

## GROSS NATIONAL PRODUCT AT PEAK OF \$16,074,000,000

**4 PER CENT RISE IN 1949:** The gross national product of Canada reached an all-time peak total of \$16,974 million in 1949, showing a rise of four per cent from \$15,503 million in 1948, according to the annual report "National Accounts, Income and Expenditure, 1942-49," released on October 20 by the Bureau of Statistics. At the same time, national income rose by the same percentage to \$12,917 million from \$12,474 million. These figures exclude Newfoundland.

The rise in gross national product was partly the result of an advance in real production, and partly due to rising prices. With the effect of price increases removed there was a gain of approximately two per cent in the total volume of output. During the post-war years from 1946 to 1949 the value of total output, measured in current dollars, increased by 34 per cent. The rise in value was particularly rapid during 1947 and 1948 -- the years of greatest price increases. After making adjustments for price changes the increase in the real output of goods and services shows a steady gain of approximately two per cent each year since 1946.

### RISE IN SALARIES

In the case of national income, the increase was mainly due to a rise in salaries, wages, and supplementary labour income, which advanced by \$543 million from \$7,139 million in 1948 to \$7,682 million in 1949. Net income of farm operators fell four per cent from \$1,567 million to \$1,509 million, the decline being mainly due to a lower volume of physical production. Investment income declined from \$2,379 million in 1948 to \$2,283 million, a decline of four per cent, which was attributable to a decrease in corporation profits.

Gross national expenditure data indicate an increase in personal expenditure on consumer goods and services from \$10,151 million in 1948 to \$10,956 million in 1949. After correction for price changes this represents an increase of three per cent in real volume of consumer goods and services purchased. Government expenditure increased by \$291 million, from \$1,797 million in 1948 to \$2,088 million in 1949, principally due to larger national defence expenditures and larger outlays by the provincial and municipal governments on public health, hospital care, maintenance of highways, education and certain capital expenditures.

Gross home investment declined \$342 million from \$3,272 million in 1948 to \$2,930 million in 1949, as a result of a drop in investment in inventories. Investment in housing rose substantially, from \$647 million in 1948 to \$753 million in 1949, an increase of 16 per cent, while investment in plant and equipment increased slightly from \$2,016 million to \$2,076 million. Inventories gained by \$609 million in 1948, indicative of the high post-war rate of inventory accumulation but, in 1949 the amount of increase was only \$101 million.

Total exports of goods and services were down slightly from 1948 to 1949 -- by \$67 million -- while imports increased by \$189 million, leaving a net foreign balance (excess of exports over imports) of \$162 million in 1949 compared with \$418 million in 1948.

### PERSONAL EXPENDITURE

In 1949, personal expenditure on consumer goods and services accounted for 68 per cent of gross national expenditure, compared with 54 per cent in 1944, the peak year of war production. Government expenditures accounted for 13 per cent in 1949 compared with 42 per cent in 1944, and gross home investment in housing, plant, equipment and inventories for 18 per cent of gross national expenditure in 1949 compared with six per cent in 1944. These changes in utilization of output reflect the differences between an economy fully geared to war and the economy of 1949.

Personal income amounted to \$12,465 million in 1949, a gain of five per cent over 1948. The distribution of personal income by provinces indicated that in 1949 approximately 39 per cent of the Canadian total was received in Ontario, 25 per cent in Quebec, 19 per cent in the Prairie Provinces, 10 per cent in British Columbia, and seven per cent in the Maritimes.

The increased importance of government transfer payments as an element of the personal income total is worthy of note in 1949 compared with 1944. In 1949, approximately seven per cent of personal income was received in the form of government transfer payments (excluding interest), while in 1944 government transfer payments (excluding interest) amounted to only three per cent of the total. The increase by 1949 was mainly the result of the introduction of family allowances in 1945 and increases in unemployment insurance benefits, old-age pension payments, and veteran's benefits.