

125168

during 1933, just when the effect of the depression was most severe. From the standpoint of the Canadian mills, the extent of the protection per pound or per yard of cotton cloth is the true test of whether duties be high or low. The protection afforded cotton goods is mainly by way of an ad valorem duty based on the value. This steadily declined with the price of raw cotton, which dropped from a high of 17 cents per pound in 1930 to a low of seven cents per pound in 1933.

During the period under review, therefore, the mills in Canada producing cotton textile products were faced with declining sales, falling prices in their raw material which meant inventory losses, and coincident with this condition was the declining tariff protection against low wage countries outside of Canada. In view of these facts, the maintenance of wages through nearly four years of depression at the same level as the boom years of 1928 and 1929 reflects the greatest credit upon this industry.

An important factor in considering the prices which consumers in Canada pay for cotton fabrics is the fact that Canadian-made goods are nearly always sold at a lower mark-up, or gross profit, than imported goods, by both wholesaler and retailer. This is well known to everyone in the trade, and should be recognized by the consuming public. This is due to the fact that the value of Canadian-made fabrics is much better known to all classes of dealers than the value of imported cloths. While Canadian mills make a great range of specialty goods, the greater volume of their products are staple fabrics, such as sheetings, ticking, standard lines of prints, gingham, cottonades, cotton blankets, towels, grey goods, etc., which have become pretty well standardized. Every dealer and a great many consumers know the value of these goods. Competition between retailers or wholesalers handling these standard lines requires that the mark-up be relatively low. In regard to imported fabrics, with the whole world to choose from, wholesalers and large retailers are able to obtain goods from foreign countries, the value of which is not known in the Canadian market, which are not carried by their competitors, and these, therefore, they feel can be sold at a greater mark-up or profit without this fact being known by the buyer. It is not suggested that there is anything improper in this method of merchandising. It is simply referred to here as a matter of general interest, that Canadian products reach the ultimate consumer with less of a distribution cost added than is the case with imported goods.

32125169

## SHORT HISTORIES OF INDIVIDUAL COMPANIES

The auditors' report to the Price Spreads Commission consolidated the operations of nine separate companies, operating twenty-nine individual mills. The following pages contain a brief historical review of each of these companies.

### CANADIAN COTTONS, LIMITED

In 1892 the Canadian Coloured Cotton Mills Company, Limited was formed, bringing under unified management the following mills:

St. Croix Mill, at Milltown, N.B.; Merritt Mill, at Merritt, Ontario; Lybster Mill, at Merritt, Ontario; Stormont Mill, at Cornwall, Ontario; Canada Mill, at Cornwall, Ontario; Ontario Mill, at Hamilton, Ontario; Dundas Cotton Mills, at Dundas, Ontario.

These mills had all been operating as separate units during earlier years. Some of them had been established as early as 1860. Due to the fact that the industry had been over-developed, resulting in high management and selling costs, difficulty was found in meeting competition from Great Britain and from the United States. Mr. David Morrice, who had been selling agent for a number of these individual mills, and who was in a position to know that this young and growing industry could be made more successful under unified management, was the leading spirit in bringing this group of mills together.

Under actual operating conditions it was found that some of these mills, by reason of their size, location or equipment, could not be operated at a profit. As a result mills at Merritt and Dundas were closed, and the machinery either moved to other mills or scrapped. At the time that this action was decided upon, the Company acquired the Cornwall Manufacturing Company's woollen plant in Cornwall to which a good part of the Merritt equipment was transferred, and the new mill was operated, as it still is, as a cotton blanket mill. Right here it is interesting to note a coincidence by which mills in two different parts of the Province of Ontario were known as "Dundas". It happened, however, that the name of the Cornwall mill had no connection whatever with the ownership of the old mill at Dundas, Ontario. The Company already had a "Stormont" mill, so named on account of its location in Stormont County, and the newly acquired mill in Cornwall was then named "Dundas" in keeping with the name of the adjoining county. A general plan of more specialized production was worked out, and each mill confined its activities to the fewest possible types of fabrics.

In 1910 a further reorganization took place, and the present Company, Canadian Cottons, Limited, was organized. At that time two additional mills were acquired, one the Gibson Mill at Marysville, N.B., originally built by Senator Gibson, and the other the more recently built Mount Royal Spinning Company's plant at Côte St. Paul (Montreal). In addition to this the controlling interest was acquired in the Cornwall & York Cotton Mills Company, Limited, at Saint John, N.B., operating two mills, Cornwall Mill and York Mill. Since that time there has been steady improvement in the mechanical efficiency of the Company's plants, and a continuation of the policy, as far as market conditions would permit, of specializing in production. At the present time the Company has concentrated its production in three mills at Cornwall, Ontario, and one mill in each point, Hamilton, Ontario, Marysville, N.B., Milltown, N.B., and Saint John, N.B.

The financing, at different times, of this constructive programme was always marked by the soundest methods. In 1910, when the present Company was organized, additional money was required for the extension of the Company's activities