

of the companion subject of national wealth and result in revisions of the methods of estimation. Under these circumstances details of the former estimates are omitted. The 1933 estimate is the latest that has been published.

### Subsection 2.—National Income

The study of national income, conducted by the Bureau, extends over the period from the end of the First World War to the present. The general plan was to assemble or estimate the payments to individuals and the undistributed profits of the thirty industrial and service groups. The types of payments such as salaries and wages, other labour income, withdrawals of working proprietors, dividends, interest and rents were then added for the thirty productive sources. The results were used for determining the relative importance of the groups and of the types of payment. The study of the trend and fluctuation of the numerous statistical series makes up a comprehensive analysis of the workings of the Canadian economy. In addition to the country-wide estimates, a distribution of income payments to individuals was compiled by provinces.

An estimate of Canada's national income has many important uses. As the best measure of economic activity, it is valuable as illustrating long-term progress and cyclical fluctuations. By adjusting for price changes, the volume of goods and services provided by the economic system is recorded from year to year. National income also provides a gauge for the study of public debt, taxation, external and internal trade, comparative standards of living and other factors. The distribution of the national income by industrial and service groups, by income classes and by provincial origin presents interesting sidelights on the functioning of the economic system. An accurate measure of the national income is not only desirable but is fundamental to the study of most national economic problems.

**Definition of National Income.**—The national income is defined as the net value of goods produced and services rendered during a given period. An alternate definition is the sum of the positive or negative savings of enterprises and the income payments to individuals resident in Canada, including salaries and wages, workmen's compensation, pensions, dividends, interest, rentals and withdrawals of working proprietors. Still another, though much broader, definition will be found at p. 889 of the 1938 Year Book.

**National Income during the Inter-War Period.**—In the study of national income that has been in progress in the Dominion Bureau of Statistics, the whole period since the end of the First World War has been reviewed and a complete statistical record of economic activity has resulted. The results of this study are summarized in Table 43.

Money incomes are affected by price levels, which have undergone wide changes in the period covered. When the influence of price fluctuations is eliminated by expressing the income for each year on the basis of prices during the five-year period, 1935-39, it appears that the income of 1940 was able to command more in goods and services than that of any other year. The real income of Canada showed an upward trend in the inter-war period. Despite the handicap of industrial inactivity during the depression and the persistence of adverse weather conditions in western grain areas, the real income averaged \$4,240,000,000 in the second decade, against \$4,138,000,000 in the first, a gain of about 2.5 p.c.