

Mr. SALTSMAN: Do you want me to repeat what I said?

Co-Chairman Senator CROLL: Yes.

Mr. SALTSMAN: There has been some comment made that our distribution costs have been increasing at a faster rate than our production costs, and it would have been interesting to look at figures to see if this is true or not.

Mr. BRYCE: I gather the committee is going to go into that with respect to particular industries.

Co-Chairman Mr. BASFORD: Dr. James has somebody from the Department of Labour preparing some statistics for us. I think Dr. James might point out your question to that individual.

Mr. SALTSMAN: There is going to be an attempt to get this type of information?

Co-Chairman Mr. BASFORD: I am not sure that he will be able to give you the type of breakdown you want, but Dr. James will direct your question to the person he is conferring with in the Department of Labour to see if he can answer your question. May I ask Mr. Bryce just what were the factors causing the unusual rise in corporation profits before taxes between 1963 and 1964?

Mr. BRYCE: I am sorry, but I would not want to try to guess at that quickly, sir. There was quite an expansion, of course, in the total in those years, and at certain stages in the business cycle profits do tend to go up rapidly. If you look at the chart on the page that follows the tables, the first chart shows gross profits per unit of output, and you will see that during the expansion from 1961 to 1965 there has been quite an increase in the gross corporate income—that includes both profits and capital cost allowance. There has been quite an increase there as we move up the business cycle phase. Then of course output itself has been going up, so you have both those at work.

Co-Chairman Mr. BASFORD: Thank you. Any other questions?

Senator CARTER: Mr. Chairman, perhaps I did not quite understand what Mr. Bryce said about table 5 at line three, showing the figure of 6.6 as compared with 7.1 in line 9, which would indicate that over the period the rate of profit has been fairly stable, although there must have been fluctuations to have 15.1 last year; but is it a fair statement that 6.6 represents a fairly stable rate of increase?

Mr. BRYCE: No, the profits fluctuate more than most things in the economy and that is illustrated in the chart to which I was referring. It tends to fluctuate with fluctuations in output. That chart shows that while wage costs have been going up fairly steadily, with some variation, of course, profits have been fluctuating around that line.

Now, those are also gross profits. Capital cost allowances are a reasonably steady element within that again, so that the corporation profits item fluctuates even more than that gross total does, in proportion.

Senator CARTER: Is that figure in line three before taxes?

Mr. BRYCE: That is right, sir.

Senator CARTER: Are the taxes referred to in line three substantially the same?

Mr. BRYCE: The corporate tax and personal income tax are not shown in the table at all. They are transferred from those who get these incomes to the Government and do not show up in market prices. We will see that when we come to table 9.

Senator CARTER: So you do not have any figures to show what changes have come about that have come into profits?

Mr. BRYCE: We can easily provide this, if you wish. I do not think we have them here. However, we have some for recent years. We have corporate profits