

NATIONAL INCOME AND EXPENDITURE

D.B.S. ANALYSIS: A complete system of balancing national income and expenditure accounts for Canada is presented for the first time in a bulletin released by the Bureau of Statistics. This system divides the economy into four separate parts or sectors: the business sector, the personal sector, the government sector and the non-residents sector. The flow of income and expenditure through each of these sectors is summarized in a way which matches each item of expenditure with the corresponding item of revenue to which it gives rise. The presentation of national income statistics in this new form improves their usefulness for business forecasting and economic analysis.

A separate operating account for business enterprise as a whole, both private and public, shows the main sources of business operating revenue on the one hand, and the main items of business expenditure on the other.

BUSINESS REVENUE

The sources of business revenue shown separately are: sales to persons, sales to Government, sales on capital account and sales to non-residents (exports). In 1947 approximately 54 per cent of business revenue came from sales of \$8,516 million of consumer goods and services for personal use, four per cent from sales of \$585 million to Government and 18 per cent from sales of \$2,884 million of capital goods such as plant, equipment, inventories and housing. Sales of \$3,554 million to non-residents accounted for 23 per cent of business revenue.

Business expenditure is also divided into main categories. In 1947 salaries and wages of \$5,362 million paid by business accounted for 34 per cent of total business expenditure, net income of agriculture and other unincorporated business of \$2,354 million for 15 per cent, and corporation profits and other investment income of \$2,486 million for 16 per cent. Depreciation allowances and similar business costs were \$928 million or six per cent of total expenditure and indirect taxes less subsidies \$1,572 million or 10 per cent. Purchases from non-residents (imports) included in oper-

ating expenditure amounted to \$3,048 million or 19 per cent.

The accounts cover the years 1938 to 1947. It is therefore possible to study not only the relation of the different items to each other and to the total but also the changes in their importance from one year to the next. It must be noted, however, that a major feature of the presentation is the fact that each revenue and expenditure item in one account can be traced to other accounts. Thus the personal income and expenditure account, which summarizes transactions of individuals and private non-commercial institutions, shows as an item of revenue the \$5,362 million of salaries and wages paid by business. This accounted for 52 per cent of personal income. Net income of agriculture and other unincorporated business of \$2,354 million is also shown as an item of revenue and accounted for 23 per cent of personal income. Other items of personal income shown separately are: interest, dividends and net rental income of persons, salaries and wages paid by Government, and transfer payments such as family allowances and unemployment insurance benefits.

Approximately 83 per cent of personal income, \$8,516 million, was spent on purchases of goods and services from Canadian business and reference to the business operating account itself indicates that a substantial proportion of these goods and services came from abroad. About two per cent of personal income was spent abroad directly by persons, eight per cent was absorbed by personal direct taxes and six per cent was saved.

The Government account shows some interesting changes in the structure of Government revenue and expenditure during the period 1938 to 1947. Whereas 21 per cent of total Government revenue of \$1,020 million in 1938 was drawn from direct taxes on persons and corporations, 42 per cent of Government revenue of \$3,877 million was drawn from these sources in 1947. While indirect taxes have more than doubled during the same period -- from \$699 million in 1938 to \$1,746 million in 1947 -- their relative importance declined because of this increased reliance on direct taxation.

FEDERAL BYELECTIONS: Results in the three federal byelections held on Monday, December 20, were reported as follows at mid-week, with some slight revision of totals likely:

CARLETON (COMPLETE)

DREW (PC).....	12,235
FORSEY (CCF)...	3,334
MCCRACKEN (SC)...	455

LAVAL-TWO MOUNTAINS (62 OF 86 POLLS)

DÉMERS (L).....	4,472
DESY (REP).....	2,211

MARQUETTE (COMPLETE)

GARSON (L).....	7,431
KEATING (CCF)...	2,974

PARLIAMENT TO OPEN JANUARY 26: The Prime Minister, Mr. St. Laurent, announced on December 23 that the Fifth Session of the Twentieth Parliament will open on Wednesday, January 26; that on February 7 the necessary byelection will be held in the Quebec riding of Nicolet-Yamaska, where the seat has been left vacant by the death of the sitting member, Lucien Dubois; and that the former Minister of Mines and Resources, Mr. Glen has been appointed to the International Joint Commission.