

PROFITS OF MANUFACTURING CORPORATIONS, 1950 TO 1958

	Profit as a Percentage of Sales		Profit as a Percentage of Net Worth	
	Before taxes	After taxes	Before taxes	After taxes
1950.....	10.2	6.8	23.1	15.2
1951.....	10.2	5.7	24.6	13.8
1952.....	8.1	4.4	20.6	10.7
1953.....	8.0	4.4	18.8	10.3
1954.....	6.4	3.3	14.4	7.5
1955.....	7.4	4.1	17.0	9.5
1956.....	7.0	4.0	17.1	9.2
1957.....	6.4	3.8	13.7	8.1
1958.....	5.9	3.6	11.9	7.1

SOURCE: Department of National Revenue, "Taxation Statistics", various years.

NOTE: The above figures are given up to 1958 only, that being the latest year available in "Taxation Statistics". However, the Dominion Bureau of Statistics in "Corporation Profits", Fourth Quarter, 1959, indicates that manufacturing corporations had net profits before taxes of 6.8 per cent of sales, and net profits after taxes of 3.7 per cent of sales, in 1959. These figures compare with 6.2 per cent and 3.3 per cent, respectively, for 1958, in the same D.B.S. series.

By way of comparison, in the United States, profits after taxes as a percentage of total sales in manufacturing were 5.2 per cent in 1958 and 5.8 per cent in 1959 according to the First National City Bank of New York. The twelve year 1947-58 average was 6.3 per cent. As a percentage of book net assets these profits amounted to 9.8 per cent in 1958, 11.6 per cent in 1959 and 14.2 per cent for the 1947-58 average.

APPENDIX "D"

INFLATION

1. It is recommended that government policies having the object of relieving unemployment should be used carefully if they are likely to generate inflation and thus ultimately defeat their own object.
2. It is recommended that the Government recognize its responsibility to assure public confidence in the monetary system by making objective public statements from time to time of its assessment of inflationary forces and the action being taken to counteract them.
3. It is recommended that a new study of the nation's financial structure and machinery be made by independent experts, devoting particular attention to the basis of monetary action, the means by which it is made effective, and its relationships with fiscal policy.

The Association reiterates its belief, expressed in its submission to the Senate Standing Committee on Finance, on June 25th, 1959, that a sound currency is essential to the economic health of the nation and that there should be no compromise with inflation, creeping or otherwise. This country, with its heavy dependence upon export trade can ill afford to permit inflation in the midst of a world where other industrial nations are determined to avoid it.

Despite the fact that the dangers of inflation outwardly seem to have receded somewhat, this matter is especially pertinent at this time because it is submitted that there is a strong cause-and-effect relationship between inflation and unemployment. This relationship is reciprocal: inflation can cause unemployment and vice versa.

For instance, rising costs of production in industries where these cannot be passed on to the consumer in the form of higher prices, require drastic treatment by management. This only too often must take the form of reducing numbers on the payroll, by whatever means this reduction can be effected.