

To show the profits and dividends payable from flour manufacture alone, the reports of the companies have been analyzed in detail. Profits from flour alone have in most cases been very satisfactory, and allowed ample and sufficient reserves. In the case of three or four of the largest companies, the profit would even be abnormal. Net profit on the turn-over has been in most cases between two and three per cent. It has been shown that this bears little relation to the rate of profit on the total invested capital. It is clear, therefore, that the only way to reach the profits of the milling companies is to increase the tax on the net profits on total investment for the year.

The reports of all the different classes of milling companies, considered together, show that the smaller mills, making from 100,000 to 500,000 barrels of flour a year, could possibly exist making a moderate revenue from a profit of 25 cents a barrel of flour; that the smaller mills, making less than 100,000 barrels a year, would find difficulty in surviving on this profit, whereas the nine largest companies can, on less than this profit, make a net profit yearly of unprecedented amounts. This is due to the increase in production.

The increased profits of the largest companies is not due directly to increase in profit per barrel of flour because 20 cents profit per barrel of flour, when a barrel sells at \$11 wholesale is a smaller rate of profit than 15 cents profit per barrel, when flour sells at \$4 per barrel. As a matter of fact, the rate of profit on the annual turn-over in some cases has decreased as, for example, that of the Lake of the Woods Milling Company, although the net profit on investment has increased.

It is therefore evident that the profits of the large flour milling companies can be reached only by a Business Profits War Tax.

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