

## 2.—National Income.

The national income of Canada is necessarily less than its national production, a total for which is suggested in the general survey of production on pages 181-185 of this volume. If, as pointed out there, there is no reason to suppose that those whose activities are not connected with the production of "form-utilities" are less "productive" in the broad sense of the term than others, the total value of the production of 1922 must have been not less than \$4,400,000,000.

In order to arrive at the figure of national income, however, certain heavy deductions from the above amount must be made—deductions especially connected with the maintenance of the industrial equipment of the country—providing not only for depreciation but for obsolescence and replacement by new and improved apparatus of production. Altogether, the charges under this head may have been not less than \$400,000,000. This would leave the 1922 income of the Canadian people at somewhere in the neighbourhood of \$4,000,000,000.

**Incomes assessed for Income War Tax in Canada.**—In those countries of the world where an income tax has been established for a considerable period of time, the figures of the assessed income have been generally accepted as furnishing a guide both to the amount and to the distribution by classes of the total national income. Estimates of the national income, based upon income tax statistics, have been published, for example, in Great Britain and in the United States.

In Canada, the income tax is a newer thing than in either of the above-mentioned countries; also, in a newer country than either, incomes are to a greater degree received in kind. Both of these considerations render it improbable that so large a percentage of the total national income of Canada is brought under the notice of the income tax authorities as in Great Britain or the United States. Nevertheless, the data collected by the Income Tax Branch<sup>1</sup> of the Department of Finance, in the course of its administration of the income war tax, are significant both with regard to the total income assessed and with regard to the distribution of that income among various classes of the population, as well as by size of income groups.

In Canada, in the fiscal year ended March 31, 1921, 3,696 corporations and 190,561 individuals paid income tax on incomes aggregating \$912,410,429; in the following year 8,286 corporations and 290,584 individuals paid income tax on \$1,462,529,170; in the fiscal year ended 1923, 6,010 corporations and 281,182 individuals paid income tax on \$1,092,407,925, and in the latest fiscal year, 1923-24, 5,569 corporations and 239,036 individuals paid income tax on incomes aggregating \$1,108,027,871. It may be added that in the first nine months of the fiscal year 1924-25, the amount collected in income tax was \$53,519,492, as compared with \$50,805,166 in the same period of the preceding year—an increase of \$2,714,326. As this figure represents the great bulk of the collections for each year, it may be taken as evidence that either the national income of the country increased, or that a larger percentage of it came under the observation of the income tax authorities. The increased yield is the more remarkable because substantial concessions were made in respect of children, the exemption for each child having been increased in 1924 from \$300 to \$500.

<sup>1</sup> Transferred to Customs and Excise Department by chapter 37 of the Statutes of 1924.