III. National Product and Income

11. How much change in physical volume of production was there between 1950 and 1951 ? Our best clues come from production and export figures for tea and rubber, where a large and vital part of Ceylon's income originates. The figures for tea production show a rise of 7 per cent, for tea exports 2 per cent. The figures for rubber are, respectively, *minus* 7 and *minus* 14 per cent.

12. The volume index for coconut products exports rose by 14 per cent between 1950 and 1951. This index is not reliable as a clue to production, partly because of averaging problems, more because an uncertain but large amount is consumed domestically. The index for physical volume of all exports—which should not be trusted to be precisely accurate, due to inevitable index number problems—rose by 1 per cent.

13. The Central Bank has made an estimate of Ceylon's gross income, or expenditure with sub-divisions, for the Colombo Plan year ending June 30, 1951 :

	(*In millions of rupees*)	
(1) Private expenditure on consumer goods and services		3,147±11%
(2) Government expenditure on current goods and services		514± 5%
(3) Gross expenditure on capital formation—		674±15%
(*a*) Private	441±20%	
(*b*) Government	233± 5%	
(4) Surplus on foreign balance		335± 3%
Gross Expenditure on National Product, at market prices		4,670±11%

The figures are rough, and subject to further revision, which the Bank is undertaking. The *plus* or *minus* percentages are indications of the reliability of the estimates : the compilers think it unlikely that true figures would deviate outside the limits shown*. They are not to be compared with previous estimates because of conceptual differences.†

14. This means that for the year ending June 30, 1951, average gross income in Ceylon, per capita, was about Rs. 610 ; average consumer expenditure for the year about Rs. 410 ; and average net national income roughly Rs. 520. This last figure compares with United Nations' recent estimates of approximately Rs. 270 for India, Rs. 480 for Japan, Rs. 480 for Egypt, Rs. 170 for Burma, and Rs. 950 for Malaya.‡ The figures are in a sense unduly favourable to Ceylon, since they apply to

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* This estimate has, inevitably, relied heavily on and is much indebted to the work of Dr. B. B. Das Gupta, before he became Director of Economic Research of the Central Bank, and of Mr. K. Williams, Director of Census and Statistics.

† Gross Expenditure on National Product (*a*) is here taken at market prices, including export duties and charges and excise taxes. In other words, it values output at what the domestic and foreign buyer paid for the goods. A previous estimate for 1950 values output at a lower figure since it excludes excise duties. The aggregate also includes estimates for income in kind to domestic servants, and the value of house ownership, including both rented houses and those occupied by their owners. (*b*) It attempts also to make allowances for biases in the original data : for understatement of service income and gifts received from abroad (to evade exchange control regulations and income taxes), for understatement of professional incomes in income tax returns, and for understatement of rice production.

Private consumption is a residual, calculated by subtracting from Gross Expenditure on National Product the sum of (2), (3) and (4).

‡ The estimates, except that for Malaya, are from the *United Nations Bulletin*, Vol. IX, No. 12, December, 1950. The United States dollar figures given there are translated into Ceylon rupees at the rate of $1=Rs. 4·76. The years are 1949 or 1948-1949. For Malaya, the data are from Frederic Benham's estimate for 1949 as published in a pamphlet of the Economic Commission for Asia and the Far East : *Methods of Income Estimating in countries of Asia and the Far East*, 29 November, 1951, p. 43. The Malaya dollar is taken equal to 1·57 Ceylon Rupees.

the peak period of the Korean boom, and income both before and after has been lower. Also the Burma figures must be rising with higher prices for rice. Furthermore, in any such international comparisons there is a margin of inevitable haze, due partly to varying accuracy and completeness of the national data and varying decisions by the compiling statisticians on borderline matters; and partly to the economic implication of various climates, patterns of consumption, and patterns of culture. A given "value," for example, of rice or of housing, means something appreciably different in Japan's economy from what it does in Ceylon's. These qualms, as they variously apply to different countries, weaken the sharpness of the comparisons but do not destroy their significance.

IV. Wages and Employment

15. The marked improvement in foreign trade, the rise in export and import prices and the high level of economic activity in the country mainly induced by the high level of export income, stimulated employment and pushed up money wages. Information on the subject is limited, but what is available clearly suggests that the employed population as a group fared comparatively well during the year.

16. The movements in money and real wages on tea and rubber estates, which together constitute the most important single employment sector in the country, are shown in the table below. The real wage index has been obtained by dividing the money wage index by the index of cost of living. Information available on other classes of workers, such as Government unskilled workers and workers in certain types of industrial establishments, also shows a like pattern.

Indexes of Money Wages, Cost of Living and Real Wages of Tea and Rubber Estate Workers

(1939= 100)

Period	Money wages index	Cost of living index	Real wages index
1946	279	228	122
1947	293	239	123
1948	313	259	121
1949	320	264	121
1950	372	274	137
1951	453	288	157
1949 December	349	266	131
1950 March	366	275	133
June	356	271	131
September	373	278	134
December	439	268	164
1951 March	450	291	155
June	457	285	160
September	457	287	159
December	462	296	156