THE NOVA SCOTIA COAL INDUSTRY

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ECONOMIC AND SOCIAL ASPECTS
of the
NOVA SCOTIA COAL INDUSTRY.

Submitted in part fulfilment of the
requirements for the degree of
Master of Arts.

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1926.

CHAPTER 1

THE COAL FIELDS AND THEIR EARLY HISTORY (1664 - 1825.)

The productive coal fields of Nova Scotia are confined almost entirely to four counties; Cape Breton (north and south), Inverness, Cumberland (Springhill and the Joggins), and Pictou. Of the total coal production, however, more than eighty-five per cent comes from Cape Breton, Pictou, and Springhill. (1)

"The Sydney coal field, the largest and most valuable in Nova Scotia, "says Colonel Walter Herd, Chief Mining Engineer of the British Empire Steel Corporation, (2) "is situated on the north east coast of Cape Breton, extending from Mira Bay on the south to Cape Dauphin on the north, a distance of thirty miles, and having a general dip north and east under the sea". Sydney Harbour cuts off direct communication between the northern area, around Sydney Mines and the larger part of the coal field to the south east. "The coal measures, which are almost con-

(1) Reports of the Nova Scotia Department of Mines.
(2) Evidence before the Royal Commission of 1925, 2091 - 2093. Henceforth this source is quoted as "Evidence, 1925".

tinuous throughout, are exposed in the cliffs along the coast line, and form under land a small segment of a circle, with an area of two hundred square miles. The greatest distance from the coast landwards is nine miles, the greatest development seawards two-and-one-quarter miles. At this distance the strata maintain a regular rate of dip, proving a submarine area of about seventy square miles, and probably indicating a vast submarine coal field far beyond the present economical working limit.

"Though remarkably free from strata dislocations, the areas capable of development are separated into four basins: Morien, Glace Bay, Lingan, and Sydney Mines. The strata dip seaward at an average rate of 6% along the axes of the basins. The general rate of dip in the workings varies from 7% to 22%, the average inclination of the ocean bed being about 2%.

"Apart from some sandstone in limited areas of Glace Bay, the roof is mostly shale, getting weaker as the mines are developed seaward under greater cover. The floor ranges from soft, fine clay to hard shale".

"The Cumberland coal field (1) is a basin-shaped strip

(1) Evidence, 1925, Colonel Herd, 4054 - 4057.

of carboniferous coal measures extending south east from the Joggins, where the seams run under the sea, a little over twenty-five miles to Springhill, where they are thrown up against pre-carboniferous rocks. The average width is not more than twelve miles. So far, coal of commercially mineable quality and thickness has been found only in three comparatively small districts. At the Joggins, the Maritime Coal, Railway and Power Company is working thin seams under the Bay of Fundy; at River Hebert, small companies operate spasmodically on the outcrop of thin seams. Much the most important deposits are at Springhill, where the productive measures crop out over an area of about twenty square miles. About eighty-seven square miles probably contain coal of workable thickness at reasonable depth. Only part of the field is proved, and considerable drilling is necessary to determine its resorces. The known seams range from four to ten feet in thickness, and, though comparatively free from faults, pitch rather steeply.

"The cover is made up of strong sandstone bands, a few seams of clay, and shales varying from soft to extremely hard."

"Nine miles from Northumberland Strait, and just beyond

tidewater on the East River, lies the Pictou coal field, (1) a small area no where more than ten miles long or three miles wide, badly faulted, but remarkable for the great number and thickness of its seams. Here too, much drilling remains to be done; but the known coal may be said to lie in three horizons. The uppermost, or Thorburn series, on the extreme east, contains five workable seams. At an estimated distance of two thousand feet below the lowest of these, lies the middle, or Stellarton series. This contains eleven proved seams, of which five have been worked. The most famous is the Foord, which in parts has forty feet of marketable coal. The whole series has one hundred and eighty-nine feet of coal in thirteen hundred and seventy-nine feet of strata. Two thousand feet below the lowest known Stellarton seam, is the Westville series, containing four seams, two of proved commercial importance".

Coal had been used in Europe to a limited extent from very early times, and by the reign of Elizabeth had become a fairly important fuel. But it was not until the middle of the eighteenth century that it began to take the place of charcoal for smelting. It was still later, with the

(1) Evidence, 1925, Colonel Herd, 4095 - 4110.

development of the steam engine, the coal finally came into its own as a great source of power and one of the twin bases of the Industrial Revolution.

Quite naturally, therefore, under the French régime the coal fields of the mainland were overlooked, and even those of Cape Breton passed unnoticed by the earlier explorers. Sulte, in a footnote to his paper on "Pierre Boucher et son livre", (1) says: "On connaissait les dépôts de charbon du Cap Breton dès cette époque", i.e. 1664; and Roy in his paper on "Bissot de la Rivière", (2) adds: "Les raffineurs de sucre de la Guadeloupe et de la Martinique vinrent chercher le charbon de terre au Cap Breton, mais cet exploitation ne nous rapporta rien" (ca. 1668). The first printed mention of Cape Breton coal, however, appears in a "Description géographique et historique des Costes de l' Amérique Septentrionale", published in Paris in 1672 by Nicholas Denys, who had in 1654 obtained a grant of the whole island. In his preface he says: "There are mines throughout the whole extent of my concession, near the sea-coast, of a quality equal to the Scotch, which I have proved at various times on the spot, and also in France where I brought them (sic) for trial.

(1) Royal Society of Canada, Transactions, Vol. 2, Series 2, 1896, p. 123.
(2) Ibid., 1892.

At Baie des Espagnols (Sydney) there is a mountain of very good coal, four leagues up the river, and others near the little entrance of the Bras d'Or Lakes, and at Le Chadye on the northwest coast" (probably Mabou). (1) This last is practically the only reference to the Inverness coal until its real development began, nearly two centuries later. (2)

Denys made little attempt to work the coal seams, and after his departure unauthorized persons helped themselves from the cliffs. On August 21, 1677, Duchesneau, Intendant of New France, issued an "Ordonnance" recognizing and establishing Denys' right to exact a duty of twenty sous a ton on all coal exported from Cape Breton.(3) Under Colbert (d. 1683) there was a project to use Sydney coal, and in 1687 a cargo was shipped to France for the Royal forges. (4) Three years later, Denys' patent was revoked, and for the next eighteen years the record seems to be a blank. (5)

In 1708, Raudot, intendant of finances, and his son, intendant of marine for Canada, recommended to the Government certain harbour developments in Cape Breton, because, among other reasons, "the island could furnish old France with coal." Three years afterwards, Admiral Hovenden Walker writes in his

(1) Richard Brown, "Coal Fields and Coal Trade of Cape Breton," 45 - 46.
(2) Nova Scotia Department of Mines Reports, 1864-1870.
(3) Brown, op. cit., 45 - 46.
(4) J. S. McLennan, "Louisbourg from its Founding to its Fall".
(5) Brown, op. cit., 46.

journal: "The island has always, in time of peace been used in common both by the English and the French for loading coals, which are extraordinarily good here, and taken out of the cliffs with iron crow-bars only and no other labour." "The English" were probably New England fishermen. (1)

In 1715, the Government granted a remission of the duties on Cape Breton coal; (2) but it was not until five years had elapsed that the first attempt was made at regular mining, in the ten-foot seam at Cow Bay (Morien). The coal dug was used to supply the soldiers and workmen engaged in the building of Louisbourg. Bradstreet and Newton, in 1724, found fourteen English trading vessels at Canso, "exclusive of one which had left to load coal at Cow Bay for Boston." (3) By 1726, coal ranked second in the not very extensive list of exports; (4) and in 1728 the French shipped a few cargoes to Martinique for boiling sugar. (5)

There followed a period when coal mining fell off, till 1739, when it found in the Intendant Bigot its most persistent friend. Convinced that Cape Breton could supply New England, and would provide the King with cheaper coal than he was then getting, Bigot encouraged the industry in every possible way.

(1) Brown, op cit., 46 - 47.
(2) McLennan, op.cit.
(3) Brown, op. cit., 47 - 48.
(4) McLennan, op. cit.
(5) Brown, op. cit., 48.

A sample sent to France, however, proved unsuited to the heavy Rochefort forging, and seems to have earned for itself a most unenviable reputation. Being subject to spontaneous combustion, its carriage on war- or store-ships of the navy was strictly forbidden. (1)

Before the fall of Louisbourg, the value of the Cape Breton coal fields was already known in France, as Charlevoix states in his "History of New France" (1744) that the island " abounded in coal pits, which were in the mountains; consequently the trouble and expense of digging deep and making drains to carry off the water were greatly saved." His map shows Ance du Charbon, Cap Charbon, and Baie du Charbon in the south Cape Breton area. (2)

During the English occupation (1745 - 1749) the garrison of Louisbourg was supplied with coal from mines at Burnt Head and the Little Entrance of Bras d'Or. "It is quite evident," says Brown, (3) "that the garrison was abundantly supplied, for Governor Knowles complains that the cost of fuel in the winter of 1745 - 6 was £6,000, notwithstanding the number of houses that were pulled down and burned."

From the French reoccupation till the second and final

(1) McLennan, op.cit.
(2) Brown, op.cit., 48.
(3) Ibid., 48.

British conquest in 1758, "it does not appear that much coal was shipped to the British colonies", in spite of an active general trade between Boston and New York, and Louisbourg. The Abbé Raynal declares that the mines "would have probably been forsaken altogether had not ships sent out to the French West Indies wanted ballast." (1) Pichon, Secretary to Governor Raymond, in his "Histoire du Cap Breton"(1760), recounts his experiences on a survey of the island in the spring of 1752, but says nothing about the mines except that "there are two pits (did he mean seams?) at Baie des Espagnols", (2) and (3) that "l'Indienne devient un lieu remarquable par le fort que les Anglois y firent construire pendant la dernière guerre dans l' endroit nommé le Cap à Charbon (Burnt Head), à cause d'une mine qu'ils y ouvrirent. Ce fort étoit tel qu' avec cinquante hommes ils pouvoient se défendre des irruptions des sauvages et conserver la mine. Cette mine fut ensuite fort utile aux François, puisqu'elle servoit à chauffer la troupe de Louisbourg: l' intendant de la colonie permettoit même quelque fois à ceux qu'il vouloit favoriser, de charger de ce charbon dans leur batimens pour servir de leste. Mais le feu prit ou fut mis à la mine pendant l'été de 1752, et le fort fut

(1) Brown, op. cit., 49 - 50.
(2) Here, Brown's rather imperfect translation, op. cit., 50. My notes of the original are mislaid.
(3) From Pichon himself.

entièrement consumé."

There are no records of any coal having been raised in Cape Breton for several years after 1758, except about 3,000 tons a year for the garrisons at Louisbourg and Halifax. The reason may lie in high costs; for Lieut.-Governor Franck-lyn, in a letter to the Lords of Trade, states that the coal cost the Government 4/- a ton, exclusive of implements and stores. (1)

By the Treaty of Paris,1763, Cape Breton passed to the English, and almost at once there were projects for develop-ing the coal mines. In March 1764, Brig.-General Howe and other officers, "desirous of becoming adventurers in opening coal mines", petitioned the King for a grant of land in the island, offering a royalty of 2/- on every chaldron exported. The tract asked for contained at least 100,000 acres, includ-ing the most valuable part of the Sydney coal field. In May, Sir Samuel Fludyers and three others applied for a lease of "all the coals in Cape Breton," offering, "upon having the mines for ten years free of tax, to pay 2/6 for every chaldron they ship for the further term of ten years; 3/9 for the next ten years and 5/- for the last ten years of their lease."

(1)Brown, op. cit., 51.

This application, however, was shortly afterwards changed to a request for 100,000 acres of land "from Mira River to the great branch of Labrador (Bras d'Or), with the seacoast and harbours and all coals for thirty years;" undertaking "to settle thereon not less than one hundred persons every five years, to build a town on one of the harbours, and to pay a royalty of 2/6 for the first ten years and 5/- for the rest of the lease, and, after the first ten years, a quit-rent of 2/1 per hundred acres."

On July 10, the Lords of Trade recommended a lease to Howe and his associates, "because it would lower the price of coal in England, from which large quantities were being exported to America; would be a boon to the colonies, where fuel was becoming daily scarcer; and would be a source of considerable revenue." The recommendation was ignored, and both projects came to nothing. (1)

Evidently, however, the "adventurers" were not discouraged, for there were at the same time several other applications for leases; and a letter from Halifax, in April 1765 (published in the "Scot's Magazine" for July), informs us that"a design is on foot for establishing a company to work

(1) Account by Brown, "History of Cape Breton," 354-355.

to advantage the coal mines, which have this great superiority over all others, that the coals are within three feet of the surface and the most excellent ever seen. There will be no occasion for digging under ground or making drains to carry off the water as in England, for the mines consist of entire mountains of coal, (1) sufficient to supply all the British plantations in North America for ten centuries."

This ambitious scheme also fell through, (2) but in anticipation of further projects, Lieut.-Governor Francklyn forwarded to the Lords of Trade, in September 1766, detailed description of the mine at Cow Bay (the only one then open), and its shipping facilities. "Vessels of one hundred tons can load at the wharf between June 1 and October 15, when the wharf must be taken down and rebuilt in the spring, the bay being so open and the drift of ice so violent as to carry it away in the winter season." According to another letter of the same year, the cost of mining was about 5/- a chaldron; the selling price at the pit-head, ready for transportation, was 12/6. Francklyn proposed to lease the mines, and ship the coal to Halifax in vessels which would otherwise go in ballast, thereby increasing the shipping of the Province, and

(1) It is astonishing to find how long this ridiculous idea survived; astonishing to note the resemblance to modern prospectuses.
(2) Brown, op. cit., 363; "Coal Fields and Coal Trade", 53.

"the revenues arising from spirituous liquors; as a great part of the expenses attending the digging and shipping the coals will be expended amongst the labourers, tradesmen and inhabitants of Halifax." From this scheme he expected a revenue of from £500 to £1,000, to be used for roads and a ferry. In December, however, he was tersely informed that "His Majesty would not at present authorize or permit any coal mines to be opened or worked in the Island of Cape Breton."(1

In April 1767, in defiance of this positive order, Governor Campbell granted a short lease, (2) explaining to the Secretary of State that the coal "could be easily taken away by any adventurer," and that he considered it better to use it and apply the proceeds to road building. He added that the mines had been quite neglected since 1758, and might give useful employment to the garrison. (3)

The only response was a second peremptory order in February 1768, "that no more licenses must be granted for taking coals from the cliffs in Cape Breton." As Brown remarks, "It is hard to conceive what could have been the reason for persisting in this policy; for if short leases had been granted, a great deal of coal which fell from the cliffs every spring

(1) Brown,"History of Cape Breton," 364.
(2) For details, Brown, op. cit., 365; "Coal Fields and Coal trade," 54 - 56. See also Appendix A.
(3) Brown, "Coal Fields and Coal Trade," 56.

and was washed away by the surf might have been collected to supply Halifax with fuel. Besides it would have saved the Government a vast amount of trouble and expense in keeping off trespassers." (1)

Meanwhile, enterprising New Englanders had been driving a brisk smuggling trade. By 1770 the mines were entirely in the hands of these worthies, who even took possession of the official barracks at Cow Bay. The Governor finally lost patience, and on May 4 brought the matter before Council, which ordered the magistrate at Louisbourg to drive out the intruders and place a military guard at the mines.(2)

Halifax at this time was supplied with coal from a new mine at Spanish River (Sydney), worked by the soldiers; but when the troubles in the Thirteen Colonies began, the large garrison used so much coal that the townspeople suffered greatly from lack of fuel. Accordingly, in 1775, the Assembly petitioned the King for leave to dig coal in Cape Breton, apparently without success; but in 1777, forty additional soldiers were set to work at Sydney.(3) The mines were the special preserve of the local officer commanding, who pocketed half-a-guinea for every chaldron of coal

(1) Op. cit., 56.
(2) Brown, "History of Cape Breton," 374.
(3) Brown, "Coal Fields and Coal Trade," 57.

raised for the garrison of Halifax, and the entire proceeds of sales to merchants at 19/6.(1)

When Cape Breton was made a separate government, under Desbarres, in 1784, all the mines were expressly reserved to the Crown. Desbarres leased the works at Cow Bay to a contractor, who promptly absconded; and from that time until January 1, 1788, mining was carried on by the Government alone, the troops being withdrawn. The selling price of 11/6 a ton left little or no profit to the Crown, and in January 1788, Macarmick, Desbarres' successor, leased the mines to Thomas Hoxley, who worked them until his death in 1791. The selling price under this lease remained at 11/6; and the revenue, or what was left after the Governor had taken 3/6 a ton for his private use, was paid into the Provincial Treasury. (2) The Governor's perquisite, however, was not abolished till 1792 or 1793, on receipt of instructions from the Secretary of State declaring it illegal. (3)

The old practice of stealing from the cliffs went merrily on. In October 1792, Macarmick reported that at least five hundred chaldrons had been taken from Cow Bay to St. Pierre and other places in 1789, and that it would take three vessels

(1) Lieut.-Governor Macarmick to Dundas (Secretary of State), October 6, 1792, Calendar to Cape Breton State Papers, "A", Canadian Archives. See also Brown, "History of Cape Breton," 403 - 404.
(2) Brown, "Coal Fields and Coal Trade," 60 - 61.
(3) Brown, op.cit., 60 - 61; Dundas to Macarmick, August 7, 1793, Calendar to Cape Breton Papers, "A".

to watch the coast properly. He had one, under Captain Prichard, who had been "very active lately, having seized three vessels loading at Cow Bay. Three more escaped." (1)

A few days earlier, the mines had been leased to Tremain and Stout, "the only respectable merchants in the place," (2) for seven years at 3/- a ton. Governor Wentworth, however, suggested a lease on more liberal terms under the supervision of a competent engineer, and the building of a stone pier to avoid delays in shipment. Acting on this suggestion, the Home Government sent out Mr. Miller to investigate. His report endorsed the proposal for a new wharf, but the Government refused to sanction so large an expenditure, especially since the lessees had just rebuilt the old wharf. Miller, however, returned to Sydney as Superintendent of Mines, a position he held until his death in 1799.

Tremain and Stout, being unable to supply the whole demand from the mines, were allowed to dig from the cliffs near Point Aconi. Their business, however, was still seriously hampered by the activities of smugglers. In 1794, the schooner "Lady Apsley", and the shallop "Hope" were detailed to watch the coast, and in the next year an ordinance of Council declared all coal -

(1) Brown, "History of Cape Breton", 404.
(2) Calendar, Cape Breton Papers, "A", Macarmick to Dundas, October 6, 1792.

smuggling vessels liable to forfeiture. (1) In 1799, the lease to Tremain and Stout was renewed for an indefinite period, terminable on a six months' notice, and in February 1800 it was surrendered.

Then for almost two years the mines were worked on Government account by the Attorney-General, William Campbell, who had succeeded Miller as Superintendent. In November 1801, Campbell secured a lease for himself, at 4/- a ton, with a maximum selling price of 10/3. In March 1803, finding that there was less profit than he had expected, he asked for a reduction of 1/6 in the royalty, and gave so much trouble that he was finally called on to hand back his lease.

From May 1804 till 1813, the mines were again worked by the Government without much profit, probably because of overstaffing. Government operation was therefore abandoned, and the mines were leased for short periods to various private operators, at a royalty of from 3/6 to 4/3, and a maximum selling price of 13/2. (2) The cost of raising and shipping was about 7/6, (3) and the lessees enjoyed a monopoly of the Cape Breton coal trade till the end of 1826. (4)

(1) Brown, "History of Cape Breton", 415 - 416; "Coal Fields and Coal Trade", 60 - 63.
(2) For details, see Appendix A; Brown, "Coal Fields and Coal Trade", 64 - 66; C. Ochiltree Macdonald, "Coal and Iron Industries of Nova Scotia", 12.
(3) Brown op.cit., 65, quoting a report by Governor Kempt.
(4) Ibid., 64 - 66.

The earliest reference to the coal fields of Cumberland County seems to be a petition of 1711 from Massachusetts for digging "Sea-coals" near the Bay of Fundy. (1) In 1715, Gov- Caulfield reports the existance at "Checanectou" (Chignecto --- spelling was"a matter of private judgment")of very good coal mines formerly used by the garrison; (2) and Major Paul Mascarene, in 1720, informs us that "within seven leagues of Cape Chignecto there are very good coal mines and easily come at, but the want of shelter makes it dangerous for the vessels which come to receive it." (3) The danger seems to have really been less than he thought, for in July of the same year we find Governor Philipps complaining of the depredations of certain New Englanders, "who take away coals annually from the upper part of the Bay without paying duty or even asking permission." (4)

In time, some of the marauders apparently reformed, for in August 1727 the Council granted permission to Nathaniel Donnel to load two sloops at the head of the Bay of Fundy with coal for Boston. (5) In 1731, Philipps reports a coal field "difficult of access, notwithstanding a chance vessell hath now and then loaded there; there are at this time some persons about makeing tryal whether they can digg ye coal and Load

(1) Calendar, Nova Scotia Papers, "A", Dummer to the Lords of trade January 24, 1711.
(2) Nova Scotia Archives, "Calendar of Two Letter-books, 1713 --1741", 25, Letter to the Board of Trade, November 1.
(3) "Account of Nova Scotia", transmitted to the Lords of Trade by Philipps; in Nova Scotia Archives, "Papers relating to the Acadian French, 1714 - 1755", 47.

Vessels there, and if found Practicable intend to apply to the Government for leave to export it to New England." (1) Apparently it was "found Practicable", for on June 24, Philipps told the Council that merchants belonging to Boston (Major Henry Cope and others) "had made application to him for a grant of lands scituate in ye Bay of ffundy. His Excellency at ye same time signify'd to ye Board, that they very well knew ye Persons and their Views in desireing that grant, that it was in regard to a Cole Clift that Lay Contiguous, that had as yett never been of any service either to ye Public or to any private person". (2) The petition was granted, but apparently there was difficulty in carrying out its provisions, for on June 19 of the next year Cope appeared before the Council with a new petition "for a Coliary Near to Chickenectua". He pointed out that the Company had already worked one "Coalliary" on very disadvantageous terms; and after a good deal of bargaining a settlement was finally arranged. (3) On June 21, Lieut.-Governor Armstrong granted to Major Henry Cope, John Leddel, John Cairns, and Alexander

(5) Nova Scotia Archives, "Minutes of His Majesty's Council for Nova Scotia, Annapolis, 1720 - 1739", 155.
(4) Beamish Murdoch, "History of Nova Scotia", Vol.1, 370.

(1) Philipps to the Lords of Trade, in an "Account of the Situation, Commerce etc. of Nova Scotia", in Nova Scotia Papers, "A", Vol. 20, 1278 - 1279.
(2) Nova Scotia Archives, "Minutes of Council 1720 - 1739" 179 - 180.
(3) Nova Scotia Archives, "Minutes of Council", 227, 229.

Forsyth of Boston, "merchants in company" 4,000 acres in Williamstown "on the west side of Chickenecto". They were to pay one penny an acre quit-rent, and 1/6 a chaldron on coal, reserving coals for the troops, "to be dug and exported at His Majesty's charges". (1) This venture had a short life and a merry one, for in the same year the colliery buildings were plundered and destroyed by the Indians. (2)

In August 1736, Armstrong made another grant of 50,000 acres, with mining rights, at Chickonecto, "called Norwich, in the County of Norfolk, in Nova Scotia", to himself, Philipps, several members of the Council, and others, thirty-five in all; but no results seem to have followed, and the grant was escheated, April 21, 1760. (3) The Home Government in 1752 had instructed Governor Cornwallis to discourage mining development"since it would lead to manufacturing in the colonies". There seems to be only one further mention of Cumberland coal before 1825 -- a contract of November 18, 1768. (5)

The coal fields of Pictou County, unlike those of Cape Breton and Cumberland, seem to have attracted no attention until 1785. (6 In 1798, coal was discovered on a brook in the rear of lots owned

(1) Murdoch, Vol. 1, 485.
(2) Brown, "History of Cape Breton", 169.
(3) Murdoch, op. cit., Vol. 1, 519.
(4) Lords of Trade to Cornwallis, March 6, in Nova Scotia Papers, "A".
(5) Nova Scotia Papers, "A".
(6) Robert Drummond, "Minerals and Mining in Nova Scotia", 272.

by Dr. McGregor and William McKay. William Fraser, surveyor, took a sample to Halifax, and as a result Admiral Sawyer ordered a small cargo, which, however, proved to be of poor quality. Dr. McGregor nevertheless opened a pit on the"McGregor seam", and in 1799 caused pleasant excitement at an election dinner "with an excellent fire of coals". (1) Edward Mortimer was granted the first lease of coal lands in 1809; but two years before, John McKay and his father (known as Squire or Collier) had secured a license to dig. In 1815,(2) they got leave to export. During the war of 1812, there was a brisk demand from the garrison, navy, and inhabitants of Halifax, and the McKays did a thriving business shipping down the river in lighters. After the peace, however, coal fell to half its former price. The McKays were imprisoned for debt, and Hartshorne of Halifax siezed their property. The mines were then leased successively to Adam Carr and Mortimer (1817 or 1818); to George Smith and William Liddell, at a fixed rental plus royalty (November 3, 1819); to Smith and Carr, and in 1820 sub-leased to Carr alone. (3)

The sales of coal so far had not been encouraging. Halifax was the chief market, with Newfoundland taking about one quarter of the output.(4) "It might reasonably have been expected",

(1) George Patterson, "History of the County of Pictou", 198.
(2) Besco Bulletin, December 5, 1925.
(3) Patterson, op. cit., 398 - 400; Macdonald, op. cit., 129.
(4) Brown, "History of Cape Breton", 417.

says Brown, (1) "that in the course of forty years sales would have reached a higher figure than 10,000 tons, especially since the rapidly growing cities of the United States at that time derived their whole supply of bituminous coal from Great Britain and the Virginia mines." Coal had been found in Indiana in 1763, and at Pittsburg in 1770. Pennsylvania anthracite was discovered about the same time, (2) the first shipment being offered in New York in 1820. (3) Competition from these sources was as yet very slight; "but it does not appear more than an occasional cargo was sent from Sydney to New York or Boston. The coal went to market in such bad condition that it could not find purchasers so long as there was a plentiful supply of English coal, carefully screened, and even hand-picked. At Sydney no pains were taken to separate the large from the small coal; the colliers, who were not skilled workmen, had no inducement to make as much large as possible, being paid at the same rate for small as for large; and it was so much tossed about and trampled upon in its way from the pits, subject to not less than four lifts before it was stowed in the ship's hold that it was little better than mere slack."

Before 1784, there had been no regular system of mining.

(1) "Coal Fields, 66 - 67.
(2) Brown, "Coal Fields and Coal Trade", 51 --- footnote.
(3) Brown, op. cit., 67 --- footnote.

"Having obtained all that was easily accessible from the face of the cliff at one place instead of driving a level into the seam, it was abandoned, and work commenced at another, where the coal could be literally shovelled from the outcrop into the boats."(1) Even when the Government undertook to work the mines or to grant regular leases, thieving from the cliffs continued upon such a scale that no steady trade could be built up. (2) The method of working was so wasteful that at least 225,000 tons had been needlessly lost before the end of 1826. (3) "The lessees of the mines were less to blame than the Government, which persisted in granting only short leases at exorbitant royalties. It could not be expected that men of capital would employ their money in an undertaking of magnitude under a lease of five or seven years, and it is equally certain that without capital the mines could not be worked with profit."

(1) Brown, op. cit., 58 - 59.
(2) Ibid., 66.
(3) Ibid., 72.

CHAPTER 11

THE GENERAL MINING ASSOCIATION MONOPOLY. (1825 - 1857)

The existing system was obviously quite inadequate, and the beginning of a new epoch in the Nova Scotia coal trade was at hand. In 1825 George IV granted to the Duke of York a sixty year lease of all the mines and minerals in Nova Scotia, except those actually under lease already. This the Duke transferred to his principal creditors, Rundell, Bridge and Rundell, jewellers, reserving one fourth of any future profits. The General Mining Association, organized by the new lessees sent out Mr. Backwell, a Cornish mining engineer to report on the veins of copper which had acquired for Nova Scotia an undeserved reputation for great wealth in that mineral. Backwell found no copper worth working, and recommended the Association to turn its energies to the coal mines. As a result, in 1826, the Directors sent Richard Brown to survey and report on the coal fields. He soon found that the best seams of coal in Pictou and Cape Breton were already worked by others, and

therefore outside the Duke of York's lease. The operators at Sydney Mines, however, were disinclined to renew their tenancy, and Governor Kempt leased the mines to the General Mining Association on the same terms for an interim period of one year, pending a more permanent and satisfactory arrangement. In 1828, all the reserved mines were acquired by agreement with the Provincial Government, under which the General Mining Association paid a rent of £3,000. for the first 20,000 chaldrons (Newcastle measure), and 1/7 for every additional chaldron, excluding small coal. The rate of royalty under the Duke's lease was set aside, and the new rates remained in force till 1845, when the British Government granted the right to mine 26,000 chaldrons for the fixed rent, with no exemption for small coal. (1)

The General Mining Association, with Brown as Resident Manager, began work in Cape Breton in 1827, (2) later sinking new shafts at Sydney Mines (1830, 1834), Bridgeport (1830), Lingan (1855), Bras d'Or (1833), and Point Aconi (1857). The Bridgeport mines were closed in 1842, Bras d'Or in 1836 or 1837, Point Aconi soon after it was opened, and one of the Sydney Mines pits in 1854. In that year, locomotives

(1) Brown,op. cit., 74 - 77.
(2) Ibid., 77.

were first used in shipping to the pier at North Sydney. (1)

Meanwhile, important developments had taken place in Pictou. These mines had already shown themselves exceptionally gassy. "When the sinkers struck the Main seam, roaring gas hurled pieces of coal off the wall, and a deafening noise like a hundred thousand snakes hissing at each other, filled the shafts. The East River, over the crop of the seam, boiled, and when ignited with a torch on a calm day became literally on fire. The miners' wives dug holes in the river bank, lit the gas with a candle, and boiled the water required for a family washing. The gas, however, ceased to rise in the river as the coal was opened up."(2) In December 1827, the Association erected a hoisting engine, which for the first time "brought into successful requisition in Nova Scotia the immense power of steam. The coal was shipped over a wagon-way, laid with rails cast at the colliery, to shoots below New Glasgow, and lightered from there to larger tonnage at the river mouth. Pictou became a Free Port in 1828, and in 1833 the Canadian steamer "Royal William", built at Three Rivers and engined at Montreal, inaugurated the steam navigation of the Atlantic with Pictou coal". (3)

(1) Brown, op. cit., 83 - 90.
(2) Macdonald, op. cit., 130.
(3) Ibid, 130 - 131.

"Six years later, one of the first railways in British America, (1) equipped with three Hackworth locomotives,was opened from the mines to the loading ground at Abercrombie (six miles), amid great public excitement. Two steamers towing lighters carried two thousand people from Pictou to New Glasgow, from which place they proceeded by train to the colliery, where crowds, afoot and on horseback, assembled from all parts of the county. A procession of the various local trades, the Masonic Lodges, the Pictou Volunteer Artillery Company, and mounted visitors, then marched with pipers, bands and banners to New Glasgow and back to the mine, three trainloads of passengers were hauled by the engines to New Glasgow and back; and the day ended with feasting and festivities, to which 'every fiddle and bagpipes from Cape John to the Garden of Eden' contributed". (2)

a "Believing that the British Export Duty of 11/- a ton assured them a monopoly of the New England coal market", the chief object of the General Mining Association was to establish an extensive trade with the United States, but the principal increase in sales (1827 - 1857) was due to the rapidly growing demand in the British Provinces", (3) and to the bunkering

(1) Macdonald, following Patterson, says the first; but this overlooks the Champlain and St. Lawrence, built in 1835 - 36.
(2) Evidence, 1925, Colonel Herd, 4112; Macdonald,op.cit., 131; Patterson op. cit., 401, 406 - 407.
(3) Brown, op. cit., 91.
a Macdonald, op. cit., 15.

trade. Before 1868, when the Cunard Steamers ceased calling at Halifax, they carried Sydney coal on both voyages, and in 1871 it was "still used by the mail steamers from Halifax to the West Indies and by the French steamers on the Newfoundland station". (1) "It must have been a great disappointment to the Association to find in 1857 that, after a struggle of thirty years, the sale of Cape Breton coal had made such little progress in the United States.(2) In 1827, trade between the States and the British Provinces was hampered by so many restrictions that it was impossible to deliver Cape Breton coal in New York or Boston at a price that would command the market. Besides an import duty of 6/9 a ton, colonial vessels were subject to a duty of 4/- a ton on their registered tonnage, and American vessels trading to Colonial ports to a similar duty." As Halifax was the only free port, all British vessels were obliged to touch there to clear, while American vessels could not enter any other port except for shelter. In 1828, however, the tonnage dues were abolished, and through the influence of the Association, Sydney and Bridgeport and Pictou were opened to foreign vessels.

"Unfortunately, just at this juncture, the anthracite coal of

(1) Brown, op. cit., 81.
(2) See Appendix B.

Pennsylvania obtained an outlet to the ocean by the Schuylkill navigation, opened in 1825. It might be supposed from the amount of shipments to the United States from 1830 to 1833 inclusive,(1) that there was a marked increase in the demand; but this was not the fact, for the Association shipped the greater portion on consignment to its agents, with instructions to sell at such prices as it would bring --- which seldom covered cost and charges. This practice was discontinued the two following years, but unfortunately was resumed in 1836, 1837, and 1838 under a still more objectionable form, large quantities of coal being shipped and yarded in New York at heavy cost. So long as a large amount was kept in stock it was impossible for the regular traders to sell direct from the ship. They were driven out of business, while the Association was unable to sell from its dépôts at a remunerative price, subject to such heavy charges for wharfage, yarding, rent, and agencies. After remaining a long time on hand, the coal had to be sold at an alarming sacrifice. The large exceptional shipment of 1839 (2) occurred under contract with a colonial firm for 30,000 tons, supplied at considerably under the regular selling price. Neither the Association nor the contractors made any profit." (3)

(1) See Appendix B.
(2) Ibid.
(3) Brown,op. cit., 91 - 94.

From 1831 to 1837, it may be added, slack was offered at half price; in that year it was lowered to one third of the price for large coal, and from that time found a gradually widening market.(1)

"In 1842, the General Mining Association called the attention of the Crown to the imposition of an American duty of $1.70 a ton on Nova Scotia coal, and to the completion of strategic American railways for the haulage of American coal into New England market". The local market in the Lower Provinces was not large, for manufacturing was still in its infancy. Accordingly the Association asked the Crown for leave to raise 50,000 Newcastle chaldrons for £3,000, instead of only 20,000. "The Crown, believing that the late increase in the British coal export duty counteracted to a certain extent the injurious effects of the American coal duty", declined to reduce the royalty, but gave permission to mine 20,000 additional Newcastle chaldrons free of royalty during 1843. The price of Pictou coal in the United States was thereupon reduced; but the Association still found itself unable to compete with Pennsylvania, and in 1844 renewed its former petition. (2) In the next year, apparently in response to this, the royalty was

(1) Brown, op. cit., 96.
(2) Macdonald, op. cit., 136, 137.

slightly modified, as already noted.(1)

The reduction of the American duty to 3/-, in 1847, did not bring the relief that might have been expected. The British coal export duty had been abolished, (2) and coal sales from Cape Breton to the United States continued to decline. In 1846, however, the General Mining Association had for the first time paid a small dividend, and in the next year Pictou Harbour was "thronged with tonnage in the reviving New England coal trade." High freight rates and inadequate shipping facilities prevented a further increase.(3) The Reciprocity Treaty which abolished the duties, seems to have had surprisingly little effect. (4) In fact the volume of sales was only kept up by the introduction of Lingan coal for the use of gas-works, in 1855. (5)

Fortunately these discouraging results were balanced by the increased demand for Cape Breton coal in the British Provinces.(6) Up to 1833 the sales in this market were checked by the high price; but with the price reduction of 1834, they rose rapidly, and by 1857 had reached 98,300 tons. (7)

Lack of markets, however, was not the only trouble with which the General Mining Association had to contend. The Duke of York's

(1) See above, p. 25.
(2) Macdonald, op. cit., 140.
(3) Ibid.
(4) See Appendix C.
(5) Brown, op. cit., 94 - 95.
(6) Ibid., 91.
(7) Ibid., 95.

lease had been granted by an act of the Royal prerogative, and without consideration for the wishes of Nova Scotia itself. At the time, however, there does not seem to have been any serious dissatisfaction. Macdonald (1) intimates that Carr gave up his rights in Pictou because he "dreaded the competition" of the new company; but Brown says, probably with truth, that "when the old lease expired in 1826, Governor Kempt could not find anyone in Nova Scotia disposed to take the mines, though men of ample means were not wanting. When it first became known that the mines had been sublet to a rich English company prepared to work them on a large scale, the intelligence was received with great satisfaction. Not a word was then uttered against the Duke of York's lease, nor against the transfer of the reserved mines to the Association. The experience of a few years amply verified the favourable anticipation of the colonists. The expenditure of £300,000. previous to 1846 in a colony of not more than 250,000 inhabitants, was sensibly felt throughout the length and breadth of the land. The farmers obtained a good market, the merchants a ready sale for their importations, hundreds of the people constant employment at good wages, and the commercial marine lucrative freights." A

(1) Op. cit., 130.

Committee of the House of Assembly in 1839 reported "that the operations of the Mining Association had been highly advantageous to the Province". (1)

Already, however, there had been rumblings of discontent. In 1838, Alexander Fraser of New Glasgow had applied first to the General Mining Association and later to the Lieut.-Governor for leave to work coal seams on his lands. Dr. Abraham Gesner in the same year began his series of protests against the coal monopoly. (2) Five out of six members of the Committee of 1839, which, by the way was appointed because of Fraser's petition, (3) "had frequently expressed on the floor of the Assembly their disatisfaction with the Duke of York's lease, and on more than one occasion had questioned its legality." (4) Gesner complained that fuel was scarce in Western Nova Scotia and could be economically supplied from the Cumberland coal field. He therefore urged the Legislature to serve notice on the General Mining Association "to open a mine in Cumberland within twelve months, pointing out that under the Imperial lease further neglect to open workings would forfeit the South Joggins coal to the Province," which could then lease it to him. His vigorous agitation in the press, at home and abroad, was supported by no less than

(1) Brown, op. cit., 100 - 102.
(2) Macdonald, op. cit., 137.
(3) Drummond, op. cit., 173.
(4) Brown, op. cit., 102.

nine petitions from King's and Colchester Counties, and finally brought about a legislative inquiry. On March 15, 1845 a Committee of the House of Assembly reported against the monopoly on the grounds that the reduced royalty was a serious loss to the Provincial revenue, that coal was nevertheless higher in price, that the foreign consumer was more favourably treated than the Nova Scotian, and that the western part of the Province was deprived of convenient coal supplies. The report disapproved of any reduction in the royalty, and suggested State purchase of the collieries as an alternative. It further recommended that the Legislature assert its right to control all mines which the Association refused to work. (1) In the same year the Nova Scotia Government, by authority of the House, took the opinion of three eminent English counsel on the legality of the Duke of York's lease. The opinion was unfavourable to the Province, and the British Government twice (1844 and 1849) declared that it would uphold the rights of the General Mining Association. The Assembly nevertheless continued to debate the question with considerable warmth in every Session till 1852. In 1852, 1854, and 1855, it passed resolutions authorizing the Government to negotiate for a surrender of the

(1) Macdonald,op. cit., 137 - 139.

monopoly. The Association, however, had on its hands a lawsuit with the Duke of York's executors, and the matter had to stand over till this was settled.

