If I were inclined to be technical about the amendment, I could point to another of the tables in the document used by the hon. member which shows the percentage composition of the gross national product. It proves conclusively that the distribution of income has, since this government took office in 1963, moved in favour of labour.

In 1963, labour's share was 49.6 per cent of the gross national product. In the first half of 1966, the latest official figures available, the per cent had increased to 50.6 per cent representing a 1 per cent increase in the share going to labour. During the same period, the share going to profits declined from 9.6 per cent to 9.4 per cent; that of other investment income declined from 7.1 per cent to 6.7 per cent. If one were inclined to take account of capital consumption allowances, which includes business depreciation, it had declined from 12 per cent to 11.6 per cent. If I wanted to be technical and use those figures I could draw exactly the opposite conclusion to that drawn by the hon. member for Burnaby-Coquitlam.

I would not base my position solely on those figures, but I merely draw attention to the fact that higher prices, which have been a source of concern to all of us and I suppose an even greater source of concern to the government since we have responsibility for administration, have not been the result of huge profits being squeezed out of the wage earners. The figures do not support that conclusion. Indeed, if they mean anything at all they mean that profits went down relative to the share gained by labour. Whatever may be the case in any one specific company, that surely cannot be attributed to the economy as a whole. The facts simply will not support that conclusion.

While I am discussing the relative figures about wages and profits, let me say a word about movements of wages and profits over a period of years. It is true that the shares of income going to each is remarkably stable, but they do fluctuate sharply during the course of a business cycle.

I was looking at the report of the Economic Council of Canada, which has just been published, and I noticed at page 67 a pertinent comment which I should like to read to the house. The following is stated:

While shifts in the distribution of income do indeed take place . . . it is a most intriguing and relevant phenomenon that in the long run the broad sharing-out of industrial income between wages and salaries on the one hand and profits on the other exhibits a fair degree of stability.

Mr. Woolliams: From what page are you reading?

Mr. Sharp: I am reading from page 67. Let me continue:

This has been observed and commented upon in a large number of countries, including Canada. Over the course of the short-term business cycle, the struggle visibly ebbs and flows, with the share of profits retreating as economic expansion approaches a peak and gives way to recession, then advancing again as a trough is reached and general expansion resumed; but over the longer run the great battle for income shares turns out to be much more of a saw-off than the tumult and the shouting might lead one to expect.

When business conditions soften, profits fall off sharply, and when business conditions improve, profits recover from their lower levels. Wage movements tend to be considerably steadier. There is a tendency on the part of some to compare movements during dissimilar periods of business conditions. Thus, it may appear as if profits have been rising too fast, if one compares a recession period with one of prosperity, and that they are the culprit causing rising prices. On the other hand, it may appear that profits have not risen fast enough and that wages have risen too fast, making them the culprit.

• (5:10 p.m.)

All of these statistical manipulations avoid the central point that the shares going to capital and labour, over long periods of time, remain remarkably stable. This is true not only in Canada but in many other industrialized countries as well. A conference on this very subject was convened in 1961 by the National Bureau of Economic Research in New York, and a great variety of explanations were given for this phenomenon. I shall not try, nor would I pretend to give, the full answer here today. But I would point out to members of the house that the increase in income going to wage and salary earners consists—and in this I may be very simple and obvious—of the numbers of workers on the one hand and the increase in their average pay on the other. Similarly, increases in returns to capital consist of two elements: increases in investment on the one hand, and changes in the rate of return on capital on the other.

We are all aware that there has been a very large increase in the amount of investment in Canada in recent years. A considerable part of increased returns to capital represent incomes to cover the increases in physical capital investment, which makes possible growth in productivity and job opportunities.