and is therefore excluded from the price and quantity calculations of the increase in Gross National Expenditure.

For the second successive year, there was a substantial deficit on current international account. Exports of goods and services at \$5.1 billion fell short of imports by about \$600 million. In spite of this, large capital inflows kept reserves of foreign exchange and gold at a high level. Merchandise exports (including re-exports) were nearly \$4.0 billion and imports were \$4.1 billion. The net deficit shown by trade statistics was about \$120 million. It should be noted that the deficit occurred in the first half year, while in the more recent period, as exports expanded much more rapidly than imports, a surplus was recorded.

#### Personal Income and Expenditure

Personal income in 1951 was 18 per cent higher than in 1950, while expenditure on consumer goods and services was only 10 per cent higher. The difference is accounted for by higher personal direct tax payments (up by 38 per cent) and by a very high level of personal saving (including the large increase in farm inventories) which in total was slightly more than double the 1950 figure.

The increase in personal expenditure on consumer goods and services can be entirely accounted for by price increases, with the result that the volume of expenditure was substantially unchanged in 1951 as compared with 1950. Expenditure on durable goods was unchanged in value and considerably reduced in volume, while non-durable goods and services both increased somewhat more than the 10 per cent for total expenditure on consumer goods and services.

Ottawa  
February 7, 1951

(1) Excludes \$164 million charged to Defence Appropriation Act (Sec.3) and \$41 million defence housing allocated to prior years, but includes expenditures from the Defence Equipment Replacement Account and inventory accumulation financed out of the Defence Production Revolving Fund.

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT, 1949-1951<sup>1</sup>  
(millions of dollars)

	1949	1950	1951
Wages, Salaries and Supplementary Labour Income.....	7,761	8,271	9,660
Military Pay and Allowances.....	115	137	201
Investment Income.....	2,445	2,921	3,494
<b>Net Income of Unincorporated Business</b>			
Accrued Net Income of Farm Operators from Farm Production <sup>2</sup> .....	1,504	1,579	2,102
Net Income of Other Unincorporated Business <sup>3</sup> ..	1,369	1,498	1,640
<b>NET NATIONAL INCOME AT FACTOR COST.....</b>	<b>13,194</b>	<b>14,406</b>	<b>17,097</b>
Indirect Taxes less Subsidies.....	1,830	1,986	2,386
Depreciation Allowances and Similar Business Costs..	1,437	1,614	1,760
Residual Error of Estimate.....	1	25	-26
<b>GROSS NATIONAL PRODUCT AT MARKET PRICES.....</b>	<b>16,462</b>	<b>18,029</b>	<b>21,217</b>

1. Includes Newfoundland, throughout this publication.
2. This item includes the undistributed earnings of the Canadian Wheat Board and an inventory valuation adjustment for grain in Wheat Board channels, on a calendar year basis.
3. Includes net income of independent professional practitioners.

TABLE 2

GROSS NATIONAL EXPENDITURE, 1949-1951  
(millions of dollars)

	1949	1950	1951
Personal Expenditure on Consumer Goods and Services .....	10,903	11,862	13,062
Government Expenditure on Goods and Services <sup>1</sup> .....	2,128	2,314	3,112
Gross Domestic Investment <sup>2</sup>			
New Residential Construction.....	742	801	796
New Non-Residential Construction.....	903	1,010	1,240
New Machinery and Equipment.....	1,323	1,378	1,845
Change in Inventories.....	231	995	1,707
Exports of Goods and Services.....	4,011	4,173	5,060
Deduct: Imports of Goods and Services .....	-3,837	-4,482	-5,632
Residual Error of Estimate.....	-2	-22	+27
<b>GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....</b>	<b>16,462</b>	<b>18,029</b>	<b>21,217</b>

1. Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes the change in inventories of government commodity agencies and of the Defence Production Revolving Fund. Includes shipments, under N.A.T.O., of previously produced military equipment but includes replacements of new equipment.
2. Includes capital expenditures by private and government business enterprises, private non-commercial institutions and outlays on new residential construction by individuals and business investors.

PERSONAL INCOME AND EXPENDITURE ACCOUNT, 1949-1951  
(millions of dollars)

	1949	1950	1951
<b>INCOME</b>			
Wages, Salaries and Supplementary Labour Income.....	7,761	8,271	9,660
Deduct Employer and Employee Contributions to Social Insurance and Government Pension Funds...	- 239	- 259	- 316
Military Pay and Allowances.....	115	137	201
Net Income of Unincorporated Business <sup>1</sup>	2,969	2,942	3,824
Interest, Dividends and Net Rental Income of Persons <sup>2</sup>	1,157	1,266	1,442
<b>Transfer Payments (excluding interest)</b>			
From Governments .....	950	1,012	1,001
Charitable Contributions from Corporations.....	23	25	27
Net Bad Debt Losses of Corporations.....	21	23	20
<b>Total .....</b>	<b>12,757</b>	<b>13,417</b>	<b>15,859</b>

1. This item excludes undistributed earnings of the Canadian Wheat Board and an inventory valuation adjustment for grain in Wheat Board channels, on a calendar year basis.

2. Includes all government debt interest paid to persons.

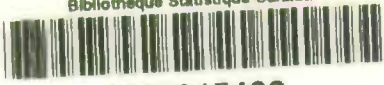
TABLE 3 continued

PERSONAL INCOME AND EXPENDITURE ACCOUNT, 1949-1951  
(millions of dollars)

	1949	1950	1951
<b>EXPENDITURE</b>			
<b>Personal Direct Taxes</b>			
Income Taxes .....	677	612	890
Succession Duties .....	55	63	63
Miscellaneous Taxes .....	57	60	63
Personal Expenditure on Consumer Goods and Services.....	10,963	11,862	13,062
Personal Saving <sup>3</sup> .....	1,005	820	1,781
<b>Total .....</b>	<b>12,757</b>	<b>13,417</b>	<b>15,859</b>

3. Includes changes in farm inventories as follows: 1949, ~~\$72~~ million;  
1950, \$131 million; 1951, \$370 million.

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