

Hon. Mr. CRERAR: That is after taxation?

Mr. SHEILS: No, that was before taxation. The following year this figure dropped to 5·8 per cent—that was in 1949. In 1950 profits jumped to 7·1 cents, out of which 3·1 cents were paid in dividends and four cents were retained in the business to rehabilitate the plant and so forth. In 1951 the figure dropped to 5·8 cents, of which 2·3 were paid out in dividends, which again were taxed, and 3·5 cents were ploughed back into the business. So that, as you said, it is becoming increasingly hard to have any money to plough back into business, or have sufficient money to plough back into business. If it is so desired, that computation can be placed on the record. (See Appendix B to these proceedings).

Hon. Mr. CRERAR: I was going to suggest that you have it placed on our record.

Hon. Mr. EULER: Of course that is not the only place where there is double taxation. Take the sales tax. The sales tax is passed on by the manufacturer to, perhaps, the wholesaler, and he adds that on to his costs, and so the tax is paid on that. It is always cumulative; you pay tax on tax.

Mr. SHEILS: The question of the tax and other expenses being passed on by the manufacturer is something I would like to comment on briefly, if I may.

The CHAIRMAN: Yes.

Mr. SHEILS: That is a wonderful theory, and we would all love to do it 100 per cent. But you run into the question of competition from abroad, these days. I would venture to say that if taxes were raised today on textiles or the toy industry they could not pass on one cent to the public, because of the competition from abroad.

Hon. Mr. CRERAR: I quite agree with that. My remark applied to the conditions that existed when there was a general shortage of goods and it was not a question of price, but of getting the goods. But under the competitive conditions which have been steadily returning, that advantage disappears.

Mr. SHEILS: It does not always follow you can pass it on.

The CHAIRMAN: Gentlemen, if there are no more questions I want to thank Mr. Sheils and the gentlemen who are with him for coming here today and for giving us such a fine brief. It will, I am sure, be of use to us. We thank him also for his patience in answering all these questions. We want to thank you, one and all.

Hon. SENATORS: Hear, hear.

The Committee adjourned.