

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

In the table on the next two pages (No. 10) an attempt is made to bring together in one statement and under uniform headings the transactions of all governments in Canada on a *calendar year basis*. (See explanatory note below table).

Using the statistical methods appropriate to the calculation of the National Income and Expenditure (which differ somewhat from the accounting methods used by governments) it is estimated that during the *calendar year* 1947 federal, provincial and municipal governments took in as revenue \$4,058 million and spent \$3,141 million, leaving an overall surplus of \$917 million of which \$774 million was attributable to the federal government and \$143 million to the provincial and municipal governments. The year before the federal government showed a deficit of \$228 million and provincial and municipal governments a surplus of \$101 million.

Expenditures by governments may be divided into two main categories: expenditures for the purchase of goods and services, and so-called transfer payments, i.e., family allowances, old age pensions, the greater part of the interest on the public debt, veterans' benefits, etc., which do not arise from 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, simply add to the sums available for spending or saving by the recipients.

During the *calendar year* 1944, at the peak of Canada's war effort, the federal government absorbed 38% of that year's production of goods and services and provincial and municipal governments an additional 5%. By 1946 federal expenditures on goods and services had fallen to 9% of the gross national product, while similar provincial and municipal expenditures had risen to 6%. During the *calendar year* 1947 provincial and municipal expenditures continued to rise and federal government expenditures to fall, so that now, as in pre-war years, provincial and municipal governments together absorb a larger share of current output than the federal government.

TABLE 9

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES AS PERCENTAGE OF GROSS NATIONAL EXPENDITURE⁽¹⁾

	1939		1944		1946		Prelim. 1947	
	\$ Millions	%	\$ Millions	%	\$ Millions	%	\$ Millions	%
Gross national expenditure at market prices.....	5,581	100	11,820	100	11,613	100	13,165	100
Federal government expenditure on goods and services.....	225	4	4,547	38	1,094	9	616	5
Provincial and municipal expenditure on goods and services.....	524	9	540	5	735	6	876	7

⁽¹⁾ See Table 10.