

Subsection 4.—Size of Manufacturing Establishments.

An essential characteristic of the recent evolution of industry has been the increase in the size of the typical manufacturing establishment. The full utilization of highly specialized machinery necessitates large-scale production, while the improvements in transportation have widened the market, and the development of more efficient methods of business administration has made it possible for the individual manufacturer to supervise effectively a larger plant. An increase in the scale of production of the typical manufacturing establishment has been experienced in all industrial countries which have been affected by the so-called "Industrial Revolution", and not least in Canada, where the rise of the factory system in industry has taken place approximately since Confederation.

The size of the manufacturing establishment is generally measured either by the number of employees or by the value of product, but each of these methods has its limitations. The former takes no account of the differences in capital equipment at different times or in various industries and obviously the increased use of machinery, as in the flour-milling industry, may lead to increased production concurrently with a decrease in the number of employees. The latter measure has to be adjusted for changes in the price level; and, as between industries, it makes those which handle expensive raw materials appear to operate on a larger scale. Both measures are subject to two limitations: firstly, they depend on the fluctuation of business activity and the demand of the consumer; secondly, over any lengthy period of time there is the difficulty of comparability resulting from changes in the method of the census.

Thus, while it is possible in a general way to state that the average size of the manufacturing establishment in Canada has increased between 1870 and 1928, the 1928 figures are not on the same basis as the 1870 figures, especially since they do not include all the small custom and repair establishments included at the earlier date. The same difficulty arises right up to the most recent times. It is only in the last few years that the statistics have been so analysed as to be strictly comparable, and the results of this analysis are given in Tables 26 to 29.

Size as Measured by Gross Value of Products.—In Tables 26 and 27 the size of the establishments reporting to the Census of Manufactures is shown by the gross value of products—Table 26 giving comparative figures for 1922 (the first year for which the figures are available) and 1928, and Table 27 the figures by provinces for 1928.

The comparative Table 26 shows that while in 1922 the 420 establishments which had each a gross production of over \$1,000,000 had an aggregate value of products of \$1,268,056,129 or 51 p.c. of the total production of all manufacturing industries, the 686 establishments producing over \$1,000,000 each in 1928 had an aggregate value of products of \$2,281,557,030, or 61 p.c. of the grand total for all manufacturing establishments—a very significant change in the short period of six years when the general trend of prices of manufactured goods was slightly downward.