

The national accounts presented in this part include: net national income at factor cost, gross national product and expenditure at market prices and personal income. In addition, a provincial distribution is given of salaries, wages and supplementary labour income and net income of unincorporated business, agricultural and other. More detailed analyses of the national accounts are in course of preparation to include separate accounts for the different sectors of the economy, the business sector, households, governments, etc.

**Net National Income at Factor Cost.**—Net national income at factor cost or, more briefly, national income, measures the earnings of Canadian residents from the productive operations of a particular period, in this case a calendar year. All those activities that give rise to goods and services are included in the phrase “productive operations” Different individuals play different parts in these productive operations and their earnings are classified accordingly. A great number of people hire out their labour in different capacities, e.g., miners, farm labourers, clerks, teachers, managers, etc. The compensation for such services is called labour income. It includes salaries, wages, and supplements, such as board and living allowances and employer contributions to pension and social insurance funds. In addition to labour income, capital investment gives rise to the other important category of income. Some people lend money capital either through the purchase of bonds and mortgages or by depositing money in the bank; others invest their money through the purchase of stocks of corporations or the purchase of real estate. Their remuneration is called investment income; it includes interest, rents and the profits of corporations including government enterprises. Since only the earnings of residents are counted, investment income going abroad is not included while investment income received from abroad is added. A number of people invest money in their own business and run it either alone or with the help of hired labour. The compensation for their services is known as net income of unincorporated business. It is a mixture of labour income and investment income.

Generally speaking, only money incomes that arise in the course of production of goods and services going through market channels are included. If goods and services are both produced and consumed within the household (for example, the services of housewives) no corresponding income is included.

In several important instances, the procedure is broadened to include an estimate of incomes for which there is no corresponding money flow. These earnings received “in kind” include the estimated value of food and clothing issues to members of the Armed Forces; board and other allowances received in kind by employees (valued in general at cost to the employer); imputed rent of owner-occupied houses; and certain products retained by sellers for their own consumption, such as food grown and consumed on farms (valued at prices for which they would otherwise have been sold).

While some incomes other than money incomes are thus included in national income, certain money receipts are excluded. Capital profits and losses are excluded by definition. In addition, a number of cash payments within the economy are classified as “transfer payments” because they do not arise from current production of goods and services and cannot be called earnings from productive operations. These transfer payments include such things as family allowances, unemployment insurance benefits, war service gratuities, and interest on government debt which was not issued to finance existing real assets.