

war and non-war; and of the distribution of income payments to individuals by income classes. Planning for full employment and social security in the post-war requires similar information.

The usefulness of comprehensive studies in this field is by no means confined to government alone, for similar needs have been expressed on many sides. With the growing complexity of business problems, data on national accounts will facilitate the study of markets, the structure of costs, the relationship of the firm to industry, and of particular industries to the economy as a whole.

The urgency of these needs has led to the decision to review the concepts on which the Dominion Bureau of Statistics national income series has been based and to institute preparation of a new set of national accounts. As a result of revisions in concepts as well as in method and sources of estimation, the present figures are not comparable with the old series on national income. The new series comprise, in the first instance, gross national product and expenditure at market prices, net national income at factor cost, and income payments to individuals, for the years 1938 to 1945, inclusive. Extensions into other detailed accounts and into past years are being prepared. The revised series have benefited from consultations with United Kingdom and United States estimators, which were held with a view to attaining a greater degree of comparability in national accounts.

Net National Income at Factor Cost.—The first step in compiling gross national product is to add up all the incomes earned by factors of production for their contribution to the current production of goods and services. These earnings include salaries and wages received by employees before deduction of personal income tax and employee contributions to social security schemes; supplementary labour income consisting of employer contributions to social security schemes and to private pension funds, non-contributory pensions paid, and board and other allowances to paid employees; military pay and allowances; investment income inclusive of interest, net rent and corporate profits before taxes and depletion allowances; and net income of unincorporated enterprise, which is a mixture of labour income and investment income. Net national income at factor cost (Table 1, item 5) is defined as the sum of these earnings which constitute the remuneration of the factors of production for services rendered in a given year. In several instances the procedure is broadened to include earnings from current operations received "in kind" These include board and other allowances received in kind, valued in general at cost to the employer; the estimated value of food and clothing issues to members of the Armed Forces; certain products retained by sellers for their own consumption, such as food grown and consumed on farms, valued at prices for which they could otherwise have been sold; and imputed rent of owner-occupied homes. Capital profits or losses are excluded as they do not arise from current operations.

Net national income at factor cost is an aggregate which measures the net value of production and the fluctuations in this total from year to year are perhaps the best single indicator of economic conditions. During the War, net national income expanded from \$3,940,000,000 in 1938 to \$9,685,000,000 in 1944, an increase of 146 p.c. The proportionate distribution among the various categories has shown little change if military pay and allowances are regarded as labour income. In 1938 salaries, wages and supplementary labour income were 62 p.c. of national income at factor cost, while investment income represented 18 p.c. and net income of individual enterprise 20 p.c. The proportions in 1944 were as follows: salaries, wages and supplementary labour income 51 p.c., military pay and allowances 11 p.c.,

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