In 1856, the House offered to confirm the Association in the possession of all coal mines it had opened, to increase its areas to any reasonable extent, and to reduce the royalty by half, if the Association would give up its claim to all other mines and minerals. A year later, in June, Mr. Johnston, the Attorney-General, and Mr. Archibald of the Opposition, went to England as Provincial Commissioners to effect a settlement. The result was a compromise. The Crown (which had,in 1849, transferred its rights in minerals to the Province), gave up a technical claim to about £30,000 from the estate of the Duke of York. The General Mining Association surrendered its monopoly,and paid to the Duke's executors £54,000 af accrued profits and £46,000 in full discharge of all future obligations. In return,the Government of Nova Scotia abolished the fixed rent of £3,000 and the royalty on small coal; reduced the royalty on large coal to 10¢ a ton up to 250,000 tons, and 8¢ a ton on all coal over that amount; and guaranteed to impose no duty on coal shipped by the Association to foreign countries. Large areas at Sydney Mines, Lingan, and Bridgeport, and four square miles at the Albion

mines (Stellarton, Pictou County), at the Joggins, and at Springhill, respectively, were reserved to the Association. At the Session of 1858, the agreement was formally ratified, despite strong opposition, and the coal industry entered on yet another phase of its history.

CHAPTER III

COMPETITION AND CONSOLIDATION (1858 - 1893)

Throughout the Province, the new order of things brought considerable development. In Cumberland County, the greatest activity was at Springhill, where for some time previous to 1846, the farmers had been digging small amounts from the outcrop. (1) Lack of transportation facilities, however, prevented any systematic mining until the coming of the Intercolonial Railway. Prospecting began in earnest in 1865, and by 1884 certain Montreal interests had brought about the merger known as the Cumberland Railway and Coal Company.(2)

In Pictou, the General Mining Association remained for some time the only coal operator; but between 1864 and 1872, when the Association withdrew, British, American, and Montreal capitalists organized several companies, most of which in 1886 combined to form the Acadia Coal Company,Limited. (3)

The real interest of this period, however, centred in Cape Breton. "Between 1858 and 1893", says Drummond "no fewer than

(1) Macdonald,op. cit., 170.
(2) Nova Scotia Department of Mines Reports, 1870 - 1885; Besco Bulletin, December 12, 1925; Drummond, op. cit., 287 - 288. Drummond's account of the earlier history of Springhill is hopelessly inaccurate. See Appendix H.
(3) Macdonald, op. cit., 142, 148-149; Drummond, op. cit., 274-275; Besco Bulletin, December 5, 1925; Evidence, 1925, Col. Herd, 4112; Appendix H.

thirty mines were opened and worked; in the latter year there were only eight companies in operation". Lack of capital, over-development, and relatively small markets, seemed to have been the principal causes of failure; (1) but "inexperience, the scarcity of sheltered harbours, an almost total lack of skilled labour, the competition of British coal, and the excessively limited market for small coal, increased the difficulties of these early operators". (2)

The fortunate survivors of these trials and tribulations merit some attention. In the spring of 1858, E.P.Archbold of Sydney, and J. A. Moren of Halifax, drove a slope in the Hub and Harbour seams at Glace Bay. In 1861, the two pioneers induced a group of Halifax and New England capitalists to join in forming the Glace Bay Mining Company, which undertook extensive mining and harbour development. (3) The American interests withdrew in 1864, (4) to form the Caledonia Mining Company, also operating at Glace Bay. (5) The Gowrie Mine at Cow Bay, opened in 1861 by Archibald & Company of North Sydney, (6) became under their enterprising management, "one of the most prosperous mines in Canada, and created a thriving town and marine coaling station at Port Morien".(7) Cadougan & McLeod

(1) Drummond, op. cit., 192.
(2) Macdonald, op. cit., 38.
(3) Brown, op. cit,, 127; Macdonald,op. cit., 21-24.
(4) Nova Scotia Dept. of Mines Report, 1864;
(5) Macdonald, op. cit., 24.
(6) Brown, op. cit., 117.
(7) Macdonald, op. cit., 29 - 30.

started the Bridgeport mine in 1858, selling out five years later to the International Coal and Railway Company, of New York, (1) which built a railway to its own shipping pier on Sydney Harbour. In 1877, the property was sold by the sheriff, (2) but the new owners seemed to have retained the old name, for the Company figures as one of those entering the Dominion Coal merger. (3) The Ontario or Clyde colliery, opened in 1862, (4) was sold by A. & J. Campbell in 1867, to the Clyde Coal Mining Company, (5) which in 1873, (6) resold to the Halifax Coal and Iron Company. (7) The Gardiner Coal Company operated, not without interuption, from 1869 to 1879, (8) when it ceased work until purchased by Burchell Bros. in 1890. (9) In May 1871, F. N. Gisborne, the moving spirit of the Glasgow and Cape Breton Coal Company, Limited, of London, (inc. 1872), opened the Reserve Colliery. Six years later the property was sold by the sheriff to the Sydney & Louisbourg Coal and Railway Company, organized by the Manager of the old firm. (10) The General Mining Association continued to operate at Lingan till 1884, when this colliery was taken over

(1) Brown, op. cit., 128.
(2) Macdonald, op. cit., 26.
(3) Drummond, op. cit., 193.
(4) Macdonald, op. cit., 33.
(5) Nova Scotia Dept. of Mines, 1868.
(6) Ibid., 1874.
(7) Ibid., see Appendix H.
(8) The last two years under an agreement with the Merchants' Bank of Canada --- Nova Scotia Dept. of Mines, 1880.
(9) Nova Scotia Dept. of Mines, 1891.
(10) Besco Bulletin, April 4, 1925.

by the Low Point, Lingan, and Barrachois Mining Company, Limited, said to have been a subsidiary of the General Mining Association. (1)

The amalgamation movement in Cumberland and Pictou has been passed over briefly, for it presents no features of special interest, and the available information is scanty. "The coming of Dominion Coal", however, was, as Drummond truly says, epoch-making; and the conditions which brought it about call for somewhat extended notice.

The abolition of the General Mining Association monopoly had come at a time when a very active and growing demand for gas coal was being created in the United States, a demand soon accentuated by outbreak of the Civil War. At the same time, fear of capture by Confederate cruisers drove the American Merchant Marine almost wholly into the North Atlantic trade, and the supply of sail tonnage available to coal shippers --- steamer freighting had scarcely begun --- was so great that vessels often had to wait three and four weeks to load. Freights were nominally high; but "green-backs" were cheap, and Nova Scotia coal sold as far south as Washington. "There was no port from New York east into which it did not penetrate;

(1) Macdonald, op. cit., 20; Nova Scotia Department of Mines Report 1885; Besco Bulletin, November 14, 1925; Appendix

and, as may be imagined, it was the harvest time for the new collieries, especially the gas coal producers. The price was $2.40 gold for screened coal, leaving a net profit of at least $1.00 a ton".(1) Till the end of the war, the coal industry flourished; but from that time, according to Mr. Charles Archibald, (2) shipments declined rapidly. "In 1873 there was a great boom due to strikes and high prices in Britain, and the demand exceeded the supply, but this prosperity was short-lived. Within a year, price and demand had fallen off, and the next four years brought ruin to mine-owners and starvation to miners. The coal trade with the United States practically ceased, and there was no other important market for Cape Breton coal from the junior collieries. Sydney Mines supplied the Maritime Provinces and Newfoundland with house coal, as it had done for many years, and the coal consumed in this region for other purposes was insignificant. We could not get a foothold in the Quebec market. The trade up the St. Lawrence was almost entirely by sailing ships which brought English and Scotch coal as ballast when they could not get a small freight".

The Reciprocity enthusiast is fond of using these stories to point a moral and adorn his favorite tale. Undoubtedly,

(1) Macdonald, op. cit., 24 - 30.
(2) Ibid., 30.

the Nova Scotia coal industry enjoyed years of great prosperity during the life of the Elgin-Marcy Treaty. Quite as certainly, the abrupt termination of the Treaty was followed by ruin and catastrophe. But there is no ground whatever for jumping to the conclusion that Reciprocity and Reciprocity alone caused the one, or the American coal duty of 1867 the other. I have already (1) noted the very slight initial result of the treaty of 1854 and a single glance at the Provincial Mines Reports (2) shows that the real developments in the American market and the opening of new collieries began not with the Treaty but with the war. That great industrial stimulant produced the usual feverish prosperity, and the deflation and political upheavals of "Reconstruction" brought the inevitable collapse. Within a few years the severe prolonged and world-wide crisis of 1874 had still further narrowed the markets for Nova Scotia coal, at home and abroad.

Moreover, not all the collieries were happy in their management. Caledonia drained its resources by an unsuccessful attempt to create its own artificial harbour, and eventually had to call back on the Glace Bay Company's shipping port, for which of course, it paid harbour dues.(3) The Sydney and Louisbourg probably developed too many collieries at once, and certainly

(1) See above, p.31 .
(2) See Appendix C.
(3) Macdonald, op. cit., 24 - 25.

overbuilt its railway lines; and there are other examples. (1)

Of course, the high duty made things worse, Brown (2) writing in 1871, quotes figures to prove that if Free Trade in coal were restored, there would be largely increased sales and at a lower price for the American consumer. Water carriage, of course, gave an advantage to Cape Breton, and at this time Brown may have been quite right in saying that our gas coal was cheaper than the American. But he seems to have overlooked the special rates just granted by American railways on native coal moving into New England, (3) --- a factor which must have had a strong counterbalancing effect.

The duty was reduced in 1871, (4) but it is impossible to trace any definite results. There were momentary increases in 1873, and to a less extent in 1877; but though the American tariff remained unchanged, the trade revival of the early eighties brought only further decreases in sales to the United States.

Faced with these conditions, the Nova Scotia coal operators sought an immediate remedy in the development of better transportation facilities, and in a tariff on coal sufficient to give them a chance of capturing the Canadian market at least as far west as Montreal. The Confederation debates had

(1) See Chapter IV.
(2) Op. cit., 153 - 154.
(3) Macdonald, op. cit., 203.
(4) See Appendix C.

been filled with glowing prophecies of a vast interprovincial trade to compensate British America for the loss of its southe1 markets. Central Canada was to ship grain to the Maritimes, getting Nova Scotia coal in return. Nova Scotia was not slow to claim the fulfilment of these high hopes. In 1870, after some shilly-shallying, and largely through the influence of Sir Charles Tupper, the Macdonald Government had imposed a coal duty of 50¢ a ton. Ross, of Victoria (Cape Breton), (1) had demanded a still higher tariff, but instead of further concessions, in the following year, the duty was given up in deference to the protests of Ontario and Quebec. (2) In 1876, McKay, of Cape Breton, with the vigorous support of Sir Charles Tupper and others, again raised the question in the House, (3) later bringing it before the Committee on the Depression of Trade; but as the Liberal Government was committed to a policy of no duties on coal (nor on a good deal else, for that matter), it refused to take action. Tupper and McKay, however, continued their agitation during every Session, pressing home their arguments in the Budget debates and on specific motions. With the advent of the Conservative Government in 1879, their efforts at last triumphed. In that year, the duty of 50¢ was reimposed, and though the results were by no means all that Sir

(1) Hansard, 1870, p. 1251.
(2) Ibid., 1876, Tupper, on motion of McKay, (Cape Breton).
(3) Ibid., 1876.

Leonard Tilley had expected, they were distinctly encouraging to the industry. (1) The returns for 1880, compared with those of 1878, show an increased production of 262,107 tons, and increased sales to Quebec of more than 155,000 tons, the total production for the first time exceeding 1,000,000 tons.(2) On account of the low cost of American coal, however, the Ontario market was scarcely touched, and in the same year (1880), in a further effort to capture it, Tilley raised the duty to 60¢. Very fortunately for the Conservative Party, the "trade cycle" throughout the world, was again moving upward; and it is still a hotly debated point how far the National Policy was responsible for the revival in the Nova Scotia coal industry. That it bore a large part there can be little doubt; but there is just as little doubt that it had no effect whatever in developing the Ontario market.

Other remedies for the situation, however, had already suggested themselves. In 1875, the Mines Report observed: "Looking back at the history of previous mining operations, we see the unnecessary expenditure of at least $1,250,000 in duplication of railways and harbour facilities." With prophetic insight, the Inspector admitted the danger of "promotion and overvaluation"; but he was so strongly impressed by the ad-

(1) See Appendix D.
(2) Appendices D. and G.

vantages of combination that in subsequent reports he repeatedly urged the scheme at some length. At Springhill, most, if not all, of this duplication was avoided; and most of the competing companies in Pictou had seen the wisdom of doing likewise. Cape Breton was slow to follow suit, but a continued fall in the price of coal, the need of extensions, and difficulty in getting reasonable freight rates, together with the obvious economies of centralized control, united to impress the coal operators with the need for consolidation. By 1892, in spite of rigid economy, most of the mines were yielding a barely perceptible return.(1) At this juncture, the attention of H. M. Whitney, of Boston, and the Hon. B. F. Pearson, of Colchester, was directed to the Cape Breton coal fields. Together they organized a syndicate, which in 1893, in the teeth of furious opposition at home and abroad, secured from the Provincial Government a new and unusually favourable type of lease for ninety-nine years at a royalty of 12½¢ a ton, and a fixed minimum of $123,000. (2) The Sydney and Louisbourg Coal and Railway Company, Burchell Bros. (Gardiner), Archibald and Company (Gowrie), the International Coal and Railway Company, Glace Bay Mining Company, Caledonia Mining Company, Halifax Coal & Iron Company,(Clyde) were therefore combined as

(1) Drummond,op.cit., 193.
(2) Ibid., 203.

the Dominion Coal Company, Limited under the management of D. McKeen, M.P., late General Manager of Caledonia. In the next year (1894), the new Company bought the property of the Low Point, Lingan, and Barrachois Mining Company, thus eliminating the last independent operator in south Cape Breton, and leaving the General Mining Association in control at Sydney Mines. The period which began with unrestricted competition had ended with four large operators dominating practically the whole of the industry. (1)

(1) Drummond, op. cit., 193 - 204; Nova Scotia Department of Mines Reports 1893, 1894; Hansard 1893.

CHAPTER IV.

FINANCE, MANAGEMENT, AND MARKETS. (1893 - 1913.)

To understand the financial history of the Nova Scotia coal industry from 1893 until the present time, we must go back for a moment to the years we have just been considering. A few companies will serve as typical examples. The General Mining Association, with a capital of £274,690, had, after the small initial dividend of 1846, paid nothing to its shareholders until 1874, when one-tenth of the stock was returned. A second tenth was repaid in 1880, and one-quarter in 1894, leaving the stock list at only 55% of the original capital.(1) Macdonald, (2) states that the refunds were apparently not made out of the profits of coal mining in Nova Scotia, but he suggests no other source. The extension of the Sydney mines under the Atlantic in 1877, put the Association on a permanently profitable basis, and from that year it paid regular dividends, varying from 1¼% at the outset to 13¾% in 1896, and amounting in all to some £250,720. The average rate for the first three

(1) Macdonald, op. cit., 94 - 99.
(2) Macdonald, op. cit., 202.

years was 1½%; for the next fourteen, about 4%; and for the six years from 1894 to 1899, when the Association retired from Canada, 10⅔%. (1)

The Glace Bay Mining Company, under very heavy expense as it was, "declared dividends of 25%, doubled its capital and paid 15%, added again one-half, making a $600,000. stock list, and paid 12½%. In addition, large amounts were placed in the Reserve fund, which by 1866 had reached $80,000. The stock had previously risen to considerably over 200". (2) Even through the darkest days of the Cape Breton coal trade this Company continued to pay dividends, small at times, but without serious embarrassment.

The Archibalds, on the whole, were a highly successful firm. Gowrie coal proved excellent for steam raising and for coke, which was shipped to the Newfoundland copper mines. A briquetting plant, which later fell into disuse, was built to utilize the slack. (3)

There was, of course, another side to the picture. The Spring Hill Mining Company paid dividends of from 16% to 20%, but its successor, the Cumberland Railway and Coal Company, would have been happy with 6%. (4) The Bridgeport Mines of

(1) Macdonald, op. cit., 94 - 95.
(2) Ibid., 23 - 24 --- quoting.
(3) Ibid., 29.
(4) Drummond, op. cit., 288.

the International Coal Company, nominally worth $1,100,000. to the bondholders, sold in 1877 for $200,000., subject to $11,000. arrears of royalty and a prior mortgage of $45,000. Another mine was sold by the Government in 1886 to secure unpaid royalties of $12,706.(1)

The Glasgow and Cape Breton Company, by 1874, had spent some $3,000,000., and was virtually bankrupt. Under D. J. Kennelly it staggered along till 1878, when its successor bought the entire property for £13,000. This Company, the Sydney and Louisbourg, was largely the victim of Kennelly's misplaced enthusiasm. Carried away by grandiose dreams of "establishing a great ocean terminus at Louisbourg which would receive and ship large quantities of grain from Upper Canada and would send great quantities of coal back on the returning ships", he entered on a career of premature railway building, and as a result the railway from Reserve to Louisbourg had to be abandoned in 1883. (2)

Macdonald, (3) thinks that the south Cape Breton collieries between 1858 and 1866 probably earned 10% on their investment, before allowing for sinking fund, interest and dividends; but after the end of the Civil War, their secur-

(1) Macdonald, op. cit., 26, 28.
(2) Besco Bulletin, April 4, 1925.
(3) Op. cit., 203.

ities shrank to one-fifth of their former market value. How much of the capitalization was"watered" it is hard to say. Judging from the total stock issue of the Glace Bay Company, the amount can scarcely have been very large, except relatively; and by the time of the Dominion Coal merger, most of the "water" had probably been squeezed out by the repeated process of buying up bankrupt properties for a song. At all events, the depression came to an end in the late seventies; and for the five years 1888 - 1892, in spite of a much dreaded increase in the royalties, bringing them up to 10¢ a ton, the average profit of the Gowrie, Glace Bay, Caledonia, and International Companies, was about 40¢ a ton, or 7%, without allowing for sinking fund, and exclusive of revenue from retail stores, from railway traffic other than coal freights,and from the steamship company "Black Diamond". (1) The earnings from the retail stores, it may be added, the operators found most helpful in tiding over difficult periods. (2)

The financing of the industry since 1893 has been very complicated, and direct evidence is not always readily available. In default of it, I shall often have to depend on the

(1) Macdonald, op. cit., 61, 203.
(2) Ibid., 219 - 220; and see below, Chapter V.

Royal Commission of 1925, which had before it full and confidential data. According to its Report, (1) the Dominion Coal Company at the time of its organization issued about $12,500,000. of promotion stock out of a total share capitalization of $15,000,000. Common, and $3,000,000. of 8% Preferred.(2)

Earnings for the first few years were not especially large, and it was not until 1902 that the Company paid the first dividend on its Common stock. Macdonald thinks (3) that the increased efficiency of the mines and higher coal prices did little more than compensate the owners for greater costs of labour and material.

In 1894 came a further reduction and readjustment of the American duty on soft coal, and a distinct increase in the sales of Nova Scotia coal in New England. This was probably due less to fiscal changes, however, than to Mr. Whitney's extensive American connections, especially the New England Gas & Coke Company, and certain Eastern railways. Piers and discharging plants were built at Everett, near Boston; special coal vessels were obtained on long charter; and loading facilities at Sydney and Louisbourg (the winter port), were improved. Some time had to pass,

(1) P. 53.
(2) Moody's Manual of Corporation Securities, 1909, p.2466.
(3) Op. cit., 203.

however, before the full effect of these developments could appear. (1) The Boston Smoke Nuisance Law of 1896 was something of a blow to Nova Scotia, (2) and in July 1897, the American duty was increased, though not to the level of 1893.(3) The check which these administered, however, was slight and temporary, and by 1900 Whitney's efforts were bearing good fruit. (4)

Meanwhile changes had also taken place in the Canadian tariff. In 1894, anthracite and anthracite dust were made free, and the duty on soft coal dust was changed to 20%. Sales in the St. Lawrence market fell off slightly during the next two years, but there is no reason to assume that this result was due to the tariff; for in 1897, the duty was further reduced, yet shipments to the St. Lawrence increased considerably. (5)

Two serious problems remained: the lack of industrial markets in the Maritime Provinces, and the relatively small outlet for slack coal. The two questions were interlocked, but the former was perhaps more acute; for as Donald points out, (6) "the Upper Canadian market was limited by the close of navigation on the St. Lawrence, when the Coal Company had either to bank its product or close down." The first step

(1) Besco Bulletin, April 25, 1925.
(2) W. J. A. Donald, "The Canadian Iron and Steel Industry", 200.
(3) See Appendix C.
(4) Besco Bulletin, April 25, 1925.
(5) Nova Scotia Department of Mines Reports, 1894 - 1898.
(6) Op. cit., 200. See also Nova Scotia Department of Mines Reports.

towards a solution, however, had already been taken. In 1872, Graham Fraser and Forrest Mackay started the Hope Iron Works, at New Glasgow, with a capital of $4,000. Their railway axles, and iron work for wooden ships, proved thoroughly successful, and the business gradually expanded until 1878, when it was incorporated as the Nova Scotia Forge Company. This prospered in its turn, and four years later the owners organized the Nova Scotia Steel Company, with a capitalization of $160,000. to manufacture steel ingots. In 1889, the two companies, already practically identical, combined to form the Nova Scotia Steel & Forge Company, with an authorized capital of $1,000,000. For a time this was the only steel producer in Canada, and enjoyed the full benefit of the protective tariff. (1) The same interest soon organized the New Glasgow Iron, Coal & Railway Company, which built a blast furnace at Ferrona, Pictou County, and opened railways to the iron and coal mines nearby. Unfortunately the Nova Scotian ores began to show signs of exhaustion, and it became evident that the Company must look elsewhere for its future supplies. At this critical moment, the Hon. B. F. Pearson suggested investigating the ores of Bell Island, Conception Bay, Newfound-

(1) Donald, op. cit., 254.

land. Fraser agreed; the report was favourable, and in 1894 the New Glasgow Company acquired the properties. Before long, large amounts of excellent ore were being shipped to Ferrona, to the Eastern States, and to Great Britain and Germany; and on January 1, 1895 the two companies were merged in the Nova Scotia Steel Company, Limited. (1)

The disposal of slack was also a formidable difficulty. Nova Scotia coal is weak and friable; (2) and the proportion of slack runs as high as 30%, with a further 15% or 20% from banked coal. (3) As late as 1871, very little of this was saleable in any part of the Sydney coal field. Hundreds of thousands of tons were left in the mines, flung aside, or used to ballast the railways and shipping piers. (4) As time went on, of course, larger markets developed, but the loss was still very great; and even under the Dominion Coal Company must have had a serious effect in curtailing colliery operations. A very large amount was shipped to New England for some years, but the Company soon realized that this was not a permanent market. (5) One obvious solution lay in the production of coke from the small coal, for the use of blast furnaces, incidentally building up a local industrial market at the same

(1) Proceedings of the Empire Mining and Metallurgical Congress, , Part IV, 221 - 222: C. S. Cameron, "The Iron and Steel Industry in Canada". See also Drummond, op. cit., 210; and Besco Bulletin, Nov. 28, 1925.
(2) Evidence 1925, Col. Herd, 2093.
(3) Ibid., Mr. H. J. McCann, 2386.
(4) Macdonald, op. cit., 39-40; Drummond, op. cit., 226.
(5) Evidence before Select Committee, House of Commons, 1921, Alexander Dick, 183.

time. By a happy coincidence the Scotia Company was just then on the look-out for an adequate and continuous supply of coal. The abandoned colliery of the Nova Scotia Coal Company, at Westville, bought in 1889 had apparently been left unworked, and in 1893 was resold to the Acadia Coal Company. (1) The Steel Company preferred Pictou coal because of its lower sulphur content; but as extensive tests proved that the Cape Breton sulphur could be removed by washing, Scotia was quite prepared to use coal from the island. (2)

As a result, there followed prolonged negotiations for a merger with the Dominion Coal Company; but almost from the outset, the temperaments of the two groups clashed. Though never slow to avail itself of technical improvements, Scotia has always been noted for concervative management, and has rarely enlarged its scope of operations except with the growth of markets. Whitney, on the other hand, was primarily a financier, sanguine, enthusastic, visionary. The first proposal to build two blast furnaces and a corresponding open hearth plant at Grand Lake, near Sydney, was too small for him, and he at once countered with plans for four blast and ten open hearth furnaces at Sydney itself. With their usual caution, Fraser and his associates

(1) Evidence, 1925, Col. Herd, 4112, 4124.
(2) Drummond, op. cit., 225 - 227.

declined to accept this ambitious scheme, and the amalgamation project collapsed. (1) The Dominion Coal interests, however, were not discouraged. As early as 1893, they had taken an option on part of the Scotia property at Bell Island. At that time, however, they had enough difficulties to face, not least the bitter and incessant hostility of certain sections of public opinion; and even the intrepid Whitney shrank from large, new commitments. The first option therefore lapsed, but by 1897 the Coal Company was getting firmly established, and when the last hope of amalgamation was gone, Whitney and Pearson revived the older proposal. In 1898 - 99 they organized the Dominion Iron and Steel Company, Limited, which soon afterwards bought a large section of the Scotia areas in Bell Island, and set about the construction of steel works at Sydney. (2)

Despite its favourable situation, and generous assistance from the city of Sydney, and from the Federal and Provincial Governments, including the right to pay dividends on Preferred stock during construction of its plant, the earlier years of "Disco" , as it was sometimes called, were far from prosperous.(3) Out of a share capitalization of $5,000,000. Preferred and $20,000,000. Common,(4) $15,500,000. were promotion stock. (5)

(1) Drummond, op. cit., 226; Besco Bulletin, November 28,1925. The comments on the characteristic virtues of Whitney and Graham Fraser are mine.
(2) Drummond, op. cit., 226 - 228; Besco Bulletin,November 14, and November 28, 1925.
(3) Donald, op. cit., 171, 173, 202 - 203.
(4) Moody's Manual, 1909, p. 2467.
(5) Report of the Royal Commission, 1925, p. 53.

Dr. Kendall, ex-M. P., says that Sir Wilfrid Laurier and Sir Charles Fitzpatrick declared themselves "disgusted by the bankers' manoeuvres in the organization of the Steel Company." (1)

The directorate, which included Sir William Van Horne, R. B. Angus, J. W. Ross, Robert McKay, and the Hon. George Cox, must have offered wide connections; but it "was largely ignorant of the business", (2) and can scarcely have found much time to devote to it. Moxham, the first General Manager, came to Sydney with considerable experience and a great reputation; but "he had no idea of costs, nor did he know how to organize and adjust the various departments. He failed to ascertain at an early date just what class of steel could be made from the ore, which was discovered to be non-Bessemer after considerable expenditure had been made. He seemed to think that cheap ore and coal would place the finished product in the world market at any time, but the Company found that it could afford to sell pig iron and steel billets only in times of exceptionally high prices. There were frequent changes in the official staff, and lack of co-ordination among the different departments", (3) and, adds Drummond, (4) "plans were either faulty or incorrectly interpreted". Drum-

(1) Evidence, 1925, pp. 1410 - 1411.
(2) Donald, op. cit., 205.
(3) Ibid.
(4) Op. cit., 235.

mond's comments on the whole are rather more kindly in tone; but in essence they mean the same, and there is no reason to doubt Donald's statement that "Whitney and Moxham were as extravagant in building a plant as in talking of it. It is said that the whole works could have been built for two-thirds of what they cost, and that $7,000,000. or $8,000,000. were wasted." (1)

Fortunately the Wabana (Bell Island) ores proved more valuable than had been expected. But the Steel Company's troubles were not yet over. Moxham was got rid of, partly, it is said, because of his advanced views on industrial relations. (2) In 1901, Whitney, "on account of poor health", sold his controlling interest in both the Steel and Coal Companies to James Ross and his associates of Montreal, with Ross as President. On June 29, 1899, a contract between the two Companies had provided for a supply of coal to the steel plant at $1.20 a ton. Disco was given the right up to January 1, 1903, to lease the coal properties, paying all fixed charges and 6% on Coal Common Stock, plus 15¢ a ton on the coal output in excess of 3,500,000 tons. "That bituminous coal, run-of-mine, was selling at this time in Montreal at

(1) Op. cit., 205. See also Drummond op. cit., 235, 229, 239 - 241.
(2) Evidence, 1925, Dr. Arthur S. Kendall, (former M.P. and former M.P.P.,) 1407.

$2.72 rather reflects on the contract from the Coal Company's point of view", says Donald, "considering that freight charges to Montreal were about $1.00."

In April 1902, the coal properties were leased at "an excessive rental" to the Steel Company --- an action which by 1903 had resulted in a floating debt of $2,500,000. Financial conditions were not favourable for issuing new bonds either for funding or construction. The Steel Company was unable to proceed with its plant, "while the Coal Company, which was very strong financially, could have developed its property without being hampered by lack of capital".

In 1903, Ross resigned the Presidency of Disco to Mr. J. H. Plummer of Toronto, the coal lease was cancelled, and a new contract was signed, providing for a supply of fresh run-of-mine for four blast furnaces and accessories at $1.28 a ton,(1) with price revisions by arbitration every five years. The Coal Company had the option of supplying slack after 1907, if not to the disadvantage of the Steel Company. In 1906, the Coal Company opened a new mine to supply the increased demand from the steel plant; the coal, however, proved useless,and was sent back. During 1905 and 1906, except in winter, the Coal

(1) Annual report, Disco,1910.

Company "never quite supplied the needs of the Steel Company, which had to purchase coal elsewhere at higher figures. Under temporary agreement, Disco took part of deliveries in slack and bank coal; but as the result was still more unsatisfactory, the General Manager gave notice that only fresh run-of-mine from the Phalen seam would be accepted. After November 1, 1906, the coal was sent marked 'Run-of-Mine, Phalen,' but much of it was from the new pit and so high in sulphur as to be quite useless." Protests brought only prompt cessation of any coal supply whatever. The steel plant had to be temporarily closed and other coal secured at increased cost,[a] which was charged to the Coal Company. Disco sued the Coal Company in 1907; the case was carried to the Privy Council; and the Coal Company had finally (in 1909 - 1910) to pay damages of $3,550,000. This paid off the floating debt and arrears of dividends on Preferred stock, and left a cash reserve. At the same time, the two firms negotiated a new contract for coal at $1.55 a ton (December 31, 1909).(1)

These difficulties just described, with others, had meant large credits from the banks and heavy legal expenses, which with the initial extravagance, were a very serious handicap

(1) Annual Report, Disco, 1910.

a From July to December, $165,000 -- "Financial Post", June 25, 1910

to the Steel Company in rounding out its plant. In 1908, the sinking fund was greatly reduced; and in a further attempt to reduce costs during the period of stress, wages and salaries were cut. A prolonged, though unsuccessful, strike in protest practically shut down the works, at a loss of about $590,000. to the Steel Company. Fortunately the management and plant were now thoroughly efficient, and during 1907 and 1908 Disco was one of the few plants that did not suffer from trade depression. From that time, there began "a continuous recovery", thanks chiefly to an orgy of railway building, and to some dumping in foreign markets. (1)

The Coal Company meanwhile had paid dividends on Common stock at an average rate of 4 % from 1902 to 1904 inclusive, and from April 1, 1907, at 4%. (2) "During the conflict of the Coal and Steel Companies, amalgamation was on several occasions suggested as a solution of the whole difficulty. In March 1907, there was a pronounced effort to take control of the Coal Company out of the hands of Ross and his associates. Many shareholders were dissatisfied with the management, and were giving their proxies to certain steel interests". Ross was not long in retaliating. By June, he had become the

(1) Account by Donald, op. cit., 205 - 208, 257 - 260.
(2) Poor's Manual of Corporation Securities, 1925, pp. 1230 et seq.; Moody's Manual, 1909, pp. 2466; 1910, pp. 2672 - 2674, 328; 1911, pp. 2940 - 2944.

largest shareholder in the Steel Company, and was believed to have control; but the Disco annual meeting was postponed indefinitely, and the scheme failed.

For several reasons, however, the Coal Company was anxious that some kind of amalgamation should take place. Under united management, it was hoped that the steel plant would use slack coal, which it had previously refused, and that the continued uncertainty attending revision of the coal price every five years would be got rid of. There had also been suggestions that a consolidated company would be better able to resist "the intrusion of International Trade Unionism in Nova Scotia". In November 1909, (1) accordingly, Ross sold $5,000,000. of Dominion Coal Common stock to a syndicate of Disco interests as a first step towards the combination of the two properties, which took place in the next year. The Dominion Steel Corporation, Limited, as the merger was called, soon afterwards purchased the property of the Cumberland Railway and Coal Company (Springhill), which had got into serious difficulties largely on account of utter incapacity to manage its labour force; of James Pender and Company, Limited, (St. John); and of a lumber company owning large

(1) Moody's Manual gives December 17.

reserves in Quebec and Northern New Brunswick. The most notable feature of the transaction was the entire absence of promotion securities at a time when wholesale"stock - watering" was unusually prevalent. No praise is too high for the financial rectitude of those who formed the Dominion Steel Corporation, and Donald is thoroughly justified in calling it "a wise and conservative organization of various allied interests into a well-integrated system". (1) The Corporation paid dividends on Common at 4% from July 1911 to January 1914. (2)

The Scotia Company, meanwhile, foiled in its hope of getting a fuel supply from south Cape Breton,had in 1900 bought General Mining Association properties at Sydney Mines, and reorganized as the Nova Scotia Steel and Coal Company, Limited. The share capitalization was $1,030,000. of 8% Cumulative Preferred stock, and about $5,000,000. Common,(3) of which $2,000,000. was promotion stock. (4) Coke ovens, blast furnaces, and an open hearth steel plant, were built at Sydney Mines, from which the products were shipped to the finishing mills at Trenton.(5) The policy of expansion at Sydney Mines began in 1902, was completed in two years,

(1) Donald, op. cit., 260 - 266; Moody's Manual, 1910,pp.2672-2673, 328; 1911, pp. 2940 - 2944; 1912, pp.1370.
(2) Poor's Manual,1925, pp. 1230 et seq.
(3) Moody's Manual, 1909, p. 2679; Donald,op. cit., 195, 255; Besco Bulletin, November 28, 1925.
(4) Royal Commission Report, 1925, p. 53.
(5) Donald, op. cit., 195; Besco Bulletin,November 28, 1925.

and in 1912 the Directors organized the Eastern Car Company, Limited, as a subsidiary, to build steel railway cars at New Glasgow.

In contrast to the Dominion Iron and Steel Company, which never paid dividends on its Common stock during its whole existence, the old Scotia Steel Company had had earnings of $775,637.54 in the years from 1884 to 1897 inclusive, and unusually high profits in 1899. (1) After reorganization, Scotia paid on its Common from 1901 to 1904 inclusive, at an average rate of 4⅜%, and from 1907 to 1909 inclusive, at 2⅝%. (2) At the end of 1909, the Company paid a stock bonus of 20% ($1,000,000.) by way of compensation for the lean years just after 1900, (3) and dividends from 1910 to 1913 averaged 5⅜% on this increased nominal capital, while many of the improvements were made out of earnings.

"The success of the Nova Scotia Steel and Coal Company", wrote Donald in 1915, " is a byword in Canadian finance. This Company is one of the few that has had a steady growth in output and earnings from its inception. Scarcety of labour has been at times a dangerous handicap; but the use of labour-saving devices and modern machinery, as well as the rounding

(1) "Halifax Evening Mail", March 16, 1925: Letter from Col. Thos. Cantley, former Chairman, President, and General Manager of Scotia.
(2) Poor's Manual, 1925, pp. 1230 et seq.
(3) Moody's Manual, 1910; Col. Cantley's letter, March 16,1925.

out of the plant, has so reduced costs as to place the Company on a very favourable competitive basis. Scotia seems to have had a faculty for meeting special conditions by the adoption of original mechanical devices and other inventions, The varied nature of the output has also been an advantage" since there is less likelihood of a general slump in all lines of steel products than in one only. (1)

The growth of Scotia had been "conservative yet regular, that of Disco spectacular but fluctuating". (2) Two further points of contrast are worth noting. While the Dominion properties, both steel and coal, were largely controlled by American, Montreal, and Toronto interests (including among the Directors Sir William Van Horne, of the C. P. R., Sir Montague Allan, of the Merchants'Bank, the Hon. G. A. Cox, Sir Henry Pellatt, Gen. James Mason, both of the Home Bank, and Sir William Mackenzie of the Canadian Northern), Scotia,as Drummond says, was the embodiment of the cry "Nova Scotia for the Nova Scotians", and the Province accordingly took a peculiar pride in its achievements. Moreover, during the years before the War, Scotia stood aside from the general movement towards combination. Only one effort in that direction was made. After

(1) Donald, op. cit., 199. For details, ibid., 194 - 199.
(2) Ibid., 200.

the stock bonus of 1909, Scotia became one of the most prominent stocks on the market, and "it was evident that an unusual influence was at work. It was said that a syndicate including Mr. Rodolphe Forget, actually had control; but at the last minute a slip was made and the previous control was returned. Some believed that Forget wished to make Scotia the basis of a large Canadian Steel and Coal merger; but little attention was paid to this rumour which was regarded as premature. A peaceful solution was reached through the purchase of the Forget interests by R. E. Harris, President of the Company". (1)

The growth of the coal industry under the direction of these powerful companies is shown by the rise in output, from 788,000 tons in 1879, to 2,642,000 in 1899. In the next year, stimulated by the demand from the new steel works, the mines raised 3,238,000 tons; and from that time, except for 1905 and 1907 (the year of the three months' strike at Springhill) production steadily increased to 6,299,000 tons in 1908. The great coal strikes of 1909 - 10, however, caused a decrease of more than 1,000,000 tons, which took about two years to recover. The record output of 7,204,000 tons was reached in 1913.(2)

(1) Donald, op. cit., 274 - 275.
(2) Nova Scotia Department of Mines Reports; Appendix G. For strikes, see Chapter V.

The expansion of Canadian industry in the twenty years following 1878, had greatly stimulated the coal market in the Maritime Provinces. In that period, the local sales rose from less than 408,000 tons to 996,000, and by 1902, had reached 1,758,000 tons. Three years later when the new steel plants had got under way, the local coal sales stood at 2,139,000 tons, and in 1913 at 3,342,000, more than eight times their amount in 1878, and about 51½% of the total sales.

