

they increased slightly less than the gross national product as a whole, and, in the first half of this year over the first half of last year, they have increased at a rate less than half of the increase rate for the gross national product as a whole.

I do not think we need to look for the moment at the dividends paid to non-residents, which are somewhat more stable recently.

No. 5 is the rent, interest and miscellaneous investment income. There is nothing I would draw attention to on that particular item at this stage.

Item No. 6, accrued net income of farm operators from farm production: increases in recent years have varied there quite considerably because of variations in crops and because of the way in which the timing comes in. You will notice a phenomenal increase for the first half of 1966 over the first half of 1965. This is something that would require a detailed explanation which I think it would be best to get from someone else later.

No. 7 shows the net income of other unincorporated businesses. You will notice that over the period as a whole it has been increasing much less than the total gross national product, reflecting the gradual diminution of the roll of unincorporated business as compared with incorporated business, just as the low rate of increase over the period as a whole for farm production reflects the gradual reduction in the total place of agriculture in the Canadian economy as a whole.

Those are the main components there. In No. 9 it is evident that for the period as a whole the current costs of productive output have been growing somewhat less than the value of the output itself; that is, 7.1 per cent—there in the righthand column—as compared with 7.5 per cent.

If we look in recent years, between 63 and 64, the costs of producing the output, including profits, have not gone up as much as did the market value; then in 65 as compared with 64, they were roughly the same. In the first half of 66 the increase has been slightly more for reasons that are evident in the next two lines.

Line 10 shows the role of government: indirect taxes less subsidies. In this picture you will note that over the period as a whole these have increased at 9 per cent a year as compared with the overall value of gross national product of 7.5, and this increasing rate, of course, has been one of the things causing the spread between the 7.1 for the value of product at cost and its market value.

This is a reflection of a part of the financing of government expenditures.

Line 11 brings in the depreciation on capital equipment, the allowances for capital costs incurred in previous periods, and it is to be noted that that has grown over the period as a whole at a rate of 8.4%. I think perhaps that is somewhat deceptive, because the basic system used for capital cost allowances changed between 1949, when the new Income Tax Act was enacted, and 1955, when the new arrangements had gone into effect.

The breakdown of corporation profits, the breakdown between Item 11 and Item 3, that is to say how much is profit and how much is capital cost allowances, is essentially dependent on the income tax treatment here. I think this is fair to say.

These statistics are essentially derived from the taxation statistics and, consequently, the change in the income tax treatment early in the period has led to a rather larger element in the last 10 years for capital cost allowances than earlier, and, if we look at the rates of increase in the last 10 years, the increase in capital cost allowances has been 6.5 per cent compounded as compared with 6.7 per cent for the gross national product itself.

This indicates that it has been through that period a relatively steady influence, and the main change that is noticeable in the figures occurred during that period of the change in practice in the early 50s.