

The value of gross domestic* product at factor cost can be measured either directly by summing the factor incomes and capital consumption allowances paid or charged by each industry, or indirectly by subtracting all intermediate goods and services from the revenue (excluding indirect taxes) arising from the production of goods and services in each industry. The latter approach is followed in the compilation of the value added statistics of the survey of production series. These value added residuals for each commodity-producing industry, however, are not exactly equivalent to gross domestic product originating in these industries since they still contain certain miscellaneous indirect taxes such as licences and property taxes as well as the cost of such services as insurance, advertising, communications, etc., which originate in the non-commodity-producing industries. For instance, while the cost of insurance incurred by manufacturers is included in the net value of the manufacturing industry as given in this Section, it is not included in the contribution of manufacturing to total gross domestic product at factor cost.

The data necessary to make the deduction of these business service costs from value added to arrive at a true figure of gross domestic product for each industry and province are not collected. However, available data† indicate that these costs constitute a smaller share of value added for such industries as agriculture and mining than for manufacturing and construction. The contribution to total gross domestic product of the primary industries and of those provinces whose economies are largely dominated by the primary industries is thus proportionately greater than the data contained in this Section indicate. Thus, the measurement of the value of output based on "value added" contains some duplication if it is used as an approximation of gross domestic product originating.

One of the major problems of classification is that the data for three components of the gross domestic product by industry estimates (net income of unincorporated business, investment income, and capital consumption allowances and miscellaneous valuation adjustments) are on an enterprise basis while data for the other components (wages, salaries and supplementary labour income and the inventory valuation adjustment) are on an establishment basis. By contrast, most of the value added data for the commodity-producing industries are on an establishment basis, each unit of an enterprise being treated as a separate entity and classified to the industry in which it operates. A company may own several establishments which are classified to different industrial divisions. The nature of the available data makes it extremely difficult, in compiling industrial distributions of the gross domestic product, to get an accurate breakdown of enterprise-type statistics on a plant-by-plant basis for such companies; for this reason, the adjustment to an establishment basis was not made to the industrial distribution of the gross domestic product series. Nor is a geographical allocation of data available for that series, although the personal income component is capable of provincial distribution. Thus, a major advantage of the net value of commodity production series is that it can be broken down by province. Also, in compiling the gross domestic product series it is difficult to allocate corporation profits according to the provinces in which they are generated by productive activity, but it should be borne in mind that the commodity production estimates by province exclude the non-commodity-producing industries.

Statistics of Commodity Production.—The postwar period 1947 to 1960 has been a period of tremendous growth in commodity production in Canada. The total net value

* The difference between *gross national product* and *gross domestic product* is that the former measures production of Canadian factors of production by excluding interest and dividends paid to non-residents and including interest and dividends from non-residents, while the latter measures production within the territorial boundaries of Canada by including interest and dividends accruing to non-residents and excluding interest and dividends receivable from non-residents. For statistical reasons it is not possible to measure the contribution of industries to the *gross national product*. † See supplement to DBS Reference Paper No. 72 *Supplement to the Inter-Industry Flow of Goods and Services, Canada, 1949*.