Meanwhile the coal operators had been hard at work developing the more distant markets. Whitney had counted on the Democrats to abolish the coal duty, (1) and for the ten years beginning with 1900, the Dominion Coal Company made strenuous efforts to effect large sales in the United States. The average was about 724,000 tons for the first seven years, but fell off markedly in the last three. The chief consumer was the New England Gas and Coke Company; but by 1909 "neither party was deriving any substantial benefit, and both recognized that a continuance of the business was practically impossible." In fact the Coke Company was virtually bankrupt.[a] Sales in the United States, therefore, decreased still

(1) Evidence, 1925, Dr. Kendall, 1405.

a. Evidence before Select Committee, House of Commons, 1921 · Alexander Dick, 183.

further in 1910, to 291,000 tons; but in the next year an increase recommenced, and in 1913 shipments totalled 468,000 tons, or about 7% of the total coal sales for the Province.(1)

The Quebec market, however, showed the greatest relative increase, and at the outbreak of War was second only to the Maritime Provinces. In 1875, it took 190,000 tons; four years later it had shrunk to 84,000; but with the adoption of the National Policy it grew fairly steadily until 1894. 1895 saw a decrease; but the general movement upward began again in the next year, and continued, with some interruptions until 1908. Two years later after a considerable reduction, another steady rise began, reaching its peak in 1914 at 2,381,000 tons. In 1913, the figures were 2,193,000 tons, more than eight-and-a-half times the amount for 1875, and nearly 34% of the total sales. (2)

Apart from these, the only important outlets for Nova Scotia coal before 1913 were Newfoundland and the bunkering trade. As the charts (3) show, sales to the former have fluctuated considerably, and it is impossible to gain any general idea except from averages. From 1873 to 1886 inclusive, the average sales were 64,000 tons; 1887 to 1891,

(1) Nova Scotia Department of Mines Reports; Appendix C; Besco Bulletin, April 25, 1925
(2) Nova Scotia Department of Mines Reports; Appendices D - G.
(3) Appendix G.

--- 92,000; 1892 to 1902, --- 91,000 tons; 1903 to 1913, --- 168,000 tons. In 1913 Newfoundland took just over 3% of the total sales. (1)

Bunker coal sales are not shown separately in the returns until 1908. Up to and including 1913 they averaged 219,000 tons, forming the latter year about 3½% of the total sales. (2)

(1) Nova Scotia Department of Mines Reports; Appendix G.
(2) Ibid.

CHAPTER V.

INDUSTRIAL RELATIONS AND SOCIAL CONDITIONS. (Ca. 1820 - 1913.)

Unsatisfactory labour conditions, in one form or another, have been characteristic of the Nova Scotia coal industry from its earliest days. Not the least interesting part of Brown's book is its vivid picture of the working men and their lot under the rather haphazard arrangements which preceded the General Mining Association monopoly. "The workmen", he says, "were mostly young Irishmen who had been employed in the Newfoundland fisheries. Having earned enough for their purposes, some bought Crown land in Cape Breton, others went to the United States, but very few remained long at the mines. There were, consequently, very few skilled colliers regularly employed.

"All the men, consisting of overmen, mechanics, colliers, haulers, and labourers in addition to their wages by the day or by contract, were allowed rations of beef, pork, bread, and

molasses, which were given out weekly. The working time was from 5 A.M. to 7 P.M., with two hours for meals. At 9 A.M., all hands, being summoned to breakfast by a bell, abandoned their work and rushed to the store, whence each having swallowed a glass of raw rum, went to his breakfast. The same process was repeated at dinner (1 P.M.), and again when the day's work was done.

"Some of the men were engaged for four,others for twelve, months, commencing January 1. There were only two pay days in a year: one for the four months' men on May 1, the other for the twelve months' men on December 31. As they were not furnished with any accounts of their wages or purchases at the store, they generally found very small balances to receive. We need not wonder that under this system the lessees, as has been often asserted, made more profit by their stores than by their coal." (1) According to Macdonald, (2) the Government Agent of Mines supplied the men with food and other articles at a personal profit of £225 a year, and probably "founded the Truck System in Cape Breton". Perhaps as a rule, he adds,(3) "the colliers, except the two overmen and four mechanics, received their wages principally in goods and liquors".

"All the men", Brown continues, "lived in two barracks

(1) Brown, op. cit., 69-71.
(2) Op, cit., 15.
(3) Ibid., 219.

or cook-rooms (as they were called), where they took their meals,and slept. Their berths were ranged along the sides of the room in tiers,as in a ship. It may be easily imagined what sort of place it was where forty men ate, slept, and washed --- when they did wash, which was only once a week --- in a single apartment. In winter, it is true, they had abundant means of making it warm, which is about all that can be said in its favour; in summer it became so very lively, that, during the fine weather, most of the men preferred sleeping under the spruce trees nearby. All the men were upon equal terms and free from restraint, and brawling and fighting seemed to be the order, or rather disorder, of the day, from Monday until Saturday, Sunday being truly a day of rest, which, strange to say was devoutly observed. For more than twelve months, I had the misfortune to occupy a house about one hundred yards from the cook-rooms, and can testify that I rarely enjoyed an undisturbed night's rest during the whole of that period.

"Nor did the external aspect of the establishment in any way counterbalance its moral deficiencies. No improvements had been made on the four hundred acres of ex-

cellent land belonging to the mines; the roads were scarcely passable, and of houses there were none except the workmen's barracks, half a dozen log and sod huts for the overmen and mechanics, a couple of storehouses, and an old frame house perfectly innocent of paint, belonging to the managing lessee. There was neither school-house nor place of worship, except a small Roman Catholic Chapel where the priest from Sydney officiated perhaps once or twice a year." (1)

The General Mining Association made very considerable improvements in these conditions; but unfortunately Brown gives us only a glimpse of what was done, in the brief remark that, by 1871, the Association had two hundred dwellings and four school-houses at Sydney Mines(2). The colours are left to be sketched in by another hand, and lurid colors they were. "The Nova Scotian miner of the forties and fifties bore the reputation of being rough, rude, and regardless. In many cases he was a law unto himself and adhered to customs which would ostracize him to-day. The Lingan miners celebrated pay days by repairing to Lingan Bar carrying buckets of rum, with tin dippers to serve as glasses. A 'royal time' came to them every month, when it

(1) Brown, op. cit., 71-72.
(2) Ibid., 149.

was fit to bide out doors, and occasionally when it was not fit. Old residents of Albion Mines (Pictou County) tell of the times when any strangers who attempted to pass the Cross Roads got very rough handling". (1)

With the breaking of the monopoly, our data become rather more complete. Drummond says that in Pictou County, ca. 1865, wages ran from $1.60 to $2.40 a day, which, in his opinion, probably meant greater purchasing power than the men enjoyed in 1918. Later information, I may observe, casts grave doubts on the accuracy of Drummond's wage figures; but rents and the price of employees' coal were merely nominal.(2) About 1872, coal cutters at Sydney mines received 46¢ a ton for whole,and 40¢ for broken, coal, with 80¢ a lineal yard extra for narrow work. (3) The miners provided their own powder and lights. At these rates, cutters sometimes earned sixty dollars or eighty dollars a month, but surface men did not average more than 85¢ a day. Wages at the smaller collieries, where labour conditions were less favourable, ruled about 5¢ to 10¢ higher than the Sydney Mines scale. (4) As late as 1888, wages seem to have been paid only once a month, and new employees had sometimes to wait a month-and-a-

(1) Macdonald, op. cit., 214 -215, quoting Drummond.
(2) Drummond, op. cit., 274.
(3) Amounting to about 60¢ per man per day.
(4) Macdonald, op. cit., 40.

half for their first pay. (1)

The earliest recorded labour difficulty in the coal fields was in Pictou County, just after the failure of the McKays in 1816 or 1817, when their workmen complicated matters by demanding full payment of the arrears of wages.(2) The first strikes seem to have taken place in 1868, when they seriously curtailed the output at two of the south Cape Breton collieries. Two of the strikes occurred early in the year, one at the Glace Bay Company's mine, and the other, which lasted for a month, at the Blockhouse mine (Morien). Later, the Blockhouse was closed down for two months by a second strike. (3) In May 1873, the employees of the Intercolonial Coal Company, Pictou, struck for a wage increase and certain privileges. After six days of idleness, however, an agreement was reached, and the men returned to work. (4) In 1876, the workers at Sydney Mines struck for an increase, but without success.

Up to 1879 there had been no organization of any kind among the mine workers; but on August 29, of that year the employees at Springhill founded the Provincial Workmen's Association, the first wholly Canadian craft Union, and the

(1) Macdonald, op. cit., 53 - 55, quoting.
(2) Patterson, op. cit., 400.
(3) Nova Scotia Department of Mines Reports, 1868.
(4) Ibid., 1873.

first Miners' Union in America, antedating the United Mine Workers of America by about eleven years. (1) Among the promoters were Thomas Leadbetter, as President, Robert Drummond,(afterwards a Member of the Legislative Council), as Grand Secretary and Agent, and William Maddin (afterwards Inspector of Mines for Nova Scotia). (2)

The circumstances leading up to this event are worthy of some attention. Early in the year, the Spring Hill Mining Company had reduced wages, and some months later precipitated a five weeks'strike by attempting a further cut. Drummond, a Halifax newspaper correspondent (3) --- or, according to another account, a former journalist, and at that time one of the mine managers ---, learning that the Company's chief customer had not demanded a reduction in the price of coal, sided with the men, spoke and wrote in their behalf, and eventually succeeded in forcing the Company to return to the 1878 wage scale. This victory, of course, made a profound impression, and as a result, the first local lodge was formed at Springhill on September 17. Within three weeks, three similar lodges had been established at Westville and Stellarton (Pictou County), and by October

(1) Canada, Department of Labour, Report on Labour Organization, 1914: 97;
(2) Report on Labour Organization, 1914: 97; Besco Bulletin, May 23, 1925.
(3) Report on Labour Organization, 1914: 99. The other account is Macdonald's, op. cit., 210 - 211.

17, when the first Grand Council met at Truro, the membership stood at 646. In 1887, the P. W. A., succeeded in entering the Cape Breton coal field, where it set up a semi-annual sub-council with full authority. This continued to function until 1890, when better railway communication made it unnecessary. Until 1883, the organization included only colliers and coal pier workmen; but soon afterwards the Pictou glass- blowers were included, and later an iron-workers'lodge. In 1897 the boot and shoe workmen of Amherst joined, followed in rapid succession by the railway men, steel workers, tramway men, retail store clerks, and others, till there were more than one hundred classes. There was no organized effort towards this end, and the amazing growth imposed heavy burdens on the officers and resources of the Union. Nevertheless, the fact remains that by the end of the century the P. W. A. had become "a One Big Union on a Provincial scale". (1)

In the early years of its existence, the Association progressed slowly, for it had very great obstacles to overcome. Wages were low; the colliers, on account of the wide seasonal variations in trade, were particularly dependent on the mine owners; and above all, the employers

(1) Evidence,1925, Mr. J. W. McLeod, 1613. The general account is from the Report on Labour Organization, 1914: 97 et seq., and from Macdonald, op. cit., 210 - 211.

were vehemently opposed to the whole Trade Union Movement. At Westville, suitable meeting places were practically closed against the Association. The fears of the operators, however, were ridiculously exaggerated. Drummond, the ruling spirit of the Union for nearly twenty years, was a cautious and genial Scotsman, and from the outset did his best to avoid all unnecessary friction. The Union dues were small, and the rules designed to secure peaceful settlements wherever possible. (1) The Springhill strike of 1879 was the most orderly which had yet occurred, and the men preserved their decorum even when evicted from Company houses by the sheriff. (2) A strike at the Drummond colliery, Westville, a few months later, to prevent a wage cut and to secure recognition of the Union, was undertaken in direct opposition to the Grand Secretary, who at first threatened to dissolve the lodge, and only gave his sanction to the strike after it had been in progress for some time. A report that some members meant to intimidate the mine manager by indiscriminate shooting near his house brought prompt action from Union headquarters. A strict watch was kept, and no disturbance of any kind took place;

(1) Report on Labour Organization, 1914: 100 - 102.
(2) Macdonald, op. cit., 212.

but the Manager still feared violence, and succeeded in getting a detachment of militia to protect him. The soldiers fraternized with the men, and after a few weeks the dispute was amicably settled, the men getting the right to have committees wait on the management. (1)

The most important dispute of these years, however, was at Lingan in 1882. It was afterwards admitted that if the General Mining Association Directors in London had had fuller knowledge of the circumstances, the trouble could have been averted. As it was it lasted for a year. The company imported Scottish workmen, who promptly joined the strikers; and the militia was called out. Fortunately, however, its services were not required. The final result was a compromise, on the whole favourable to the men. (2)

The very conservative policy of the P. W. A. may be gathered from the laudatory comments of employers, especially in recent years; from the fact that the Union was incorporated in 1881; (3) and from Drummond's evidence before the Royal Commission on Labour in 1888. He pointed with pride to the achievement of compulsory arbitration by Act of the Legislature in the preceding year, (4) a law which the

(1) Report on Labour Organization, 1914: 102 - 103.
(2) Ibid., 103; Macdonald, op. cit., 212.
(3) Report on Labour Organization, 1914: 99.
(4) Macdonald, op. cit., 213 --- quoting.

modern Labour Movement regards as little less than a scandal.

In 1880, in the Cape Breton mines, (1) the average wage for coal cutters, who formed about half the labour force, was $1.45 a day; for labourers, who made up about 30% of the total, 95¢; and for boys, 65¢. The mines worked about 188 days, (2) and the average monthly deduction from wages for rent, doctor, coal, and school, was $2.80. A coal cutter's net (3) earnings for the year would, therefore, be about $239.00. It will be noted that the "check-off" had already begun.(4) Two or three years later, the frequent celebration of holy days or saints' days became such a nuisance that the companies and the Union were forced to take measures against it. Serious losses had occurred through vessels being held up waiting for shipments. On receipt of complaints from the Glace Bay Mining Company, Drummond suggested that the Company should ask aid from the clergy, and offer them as a quid pro quo, collection of "Church dues" in the Company's offices. Mr. Lithgow accepted the proposal,and other companies followed suit, thus beginning a curious, and in

(1) Presumably, --- the text is a little confused.
(2) Over the whole Province, 193 --- Nova Scotia Department of Mines Report.
(3) I. e., after these deductions.
(4) Macdonald, op. cit., 45.

later years most unfortunate practice. (1)

By 1888, the contract rates in Cape Breton mines had advanced somewhat. The usual practice was to have two wage scales, one for the busy summer season, one for the winter. Summer earnings of coal cutters varied from about $1.75 to $2.00 a day on the average, winter from $1.40 to $1.75. Boys got about 40¢, labourers from 70¢ to $1.20, and skilled day-workers from $1.10 to $1.30. (2) The annual earnings for coal cutters seem to have been about $300.00, though the figures given vary from $150.00 to $350.00. Coal was free at Sydney Mines; elsewhere it cost about 20¢ to 25¢ a load (presumably about half-a-ton) for slack, and 40¢ to 50¢ for round, delivered. Most of the men lived in Company houses, where rents arranged from 50¢ to $2.50 a month, averaging from 75¢ to $1.00. Doctor's fees were about 30¢ to 40¢ a month, and school and other taxes about 15¢. The district built schools and provided books. The average monthly deduction would be about the same as in 1880, leaving the coal cutter net annual earnings of about $265.00 to $270.00. This shows a distinct improvement over 1880, but it must be remembered that 1887 was an

(1) Drummond, op. cit., 276 - 277.
(2) Operators' figures. The men sometimes give much lower.

unusually good year, and that one workman at least estimated the living expenses of a family of six at $327.24, or with deductions, $293.64 net. Broken time owing to winter unemployment seems to have been the most serious problem.

The hours of labour in Cape Breton were usually about eight to ten per day. In several collieries boys under twelve years of age were not employed, and in at least one mine the men had their own checkweighman. Most of the houses seem to have been small, though in fairly good repair. All probably lacked adequate sanitary facilities, and some were below even this level. Water was usually supplied from wells. The men were sober,as a rule, but the mine owners were anxious to prohibit the liquor traffic within a two or three or even five mile radius of the mines.(1)

On the mainland, work was far steadier, (2) and earnings were correspondingly higher, though it is hard to get exact figures on account of a four months' strike at the Acadia colliery in 1887. (3) Coal, rent, doctor's fees, and school and other taxes were all higher than in Cape Breton, amounting to about $4.90 or $5.00 a month for Acadia, and rather less for the Intercolonial Coal Company. The Acadia

(1) Macdonald, op. cit., 45 - 60: extracts from the evidence before the Royal Commission on Labour,1888.
(2) Nova Scotia Department of Mines Reports.
(3) There is some doubt as to whether this was a strike or a lockout.

miners complained of bad light in the mines, and lack of sanitary facilities and proper heating for Company houses, some of which were sixty years old. The hours were about the same as in Cape Breton, though, as always until the introduction of the eight-hour day, the matter rested largely with the individual miner. The men were generally sober, and boys under twelve were not employed. In the Intercolonial Mines, where there was a fortnightly "sub-pay", industrial relations were fairly good. (1)

The P. W. A. was by this time rather well established, counting three thousand nominal members, out of a total of four thousand six hundred and fifty-seven employees. Members from Cape Breton usually fell badly into arrears, "owing to the ice blockade, the lack of railways, and the policy of putting in enough men in summer to supply the whole year". None the less, a good many of the operators were now ready at least to tolerate the Union, and Drummond and his followers were able to take an active part in the proceedings before the Royal Commission. Their principal demands were: a legal minimum age of twelve years for mine workers, with tests of physical fitness and literacy; an

(1) Macdonald, op. cit., 143 - 147, 154 - 155: extracts from evidence before the Royal Commission, 1888.

apprenticeship system; and schools of mining. (1) These were the "official" aims. In addition, many of the rank and file wanted fortnightly payment of wages (which the companies refused), benefit societies (to which some companies were ready to contribute), and the abolition of company stores in their then form --- a subject on which Drummond had said strangely little. (2)

It was nevertheless a very serious question. The General Mining Association, much to its credit, had given up the Truck System about 1831, and did not reopen a mine store until 1878 - 9. At that time, and indeed until about 1890, there was no railway from the mainland to Cape Breton; drift ice frequently blocked the harbours and brought the people near starvation; and the local merchants freely took advantage of the situation. (3) The Company store was probably much less oppressive, if not a real boon. The same can scarcely be said for the operators in south Cape Breton, some of whom re-established the Truck System as early as 1858. "The winters and ice-infested springs then cut off the collieries for months, and the necessity of banking coal for the opening of navigation imposed peculiar

(1) Macdonald, op cit., 213 --- quoting Drummond.
(2) Macdonald, op cit., 45 - 60.
(3) Evidence, 1925, Dr. Kendall, 1363; Macdonald,op. cit., 60.

burdens upon the less wealthy operators. They doubtless found it more convenient and profitable to defray the cost of labour during these months by paying wages in goods, and the system probably proved useful in financing the mines, especially in the depression after 1866." (1)

Before the coming of Dominion Coal, there was very little winter work; (2) prices at the stores were certainly excessive; (3) and by May 1, of each year, nearly all the men were $100. to $200. behind hand. Men who got into debt were charged extra, and were unable to seek work at any other mine until they had paid up. (4) "To some extent, the system placed a premium on idleness; for industrious men were at times denied work during slack seasons in order that the less thrifty, who had incurred debts at the company store, might liquidate them without delay. The Royal Commission on Labour, in 1888, found that the system induced carelessness, extravagance, and dependence; that its ill consequences extended to the farmers, who often had to take payment in goods; and that it enabled the employers to make double or more than double profit out of their workmen's labour". (5)

The Commission recommended a Federal Anti-Truck Act,

(1) Macdonald, op. cit., 219.
(2) Evidence, 1925, Dr. Kendall, 1363.
(3) Macdonald, op. cit., 53 - 55 ---quoting from evidence before the Royal Commission, 1888.
(4) Evidence, 1925, Dr. Kendall, 1363.
(5) Macdonald, op. cit., 219 - 220.

but nothing was done. The Dominion Coal Company extended the store system, and profited from it during its early years of large initial expenditure. In 1895, the Hon. Robert Drummond stigmatized the company stores as a premium on beggary, and during the next two years there was vigorous agitation to get rid of them. The resident managers and others fought hard; but early in 1899 they were at last defeated by the passing of an Anti-Truck Act, which came into force in 1900. (1) In 1901, a miner at Dominion No. 1, reported to the "Labour Gazette": (2) "The stores are now running on a cash system, and are the cheapest and best in the place".

It may be noted that as one way out of the difficulties we have just considered, co-operative stores were established with varying success. Some of them are still in existence, but they have never had any appreciable effect on the general situation. In fact, they are scarcely mentioned, if at all, in the four thousand five hundred pages of evidence before the last Royal Commission. (3)

One other difficulty of earlier days seems also to have been largely remedied. In the sixties, "most of the mines

(1) Macdonald, op. cit., 220 - 222; Evidence, 1925, Dr. Kendall, 1364.
(2) P. 126.
(3) Evidence, 1925.

were ventilated more by the miraculous interposition of Providence than by the ingenuity of man. Some mine managers drove levels without cross-cuts, under the impression that the coal was so pure that the miners did not need air! About 1866, artificial aids to ventilation were almost unknown at most of the Nova Scotia collieries. As a rule, the operators conducted the air to the vicinity of the working faces, and left it to find its way to the nearest outlet, relying on the difference in level and the internal and external temperature to promote the circulation. Under these circumstances, the air currents sometimes reversed, and the intake became the outlet!" (1)

Like most early Unions, the P. W. A., had an elaborate ritual, and a large number of officers with high-sounding titles: Grand Chaplain, Grand Guardian, Grand Inner and Outer Watchmen, and so on. (2) It is questionable how much of the higher wages and improved working conditions was due to its efforts. Probably the general growth in the prosperity of the country was the chief factor. Nevertheless, by 1902 the Nova Scotia miner, though harder worked, was considerably better paid than the British, and the P. W. A.

(1) Macdonald, op. cit., 38.
(2) Report on Labour Organization, 1914: 100.

had some really solid achievements to its credit. The men were soberer and better behaved, and had come to think more for themselves. Housing conditions were improving, and many of the miners owned their dwellings. Public opinion had been aroused, and the Association's favourite method, Legal Enactment, had made a good deal of progress. The Mines Regulations had been steadily tightened; certain classes of miners had secured the vote; liquor licenses had been abolished within one mile of the mines; and the men had been granted semi-monthly wages, and a minimum age and literacy standard for boy workers. The most successful achievement, however, seems to have been the setting up of schools of mining. (1)

The consolidation movement in the coal industry, and still more the development of the steel plants, had at last brought steady work; and the miners evidently felt that it was time for a step forward. In the early autumn of 1900, the P. W. A. Grand Council, sitting in New Glasgow, demanded from the owners of fourteen collieries a 10% increase. The Dominion Coal Company reminded the men that the existing contract ran till December 31, 1900. Accordingly, in September,

(1) Report on Labour Organization, 1914: 97 et seq.; Macdonald, op. cit., 216 - 217 --- quoting Drummond.

the Union asked instead flat increases for mechanics and their helpers, and on November 5, a general 12% increase to commence January 1, 1901. The Pictou and Cumberland collieries agreed. The Dominion Coal Company refused, and the miners, headed by John Moffat, who had succeeded Drummond in 1898, applied for a Board under the Miners' Arbitration Act (Nova Scotia). On March 4, the Board was appointed: Judge Graham and the Hon. Robert Drummond by the Government, the Archdeacon of Cape Breton by the miners, Henry S. Poole by the Company, and Angus G. Macdonald by the Chief Justice of Nova Scotia. It reported in favour of the Company, on the ground that an increase had been given in May 1900, anticipating higher coal prices. These high prices, it added, were largely offset by long-term contracts and increased costs. (1) About this time,however, the men secured "summer wage rates" for the whole year (2)

For the next five years, there were no spectacular happenings in the coal industry. (3) The real excitement was in the steel plant, where the members of the P. W. A., in 1904, demanded a return to the wage scale of November 1903.

(1) Labour Gazette, May 1901, 507 - 508.
(2) Evidence,1925, Mr. Alexander S. McNeil, 2483.
(3) Report on Labour Organization, 1914: 97 et seq.; Labour Gazette, Volume IV, 710, 937, 809 - 810, 85, 1144; Volume V, 189; Volume VI, 802, 921, 1159, 1267.

The Company refused,and on June 1, fifteen hundred steel workers walked out. During the first month there was little trouble; but early in July the Company tried to resume work, the local police "were reported inadequate", and for the third time the militia were called upon to keep order in a Nova Scotia trade dispute. On July 22, the strike was settled under the Dominion Conciliation Act; (1) but the men had lost, and from that time the P. W. A., never quite recovered its prestige. Many of the miners felt it an "absurdity" that they, members of the same Union, should go on working during the steel strike. (2)

In the summer of 1907, the Nova Scotia coal industry achieved the doubtful honour of being the first to make use of the newly passed Industrial Disputes Investigation Act. The Cumberland Railway and Coal Company had applied for a Board of Conciliation in April, but the trouble was settled before any steps could be taken. In June, the miners made application, and the Department of Labour appointed Judge Graham of the Supreme Court of Nova Scotia, Chairman, R. B. Murray of Springhill, nominated by the men, and P. S. Archibald of Moncton, nominated by the Company. For some

(1) Report on Labour Organization, 1914; 103.
(2) Evidence, 1925, Mr. J. W. McLeod, President of District 26, United Mine Workers of America, p. 1614.

reason this Board proved unsatisfactory, and the Minister appointed a second, under the Chairmanship of Judge Patterson of New Glasgow. Before this Board had made anything more than a beginning, the men struck,illegally; and when the Board reconvened on September 9, Archibald refused to act, and the Company refused to give evidence. The two remaining members, however, proceeded with their work, and reported on the whole in favour of the men, although both parties were dissatisfied. No immediate result followed, but efforts by various public men finally induced the strikers to return to work. (1)

Worse clouds were already hovering on the horizon. The Three Years' Contract of January 3, 1905, between the Dominion Coal Company and the Provincial Workmen's Association was drawing to a close, and the Company opened negotiations for its renewal. The P. W. A. refused. The Company thereupon posted notice of wage changes and reductions amounting to $100,000., together with a higher price for employees' coal. The P. W. A. replied by demanding a 15% increase for labourers and mechanics, with specific increases for certain other classes, on the per-

(1) Labour Gazette,1907: May, 1241 - 1242, 1305, 1307; August, 174 -178; September,337; October, 408, 462; December, 686 - 689.

fectly correct ground that the cost of living had risen since 1905, and the more doubtful one that conditions of trade warranted higher wages. The Union, exhausted by the steel strike, "hadn't a dollar in the treasury", (1) and had therefore no choice but to invoke the Lemieux Act. The men nominated Dr. A.S. Kendall, M.P.P., and the Company R.D. Fraser (son of Graham Fraser). Dr. Kendall refused Fraser's first nominee for Chairman and suggested instead the Reverend Dr. MacGill, "who was head of a Univerity, and whose views,I felt, accorded with the twentieth century". Fraser disagreed, and Dr. Kendall then proposed Dr. Adam Shortt, one of the originators of the Lemieux Act. Fraser was reluctant, but the Government finally appointed Dr. Shortt. (2) At about this time, a "friend" in Halifax approached Dr. Kendall asking him "to survey timber" in Cape Breton, at a very handsome salary. The offer was declined, and the Board duly met on March 2. Dr. Kendall was by no means satisfied with the conduct of affairs, and before long suggested bringing out engineers and financial men from Britain to look into the business of the

(1) Evidence, 1925, Dr. Kendall, 1365.

(2) Labour Gazette, February 1908: 957; Evidence, 1925, Dr. Kendall, 1365.

Company. Next day, Sunday, the General Manager was in conference with Dr. Shortt all day, and on Monday evening Dr. Shortt came to Dr. Kendall with a settlement, which, in place of the $100,000 reduction,offered an increase estimated at $70,000 to $74,000. (1) Dr. Kendall adds that he believes this"attempt to make $100,000 scoop out of the men" was one reason for their lack of confidence in the Company. The proposed settlement was embodied in the Board's unanimous report on March 23,1908, and was accepted by the Company and the P.W.A., and with some increases to the lower paid datal men,(2) remained in force until June 1,1916. (3)

The general effect of this agreement was to increase wages; but all the men had wanted a larger increase, (4) and certain classes seem to have suffered a reduction. (5) Their resentment added to the growing dissatisfaction with the P.W.A. The influence of recent immigrants from Great Britain, accustomed to a more vigorous Unionism, was already tending in the same direction. Many of the men apparently felt that they had insufficient control over

(1) Evidence,1925, Dr. Kendall,1366-1367; Labour Gazette April 1908: 1222.
(2) Paid by the day.
(3) Evidence,1925, Mr. H.J. McCann, 2840-2842; Labour Gazette, Vol.10, p.708.
(4) Evidence,1925, Mr. J.W. McLeod, 1617.
(5) Ibid., Mr. Norman Roberts, coal cutter,Dominion No.2, p.1448.

the officers (who were elected by delegate vote), (1) and that the Union's financial plight at this time revealed inherent weakness. A large number of mine workers seem to have been entirely unorganized, and sporadic, local strikes were far too frequent.

Moreover, progress in Labour legislation was distressingly slow. According to Dr. Kendall, (2) the employers steadily opposed all improvements in the Mines Regulations Act. Workmen's Compensation Bills in 1899,1905, and 1907 met with increasing hostility; in the last-named year there was a special protest from the steel and coal companies, which already had an arrangement with the P. W. A., covering sickness also. At length, in 1910, a Compensation Act was passed; but "hope deferred maketh the heart sick", and the result of the delays was that the men felt that they had"to wrestle" for privileges willingly conceded elsewhere.(3)

Up to 1908, however, the P. W. A. had really had no rivals.(4) It was now to meet a powerful competitor. Founded in 1890, the United Mine Workers of America had become one of the largest and strongest Unions in the United States, and had spread into Alberta and British Columbia.

(1) Report on Labour Organization, 1914; 100; Evidence,1925, Mr. J. W. McLeod, 1617.
(2) Evidence, 1925, pp. 1419 - 1420.
(3) Ibid.
(4) If we except a few scattered adherents of the Knights of Labour, in 1900 --- Labour Gazette, 1900, p.126.

To this organization the miners of Nova Scotia naturally turned, and in December 1908, the first U. M. W., local was established at Springhill. Early in 1909, the Province was organized as "District 26" of the U. M. W. A. (1 Just about this time, the P. W. A. took a vote on the question of affiliation with the U. M. W., agreeing to abide by the result. The returns favoured the International Union; but the "non-concurring" minority decided to "continue", (2) and the Dominion Coal Company seems to have thrown its influence into the same scale. Before and since this time, the employers have pursued the definite and quite justifiable policy of refusing to let mine officials belong to any labour organization. (3) The attempt of the U. M. W. to include deputy overmen was one of the Company's grounds of objection to that Union before the Wallace Board in April 1909. (4) Yet almost while these protests were being uttered, the chief mechanic at Dominion No. 2 colliery, was Master Workman of a P. W. A. lodge. (5) Several outspoken opponents of the P. W. A. now turned back, and were given good positions in the Company's service. (6) Other means of

(1) Report on Labour Organization, 1914, pp. 80 - 82.
(2) Evidence, 1925, Mr. Norman Roberts, 1454 - 55; Mr. J. W. McLeod, 1617. Both were then members of the P.W.A.
(3) Labour Gazette, May 1909, Majority Report of the Wallace Conciliation Board, on pp. 1225 -1234.
(4) Ibid, See also letter by Supt. Brown, Annual Report of Scotia, 1909.
(5) Evidence, 1925, Mr. Norman Roberts, 1455.
(6) Evidence, 1925, Mr. J.W.McLeod, 1617, gives details.

persuasion were used as well. The Majority Report of the Wallace Board (1) said there had been "no harshness nor improper discrimination against the U. M. W.", and no evidence of dismissals for belonging to it. The report admitted, however, that the Company showed "a natural and reasonable preference" for the P. W. A.; that a number of subordinate officials advised their men to join the P. W. A. to get a better chance of early work; that men had been laid off during slack times; and that when trade improved, those taken on were chiefly members of the P. W. A. At Dominion No. 2, the chief engineer, being anxious to have only "dependable" men under him, asked each of his staff whether he would remain at work in case of a strike. Those who said "no" were discharged immediately.

By the spring of 1909, "some three thousand miners had joined the U. M. W., about the same number remained in the P. W. A., and the rest(2) were outside the Trade Union Movement altogether". (3) It is possible there may have been a somewhat larger number left in the old Union, but certainly not more than four thousand.(4) Judging from later developments, (5) the U. M. W. had the sympathy of about twenty-six

(1) See below.
(2) Probably over 2,000.
(3) Letter from Mr. J. B. McLauhlan, March 4, 1926.
(4) Report on Labour Organization, 1911: 106.
(5) Ibid., 1914: 81-82; Labour Gazette, August 1909.

hundred of the forty-five hundred employees of the Dominion Coal Company, (1) and nearly all the miners at Springhill and Inverness, a total of more than forty-eight hundred adherents in the Province.

In March, the Glace Bay members of the U. M. W. applied for a Board of Conciliation under the Lemieux Act. The Minister of Labour complied by appointing Judge W. B. Wallace, Halifax, as Chairman, G. S. Campbell as representative of the Company, and Daniel McDougall, President of District 26, nominated by the men. The Company refused to nominate a representative, or to give evidence, (an example later followed by Scotia (2)), and its witnesses had therefore to be subpoenaed. The U. M. W. was apparently demanding an increase, and according to the Company, better working conditions and shorter hours, (3) to take effect at the end of the existing contract, January 1, 1910. (4) But the chief issues seem to have been "discrimination", and recognition of the Union. On April 16, the Board presented two reports, one by Judge Wallace and Mr. Campbell, the other by President McDougall. The majority report, as I have noted said there had been no discrimination, and declared that the Company was

(1) Nova Scotia Department of Mines Report.
(2) Annual Report for 1909.
(3) Labour Gazette, August 1909, pp. 254 - 256.
(4) Evidence, 1925, Mr. J. W. McLeod,1619.

"amply justified" in refusing to recognize the U. M. W. The reasons for this decision were the undesirability of including subordinate officials in any Union, and the fear of placing Canadian coal fields at the mercy of a foreign organization. As to the subordinate officials, the Company was probably right. The Constitution of the International U. M. W. A. did, and still does, provide for their inclusion in the Union; but if the Company had shown any willingness to meet its men half way, this question could probably have been adjusted, as it was later, by a clause in the District Constitution, expressly leaving out minor officials. (1)

The real crux of the situation, of course, lay in the objection to foreign control: the majority report simply bristled with patriotism. In pure theory, there seems to have been some reason for alarm. At that time, though not now, International headquarters apparently had power to order a suspension in any district, when and where it saw fit. Wallace and Campbell naturally considered this "a dangerous and continually menacing power", and felt that "foreign officials sitting at Indianapolis

(1) Constitution of District 26, (November 1924), Article 14, section 1.

should not have power to decree that Nova Scotia miners, even when without a grievance, must stop working, and thereby cripple a great Nova Scotia industry".(1) Thenand since, many people have cherished the idea that the International body might use its influence to help American coal operators at the expense of Nova Scotia. (2) This danger no longer exists even in theory; (3) and later experience, especially in 1921 - 22,showed that in practice it was always quite imaginary. The miners are very shrewd, and any organization which made the faintest attempt at such a thing would be cutting its own throat. It would give its enemies just the chance they were waiting for.

There can be no doubt that the Company's "natural and reasonable preference" for the P. W. A. had serious results for the U. M. W. Mr. J. B. McLachlan, then Secretary-Treasurer of District 26, says that in the spring of 1909 "about one thousand of the miners who joined, were laid off and walking around receiving relief" from the Union.(4) The majority report of the Wallace Board was of course unacceptable, and on June 23, 1909, the Executive of District 26, wrote to the operators inviting them to a conference

(1) Labour Gazette, May 1909: 1225 - 1234. The majority report of a similar Board at Sydney Mines went much farther: see Annual Report, Scotia, 1909, and Labour Gazette, August 1909, pp. 254 - 256.
(2) Supt. Brown's letter, Scotia Annual Report, 1909.
(3) See Chapter VII.
(4) Evidence,1925,p.953; also letter of March 4, 1926.

at Sydney on July 2. This and a subsequent letter were ignored, (1) and on July 2, the U. M. W. officers handed the Dominion Coal Company an ultimatum threatening to strike on July 6, unless a meeting was arranged beforehand. The Company replied in a public statement, reminding the men that a strike without thirty days'notice was illegal, (2) and serving notice that strikers would be deprived of their places in the mines, their houses, coal, and other employees' privileges.(3)

Nevertheless, on July 6, the strike broke out. On July 7, there were disturbances at No. 2 colliery, when non-strikers were going to work. A magistrate read the Riot Act, and made arrests, and the Manager hastened to ask the Mayor of Glace Bay to call for troops. The Mayor refused, and his offer of five hundred special constables was turned down. Judge Finlayson, of Sydney, however, lent a more willing ear. In response to his requisition of July 8, over five hundred troops were sent in. The P. W. A. joined in the request for troops, and the relations between the two Unions were thenceforth marked by intense bitterness.(4)

The Company imported outside labour almost at once,

(1) Report on Labour Organization, 1914: 80 - 82.
(2) Under the Lemieux Act, 1907.
(3) Labour Gazette, August 1909, pp. 254 -256.
(4) Ibid.

even going as far afield as Bulgaria. (1) Some of the strikers and their families were evicted from Company houses, but the U. M. W. fought the question to a successful issue in the courts. Several members were arrested as the result of riots. (2) Mr. H. J. McCann, the present General Manager of Coal Mines, was put in charge of the "defensive operations" conducted by the Company's private police force. (3) As far as one can tell from the scanty records of the strike, and the vague innuendoes of U. M. W. officials, the campaign was, to put it mildly, waged with some vigour on both sides. One ingenious device was the fortification of Dominion No. 6, colliery with a high board fence surmounted by electrically charged wire. (4) It was at this time, according to President McLeod, (5) that Mr. McCann "established his reputation as a good scrapper", and Mr. J. B. McLachlan was certainly not far behind. According to the Company, (6) the strength of the U. M. W. could not be gauged by the number of absentees during the strike, as many were "not interested, but afraid to come to work." At least one-quarter of the strikers left the district to seek work; (7) some went harvesting or mining in the West; (8); and at the end of September the Company reported its output as 80%

(1) During my visit to Cape Breton, January 1926, I met a Bulgarian brought in at this time.
(2) Report on Labour Organization, 1914; 80-82.
(3) Evidence, 1925, p. 2834.
(4) Ibid., Mr. H. J. McCann, 3002.
(5) Ibid., 1620.
(6) Labour Gazette, August 1909, 254-256.
(7) Ibid.
(8) Evidence, 1925, Mr. J. W. McLeod, 1620; Labour Gazette, September 1909, p. 383.

normal. (1) In that month, President McDougall had been arrested, and the Trades and Labour Congress had petitioned the Dominion Government to appoint a Royal Commission to investigate the whole trouble. No action resulted, and somewhat later, Mr. Neilson, U. M. W. Organizer, was convicted of a breach of the Lemieux Act. (2) Gradually the troops were withdrawn, and the strike was eventually dropped, April 28, 1910, without securing any concessions. (3) In fact, according to Silby Barrett, (4) the Company carried out its threat of July 1909, and "discriminated" against two or three hundred former strikers.

