

Why is the maritime textile industry dying?

Your socks, clothes, the carpet under your feet, and nets for trawlers: all of these are products of the textile and clothing industry. At one time, most of these goods were produced in the Maritimes. Today the manufacturing of these products here is minimal. What happened to the textile industry in the Atlantic Provinces? How is it related to the underdevelopment of this area, and how has the textile industry developed vis-a-vis the rest of the Canadian economy?

by Elizabeth Beale

In 1885, with less than a third of the total Canadian population, the Maritimes had more than a third of the country's cotton mills. But the large dry goods wholesalers in Montreal controlled the marketing and distribution of the products of Maritime cotton mills. In 1879, when effective tariff protection was introduced to promote domestic secondary manufacturing under the National Policy, two of Montreal's largest wholesalers—with the financial backing of the Bank of Montreal—were able to push for the consolidation of the existing Canadian grey cotton mills. Under the pressure tactics of this high-powered business group, several of the large cotton mills were bought out and Dominion Cottons was formed. However, conditions under tariff protection were still favourable for the smaller independent mills which were scattered over New Brunswick and Nova Scotia. By 1895, New Brunswick and Nova Scotia's total production in textiles reached a net value of \$3,600,000, and as many as 5,705 people had jobs in this sector.

After the turn of the century, while net value of production rose, automation and increased consolidation into larger units of production resulted in a decline in the number of mills and employees. Dominion Cotton managed to acquire new mills and become Dominion Textiles. Throughout the 20's, the Maritimes enjoyed a brief period of prosperity. Yet by 1929 production in textiles and clothing had declined by 30% in New Brunswick, and Dominion Textiles had closed all its Maritime mills.

Decline of the industry

The industry maintained its 1929 level of production until 1949. In the next decade, the textile industry declined, and in so doing, contributed greatly to the total decline of 3.8% in employment in the Atlantic Provinces. Employment in clothing and knitted goods went down 30%, and by over 60% in textiles. The textile industry had been an important source of employment, accounting for 7.2% of secondary

... we might be tempted to think that Quebec has benefited at our expense ... but this is hardly the case!

employment in 1949. This proportion fell to 2.9% in 1958. Indeed, the decline in employment in textiles and clothing was almost enough to offset the benefits of increased jobs created in all other industries.

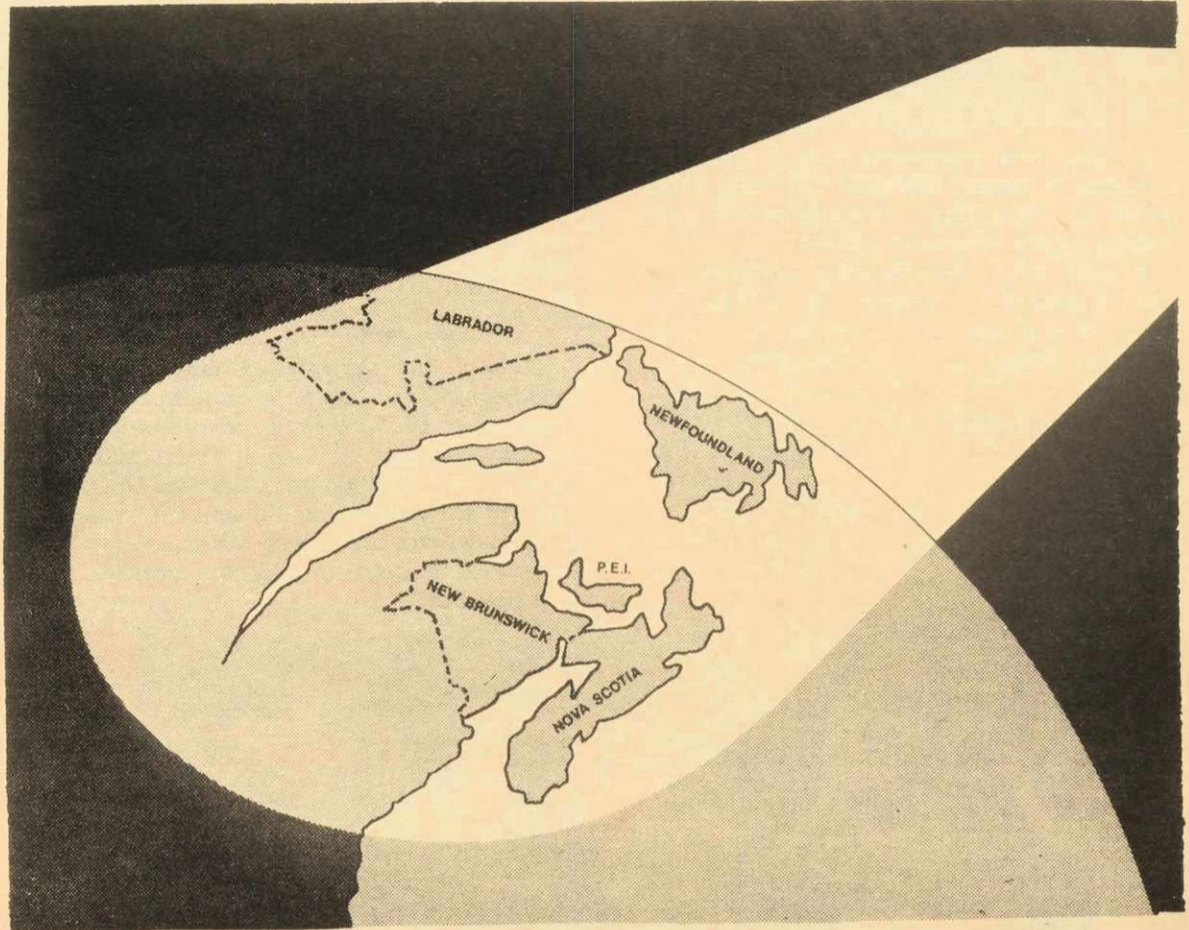
In Nova Scotia, the gross value of textile production decreased from \$5.5 million to \$4.9 million, and the gross value of clothing and knitted goods rose by less than a million. In New Brunswick, this process was even more pronounced. By 1958, the gross value of textile production had slipped to less than one quarter of its 1949 value, or from \$10.6 million to \$2.5 million. New Brunswick in 1949 had 23,400 people employed in manufacturing—1,709 of them in textiles. Nine years later, only 412 remained in textiles—a 76% drop, while jobs in manufacturing had declined overall to 20,744 (or by 11%).

