

September 16, 1983

-16-

assessments is not completely consistent with the sources of data used for the constant dollar measures. The use of national price deflators matches the approach used by Statistics Canada in the preparation of the constant dollar GDP estimates at the provincial level.

Corporate Profits

In RIM corporate profits are estimated on a domestic basis. Since the national model estimates corporate profits on a national basis, total domestic profits are estimated as a function of national profits and net foreign income flows. In RIM, a separate measure of industry profitability, the Return to Capital (RC) variable, is available for the major industries. After subtracting the capital consumption allowance (CCA) and inventory and other miscellaneous adjustments (IVA), these national RC variables are used to project industry profit rate variables in RIM. These are combined with estimates of industry value-added to estimate domestic corporate profits for each province.