

## ANALYSIS OF CORPORATION PROFITS

Corporation profits, both before and after tax, were at record levels during 1947. Dividends paid out did not keep pace with the increase in profits after tax, so that undistributed profits set aside during the year rose from \$411 million in 1946 to \$609 million in 1947, or by nearly 50%.

TABLE 7  
CORPORATION PROFITS

	1939	1944	1946	Prelim. 1947
	(MILLIONS OF DOLLARS)			
Corporate profits before taxes (1).....	598	1,221	1,421	1,821
Deduct corporate taxes (2).....	-112	-603	-670	-804
Corporate profits after taxes.....	486	618	751	1,017
Deduct dividends paid out (3).....	-287	-284	-340	-408
Undistributed corporate profits (4).....	199	334	411	609

(1) Includes depletion charges and is adjusted for corporate losses, renegotiation of war contracts and conversion to a calendar year basis.

(2) Taxes paid or payable in respect of the calendar year's income, excluding the refundable portion of the excess profit tax. (See Table 10).

(3) Includes charitable contributions made by corporations. (See Table 3, Item 5 (b)).

(4) (See Table 11).

## THE PATTERN OF INVESTMENT

Investment in plant, equipment, inventories and housing absorbed 21% of the gross national product during 1947 as against 15% in 1946 and 16% in 1939.

TABLE 8  
GROSS HOME INVESTMENT

	1939	1944	1946	Prelim. 1947
	(MILLIONS OF DOLLARS)			
Plant, Equipment, and Housing—Total (1).....	554	756	1,321	2,042
New Residential Construction (2).....	145	157	338	466
Other New Construction.....	126	189	349	556
New Machinery and Equipment.....	283	410	634	1,020
Inventories—Total.....	329	-83	387	780
Grain in Commercial Channels (3).....	127	-14	-46	22
Farm Grain and Livestock (3).....	60	-124	-41	-100
All Other Inventories (4).....	142	55	474	858
<b>Gross Home Investment (5).....</b>	<b>883</b>	<b>673</b>	<b>1,708</b>	<b>2,822</b>
Percentage of Gross National Product.....	16%	6%	15%	21%

(1) Includes private businesses and institutions, and publicly owned public utilities.

(2) Excludes construction by Wartime Housing Limited which is included with Government expenditure on goods and services (Table 2).

(3) Value of physical change.

(4) Change in value. Includes privately financed industrial and trade inventories.

(5) See Table 2, Item 3.

[Mr. Abbott.]