

## Section 5.—National Wealth and Income

### Subsection 1.—National Wealth

A general idea of the size and composition of the national wealth is essential for the intelligent consideration of many problems, both national and international. However, in view of the numerous elements of uncertainty in a calculation of this nature, the statistics must be regarded as indicative rather than as strictly accurate; when carefully prepared they hold a very important place in a national statistical system.

There are several methods of computing national wealth; i.e., the aggregate value of the public and private property within the nation apart from undeveloped natural resources. Perhaps the most familiar of these methods is that of working back to capital values through income-tax returns, but this can be applied only in countries where small as well as large incomes are assessed for income tax. A second method is that of estimation from probate returns, the value of the estates of deceased persons being regarded as representative. A third is that of a complete census, based upon a canvass of the individual. A fourth method, namely, the so-called 'inventory' method, is often employed.\* The estimates of Canada's wealth presented in various editions of the Year Book were based on the inventory principle, i.e., an attempt is made to secure for the nation an approximation of the businessman's inventory of his possessions. This method consists in totalling the amounts invested in agriculture, manufacturing, dwellings, etc. It does not include the value of undeveloped natural resources but only natural wealth that has been appropriated.

The first official estimate of national wealth issued by the Dominion Bureau of Statistics was for 1921, being based on the census data of that year, and is given at pp. 778-781 of the 1924 Year Book. The national wealth was then placed at \$22,195,000,000. Later estimates are \$25,673,000,000 for 1925, given at pp. 849-852 of the 1927-28 Year Book, and \$27,668,000,000 for 1927 at pp. 827-831 of the 1930 Year Book. The estimates for 1921, 1925 and 1927 are not exactly comparable with those for 1929 and 1933 given at pp. 876-878 of the 1940 Year Book, but are sufficiently so for most purposes. The 1929 estimate of \$31,276,000,000 presents a picture at the peak of prosperity, whereas that of 1933 at \$25,768,000,000 reflects the writing down of values resulting from the depression.

The actual wealth consists of the goods on hand together with the facilities in use, i.e., the dwellings, plant and machinery, railways, roads, equipment and improvements of every description, but the value of all these things must be expressed in the common denominator of the national currency which has been subject to considerable variation in purchasing power. It is most probable that in 1933 the Canadian people had more houses, more machinery and more roads—in short, more goods and facilities than they possessed in 1929—but, owing to marked changes in price levels and earning power, their value in 1933 was placed at a lower level than in 1929.

The disturbed economic conditions prevailing during the 1930's affected the useful comparability of estimates of national wealth during the period. Furthermore, recent more detailed studies made of the national income may suggest new aspects

\* An explanation of method and of the background of early estimates of national wealth as applied to Canada are given in the article "The Wealth of Canada and Other Nations" by R. H. Coats, Dominion Statistician, published in the Journal of the Canadian Bankers' Association, October, 1919.