

REPORT.

The Select Committee appointed to enquire into and report to the House on the extent and condition of the Manufacturing Interests of the Dominion, with power to send for persons, papers and records, beg leave to submit the following Report :—

That they have, during their investigation of the subject committed to them, received replies from two hundred and fifteen persons engaged in Manufacturing Industry in answer to a circular issued by a former Committee, asking information upon several points connected with such industry, and they have examined orally nineteen persons similarly engaged.

A synopsis of some of the replies received, and the oral evidence thus obtained, accompany this report as an Appendix, and are respectfully submitted to the consideration of your Honorable House.

Your Committee, upon the evidence thus obtained, have arrived at the following conclusions :—

1st. It appears that the competition with the United States, in those classes of manufacture which come under the influence of such competition, is seriously complained of, on the ground that it is an unequal competition fostered by the different fiscal systems of the two countries.

The American manufacturers, having the exclusive control of their own market, find it convenient to relieve themselves of their surplus products in Canada, in many instances at prices less than the cost of production, thus making of Canada a "slaughter market."

It has been established before your Committee that Canadian manufacturers have seriously suffered from this cause, and that the effect of it must be, in some cases at least, to so hamper the Canadian industry as to seriously embarrass it, while the country itself would be injured by the withdrawal from it of large numbers of operatives who would be compelled to seek work in the United States.

This disturbing element in the manufacturing industry of the Dominion arising out of our geographical position, and out of the trade policy of our neighbors, should induce even those who may regard free trade as a correct principle, in the abstract, to recognize the necessity for a modification of that principle as a measure of self-protection, and your Committee respectfully recommend the enactment of such laws as will regulate, if it cannot altogether prevent, the evil complained of.

2nd. The almost uniform testimony before your Committee was to the effect that an increased protection to manufactures will not necessarily increase the cost of the manufactured article to the consumer ; and, in the opinion of your Committee, the witnesses have made out a very strong case in support of this view.

It appears to be well established that the cost of manufacturing decreases as the quantity of goods manufactured increases. Thus a large manufacturing establishment can afford to sell its products at a lower rate than a smaller one. If, therefore, Canadian industry is relieved from the pressure of such undue competition as that referred to in the first paragraph of this report, the effect will be that the manufacturing establishments will be worked to their full capacity, and the cost of production, and the consequent cost to the consumer will be proportionately reduced.

Some instances in proof of the correctness of this principle are given by witnesses whose testimony accompanies this report.