

Chapter 21

Selected economic indicators

In this chapter various statistical statements and studies are presented in which broad areas of Canadian economic activity are covered in a comprehensive but summary form. The chapter is based on the Canadian System of National Accounts (SNA) which consists of national income and expenditure accounts, indexes of real domestic product, the balance of international payments and financial flows. Input-output tables are also part of the System of National Accounts but have not been included in this analysis. The integrated aggregative economic accounts provide an interrelated framework for analysis of the Canadian economy and its relationship with other countries. In its broad outline, the Canadian System of National Accounts bears a close relationship to the international standard as described in the United Nations publication *A system of national accounts*. To complete the economic picture a section on price indexes is also included.

21.1 National income and expenditure

National income and expenditure accounts provide accounting summaries for the nation as a whole 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.

Tables 21.1 - 21.9 are based on the revised historical series of the national income and expenditure accounts. Annual coverage since 1926 is available in Statistics Canada occasional publication *Income and expenditure accounts, 1926 to 1973*, Catalogue No. 13-531.

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 war service gratuities) 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 (i.e. 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.

21.1.1 Economic activity in 1973

The strong expansion of the Canadian economy under way since the beginning of 1971 continued in 1973 at an accelerated pace. A 6.8% growth in production was accompanied by an even more rapid rise in prices and by the largest percentage employment gain on record. Since the labour force also registered an increase of record proportions, the rate of unemployment remained high in 1973, although it declined to 5.6% from 6.3% in 1972. As the year progressed, an extremely strong rise in unfilled orders and lengthened delivery dates became