

8.—Estimated Canadian Investments Abroad, as at Dec. 31, 1949

NOTE.—Excluding investments of insurance companies, banks, government credits, and liquid reserves. Holdings of stocks are at book values as shown in the books of issuing companies; holdings of bonds are shown at par values. Foreign currencies were converted into Canadian dollars at current market rates.

Location of Investment	Direct Investments	Portfolio Investments			Total Investments
		Stocks	Bonds	Total	
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
United States.....	684	345	98	443	1,127
United Kingdom.....	60	21	19	40	100
Other Commonwealth countries.....	76	6	8	14	90
Other foreign countries.....	73	105	36	141	214
Totals.....	893	477	161	638	1,531

The privately owned Canadian investments abroad are chiefly in the United States, the total value of investments in that country at the end of 1949 being \$1,127,000,000. At the same time investments in other foreign countries, chiefly in Latin America, were \$214,000,000, while investments in the United Kingdom were \$100,000,000, and in other Commonwealth countries \$90,000,000. These figures of investments exclude the investments abroad of Canadian insurance companies and banks, as well as the official assets referred to above, and certain small amounts of miscellaneous investments that are difficult to evaluate.

Section 3.—Corporation Profits and Income to Shareholders

Estimates of corporation profits presented here cover all Canadian corporations. The figures for the years 1944 to 1948 are based on the reports "Taxation Statistics" published by the Taxation Division, Department of National Revenue; but in years prior to 1944 corporation profits were estimated on the basis of data on tax collections and tax rates supplied by the Department of National Revenue.

Profits are shown both before and after income and excess profits taxes, in order to emphasize the importance of the tax rate in determining the profits available to corporations for dividends and surplus. The income tax rate which was 15 p.c. in 1939 was increased to 18 p.c. in 1940 and to 30 p.c. in 1947; effective Jan. 1, 1949, the rate for the first \$10,000 of profits is 18 p.c., and for all profits in excess of \$10,000 it is 33 p.c. From 1940 to 1947 corporations were also subject to a tax on excess profits, details of which are given in the 1950 Year Book.

Corporation profits before taxes and dividends reached a wartime peak in 1942, declined in 1943 and in 1944, and then rose to an all-time high of \$1,969,000,000 in 1948. The 1949 estimate of \$1,914,000,000 was lower than the 1948 high but well above any other year. The increase from 1939 to 1948 was 219 p.c. while the drop from 1948 to 1949 was 3 p.c.

Tax collections rose sharply from 18 p.c. of profits in 1939 to 40 p.c. in 1940 and remained between 40 p.c. and 50 p.c. of profits until 1948 when the percentage dropped to 36. In 1949 tax collections were 35 p.c. of profits. Profits after taxes increased from \$506,000,000 in 1939 to \$1,241,000,000 in 1949 or by 145 p.c. These figures of taxes levied do not include the refundable portion of the excess profits tax.

Dividends paid to stockholders remained fairly constant from 1939 to 1945. The years 1946 to 1949 all showed substantial increases in dividends paid. It should be noted that the figures for dividends paid do not include dividends paid to