It is doubtful whether the U.M.W. wished to strike at the precise time it did; Mr. McLachlan says that the issue was forced just then bythe operators' "preference" for the P.W.A. (5) At all events, a more unlucky moment could scarcely have been chosen. A large number of men were still adherents of the old Union, and both the Coal Company and its customers had large stocks on hand. The dispute was very costly to the International Union. The Labour Department puts the amount spent during 1910 at $968,775 in strike benefits alone, (6) and Mr. McCann (7) says it was "stated to be about $1,000,000". The most authoritative estimate, however, is that of Mr. J.B. McLachlan. (8) He says:

(1) Labour Gazette, Oct. '09, p.516.
(2) Ibid., Dec. '09, p.681; See also Oct. '09, p.466.
(3) Report on Labour Organization '14: 80-82.
(4) Former Int'l. Organizer, and Pres't. of Provis. Dist. 26, 1923-4; Evidence , 1925, p.830.

"I was Secretary of District 26 during all of that period (the 1909-10 strike) and know that there was one-and-a-half million dollars sent in by the International Union. During that ten months' strike, each miner received, per week, $3.00 for himself, $1.50 for his wife, and 75¢ for each child or other dependent. They (the Union) also paid all doctor and hospital bills and the rents of all who were not living in Company houses; gave a clothing order every two months, and special order when a new baby came home. These last orders would run as a rule from $10.00 to $15.00. Then there were hundreds of cases in court, evictions and picketing, etc. These were all financed by the U.M.W. of A."

On July 23, Boards of Concilliation appointed for Sydney Mines and Springhill had reported in favour of the operators, the men's representatives in both cases submitting minority reports. Scotia (1) escaped without a strike, probably because more of the men owned their own homes; because the Company had given an increase in wages, though much smaller than even the P.W.A. had demanded; (2) and because the employees at Sydney Mines held off to see what would happen south of the harbour. In Cumberland, however, the miners

(5) Evidence, '25, p.953.
(6) Report on Labour Organization, '14, pp.80-82.
(7) Evidence '25, p.2842.
(8) Letter of March 4, '26.

(1) Labour Gazette, August '09.
(2) Annual Report of Scotia, '09.

walked out on August 10, demanding recognition, increased wages, and better working conditions. (1) The pits were entirely shut down until January 1910, when one mine was re-started by new men brought in from Europe. (2) By July, the mines had reached a production of 9,000 tons. Apart from the withdrawal of maintenance men, (3) no untoward incidents had taken place; but in July troops were brought up to Springhill as a "precautionary measure". (4) In September half the strikers had left to seek work elsewhere, about one thousand were still "out", and production was steadily increasing. (5) The Dominion Steel Corporation took charge in November, (6) and in March 1911, the town was put under a police commission. (7) "A decided improvement followed, about twenty strikers returning to work;"(8) and early in May Premier Murray of Nova Scotia intervened at the men's request, and the dispute came to an end on May 27. The men dropped their demand for recognition, and took a 10% to 15% reduction, while the Company agreed to reinstate the strikers as fast as possible. The whole one thousand were to be taken on within 45 days. (9)

(1) Labour Gazette, September '09, p.386; Report on Labour Organization, '14, pp 80-82.
(2) Ibid., February '10, p.925; July '10, p.122.
(3) Labour Gazette, December '09, pp 677-682.
(4) Ibid., August 1910, pp. 150, 263.
(5) Ibid., October 1910, p.483.
(6) Ibid., December 1910, p.679.
(7) Ibid., April 1911, p.1040.
(8) Ibid., May 1911, p.1199.
(9) Ibid., June 1911, pp.1338, 1428.

In Inverness, 526 of the 618 miners had joined the U.M.W. Local as early as April 1909. Here, the operator (the Inverness Railway and Coal Company, otherwise Mackenzie & Mann) had an agreement with P.W.A., including check-off of Union dues, (1) and a "closed shop" underground. The U.M.W. miners now objected to paying P.W.A. dues, and demanded recognition of their Union and non-recognition of P.W.A. The Company refused, and on July 9, without more ado, the men struck. Disturbances took place next day, and troops were called in. (2) By September operations were normal again, and the Company claimed that the only men not at work were 100 newly arrived Belgiums (evidently brought in as strike-breakers). The U.M.W., on the other hand, said there were 200 or 300 idle, including the immigrants. (3) Mr. Acland, afterwards Deputy Minister of Labour, in his special report to the Department, November 1909, says that the whole trouble in this district was largely the work of these people, but the statement will scarcely bear examination. The troops left Inverness on October 1 , 1909, (4) but apparently the strike was not formally called off until September 30, 1912, when a Conciliation Board appointed on request of the men (including those at work?) brought a

(1) Deduction from the pay envelope in the Company's office.
(2) Labour Gazette, August 1909, pp.260, 283; Report on Labour Organization, 1914: 80-82.
(3) Labour Gazette, October 1909, p.516.
(4) Labour Gazette, December 1909, p.681.

settlement. The men withdrew their demand for an increase; the Company agreed to reduce rents to $1.00 a month, to allow grievance committees, and not to check-off P. W. A. dues except by request. (1)

Meanwhile, on December 4, 1909, the Dominion Coal Company and the P. W. A. had agreed to extend the Shortt Award of 1908, until December 31, 1911. (2) The new Agreement, however, covered the Reserve mines, which had formerly been left out, and carried a 5% increase to datal men getting a maximum of $1.52. (3) On June 1, 1910, at the request of the P.W.A., Scotia gave a 5% increase to all its low paid datal men, with adjustments for other classes. (4) The U. M. W. members at Glace Bay, Sydney Mines, and Springhill made public protests, but to no purpose. (5) In October 1911, the Dominion Coal Company and the P. W. A. renewed this contract, with minor special provisions, until December 31, 1913. (6) About a month before the end of the contract the P. W. A. asked for a 10% increase. The Company offered 5% for two years, or 6% for datal men getting less than $2.00, to run for three years. The second offer was accepted, raising the minimum for common labour from $1.60 to $1.70 a day,

(1) Labour Gazette, November 1912.
(2) Evidence, 1925, Mr. H. J. McCann, 2842.
(3) Labour Gazette, December 1909, p. 708.
(4) Ibid., July 1911, P.11.
(5) Ibid., 121.
(6) Evidence, 1925, Mr. H. J. McCann, 2842.

$1.75 becoming $1.85 and so on. About 1800 labourers, drivers, and landing tenders, and 1200 shiftmen were affected. (1)

In Pictou County, the U. M. W. applied for a Board of Conciliation, in June 1913, to investigate a dispute directly affecting 1265 men, and indirectly involving 260 more, all employees of the Acadia Coal Company. The men's demands were: an increase in wages, a reduction in rents, recognition of the Union, and re-instatement of several men alleged to have been discriminated against. On July 14, the Board made a unanimous report acceptable to both parties. The Company had succeeded in convincing the men that higher wages were at the moment impossible. The Union therefore dropped that demand, and waived its claim for recognition. In return the General Manager, while denying any descrimination, agreed to reinstate the three employees who had complained, promised to meet a General Committee of the men at any time, and recommended to the Directors a reduction of the rent paid for the better class of house --- the class particularly affected.(2)

By this time, the P. W. A. had practically driven its

(1) Labour Gazette, December 1913, p. 699; May 1914, p. 1306.
(2) Ibid., July 1913, p. 43; August 1913, pp. 153 - 155.

rival from the field. After the strikes of 1909 - 1911 had ended, District 26 fell upon evil days. Mr. McLachlan had been one of the prime movers in the trouble, and the operators did not forget it to him. By his own account, during 1910, 1911, and 1912, for two years the Company police kept a close eye upon him, and often attended his meetings, (1) sometimes in considerable numbers. On one occasion, he had to call on the town police to eject the intruders. (2) At another meeting, in Waterford, in May 1912, a "mob" of officials and Company policemen practically blocked the door of the hall, and heaped abuse on those who tried to push their way in. The few who got in were, according to Mr. McLachlan, laid off, and had to be sent out of the country at the expense of the Union. Moderate Labour observers tell much the same tale. James Watters, President of the Trades and Labour Congress from 1911 to 1918, member of at least five successful Conciliation Boards in Nova Scotia coal mining disputes, and for a time special adviser to the Fuel Controller, visited Cape Breton in 1912. He asserts: "Unquestionably the Company showed favouritism to the P. W. A." In Glace Bay, Dominion No. 6, and New Waterford, he was persistently shadowed by the

(1) Evidence, 1925, p. 1008.
(2) Ibid.,1009 - 1010.

Company police; in Waterford, he saw nearly 200 men turned away by Company officials and police from a meeting at which he was to speak. (1) It is only fair to add, however, that on a second visit, in 1914, he was "not so closely watched, and found conditions better". (2)

Under the circumstances, it is not surprising that after the great strikes of 1909 - 1911, "the membership of the U. M. W. went away down. Within a year it was less than a thousand, within two years it was down to about a couple of hundred, and in March 1915 there were about thirty members in all Nova Scotia". (3) It was evidently useless to continue the struggle. John P. White, International President of the U. M. W., after a conference with Mr. Watters, decided that the antagonism to the P. W. A. merely helped to keep it alive; and as a result, in March 1915 the charter of District 26 was withdrawn.(4)

The picture of these last years before the War is not a pleasant one; but it would be a mistake to think that the bitter wranglings of the Company and the U. M. W., and within the Labour Movement itself, tell the whole story. There is another side, perhaps quite as important, though less spectacular, of which we get only rare hints. The general

(1) Evidence, 1925, Mr. Watters, 2212 - 2213.
(2) Ibid., 2214.
(3) Letter from Mr. J. B. McLachlan, March 4, 1926.
(4) Evidence,1925, Mr. Watters, 2215.

tendency was towards levelling up inequalities between the various classes of mine workers, and between the lower paid employees of Scotia and the mainland coal fields, and the men of south Cape Breton. It is pleasant to record also that the evidence before the latest Royal Commission goes to show that up to before the War, there was a good deal of contentment among the men in normal times. One witness even declared that up to about 1910 or 1911 no one could have worked for a better Company than Dominion Coal. In his opinion, it was the introduction of new and less reasonable management from Great Britain which brought much of the friction.(1)

Finally it must be remembered that over the whole period from 1893 to 1913 inclusive, there were certain noteworthy advances. The total number of men employed had risen from 5890 to 13,664, (2) and the employees of the Dominion Coal Company from about 2200 to 7,464. The number of days worked by Dominion Coal, all collieries, in the three years following 1898, increased from 164 to 300, and the average for the next twelve years was nearly 285. For the same period, Scotia averaged 277, and Springhill, for the ten years ending

(1) William Holden, a Lancashire hand pick miner, No.2, in Evidence,1925,pp. 274 - 275. See also Appendix J.
(2) Nova Scotia Department of Mines Reports.

1913, about 245 days. In the last named year, Dominion worked 300 days, Scotia 289, and Springhill 294. (1)

(1) Nova Scotia Department of Mines Report; and Appendix J.

CHAPTER VI.

FINANCE, MANAGEMENT, AND MARKETS.
(1914 - 1926)

With the outbreak of War in 1914, industrial conditions changed entirely. The initial effect of the "circumstances which cooled and interrupted the friendship of nations" (to use President Wilson's phrase), was to upset business very considerably; and the Nova Scotia coal industry was no exception. A very large number of colliery workers, especially skilled miners, enlisted for active service, (1) coal costs mounted rapidly as a result, and development work was seriously curtailed. (2) Production for 1914 fell off by nearly 200,000 tons, and sales by more than 300,000. Two markets showed increases; the St. Lawrence, 190,000 tons, and the bunkering trade 14,000; but this was more than balanced by a decrease of over 165,000 tons in sales to New England, and 360,000 in the Maritime Provinces. (3) This last result was due chiefly to the temporary crippling of the steel industry, which normally consumes about one-

(1) Select Committee, House of Commons, 1921, Evidence of Col. D. H. McDougall, 239.
(2) Ibid., Mr. R. M. Wolvin, 128.
(3) Nova Scotia Department of Mines Reports; also Appendices C. - G.

quarter of the total coal output.(1) The National Trans-continental Railway development ceased abruptly; and to make matters worse, practically all the surplus ore production at Wabana for the year had been sold to Germany. At one blow, the whole European market was destroyed. The ore already mined could not be shipped, and the steel companies had to suspend operations in Newfoundland. (2)

As War was not declared until after midsummer, and the Nova Scotia fiscal year ends September 30, the full consequences of these factors could not be seen until 1915. By that time, production had declined another 626,000 tons,and total sales 406,000. Though New England had more than made up its loss of 1914, and the bunkering trade had reached the highest figure in its history, the St. Lawrence took 553,000 tons less than before, and the Maritime Provinces 172,000 less. (3) Early in 1916, the British Government requisitioned the coal vessels belonging to the various companies, (4) entailing very heavy costs to the operators in more ways than one. It was extremely hard to get other tonnage; for the commandeered ships had been specially built for the trade and water freights already had risen steeply. (5)

(1) Select Committee, House of Commons, 1921, Mr. Wolvin, 128.
(2) Monetary Times Annual, 1916.
(3) Nova Scotia Department of Mines Reports; also Apps. C-G.
(4) Select Committee, House of Commons, 1921, Mr. Alex. Dick,194.
(5) Monetary Times Annual, 1916.

Sales in Quebec Province accordingly dropped another 823,000 tons, to the lowest figure since 1900; customers in that market, especially the railways, (1) formed trade connections in the United States, and became more and more dependent on American supplies. In 1918, the consumption of Nova Scotia coal in Central Canada was lower than it had been for forty years. (2)

Happily, however, after the first year-and-a-quarter, the situation in the Lower Provinces began to improve. In defiance of "expert" opinion, Col. Thomas Cantley, President and former General Manager of Scotia, together with Gen. Sir Sam Hughes, Minister of Militia, set to work to prove that Canadian steel plants could manufacture munitions and war materials, and do it well. (3) Their success brought new life to the Nova Scotia steel industry. Shell-making got under way late in 1915, (4) and coal production in 1916 increased 117,000 tons. Unfortunately, this growth did not last; but the increased disposals in the local market did. In 1916, they had risen by 880,000 tons; in 1917 by 209,000 more; and though there was a falling off in 1918, the figures were even then higher than those of 1916. It took a further

(1) Select Committee, House of Commons, 1921, Mr. Dick, 184, 194.
(2) Nova Scotia Department of Mines Reports; Apps. C - G.
(3) Drummond, op. cit., 222 - 223.
(4) Select Committee, House of Commons, 1921, Mr. Dick 194. Mr. Dick was General Sales Agent of the Dominion Coal Co.

decrease of 372,000 tons in 1919 to bring the local sales below the pre-war level; there was a renewed rise in the next year; and the end of the after-war trade boom found the Maritime coal market practically what it had been in 1913. (1)

Of the other disposals, there is less to say. Sales to New England, after the spectacular recovery of 1915, slumped gradually back to the 1914 figures, and in fact below them. From 1916 to 1918 inclusive, they averaged 364,000 tons; but in the next year, fell abruptly from 296,000 to 76,000, and in 1921 amounted to only 8,443 tons.

Newfoundland remained practically an exclusive market for Nova Scotia mines, with an average consumption, from 1914 to 1920 inclusive, of 246,000 tons.(2)

The bunkering trade, where high prices seem to have ruled, (3) declined in 1917 by 157,000 tons, and in the following year by a further 97,000. 50,000 of this loss was regained, however, in 1919, and another 150,000 in 1920.

Europe took 64,000 tons in 1919, and 528,000 in 1920, most of this going to Holland. For some unknown reason,

(1) Nova Scotia Department of Mines Reports; Apps. C - G.
(2) Nova Scotia Department of Mines Reports.
(3) Evidence, 1925, Mr. Wolvin, 4232.

1920 saw also a 61,000 ton shipment to Africa. Exports to Europe, were attractive and would have been much larger but for increased German production on Reparations account, and an embargo (due to American and European coal shortage) imposed by the Railway Commission, from August 1,1920 to February 12, 1921, under authority of Parliament. (1)

Even before the return of commandeered vessels, at the end of 1919, there had been a gain of 210,000 tons in sales to Quebec. (2) In 1920, however, there was a decrease of 94,000 tons. Coupling this with the figures of coal sent to Europe and Africa in the same year, it is impossible to avoid the conclusion that the operators were not making sufficiently strenuous efforts to regain the Central Canadian market. Perhaps the reason is found in Mr. Wolvin's admission (3) that in 1920, perhaps owing to his inexperience of the business, the Dominion Steel Corporation asked too much for its coal, and did not pay enough attention to holding its customers.

The Scotia Company had been a consolidated industry since 1901. On December 19, 1912, the Boards of Directors of the Dominion Coal Company and the Dominion Iron and Steel

(1) Select Committee, House of Commons, Mr. Dick, 172.
(2) Nova Scotia Department of Mines Reports; Apps. C - G.
(3) Evidence, 1925, p. 4416.

Company passed a Resolution "purporting to empower the Dominion Steel Corporation to deal with the output, organization and funds of the two companies jointly", the Corporation guaranteeing bond interest, dividends on Preferred stock, and depreciation and sinking funds.(1) The Common stock of the two companies had, of course, been exchanged for Steel Corporation Common. It is therefore, difficult, if not impossible, to gauge the earnings of the coal properties alone. Scotia paid dividends on Common at 4½% in 1914 and 2½% in 1917. At the end of that year, $5,000,000. of new capital were invested, and the Company paid a stock dividend of 20%, or $2,500,000. From the beginning of January 1918, up to and including October 15,1920, Scotia paid on its increased nominal capital at an average of 5⅙%; in the first half of 1921, 9%, and on August 10, 1921, arrears of 21% a share. The Dominion Steel Corporation paid nothing on Common from early in 1914 until 1917. From then, to and including April 1, 1921, it paid an average of 4½%; and on July 12, 1921, arrears of ¼%.(2)

During these years, changes had been taking place in the organization and management of the industry. Mr. Plummer, not long after the War began, made way for Mr. Mark Workman,

(1) Report of the Royal Commission, 1925, p. 54.
(2) Poor's Manual, 1925, pp. 1230 et seq.

of Montreal, as President of the Dominion Steel Corporation. About the same time Col. Cantley took the Chairmanship of the Scotia Board of Directors, leaving the Presidency to Mr. F. H. Crockard, and later to Col. D. H. McDougall, former General Manager of Dominion Steel.(1) American interests became prominent in Scotia about 1917, (2) and two years later that Company enlarged its operations by entering the Pictou coal field. The Acadia Coal Company, reorganized in 1910 by a Belgian syndicate which furnished about $2,000,000. of new capital, had had a rather unprosperous career, paying little or no dividends on the extra investment. The Belgians were therefore more than thankful in 1919 to sell out to Scotia, which soon afterwards bought enough of the remaining stock to gain control.(3) This transaction was scarcely over when there loomed up a much larger scheme, destined to change the whole position of the steel and coal industries.

The overture came in the long-dormant shipbuilding industry, to which acute war-time needs had given a new stimulus. In August 1916, Scotia laid the first keel in its new shipyard at New Glasgow. By May 1920, it had launched four ocean-going steamers of 2400 to 2800 tons, and had contracts for four

(1) Annual Reports, Scotia, and Dominion Steel.
(2) Moody's Manual, 1918, p. 1157; Drummond, op. cit., 217.
(3) Select Committee, House of Commons, 1921, Col. McDougall, 239; Besco Bulletin, December 5, 1925; App. H.

more, two of which were on the stocks. (1) As it turned out, this venture ended in a loss, (2) and much of the material used was imported. (3) The Dominion Steel Corporation had done nothing of this kind; but a large Government contract had induced it to build a big,new steel-plate mill at Sydney.(4) At Halifax, there had been for many years a marine railway, and a graving dock, built by English capital, (5) and operated by two separate companies. The dock had suffered in the Explosion of 1917, and its repair facilities were inadequate, especially for the new shipping fleet contemplated by the Dominion Government. The owners of the dock, feeling that the Government should put the property in condition, refused to make any betterments. Early in 1918, therefore, Mr. R. M. Wolvin, formerly a transportation expert in Duluth, and at this time President of the Montreal Transportation Company, and a Director of the Canada Interlake Line, Limited, a subsidiary of the Canada Steamship Lines, Limited,(6) came to Nova Scotia at the request of the Minister of Marine to look into the situation. Mr. Wolvin had already been approached by the American Government, which apparently had offered to supply needed capital, and to give contracts for at least fifty ships;

(1) Poor's Manual, 1920, p. 1260.
(2) Annual Report, Scotia, 1920.
(3) Drummond, op. cit., 230.
(4) Annual Reports.
(5) Appendix H.
(6) Moody's Manual, 1918, p. 1054.

but he was willing to go into business at Halifax, if given space for plant extension, and a guarantee of shipbuilding contracts. At the same time the Government was negotiating with English entrepreneurs, who seem to have demanded that the Government itself should put up the necessary capital. This was unsatisfactory to the Minister, and as a result he eventually came to terms with Mr. Wolvin. Encouraged by an order for four steamers, and the prospect of much larger contracts in the future, Mr. Wolvin and his "partner", Mr. J. W. Norcross, President of the Canada Steamship Lines, (1)in June organized the Halifax Shipyards, Limited, which bought the graving dock (at a price fixed by the Exchequer Court), and the marine railway, which had previously been expropriated by the Government. The share capitalization was $3,000,000. Preferred and $5,000,000. Common, (2) the latter being promotion stock pure and simple.(3) The entire issue was sold privately. Mr. Wolvin took $600,000. worth,for cash; Mr. Norcross the same; the Montreal Transportation Company, which they controlled, $250,000.; and "Associates and friends", $3,000,000. The Directorate, including among others Mr. M. J. Haney of the Home Bank, came chiefly from the Canada Steamship

(1) Moody's Manual, 1919, p. 1053.
(2) Report of the Royal Commission, 1925, Appendix G.
(3) Ibid., p. 53.

Lines, and its subsidiaries. (1)

It had already occurred to Mr. Wolvin that as the Dominion Steel Corporation had the only plate mill in Canada, and was also a large ship owner, an alliance might be profitable, In June 1919, as a result of conversations with Mr. Workman and friends in England, he undertook a private study of the Dominion Steel Corporation, and was not long in deciding that it offered a very promising field for his enterprise. In his opinion, the steel industry was faced with a new situation in which transportation was the great problem. It was entering an age of by-products in which raw materials would move farther than ever before. Like every observer, he was struck with the immense natural advantages enjoyed by the Sydney steel companies: large coal resources at their doors; control of the Wabana iron fields, containing 15% of the world's iron ore; excellent harbours on tidewater; and above all the strategic position, "half way between two Continents, just where it could supply Canada, take care of Europe, look after the rejuvenation of the British steel industry, and ultimately ship its ore and basic products into Pittsburg itself."

Inspired by this vision, Mr. Wolvin began to purchase

(1) Moody's Manual, 1919, p. 345. The general account is from Evidence, 1925, Mr. Wolvin, 2054 - 2056.

Dominion Steel Corporation shares. Late in 1919 or early in 1920 he was approached by a "gentleman in England" who was organizing a syndicate for the same purpose. As the syndicate was "not English", it may be inferred that Col. Grant Morden, former Canadian, and at this time M. P. for Chiswick, (1) had already taken a hand in the proceedings. However, that may be, the group in England soon acquired a large number of shares. Mr. Wolvin kept his holdings separate, "but with a friendly understanding", and in the late autumn of 1919 , joined the Dominion Steel Corporation Board.

The syndicate was not yet "absolutely completed", but it had considerable influence, and had already suggested to Mr. Wolvin a big steel, coal, and shipping merger. "I was not at this time the moving spirit in the enterprise", he remarks, "I was agreeable, and I was interested in several of the plants that were going in". In March 1920, at the request of the existing Board, and with the full knowledge, approval, and support of the syndicate, he became President of the Dominion Steel Corporation; and not long afterwards, Mr. Norcross joined the Board as special representative of the syndicate. The moment was ripe for a great, new con-

(1) Hansard, 1920, May 4, pp. 1946 - 1967.

solidation. Col. Grant Morden held a prominent place on the London Advisory Committee of the Canada Steamship Lines and the Dominion Steel Corporation, and through interlocking directorates, control of the Dominion Steel Corporation, Canada Steamship Lines, Halifax Shipyards, and Collingwood Shipbuilding Company, was in the hands of a single group, comprising Messrs. Norcross, Wolvin, Haney, J. F. M. Stewart, H. W. Cowan, F. S. Isard, H. B. Smith, Edmond Bristol, W. E. Burke, and others.(1)

As luck would have it, physical conditions in the Cape Breton coal mines were working in the same direction. The submarine areas had been leased by Scotia and Dominion Coal on a haphazard checker-board plan. All sorts of inconveniences resulted, and as far back as 1913, Scotia had come to the end of its own submarine holdings at one point on the Sydney Main seam, and had had to sublease fresh areas from Dominion Coal on a royalty basis. In 1918 , the Florence Colliery at Sydney Mines reached the Dominion boundary on the east and north; but trouble was staved for the time by the intervention of the Federal Fuel Controller. At his request, the Nova Scotia Government granted leave to Scotia to enter a

(1) Poor's Manual 1920, pp. 270 - 271, 370, 732, 2512.

small area of the Dominion properties, paying a royalty; but by April 1921, this concession was practically worked out. At the same time, the Dominion collieries, especially Nos. 1 and 2 on the Phalen seam, were rapidly approaching Scotia's outer submarine holdings. At the end of 1919, there were "threats" to Scotia's coal leases, and it was clear that trouble was brewing. Existing property rights had already interfered with the most economical working of the Scotia mines, were partly responsible for the colossal and costly blunder of the Jubilee bankhead, and seemed likely to mean untold future expense for both companies in rock driftings, new railways, shipping piers and colliery towns.

So much is agreed. The point around which acrimonious controversy still rages, is, whether a merger was the only way out. Some of the coal men (e.g. Col. D. H. McDougall)(1) apparently thought it was; Col. Cantley distinctly says it was not, (2) and Col. Herd has admitted that it would have been quite possible for the two companies to exchange leases instead of losing their independence. (3) It is strange that there was no real effort made in this direction.

Scotia's financial position was excellent,(4) and from

(1) Select Committee, H. of C., 1921, pp. 235 et seq.
(2) Letter in the Halifax Evening Mail, March 16, 1925.
(3) Evidence, 1925, p. 2346.
(4) Col. Cantley's letter to the Mail; Financial Times, January 25, 1919.

the view point of its steel business it certainly had every reason to maintain its identity. The suggestion that the steel plants at Trenton and Sydney Mines could not compete with that at Sydney, Co. Cantley treats with the contempt it deserves. "The Dominion Steel Corporation", he says, "were in business for twenty years before the merger and were active competitors during the latter half of that period. They were never able to put the Scotia Company out of business and never could have done so. Scotia made better steel both at New Glasgow and Sydney Mines than the Dominion Sydney plant ever did or could make, as was amply demonstrated during the War; and with larger and more modern open hearth furnaces and a lower overhead burden, made it not only better but cheaper". (1)

In fact Scotia had been one white elephant --- the new Jubilee bankhead, and for that the responsibility seems to be divided. Work was begun at this mine with "a little ramshackle bankhead" (2) in 1916, at the height of the war-time demand when"anything would sell". In March 1920, the McKinnon Conciliation Board (3) reported that the Scotia Company had offered to build a new bankhead at Jubilee if given a contract

(1) Letter in the Halifax Evening Mail, March 16, 1925.
(2) Evidence, 1925, Col. Herd, 2109.
(3) See Chapter VII .

to supply the Canadian National Railways. (1) As a result of the Board's commendation of this proposal, the C. N. R. made a three-year contract for Jubilee coal, on condition that it should be thoroughly screened in a modern surface plant. The Company thereupon made the necessary developments at a total cost of at least $350,000., (2) only to find that the upper seam deteriorated rapidly, and that coal from the lower seam was so liable to spontaneous combustion that it could never be mixed, or stored in bulk for any length of time. With the end of the original contract, in 1924, the entire colliery was shut down, because of heavy losses. Fortunately there is some prospect that "the time may come when Jubilee will be worth the money spent on it".(3) The product is a good domestic coal, and as the mine has a strong stone roof, and is unusually free from water and gas, the valuable equipment left in since 1924 is not likely to depreciate rapidly.(4)

Whatever the necessities of the case, however, the combination movement was not halted. Almost while the McKinnon Report was being written, the plans were beginning to take definite shape. Early in 1920, President McDougall denied

(1)c Labour Gazette, April 1920, p. 390.
(2) Evidence, 1925, Col. Herd 2383.
(3) Ibid., 2109.
(4) Ibid., 2105 - 2109, 2383 - 2384.

that Scotia was a party to any merger negotiation; (1) but within a short time it had apparently been won over, for its name appears in every public discussion of the new Canadian Steel Trust. (2) What caused the change of heart only a very few people know; (3) Col. Cantley says that "Scotia was betrayed and surrendered from the inside by a few men who thought it to their interest to bring the merger about, and who received positions and directorships, and possibly other rewards" from the new Company.

The syndicate was now complete. According to Mr. Wolvin, its members "had somewhat of an Empire feeling, and thought that no Germans should be included in the operation of the properties", being particularly anxious to keep the Wabana ores under British control. The interests represented numbered several English and Scottish ironmasters, shipbuilders, railway men, and coal operators, and at least two financiers. Some of the members were of undoubted high reputation; some were customers of the Sydney steel plant; and all were well known figures in the business world. Of the financiers, the most prominent were Col. Morden and Mr. Szarvassy, "an Austrian, connected with a firm of bankers in the United States", (4)

(1) Financial Times, January 24, 1920.
(2) See, for example, Hansard, May 4, 1920, pp. 1946 - 1957; Poor's Manual, 1920, pp. 2339 - 2341.
(3) Letter in Halifax Evening Mail, March 16, 1925.
(4) Evidence, 1925, Mr. Wolvin, 2063.

and "head of a very powerful financial group in London, known as the British Dominion and Foreign Investment Corporation ". Mr. Szarvassy had reorganized Dunlop's at a critical moment after the War, (1) and was now prepared to assist the Canadian Steel and shipping industry. New capital to the amount of $25,000,000. in cash was said to be forthcoming, and of this Mr. Wolvin stipulated that at least $20,000,000. must come to Nova Scotia.

The promoters lost no time in getting to work. On March 15, 1920, they secured from the Dominion Government letters patent incorporating the "British Empire Steel Corporation,Limited ", with an authorized capital of $100,000. (2) As had been fully expected on May 13, they supplied for supplementary letters increasing the authorized capital to $500,000,000. (3) By this time, Col. Morden had arrived in Canada, and in Toronto on May 3, he delivered a speech describing the proposed merger as the "largest industrial organization in the British Empire". (4) Questions had already been asked in the House, without much result; but the Toronto speech brought matters to a head. On May 4, at the instance of "a prominent Toronto capitalist",

(1) Letter from Mr. C. S. Cameron, Secretary of the B.E. Steel Corporation, March 23, 1926.
(2) Evidence, 1925, Mr. Wolvin, 4223; Mr. A. A. McKay, Sec.-Treas. of District 26, U. M. W. A., 1571.
(3) Evidence, 1925, Mr. Wolvin, 4223.
(4) Hansard, May 4, 1920: 1946 - 1967.

Mr. Richardson, Unionist M.P. for Springfield, moved the adjournment in order to call the Government's attention to what was going on. Sir George Foster, acting Prime Minister, was at first non-committal, but finally promised a "thorough inquiry" before any increased capitalization was granted. (1)

There were, however, other means of obtaining a charter. Most of the constituent companies had been incorporated in Nova Scotia, and Disco and Dominion Coal in particular "had great powers, much greater than are ordinarily given to-day".(2) The cheque for incorporation fees had already been mailed to Ottawa with the application for a larger capital, when the Premier of Nova Scotia wired Mr. Wolvin reminding him that Provincial charters had been the usual practice, and asking him to incorporate at Halifax. The request evidently struck a responsive chord, for Besco withdrew its application and cheque from Ottawa, and on May 22 secured its charter from the Legislature of Nova Scotia. (3)

The scheme as originally drafted provided for an amalgamation of the Dominion Steel Corporation, the Nova Scotia Steel and Coal Company, the Canada Steamship Lines, Maritime Nail Company, Collingwood Shipbuilding Company, Halifax Ship-

(1) Hansard, May 4, 1920: 1946 - 1967.
(2) Evidence 1925, Mr. Wolvin, 4346.
(3) Poor's Manual, 1920: 2339 - 2341.

yards, Davie Shipbuilding and Repairing Company, and Century Coal Company (this last a firm of Montreal coal dealers associated with the Canada Steamship Lines). There were negotiations also with the Canada Foundries and Forgings, Limited, and the Port Arthur Shipbuilding Company, Limited.(1)

As might have been expected, it was not all plain sailing. The very size and spread of plans which embraced several steel plants, many coal mines, three or four shipyards, a large amount of freight and passenger shipping, and even a summer hotel at Murray Bay, brought their own difficulties. "Unquestionably the efforts to include a number of companies of doubtful strength and earning power, and the forcing out from the Dominion Steel Corporation, by the new interests, of some of its most trusted and tried Directors, created an unfavourable impression in investment as well as industrial circles". (2) The Canada Steamship Lines was particularly notorious for"watered stock" .(3) The various companies were slow to approve the terms offered them, and the more conservative interests in Dominion Steel even went so far as to ask for a legal injunction to postpone the shareholders'

(1) Poor's Manual, 1920: 1339 - 1341.
(2) Financial Times, April 4, 1924.
(3) For details of its financing, see Poor's Manual, 1920, pp. 270-271

meeting. (1) The injunction was refused and the meeting took place on June 18, with 110 persons present. The opponents of the merger, though apparently not antagonistic to Mr. Wolvin personally, (2) objected to the methods he had followed. Mr. Plummer and Mr. McMaster said that they had met with repeated difficulties in trying to get information about the new proposals. Mr. E. R. Wood said that the consolidated surplus of which the promoters boasted was obtained by writing up mineral deposits, and declared that the distribution of securities to the minor companies was greatly out of proportion to their importance. The Corporation, nevertheless gave its approval and some of the other companies followed suit. But the process had been so long drawn out that before it was complete financial conditions had changed utterly. British investment houses had their hands full at home, (3) and the new securities could not be floated.

The more grandiose features of the merger were now dropped, and less ambitious designs took their place. Mr. Wolvin set himself to bring about a union of Dominion Steel and the Halifax Shipyards; and at the same time, "without

(1) Annual Report for 1920, Dominion Steel Corporation.
(2) Evidence, 1925, Mr. Wolvin, 2060.
(3) Mr. C. S. Cameron's letter of March 23, 1926.

anyone being aware of it", started to buy Scotia stock for the Dominion Steel Corporation, "in order to control the nuisance instead of merging with it". About 10% of the shares had fallen into his hands when someone let the cat out of the bag, just before a meeting of the syndicate in London, January 1921. As a result, Mr. McDougall was invited to sit in, and a very frank discussion followed. Mr. Wolvin had "no doubt that for years Scotia had been trying to force a merger", which he felt would be a "sacrifice" for the Dominion Steel Corporation. He therefore proposed to go on buying Scotia stock in order to gain control. The English people, however, disliked this method; and in deference to their views, Mr. Wolvin agreed to amalgamate, on condition that Scotia would accept the Halifax Shipyards as a third member of the British Empire Steel Corporation. (1)

All difficulties were now adjusted, and the properties of the three companies were acquired by exchange of shares on the following basis:

Dom. Steel Corp. 6% Cum. Pfd. Disco 7% Cumulative Preferred. Dom. Coal 7% Cum. Preferred. Eastern Car 6% Cum. Preferred. Halifax Ship. 7% Cum. Pfd.	For Besco 7% Cum. First Preference, Series B., share for share.

(1) Account of the merger proposals from Evidence, 1925, Mr. Wolvin, 2055 - 2072.

5 shares Scotia 8% Cum. Pfd.	For 6 shares Besco, Series B.
100 shares Dom. Steel Corp. Common.	For 95 shares Besco 7% Cum. 2nd. Pref. plus 40 Besco Common.
100 shares Scotia Common	For 90 Besco 2nd.Pref. plus 40 Besco Common.
100 Shares Halifax Ship. Common	For 60 Besco 2nd. Pref. plus 25 Besco Common.

(1)

The resulting combination, the first of the "horizontal" type in the steel and coal trade of Nova Scotia, is the largest industrial corporation in Canada. Mr. McLurg says (2) that the Halifax Shipyards "has always paid its way", and that it made a small profit both in 1923 and 1924.(3) It certainly paid dividends on its Preferred stock right up to 1921. Mr. Wolvin is more cautious, merely remarking that the "Shipyards this last year or so is carrying itself". At all events, contrasting the records of the three Companies, it is evident that Dominion Steel made no alarming "sacrifice", and that Scotia was in fact acquired "at an inadequate price". (4)

These terms, of course, involved a $19,000,000. increase in share capitalization, (5) bringing the promotion and bonus stock in Besco and its subsidiaries to at least $57,500,000.,(6) out of a total bond and share issue of approximately $129,000,000. (7) It should be noted also that $31,000,000.

(1) Poor's Manual, 1925, 1229-1238 .
(2) Evidence, 1925, p. 3322.
(3) Ibid., 3317, 3319.
(4) Col. Cantley's letter in Halifax Evening Mail, Mar. 16, '25.
(5) Royal Commission Report, 1925, p. 53.
(6) Ibid., 53, says $54,000,000.; but this leaves out Scotia's $3,500,000. Stock bonuses, already noted.
(7) Ibid. 52.

of Common secured a cumulative preference at 7%. "Bless thee, Bottom, thou art translated".(1)The justification advanced for this "top-heavy capitalization" (2) is threefold. "The organizers apparently had before them", says the Royal Commission's Report of 1925, (3) "(a) Book values of assets amounting to $160,000,000.; and (b) Appraisal which valued the works, plant and equipment at $126,000,000. and a further appraisal or estimate which valued the rights in coal and ore areas at $204,000,000.

"With these valuations before them, and in the light of conditions then prevailing, the organizers of the British Empire Steel Corporation apparently followed, in the capitalization of its assets and the issue of organization stock, a practice which had been adopted by the constituent companies at their inception, and which has not been uncommon in Canadian companies".

The last phrase is noteworthy. From the very beginning of its career, Besco has had much unnecessary publicity, some misrepresentation, and a good deal of insincere criticism. There has been a general tendency to emphasize its mistakes as if it were the chief of sinners, or indeed the only sinner.

(1) Poor's Manual, 1920, pp. 1260 et seq.
(2) Wall Street Journal, November 6, 1924.
(3) Pp. 53 - 55.

This matter of capitalization is just one case in point. At the same time, that does not dispose of the charges of "watered stock". Two wrongs do not make a right, and the shortcomings of other Canadian companies furnish no excuse for the British Empire Steel Corporation.

The other arguments would carry more weight if it were not that the property accounts of the constituent companies had already been swollen by $38,500,000. of promotion or bonus stock. (1) The appraisal value of the coal and ore areas is beside the point. The Riordon Pulp and Paper Company said the last word about the wisdom of building on future assets.

