

## APPENDIX B

CANADIAN MANUFACTURERS' ASSOCIATION  
(Incorporated)

1404 Montreal Trust Building,  
67 Yonge Street,  
Toronto 1, Ontario.

Circular No. 2476

MAY 13, 1952.

## SALES DOLLAR BREAKDOWN RESULTS

Dear Sir,

On March 10th, the membership of the CMA was sent circular letter No. 2459 which asked help in an important undertaking—information that would help disprove the myth that industrial profits are excessive.

The response to our questionnaire was gratifying to an extreme. Following are the results of our survey in detail.

Canadian manufacturing industry's profits on each dollar of sales for the year 1951 averaged out at only 5·8 cents, which consisted of 2·3 cents paid out in dividends and 3·5 cents ploughed back into the business. These figures compared with 3·1 cents in dividends and 4 cents retained in the business of the 7·1 cents' profit on 1950's sales dollar.

Force to the figures is supplied by the fact that the CMA members responding to the profit questionnaire employed over 320,000 people in 1950 and over 335,000 in 1951 and had net sales of nearly four billion dollars in 1950 and over five billion dollars in 1951.

These CMA surveys began four years ago and were aimed originally at finding out what the true facts surrounding profits were. The public, according to reputable opinion surveys, has always thought that manufacturing profits were far higher than they actually are. Our findings over a period of four years have proved conclusively that profits were barely half of what the public thought a fair profit should be.

The first survey we did, which covered 1948, showed a profit of 6·2 cents. The following year, it dropped to 5·8 cents. In 1950, a year marked by lower corporate income taxes than last year, profits jumped to 7·1 cents, but last year—even though net sales were a record of five billion for the companies responding to our national questionnaire—taxes of all descriptions were higher and the sales dollar profit dropped back to 5·8 cents, the same as it was in 1949.

Further figures from the survey showed that the average number of shareholders over the two fiscal years of the companies replying to the questionnaire was 264,728 in 1950 and 271,474 in 1951.

Total investments of the companies in question amounted to \$2,592,658,000 in 1950 and \$2,827,729,000 in 1951.

Federal and provincial taxes on manufacturing income in 1950 were 4·9 cents out of each sales dollar, just 2·2 cents less than what the stockholders and the business itself received for the whole year's operations. Taxes in 1951 were not only higher but actually matched the profit of 5·8 cents in each dollar of goods sold. In other words, in 1951, for every cent industry made, the government took a cent in taxes.