



# CANADIAN WEEKLY BULLETIN

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## WEEK'S EVENTS IN REVIEW

**NATIONAL INCOME \$12.8 BILLION:** Preliminary estimates by the Bureau of Statistics indicate that Canada's gross national product and expenditure amounted to approximately \$15.4 billion in 1948, an increase of nearly 15 per cent over 1947. Most of this increase was the result of rising prices as indicated by the rise of about 14 per cent in the cost-of-living index during 1948.

National income increased from \$11.0 billion in 1947 to \$12.8 billion in 1948, a gain of more than 16 per cent. Civilian labour income plus military pay and allowances rose by 14 per cent from \$6.3 to \$7.2 billion, and accounted for 56 per cent of national income last year compared with 57 per cent in 1947. Investment income increased by 12 per cent from \$2.3 billion in 1947 to \$2.6 billion in 1948.

The most striking gain occurred in the agricultural component of national income. A combination of higher prices, increased marketings and exceptional wheat adjustment payments boosted the net income of farm operators from farm production by 41 per cent from \$1.2 billion in 1947 to \$1.7 billion in 1948. Net income of other unincorporated business rose by 12 per cent between 1947 and 1948.

Indirect taxes less subsidies increased by \$0.1 billion. This was due to the drop in federal subsidy payments rather than to any general increase in indirect taxation. The

significant decline in federal customs revenues due to import restrictions was roughly balanced by increased yields from other forms of indirect taxation at federal, provincial and municipal levels.

Increases are indicated in all of the components of gross national expenditure except net addition to inventories. For the most part, these increases were the result of price factors. Consumer expenditure rose by \$1.1 billion from \$8.9 billion in 1947 to \$10.0 billion in 1948, an increase of 12 per cent. This is two per cent less than the increase in prices alone as measured by the cost-of-living index. Using the cost-of-living index as a measure of the importance of price changes in consumer expenditure, a decline in real consumption is indicated. Government expenditure on goods and services accounted for approximately the same percentage of gross national expenditure in 1947 and 1948.

Gross home investment in plant, equipment and housing was 16 per cent of gross national expenditure in 1948 compared with 15 per cent in 1947. While the proportion of gross national expenditure represented by this component increased, the rate of increase showed a significant lessening. Thus the value of gross investment in plant, equipment and housing increased by over 54 per cent from 1946 to 1947 compared with 22 per cent from 1947 to 1948.