Strangely enough, the Royal Commission has ignored the third argument put forward by the Corporation. Mr. Wolvin has more than once justified the $19,000,000. increase in 1921 on the ground that it was less than the consolidated surplus of the constituent companies. This is perfectly true. The surplus amounted to nearly $23,000,000., (2) or about $4,000,000. more than the increased capitalization. But that again does not dispose of the matter. Mr. Wood (3) may have been mistaken in saying that the organizers had

(1) Royal Commission's Report,1925, p. 53, and Scotia stock bonuses noted above.
(2) Annual Report, Besco, 1921.
(3) See above, p.131

"written up" the mineral deposits; but there is no doubt that they had not sufficiently "written down" other assets. In the coal mines, by Mr. Wolvin's own admission, (1) necessary development work had been neglected because of labour shortage due to the War, and because the Government ordered the operators to push actual production to the limit.(2) The Sydney steel plant also has not been kept fully up to date; Mr. Harry J. Kelley, General Manager, testified before the Royal Commission, (3) that it would take $14,000,000. or $15,000,000. to make it "equal to any". These two items alone would account for at least $15,000,000. of the "surplus", and as it turned out, some of the balance should probably have been kept to tide the Corporation over lean years. In addition, the constituent companies would have been well advised to set aside from their large War earnings a special fund for rebuilding ancient and dilapidated dwellings in the colliery towns. Finally, whatever the validity of these criticisms, one thing is certain. If the $19,000,000. was to be transferred from surplus to capital stock, it most clearly should not have figured in the balance sheets under both headings. Yet this was the practice followed. Two

(1) Select Committee,H. of C., 1921, p. 128. See also Evidence, 1925, Col. Herd, 2102; and Memorandum to the Prime Minister by a delegation from Nova Scotia,Jan.1925.
(2) Ventilation development work alone cost $1,100,000.--- Evidence,1925. Col. Herd, 2380.
(3) P. 3092.

trees sprang up where one grew before.

One other feature of the organization deserves some comment. In order to extend its business in Great Britain and Europe, the new Corporation established a London Office, under the direction of Sir Newton Moore, a salaried Vice-President of Besco, and member of the Executive Committee of the Board of Directors. This office seems nevertheless to be a separate unit, taking a commission on all sales which it brings off, --- a unit in which Besco has only a half interest.(1) To date, the London Office has handled large ore sales to Germany; iron and steel sales to Britain, Australia and New Zealand; and coal sales in Britain and on the Continent of Europe totalling over 1,000,000 tons. Its importance, therefore, is by no means small. (2)

The Corporation's ultimate assets were,and are, very large. It has in the first place absolute control over one of the six great iron fields of the world, containing from 3,500,000,000 to 6,000,000,000 tons of clean high grade ore, of which at least 50% is recoverable. Situated on tidewater, in the sister Dominion of Newfoundland, at a distance of only 402 miles from Sydney, these reserves are at all times within easy reach. The mines are equipped to produce more than

(1) Evidence, 1925, Mr. Wolvin, 2078 - 2079.
(2) Besco Annual Reports, and Nova Scotia Department of Mines Reports.

1,500,000 tons a year, for which in normal times, there are ample markets at Sydney and in the Ruhr valley Germany.(1)

It has secondly, the Sydney steel plant, with a capacity of 400,000 tons a year in a wide variety of finished products; a smaller but more modern plant at Sydney Mines (closed since the end of 1920), with finishing mills at Trenton equipped with the heaviest hydraulic forging press on the Continent, and the best car axle mill in Canada; the Pender nail mill at St. John; and at Trenton, the most modern and efficient freight car factory in Canada, equal to any in America. (2)

It has thirdly, about two dozen collieries in the various coal areas of Nova Scotia, (3) with a capacity (in 1921) of about 5,500,000 to 6,000,000 tons. (4) (This capacity has since been much increased.) All the coal is bituminous, most of it is very good for domestic and steam use, and much of it is excellent for smelting. The reserves of a quality equal to that now being mined are shown in the following table:

Coal Field	In Proved Areas (Tons)	Within 5 Miles from Shore (Tons)
Sydney	1,000,000,000	3,000,000,000
Cumberland	56,000,000	----------
Pictou		----------

(5)

(1) Evidence, 1925, Mr. Kelley, 3092 - 3093; and Besco Annual Reports.
(2) Col. Cantley's letter, Halifax Evening Mail.
(3) Evidence,1925, Mr. Wolvin, 2045.
(4) Poor's Manual,1920:
(5) Evidence, 1925, Col. Herd, 2095, 4057; and Nova Scotia Department of Mines Reports.

This steel and coal equipment is supplemented by large limestone and dolomite quarries in Nova Scotia and Newfoundland, and large timber areas in Quebec, New Brunswick, Nova Scotia, and Newfoundland. (1)

It has thirdly, a well-equipped railway system 272 miles long, handling about 9,500,000 tons of freight a year, in Cape Breton, and at Springhill; a good-sized fleet of large coal and ore freighters; and modern loading or discharging plants owned or under lease at Sydney, Louisbourg, Halifax, Parrsboro, St. John, Quebec, Three Rivers, and Montreal. (2)

Concentration of raw materials, cheap transportation, and a self-contained industry under one management, are nn mean advantages. Nevertheless the corporation did not begin work under the most favourable circumstances. The after-War boom had collapsed, depression had set in almost all over the world, and new capital was very difficult to obtain. The coal business laboured under particular difficulties. Owing to the development of oil fuel, and hydro-electric power, the world's coal consumption had fallen off. (3) Industrial stagnation lessened what demand there might have been, and competition was very keen. The St. Lawrence

(1) Poor's Manual, 1925: 1230 et seq. ; Besco Annual Reports.
(2) Poor's Manual, 1920: - - -. ; Besco Bulletin Dec. 5, 1925; Evidence, 1925, Mr. J. R. McIsaac, General Transportation Manager, 2778 - 2786; see also App.
(3) Report of a Court of Inquiry into the British Coal Industry, 1925.

market had fallen completely under the sway of American operators, and was only slowly and painfully reconquered. War expansion had brought tremendous development in the United States, especially in West Virginia and Kentucky,(1) and these fields had become powerful new competitors for Nova Scotia. (2) The West Virginia mines are close to tidewater and like other American collieries enjoy preferential treatment from the railways and peculiarly favourable natural conditions.(3) For some time, moreover, West Virginia was in the habit of shipping "distress" coal to Montreal, actually without knowing whether it could be sold. This, of course, was unloaded at farcical prices, until the American operators' Association itself stepped in to put a stop to the game.(4)

Indeed, as compared with the United States, the Nova Scotia coal fields labour under certain permanent disadvantages. In 1924, about half the output of Nova Scotia coal came from submarine mines; in the States, practically none. (5) Nova Scotia mines are usually deep, sometimes going down about three thousand feet. American mines are shallow, seldom going below four hundred feet. For this

(1) Memorandum of a delegation from Nova Scotia to the Prime Minister, Jan. 1925.
(2) Ibid,, and Evidence,1925, Mr. Wolvin,4284.
(3) Evidence, 1925, Mr. Wolvin, 4284.
(4) Ibid., Mr. J. E. McLurg, Vice-President of Besco, 3310, 3312.
(5) Evidence, 1925, Col. Herd, 2116.

reason, in most Cape Breton mines it is impossible to take out more than 45% to 48% of the coal; and when the mine gets deep enough to adopt the longwall system of working, the expense of initiating the workmen and staff is very great, and the thickness of the seams, with consequent lack of packing material, adds to the difficulties. Most of the Nova Scotia mines are gassy; the Pictou mines especially have a long history of disastrous fires and explosions; and Springhill and Pictou are subject to "bumps", which, according to Mr. Rice of the U. S. Bureau of Mines, make the Pictou coal field the most difficult on the Continent to work. (1) Throughout Nova Scotia explosives have to be carefully supervised, ventilation must be elaborate and expensive, and the airways frequently get blocked with ice. Indeed the Canadian winters are a serious handicap , especially in the matter of transportation. Roofs, too, are generally poor, and require heavy timbering. There is a great deal of water in many of the mines, in one as much as twelve tons to every ton of coal extracted; some of this water is strongly acidulous, (necessitating special pipe and pumping equipment); and as most of the Nova Scotia seams pitch rather steeply,

(1) Evidence, 1925, Col. Herd, 4110

the "head" is large.

The result of these features is that the American mines, with flat seams, good roofs, little timbering, little gas, easy ventilation, short roads, and little or no pumping against a small "head", save enormously on underground transportation, can use electric power to an extent quite impossible with us, avail themselves of what explosives they please, and generally have a very low overhead cost. (1)

The British Empire Steel Corporation, to its credit be it spoken, has made very great improvements in mining conditions, though there is plenty still to do. It has added enormously to the power plant generator capacity, and to the compressed air supply; has introduced much new machinery, larger air mains, electric lamps, better haulage and travelling roads, more riding rakes for the men going to work, new rescue equipment, improved Safety First appliances and training; and so forth. (2) The ventilation system has been brought thoroughly up to date, at a cost of over $1,100,000.,(3) and the air in the mines is excellent. Unfortunately the heavy expenses which resulted, amounting to about 5½¢ a ton <u>extra</u> during the years from 1921 to 1924,(4) have had to be charged against recent costs, instead

(1) Evidence, 1925, Col. Herd, 2110 et. seq.
(2) Ibid., 2116 - 2168.
(3) Ibid., 2380.
(4) Ibid., 2157.

of against the War years from which they were postponed. Mr. Wolvin, himself believes that these expenses should have been charged to the previous period, (1) but it is said the auditors refused.

In spite of these handicaps, and a falling demand after November 1920, (2) Besco made considerable progress in the St. Lawrence market in 1921, and on account of the British strike, sold 273,000 tons of coal in England, (3) and 83,000 in Europe. The end of the year, however, brought very great reductions in coal and steel demand, and a fall in prices. The value of the Canadian dollar in New York funds was rising steadily, and with this movement the American coal operators necessarily gained in competitive power in the St. Lawrence market. At the same time, American railway freight rates to Lake Erie were considerably reduced. (4)

The result of these factors, combined with still more acute depression in Canada, a falling off in the bunkering trade, and above all, serious labour troubles beginning just when contracts were to be made, was a reduced production of 730,000 tons in 1922, giving the lowest total since 1902. The loss would have been still larger but for the coal strike

(1) Select Committee, H. of C., 1921, p.128.
(2) Scotia Annual Report, 1920.
(3) See Appendix F.
(4) Evidence, 1925, Mr. Wolvin, 4238 - 4261, 4281.

in the United States, which not only hindered American competition in Quebec, but actually reopened the New England market to 309,000 tons of Nova Scotia coal. As it was, the sales in Quebec were 203,000 tons higher, while in the Maritime Provinces they were 639,000 lower, and in bunkering 138,000 lower. The English and European market disappeared.(1)

The next year was one of trade revival, both for steel (2) and coal. In spite of further labour troubles, the output from Nova Scotia mines rose to 6,180,000 tons, an increase of 1,537,000 tons, and the highest figures since 1916. The most encouraging feature of the year was the immense improvement in the Maritime Provinces, which took over 3,000,000 tons, though the steel companies had been unable to sell much of their surplus ore, owing to the Ruhr occupation. The St. Lawrence took nearly 500,000 tons more than in the previous year, bunkers about 28,000 tons more, and Europe a total of 60,000. By an excellent stroke of business, Mr. Wolvin had secured long contracts with American consumers during the shortage of 1922, and was now able,even against the new coal duty of 53¢ a ton, to force acceptance of 262,000 tons in the winter of 1922 - 23, bringing total sales in this market to

(1) Nova Scotia Department of Mines Report.
(2) Moody's Bulletin on the Iron and Steel Trade, January 31, 1924.

279,000 tons, and helping to provide winter work. (1) This was particularly important because the railways had become reluctant to take banked coal, and it cost about 36¢ a ton to bank for the opening of navigation. (2)

Before the end of 1923, the "Building boom" had begun to subside, (3) and prospects for the steel trade were less bright. It is possible, too, that the Canadian tariff changes of the spring of 1924 may have accentuated the renewed industrial depression, whose result is seen in the falling off of Maritime Province sales to 2,396,000 tons. Another tie-up of the mines on account of wage disagreements, again at the moment when contracts for the year were being closed, probably accounts for the 34,000 ton decrease in Quebec. Apparently, too, the full results of the American coal duty had now made themselves felt; for sales in New England decreased to a purely nominal figure. (4) To make matters worse, a short grain crop left much Lake tonnage free to carry coal to Montreal, (5) and the net result of these conditions was an output lessened by 1,208,000 tons.

Of market conditions in 1925, there is nothing to say. The great strike made the year so abnormal that there can be

(1) Evidence, 1925, Mr. Wolvin, 4260.
(2) Interest, insurance against fire --- a considerable danger ---, re-handling charges, extra slack, etc. See Evidence, 1925, Mr. McCann, 2836.
(3) Moody's Weekly Review of Financial Conditions, Jan.31,'24.
(4) Nova Scotia Department of Mines Report.
(5) Evidence, 1925, Mr. McLurg, 3311.

no basis of comparrison at all.

One serious handicap to the coal industry during these years has been the low price of slack to the Sydney steel plant. In 1921, this was unchanged at $1.55 a ton, (1) though Scotia had been charging its steel works $5.97 in 1918, $6.36 in 1919, and $5.77 in 1920. (2) Since that time, the price to Sydney has been raised to $3.00; (3) but when we consider that Cape Breton slack in Montreal in 1923 sold for $5.00 a ton, (4) it is evident that "the coal properties have made an important contribution to the steel plant". (5)

Even for the consolidated industry, however, returns have been far from satisfactory. Dividends on the Corporation's First Preference, and on Preferred of the subsidiaries ceased about two years ago; (6) and though there "has been no consistent policy of depreciation or depletion", (7) the Corporation has paid no dividends whatever on Common or Second Preference.(8) Worse still,in 1924, it failed to earn bond interest, which was only paid by wiping out the profit and loss surplus earned since 1921, and by making inroads on the consolidated surplus taken over from the con-

(1) Select Committee,H. of C., 1921, Mr. Wolvin, 135.
(2) Ibid., Col. D. H. McDougall 246.
(3) Evidence, 1925, Mr. Wolvin, 3102.
(4) According to Senator Lorne C. Webster, a Director of Besco, and Mr. F. P. Jones, Pres.of the Canada Cement Co.,p. 166 of Evidence before a Senate Committee on Coal, 1923.
(5) Royal Commission's Report, 1925, p. 28.
(6) Poor's Manual, 1925, pp. 1230 et seq.
(7) Royal Commission's Report, 1925,p.55.
(8) Poor's Manual, 1925, pp. 1230 et seq.

stituents. The result, according to Mr. Wolvin, is that the bonds have undergone a $4,000,000. depreciation in market value; Preferred stock of subsidiaries $16,000,000.; Scotia Common 89%; and Dominion Steel Common almost 93%.(1) Recent market figures show a fall of about 85% in Besco Common since 1921. --- a significant commentary on the Royal Commission's dictum on overcapitalization, that "the only reliable test is the terms and conditions on which new capital can be obtained."(2)

Naturally, the 25,000 investors concerned (3) have not sat quietly under this state of affairs, and there have been constant rumours of reorganization. In the early autumn of 1922, negotiations are said to have taken place looking to the inclusion of "some of the most outstanding leaders in the industrial and financial life of Canada". (4) This came to nothing; and in April 1923 the shareholders voted to reduce the authorized capital from $500,000,000. to $250,000,000., wiping out the 7% non-Cumulative Preference of $15,000,000., reducing the 8% Cumulative First Preference, Series A, which was never issued, from $100,000,000. to $60,000,000., the second Preference from $135,000,000. to $75,000,000.,and the Common from $210,000,000. to $75,000,000. (5) This step can

(1) Evidence, 1925, Mr. Wolvin, 4298.
(2) Royal Commission's Report, 1925, p. 54.
(3) Evidence, 1925, Mr. Wolvin, 4297.
(4) Financial Times, April 4, 1924.
(5) Besco Annual Report, 1923.

have had no effect, except on the morale of the investors; but in June, Wood, Gundy & Company of Toronto, were said to be working on a plan by which the Corporation would be re-organized under Sir Herbert Holt as Chairman, Mr. F. P. Jones of the Canada Cement Company, as President, and with Mr. George F. Downs, late President of the Lackawanna Steel Company on the Board. The plan was to furnish $10,000,000. new capital.(1) Sir Herbert Holt felt compelled to decline, owing to pressure of other business; and though the new interests made a careful survey, most of the project soon went up in smoke.(2)

Mr. Downs, however, did join the Board in December, though refusing Mr. Wolvin's offer of the Presidency; (3) and Mr. McLurg, General Manager of the Halifax Shipyards, and formerly a high official of the Algoma Steel Corporation, became Vice-President in charge of operations, succeeding Col. D. H. McDougall, whose relations with Mr. Wolvin are said to have been at times inharmonious. Shortly afterwards,(4) Mr. H. J. Kelley of the Bethlehem Steel Corporation, took charge of the steel plants. The new officers found plenty of work ready to their hands, and together they cut out about five hundred surplus officials by October 1, 1925. (5) Mr. Kelley developed the Employees'

(1) Part of this account is from the Financial News Bureau, June 30, 1922.
(2) Montreal Star, June 26, 1922.
(3) Evidence, 1925, p. 4381. See also Montreal Gazette, December 20, 1923.
(4) January 1924. See Evidence, 1925, p. 3052.
(5) Evidence, 1925, Mc. McLurg, 3328.

Representation Plan, (1) speeded up production enormously, practically eliminated claims for defective goods --- this had grown to be a very serious item --- and by minor improvements, without changing the wage scale, saved over $86,000. a month on the payroll. (2)

Some months later it was rumoured (3) that Sir Newton Moore had control of Besco, as head of the British interests, but this also failed to materialize. The Financial Times declared soon afterwards: "The present management has succeeded in antagonizing the labour elements on which the success of the Company depends. There are few examples in Canadian industrial history where steady operations have been so frequently interrupted by strikes. The President and Directors should give serious thought to the question of continuing in office. There is an impression that the Company has been going downhill in spite of undoubted efforts to save it". (4)

There is little question that during the first few years costs of management were excessive. Indeed, that is one clear implication of the Royal Commission's finding: "The operators have recently undertaken a close examination of the administration and office organization of the various constituent

(1) Evidence, 1925, Mr. Kelley, 3065 - 3075, 3098.
(2) Ibid., 3091.
(3) Montreal Star, March, 12, 1924.
(4) April 4, 1924.

companies as well as of the Corporation. As a result of the cutting down of staff and reduction of salaries a saving has been effected which on becoming fully operative in the expenses for 1925 will show a reduction of approximately $800,000. as compared with 1923.

"Whatever readjustments may be possible within the personnel, it does not seem to us that the management expenses of the Corporation, as they now stand, are excessive.

"We are strongly of the opinion, however, that in the interest of proper and sympathetic management and administration of the coal properties, it is desirable that they should be under the control and authority of a resident executive officer whose technical training, mining experience and status should be such that he can be charged with and become responsible for the initiation and direction of the coal policy of the operators."(1) The other obvious inference is that future reorganization must come from within. We need hardly expect, therefore, a recurrence of rumours like that of November 1924, which prophesied immediate reorganization, with the investment of about $25,000,000. of new capital, under Commander J. K. L. Ross as President, and

(1) Royal Commission's Report, 1925, pp. 55-56.

and with some bondholders taking Preferred stock. Like some previous stories this proved to be chiefly hearsay, and nothing more has come of it.(1) Mr. Wolvin and his associates seem likely to carry on steadily for some time.

(1) Financial Post, November 14, 1924.

CHAPTER VII.

INDUSTRIAL RELATIONS AND SOCIAL CONDITIONS. (1914 - 1926.)

The outbreak of War brought its difficulties to the miners as well as to the management. In 1914, especially in the Dominion collieries, there was a marked falling off in the number of days worked, and in the next year this condition was even more serious and widespread. (1) Some of the Pictou miners secured an increase from a Conciliation Board in September 1915, (2) and a few months later the Acadia men got similar concessions. (3) Apart from these, however, there seems to have been no effort to meet the increased cost of living by giving higher wages. With 1916 came notably improved employment conditions; (4) and in May, six months or more before the end of the existing contract, the Dominion Coal Company and the P. W. A. arranged a new Agreement, to run till December 31, 1918, under which the men were to get a 6% increase from June 1, 1916, and 10% from January 1, 1917. (5) In the autumn

(1) Nova Scotia Department of Mines Reports.
(2) Labour Gazette, October 1915, pp. 439-440.
(3) Ibid., January 1916, 788-789.
(4) Nova Scotia Department of Mines Report.
(5) Evidence 1925, Mr. McCann, 2842.

further demands induced the Company to date the 10% increase from November 1, 1916, and to give a 10% War Bonus, and a 5% Steady Work Bonus to all "coal producers" working at least 22 days a month, (1) --- a total increase of 15.9%. Many of the men felt that this was inadequate, especially since there had been only one very slight change in the rates from 1908 till May 1916. The bolder spirits, therefore renewed negotiations with the U. M. W. A., (2) and began to form a new rival to the P. W. A., known as the United Mine Workers of Nova Scotia, which by February 1917 had secured the adherence of "a large number, if not a majority" of the employees in South Cape Breton. (3)

In March 1917, both Unions in Glace Bay applied for Boards of Conciliation. Officers of the Labour Department conducted an inquiry into complaints about wages, working conditions, and "discrimination", and succeeded in arranging several differences; (4) but the real problem was the existence of two rival Unions. In Ottawa, Mr. Watters was impressing on the Prime Minister and the Minister of Labour the need of dealing with one organization, (5) and as a result, on April 19, the Government appointed a Royal Commission consisting of

(1) Evidence, 1925, Mr. McCann, 2843.
(2) Ibid., 2843.
(3) Ibid., 2844.
(4) Labour Gazette, April 1917, p. 275; June, pp. 451 - 455.
(5) Evidence, 1925, Mr. Watters, 2220.

Judge Joseph Chisholm of the Supreme Court of Nova Scotia, Chairman; Rev. John Forrest, D.D. of Halifax; and Mr. John T. Joy, President of the Halifax Longshoremen's Union and Chairman of the Provincial Executive of the Trades and Labour Congress. By public appeals and private negotiation, the Commission succeeded in bringing the two Unions together. Under these auspices, in May 1917, a new Union, the Amalgamated Mine Workers of Nova Scotia, took the place of the P. W. A., and the U. M. W. of N. S. The Commission at the same time awarded increases to the men at Glace Bay, Sydney Mines, and Springhill, In south Cape Breton, the 10% War Bonus of November 1916 was incorporated in the basic rate; men earning under $2.50 a day received a flat increase of 10¢; and all the employees got a new 12½% War Bonus and 5% Steady Work Bonus: a total increase averaging 14.2%. The Agreement based on this Award ran from May 1, to December 31, 1917, and thereafter from year to year unless either party gave notice of termination at least two months before the end of the calendar year. (1)

The A. M. W. at once asked the Company for recognition, in the form of the check-off of Union dues. The Company

(1) Evidence,1925, Mr. McCann, 2844; Labour Gazette, May, 345; June,451 - 455.

replied on July 12, that it was ready to grant the check-off, "provided the same general objects and conditions were observed", and subject to the Union becoming incorporated at the next Session of the Legislature. On July 23, the A. M. W. President answered that the matter of incorporation must go before a Convention (where it was later scotched). The Company therefore granted the check-off for the interim period. (1)

In October, the A. M. W.,which was confined to Cape Breton, (the Pictou miners being organized under the American Federation of Labour), gave notice to terminate the Agreement, and after prolonged negotiations a new contract was arranged for an indefinite period from January 1, 1918, subject to revision every six months, on thirty days' notice, if any perceptible change took place in the cost of living. This contract carried an increase averaging about 16% with a slight levelling up for lowered paid men.(2)

The A. M. W. gave notice of revision in June, and on July 1, secured 20¢ a day flat increase, 10¢ additional for helpers, and 30¢ for narrow work loaders, an average of about 5.1%. This Agreement ended December 31, 1918; but the men remained at work at the same rates during the early part of

(1) Evidence, 1925, Mr. McCann, 2845.
(2) Ibid.

January. On January 14, the Minister of Labour called a joint conference of operators and men, with representatives of the Fuel Controller and the Department of Labour, in Montreal. A sub-committee of this meeting recommended the eight-hour day, and advised that the wage question should be left to a second conference in Sydney. Meanwhile, existing wages were to continue. (1)

The report was accepted and the conference met in Sydney from February 18 to 24, The A. M. W. asked a 30% increase on the ground that, though the cost of living had increased by 171% since 1902, wages had increased only 125% for the lowest paid, and for some workers only about 50%. The operators announced their absolute inability to give such an increase. The A. M. W. therefore withdrew its demands, and eventually secured an increase for datal men only, in some cases running as high as 50%.

More important was the concession of the eight-hour day. Under the old "ten-hour day" system, there was nothing to prevent a miner on contract rates from working overtime almost indefinitely. Indeed, as his wages depended on his output, there was considerable inducement to overtime; and the practice

(1) Evidence, 1925, Mr. McCann, 2845.

became a real hardship to the miner's helper, who got only his day's wage no matter how long he worked.(1) The Union, in return for this improvement, agreed to do its best to lessen absenteeism. (1a)

The largest question before the conference, however, was undoubtedly the men's desire to affiliate with the U. M. W. A., A referendum on this subject in 1918, had given a 98% majority in favour of joining the International Union.(2) Mr. Watters had exerted his influence at Ottawa and with Mr. Workman, President of Dominion Steel, in the same direction, pointing out that the U. M. W. A. was a "large, responsible organization, strong enough to impose the law on any local Union", and that it would probably put a stop to the shut-downs that were continually taking place, sometimes through the action of irresponsible boys. At the Montreal conference in January, Mr. Robert Harland and Mr. Wallace, representing the U. M. W. A., had been present, and had made a very favourable impression on Mr. Workman. (3) The associated operators (Dominion, Scotia, Acadia, Inverness, and Maritime Coal, Railway & Power Company) now declaired their willingness to accept the U. M. W. A. on one condition: that the Union would never try to force Nova Scotia

(1) Labour Gazette, March 1919, pp. 307 - 308.
(1a) Absenteeism in Inverness during 1919 reached the alarming figure of 31% --- Labour Gazette, April 1920, pp. 397-400.
(2) Labour Gazette, May 1918, p. 305.
(3) Evidence, 1925, Mr. Watters, 2222 - 2223.

wages to the American level. The men acquiesced, and the condition was embodied in a written agreement, passed unanimously by the conference. (1)

The U. M. W., thus established, was not long in showing that it meant business. Though it hoped for a general wage increase, its first object was to bring wages on the mainland and in north Cape Breton and Inverness up to somewhere near the rates paid by the Dominion Coal Company. To this end, on November 8, 1919, it applied for Boards of Conciliation in the various coal fields. The application was granted, and several Boards were duly appointed. The most important was the McKinnon Board in south Cape Breton, presided over by the Rev. Clarence McKinnon, D.D., with Col. W. E. Thompson of Halifax representing the Dominion Coal Company, and Mr. J. C. Watters the U. M. W.; but perhaps the more solid work was accomplished in the other coal fields, where the Boards generally awarded increases tending to a standard wage for the whole Province. The employees of the Dominion Coal Company secured a 9% increase, dating from January 1, 1920, till January 1, 1921, and thereafter until terminated on thirty days' notice. This is described by the Labour Gazette (2)

(1) Labour Gazette, May 1919, pp. 307-308; Evidence 1925, Mr. J. B. McLachlan, 953.
(2) Labour Gazette, February 1920, pp. 129-130.

as "a generous advance, bringing wages up to the increased standard (cost?) of living". (1) a

The heart of the McKinnon Award, however, lay in a provision for reopening the contract at the end of every four months, if there should be "any change in the cost of living, or any disturbance in economic conditions", (2) the U. M.W. contract in the United States was to expire in March; and it was known that there would be an increase. The Nova Scotia miners, therefore, while remaining faithful to their pledge not to demand American rates, insisted on progressing at the same rate as the Americans, and for that reason reserved the right to come back for more. (3)

The proceedings of the Sydney conference and before the McKinnon Board had been marked by "harmony, mutual respect and confidence, and an amicable spirit,"(4) but a change seems to have set in in the spring of 1920. In April a U. M. W. Convention at Truro authorized a demand for further increases, (5) and in the same month, in accordance with these instructions, Mr. McLachlan, Secretary-Treasurer of District 26, served written notice on the operators that the Union would ask for a revision. In spite of the continued increase in the cost of living, the

(1) Labour Gazette, February 1920, pp. 129 - 130; March, 233 - 235; April, 392- 396; also January 23 - 24; Evidence, 1925, Mr. McCann, 2847, and Mr. McLachlan, 958.
(2) Labour Gazette, February 1920, pp 129 - 130.
(3) Evidence, 1925, Mr. McLachlan, 958 - 959.
(4) Labour Gazette, Feb. 1920, pp. 129-130; Mar. 1919, pp.307-8.
(5) Evidence, 1925, Mr. McCann, 2848.

a This statement seems to be correct. See below.

Company was unfavourable, and sent evasive replies to Mr. McLachlan's letters. One excuse was that his request for a conference had deviated from the exact terms of the contract. "Next time, I quoted the whole contract," and eventually, late in August, a meeting was arranged. The Company, so Mr. McLachlan says, wanted an International representative present, and the only result of the negotiations was a pilgrimage by the President and Secretary of District 26 to consult the oracle at Indianapolis.(1)

Meanwhile, the prevalent dissatisfaction had moved the Federal Government to appoint, on July 3, (2) a Royal Commission made up of Mr. E. McGrath Quirk of the Department of Labour, Chairman; Sir William Stavert, of Montreal; and Mr. W. P. Hutchinson, of Moncton. In September, rather to the amazement of everyone concerned, especially the operators, the Commission recommended that the wage demands of the men "be met in full as follows: An increase of $1.00 per day for all datal men, 24¢ per ton on all tonnage rates, and 25% on all local contracts, all yardage, deadwork, and timbering, the increases to apply to all districts with the following exceptions, viz.: In Pictou County the increase shall be 27%

(1) Evidence, 1925, Mr. McLachlan, 959 - 960, substantiated by Report of the Royal Commission, 1920.
(2) Evidence, 1925, Mr. McCann, 2848.

on tonnage rates. In the mines of Nova Scotia Steel and Coal Company the present lowest tonnage rate to be increased 24¢ per ton and a like percentage of increase to be added to all other tonnage rates. Contract rates for trimmers shall be increased 27%. Rates for coal shippers and other employees connected with the piers to be increased 27%." These increases were to date from "say July 1," until May 31, 1922, and were to be subject to a sliding scale corresponding to increased output, "the larger the output the greater the remuneration per ton the benefit to be divided between all employees, the whole with a prospect of making it possible, without undue effort on the part of the men, to realize even larger remuneration than that demanded. The prospect of increased output was based on a plan of adjustment by which the numbers of Contract men could be increased by transferring men now doing Datal work, but capable of undertaking contract work, to such latter work, and by which the Contract men would receive such proportion of the benefits as would make their remuneration attractive." This scheme was to be adopted by mutual consent on or before September 1, 1921.

The increases were "subject also to rights under existing contract, if any." (1) The U. M. W. had not failed to point out

(1) The italics are mine.

to the Commission the Company's shortcomings in the matter of revision of the McKinnon Award. Consequently, they urged the Commission's Award should be made retroactive from May 1. The reply, though couched in rather involved syntax, was prompt and decisive. "In April, "the Report declared, "the demands which are before the Commission were submitted to the Dominion Coal Company and were not acted upon. In view of the men's claim that, having acted in respect of the four months' clause in the McKinnon Award, and of the Company having failed to respond, they are entitled to benefit by the finding of the Commission in respect of their demands, the Commission, while not attempting to decide a legal point, suggests that the claim referred to be allowed."

To provide for the settlement of future difficulties, it was also recommended "that, in order that no cessation of work may take place from strikes, lockouts, vacations or similar causes, an Adjustment Board of three be appointed by co-operation between operators and men, to determine all disputes which may occur during the life of the contract, such Board to consist of one member to be named by the Company or companies affected, and one member to be named by the Executive of

U. M. W. of A. these two to choose a Chairman, and failing to agree, such Chairman shall be named by the Federal Minister of Labour. The procedure --- in case of disputes --- to be as at present up to the point of interview between the Executive of the U. M. W. of A. and the highest operating official of the Company concerned. Failure to agree will automatically call into action the services of the Adjustment Board whose finding shall be binding on the Company and men. The expense of this Board shall be borne equally by the Company or companies affected and the U. M. W. of A. It is further recommended that the manager or official in charge of each Company designate a stated hour each week in which to meet the Men's Committee for the discussion of any grievances or other matters which may arise and which may affect the welfare of the Company and the men."

The explanation of this amazing document seems to be that the Company had rubbed the Commissioners the wrong way, and whether from over-confidence or otherwise, had not seen fit to disclose to them its true circumstances. At all events, when the Report had been rejected, and the parties met in Montreal, a few months later, the Company's position was stated so much more

fully that Mr. Quirk said he would never have signed the Award of September had he then known the facts. (1)

If the Report was an unpleasant surprise to the operators, however, it was far from acceptable to the men. By advice of Mr. McLachlan, (2) and largely on account of the "sliding scale", (3) they rejected the whole Award, and voted for a strike.(4) At this point, however, the Department of Labour stepped in by summoning a new joint conference in Montreal for October 20. This had scarcely met when it adjourned at the request of the miners,who were anxious to have the personal assistance of their late International President, Mr. John P. White. On Mr. White's arrival, the negotiators re-convened, with Mr. Quirk and Mr. Gerald H. Brown, Assistant Deputy Minister of Labour. The Companies' offer of a 25¢ increase to datal men (5) was of course considered quite inadequate; the men made counter-proposals; and after a few days, pressure from the Minister of Railways and the President of the C. N. R., (6) induced the operators to sign the"first Montreal Agreement", granting 55¢ extra to datal men, 10¢ a ton to contract miners, and 12½% to local contract men (brushers, roadmakers, etc.); and raising the price of employees'coal

(1) Evidence, 1925, Mr. Wolvin, 4235. The Company referred to is, of course, the Dominion Coal Company.
(2) Evidence, 1925, Mr. Watters 2225.
(3) Ibid., Mr. J. W. McLeod, 1626 - 1627.
(4) Labour Gazette,January 1921, pp. 36 - 40.
(5) Evidence,1925, Mr. Wolvin,4234.
(6) Ibid., 4235.

to $2.25 a ton. (1) This agreement was also turned down by a District Convention of the U. M. W., (2) but a referendum upset the verdict, and the new rates went into effect as from November 1, for one year.

Before that time had elapsed, trade conditions changed definitely for the worse. A District Convention in June 1921, (3) had to impose a special levy of 1% for two months, in order to relieve unemployed members; and by the autumn the management of the newly organized British Empire Steel Corporation had decided that a continuance of existing wage rate was impossible. During the period of negotiation, however, the Montreal Agreement was extended to December 31. About the middle of that month, Besco gave formal notice of a cut variously estimated at from 33⅓% to 37½%, (4) and invited the U. M. W. Executive to a comference in Montreal. The invitation was accepted, and the District Board set forth armed with a list of seventeen "demands". The first sixteen of these related to changes in procedure or working conditions, with some request for levelling up of wage rates; the last simply endorsed a statement by International President John L. Lewis that "no reduction could be tolerated". This impressive display

(1) Labour Gazette, January 1921, pp.36 - 40
(2) Evidence,1925, Mr. McLeod, 1627.
(3) Labour Gazette, July 1921, pp. 917 - 919.
(4) 33⅓%: Evidence, 1925, Mr. McCann, 2861; 37½%: Ibid., Mr. Barrett, 786; 35%: Labour Gazette, September 1922, pp. 956 - 957.

was lost on Col. McDougall,who was directing the case for the Corporation. His only reply was to present the proposed reduction, with the remark that it "did not leave room for cross-fire or barter". (1) The conference nevertheless adjourned until next day, December 18, to allow the U. M. W. to prepare a new offer. As soon as the meeting reopened, Col. McDougall explained (2) that his remarks had not been meant to preclude a counter-proposition from the men. That being so, it is much to be regretted that the ill-timed phrase was ever uttered; for it can have served no useful purpose, and it certainly left a bad impression on the men. Having listened to the explanation, the U. M. W. Executive announced that it had decided to drop the first sixteen demands, merely asking renewal of the existing agreement for three months. (3) This, and the later application for a Board of Conciliation, were , as Mr. McLachlan has admitted, (4) a deliberate attempt to prolong the wage scale until spring --- the strategic moment for a strike in Cape Breton. The Company, fearing a"Continental general strike" (5) and feeling that the men were only paying for time, refused, and wired notice of the reduction to Sydney, (6) whereupon the U. M. W. applied for a Conciliation Board, and under the terms

(1) Mr. Baxter's Presidential Report to the U. M. W. 1922 --- admitted by the Company to be true.
(2) Evidence, 1925, Mr. McLachlan 1041.
(3) Mr. Baxter, quoted by Mr. A. J. Hall, Evidence, 1925, p.3758.
(5) Evidence, 1925, Mr. Wolvin,4255.
(4) Evidence, 1925, p. 1044.
(6) Ibid., Mr. McLachlan, 983 - 986.

of the Lemieux Act, secured from Judge Russell of the Nova Scotia Supreme Court an injunction to prevent the Company from changing wages or working condition until the Board had made its report. (1) The Company at once appealed, the appeal was "rushed through in two or three weeks", (2) and three Supreme Court Judges, (among them the Hon. Mr. Justice Mellish, formerly solicitor for one of Besco's constituent companies (3)) ruled that, as the contract ended December 31, 1921, there were no wages or working conditions in force on January 1, 1922; that it was impossible to change what did not exist; and that the Corporation had therefore certainly not violated the Lemieux Act. (4) This piece of sharp practice probably accounts for a good deal of the men's later distrust both of the Lemieux Act and the Courts of Justice.

Ordinarily, perhaps, retaliation might have taken the form of a strike. International President Lewis had already given his sanction to any course the District Executive might think necessary. The United States miners' contract was to run out in March, and everyone expected trouble. (5) Nova Scotia had the privilege of striking with the rest,or making its own bargain. There was every likelihood, however, that the U. M. W.

