

There are several methods of computing national wealth, *i.e.*, the aggregate value of the public and private property within the nation apart from undeveloped natural resources. Perhaps the most familiar of these methods is that of working back to capital values through income tax returns, but this can be applied only in countries where small as well as large incomes are assessed for income tax. A second method is that of estimation from probate returns, the value of the estates of deceased persons being regarded as representative. A third is that of a complete census, based upon a canvass of the individual. A fourth method, namely, the so-called "inventory" method, is often employed.\* The estimate of Canada's wealth herein presented is based on the "inventory" principle, *i.e.*, an attempt is made to secure for the nation an approximation of the businessman's inventory of his possessions. This method consists in totalling the amounts known from various sources to be invested in agriculture, manufacturing, dwellings, etc. It does not include the value of undeveloped natural resources but only natural wealth which has been appropriated. For instance, it includes the value of the machinery and other capital equipment used in coal mining but not the unmined coal; the boats used in fishing but not the fish in the sea; the power plants and equipment used in developing water power but not the waterfalls themselves. In the case of forest wealth partial exception is made by the inclusion of accessible raw materials. When making comparison between the different provinces it should be remembered that this method tends to understate the wealth of any section of the country which is rich in mines, fisheries or water power.

Whatever method is used, difficulty arises when we try to reduce all the things which go to make up wealth (things which once created are not themselves subject to violent change) to a common denominator. Estimates of national wealth must always be expressed in terms of the national currency. Yet the purchasing power of the currency unit is always fluctuating and since 1929 had increased at one point (February, 1933) by more than 50 p.c. in terms of wholesale prices. Even in 1930, the average index number of wholesale prices was down by nearly 10 p.c. from 1929, while in December of that year the average index number of wholesale prices was 19 p.c. lower than in the same month of 1929.

The effect of such drastic reductions in values is first felt by the commodities which are being currently produced and, through these commodities, the dollar value of production is diminished and consequently the national income of a country where most people are producers. Ultimately, a persistent decline of this character affects the capital values of real estate, buildings, machinery, etc., and its influence is then felt in a reduction in the national wealth as stated in dollars.

The first official estimate issued by the Dominion Bureau of Statistics was for 1921, being based on the census data of that year. The national wealth was then placed at \$22,195,000,000. Later estimates were \$25,673,000,000 for 1925 and \$27,668,000,000 for 1927. The estimates for 1921, 1925 and 1927 are, not exactly comparable with those for 1929 and 1933 given below, but are sufficiently so for most purposes. The estimate for 1929 is \$31,276,000,000, and the 1933 estimate \$25,768,000,000. The former presents a picture at the peak of domestic prosperity, whereas, that of 1933 reflects the writing down of values resulting from the depression.

**Wealth of Canada by Items, 1929 and 1933.**—In the items showing the composition of the national wealth, as set out in Table 34, care has been taken to exclude duplication. In any consideration of the individual items it should be

\* An explanation of method and of the background of early estimates of national wealth as applied to Canada will be found in the article "The Wealth of Canada and Other Nations" by R. H. Coats, Dominion Statistician, published in the *Journal of the Canadian Bankers' Association*, October, 1919.