

cotton) is subject to such wide fluctuations in market price. As a guide in regard to the sufficiency or insufficiency of tariff protection, these earnings indicate that the existing protection afforded the textile industry is not sufficient to ensure a fair yield.

#### 4. MANAGEMENT.

It is of course recognized that in considering the return on invested capital, or in the more scientific consideration of the return on the value of the investment, regard must also be had to the question of whether the company or the industry under consideration has been properly managed. It would not be proper, of course, to accord an increased rate of tariff protection to a company or an industry as a result of the small return yielded by the industry if the smallness of that return were due to inefficient management of the company or the industry. In other words, it is submitted that the proper rule is to afford an industry such measure of tariff protection as will permit that industry under prudent management to earn a fair return on the value of the assets represented by its investment.

Evidence,  
pages 12846  
and 12859(f)

In considering that rule in connection with Dominion Textile Company, Limited, it is hardly necessary to deal with the matter of its management at any length, as it is submitted that it has been conceded by all concerned that the Company has been and in particular is being prudently and economically managed.

In touching on this subject, however, it is of interest to note certain significant indications of the efficiency of the management of the Company.

Exhibit  
No. 1230

Exhibit No. 1230, dealing with the distribution of the sales dollar for the five-year periods 1927 to 1931 and 1932 to 1936 and for the ten-year period 1927 to 1936 and for each separate year in that ten-year period, establishes that the expenses of administration constitute a remarkably small proportion of the amount of the sales. The average for the ten-year period is 1.04 cts. in each dollar of sales. An equally remarkable record is shown in regard to selling charges, which constitute only 1.74 cts. in each dollar of sales. Throughout the same ten-year period the amounts expended out of each sales dollar for materials was 43.82 cts., for mill wages 26.79 cts. and for working expenses (this latter item comprising power, fuel, water rentals, lighting, supplies other than materials and numerous similar items) 10.53 cts. When the total expenditure in each dollar for selling and administration, amounting

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