(1) Evidence, 1925, Mr. McLachlan, 986.
(2) Ibid., Mr.McCann,2861.
(3) Ibid., Mr. McLachlan, 987.
(4) Ibid.
(5) Evidence, 1925, Mr. Wolvin, 4257; Mr. Baxter, 916.

would have its hands full in the States. President Lewis' blessing was appreciated; but the District Executive could get no promise of any more substantial aid, (1) and the slack winter season was strategically a poor moment for ordinary industrial warfare. Mr. McLachlan therefore decided to take the Supreme Court at its word, and hit on the ingenious idea of "striking on the job", " working with your coat on." (2) His policy, however, did not command the support of some of the most tried and trusted of his colleagues; in fact the District Board was evenly divided; (3) and the effects were negligible except in the Dominion collieries in and about Glace Bay, (4) where there was also minor sabotage. (5)

Meanwhile, the Government had appointed a Board of Conciliation, made up of U. E. Gillen, Chairman, Col. W. E. Thompson, appointed by the Minister in the absence of any nomination from the Company, and Mayor James Ling, of New Waterford, nominated by the men. After taking a good deal of evidence as to wage rates, markets, cost of living, etc., and living conditions, the Board submitted two reports, one by Mr. Gillen and Col. Thompson, the other by Mayor Ling. (6) The former, recommending a

(1) Evidence, 1925, Mr. McLachlan, 987.
(2) Ibid.
(3) Ibid., Mr. McCann, 2900.
(4) Ibid., Mr. A.S. MacNeil, 2582. The policy seems not to have been applied while Boards were sitting; Ibid., Mr. McLachlan, 988, 991.
(5) Evidence, 1925, Mr. McCann, 2920.
(6) Labour Gazette, February 1922, pp. 142 - 181.

reduction of 29.3%, was accepted by the Company with slight variations bringing it to 28.9%. (1) The minority report, recommending a 14% reduction; a one-year contract with revision every four months and working conditions as under the Montreal Agreement; a minimum of $3.50 a day, as compared with Mr. Gillen's $2.85; reductions for other datal men, of not more than 55¢ a day; and the levelling up of Scotia rates to Dominion and Acadia: (2) was accepted by the men and on instructions from a District Convention in Truro, February 23rd - 25, was embodied in a formal offer to Besco by Mr. John P. White and the District Board. Delegates proceeded to Montreal, (3) but the only result seems to have been a "second Montreal Agreement", practically the Gillen Award with a slightly higher minimum, which was presented to a referendum of the men on March 1, and rejected by the rather decisive majority of 10,003 to 486.(4)

At the end of April, at the request of the Mayors of several mining towns, (5) the Government appointed a second Board of Conciliation: Mr. D'Arcy Scott, K.C., Chairman, Mr. John E. Moore for the Company, and Mr. I. D. McDougall (now Conservative M. P. for Inverness) for the men.(6)

(1) Evidence, 1925, Mr. McCann, 2862.
(2) Labour Gazette, February 1922, pp. 142-181.
(3) Evidence, 1925, Mr. McCann, 2862.
(4) Ibid., Mr. A. J. Hall, former District Board Member, 3763; also Mr. McCann, 2862.
(5) Ibid., Mr. McLachlan, 990.
(6) Ibid., Mr. McCann, 2862.

This also made two reports, Mr. Scott and Mr. Moore proposed to accept the mimimum of $3.00 for datal men over 18 years of age, established by the second Montreal Agreement; to level up the Scotia rates to those of Dominion; to retain local contracts (see below), which had been abolished for a time; and to make certain improvements in working conditions. The greater part of their report, however, is taken up with social conditions among the miners, which I shall discuss later in this chapter. Mr. McDougall recommended a minimum of $3.45; a reduction of 10% from the first Montreal Agreement for higher paid datal men, of 13½% for contract men and of 14% for local contract men; levelling up of Sydney Mines rates; and improved working and social conditions. (1)

In June the U. M. W. met in Convention at Truro, and unhesitatingly refused to countenance any reduction. It was soon evident that the Radical element was in control. The Policy Committee brought down a resolution declaring for complete overthrow of the capitalistic system and the capitalist State, peacefully if we may, forcefully if we must"; (2) but the Convention decided that the question of affiliation with the Third International should be discussed with District 18.(3)

(1) Labour Gazette, June 1922, pp. 578 - 590.
(2) Evidence, 1925, Mr. McCann, 2909.
(3) Alberta. See Labour Gazette, July 1922, p. 691.

Following a vote of censure on the Board members who had signed the second Montreal Agreement, the entire Executive resigned.(1)

For the moment, however, it remained in office, and at least some of its members were bending every effort to prevent the strike authorized by referendum early in August. (2) Unfortunately the Company proved dilatory and reluctant, and the District Board finally gave up in despair and issued notices calling the strike for August 15. A day or two before this, however, Mr. Quirk and Premier Armstrong of Nova Scotia intervened. The American coal strike had put the Company in a much more favourable position financially, and it felt able to offer a 40¢ increase to datal men and 10% to contract men, from July 31, to December 31, 1922.(3) The U. M. W. Executive, feeling this offer deserved serious consideration, telegraphed the locals not to strike but to await submission of the new proposals. On August 15, to the surprise of all the Board members, posters appeared everywhere announcing a U. M. W. mass meeting in Glace Bay. The meeting took matters into its own hands, and having won the approval of some Board members, proceeded, despite its unconstitutionality, to order the recall of the "no strike" command. President Baxter re-

(1) Labour Gazette, July 1922, p. 691.
(2) Ibid., September 1922, pp. 956 - 957.
(3) Evidence, 1925, Mr. McCann, p. 2863.

luctantly bowed to the storm, and improvised committees accompanied him and Mr. McLachlan to the telegraph offices to see that the instructions were carried out. (1) Next day the entire working force, including maintenance men, went out in a "100% strike", (2) contrary to the accepted policy of the International Union. (3) New elections at the same time resulted in the defeat of Mr. Baxter and William Delaney (Vice-President), representing the moderate elements, and the return of Mr. Dan Livingstone (4) as President, Mr. A.S. McIntyre (5) as Vice-President, and Mr. J.B. McLachlan as Secretary-Treasurer. (6) At the end of August, Col. Harrington (now Minister of Mines, and formerly counsel to District 26, U.M.W.A.) and the Rev. Clarence McKinnon intervened at the instance of the Provincial Government, (7) and succeeded in getting 12½% increase for contract men, and 40¢ for datal men (52¢ in Sydney Mines), an estimated increase of 17.2% over all, (8) to run from July 15, 1922, to January 15, 1924, and thereafter until terminated on 45 days' notice. (9) On August

(1) Evidence, 1925, Mr. Baxter, 882.
(2) Ibid., Mr. McCann, 2864.
(3) See telegram from International President Lewis, July 17, 1923, in Evidence, 1925, Mr. McCann, 2865, etc.
(4) Deposed by President Lewis, 1923. See below.
(5) Now President of the Maritime Labour Herald.
(6) Deposed by President Lewis, 1923. Later Editor of the Maritime Labour Herald.
(7) Labour Gazette, September 1922, pp. 956-957, says Dr. McKinnon was called in by the U.M.W.
(8) Evidence, 1925, Mr. McCann, 2864.
(9) Labour Gazette, September 1922, pp. 956-957.

31, a much simplified Agreement (1) embodying these terms was ratified by the men by a large majority, and five days later the strike was called off. (2)

The significance of these events I shall discuss later in the chapter; for the moment, it is enough to say they left a feeling of bitterness and suspicion among the men. Early in 1923, the Executive of District 26 wrote to Indianapolis asking whether affiliation with the Red International of Labour Unions was permissible. A committee of the International Board replied that the R.I.L.U. was a Union-wrecking movement, against collective bargaining and sanctity of contracts, and recommended District 26 to withdraw its application for affiliation. This suggestion, accompanied by a threat to revoke the autonomy of the District, had the desired effect, and the affiliation was given up. (3)

During May and June, the leaders of the Union, with some of the International officers, were negotiating with the Company for restoration of the 1921 wage scale, presumably on the ground of improved trade conditions. The Company explained that its coal contracts were based on the existing scale, and that revision was impossible. The men were evidently unconvinced; for a District Convention

(1) Evidence, 1925, Mr. McLachlan, 1922.
(2) Labour Gazette, September 1922, pp. 956-957.
(3) Labour Gazette, February 1923, pp. 143-144.

in New Glasgow, June 22, decided to call for a referendum on the question of striking for restoration of the 1921 scale. The International President wired at once that the Agreement must be kept; but the Executive declined to draw back further than to print Mr. Lewis' message on the ballots. Mr. McLachlan believed then, and still believes. that the contract meant no more than: "While we work,you will pay that wage rate. While you pay that rate, we may work or we may not. You have the right to throw us idle, we have the right to stay home. It was deliberately drafted so that there would be no breach of contract in going on strike." (1) The obvious comment is that it is hard to imagine the Corporation signing anything so loosely drawn up. On July 3, however, the vote was taken in Cape Breton and Pictou, Springhill refusing to take part. About half the men cast their ballots, and the returns were 3,175 to 2,574 for the strike. By this time, however, events had taken place which gave this result only academic interest.

Late in June, the Sydney steel workers had struck for higher wages, the 8-hour day, and recognition of the Union. Attempted raids on the steel plant brought requisitions for the Provincial police (from the County Sheriff and the Sydney Chief of Police) and for the militia (from County Judge Finlayson). The trocps reached Sydney June 30. Whatever may have been the merits of this particular case, the practice of calling in troops was certainly far too common, and far to reminiscent of the bad old days of

(1) Evidence,1925, Mr. McLachlan, 993

the early nineteenth century. On this occasion, the troops and Provincial police acted with vigour, and, the miners thought, with brutality. The men of course deeply resented both the presence of the troops and their "unwarranted " harshness; and on July 3, the men of the Scotia and Dominion collieries struck in protest, demanding immediate withdrawal of troops and Provincial police. In some mines the maintenance men stayed on for a few days, in some for the whole period of trouble; while in others the strike was 100%. The Pictou miners struck on July 10, but the men at Springhill remained at work. At Drumheller,Alberta, the miners also struck in sympathy, from July 12 to July 15, and called a Western Labour Conference on the situation. This move, however, was nipped in the bud by International President Lewis, and the men of District 18 returned to the pits. Mr. Lewis at the same time revoked the charter of District 26, deposed the officers, and declared them ineligible for re-election. His message to Mr. Livingstone shows that he thought the strike was revolutionary. For this opinion there is not the least shadow of evidence. The officers of District 26 undoubtedly had Communist leanings; but the strike was ordered to force withdrawal of the troops and Provincial police, nothing more. With the International President's message of July 17, it practically collapsed. The Pictou miners voted to return next day, and actually went back on July 23, and in Cape Breton work was resumed July 28.

The operators, President Lewis, and Mr. Silby Barrett, newly appointed President of Provisional District 26, all looked on the 1923 strike as a violation of the contract between Besco and the U.M.W. Mr. McLachlan, as already noted, disagreed entirely. Into such legal niceties, however, the prudent do not venture. The point is not particularly important anyway; for as the Royal Commission of 1920 pointed out, the Corporation itself had violated the McKinnon Award. In 1923, therefore, it was the pot calling the kettle black. The only significant result of the strike was the increased bitterness of feeling, and the acute internal differences which from that time seriously weakened the U.M.W. (1)

Toward the end of 1923, the Provisional Executive asked for a wage increase of about 20%. Conferences took place in December at which the Corporation very soon gave notice of a 20% or 25% reduction, whereupon both sides agreed to draft the contract of working conditions and procedure first, going on to the wage scale afterwards. Accordingly, about the middle of the month, the Corporation renewed its proposals, gradually whittling down to 10%. (2) At the eleventh hour, January 14, in Glace Bay, Mr. Wolvin proposed to return to the old scheme of summer and winter wages, together with employees' coal at $4.00 a ton ...

(1) The general account is from the Labour Gazette, August,1923, pp. 861,868-873; November, pp.1273-1274. The comments are mine.

(2) Evidence, 1925, Mr. Barrett, 805-807, 811.

the winter rate, 20% below the summer, to be in force from December 1 until April 30 .... and offered to guarantee four days' work per week at Sydney Mines, and five days at Glace Bay. This contract was for two years, subject to cancellation on January 1,1925. (1) It was all to no purpose. The U.M.W. insisted on an increase, and on January 15 the entire working force walked out. (2) There seems to have been some threat of withdrawing maintenance men if the whistles blew for work. The whistles therefore were not blown, and the maintenance men stayed on. (3) On February 4, negotiations reopened in Montreal between Messrs. Steele and Dalrymple (Internationa officers), Barrett, and Baxter for the Union, and Wolvin, McLurg, F.W. Gray, and Sir Newton Moore for the Corporation. Mr. Wolvin protested that the miners were taking the money by pressure, forcing an increase; (4) but he ultimately conceded a rise of 6.32%, (5) on condition that the Union would accept as part of the contract a rigid clause on the subject of maintenance men during strikes, and would also agree to stop the locals from supporting the Maritime Labour Herald, which had justly become obnoxious to the management. Both conditions were accepted by the Provisional Executive, and the contract was referred to the men, who for one reason or another rejected it. (5) As

(1) Evidence,1925, Mr. McLeod, 1957-1958, quoting from a letter to Mr. Barrett.
(2) Evidence,1925, Mr. McCann, 2865.
(3) Ibid., Mr. McLurg, 3166.
(4) Ibid., Mr. Barrett, 857.
(5) Ibid., 858.

the District was suspended, however, this vote had no effect; the men returned to work on February 13 or 14; and the Agreement automatically went into effect as from January 15. (1)

The strike was comparatively brief, but the expense had nevertheless been considerable. To the surprise of the Provisional Executive , International headquarters refused to honour drafts upon it, contenting itself with authorizing a special repayment levy of about $103,000.00. (2) The result was to cause a good deal of unrest, and to make an opening for the One Big Union. Most of the locals paid up, however, and in September the autonomy of the District was restored. (3) New elections were at first inconclusive; but on a second ballot, the Left wing, according to Mr. McLachlan, elected most of its "slate". (4)

On Novenber 17, the regular District Convention met at Sydney, under the presidency of Mr. J.W. McLeod. Mr. McLurg had already explained to the new Executive the difficulties facing the Corporation; and Mr. McLeod says he placed them frankly before the Convention. (5) The delegates were not impressed, however, and their answer was to instruct the Executive to press for a 10% increase for contract men and 25% for datal, with improvements in

(1) Evidence,1925, Mr. McCann, 2865.
(2) Report of the Royal Commission, 1925, Appendix E.
(3) Report on Labour Organization, 1924, pp. 23-25.
(4) Ibid.,
(5) Evidence, 1925, Mr. McLeod, 1645-1647.

working conditions. When the Convention ended, conferences with Mr. McLurg were resumed in the second weeek of December; but from the first the chances of success were not bright. The great bulk of the men live in Cape Breton, where the winter season is slack. Winter negotiations, therefore, would catch them at their weakest moment, and they accordingly wanted a contract ending in the spring, when the opening of navigation would place them in a strong position. The Corporation, on the other hand, wanted a contract ending November 30. The second point of disagreement was the price of employees' coal.

Both of these, however, were dropped for the moment, pending a settlement of the much larger issue of wage revision. (1) Mr. Leod's instructions were public property, but as yet the Corporation's exact demands were unknown. After special study, Mr. McLurg had decided that there must be a 20% reduction in wages, but believing it impossible to get this, had recommended a 10% reduction. The Directors pondered long and deeply, so he says, (2) and eventually agreed to back him in proposing this to the U.M.W. On the formal demand of the men's representatives, therefore, he now (December 31) submitted " a last, definite and final offer, a straight decrease of 10%" all round, from January 16,1925, to November 30,1926. "It is

(1) Evidence, 1925, Mr. McLeod, 1645-1649.
(2) Ibid., Mr. McLurg, 3172-3173.

to be understood", the Corporation added, "that if this offer is not accepted to-day it is withdrawn".(1)Mr. McLurg had already declared himself willing to show the Corporation's cost sheets to Mr. McLeod or his chartered accountant, but Mr. McLeod had refused to take the opportunity. (2) Mr. McLurg now volunteered to address public meetings explaining the need for wage reduction, provided Mr. McLeod and his Executive would sanction the meetings, see that he got a fair hearing, or words to that effect. (3) As Mr. McLurg was quite at liberty to hire a building and hold what meetings he pleased, the U.M.W. Board considered this arrangement unnecessary. (4) It also felt, apparently, that the sanction asked by Mr. McLurg would in some way commit it to views with which it was not in sympathy. Considering the rather tense atmosphere in the District and the factional differences in the Union itself, these fears were certainly not groundless. Mr. Wolvin was anxious that the Corporation's proposals should be submitted to a referendum of the men; but as the U.M.W. Executive was itself opposed to the reduction, and had explicit instructions from the Convention to ask for an increase, it refused to do more than refer the question to the locals by circular letter, which the Secretary of each branch was specially asked to bring before the members. (5)

(1) Labour Gazette, February 1925, Report of the Winfield Conciliation Board.
(2) Evidence,1925, Mr. McLurg, 3261.
(3) Ibid., Mr. McLeod, 1650; Mr. McLurg,
(4) Ibid., Mr. McLeod, 1967.
(5) Ibid., 1652, 1654.

The "last, definite and final offer", however, was an ultimatum which left no room for referendums or public meetings. The Executive would have had to take the decision on its own responsibility.

Just on this score, some criticism has been levelled at Mr. McLeod and his colleagues. It is worth noting, therefore, that even at this stage they did shoulder a good deal of responsibility. Despite their instructions, they presented no specific demands for increases. They were willing to have increases for some men and not for others, and greater increases for some than for others. They wanted an item by item discussion. The Company, however, would consider nothing savouring of an increase.

The "last, definite and final offer" was refused, and the Corporation applied for a Conciliation Board. Pending its report, both sides agreed to carry on at the same rates. While the Board was still in process of formation, the Judicial Committee of the Privy Council declared the Lemieux Act ultra vires of the Federal Parliament. The Department of Labour nevertheless went ahead, and on January 23 the Board was completed: Colonel W.E. Thompson, nominated by the Corporation; Dr. James W. Robertson, appointed by the Minister on behalf of the miners; and J.H. Winfield of Halifax, Chairman, nominated by the other two members. (1)

(1) Labour Gazette, February 1925, Report of the Winfield Conciliation Board.

Ever since the first week of January, Mr. Quirk of the Department of Labour had been in Cape Breton, (1) working hard to bring about a settlement. With the men he seems to have made considerable progress, for on January 27, he was able to telegraph the Minister that the U.M.W. was ready to discuss renewal of the 1924 Agreement. Mr. Wolvin, however, insisted on a 10% to 15% decrease. (2)

Even before the Privy Council decision, the men had refused to take any part in setting up the Board of Conciliation. They now filed a protest against its "biased majority", stating that both Colonel Thompson and Mr. Winfield were largely interested in companies which had Besco for a substantial customer. Nevertheless, the Board set to work in Sydney, January 29. Mr. McLeod put in an appearance, but merely to register a second formal protest and a statement of the men's position, and to announce that the U.M.W. would not give evidence. (3) On this point, the Hon. James Murdock later declared: "In my judgment the men were justified in taking and maintaining that position, for the simple reason that their experience has been that past investigations have never been as definite, deep and searching as they should be." (4)

Faced by this negative attitude, the Board was virtually helpless. It succeeded in getting Mr. McLeod to resume direct negotiations on January 30, without avail; but on

(1) Evidence,1925, Mr. McLurg, 3188.
(2) Ibid., Mr. McLeod, 1659.
(3) Labour Gazette, February 1925, Report of the Winfield Conciliation Board.
(4) Hansard, February 24, 1925, pp. 489-490.

February 6, the District Executive transmitted to the Conciliation Board an offer to "continue work at the rates paid January 15,1925, for a period not exceeding four months from January 16,1925, upon the following conditions: First; Within the period of four months, a full, fair, and impartial investigation will be made into the organization, direction, administration, and financing of the Corporation in all their branches, including its costs of production, transportation, and distribution, and appropriate action taken upon the result of the investigation. Second: That all our members throughout the above period of four months be given employment of not less than four days a week, or wages in lieu of employment, at the places they customarily offer themselves for work". (1)

Three days after this offer had been turned down, Mr. McLurg proposed a new contract running to November 30,1926, subject to investigation by a joint committee of two or four members appointed equally by the operators and the men, with a chairman appointed by these menbers, or failing that, by the Chief Justice of Canada, the Chief Justice of Nova Scotia, (2) or the Acting Chief Justice of the Superior Court of Quebec, at the option of the men's representatives. The Committee was to have power to investigate: " (a) All matters in respect to the Company relevant to the question of what rates of wages the Company can reasonably be expected to pay under

(1) Labour Gazette, February 1925. Report of the Winfield Conciliation Board.

(2) A former President of Scotia.

existing conditions. (b) All matters relating to the U.M.W.A., District 26, insofar as such matters may affect the present situation. (c) The Committee to have power, after such investigation, by its report to establish a scale of wages to be effective from the date of acceptance of this proposal until November 31,1926, and the Company and the employees to respectively obligate themselves to accept such scale of wages. (d) Pending the report of the Committee, and from the date of acceptance of this proposal, the Company to pay the 1924 scale of wages less 10%. (e) All evidence shall be treated as confidential, and the Committee shall make public its findings only". (1) For reasons on which I shall comment later, the U.M.W. refused this suggestion.

During the next fortnight, there were no developments of importance; but on February 23, after consultation with both sides, the Premier of Nova Scotia submitted a new compromise: (a) An immediate inquiry by a special Commission or Commissioner. (b) 1924 wage rates to continue, and the Corporation to work the mines to the limit of demand, till the inquiry is over. (c) The decision of the Commission to be binding on both sides from whatever date the Commission fixes. (d) In case of disagreement about the period of contract, both sides to avail themselves of the Premier's and Government's good offices. The Union could not, of course, accept any proposal for compulsory arbitration, and Mr.Armstrong's

(1) Labour Gazette, March 1925, pp. 267-269, quoting a letter from Mr. McLurg to the U.M.W. Executive.

attempt broke on the same rock as Mr. McLurg's.

Several of the collieries had for some months been running on very short time, and more than 1,500 people dependent on them were suffering acute hardship as a result. (1) To meet this situation, the U.M.W. and the Corporation had in December made what the Unions looked on as a "verbal bargain" that men who were on short time should be given credit for the bare necessities of existence at the Company stores.(2)The debts thus incurred soon reached formidable proportions. The usual amount of store credits was about $90,000.00 to $100,000.00 a month; (3) but by January 31, it had grown to $185,000,000. In addition, the Corporation "had supplied coal on credit to all employees, and had not collected for house rent and similar charges from men who were not working". Under these circumstances the Corporation felt it"inadvisable to extend further credit at the stores," (4) and on March 2, the credit system was abruptly terminated. The U.M.W. Board, astonished and incensed at what it termed a "breach of bargain", (5) replied in a strongly worded ultimatum. "We cannot,"it declared, "conceive of such a

(1) Labour Gazette, April 1925; Premier Armstrong's telegram in the Montreal Gazette,March 5; memoranda of days worked, each colliery,1924, furnished by Mr. McCann's office; Mr. McLurg's remarks on credit at Co. stores, Evidence,1925, pp. 3217-3219, 3261, and in his letter of March 5 to the U.M.W. Executive, Montreal Gazette, March 6,1925.

(2) Evidence,1925, Mr. McLeod, 1702.

(3) Ibid., Mr. McLurg, 3361.

(4) Mr. McLurg's letter of March 5,Montreal Gazette.

(5) Evidence, 1925, Mr. McLeod, 1703.

total absence of administrative ability as would allow you to pursue this course and expect results other than tumults and disorder. Lacking courage to produce those unfortunate results by attempting a cut in wage rates, you have taken the circuitous, but equally effective, method of producing them by starvation. If you have authority and desire personally to save the situation, we sincerely recommend to you the following steps: (a) Forthwith re-establish credit in your stores. (b) Give immediate orders for commencing work at collieries 2,4, and 6 for a minimum of four days a week.

"It is senseless for your corporation to anticipate that the protective men engaged at the collieries, who are members of our union, will continue to function while your corporation slowly starves their brothers into a state of submission. You must realize that, in view of your treatment of us as we have outlined above (short time and cancellation of credit), it is an easy matter for us to declare your conduct a lockout of our members, which means a lockout of all classifications of labour in and about the collieries. And it is easy for anyone to observe the inevitable and almost incalculable loss which may thereby accrue to the coal industry here, and generally what damages it damages the workers in it.

"Thus it is that we hesitate to take any steps which may lead to irreparable damage. Failure by your Corporation, however, to take the steps indicated above will produce this result irrespective of what we can or may do.

"We ask you to give this matter the most serious consideration possible and to take action in connection with your decision within the next twenty-four hours." (1)

Mr. McLurg has stated that he never thought of the cutting off of credit causing trouble. (2) In view of the circumstances, this is surprising; and still more surprising is his failure to realize the situation when it was thus plainly presented to him by the Union. His reply, from which I have already quoted, merely states that the Company "has decided that it is inadvisable to extend further credit at the stores", and that lack of demand makes it impossible to work collieries 2,4 and 6 for the proposed minimum of four days a week. (3)

The U.M.W. ultimatum of March 3 had been forwarded to Premier Armstrong; and on March 4 he wired to Mr. Wolvin that the situation was a matter of "great personal and provincial concern. Evidence of acute distress is accumulating, intensified by the Company's recent action stopping credit at the stores at a time when further distress must follow, and your action cannot be explained or understood. Submit

(1) Montreal Gazette, March 3, 1925.
(2) Evidence, 1925, p. 3218.
(3) Montreal Gazette, March 5, 1925.

original purpose of company stores was to meet an emergency of the character now existing, and if any expenditures are necessary to maintain organization or prepare for summer shipments, those for keeping workmen alive are not only justifiable but compulsory. With this in view, seriously suggest that you arrange at once to bank out even a limited quantity of coal for shipment next summer, and thus assist in further employment and continue a policy that has been followed in the past with satisfactory profitable results. Quite apart from respective disputes re new wage scale, I submit you should extend credit at your stores, and not pursue further a course that is disturbing to the public and creating suffering which I am convinced now exists at your collieries." (1)

Mr. Wolvin answered: "I very much regret any distress in our mining communities, and also that we are unable to bank coal without assurance of being able to sell the same without loss. To be frank, coal must be produced cheaper in Cape Breton, and the results of mining and selling coal at the present wage scale are such that we are financially unable to assist our workmen as we should like. We fear that part of the trouble is the avowed purpose of some of the miners to wreck the industries and regret that our

(1) Montreal Gazette, March 4,1925.

request for a small reduction in wages has never been presented to the men themselves. I am assured that a reduction in daily wage rate would assure greater production of coal, larger outlets, increased employment, and larger annual income to the miner. Under present conditions and the refusal of the men's leaders to accept small wage reductions, what can they expect other than distressed conditions?" (1)

In reading the telegram to the Assembly, Mr. Armstrong observed: "The answer of the President may be justified, but it is not helpful or encouraging in an endeavour to solve a situation that is distressing, and becoming more so." (2) The silence in regard to the store question is ominous. Mr. Wolvin stated to the Royal Commission that he telegraphed International President Lewis offering to re-open the stores if the U.M.W. would promise to see all debts paid by the end of 1925, (3) and that the offer was refused. Whatever may have been the reason for this action, the fact remains that the Corporation neglected two ideal opportunities for making a conciliatory gesture to the parties most concerned. It deliberately turned down, the formal request of the District Executive, and ignored the appeal of the Provincial Premier. The full evidence furnishes strong grounds for the men's contention that the stores were used as an industrial weapon, and that the cessation of work

(1) Montreal Gazette, March 5,1925.
(2) Ibid.
(3) Evidence, 1925, Mr. McLeod, 1982-1983.

which began March 6 was not a strike but a lockout, indirect, but enforced with no less deadly effectiveness.

The U.M.W. accordingly served notices on the Company and the Premier that "11 P.M. Friday the sixth instant would see complete cessation of work at all the collieries" which were then operating. (1) The Executive again gave warning that maintenance men would be called out, excusing the flagrant violation of the 1924 Agreement by saying that the members of the Union had always disavowed the contract made by the Provisional officers, and that the Corporation itself was breaking the contract by locking out its employees.

For the time being, further efforts at conciliation were useless, and on March 6, the men ceased work as planned. Officials and clerks volumteered for maintenance work, good order prevailed, (2) and for some time there seemed little danger of serious damage to the mines, though Mr. McLurg notified the Premier that he could not continue for more than a week with his present maintenance staff. (3)

On March 16, the District Board offered to replace maintenance men for the Provincial Government but not for the Corporation. The Prime Minister accepted, but the Deputy Minister of Mines thought it impracticable and the matter dropped. (4)

(1) Montreal Gazette, March 5, 1925.
(2) Labour Gazette reports.
(3) Evidence, 1925, Mr. McLurg,
(4) Ibid., Mr. McLeod, 1719.

The 1924 contract, however, including the famous "Clause 16", that maintenance men should not cease work during strikes, had been negotiated and signed by officers and appointees of the International U.M.W.A. Mr. Wolvin therefore lost no time in asking that body to fulfil its obligations by providing maintenance men (March 20). Mr. Lewis' reply, though admitting the responsibility,and unreservedly condemning the breach of contract as "a blunder only exceeded by your action in locking out our members", made no constructive suggestions; and it is not to be wondered at if Mr. Wolvin's confidence in the reliability of the U.M.W. was much shaken as a result.(1) That the 100% policy was a mistake Mr. McLeod himself has since acknowledged; (2) and he believes that most of the men now agree with him. (3) At the time, however, the members had twice declared in favour of the policy. There can be no doubt that in its later developments it became a grave menace to the mines (and thereby, as the Executive itself had pointed out, to the miners), and that from the beginning it gave Besco a trump card of which it was quick to avail itself. (4)

On March 18, Mr. Tom Moore, President of the Trades and Labour Congress of Canada, visited Cape Breton by invitation of the District Board, and at its request accompanied the Executive to Halifax next day to confer

(1) Evidence, 1925,
(2) Ibid., Mr. McLeod, 1886.
(3) Ibid., 1965.
(4) See issues of the Besco Bulletin which came out during the strike or lockout.

with the Prime Minister, Mr. Chisholm, Minister of Mines, and Mr. T.J. Brown, Deputy Minister. (1) The Government paid no attention to his proposal for State purchase of the collieries, (2) but at the close of the interview made a new offer distinctly more favourable to the men; (a) An immediate return to work under the wage scale and working conditions of 1924 for a period to be mutually agreed upon, say till January 15,1926; (b) an investigation,by able and disinterested persons,under the Public Inquiries Act, with a report before the end of the interim agreement; (c) negotiations in the light of the Commission's findings; (d) a satisfactory understanding with the Corporation for better distribution of work at the collieries; (e) re-opening of the Company's stores. (3) The U.M.W. accepted some of these points at once, and asked for fuller details of others. The Corporation declined to consider the proposals at all. (4)

By this time, the distress among the people of the mining towns had become very severe. The Constitution of the International Union (5) provides that no financial aid shall be given any district until a strike has been in effect four weeks, the object being, of course, to keep

(1) Proceedings of the Trades and Labour Congress,1925, pp. 46-50.
(2) Evidence, 1925, Mr. McLeod, 1725.
(3) Labour Gazette, April 1925; Evidence,1925, Mr. McLeod, 1726-1727.
(4) Labour Gazette, April 1925.
(5) Article 16, Section 3.

the Districts from taking pleasant holidays at the expense of the parent body. The International Executive Board, however, has discretionary power to grant aid within the first four weeks if it sees fit. On this occasion, it seems to me, this authority should certainly have been used, and strike pay granted immediately. Even before March 6, the miners had been far from prosperous; and at the outset of the dispute they had made a public appeal for funds. (1) Local Citizens' Relief Committees were soon organized; and throughout Canada, Labour organizations, churches, and charities were contributing to ward off destitution in the coal fields. Mr. Moore felt that his services could now be best used in furthering this work, and in bringing Mr. John L. Lewis to see conditions for himself. At Labour meetings in Halifax and Moncton, the President of the Trades and Labour Congress appealed for relief funds; in Moncton he arranged for free transportation of relief supplies to Sydney Mines and New Waterford, as well as Glace Bay. (2)

Early in April, the Provincial Government gave $20,000.00 to the Nova Scotia Red Cross for relief of ill-health in the mining districts; and on April 10, the combined

(1) Montreal Gazette, March 5,1925.

(2) Proceedings of the Trades and Labour Congress,1925, pp. 46-50.

efforts of Mr. Moore and the District Executive brought President Lewis to the scene of action. (1) He was not long in deciding that relief from International headquarters must begin at once. According to Mr. A.A. McKay, Secretary-Treasurer of District 26, the first week's cheque was for $5,000.00; and thereafter $10,000.00 a week until the end of the strike. (2) On April 14, Mr. Armstrong summoned another conference in Halifax, attended by the District Board, Mr. Lewis, and Mr. McLurg. To these gentlemen the Prime Minister offered a modification of his proposals of March 19: (a) Resumption of work at the 1924 wage rate, until a settlement could be effected by direct negotiations; (b) in case of failure to agree, an investigation under the Public Inquiries Act, the report to form a basis for fresh negotiations. Mr. Lewis advised the District Board to accept. Not unnaturally, Mr. McLurg was inclined to refuse to make a contract with the U.M.W. until sure it would be lived up to, (3) and was unable to reach a decision. The conference thereupon adjourned to await the arrival of Mr. Wolvin. At this time little damage had been done, order was still good, and the miners believed that a settlement was in sight. (4) Mr. Wolvin, however, stuck to his

(1) Labour Gazette, May 1925; Proceedings of the Trades and Labour Congress, 1925, pp. 46-50; Evidence,1925, Mr. McLeod,1728.

(2) See below for total amount contributed. See also Trades and Labour Congress Proceedings,1925,pp.46-50, and Montreal Gazette files for early April.

(3) Evidence, 1925, Mr. McLurg, 3220.

(4) Ibid., Mr. McLeod, 1730.

guns, insisting on a 10% reduction and the elimination of several classes of workmen from the ranks of the U.M.W. (1) Mr. Lewis branded these terms as "nothing less than economic degradation", and declared that in his opinion they meant that the Corporation was "out to destroy the Union". The conference broke up April 18; but Mr. Armstrong made a last effort to bring about a settlement by private negotiations in his office between Mr. Wolvin and Mr. McLeod. The only result, however, seems to have been that the U.M.W. District President carried away a strong impression that Mr. Wolvin had been tactless and truculent. (2)

Four days later, the Premier telegraphed to both parties an entirely new proposal; (a) No reduction for men getting $4.50 a day or less; (b) a reduction of 10% for men getting more than $4.50. Before the District Board could reach a decision, the Corporation had declined the offer; but Mr. McLeod says that the U.M.W. would undoubtedly have taken the same action. (3)

On April 30, Mr. Armstrong introduced in the Assembly an Industrial Peace Bill (so-called), divided into two sections. The first was practically a re-enactment of the Lemieux Act; the second was an experiment in compulsory

(1) Evidence, 1925, Mr. McLeod, 1730.
(2) Ibid., 1730-1734.
(3) Ibid., 1717-1736, "diligently compared" with the account in the Labour Gazette, February-May, 1925.

arbitration, undertaken, so it is said, against the advice of the Federal Department of Labour, and despite the unfavourable experience of Kansas and Australia, and indeed of Nova Scotia itself. Trade Unions and employers alike were practically unanimous in their protests; Besco was the one notable exception. (1)

As I have more than once referred to the question, it may not be amiss to state here the grounds of Labour's stubborn dislike of compulsory arbitration. In a wage dispute, to quote Mr. and Mrs. Sidney Webb, (2) " Each of the parties implicitly rests its case on a distinct economic assumption, or even series of assumptions, not accepted by the other side, and often not expressly stated. The employers will often hold that, in order to secure the utmost national prosperity, wages should rise and fall with the price which they can obtain for their product. Or it may be urged that the wage bill must, under no circumstances, encroach upon the particular percentage of profit assumed to be necessary to prevent capital from leaving the trade. These assumptions would, at one time, have been acquiesced in by many leading workmen, although, perhaps, not by the rank and file. But during the last twenty years, the leaders of the most powerful organizations have definitely taken up the view that considerations of

(1) Canadian Congress Journal, May, 1925.
(2) Industrial Democracy, (1920), pp. 229-231.

market price or business profit ought, in the interests of the community, to be strictly subordinated to the fundamental question of "Can a man live by the trade?" It is urged that the payment of a living wage ought, under all circumstances, to be a first charge upon industry, taking precedence even of rents or royalties, and of the hypothetical percentage allowed as a minimum to capital in the worst times. The skilled mechanic, moreover, will claim that the length of his apprenticeship warrants him in insisting, like the physician or the barrister, on a minimum fee for his services below which he cannot be asked to descend. The arbitrator's award, if it is not a mere 'splitting the difference', must be influenced by one or the other of these assumptions, either as a result of the argument before him, or as the outcome of his education or sympathies. However judicial he may be in ascertaining the facts of the case, the relative importance which he will give to the rival assumptions of the parties can scarcely fail to be affected by the subtle influences of his class and training. The persons chosen as arbitrators have almost invariably been representative of the brain-working class ... great employers, statesmen, or lawyers ... men bringing to the task the highest qualities of training, impartiality, and judgment, but unconsciously imbued rather with the assumptions of the class in which they live than with those of the workmen.

The workmen's growing objection to arbitration is, we believe, mainly due to their deeply-rooted suspicion that any arbitrator likely to be accepted by the employers will, however personally impartial he may be, unconsciously discount assumptions inconsistent with the current economics of his class."

Early in May, there were rumours of strike-breakers, and as a result the District Board on May 4 ordered the locals to begin peaceful picketing. They were particularly warned to preserve good order and not to interfere with officials. (1) Three days afterwards, however, the two months of perfect calm were broken by the first act of violence, when an official at Glace Bay was hit by a rock said to have been thrown by a picket. The central power plant was completely shut down. (2) By May 9 most of the pickets had been withdrawn, but on May 15 there was damage to pumps in some places. (3)

Towards the end of April, the G.W.V.A. had organized a National Relief Committee, but the excitement caused by the strike was beginning to die down and with it the relief from outside sources. On May 21, therefore, the District Executive called a Convention, which affirmed its decision to carry on the strike in order to defend the standard of living and to maintain Trade Unionism in the

(1) Evidence, 1925, Mr. McLeod, 1737-1738.
(2) Ibid., Mr. McCann, 2922.
(3) Labour Gazette, June 1925.

coal fields. The convention also authorized a $2.00 levy on all members then at work (in the mines of independent operators), issued printed and telegraphic appeals for aid, and resolved to send delegates to other Labour bodies to win their support. (1) It was also reported that the Executive had been instructed to borrow $100,000.00 if necessary. (2)

At the request of the U.M.W., the Hon. James Murdock agreed on June 1 to act as sole arbitrator if both sides would accept his services, but the Corporation refused, (3) on the ground that arbitration was unnecessary under existing conditions, and that Mr. Murdock already "had his axe sharpened against the operators". (4) Mr. Quirk had told the Company in January that Mr. Murdock believed that the wage decrease was unjustified. (5) In the light of this fact, and of the Minister's previous record as a prominent Trade Union official; and more particularly in view of his House of Commons speech of February 24 (6) in which referred to the Cape Breton situation as a "canker on the industrial life of Canada", the Company seems to me to be perfectly justified in refusing to accept him as arbitrator.

(1) Evidence, 1925, Mr. McLeod, 1747-1748.
(2) Labour Gazette, June,1925.
(3) Labour Gazette, July,1925.
(4) Evidence, 1925, Mr. McLeod, 1751-1752.
(5) Ibid., Mr. McLurg, 3188.
(6) Hansard, 1925, pp. 489-491.

