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The industry at that time was made up of many separate units, some of them small, each mill endeavouring to produce any and all lines of fabrics for which orders could be secured. Specialization was therefore impossible, and there was an immense amount of waste due to constant changing of looms and machinery for the purpose of making short runs of different kinds of goods. The mills were for the most part modern and well equipped, but they had been compelled to undertake the production of a much more diversified line of goods than had been originally contemplated, and the cost of this diversification, not being offset by any savings through specialization, was more than the most efficient plant could carry.

The owners of a number of the plants then operating realized that if the industry was to render a satisfactory service to the consumers of cotton goods, and earn interest on the large investment, it must be put on a sounder basis. The logical action was to combine operations of a number of mills under one management so as to permit individual mills to concentrate on fewer types of goods. In 1892 the first action was taken along this line by a group of six mills which resulted in real economies in the cost of production, and permitted these mills to compete more satisfactorily with imported fabrics, by selling their products at lower prices. In 1905 further constructive action was taken and the activities of another group of mills were consolidated. Some of the larger units continued to operate independently, but these consolidations resulted in increased efficiency, better wages for the workers, and lower prices for consumers.

In the earlier years investments in the cotton industry had been to a large extent unprofitable, owing to the chaotic conditions which existed, of a large number of individual units, each making a great range of goods and each with heavy overhead charges and separate sales organizations. Shortly after the turn of the century, the industry had become fairly well stabilized, and although profits have not been large, it has become one of the soundest and most efficient industries in Canada.

The inquiry by the Price Spreads Commission has served a useful purpose in giving publicity to many essential facts which are of public interest in view of the large part which this industry has played in the industrial development of Canada. The inquiry was chiefly concerned with facts concerning the capital structure and profits, employment and wage policies, with some reference to sales policies and imports from other countries. Each one of these phases of the inquiry is dealt with briefly in the following pages.

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REPORT TO PRICE SPREADS COMMISSION

The report of Clarkson, Gordon, Dilworth, Guilfoyle & Nash, Chartered Accountants, prepared under the instructions of and presented to the Royal Commission on Price Spreads, covering the years 1930 to 1934, dealt with the operations of nine companies and their seven subsidiaries, which represent nearly the whole of the Primary Cotton Textile Industry in Canada. These companies were:

DOMINION TEXTILE COMPANY, LIMITED.

Its subsidiaries—Drummondville Cotton Company Limited; Sherbrooke Cotton Company Limited.

CANADIAN COTTONS LIMITED.

Its subsidiary—Cornwall and York Cotton Mills Company, Limited.

MONTREAL COTTONS LIMITED.

(Controlled by Dominion Textile Company Limited.)

THE WABASSO COTTON COMPANY LIMITED.

Its subsidiaries—The Shawinigan Cotton Company Limited; St. Maurice Valley Cotton Mills, Limited.

HAMILTON COTTON COMPANY LIMITED.

Its subsidiary—Trent Cotton Company Limited.

GOODYEAR COTTON COMPANY OF CANADA LIMITED.

EMPIRE COTTON MILLS LIMITED.

COSMOS IMPERIAL MILLS LIMITED.

DOMINION FABRICS LIMITED.

Its subsidiary—Dominion Yarns Limited.

The above named companies and their subsidiaries operate a total of 29 mills, of which 10 are located in Ontario, 15 in Quebec, and four in the Maritime Provinces. The majority of the mills are located in small towns, only five being established in the principal cities, and 15 in towns of less than 15,000 population.

EMPLOYMENT AND WAGES

The Primary Cotton Textile Industry in Canada in 1933 gave employment to 15,500 workers. The division of classes of labour is such as to provide diversified employment in the communities in which mills are established. In the 29 mills which were investigated, the following schedule shows the division of employment as between adult labour and youths and girls.

Division of Employment as between Adult Labour and Youths and Girls

	Adult Males 21 years and over	Youths and Boys under 21 years	Adult Females 18 years and over	Girls under 18 years
	%	%	%	%
Ontario	56.3	7.5	34.0	2.2
Quebec	54.2	12.9	29.9	3.0
Maritimes	60.0	3.7	32.6	3.7
All Provinces	55.0	11.0	31.1	2.9

The "main street" of many a town reflects faithfully the satisfactory employment conditions, in towns fortunate enough to have a cotton mill as a source of employment.