touched upon, during discussion of Mr. Coote's motion at Ottawa, one member claiming that the market for automobiles in the United States is approaching the saturation point, $300,000,000 worth of cars having been sold on the instalment plan.

If this contention is correct, if demand is almost met in the United States, American manufacturers will naturally redouble their efforts to ship their products into Canada. Any reduction in the tariff would be playing right into their hands.

One Canadian firm that was very optimistic of the future of the automobile industry, went into debt to buy the most modern machinery available for the manufacture of bearings. As some types are more or less standard to several makes of cars, quantity production seemed assured, and the concern in question got considerable business for two years. For the last three years, however, not a single order has been obtained.

Compete on Equal Basis

The executive of the plant in question claims that the efficiency of his machinery makes it possible for him to compete with any American producer on an equal basis, yet, he is not even given a chance to figure such work!

Still another firm that began the manufacture of door locks and other parts three years ago, admitted the other day that it had about enough, and was considering dropping the parts business altogether at an early date. However, rather than close down the department and throw a number of men out of work, orders for another year have been accepted in the hope that the profit on them will at least pay the light bill.

One problem that affects the automotive part industry is that of dies. Each car builder has his own particular design for the part to be manufactured. Some, indeed, have a different design for every model of car they turn out. The result is that considerable capital is tied up in dies alone, builders refusing to pay any part of the cost of such dies.

It is, of course, true that in such cases the manufacturer has such equipment on hand for future orders, but there is always danger of a change in design.

Could Absorb Losses

However, many executives admit that if they were able to get all of the business, for both export and domestic requirements, they would be able to operate on a sufficiently profitable scale to absorb die losses.

A few automobile builders are standardizing, as far as possible, the components used in their vehicles. One maker is reported to have reduced the number of types and sizes from 13,000 to 2,100—a reduction of nearly 84 per cent. As the automobile is about 70 per cent. minor parts, standardization enables part firms to get much better runs on the units they manufacture.

In twenty-two years the needs of the automobile industry should have built up a number of powerful allied industries, for in that time hundreds of millions of dollars' worth of parts and engines have been imported. Certainly $100 for parts have been spent in other countries for every car produced in Canada in the period, one automobile firm that does a great deal of buying in Canada admitting that the parts, brought in from the United States for each of its cars, are worth over $200.

The old cry of lack of production is becoming threadbare. As the number of automobiles produced in Canada increases, it has been the importation of parts, and not the manufacture of parts in Canada, that has been increasing.

¶ If Big Share of Taxes to be Paid, Steel Business Must be Encouraged, Says R. H. McMaster, at Steel Co. Annual, April 8

Protection of Industry Vital

THE annual meeting of the Steel Co. of Canada was held at the general offices of the company, Hamilton, April 7. President Ross H. McMaster presided and the report of directors and the annual statement were received and adopted.

The following were elected as members of the board of directors for the ensuing year: Cyrus A. Birge, A. J. Brown, H. H. Champ, H. G. Dalton, G. H. Duggan, H. M. Jacquays, Ross H. McMaster, F. G. Osler, Sir Thomas White, Hon. Smeaton White, and Charles Seward Wilcox. At a subsequent meeting of the board of directors, the following officers were elected: Charles Seward Wilcox, chairman of the board; Ross H. McMaster, president; H. H. Champ, vice-president and treasurer; H. M. Jacquays, vice-president; R. G. Wells, vice-president; H. T. Diplock, vice-president; George Spence, general sales manager, and H. S. Alexander, secretary.

Under provisions of a by-law which was confirmed at a shareholders' meeting, additional vice-presidents were named who are not members of the board, centralizing in this manner control of finances, manufacturing and sales in the respective officers.

In moving adoption of the report, Mr. McMaster, after paying a tribute to Robert Hobson, said that, while the published reports of the past year were comparatively gratifying, the profit, if calculated on the amount of money invested in the business represented to share capital, surplus and usable reserves, does not show, by any means, the yield which might be expected from enterprise and capital engaged in an industry subject to varying conditions of business.

Creates Wrong Impression

"Any calculation based simply on the ordinary share capital," continued Mr. McMaster, "while proper for the purposes of comparison, is liable to create the erroneous impression that excessive profits have been made, as it disregards the capital employed which is not represented by issued shares.

"Since the inception of the company, there has been no increase in capital stock and undistributed profits have built up a substantial surplus and other reserves which represent funds invested in the business which was equally entitled to an adequate return. It may be observed also that interest from investments covers a large share of our bond interest obligations.

"It is mentioned in the report that prices declined throughout 1925 in comparison with the previous year," said Mr. McMaster. "Some lines have suffered unduly by reason of the extremely keen competition for business which prevailed. This anxiety to secure orders has not been guided, in some respects, by those commercial principles which ought to have their influences in establishing market prices.

Investment Exceeds Turnover

"In a business with the widespread ramifications of the steel industry, which embraces the mining of coal and ore to the manufacture of the finished product, a fact sometimes overlooked is that the investment considerably exceeds the annual turnover. It is, consequently, important to realize that profits are not adequate unless they are more than sufficient to cover the interest on such investment and therefore, a carelessness in marketing methods is bound to lead to inadequate margins and an insufficient return.

"As prices in Canada, on some lines, have receded to lower relative levels than prevail in external markets, without considering duty, although having regard to delivery points involved, there seems reason to feel that less destructive methods should be followed. With regard to the steel industry in general, the progress, or perhaps I should say lack of progress, during recent years is not generally appreciated.

"The competitive conditions I have referred to have been accentuated by the narrowing of the market as a consequence of the various tariff changes made from time to time. These embrace preferential trade agreements, drawback items and exemptions from duty which apply to steel for particular purposes, also free list items which have been added and which, supported by lower wages and depreciated currencies in other countries, have facilitated the entry of foreign sellers into this market.

"Statistics show the production of

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