On June 3, Mr. McLeod ordered the resumption of "100% picketing", including withdrawal of maintenance at the Waterford power plant. Waterford is dependent on this plant for both light and water, and the men had hitherto remained to supply power for the town though not for the Corporation. The Company officials tried to operate the station as they had done elsewhere, but were expelled by pickets in the afternoon, three of the office staff being injured. On June 5, seven pickets at the power plant were arrested, charged with unlawful assembly, and more arrests followed. (1) June 8, however, brought a ray of light when a committee of citizens got the miners to agree to accept the findings of a Board of Arbitration headed by Mr. Murdock or Dr. Clarence McKinnon, (2) or a Board of three nominated by the Corporation, the U.M.W., and the Minister of Labour, respectively. (3) The Corporation refused to negotiate unless granted a 10% reduction. Mr. McLurg was willing to recognize the U.M.W.; but threw a new issue into the arena by demanding that the "check-off" be left to a referendum of the men. Mr. McLeod says that the Committee reported to him that "Mr. McLurg's attitude clearly indicated that he intended to prolong the struggle until the men should be compelled by hunger

(1) Labour Gazette, July, 1925.
(2) Ibid.
(3) Evidence, 1925, Mr. McLeod, 1756.

to accept his terms. The miners, of course, refused to accept any reduction and the Citizens' Committee was forced to drop its attempts at conciliation. (1)

The Corporation had repeatedly asked the Municipal and Provincial authorities for military or police protection, but without success. (2) Events now moved rapidly to a crisis. On June 11, at 4:30 A.M.,a volunteer force of officials under the protection of the Company police, re-entered the Waterford power plant. Some hours later a mob marched out from the town, attacked the police with stones and missles, firing took place on both sides, and one miner was killed. The "garrison" was finally overcome by numbers and taken down to Waterford as prisoners; while some of the mob entered the plant and smashed all the instruments within reach. (3) Hopes of an early peace were now gone. The heather was ablaze, and with the Waterford riot there began a series of excesses whose partial justification can be found only in the utter despair in which months of exceptional privation had plunged the Cape Breton miners. Till this time the local authorities had for once been cautious in invoking military aid; but now the invaluable Judge Finlayson, with the approval of the Attorney General,

(1) Labour Gazette, July,1925.

(2) Evidence, 1925, Mr. McCann, 2923; Mr. McLurg, 3242.

(3) I can personally bear witness to the signs of havoc still visible in January,1926.

requisitioned the militia, and troops began to arrive on June 13. The next day at the request of the Company Mr. Murdock left Ottawa for Sydney, and during the following week met representatives of both sides. The men had by this time lost faith in conciliators, but the Executive accepted the Minister's preliminary demand that maintenance men should return to work. After some delay, the Company asked for a few men at one colliery claiming that other mines were not yet ready for maintenance. The U.M.W. Board thereupon withdrew its concession. On June 18, Mr. Murdock transmitted to the Executive new proposals from Mr. McLurg, their chief provisions being (a) "The Companies will enter into a contract with U.M.W.A. District 26 on the understanding that in the interests of the men, the public, and the Companies, no official of the Companies shall be required to meet an officer of the District Board who is a Communist, a member of the Workers' Party, or who is known to profess Communistic principles.

"(b) There are a number of men who have been actively engaged in and guilty of lawlessness and disorder. Those men will not now or hereafter be employed by the Companies in any capacity whatever.

"(c) This contract to run to November 30,1926.

"(d) The scale of datal wages shall be the new scale proposed by us, being the 1924 scale reduced by approximately 10%. For instance, the surface datal rate of $3.50 has

been reduced to $3.35, or by 4.3%. The percentages of reduction are: On datal surface rates 8.4%, on datal underground rates 8.9%.

"Time and a half for overtime and double time for Sundays and legal holidays will not be paid for employees in and around the mines except to mechanics engaged on repairs either above or below ground and to such employees who at the time may be acting in the capacity of helpers to the mechanics.

"The scale of contract rates for cutting, shooting and loading coal, both machine mined and hand mined, speaking generally has been reduced by 10% with the exceptions hereinafter mentioned.

"(e) The Companies must be relieved of the check-off for the making of deductions from the wages of employees for dues, fees or assessments for any labour organization.

"(f) The price of coal to workmen will be the same as in 1924, $3.60 per gross ton for run-of-mine at the mine or coal yard. Where it is necessary to transport the coal over a railway in order to make delivery, the cost of transport shall be added to the price.

"(g) The price of explosives to miners will be the actual cost delivered plus the cost of handling to the mines.

"(h) The provisions of the 1924 contract relating to maintenance men to be renewed.

"(i) The following classifications of men whose rates of pay and conditions of work were covered by former contracts shall not be included in the new agreement:

Shot firers and examiners,

Railway roundhouse employees,

Railway freight handlers,

Machine shop employees at Glace Bay and Springhill,

Pier employees, shippers and trimmers,

Banking station employees,

Electrical Department employees,

Construction Department employees,

Property Department employees,

Power House employees,

Railway employees of the Acadia Coal Company.

Note: Railway section men have already been taken out of the U.M.W., and at Sydney Mines the men employed in the Machine Shop, Construction Department, Property Department, Electrical Department have never been members of the U.M.W.A.

"(j) For some years certain working conditions have existed in the mines of the Acadia Coal Company, which conditions do not exist in the mines operated by the other Companies. If a new contract is made, the conditions referred to will be changed and made similar to those in force in the other colliery districts. These are as follows:

"The scale of contract rates, speaking generally, has been reduced by 10% with the exception of the longwall rate

at the Vale Colliery which has been only slightly changed, and in our opinion made more favourable to the men. Another exception is in the contract rate for hand and machine mining. The rates for hand mining have been reduced 10% but the rates for machine mining which formerly were higher than the rates for hand mining have been reduced by more than 10% to make them lower than the rates paid for hand mining.

"Payment of time and a half and double time for over-time formerly paid to men employed on continuous service, such as running pumps, fans, etc., will not be paid in the future. The payment of the differential for the double shift is discontinued." (1)

Mr. Murdock told the District Executive that he believed "it would be impossible to secure proposals for the settlement of the strike more acceptable to you. My personal and earnest recommendation to your Board is that the proposals contained in Mr. McLurg's letter, under the circumstances, should be accepted as a basis of settlement, and that matters referred to should be at once submitted to the members of your Organization on strike for acceptance or rejection. Your Board is at liberty to indicate to your membership my personal view that more acceptable terms of settlement

(1) Labour Gazette, July 1925, pp. 661-663.

of the existing troubles cannot be secured, and the men on strike should therefore, in my opinion, authorize the District Board to enter into an agreement with the Company on terms outlined. " (1) The Board, however, regarded the suggested terms as far too stringent, and on its recommendation, the locals unanimously refused them. (2)

Despite the presence of troops, fires and looting continued throughout June. At Waterford, the men had often fruitlessly complained of two antiquated wash houses. They now cut the Gordian knot by fire. Three stores also were burned; goods to the amount of $325,000.00 were stolen; and the replacement value of buildings destroyed is said to be more than $200,000.00. No.10 mine was almost lost by flooding; and the Waterford collieries were seriously affected. (3) On June 29, the Minister of Labour telegraphed to Mr. McLeod that the Federal Government had summoned Mr. Wolvin to Ottawa to discuss the strike with the Prime Minister, the Minister of National Defence, and Mr. Murdock himself. "No definite understanding was reached by arrangements were made for me to meet the Directors of the Company at a Board meeting in Montreal today. Accompanied by Mr. Quirk, I presented to the Directors fully the claim for a modification or improvement of Mr. McLurg's proposal. After the conference

(1) Labour Gazette, July,1925 .
(2) Evidence, 1925, Mr. McLeod, 1770.
(3) Ibid., Mr. McCann, 2926-2927.

Mr. Quirk and I withdrew for an hour, and then returned to secure the Company's decision, which, in effect, is that the Company is unwilling to make any modifications whatever of the proposals in Mr. McLurg's letter of June 17." (1)

The outlook was not particularly cheerful, but relief was at hand. Early in July, the Liberal Government of Nova Scotia tottered to its fall, after an unbroken reign of forty-three years. The Conservatives had to some extent identified themselves with the cause of the miners; and the new Premier, Mr. Rhodes, chose as his Minister of Mines,Col. Gordon Harrington, Counsel to the U.M.W.A. District 26. One of the first acts of the Rhodes Government was to go into conference with the Corporation on July 16. Next day, the Provincial police were withdrawn from Cape Breton and disbanded, and on July 20, Mr. Rhodes and Col. Harrington met Messrs. Wolvin and McLurg and the entire U.M.W. Board in Sydney. The discussions were later continued in Halifax, (2) and at the end of the month, Mr. Rhodes presnted both sides with the following memorandum:

"The Government is convinced that the present intolerable condition throughout the Province, due to the deplorable position of the coal mining industry, can be overcome now only by some agreement founded upon mutual concessions

(1) Montreal Gazette, June 30,1925.

(2) Labour Gazette, August,1925, pp. 771-772.

made by all parties for the common public interest. Such an agreement cannot be taken as a disposition of the rights and equities involved for they are too complex and diverse satisfactorily to be dealt with other than in the light of a full inquiry into the coal trade of Nova Scotia. It may be accepted, however, as a working basis for the resumption of operations which must resume at once to avoid disaster in the Province; and where concessions have been made it is postulated that they have been made at the request of the Government and for the general benefit of the people of Nova Scotia.

In this spirit the Government commends to the Corporation and to the Union the under-noted outline of settlement, and its acceptance should be the bounden duty of all the parties interested in order to alleviate distress within the Province, to protect the presently endangered property and interests of the Crown in the coal areas of the Province, and to relieve the Provincial Treasury from the present deadly drain upon it.

(a) An interim contract between the Corporation and the Union for the period of six months pending a full inquiry into the coal industry of Nova Scotia.

(b) Terms of the contract to be those of the 1924 contract.

(c) The wage scale to be that of 1922 contract, which it is estimated is between six and eight per cent. below the scale of 1924.

(d) Employment to be given to regular employees at the mines, shops, piers and other departments of the Company before outside labour is engaged.

(e) In consideration of the immediate resumption of work under the foregoing provisions, the Government is prepared to rebate one-fifth of the royalties payable to it upon coal mined by the Corporation from the date of the commencement of the above agreement for the period of twelve months.

(f) The Corporation has introduced the matter of the check-off as a point to be considered immediately although it was not an issue when the present dispute commenced. It affirms that although it is a right and privilege exercised by the workmen for a period of about forty years and recognized by the laws of the Province, yet a majority of the workmen are opposed to it. Therefore the Government will hold a referendum by secret ballot to determine whether the check-off be continued or not. Both sides agree to abide by the result.

(g) All controversial points not disposed of above to be referred to the Commission of Inquiry for investigation." (1)

(1) Besco Bulletin, August 8, 1925.

The U.M.W. Executive, in agreeing to recommend the proposals to the members, on August 2, stated: "The District Executive in deciding to accede to the request of the Government that the terms laid down in what was represented to be their ultimate offer be recommended for acceptance by the membership were actuated by the following considerations:

"(a) Their belief that the resumption of work under an arrangement that contains within it the promise of more satisfactory conditions eventuating with the expiration of the interim contract is of vital importance at this juncture.

"(b) The Government's assurance and our insistence that the proposed interim contract, if finally ratified, will be entered into without prejudice to the contentions of the men which still remain to be finally passed upon by an independent commission, fully clothed with authority to conduct a searching inquiry in the entire situation.

"(c) The conviction that while the concessions the men have been called upon to make are great, a fair inquiry into the merits of the dispute will disclose the soundness of the miners' position and consequently enforce better wage and working conditions.

"(d) The knowledge that while the men are well able to continue the struggle for an indefinite period there is merit in the contention that the interests of the general public demand the immediate resumption of work and that these interests are entitled to consideration by both parties to the dispute.

"(e) When the conferences were resumed at Sydney last week, the demands of the Corporation included a 25% cut for three months, a 15% cut thereafter, and the abolition of the Union check-off, which if enforced would have meant the return of the men to a condition of serfdom. Moreover the Corporation contended throughout the negotiations that it could enforce the economic pressure necessary to grind the communities affected into submission." (1)

In view of this last disclosure, it is no wonder that Mr. Wolvin's first reaction to the memorandum was an attempt to secure modification of its terms. On August 1, he wrote to Mr. Rhodes:

"I beg to acknowledge receipt of your memorandum, delivered to me last night.

"The contents are disturbing, and in our judgment unwarranted by the conditions of the mines and of the industry as they exist to-day. However, we appreciate that it is the conclusion arrived at by your Government and must

(1) Ottawa Morning Journal, August 2,1925.

therefore be given due consideration. We realize that this proposition having been given to the men becomes a barrier to any effort of this Corporation to effect a better arrangement with its employees.

" I am unable to accept the responsibility of either declining or accepting this ultimatum. If this proposal is accepted, the results may be destructive to the Coal and Steel Companies. We have endeavoured to make clear to you all the conditions which so vitally affect the equities in these properties that to-day represent millions of cash invested in Nova Scotia by thousands of Canadian shareholders.

"I am leaving for Montreal Sunday morning. I will consult our bankers to ascertain if working capital and bond interest can be provided under these conditions which I understand it is your intention to impose upon the Companies. Immediately that I am in a position to present to my Board of Directors your proposal, together with the governing financial situation, I shall promptly call a meeting of the Board.

"In the meantime, may I urge that you reconsider this drastic proposal in an endeavour to make it better fit present day conditions, and that you communicate any change to me at Montreal.

"Permit me to express my appreciation of the patient and courteous manner in which you and your Government treated us during our many conferences." (1)

(1) Besco Bulletin, August 8,1925.

The Premier declined to admit that his suggestions were a barrier to any other settlement, maintaining on the contray, that they offered the only alternative to a"protracted strike and repeated grave disorders". (1) On August 6, therefore, the Corporation telegraphed its acceptance on the following terms:

"We have for many months endeavoured to convince our employees that a permanent operation of the mines and steel plants cannot result from wage scales that are established by force and which to-day are economically impossible. When necessary to meet trade conditions wages must be possible of adjustment downward as well as upward.

"We most strongly and emphatically urge that your Government should immediately devise ways and means for proper protection of our properties both from direct attack and from damage resulting from interference with maintenance through imtimidation and forced removal of our officials and employees.

"We understand that the Board which your Government proposes to appoint will be properly constituted to enquire into the basic facts of production and sales of coal and steel as they relate to present and prospective conditions including the use of force in arriving at wage scales and that its report will be of a constructive and informative character. We will make available to that Board for deliberation all facts we possess that will assist them in reporting conclusions." (2)

(1) Besco Bulletin, August 8,1925.
(2) Ibid.

The miners had already accepted the Government proposals by a majority of 1,133. (1) The interim contract was therefore signed on August 7, and work recommenced two days later.

Realizing how much depended on the personnel of the Commission, Mr. Rhodes took his time in choosing it. At his request, the Imperial Government nominated as Chairman, Sir Andrew Rae Duncan, Technical Advisor to the British Department of Mines. The other Commissioners were the Rev. H.F. Macpherson, D.D., D.C.L., Rector of St. Francis Xavier University, at Antigonish; and Major Hume Cronyn, K.C., of London, Ontario, former Liberal-Unionist M.P., and now President of the Mutual Life Assurance Company of Canada, Vice-President and General Manager of the Huron and Erie Mortgage Corporation, and General Manager of the Canada Trust Corporation. (2)

The terms of reference were very wide; (3) but in actual fact the Commission had before it six main problems:

(a) Wages and the Standard of Living;

(b) Labour Organization;

(c) Communism and the Spy System;

(d) Housing and Domestic Conditions;

(e) The Finance, Organization and Management of the British Empire Steel Corporation; and

(f) Possibility of Opening New Markets.

(1) Labour Gazette, August,1925, pp.771-772.

(2) Ibid., November,1925, pp. 1076-1077.

(3) Royal Commission Report, 1925, pp.3-5.

Of these, only the first four come within this chapter and of those four, by far the largest and most intricate is wages.

From 1908 to 1916, wages had utterly failed to keep pace with the rising cost of living; for the next three-and-a-half years they advanced in approximate proportion to the further increase in the general price level; but during the spring and early summer of 1920, they fell lamentably far behind. The Montreal Agreement of November 1920 established a scale considerably in advance of the higher cost of living; but the men felt they were merely getting in the arrears, with a small instalment of the "land fit for heroes to live in". The miners had no reason to look on the depressed standard of life in 1916 and 1917 as sacrosanct, a law of the Medes and Persians. The innumerable chances of driving a hard baragain during the War had been allowed to pass, and large numbers of the men had laid down their lives for their country. Those who were left felt that they deserved not only fair but generous treatment. "They were not prepared", says the Royal Commission, "to yield up the increases merely because, cost of living having fallen considerably by the end of 1921, it might be a wise business policy to reduce wages and prices for the benefit of harassed consumers. By retaining their increased wages when cost of living fell the men hoped to enjoy a better standard of life. Whether profitable business would continue to be available at those

wage rates, what constituted profitable business, and whether a change in the situation could be met in any other way than by a reduction of wages, were all issues on which they wanted closer argument and fuller information than it was the older practice to give. These problems were of the more serious import in the minds of the men because of the prosperity that had prevailed for some years in the industry, and because of the prospects of its continuance as depicted in connection with the merger of the operators' interests which had taken place so shortly before. A proposition for as high a wage cut as, say 35%, would in any circumstances have been a matter of concern to the men, and in the circumstances as they viewed them, the burden of proof of necessity became the greater. The operators explained to us the facts and business considerations, as well as the market and other forecasts on which they figured, in formulating their demand. On a consideration of the statement they submitted to the Union, we cannot take the view that they were either indifferent or arbitrary in presenting their proposal; but even remembering they were regarding their operations as a whole and not coal operations separately, we believe the wage cut they proposed was unreasonably high, and their action in enforcing it too precipitate. The fact that the proposed reduction was related so closely in amount to the fall that had taken place in cost of living

was construed by the men as an indication that this circumstance and not economic necessity had dictated the operators' policy. In the light of the relation of interests within the Corporation and in the light also of the necessarily speculative nature of many of the considerations on which the operators were acting, we do not think there need be any surprise that the Union could not accept responsibility for negotiating upon such a reduction as was proposed. Indeed, as events proved, in the course of a few months circumstances developed - no doubt unforeseen at the beginning of the year - which permitted the operators to modify their wage-cut even further than the Gillen and Scott Boards had modified it. The result was that the men concluded the original stand taken by the operators had been unnecessary and insincere, and as some witnesses put it - though,we think, unwarrantably - dishonest. From the evidence of some of the most restrained and responsible witnesses that appeared before us, we have no doubt of the disastrous effect that was left on the minds of the men by the events of 1922. Feeling became so embittered as to destroy confidence in the reliability of figures supplied by the operators in subsequent dealings; and in any case, in the absence of knowledge of the internal relationship of the constituent companies, the men felt it was impossible for them to arrive at a fair estimation of the issues that divided operators and themselves. Throughout

these years the belief has persisted in the men's minds - an honest and sincere belief - that if the coal operations were regarded by themselves they would prove to be profitable; that is to say, if they were credited with fair transfer prices for the coal supplied to other constituents of the Corporation, if they were charged fair prices for the services rendered to them by other constituents, and if their funds were not burdened with responsibility for other interests than the economic development and operation of the pits. That they have felt they were being called upon, without their consent, and without reliable knowledge, to make sacrifices in order to maintain other sonstituent parts of the Corporation has been a real and substantial barrier to peace and concord."(1) Had the 1903 coal contract between the Steel and Coal Companies been carried out, the Commission says, "the coal operations for the year ending March,1921, would have shown a gross profit (before setting aside any reserve for depreciation, or Federal Tax, and before paying bond interest or share dividends) of 13.2% on the capital invested, and for the nine months April to December,1921, 10.8%. The comparable figure for 1913 was 9.7%. On these figures we think the operators were not justified in insisting on a reduction of wages in 1922,even in spite of the change which they estimated had come over the market and future prospects by the end of 1921." (2)

(1) Royal Commission Report,1925, pp. 19-21.

(2) Ibid., 30-31.

As far as they go, these findings are substantially correct, but from one or two of them I must dissent. The change in the Company's financial position during the year was, as Mr. Wolvin says, (1) due chiefly to the American coal strike, opening wider markets abroad and lessening competition at home. To call this "unforeseen" is ridiculous. Mr. Wolvin himself "feared a Continental general strike", (2) and everyone knew quite well that the U.M.W. was a very strong Union, and never had been remarkable for knuckling under at the first cry for lower wages. The strike was in fact inevitable.

In the second place, I am unable to share the Commission's belief that the proposed wage reduction was based wholly on "economic necessity". Mr. Wolvin in his evidence before the Commission (3) distinctly indicated a belief that wages should follow the cost of living; Mr. F.W. Gray, Assistant to the President, (4) hinted at the same thing; and more than one issue of the Besco Bulletin has referred in glowing terms to the prosperity of West Virginia under a wage scale which has fallen with the general price level. The clearly indicated moral for the Nova Scotia miner has been "Go thou and do likewise". (5)

(1) Evidence, 1925, p. 4257.
(2) Ibid., 4255.
(3) Ibid., pp. 4284-4285.
(4) Ibid., 4111, et seq.
(5) See, for example, Besco Bulletin, May 9, 1925.

Even granted that the Company was in dire straits, the men felt that wage cuts ought to be a last resort, and that retrenchment should begin at the top. Let the sacrifices come from those best able to bear them. After all, what counts is not what is taken, but what is left. A 35% reduction from a salary of say $40,000.00 still leaves a moderate amount to live on, but at 35% reduction from a wage of say $1,650.00 means sailing very close to the wind. As we have seen, the Company was overstaffed. It will scarcely be believed that Mr. Wolvin testified before the Royal Commission that the force of officials "may have been increased" in 1922, and that they were not asked to take any large salary cuts. (1) It may be added that Preferred and First Preference dividends were not interfered with. (2)

The men's objection to the policy of reduction went much deeper than this, however. For one thing, they knew that lower wages do not necessarily mean lower labour costs to the Company. The decrease in efficiency, due to discontent and under-nourishment (of the body or the mind), may more than offset the apparent saving. In the second place, they knew that the Company's financial difficulties would procure it no special treatment in the purchase of machinery, and they believed that a decent standard of life, their children's food and clothing and chance to get ahead in the world, were of more importance than the profits of

(1) Evidence, 1925, p. 4343.

(2) Besco Annual Report, and Poor's Manual, 1925, pp. 1230, et seq.

any manufacturer of mine equipment. They remembered the waste and mismanagement that had left the Dominion Iron and Steel Company with a needlessly heavy burden which the miners were called upon to share. (1) Above all, the men realized that the Nova Scotia coal trade was to some extent a War casualty. In the making of that War, and the disastrous Peace which followed it, they had had no part. Monetary inflation, and the post-War deflation which crippled business in every country; the clumsy mechanism by which exchange and distribution are mismanaged ..... these were not Labour's doings, and Labour saw no reason why it should pay for them. It had paid heavily enough in the thousands of workers who fell in battle.

One point of the men's contentions is of more doubtful validity. The idea that wages have been bled to pay dividends on promotion of bonus stock is, like the reports of Mark Twain's "death", "greatly exaggerated". Under our present economic system, public utilities are usually thought entitled to 7% on their total investment (bonds and shares), or a considerably higher rate on Common stock. Careful comparison of each year's dividends with the amount of bona fide Common (eliminating promotion and bonus shares), will show that up to 1921 the various Companies paid just about 7% on Common. As for Besco itself, it has paid no dividends at all on Second Preference or Common. (2)

(1) See Royal Commission Report, 1925, p.28, and Chapter VIII of this thesis.

(2) Royal Commission Report, 1925, p.54; and Poor's Manual, 1925, pp. 1230 et seq.

Whether the 7% generally considered reasonable is in fact too high is a matter on which opinions differ; with the Corporation's record in this respect provides no excuse for pillorying it as an arch-criminal.

The mine workers, on the other hand, have not infrequently been charged with extravagance during the prosperous War years. On what moral ground the hard working miner is denied the right to own a Ford car while stupid and dishonest profiteers take their ease in Rolls-Royces, I cannot discover. It would certainly have been wiser to take out insurance, or invest the money in Victory bonds, as many of the workers actually did. But there is no occasion for philippics on the subject. The amounts involved were probably small, and certainly far out of proportion to the expense of, say, the Jubilee bankhead.

Looking only at the financial returns of coal operations, there was solid ground for the Company's belief that wages should be reduced. "The gross profit for 1922 was 8.1% , and for 1923, 4.4%." For this reason the Royal Commission thought that "a reduction of wages would have been justified at some date in 1923, and the increase granted in 1924 was not justified. The comparable figure for 1924", it adds, "was 2.3%, and we think the reduction of 10% on the 1924 scale, proposed by the operators in 1925, was amply justified."(1)

(1) Royal Commission Report, 1925, p.31.

The Corporation has steadily claimed that lower wage rates, by enabling it to quote lower prices, would stimulate demand, enlarge markets, and bring both greater production and larger annual earnings for the men. Mr. McLurg himself, however, admitted to the men in the conferences at the end of 1924, that the proposed reduction would not "affect the selling price to any extent. It would affect the cost of production and provide a greater spread between the production price and the selling price, which would enable the Corporation to make a little profit to meet its bond interest. It would also permit it to quote on a greater volume of business and by additional production reduce fixed overhead charges." (1) The maladroit reference to bond interest was most unlikely to conciliate the men; and it is hard to see how, without a change in coal prices, the Corporation could "quote on a greater volume of business", except, perhaps, that improved credit might tend in that direction.

Does the last reduction leave the men with an adequate standard of living? Mr. Angus G. Macdonald, head of Besco's Industrial Relations Department, believes that with steady work a man getting $3.35 a day should have enough to keep him in comfort and enable him to lay by something. (2) Most of the men's witnesses before the Royal Commission, when they gave an opinion, indicated that the worker ought to get $30.00 to $35.00 a week to live as a Canadian citizen should.

(1) Evidence,1925, Mr. McLeod,1652-1653, quoting from Official Minutes of the Conferences.

(2) Evidence,1925, p.2770.

This standard, of course, includes provision for a family, and in Cape Breton the families are large. The present average wage paid by the DominionCoal Company (1) is about $4.93 for all employees,including boys and old men. For contract miners, who form about 40% of the working force,(2) the wage is about $6.30 a day. With regular work, therefore, the contract men should be able to get along fairly well. Even allowing for some exaggeration in the men's figures, the wage for datal men obviously falls below reasonable requirements. Mr. A.S. MacNeil (3) may be perfectly correct in saying that the present standard of living is not surpassed, if at all equalled, in mining communities anywhere: so much the worse for them.

The second great problem undoubtedly was that of Labour Organization. When Mr. Rhodes took office, the Besco Bulletin admonished him "to consider very carefully whether he can himself have any official communication with the officers or agents of the United Mine Workers of America, or if he can ask the executive officials of the mining companies to negotiate or make any further agreements with an organization which has repudiated its contracts in most important particulars and in such manner as to endanger the whole of the coal mining industry for years to come," adding: "It would seem that he must find some means of dealing directly

(1) This and following calculations are from figures in the Besco Bulletin,May 9,1925,reduced by 10%.

(2) Percentage figures supplied by Mr. McCann's office.

(3) Evidence,1925, p.2435.

with the mute majority, and of silencing or controlling the minority, the leaders of which for a long time have coerced their less assertive but more numerous fellow-workers." (1) In their evidence before the Commission the operators maintained a like attitude. Mr. McLurg said: "I believe that it is hopeless for us to expect that we are going to get any place, or even get this industry on a sound basis, if we have to do business with the U.M.W.A." (2) Mr. MacNeil declared: "I am firmly of the opinion that unless the officers of the Labour Unions accept the full responsibilities of their positions, there will have to be a return to the simple system of direct dealing with the individual." (3) This, however, cannot be taken seriously. In the twentieth century, anything so hopelessly unequal as a bargain between one lone miner and Canada's greatest industrial corporation, is simply unthinkable. The Corporation's real proposals were advanced by Mr. Kelley and Mr. Wolvin. "The first and best suggestion", said Mr. Wolvin, was Employees' Representation, as described by Mr. Kelley. (4) This scheme is largely the work of the present Prime Minister of Canada, who with a flourish of trumpets, introduced it into the mines of the Colorada Fuel and Iron

(1) Besco Bulletin, July 18, 1925.

(2) Evidence, 1925, P.3269.

(3) Ibid., 2457.

(4) Ibid., 3065-3099.

Company, (1) in 1915. It consists of one or several joint committees representing the management of the men, chosen entirely from within the company itself, with power to discuss matters of mutual interest. Unlike the Whitley **Plan** in England, with which it is sometimes confused, it makes no provision for Trade Union representation. Mr. King regarded it as a bridge to regular Labour organization,(2) but Mr. Kelley says it is meant to supplant Trade Unionism. The idea was widely copied, and in 1923 the Sydney steel plant decided to adopt it. From the viewpoint of the Company, the result has been most satisfactory, and there is no doubt that it has brought real benefits to the men as well. Its greatest service, perhaps, has been the establishing of contact between operators and employees. Evidence before the Royal Commission disclosed that miners were often unaware of the extent to which the Corporation really had improved working conditions. Unquestionably, fuller discussion and information would of themselves reduce friction. In the steel plant, the meetings have dealt with " increase of wages, better lighting, the eight-hour day (a weekly discussion), discrimination, protests against the increased price of coal, part time employment of railway men, complaints of the Company Doctor system, the Pension Plan, increased rates for trackmen, better open hearth lighting, increases

(1) Employees' Representation in Coal Mines, 352. This Company is controlled by Mr. Rockefeller. For this book, see below.
(2) Ibid., 352,392.

for certain mechanics, the tariff, financial assistance to employees on short time." (1) On minor questions, the plan is most useful; but when it touches really vital issues, its usual tendency has been to degenerate into a debating society. At Sydney, for example, wage increases have been shelved, and the eight-hour day seems as far off as ever.

The working of the plan in Colorado has recently been the subject of exhaustive study by Mr. B.M. Selekman and Miss Mary Van Kleeck, of the Russell Sage Foundation. (2) They found organized Labour distinctly hostile. Its principal criticisms were: "That the initiative in all arrangements for meetings and elections rests with the management, and that officials take an active part in urging the men to vote, has already been shown. Union sympathizers among the employees say, 'There wouldn't be a corporal's guard at the election meetings if the company held regular meetings as the local unions do. Of course when the superintendent sends somebody around with the ballot box, the average miner is afraid not to vote. He'd be afraid of being discriminated against in some way'.

"That under the plan, in camps where unionism is weak, the men do not have enough solidarity to maintain a check-weighman - when they have one - because he has no organized backing by the employees. In the mines where the union is

(1) Evidence, 1925, Mr. Kelley, 3075.

(2) Miss Van Kleeck was formerly a high official of the Unied States Department of Labour.

not strong, the employees usually have no check-weighman. To vote for one and to be willing to have deductions made from wages for his salary requires cohesion among the men in the camp. This, the union claims, is lacking under the plan.

"We have already quoted the miners to show how they felt about the question of wages. They were of the opinion, it will be recalled, that their real protection in this most vital aspect - the guarantee of a living wage - depended on the activity of the United Mine Workers rather than on any guarantees of the representation plan. All that this plan guaranteed was to increase wages in proportion as they were increased in competitive districts. These competitive districts are unionized. Wages are not increased in them except upon the initiative of the United Mine Workers. A practical illustration of this, they tell you, was shown in the winter of 1919 to 1920, when the general manager testified before a senate committee that the company could not increase wages and that the purchase of automobiles and other expenditures of the miners showed that they did not need an increase. When higher wages were later granted in the agreements signed with the United Mine Workers in the Central Competitive Field, they were also accepted in Colorado. To the miners in Colorado this proved that the company would not, on its own initiative

have granted the increases secured for them by the union. Again, in 1921, wages were reduced by this company below the rate still maintained in unionized mines. After the long strike of 1922 to maintain the higher scale in union mines, the Colorado Fuel and Iron Company again restored the union rate.

"Moreover as we have shown in other chapters, in the day-to-day application of the scale, and in determining the payment for dead work, many of the men feel that no adequate provision is made to protect employees' interests by giving them a vote on specific cases, or by making standards and practice uniform in the mines of the company having similar conditions.

"Miners who are local union leaders further contend that whatever improvements have been made in social, living, and working conditions, are due to the activities of the United Mine Workers. It took the 1913-14 strike, with all its violence and bloodshed, they argue, to stir the management of the Colarado Fuel and Iron Company, and to interest Mr. Rockefeller in the employees in Colorado; to focus the attention of public opinion on conditions as they existed. They admit that the Colorado Iron and Fuel Company has the best coal camps in the state, and that the comforts if the miners are well provided for. But who brought this about? Have not the bath-houses, the Young Men's Christian Associations, the new homes, the clean streets, the well-kept

fences, the gardens, the better schools and playgrounds, the more humane treatment by foremen and superintendents, the abrogation of the arbitrary power to discharge without warning for the least offense - have not all these improvements been introduced since the 1913 strike?

"One further argument is put forth by union members in the employ of the company which is held also by the miners' representatives in the representation plan. The strike, runs the argument, has been and still is the strongest weapon workers have to achieve necessary improvements in their working and living conditions. It was the 1913-14 strike, for instance, which revolutionized the labor policy of the Colorado Fuel and Iron Company. To conduct strikes successfully requires a strong organization of the workers and a fairly well-filled treasury. Under the Industrial Representation Plan the workers have neither an organization nor a treasury. Their representatives serve only on joint committees with equal numbers of company officials. They are thus deprived of their most potent means of defending their own interests. Only the United Mine Workers can lead them successfully in a strike." (1)

It should be remembered also that the Colorado Plan deprives the men of the services of expert negotiators with a wide knowledge of business conditions, national and international; and leaves aggressive local negotiators subject

(1) Employees' Representation in Coal Mines, 292-295

to dismissal by the employer on a thousand and one pretexts.

Mr. Selekman and Miss Van Kleeck acknowledge the great benefits which have followed the Plan, but describe it as an "incomplete experiment". (1) They found that in carrying out the plan "employees' representatives are not invariably consulted on any subject. They are given the right to a hearing, but the management is not bound to abide by their vote on any specific subject except in the single instance of deciding on a grievance referred to a Joint Committee on Industrial Co-operation and Conciliation acting as arbitrators. (2)

"The purpose of the company to treat its employees well has had tangible evidence in housing, medical work, safety inspection, schools, clubhouses and facilities for recreation. The advantages of democratic procedure and its feasibility in industrial management are recognized by the company in the provisions for committees on which employees are represented. Employees' representatives have had an advisory relationship to all of these phases of living conditions, but they are not given responsibility or authority for decisions. Officials of the company may decide any question without consulting committees or employees' representatives.

"Through the Joint Committees on Industrial Co-operation and Conciliation, and through employees' representatives,

(1) Op. cit., 381.

(2) Ibid., 385.

provision is also made for hearing any grievances by an employee or a group of employees or any subject affecting his living or working conditions. This joint committee is, also, the one to which any difference not satisfactorily adjusted otherwise may be referred by the president on his own initiative or at the request of the employees' representatives. The company and employees must be equally represented when action on a dispute of this kind is taken, and the decision of the majority is binding. These provisions, however, all relate to the settlement of grievances. They do not insure a share in determining conditions before grievances occur, and hence, perchance, preventing them. Nor do they insure any share in determining standards for the industry as a whole.

"Basic wage rates have not been within the scope of negotiations through the plan. Competitors' rates are accepted by the company as its own, and nowhere is the "competitor" defined. In practice this has meant accepting the rates agreed upon between the United Mine Workers of America and the operators of the Central Competitive Field, except during 1921 when wages were reduced 30 per cent below those of that field because of reduction in West Virginia, Pennsylvania, and some other eastern districts which are for the most part unorganized. After the nation-wide strike of 1922, the Colorado Fuel and Iron Company restored to its miners the union scale of the Central Competitive Field, which, as already noted, comprises Indiana, Illinois, Ohio, and western Pennsylvania, a field thoroughly organized.

Thus the company may shift its base in determining wages, and the guarantee in the representation plan to pay its employees competitors' rates becomes an unsubstantial promise. By not sharing in the determination of the rates accepted by it, the company is in a position of leaving to others the vital question of the wages of its own employees, and by this policy, also, the company places its own employees in the position of having no share through their representation plan in this vital matter of a wage agreement. No company can live to itself alone, but each must have its practice conditioned more or less by the practice of its competitors, but this fact lessens the usefulness of a plan for employees' representation which is limited to one company. We have quoted an official of the Colorado Fuel and Iron Company as saying: 'We are ourselves at the mercy of our competitors. If we try to sell higher than they we would lose our customers, and if we tried to pay lower wages than they, we would lose our employees.'

"We have found that employees of the Colorado Fuel and Iron Company join the union because they see in it their one guarantee for a security independent of the policy of any one company. The majority do not regard themselves as permanent employees in one mine, and they know that conditions of employment established in one district have an immediate effect upon wages and employment in another district. They regard themselves as miners in the bituminous coal industry,

and although they are not ungrateful for the new policy of the Colorado Fuel and Iron Company and its tangible manifestations in good housing, they are ever alert to the call of their national organization to give a 'show of strength' in the organization throughout the country. Every time they respond in this way to a strike call they demonstrate their sense of dependence upon the union to protect them by uniting miners together in the industry. They realize that they need the protection of representatives outside the company which employs them, because they have discovered that men employed in the company are impotent to protect themselves or others. The fear of losing a job prevents a man from opposing a company which gives, and can take away, his job.

"If follows that employees' representation as it has been interpreted in this one company, has had little contribution to make to the processes by which standards for the industry as a whole are formulated.

"Local rather than national organization of employees is exactly what is desired by many employers; and some of these welcome employees' representation because they see only that phase of it which limits its activities to employees within a single company, and they believe it offers an escape from their difficulties with trade unions." (1)

It is an interesting commentary on these findings that the 1924 rates in Colorado were less than in Nova Scotia

(1) Employees' Representation in Coal Mines, 386-390.

(which itself had lower rates that the American Union mines), and that the Colorado Company had just reduced its wages by 20%. (1)

The Company's second proposal (2) was "a Nova Scotia incorporated Union" with a separate organization for the mainland coal fields. Communists were to be barred from executive ppsitions, there was to be no check-off, and certain classes of employees now members of the U.M.W. were to be excluded.

The Company's ostensible objection to International Unionism is the fear of a strike for the benefit of American coal operators. (3) Mr. McLurg admitted that this was hypothetical; and, if he had studied the International Constitution, he would have seen it was virtually impossible: "The International Board shall have power between Conventions, by a two-thirds vote, to recommend the calling of a general strike, but under no circumstance shall it call such a strike until approved by a referendum vote of the members". (4) In fact, the experience of 1922 shows that the effect is quite in the other direction: the American strike opened a new market for Nova Scotia.

Outsiders, however, have stated plainly their belief that American agitators are stirring up trouble, and that the International Union is "fleecing" the Nova Scotia miner. The facts of the case show little grounds for either suspicion.

(1) Besco Bulletin, May 9 1925.
(2) Evidence, 1925, Mr. Wolvin, 4291-4293.
(3) Ibid., Mr. McLurg, 3273.
(4) Article 9, Section 27.

It was International headquarters which deposed the Communist leaders and ended the strike in 1923. As Mr. McLurg says, the International President is "strongly opposed to Communism and the strike on the job", (1) and "the trouble has been largely near at home, not from across the line. Mr. Lewis is honest and sincere, one of the most capable men I have ever met." (2) Mr. McCann's list of agitators (3) contains not one solitary American; and Mr. McIsaac, General Manager of Transportation, says: "My experience with the men sent here from the International body, for a period in charge of the organization, was in every way pleasant and satisfactory". (4)

The fantastic rumours that millions of dollars have been sent from the Nova Scotia mine workers to swell the bursting coffers of the U.M.W. at Indianapolis likewise melt into thin air when the facts are known. From data supplied by the Department of Labour, Mr. A.A. McKay, Secretary-Treasurer of District 26, and Mr. J.B. McLachlan, I quite easily computed the amounts sent across the border, and the strike pay, relief money and so on, sent back. Each miner pays $1.00 a month to the U.M.W. Of this, 20¢ remains in the locals, 30¢ goes to District headquarters, and 50¢ is forwarded to Indianapolis. Including two or three special

(1) Evidence, 1925, Mr. McLurg, 3285.
(2) Ibid., 3273.
(3) Ibid., Mr. McCann, 2896.
(4) Ibid., Mr. McIsaac, 2789.

