

noted that the figure for dividends paid out does not include dividends paid to Canadian corporations since intercorporate dividends cancel out for the corporate sector as a whole.

Undistributed profits, that is, profits after taxes and dividends, reached a peak of \$827,000,000 in 1948, as compared with \$219,000,000 in 1939. This, together with \$544,000,000 in depreciation charges gives a total of \$1,371,000,000 available for replacement and expansion of plant and equipment, and for building up inventories. Investment figures are not available for corporations, but data on Canadian gross home investment indicate that capital investment reached record highs in 1947 and 1948 with a large part of this expansion being financed by corporation earnings.

### 9.—Profits, Taxes and Dividends of Canadian Corporations, 1939-48

(Millions of Dollars)

NOTE.—Corporate profits before taxes include corporate taxable income, depletion charges and charitable donations, and are adjusted for corporate losses, renegotiation of war contracts, and conversion to a calendar year basis.

Item	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948 <sup>1</sup>
Net profits of corporations <sup>2</sup> .....	618	814	1,124	1,317	1,302	1,221	1,226	1,450	1,828	2,103
Income and excess profits taxes (excluding refundable portion of the excess profits tax).....	112	324	515	629	642	603	603	670	724	743
Net profits after taxes.....	506	490	609	688	660	618	623	780	1,104	1,360
Cash dividends paid abroad and to persons in Canada, and charitable donations.....	287	318	305	311	295	284	251	340	502	533
Undistributed profits (including refundable portion of the excess profits tax).....	219	172	304	377	365	334	372	440	602	827

<sup>1</sup> Subject to revision.

<sup>2</sup> National income estimate. See Table 10 for adjustment for taxable profits.

**Analysis by Industries.**—Most industries showed little change in net profits from 1944 to 1945 but there was a 15 p.c. increase in total profits before taxes from 1945 to 1946, and a 27 p.c. increase from 1946 to 1947. In both 1946 and 1947 the pulp and paper industry (including printing and publishing) showed the largest absolute increase in profits. Other industrial groups whose profits increased considerably in 1947 over their 1946 levels were: forestry, other metal mining, vegetable food products, wood and wood products, primary iron and steel, machinery, automobiles, and wholesale and retail trade. The gold-mining industry, the profits of which have been declining steadily since 1944, was one of the few groups to show a decrease in profits.

Net income after taxes shows much the same pattern as net income before taxes but, because of the drop in the 1947 tax rate, 1947 net income after taxes was 53 p.c. above that for 1946, as compared with a 27 p.c. increase before taxes.