

We have heard also about the watered stock, the capitalization, the general financial organization, the cost of management; but we find this:

We have set out figures which show the capitalization of the Corporation, and we point out that no dividends have since incorporation been paid on either the second preference or common shares; so that so far as the wage fund is concerned it has not been adversely affected by this aspect of the financial arrangements of the operators.

Therefore that loud cry about the watering of stock is silenced. It might have been a billion, and it would not have affected the matter in any way whatever, because there have never been any dividends paid on it. Here is another part of the report:

We believe that the steel works operations have been of very considerable help in the past to the proper development of the coal properties, by affording them a market for slack coal. We believe, further, that there is still considerable advantage to the coal properties—particularly in view of the character of the coal—in having a market for the disposal of their slack, in the immediate neighbourhood. Even if industrial developments have been such, and the coking possibilities of the future may be such, that there is a prospect of a wider field for the disposal of slack coal than there was in the past, it will obviously take a considerable time before those markets can be developed in such a way as to enable all or even the greater portion of the slack coal to be placed.

Now about accidents. They are less, much less, than in the United States, but more than in Great Britain. The report says:

However firmly the law is administered in regard to safety, and it should be rigidly administered, there can be no doubt that very many accidents arise from individual disregard and overlooking of the ordinary canons of safety to himself and others.

I like that word "canon"; it is a new word to me in that connection. I may say that this Dominion Iron & Steel Company is now in the hands of a receiver, following the unanimous report by this Royal Commission.

Peak Output—No Profits!

The above heading does not refer to the newsprint industry. It refers to the iron and steel industry in Nova Scotia. It would appear, from news appearing in the Nova Scotia papers, that while in 1928 the Sydney steel plant registered the largest year's production in its history, no profits resulted. The output, we are informed, was maintained within 2½ per cent of capacity for a continuous period of 12 months, yet the Dominion Iron and Steel Company could not, under present conditions, earn a dollar on its capital stock.

This is surely a question worth inquiring into. Says the Sydney Post: "It will be agreed that the trouble is not with the operating management or the business administration or the affairs of the plant. Since 1926, the reduction in operating costs has been most notable in every department, reflecting in some instances economies in production amounting to 20, 30,

and even 35 per cent—simply a marvellous showing for two years. And yet, despite these reduced costs in production, and despite the fact that last year's operations were at 97.6 per cent of capacity, the gross earnings were barely sufficient to care for replacements and repairs, and to pay interest on the money the Company has borrowed from the public on its bonds. As for the 'owners' of the Steel Company,—the shareholders whose millions have been invested in its stock issues—they will not receive a dollar in the form of dividends out of last year's earnings."

The answer to the question as to why this profitless output, it appears, is that the market prices received by the Dominion Iron and Steel Company for its products have been entirely too low to leave a reasonable margin of profits. As the Dominion Company has been reducing its production costs, American competition, freely permitted in the Canadian market under the existing steel tariff, has forced prices down to ruinously low levels, and has thus nullified the results of all the production economies effected at the Sydney plant in the last two or three years.

Under these circumstances it is little wonder that Ottawa is being looked to for relief. Would it not be worth while to consider the re-establishment of the iron and steel bounties which the Hon. W. S. Fielding defended so vigorously when he was Minister of Finance?

Here is what was said by a large deputation that was headed by the Prime Minister at the time:

Unfair Discrimination

The following is an extract from the case presented to the Prime Minister of Canada on behalf of a widely representative delegation from Nova Scotia by Hon. E. H. Armstrong, Premier of that province:

"As coal entering Canada for steel making purposes is free of duty there is no protection for the Nova Scotia miner producing coal for steel-making. We think this is unfair, as our miners must use articles imported from other Provinces of Canada, the Customs duty on which greatly exceeds those applying to the coal he produces or the steel made by means of that coal."

The Premier also referred to the fact that the ore used by the Steel Works in Nova Scotia is produced by Canadians and other men of British stock in Newfoundland by the use of Canadian money and Canadian materials and supplies. The requirements of the mines in the way of machinery and equipment, tools, explosives, horses, fodder, coal and other supplies, and the food-stuffs and many other necessities of life required by the ore miners and their dependents are sent over from Canada, which in this way derives almost as much benefit as if the mines were actually within her own borders.

No other iron and steel works in Canada occupies a corresponding position. All the others use United States ore and coal and in some cases United States limestone. The ore and stone are free from duty and ninety-nine per cent of the duty paid on the coal used is refunded. Not a dollar of the cost of producing either the ore, the coal or the stone imported from the United States is spent directly or indirectly in Canada. The whole benefit of the expenditure contingent upon their production accrues to a foreign country.