

The Government has, in the Association's view, taken an important and wise step in setting up the Commission under the Chairmanship of Mr. J. G. Glassco, F.C.A., to enquire into the organization and methods of operation of the departments and agencies of the Government and to recommend changes to promote efficiency and economy and to improve service in the dispatch of public business. The Commission will, we feel, gain much strength from the inclusion in it of Mr. Watson Sellar, former Auditor-General, who is recognized to have a profound and unique knowledge of the intricacies of government administration, and of Mr. P. E. Thérien, a well-known Montreal lawyer.

It is particularly gratifying to see that the Commissioners are expressly directed among other things to recommend steps that will eliminate duplication and overlapping of services and eliminate unnecessary and economic operations.

APPENDIX "C"

PROFITS

The Association emphasizes that the achievement of adequate profits is essential to the greatest economic progress and the maintenance of employment.

In any thinking on the problems of continuity and expansion of employment in an economy based on private, competitive enterprise, the role of manufacturers' profits inevitably comes to the forefront.

Over a short term, failure to make a profit undermines the faith of the current shareholder, offers no attraction to the potential investor, frequently reduces the size of the work force, and denies needed income to the government. Over a longer term, failure to compete profitably results inevitably in a private company going out of business and adding its work force to the ranks of the unemployed.

For these reasons, achievement of adequate profits is essential to the greatest economic progress and the maintenance of employment.

Below are set out the profits of manufacturing corporations from 1950 to 1958 as a percentage of sales both before taxes and after taxes. During this time the average of profits has been 4.44¢ on each dollar of sales after taxes. Such a figure cannot be construed as anything but distinctly modest.

The Association believes that the achievement of an economic growth rapid enough to maintain employment and absorb the expected increases in the Canadian labour force will require a high rate of investment. Attainment of this objective necessitates calling a halt to penalizing profits.

The encouragement of profits through the unshackling of incentive and the reduction of the corporate tax burden, it is submitted, would go a long way toward strengthening the economy and sustaining employment in face of the mounting challenge of foreign competition.