

## 6.—Government Expenditure, 1939, 1942-48

(Millions of Dollars)

Item	1939	1942	1943	1944	1945	1946	1947	1948
Purchase of goods and services—								
Excluding Mutual Aid, etc.	724	2,815	3,753	4,115	2,852	1,751	1,513	1,749
Mutual Aid, UNRRA and Military Relief	—	1,002	518	960	858	97	38	19
Transfer Payments—								
Interest	172	199	261	319	402	456	465	459
Other	249	226	216	263	552	1,111	848	843
Subsidies	-17	93	211	267	262	236	177	73
<b>Totals</b>	<b>1,128</b>	<b>4,335</b>	<b>4,959</b>	<b>5,924</b>	<b>4,926</b>	<b>3,651</b>	<b>3,041</b>	<b>3,143</b>

For purpose of analysis, expenditure by government may be divided into two main categories: expenditure for the purchase of goods and services; and transfer payments, such as family allowances, old age pensions, veterans benefits, and the greater part of interest on the public debt, none of which arises from the current production of goods and services. The first category represents the demands which governments place on the annual output of the nation. Transfer payments, on the other hand, may be considered essentially as transfer of income from one part of the community to another and simply add to the sums available for spending or saving by the recipient.

During 1948 government expenditure on goods and services increased to \$1,768,000,000 from the post-war low of \$1,551,000,000 in 1947. Transfer payments to persons declined by only 0.6 p.c.; subsidies fell off sharply by 58.8 p.c. following abandonment of subsidy programs associated with control of the domestic price level. Using definitions appropriate to the national accounts the surplus of revenue over expenditure was a record \$818,000,000 in 1948, most of this surplus being attributable to the Federal Government.

During 1948 gross home investment increased by \$286,000,000 or 9.7 p.c. Large increases of \$158,000,000 in housing and \$361,000,000 in plant and equipment were partially offset by a \$233,000,000 decline in the rate of inventory accumulation. Net foreign investment, the excess of exports over imports, rose sharply from \$17,000,000 in 1947 to \$419,000,000 in 1948. In both 1947 and 1948 the large government surpluses helped to bridge the gap between private saving and record levels of investment.

## 7.—Source of Private Saving, 1939, 1942-48

(Millions of Dollars)

NOTE.—Figures for the years 1938-41 will be found at p. 1094 of the 1948-49 Year Book.

Item	1939	1942	1943	1944	1945	1946	1947	1948
Personal saving	320	1,417	1,598	1,708	1,303	921	428	987
Business saving	219	380	422	315	436	477	639	671
Inventory revaluation adjustment	-56	-63	-133	-2	-2	-8	-18	-4
Depreciation allowance and similar business costs	552	883	912	863	785	846	1,009	1,085
Residual error of estimate	-10	+172	+176	+209	+220	+25	+40	+42
<b>Totals</b>	<b>1,055</b>	<b>2,789</b>	<b>2,975</b>	<b>3,093</b>	<b>2,742</b>	<b>2,261</b>	<b>2,098</b>	<b>2,781</b>