

components and other tables are included to show the source and disposition of personal income, government revenue and expenditure and personal expenditure on consumer goods and services.

**National Income.**—Net national income at factor cost measures the current earnings of Canadian factors of production (i.e., land, labour, 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.**—Gross national product, 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 depreciation allowances and similar business costs.

**Personal Income.**—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 war service gratuities, in addition to wages and salaries, net income of unincorporated business, interest and 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.**—Gross national expenditure measures the same aggregate as gross national product, namely, total production of final goods and services at market prices, by tracing the disposition of production through final sales to persons, to governments, to business on capital account (including changes in inventories) and to non-residents (exports). Imports of goods and services, including net payments of interest and dividends to non-residents, are deducted since the purpose is to measure only Canadian production.

**Historical Perspective.**—Between 1926 and 1953, gross national product increased approximately fivefold in value. Though a substantial part of this apparent growth was the result of rising prices, the growth in physical production was 166 p.c. (Table 3 gives detail, from 1929-53.) The population of Canada in this period increased by 56 p.c. so that the per capita growth in physical product was 70 p.c.—an indication of the growth in living standards and prosperity. This increase is the more remarkable in the light of the disastrous set-back suffered during the depression years and the more recent decline in the average hours worked weekly in industry. In 1933, at the depth of the depression, per capita real production registered a decline of one-third as compared with the relatively prosperous year of 1929.

The historical series reveal many other interesting features of the economy including, among others: the relative stability of the portion of total income going to labour in the form of wages and salaries as opposed to the instability of farm and investment incomes (Table 4); the increasing significance of government spending in the economy as opposed to the declining importance of exports (Table 2); the relative changes in the proportion of government revenue represented by direct and indirect taxes (Table 7); and changing consumer preferences as revealed by the composition of personal expenditure (Table 6).