

## GOVERNMENT SURPLUS OR DEFICIT IN RELATION TO SAVING AND INVESTMENT

The following tables are designed to illustrate how investment expenditures during the four years 1939, 1944, 1946 and 1947 were financed and the changing position of governments in the balance between saving and investment. Whereas in 1946 federal, provincial and municipal governments together spent more than they received (see also table 10), thus adding to the total demand upon the national output, in 1947 revenues of all governments exceeded expenditures by \$917 million, thus supplementing the savings of individuals (which fell sharply in 1947) and businesses and offsetting to some degree the inflationary pressures in the economy.

TABLE 11  
SOURCES OF PRIVATE SAVING

	1939	1944	1946	Preliminary 1947
(MILLIONS OF DOLLARS)				
Personal saving.....	334	1,676	957	588
Undistributed corporation profits.....	199	334	411	609
Undistributed Wheat Board profits.....		-19	37	67
Inventory revaluation adjustment <sup>(1)</sup> .....	-56	-2	-8	-18
Depreciation allowances.....	582	881	839	906
Residual error of estimate <sup>(2)</sup> .....	-1	+220	-37	-132
<b>Total.....</b>	<b>1,058</b>	<b>3,090</b>	<b>2,199</b>	<b>2,020</b>

(1) The adjustment has been made only to grain held in commercial channels.

(2) See Tables 1 and 2.

TABLE 12  
DISPOSITION OF PRIVATE SAVING

	1939	1944	1946	Preliminary 1947
(Millions of Dollars)				
Gross Home Investment.....	883	673	1,708	2,822
Net increase in foreign assets (including foreign exchange) adjusted <sup>(1)</sup> .....	121	27	326	-18
<b>Government deficit (+) or surplus (-) <sup>(2)</sup>.....</b>	<b>54</b>	<b>2,610</b>	<b>127</b>	<b>-917</b>
Residual error of estimate <sup>(3)</sup> .....		-220	138	133
<b>Total.....</b>	<b>1,058</b>	<b>3,090</b>	<b>2,199</b>	<b>2,020</b>

(1) See Table 13.

(2) See Table 10.

(3) See Tables 1 and 2.