

Gross National Product.—Gross national product measures the value of goods and services produced, at the prices at which they are purchased in the market. Accordingly, to obtain the gross national product it is necessary to add to the national income provisions for depreciation and indirect taxes less subsidies.

Gross National Expenditure.—Gross national expenditure measures the same aggregate as gross national product, namely, the total production of goods and services at market prices. However, gross national product is measured in terms of costs, whereas gross national expenditure is obtained by adding together all sales and adjusting them for imports and changes in inventories. Four broad types of sales can be distinguished: sales to persons, to governments, to business for capital account (gross investment at home including changes in inventories), and to foreigners, (exports). The total of these sales includes imports of goods and services. Since the purpose is to measure only production of labour and capital of residents residents of Canada, imports of goods and services are deducted.

Personal Income.—Personal income is the sum of current receipts of income whether or not these receipts are earnings from production. Thus, it includes salaries and wages, net income of unincorporated enterprise, interest, dividends and net rentals of persons and transfer payments from governments, such as family allowances, unemployment insurance benefits and war service gratuities.

Recent Developments.—National income was 15 p.c. higher in 1948 than in 1947. Most of the increase was, undoubtedly, the result of higher prices since retail prices (as measured by the cost-of-living index) rose by 14 p.c. in the same period. Some changes in the proportion of different factor shares in the total national income are indicated. A greater share of the national income went to farmers, net income of agriculture increasing to 13.2 p.c. of the national income compared with 11.1 p.c. in 1947 and 10.7 p.c. in 1939. Other components, salaries and wages, investment income, and net income of non-agricultural unincorporated business were all slightly smaller in relation to the total, although larger in absolute terms. Corporation profits which are a large part of investment income did not share in the relative decline but were 16.7 p.c. of the total in both years.

1.—National Income and Gross National Product, 1939, 1942-48

(Millions of Dollars)

NOTE.—Figures for the years 1926-41 will be found at p. 1089 of the 1948-49 Year Book.

Item	1939	1942	1943	1944	1945	1946	1947	1948
Salaries, wages and supplementary labour income.....	2,583	4,251	4,746	4,908	4,915	5,822	6,212	7,113
Military pay and allowances.....	32	641	910	1,068	1,117	340	83	82
Investment income.....	783	1,737	1,778	1,774	1,905	1,978	2,307	2,473
Net income of agriculture and other unincorporated business—								
Net income of farm operators from farming operations.....	461	1,089	969	1,213	959	1,130	1,210	1,660
Net income of other unincorporated business.....	430	664	690	749	851	1,026	1,126	1,260
Net National Income at Factor Cost.....	4,289	8,382	9,093	9,712	9,747	9,796	10,938	12,588
Indirect taxes less subsidies.....	737	1,087	1,117	1,113	1,007	1,269	1,604	1,735
Depreciation allowances and similar business costs.....	582	883	912	863	785	846	1,009	1,085
Residual error of estimate.....	-10	+172	+176	+209	+220	+25	+40	+42
Gross National Product at Market Prices.....	5,598	10,524	11,298	11,897	11,759	11,936	13,591	15,450