

May 9, 1940

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The contention that high taxes and high costs have squeezed the profits out of business simply is not borne out by the facts. When business has had a market for its products profits have been high, and when it didn't have the market, profits have, of course, dwindled or disappeared. No economic system has yet been devised which can provide large profits to business as a whole irrespective of its volume of operations, although businessmen seem to be demanding such a system when they assert that they must be given large profits before production and employment can recover. According to a tabulation published in the National City Bank letter for March 1940, the net profits of all manufacturing corporations, after taxes, interest, and depreciation, amounted to 8.3 per cent of net worth in 1936 and 8.0 per cent in 1937, as compared with 8.2 per cent in 1928 and 9.1 per cent in 1929. These figures are taken from the corporate income tax returns filed with the Bureau of Internal Revenue and are not yet available for 1938 and 1939, but a compilation made by the National City Bank of the reported net earnings of about 1,000 leading manufacturing corporations showed that their profits declined from 10.5 per cent of net worth in 1937 to 4.2 per cent in the depression year 1938 and then recovered to 8.4 per cent in 1939.

These averages do not reveal the huge profits in particular lines--19 per cent of net worth last year in drugs, 17 per cent in automobiles, 17 per cent in household equipment, 16 per cent in beverages, 16 per cent in aircraft, 14 per cent in chemicals, and 13 per cent in tobacco products. None of the 40 manufacturing lines shown in the National City Bank's compilation reported deficits in 1939, and in less than one-fourth of the manufacturing fields net profits were below 5 per cent.