

relevant, namely that the rates under those guaranteed programs should be sufficiently attractive to give beneficial results to the fishermen, small businessmen and farmers, and yet be realistic enough to attract the banks under these programs.

**Mr. Speaker:** The hon. member for Edmonton West will be recognized for a supplementary, after which the Chair will see the hon. member for York-Simcoe.

ALLEGED CONFLICT BETWEEN INCOME TAX CONCESSIONS TO MANUFACTURERS AND EFFECT OF INCREASED INTEREST RATES ON CERTAIN AREAS—GOVERNMENT POSITION

**Hon. Marcel Lambert (Edmonton West):** Mr. Speaker, not to diminish the interest in the minister this afternoon, but while he is explaining some of the reasons behind this move, would he direct his attention to explaining to this House the apparent paradox of the government moving in areas favourable in respect of income tax to the manufacturing and processing industries and now increasing interest rates which will apparently affect certain areas of this country and small business in particular?

**Hon. John N. Turner (Minister of Finance):** Mr. Speaker, if the hon. gentleman would be good enough to take into consideration the combined effect of the manufacturing incentive he cited and the policies of my colleague the Minister of Regional Economic Expansion, he will see the combined effect is to render more competitive industries in the Atlantic provinces and western Canada. Indeed, those rates now, combined with the incentives the province wants to undertake, have made possible a potential petrochemical industry in Alberta.

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THE CANADIAN ECONOMY

INCREASE IN CORPORATE PROFITS AND DECREASE IN LABOUR'S SHARE OF NATIONAL INCOME—GOVERNMENT ACTION

**Mr. Sinclair Stevens (York-Simcoe):** Mr. Speaker, in the absence of the Prime Minister I, too, would like to direct a question to the Minister of Finance. Is the minister aware that corporate profits after tax in the past three years have jumped 5.3 points to 12 per cent of national income, while labour's share of national income in the same period has declined 5 points to 70 per cent. If this is so, is it part of the government's anti-inflationary program to allow labour's share of national income to drop 6 per cent in three years while corporate after-tax profits have jumped 79 per cent in the same period?

**Hon. John N. Turner (Minister of Finance):** Mr. Speaker, I can give the hon. gentleman figures to show that over a decade the reverse is true, but I want to say to him that corporate profits in 1973 in this country amounted to \$14.5 billion and that in 1974 the intention of reinvesting by business in this country is \$18.5 billion; in other words, \$4 billion more is being reinvested in this country than business achieved by profits in 1973 and that will mean a larger industrial base, more jobs and more income for the working man and woman in this country.

Oral Questions

**Mr. Speaker:** The Chair will recognize the hon. member for York-Simcoe for a supplementary, followed by the hon. member for Winnipeg North Centre.

COMPARISON OF PROFIT POSITION OF UNITED STATES AND CANADIAN CORPORATIONS—SUGGESTED DISCONTINUANCE OF TAX CONCESSIONS TO CANADIAN CORPORATIONS

**Mr. Sinclair Stevens (York-Simcoe):** Thank you, Mr. Speaker. This question again is directed to the Minister of Finance. I would mention that if the minister checks the Bank of Canada figures for the period to which he refers he will find he is quite incorrect. With corporate after-tax profits now running at 12 per cent of total Canadian income compared to 6.6 per cent for corporations in the U.S.A., does the minister still believe it is necessary to continue his liberal tax concessions to Canadian corporations bearing in mind such Canadian corporations now earn more after tax than American companies earn before tax in relation to national incomes?

**Hon. John N. Turner (Minister of Finance):** Mr. Speaker, I do not think it is an accident either that the Canadian economy is in a stronger economic cycle than the American economy. I put the question to him: What does he want; Canadian jobs or American jobs?

Some hon. Members: Hear, hear!

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AGRICULTURE

FLUID MILK—SUGGESTED INCREASE IN SUBSIDY TO AID LOW INCOME GROUP

**Mr. Stanley Knowles (Winnipeg North Centre):** Mr. Speaker, may I direct a question to the Minister of Agriculture, whom we are pleased to welcome back from the other place. In view of the fact that during the past 12 months Canadian consumers have had to absorb an increase of 18.6 per cent in the cost of food, and in view of a further announcement of an increase in the price of milk in Ontario and certain other parts of Canada, will the minister consider increasing the subsidy to the producers of milk so that medium and low income people will not have to pay the additional cost the minister feels the producers need?

**Hon. E. F. Whelan (Minister of Agriculture):** Mr. Speaker, first of all may I make clear that the only thing I was doing in the other place was protecting the interests of members in this place. To answer the hon. member's question, the agreements we signed with the producers contained an escape clause which permits them, if they can show their input profit-cost ratio has gone up, to apply for an increase in the price of milk. Also, as I am sure the hon. member is aware, the government, through parliament, has passed laws which benefit those on low incomes, those on pensions, the disabled, the veterans and those on family allowances.