Since 1958, the absolute number employed in textiles, clothing and knitting mills has stayed

pretty well constant for the four Maritime provinces. However, those employed in textiles clothing and knitting as a percentage of those in manufacturing has fallen over the last 20 years. The value of the product of textile industries is now so small that it is no longer considered as a major export industry for the Atlantic Provinces. In 1974, the total value of regional exports was slightly over \$3 million. The textile mills in Nova Scotia can now be counted on the fingers of two hands—including Stanfields Ltd. (Truro and Oxford) and Dominion Textiles (Yarmouth).

(75% American owned) and Celanese (60% American owned) are the three firms which now dominate the industry. They were ranked by the Financial Post among the top 100 industrials for 1976.

Small companies have either been bought out or been forced out of business. Cosmos Imperial of Yarmouth is a case in point. It was a medium-sized textile company whose only external links were with a group of Hamilton financiers not well known in Canadian banking circles. In order to modernize its facilities in



What happened to the industry that once gave work to thousands of Maritimers?

Quebec

Since the early 1900's, the production of textiles has been concentrated in Quebec. From this brief history of the textile industry, we might be tempted to think that Quebec has benefited at our expense . . . but this is hardly the case!

Like all labour-intensive industries, the textile industry tends to pay its employees low wages. Most of the plants are situated in small towns which are largely dependent on the industry. A large number of the independent firms have been gradually swallowed up by larger corporations, and the attachment and responsibility of these new owners to the communities where they are located is minimal. Regular, seasonal layoffs occur, and little attention has been given to the health problems posed by the large quantity of dust released in the processing of the fibres. Many of the companies have used the threat of import competition from low wage producers to weaken the bargaining positions of unions in wage disputes. Thus, they force the unions to take a narrow protectionist viewpoint as regards imports and tariff policies.

Corporate concentration

The process through which the various mills have left the Atlantic Provinces and moved to Quebec, and to a lesser extent to Ontario, is not of course peculiar to the textile industry. The same pattern can be seen in many industries that originally had a strong base in the Atlantic region. But one factor in that process that has been especially noticeable for the textile industry since 1920 is corporate concentration. There has been a trend toward company mergers and vertical integration of firms. Dominion Textiles (Canadian owned), Dupont

Yarmouth, N.S. and Marysville, N.B., Cosmos borrowed from Industrial Estates Limited (IEL), a Nova Scotia Crown corporation.

IEL foreclosed on the loan before Cosmos was able to negotiate alternative financing, forcing Cosmos into bankruptcy. I.E.L. then sold the Yarmouth plant to Dominion Textiles in 1973.

The first chairman of Industrial Estates Limited was Frank Sobey (of Sobey's food stores). He also was a director of Dominion Textiles.

Dominion Textiles, then, was able to eliminate a competitor and acquire "additional spinning and weaving capacity and a trained labour force" in Yarmouth. —As for the Marysville plant, it was purchased by a large American firm, Whittaker.

The clothing industry

The clothing industry, on the other hand, consists primarily of small establishments, excepting Monarch Wear and Levi-Strauss. Most of these small firms have been concentrated in the Montreal and Toronto areas.

The increasing size and concentration is directly linked to the changing technology. Textile production has become increasingly capital intensive, with the shift to man-made fibres and the use of new machinery which reduces the number of necessary operations.

Government's role

Another contributing factor to the increasing size and concentration of the industry has been Government policy, in both areas of financial assistance and tariff protection. From the time of

continued on page 5