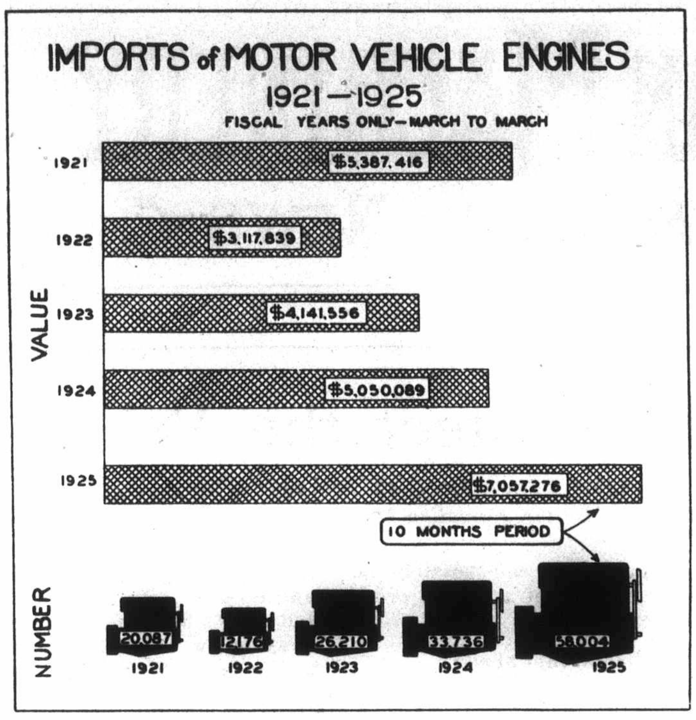

Now if the firm was noted for poor workmanship or materials, there would be every excuse in the world for such procrastination, but the reverse is the case, the plant having a national reputation for quality work of the highest order.

Then again, such an experience is not peculiar to any one manufacturer of parts, but common to many.

Another case, illustrating the treatment given some manufacturers when they try to make a profit on their work, concerns a part used on one type of car, which costs thirty-seven and a half cents in the United States. When brought into Canada it bears a duty of 27½ per cent. Similar parts are made in Toronto on a much smaller production basis, but will a certain automobile manufacturer allow the Toronto producer to take advantage of the protection? Not a chance! The Toronto plant is allowed the American price, plus one-half of the duty, and must prepay the freight!

And this despite the fact that when the part is imported, the assembler has to pay the full duty, and the freight as well.

Part Sold for $5

And the car, on which this part is used, is sold in Canada at fifty per cent. more than the American price, the part in question being sold for replacement purposes at $5.

That Canadian metal-working plants do not and cannot get the business at a fair price from some builders, may be due, in a few cases, to the fact that they are inexperienced at the work, or lack the best machinery for its manufacture.

But that isn't always the case, as the experience of the Canadian branch of a large American manufacturer of parts, proves. The firm, in question, in the United States supplies parts as standard equipment for several cars, both in the United States and in Canada. Yet, the Canadian branch of this firm, which turns out a product identical in every respect with that of the parent plant, is unable to get any of the business.

Recently, the Canadian concern was asked for a quotation on 100,000 rings. With such a large quantity in sight, a very low price was quoted, in fact, a price just a fraction above cost, yet the order was not placed in Canada, the explanation being given that the price was too high.

Related the Incident

A few days after "losing out," the manager of the Canadian concern while at the head office of his company, related the incident to the sales manager.

"Why, were you quoting on that?" said the sales manager. "We have the order here."

And the surprise of the Canadian representative can be imagined, when he found that the price at which the business had really been placed, was higher than that which he had quoted.

The only explanation possible of such business methods, is that an understanding exists between the American and Canadian interests of the automobile builder, both cars, in this particular case, being equipped with exactly similar parts.

These are only one or two typical cases out of hundreds reported, in which there has been dissatisfaction with the attitude of one or two automobile manufacturers. Yet, demoralizing as such elastic interpretations of good business standards may be they are not comparable with the depression that would follow any reduction in the tariff, on either automobiles or parts.

When a resolution was introduced at Ottawa a few days ago by G. G. Coote, M.P., Macleod, proposing a substantial reduction in the tariff on automobiles and motor trucks, Thomas Donnelly. M.P., Willow Burch, speaking in favor of the reduction, pointed out that a lowering of the tariff on all articles that entered into the assembly of cars, would, of course, be necessary, and advocated the doing away of all protection "root and branch."

If the first proposal did not wholly ruin the industry, the second would make sure of it.

Due to the fact that they are forced to bring in much of their raw material from the United States, and are unable under present exemptions, drawbacks and what nots, to get anything like all of the business of Canadian manufacturers to build up their production parts manufacturers must not only have protection, but a good measure of it.

Under present conditions, they cannot possibly manufacture as cheaply as U. S. plants.

And why should they have to with the majority of cars being sold in Canada at anywhere from thirty to fifty per cent. above the American price?

Comparison of Costs

In any price comparisons, however, in which for the moment material costs are ignored, it must not be forgotten that the cost of distribution in Canada is greater than in the United States, because of a similar distribution area and a much smaller volume of sales; the car produced in Canada also contains certain refinements for which proper credit must be given builders; then again, the Canadian product includes certain extras not included in the United States list, a list by the way, which is generally published on a f.o.b. factory basis, as against a delivered basis in the Dominion. Lastly, in Canada there is a sales tax, and an excise duty, in addition, on all cars over $1,200 which must not be overlooked.

Considering matters as they now are, it will be found that there are quite a few components on which the present duty is inadequate if producers are to obtain any profit whatever. The Canadian Lamp & Stamping Co. declare that a cut of even five per cent. in the present duty would make it impossible for them to stay in business, their profit in 1925 being but three and a half per cent.

How many automobile manufacturers would be content with a rate of profit such as that?

Need All Business

On the other hand, the majority of the parts manufacturers would be perfectly satisfied with the tariff as it is, if they were able to get all of the business automobile manufacturers are placing. But with manufacturers obtaining a drawback of 99 per cent. of the duty on all parts imported for use on export cars, they buy little, if any, of such parts in the Dominion.

In this way, part manufacturers are getting considerably less than half of the business being placed.

Another factor in the situation was