

In this chapter various statistical statements and studies are presented, covering broad areas of Canadian economic activity. These are based on a Canadian system of national accounts which consists of national income and expenditure accounts, indexes of real domestic product, price indexes, the balance of international payments and financial flows. The integrated aggregative economic accounts provide an inter-related framework for analysis of the Canadian economy and its relationship with other countries. In its broad outline, the Canadian national accounts system bears a close relationship to the international standard of the United Nations publication *A system of national accounts*.

National income and expenditure

23.1

National income and expenditure accounts provide accounting summaries for the nation and portray economic activity in terms of transactions taking place between major groups of transactors, namely, governments, corporate and government business enterprises, persons and unincorporated businesses and non-residents. By combining and summarizing these operations into their various classes, information may be obtained on the functioning of the economy which is of particular interest to governments concerned with problems of unemployment, taxation and prices, and to businessmen concerned with programs of investment and marketing.

Annual coverage since 1926 is available in the publication *Income and expenditure accounts, 1926 to 1974*, Statistics Canada Catalogue 13-531 and in the annual publication *System of national accounts — national income and expenditure accounts*, Statistics Canada Catalogue 13-201.

National income. Net national income at factor cost measures the current earnings of Canadian factors of production (land, labour and capital) from productive activity. It includes wages and salaries, profits, interest, net rent and net income of farm and non-farm unincorporated business.

Gross national product (GNP), by totalling all costs arising in production, measures the market value of all final goods and services produced in the current period by Canadian factors of production. It is equal to national income plus net indirect taxes (indirect taxes less subsidies) plus capital consumption allowances and miscellaneous valuation adjustments.

Personal income is the sum of current receipts of income whether or not these receipts represent earnings from production. It includes transfer payments from government (such as family allowances, unemployment insurance benefits and old age security payments) in addition to wages and salaries, net income of farm and non-farm unincorporated business, interest, dividends and net rental income of persons. It does not include undistributed profits of corporations and other elements of the national income not paid out to persons.

Gross national expenditure (GNE) measures the same aggregate as gross national product (total production of final goods and services at market prices) by tracing the disposition of production through final sales to persons, governments and business on capital account, including changes in inventories, and to non-residents (exports). Imports of goods and services, including payments of interest and dividends to non-residents, are deducted since the purpose is to measure only Canadian production.

Economic growth in 1979

23.1.1

Gross national product increased 13.1% to a level of \$260.5 billion in 1979. After allowing for price changes, the volume of GNP rose 2.9%, the third consecutive year of