

CABINETMAKING AND UPHOLSTERY.

No. 52.

MESSRS. GUTHRIE and LARNACH to the Chairman of the Local Industries Commission.

SIR,—

Dunedin, 9th April, 1880.

In compliance with Mr. A. J. Burns's circular letter we have the honor to report as follows regarding the shipping and timber industries in this district, and the means which recommend themselves to us for making these permanent and beneficial to the colony:—

The depression in trade which has been felt throughout the colony for the last year is very fruitful in suggesting the necessity for measures calculated to provide employment for the masses, and remunerative outlets for the resources of capitalists, and has brought home with startling clearness to the most of the thinking of both classes, that this can only be accomplished by a thorough adjustment of the tariff.

As proprietors of the largest manufacturing establishment, and employing, we believe, the largest amount of labour, in the colony outside the Government, our own experience may perhaps form the most perfect proof of this truth at command.

Our woodware and furniture factory has now been in existence for many years, and represents an investment of £36,000, capable when in full work of giving employment to from 400 to 500 workmen. At no time during this period has its capacity of production been fully tested, and at the present moment it is in a languishing condition, which may be gathered from the fact that only 140 workmen are employed, and that upon three-quarter time. This condition of things is not isolated by any means—it is universal throughout the colony; and the causes which lead to this appear to be, first, that the consumption is reduced to local manufacturers through the influx of goods from Britain and America, which are retailed at prices not necessarily required to yield a profit; and, second, that, owing to the high price of labour and money, local manufacturers are debarred from entering on the unequal competition with imported articles, and consequently their trade stagnates.

Regarding the first-mentioned cause, we might explain that British manufacturers (and, in a lesser degree, American also), having the basis of cheap labour, cheap money, have as a natural result command of the markets of the world, and are thereby enabled to tax their manufactures to the utmost, reducing the cost of production in proportion as the quantity produced is increased. The wider the market, the greater will be the consumption. As the consumption increases the cost to produce decreases.

The second point embraces all the difficulties the local manufacturer is labouring under. He buys his labour and money at an enormous cost over his foreign rival. His market is therefore confined to his own country, and even the competition follows him, which the importing charges do not nullify.

If it is granted as essential to a young country that her internal resources should be developed, it must follow that inducements should be extended to capitalists for the establishment of manufactures, by providing for the consumption of their products; and to successfully encourage such enterprise a protective tariff is, we believe, the only course. It is true that, even without protection, manufactories will be instituted; but these will, we venture to affirm, never reach the stage of development which is essential to render a country independent of outside assistance. The manufactories may linger on in a struggling condition; but they will never form what is essential to our condition—employment for the rising generation, an attraction to overcrowded British workmen, factors in building up the State by enlarging the population and revenue, in encouraging a spirit of invention and emulation, and in raising the standard of the country's workmen. The common objection to a protective policy is that it places the country at the mercy of the manufacturers as to prices; but this is a fallacy which American and even Victorian experience has overthrown. Were protection to become the policy of the colony we believe it would be found that prices would not increase, but rather the reverse; because, first, the entire colonial market being open to local manufacturers, the increased consumption would necessitate increased output, and this would imply greater advantage to the manufactories and consequently less cost to produce. The natural law of competition would effectually regulate cost to consumers and prevent monopoly. Second, the increased operations in the factories would offer increased means of occupation to the present inhabitants of the colony and inducements to foreign workmen, who, by augmenting the population, increase the country's revenue and wealth. This increase would eventually compensate for any loss of revenue by the discontinuance or decrease of importations. The money at present sent out of the colony would circulate in it—a most important consideration.

As affecting ourselves, we may here enumerate some of the more important industries which are at the present moment either non-existent or suffer by the competition with importations:—

1st, furniture.—The colony possesses in an unrivalled degree the staple for making the cabinet-making industry second to none. The native timbers are almost without exception admirably fitted for the work, easily procured, easily wrought, rich in figure and colour; and yet the local-made article is comparatively little used in the presence of the imported article.

2nd.—Woodwares, comprising doors, sashes, tubs, buckets, cheese-moulds, churns, butter-firkins, washing-machines, washing-boards, knife-boards, wheelwrights' work, ladders, &c., are all equally capable of being manufactured locally, but have never been able to take the place of the imported article.

3rd.—The Government have hitherto imported the passenger railway rolling-stock, although local manufacturers could as efficiently have built them from local timbers. Considering that the latter course would have employed men in the bush, in the vessels, and in the workshops here, the loss to the colony must have been serious in this particular alone. It cannot be urged that the colonial workmen are not equal to the task of construction. If evidence were needed to refute that, it would be found in the most casual inspection of colonial workshops.

To put practically before you the effect of the readjustment of the tariff by the adoption of a protective policy, we may say that, with the colonial market free from the imported article, and our productive powers thereby brought into full use, our manufactures could be placed in it at a reduction of 20 to 25 per cent. The reduction thus shown would not only enable us to supply the colony