BRITISH EMPIRE STEEL CORPORATION, LIMITED

Statement of Deductions from Mine Employees
Year 1924

	Dominion Coal Company	Cumberland Rly. and Coal Company	Acadia Coal Company	Nova Scotia Steel & Coal Company	Total
Warehouse Supplies (for their work)	115,717.51	11,266.52	26,112.86	22,958.70	176,055.59
House Rents	168,470.80	10,415.32	31,908.97	17,752.98	228,548.07
Employees Coal	206,303.10	45,954.65	40,372.97	55,765.86	348,396.58
Sanitation	5,541.51				5,541.51
Electric Light	18,906.93		537.04		19,443.97
Water	7,963.36	1,199.25		1,748.27	10,910.88
Retail Stores	1,080,051.14			119,242.64	1,199,293.78
Doctors	154,024.84	18,122.76	11,112.55	38,840.00	222,100.15
Checkweighmen	46,486.97	4,024.32	2,024.42	7,494.55	60,030.26
U. M. W	160,353.92	20,833.00	29,290.55	36,653.00	*247,130.47
Employees Benefit Society	122,076.47	16,010.50	7,571.00		145,657.97
Churches	60,966.34	5,832.25	3,010.50	6,074.55	75,883.64
Taxes	51,680.20	2,075.30			53,755.50
Hospitals	99,636.18		3,870.50	14,620.00	118,126.68
Sundries	51,687.24	9,628.35	5,914.94	8,069.85	75,300.38
	2,349,866.51	145,362.22	161,726.30	329,220.40	2,986,175.33

*Note—Includes special levy as under:

Dominion Coal Co. Ltd.	$ 65,402.97
Cumberland Railway & Coal Co. Ltd.	8,374.50
Acadia Coal Company, Ltd.	12,037.45
N. S. Steel & Coal Co., Ltd.	16,994.50
	$102,809.42

The levy was To pay debts of the 1924 strike. See

From Report of the Royal Commission, 1925.

levies, like the recent one to relieve the anthracite miners, District 26 has contributed to the parent body not more than $550,000.00 to $600,000.00. It has received about $1,674,000.00. In the last tie-up alone, the relief money amounted to $174,300.00, as compared with about $45,000.00 from all other sources put together. If this be fleecing, who would remain unshorn?

There has been a good deal of objection to the check-off. It is, of course, a well-established right that Unions may, if they see fit, use their funds for political purposes; but Mr. Wolvin not unreasonably complains against the Corporation having to collect the money. (1) Formerly, the Union paid the Company for this service, (2) but as the system now covers a wide variety of charges (see annexed table), the additional expense of the Union check-off is negligible, and no payment is made. Before the Royal Commission, the Union officers defended the check-off simply as cheap and convenient, a well-established practice of their International Union, and an old custom in Nova Scotia, recognized by the laws of the Province. The real defense, I think, was made to me later by a private member of the U.M.W. "If we have to collect the dues ourselves, some of the men, whenever they get hard up, will let the thing slip. For the moment, the Union will keep on functioning for them just as for the others. But very soon, some of the others will decide they might just

(1) Evidence, 1925, p.4290.
(2) Ibid., Mr. William Hayes, International Board member, U.M.W., p.3974.

as well get the benefit of its work without paying, and then the thing will go on, like a snowball, until the Union is bankrupt."

The Commission, on the very inadequate evidence in this matter presented to it by the U.M.W. Executive, found against the check-off. No doubt the Chairman's familiarity with English Trade Unionism was partly responsible for the decision; for the check-off is unknown in the Old Country. The Unions there, however, are in a very different position. They have, for one thing, large mutual benefit schemes whose funds are available for strike pay if necessary. In Nova Scotia, benefit societies are a separate organizations under joint control of the three contributing parties; the men, the operators, and the Provincial Government. This policy has distinct advantages; but it makes it much harder for the Union to collect its own dues. The Canadian Trade Union, moreover, does not enjoy the cordial public recognition extended to its English brethern. Indeed, it is expected, like Brer Rabbit, to "lie low and say nuffin'".

Mr. Wolvin's idea of two separate Unions, one for the mainland and one for Cape Breton, is based on the fact that winter is the busy season in Pictou and Cumberland, since they sell chiefly to the local market, and that winter stoppages are hard on them, while summer stoppages injure Cape Breton. The U.M.W., however, feels that the scheme is too plainly "Divide and conquer", and will accordingly have none of it.

Even a single Union confined to Nova Scotia would not meet the views of the men. The advice and experience, and the vast financial resources of the International Union would be lost. The British Empire Steel Corporation, controlling 85% of the coal output of the Province, (1) could do with the leaders as it saw fit, and make the whole affair a mockery. Most important of all, however, the way would be thrown open to a ruinous wage-cutting war, in which Nova Scotian and American miners would suffer almost equally. International Unionism gives some chance of preventing unfair competition from sweated labour abroad as well as at home: it is in fact a rudimentary tariff on wages.

Trade Unions always object on principle to being incorporated. The explanation lies in the fact that the law of associations is hopelessly out of date, and is applied with peculiar rigour to Labour organizations. "After-ages will be amazed", observe Mr. and Mrs. Webb, "at the flagrant unfairness with which the conception of a 'conspiracy to injure' was applied at the close of the nineteenth century. The greatest possible injury to other people's income or business, not involving the violation of a recognized legal right, if committed by employers for the augmentation of their profits (even in 'restraint of trade', by means of the deliberate conspiracy of an

(1) Nova Scotia Department of Mines Reports.

association), was held not to be actionable. But it was held to be an actionable wrong to the employer for a couple of men to wait in the street, in a town many miles distant, for the purpose of quite quietly and peacefully persuading a workman not to enter into a contract of service. The most pacific "picketing" of an employer's premises, though admittedly no longer a criminal act, was, if done in concert, held to be an actionable wrong. If a Trade Union Secretary published a perfectly accurate list of firms which were "non-Union", with the intention of warning Trade Unionists not to take service with them, this gave each of the "blacklisted" firms the right to sue for damages. It was held to be ground for damages for a Trade Union official merely to request one firm not to supply goods to another; or to ask an employer not to employ any particular person; or even to urge the members of his own Union quite lawfully to come out on strike on the termination of their engagement of service, if the object of the strike was considered by the Court to be to put pressure on the will of some other employer or some other workman. And whilst any solicitation or persuasion to break a contract of service by a Trade Union official was certainly actionable, it became doubtful whether he would not be equally liable if he had carefully abstained from, and had really not intended, any such suggestion, whenever the members of his Society became so influenced by his action, or were thought by the Court

to have been so influenced, that they, spontaneously and against his desires, impetuously came out on strike before their notices had expired. It was a further aggravation, of which less advantage was actually taken by employers in this country than by those of the United States, that where the Court was convinced that an actionable wrong was threatened or intended, it was possible very summarily to obtain an injunction against its commission, any breach of which was punishable by imprisonment for contempt of Court. It became, therefore, at least theoretically possible that almost any action by a Trade Union by which an employer felt himself injured might be summarily prohibited by peremptory injunction; and some things were thus prohibited, even in this country." (1)

In England, after the Taff Vale judgment of 1901, "when by the figment of "conspiracy to injure" that the lawyers had elaborated, even the most innocent acts, which an individual could quite lawfully commit, might be held wrongful and actionable if they were committed by or on behalf of an association to the pecuniary injury of any other person; and that there was no assignable limit, as the cases had shown, either to what might be held to be wrongful acts, or to the nature of amount of the damage that the Courts might hold to have been caused by such acts in the ordinary course of any extensive strike. Moreover, under the

(1) History of Trade Unionism, 598-599.

ordinary law of agency, the most explicit prohibition of unlawful acts in the rules of the association, coupled with the most scrupulous care in the Executive Committee in framing its instructions to its officials, would not prevent the Trade Union from being held liable for any pecuniary injury that might be caused, even in defiance of instructions and in disobedience to the rules, by any of its officers acting within the scope of their employment; or, indeed, by any member, paid or unpaid, whom the Courts might hold to be acting as the agent of the Union. And as every stoppage of work, however lawful, necessarily involved financial loss to the employers, it could be foreseen that even the most carefully conducted strike might be made at least the occasion for costly litigation,and probably the opportunity for getting the Trade Union cast in swingeing damages." (1)

"English and American judges combine a capacity for development of doctrine in the form of legal principles which is, we believe, unequalled in other judicial systems."(2)

The Nova Scotia bench gives no sign of being an exception to these remarks. At least half a dozen of its members have formerly been officials of one of the steel and coal companies, have held legal briefs for it, or have championed its cause in the Legislature or in the Federal

(1) History of Trade Unionism, 602-603.

(2) Ibid., 611.

House of Commons. It is not surprising, therefore, that District 26 insists on retaining an anomalous legal position.

Most people will think, however, that the Corporation's opposition to the U.M.W. has had at least one very strong reason. Mr. Wolvin and other officials, in their evidence before the Commission, repeatedly emphasized the large part which Communists have played in the troubles of the last four years. The Company acknowledges that the "Reds" are few in number. Mr. McCann testified that they made up less than 10% of the men, or a total of about 1,200; in conversation with me, he put the figure at 500; while Communist leaders themselves told me that they counted barely 100 followers. There is no doubt, however, that their influence has been out of all proportion to their number. In my judgment, one of their great assets has been the personality of their leaders. Mr. J.B. McLachlan, the most outstanding, is a picturesque and fascinating figure: an orator with a startlingly keen sense of humour, and unusual command of vivid illustration; an alert mind, trained by extensive, if somewhat narrow, reading. The story of his work in organizing and maintaining District 26 is one of the epics of Canadian Trade Unionism, and the miners will never forget his "strenuous and splendid service."(1) To a lesser extent, the same is true of his chief colleagues. Intense earnestness and untiring energy, with control of the

(1) Evidence, 1925, Mr. Watters. 2226.

Maritime Labour Herald, have several times won them large representation in District Conventions, and high position in the Union. "For a time," says the Report of the Royal Commission, (1) "trade union activity and industrial negotiation were being confused ... and even on accasions overridden .... by the political and social theories and aims of avowed Communists working within the Union. As perusal of the copies of the Maritime Labour Herald produced in evidence revealed, press propaganda was being actively conducted in certain mining communities with the object of making well ordered and amicable relationships within the existing order of industry impossible; and this organ was being supported from the funds of local branches of the Union."

The largest reason for Communist success, however, has not been personal. As Mr. Watters pointed out, (2) "there was a fruitful field for those who wished to make trouble to work in." The highest officials of the Corporation were sometimes amazingly tactless and indiscreet. Living conditions were most unsatisfactory, (3) and though the Company seems to have given up employing secret service men, it still continued in "certain of the collieries a system of reports to the higher officers which the men interpreted as spying upon the affairs of their Union.and calculated to intimidate

(1) P. 16.

(2) Evidence,1925, p.2227.

(3) See below.

men from taking an active part in the Union. The system may be harshly named when it is called a "spy system", but we regard the evidence as showing beyond doubt that it was at least an imprudent and even improper intervention on the part of the Company between the Union and the men. Under the present consolidated management, and particularly under the administration of the last two years, that system has been gradually eliminated." (1) Mr. McLurg says the new policy is that "it is none of our business what the men do when they are not working". Traces of the old régime survive, however, in a childish form in the Vice-President's special observers set to watch last year's May Day parade. (2) The opposition to the Union, at least until recently, has certainly been very strong. After all, Trade Unionism is, or ought to be, an integral part of "the existing order of industry", and as perusal of the Besco Bulletin, even since the strike, reveals, the Company's "press propaganda" certainly did not tend to "well ordered and amicable relationship" with the U.M.W.

The Corporation, it seems to me, does not sufficiently realize that the best antidote to Communism is a happy people. If conditions are right, agitators are simply helpless. Their first appeal is : "Boys, you haven't enough to eat", or, more elaborately, "Workers of the World, unite. You have nothing to lose but your chains." Give the workman a decent

(1) Royal Commission's Report, 1925, p.16.

(2) Evidence, 1925, Mr. McLurg, 3345-3346.

standard of life and the assurance of full opportunities for his children, and he will laugh at Communism. Tell him that he is no worse off than many other people, and you have confessed the intellectual and moral bankruptcy of capitalism.

This principle applies with even more force to the frequent statement (1) that social conditions among Besco's miners are as good as in most mining towns, or better. Those who have seen the squalid dinginess of the slums of Montreal, or the colliery town at Inverness, Cape Breton, will readily agree that Besco is not necessarily the villain of the piece; but they may differ as to whether that makes conditions in Glace Bay or Sydney Mines any the more desirable.

In considering this question, it is also well to remember certain advantages that the Nova Scotia miner enjoys: a fairly stringent Coal Mines Regulation Act, good free schools, excellent hospitals at a charge of only $13.00 a year per family (with $5.00 to $10.00 extra for operations), medical attention for about $21.00 a year, domestic coal at $3.60 a ton (plus cost of delivery...about $1.00), free transportation to work (where necessary), wash houses at every colliery, and at some of the pits excellent modern shower baths. The Company stores in Cape Breton before they closed had written

(1) See for example, Evidence,1925, Mr. A.W. Macdonald, 2740.

off very large sums due from the miners. The Provincial Workmen's Compensation Act provides for temporary disability and for permanent partial disability incurred by reason of occupation, payments being limited to $55.00 a month, or in case of death, burial expenses plus $30.00 a month for the widow and 7.50 a month for each child, the whole not to exceed $60.00. (1) Old age pensions are paid by the Corporation to"(a) Any male employee who has been twenty-five years in the service and who has reached the age of sixty-five years or more, and who is retired from service either at his own request or the request of his employing officer; (b) Any female employee who has been twenty-five years in the service and has reached the age of fifty-five years or more and who is retired from service either at her own request of the request of her employing officer; (c) Any employee who has been fifteen years in the service and who during the course of his employment has become permanently and totally incapacitated for further service." (2) The total amount disbursed is about $50,000.00 a year, the number of pensioners 177. In the Dominion, Cumberland, and Pictou coal fields there are mutual benefit societies. The Dominion Coal Workers' Relief Association derives its funds from the men (30¢ a week),

(1) Report of Labour Legislation, 1915, pp.194-205. Published by the Department of Labour, Canada.
(2) Constitution of the British Empire Steel Pension Plan.

from the Company (one-quarter of the men's contribution), and from the Government (three-tenths of a cent per ton on all coal shipped). Payments covering illness and non-occupational accidents are made after the first week at $9.00 a week for six months, $4.50 for the next six months, and $2.25 for the two years following, with a possible special grant of not more than $150.00 a year. If a member dies his widow receives a lump sum of $100, and an allowance of $8.00 a month for five years, plus $3.00 for each child under fourteen years old. (1) The iniquitous poll tax, amounting to $18.00 in Glace Bay, and $10.00 in New Waterford, was for two years checked off by the Company at the request of the Town Councils and the U.M.W., but this practice has now stopped. (2)

The Company has done a good deal to encourage sport, donating playing fields, rinks, and trophies. A more doubtful kindness is the payment in aid of horse racing. The Company maintains safety inspectors, safety first apparatus and training, emergency hospitals, and so on; and contributes to the regular hospitals. (3)

The central question, however, is housing. On this, the Royal Commission in 1920 had reported: "That in view of the fact that the Housing, domestic surroundings and sanitary conditions of the miners are, with few exceptions, absolutely

(1)Constitution of the Relief Association.

(2)This account is from memoranda supplied by the Company and the U.M.W.

(3)A.W. Macdonald, in a paper before the Canadian Institute of Mining and Metallurgy, Montreal, 1921.

wretched, and that such conditions have a deterrent effect on the miners' ability to produce coal, and are a menace to themselves and families, and further, that children brought up in such an environment have not the same chance of life and health as children reared under better conditions, as proven by Government statistics as to infant mortality, it is therefore recommended that the Companies that own the houses put and keep them in proper repair and that a sewerage system be devised and inaugurated whereby surface closets will be eliminated or that installation of a modern septic sewerage system be provided where it is found that the ordinary sewerage system is not feasible. Suitable kitchens should also be provided where they do not now exist.

"In the matter of water facilities for the houses of the mine workers, your Commission recommend that an adequate supply be furnished and so conveniently located that the miners and their families may avail themselves of it. Pure water which is an essential, should be supplied each family in a quantity sufficient for all purposes of domestic use.

"In making the foregoing recommendations the Commission is actuated by the conviction that, for humanitarian reasons, for the present and future well-being of the miners and their families (it being from the miners' families of to-day that the miners of tomorrow will be drawn) and to assure to the industry the necessary recruits to maintain the force required to achieve the success of the industry, it is essential

that such improvements be effected.

"It is also recommended that the attention of the civil authorities both Provincial and Municipal, be drawn to the above finding to ensure the necessary steps being taken to ameliorate the deplorable conditions which we found to exist.

"Seeing that rentals applying to miners' houses little more than cover repairs, if that, not to mention depreciation, and that the proposed improvements will occasion extra repairs, if only to the sanitary feature of the improvements, the Commission is of opinion that as and when the improvements recommended above are effected, an increased rental of .50¢ per month per $100 or fraction of $100 expended in improvements, should apply to provide for such extraordinary repairs."(1)

No action was taken, however, and in 1922 the Scott Board recommended a "definite policy of building each year new houses to the extent of at least 5% of those now in existence:" called attention to the poor sanitation, frequent leaks, bad drains, and streets, and suggested raising rent where necessary to provide running water. Mr. McDougall's minority report was couched in strong terms: "The most successful rival to the saloon and the vicious resort is the home. But where the home is barren, cheerless, repulsive, the glittering street, the hang-out and the dive, claim old and young." He said

(1) Report of the Royal Commission, 1920, p.2.

there were some good houses at reasonable rent; but recommended the destruction of many houses, the building of new ones and a lowering of rents where the tenants made improvements. (1)

These recommendations also were calmly ignored and the Commission of 1925 had to hear over again the dreary story of bad housing and pre-historic sanitation. The situation was briefly this. The British Empire Steel Corporation owned 3,442 houses, bringing in a total monthly rental of $19,905.78, or an average of $5.78 each. The figures for the constituent companies were as follows:

Dominion Coal Company Limited.

Tenants: 2374

Total Monthly Rental: $14,406.69

Average per Tenant: $6.07

Practically all of these houses have running water except at Reserve. There is sewer connection for about twenty-five tenants in Mechanics' Row, Glace Bay. At Dominion No.6 and Birch Grove running water is provided free. Elsewhere water is extra, and in all districts electric light and wiring are paid for by the tenants. About 80% of the men live in Company houses, while the great majority of the rest own their own homes. Owing to housing scarcity, the people are always looking for Company houses, whose rents average considerablylower than those of private landlords. Recently, when a house becomes vacant an increase

(1) Labour Gazette, June,1922, pp.578-590.

of rental, based on the dondition of the house, is sometimes asked from the new tenant. In some cases the rise is from $3.00 to $6.00, $6.00 to $10.00, and $8.00 to $12.00.

Nova Scotia Steel and Coal Company Limited:

Tenants; 320

Total Monthly Rental: $1,619.25.

Average per Tenant: $5.06.

Acadia Coal Company Limited:

Tenants: 572

Total Monthly Rental: $2,970.80

Average per Tenant: $5.20.

Cumberland Railway and Coal Company:

Tenants: 176

Total Monthly Rental: $909.04

Average per Tenant: $5.16

Expenditure on Houses:

Dominion Coal Company Limited:

Year	Total Expenditures Incl. Repairs, Taxes, Insurance, etc.	Rentals Received	Profit	Loss
1919	337,306.30	167,491.50		169,814.80
1920	462.852.52	177,311.03		285,541.49
1921	235,266.79	179,778.26		55,488.53
1922	308,674.66	179,540.24		129,134.42
1923	362,747.22	191,239.82		171,507.41
1924	188,405.49	192,685.35	4,279.84	----------
Total	1,895,252.99	1,088,046.18	4,279.84	811,486.65

Net Loss from 1919 to 1924 Inclusive 807,206.81

1924 Average Expenditure on House equals $79.37

Nova Scotia Steel & Coal Company, Limited:

1919	14,962.36	20,687.20	5,724.84	
1920	36,109.93	21,161.50		14,948.43
1921	35,940.68	19,403.91		17,536.77
1922	23,768.92	21,340.16		2,428.76
1923	55,002.03	20,629.09		34,372.94
1924	26,585.93	20,785.16		5,800.77
	192,369.85	123,007.02	5,724.84	75,087.67

Net Loss for Period $69,362.83

1924 Average Expenditure on House equals $80.08

Acadia Coal Company, Limited:

Year	Total Expenditures Incl.Repairs,Taxes, Insurance, etc.	Rentals Received	Profit	Loss
1919	23,218.20	28,716.91	5,498.71	
1920	36,022.32	30,603.87		5,418.45
1921	36,742.28	32,485.15		4,257.13
1922	36,906.92	32,959.06		3,947.86
1923	70,148.59	33,823.29		36,325.30
1924	25,269.62	35,359.07	10,089.25	
Total	228,308.13	193,947.35	15,587.96	49,948.74

Total loss during period $34,360.78

1924 Average Expenditure on House equals $44.18

Cumberland Railway and Coal Company:

1919	16,379.08	9,539.87		6,839.21
1920	29,725.88	10,548.97		19,176.91
1921	9,464.36	8,632.29		832.07
1922	17,259.69	10,654.47		6,605.22
1923	16,412.49	11,091.21		5,321.28
1924	11,495.05	10,411.91		1.083.14
	100,736.55	60,878.72		39,857.83

Average Expenditure on House equals $65.31

This and other mamoranda on the subject are supplied by the General Manager of Coal Mines.

BRITISH EMPIRE STEEL CORPORATION, LIMITED

STATEMENT SHOWING GROSS RECEIPTS FROM RENTAL OF DWELLINGS AND EXPENDITURE IN CONNECTION WITH SAME EXCLUDING DOMINION IRON & STEEL CO. LTD., FOR UNDERNOTED PERIODS

Year	Rents Collected	Repairs to Dwellings	Streets and Water	Cleaning Yards	Taxes	Insurance	Total	Profit Loss
1919	226,435.48	317,837.99	12,328.39	2.957.75	54,595.57	4,146.24	391,865.94	—165,·
1920	239,625.37	474,260.17	18,188.36	3,134.70	63,744.75	5,382.67	564,710.65	—325,085.28
1921	239,299.61	218,473.54	17,430.46	3,220.76	71,881.15	6,408.20	317,414.11	— 78,114.50
1922	244,493.93	263,606.15	30,909.88	3,527.25	81,228.67	7,338.24	386,610.19	—142,116.26
1923	256,783.41	385,584.88	25,026.98	3,974.77	82,008.89	7,714.82	504,310.34	—247,526.93
1924	259,241.47	146,195.77	14,764.79	3,442.07	81,848.83	5,504.83	251,756.29	+ 7,485.18
Total	1,465,879.27	1,805,958.50	118,648.86	20,257.30	435,307.86	36,495.00	2,416,667.52	—950,788.25

The housing system was of course the subject of much comment by witnesses. Dr. Sparrow, a colliery doctor at Reserve, said the miners were fit,and he did not think conditions dangerous to the health of the community. (1) Other medical men who testified were less cheerful. Dr. Kendall, County Health Officer, reported "a great amount of scarlet fever, and some diphtheria and tuberculosis. We have quite a lot of flu', as we have everywhere. We have a great deal of nose and throat trouble, tuberculosis of the lungs, bronchitis and asthma. The living conditions are a factor in aggravating these diseases." He declared the water supply at Dominion No.6 in constant danger of typhoid infection. The Company had promised a chlorinating plant similar to the excellent one at Waterford Lake, but so far had not built it. (2) He considered the water supply of all the Cape breton collieries, looking into the future, a serious problem but thought the supply at Glace Bay good as far as it went,and believed that with adequate sewage it might be enough for the future. (3)

Dr. M.T. Sullivan, Health Officer of Glace Bay, commented on the danger if surface drains, and the need of sewers. Glace Bay, he said, had the highest infant mortality rate in Canada. This, and the prevalance of typhoid, he attributed to stagnant water and unclean milk. The

(1) Evidence,1925, pp. 1436,1441.
(2) Ibid., Dr. Kendall, 1243-1245.
(3) Ibid., 1236-1237.

houses, he said, were "fairly well dilapidated, and pretty cold in winter", and should be thoroughly repaired. This would involve an increased rent which the people could not now afford: the improvements would take two years at least.(1)

As my own experience had led me to expect, most of the criticisms centred on Reserve. The houses there, according to Dr. Kendall, are generally about fifty-five years old, well built in their day, but inadequate to modern needs. A good kitchen and good family bed room should be added. Some of the newer houses are too small and built too close to the ground. These should be "wiped out". (2) The drainage has been improved, but a good deal still remains to be done, and the water supply is poor. In one section, twenty or twenty-five families depend on wells into which surface water penetrates; in another, water is supplied in buckets. (3) These buckets, as I saw for myself, are filled from superannuated molasses puncheons dragged on carts from Glace Bay. When not in use, the puncheons are left lying about in the open. Mr. James Clarke, a miner, testified (4) that they were never looked at to see if they were clean; that the buckets could not always be brought into the house at once, and were so full of sediment that they had to stand half an hour to clear.

(1) Evidence,1925, Dr. Sullivan, 1345-1351.
(2) Ibid., Dr. Kendall, 1237-1238.
(3) Ibid., 1236.
(4) Ibid., Mr. Clarke, 224-225.

The well supply during the last two or three years has improved decidedly, Dr. Kendall said; but good wells are hard to make there because they hole into old mine workings, and "the bottom drops out". There is a good spring available within six miles from which water could be piped (1) at a cost of $25,000.00 or $30,000.00;(2) but as these mines are getting to the end of their resources, the Company feels unable to spend the money. The fact is, of course, that it should have been spent long ago.

Dr. Kendall also reported that the houses at Reserve are built on land saturated with water up to within two or three feet of the sills, a condition favorable to tuberculosis, typhoid, rheumatic fever, probably influenza and nearly all the other diseases due to low forms of vegetable life. In winter, he added, the people have to look for rain water, drain water, and objectionable water generally, for household purposes. Nevertheless "Reserve is freer from typhoid than any country I know". (3) A striking feature of the testimony was the almost unanimous agreement that the Cape Breton Medical Society had been apathetic, and that the municipalities, especially Cape Breton County, had shirked their duty. (4) Glace Bay, however, has the excuse of a heavy debt, due to early mismanagement.

(1) Evidence,1925, Dr. Kendall,1236-1237.
(2) Ibid., Dr. Sparrow, 1434.
(3) Ibid., Dr. Kendall, 1236-1243.
(4) Evidence of Drs. Kendall, Sullivan and Sparrow.

The Royal Commission's verdict was: "We do not overlook that the condition of a home depends to a very considerable extent upon its user by the occupants, and upon the thrift and the energy of those in control of the household. Our observations, in the course of the inspection we made, amply confirmed that axiom. We have formed the very definite view, however, that so far as houses rented from the operators are concerned, the accomodation and state of their repair generally fall short of reasonable requirements. The houses are built of wood, and as a rule, have their walls covered from roof to foundation with wooden shingles. This type of construction, it appears, is better able to withstand the heavy gales which sweep over Cape Breton and the coast line of Nova Scotia generally. Many of these houses are old - some of them having been erected by the General Mining Association more than fifty years ago. Others were built for the purpose of housing men engaged on the eredtion of portions of the operators' plant or in opening up new mines; the latter are little better than temporary shelters and are known and properly described as "shacks". Many families occupy houses that are much too small for their needs. The houses generally have no kitchen or cellar, and in certain districts, in default of waterworks, water is either delivered by the operators in carts or has to be carried from a distance. Where water is piped into the house, there is an almost total absence of bathrooms or

waterclosets, due, we were informed to the lack of sewers. There is much complaint of the leaky condition of the roofs, of ill-fitting doors and windows, of floors that are rotted or badly worn, and of walls on which paper and plaster are in shreds and patches.

"With the exception of a limited number of dwellings - and these usually of the oldest type, built in rows - the houses stand on lots that are amply large enough to permit of cultivation. We were struck with the general absence of any attempt on the part of the tenants to make any use of the land that is at their disposal.

"The badly rutted streets, the straggling fences, and the outside privies add to the unattractiveness of the general picture.

"The foregoing observations apply to the Cape Breton coalfields, and to not apply to Springhill or to Pictou County - where there was very little complaint about housing. The contrast, indeed, between these communities and the Cape Breton mining communities was most marked.

"The situation as to housing is not one initiated by the present operators. It is in the nature of a burdensome legacy inherited from constituent companies.

"Altogether there are nearly 3,500 houses in the various coalfields belonging to the operators and rented to their employees. The rentals received by the operators are, in our view, distinctly moderate, and they were

admitted to be so by practically every witness who spoke on this subject.

"For repairs alone the operators have disbursed during that time about $340,000.00 more than the rent received. If there be added to that deficit the payment for taxes, and insurances, the operators have lost on this part of their enterprise over $800,000.00. It will be observed that in this calculation the actual out-of-pocket disbursements alone are taken into account, and nothing has been entered for loss of interest on the amounts invested in these dwellings. In addition, they have expended large sums on water, streets, fences and yards, and have allowed a number of houses to be occupied by widows, rent free.

"On a complete balancing, the loss sustained by the operators in six years might be reasonably calculated at 94% of the book values of the houses.

"The operators have, through a subsidiary concern, in the last four years sold 160 houses to their employees, at from 40% to 60% of their actual appraised value. That not more houses have been disposed of appears to be due in part to objections taken to the form of agreement adopted by the operators, which protects them from any claim due to subsidence caused by their continuing or extending their mining operations beneath the properties sold.

"In the course of the evidence, the operators expressed themselves as being prepared to qualify this provision to the extent of their being held responsible for damage proved to be sustained from this cause up to the price paid for the property damaged, and this seems to us reasonable.

"We were deeply impressed with the care and attention which was bestowed upon their property by the miners who owned the homes they occupied, and also by the improved appearance of the district generally, wherever there was a large number of homes owned by the miners themselves.

"In the course both of the evidence we heard and of our perambulation of the districts, we came to the conclusion that the mere fact that the operators were the owners of the houses, and were presumed to possess great resources, was a very definite factor in causing many occupiers not to bestow upon their homes the care and work which - particularly in the light of the admittedly low rentals - persons would bestow upon the house they occupied, in the interests of their own comfort and enjoyment." (1)

With most of this I agree. One additional remark, however, suggests itself to me. Considering that no new houses have been built since 1913, it seems to me that, as an investment in industrial peace the operators would have been well advised to set aside, during the War,

(1) Royal Commission's Report,1925, pp. 41-43.

a special fund for improving the houses and domestic conditions generally. Their repeated failure to cope with the situation, particularly since the Report of the Royal Commission of 1920, is a very grave fault, and beyond question has added largely to the financial burden of keeping up old and depreciated properties.

CHAPTER VIII

REMEDIES AND FUTURE PROSPECTS

The Duncan Commission made several very definite and constructive recommendations. Its findings on the question of industrial relations show the strong influence of British precedent, and seem to me a distinct step forward.

"The operators should make a frank and open acceptance of the U.M.W.A. as the medium of collective bargaining between themselves and the men.

"While it is not to be expected that the men could allow the operators to dictate terms as to the basis upon which their Union shall be constituted or function, it is obvious that in so far as political aims are allowed to obtrude themselves into trade union affairs, the extent to which there can be friendly negotiation between the Union and the operators is lessened. In so far, also, as the men impair their own unity and strngth by internal factions or by subdivision among themselves, they are prejudicing the chances of successful collective bargaining.

"The operators are on the other hand entitled to expect that the Union representatives with whom they negotiate shall have authority and responsibility to speak and act for their members - subject, of course, to the right of the members on all important matters to approve or disapprove by constitutional means any proposals or recommendations submitted to them by their representatives as a result of negotiations. We venture to suggest to the men that the system of annual election of officers does not ensure the continuity that is desirable if their representatives are to develop the necessary sense of authority or the knowledge derived from a close study of facts and conditions. Such continuity seems to us to be essential in their own interests.

"The coal properties of Nova Scotia are a valuable asset; but they cannot be developed to the best advantage either for those immediately concerned in them or for the public, unless both the operators and the men set themselves to promote peaceful and friendly relations by a due recognition of each other's rights. That is a task which neither outside persons nor influences can perform for them." (1)

(1) Royal Commission's Report,1925, pp.22-23.

"We think it would be well for the parties to divide the trade agreement into two parts, or even into two agreements, the one dealing exclusively with procedure machinery for the settlement of differences. The other part of the agreement, or the other agreement, as we would prefer it - would deal exclusively with the general terms and conditions of service, and in effect would be a code of working rules. These agreements would not require to come up for discussion annually. They would be much more permanent in character than the present yearly contract, but stipulation could be made in them for reconsideration of particular provision, from time to time, or for general revision, after a reasonable lapse of time and in the light of experience and changing circumstances.

"We feel very strongly that it is a grave fault of the present arrangements that so many varied matters come up for consideration at the one time, and that there is not greater elasticity in dealing with the questions that arise in the pit, promptly and on their merits.

"We are impressed - and we feel sure both the operators and the Union must be impressed - with the great loss that has been caused in business by reason of the recurring stoppages of work which have resulted from repeated failure in recent years to arrive at an amicable settlement of these general wage adjustments. A considerable portion of the St. Lawrence trade which the operators had in pre-war times has not been regained since the war.

"From inquiries which we have made in Montreal we were convinced that, even on price, some part of the old trade could have been regained, and possibly new trade secured, but for the fact that consumers felt themselves obliged not to depend entirely - or even to depend at all - upon Nova Scotia for their supplies. They were afraid of the risk that a stoppage of work might occur at any time during the currency of their contract, and deprive them of their supplies, leaving them to take the chance of making other and less favorable arrangements on short notice. This loss is in addition, of course, to the direct and immediate loss of business which resulted from the actual stoppages.

"We are convinced of the clamant need for a prolonged period of peace in this coalfield, if the full possibilities of trading are to be reaped. We cannot see how the parties can restore to the minds of consumers the necessary assurance of security of supply, unless they can make a wage arrangement that will operate - without fear of a breakdown - over a longer period of time than in the past.

"We believe that the Steel Works operations have been of very considerable help in the past to the proper development of the coal properties, by affording them a market for slack coal. We believe, further, that there is still considerable advantage to the coal properties - particularly in view of the character of the coal - in having a market

for the disposal of their slack, in the immediate neighborhood. Even if industrial developments have been such, and the coking possibilities of the future may be such, that there is a prospect of a wider field for the disposal of slack coal than there was in the past, it will obviously take a considerable time before these markets can be developed in such a way as to enable all or even the greater portion of the slack coal to be placed.

"At the same time, the coal properties have in the past, through a low price of coal and in other ways, made an important contribution to the Steel Plant, and we think that the men's claim is sound that, so far as the regulation of their wages is concerned, there should be a fair transfer price placed on the coal passing to the Steel Plant for the future. There is a contract still subsisting which was entered into, in 1903, between a willing seller and a willing purchaser, which is a guide as to a fair transfer value. Revision of price - although it has taken place by arrangement from time to time - has not been determined in the manner provided. The operators of coal and steel being one, there was probably little purpose, from their point of view, in applying the terms of the contract to this extent, but from the miners' point of view there is good reason why it should be done. We recommend, therefore, that - whatever the internal transactions of the operators may be, and at whatever price the coal is in fact

charged to the Steel Plant - for the purpose of an accounting between the operators and the miners in respect of wages, the price of coal supplied to the Steel Works should be written into the colliery accounts at a figure properly assessed in the terms of the contract. The only qualification that we might suggest would be that if that price be greater than the cost of production of the coal, the latter figure, or something near it, should be taken. We feel that the contribution which the coal operations have already made to the Steel Works, and the further modified contribution which this last proposal implies, are as much as the miners can reasonably be expected to make to the Steel Plant. At any rate, if they make any further contribution, it should be of their own volition, and in the light of the circumstances of the time and a knowledge of the facts.

"We also recommend that in other directions the terms of the contract should be observed.

"Provision is made in it for payment of interest on accounts not paid by the Steel Company to the Coal Company at due date.

"Provision is also made as to the extent to which and the purpose for which coal is to be supplied in accordance with its terms.

"So far as an accounting between the operators and the miners in respect of wages is concerned, that interest should

be credited, and all coal transferred to any of the operators undertakings beyond that specified in the contract should be treated as if it were sold at a fair market price.

"The capital and other funds of the Coal properties have been treated as one with the funds of other constituent parts of the Corporation; and for the future we think that there also the same principle should be followed as in the two preceding cases, and the funds of the Coal properties be regarded, so far as an accounting between the operators and the miners in respect of wages is concerned, as separate and distinct.

"Our suggestions arise from the fact that we accept it as a reasonable proposition that the wages of the men employed in the collieries should for the future be governed by the operations of the coal properties alone.

"It appears to us that the men's claim for knowledge on pertinent facts in the industry, when considering wage fluctuations, is reasonable and justified. We believe that they are sincere and honest in their desire to co-operate on a footing that will ensure due justice, and that they are prepared to deal in a business-like way if they are given an insight into the real facts of the industry. From the manner in which their case as a whole was presented to us, and from our own observation of the more responsible witnesses who gave evidence, we came to the conclusion that they were alive to the necessity of giving full weight to business consider-

ations. This view, we formed, in spite of the statement by some witnesses that they would expect an increase of wage rates even if it meant less employment and less total earnings.

"If justice is to be done, and economic and steady operation of the pits is to be secured, clearly both sides must be guided by the ability of the industry to pay.

"The greatest need at the moment is regularity of employment, for upon that - whatever the wage rates may be - depend the earnings of the men. Whereas the wage rate was higher in 1924 than in 1923, the average yearly earnings per man were approximately $150.00 less in 1924 than in 1923.

"Under the scheme which we suggest in the succeeding paragraphs, if the coal operations should prove to be distinctly more remunerative than present figures and the proposed reduction would indicate then the men will automatically share in the prosperity.

"We have already emphasized our belief that certainty of a continuance of peaceful relations is, after so many recent eruptions, absolutely essential to rehabilitate remunerative trading, and to permit of the operations of the pits being developed upon the basis of regular and steady employment. A short term settlement is therefore to be deprecated most strongly. There are two alternatives, it seems to us, before the parties; either, to fix a general wage variation now in the light of existing facts -

and our deductions from them - for a term of, say, two years at least; or To fix that variation now but to let it apply only until such time as a scheme has been worked out, and is in operation, for the automatic regulation of wage fluctuations at stated intervals - say, every six months - over a longer period of years - say, at least three years - in the light of the ability of the coal operations to pay. The ability to pay would be tested by agreed data, which would be incorporated in the scheme. Any scheme of this kind to be satisfactory must be worked out by the parties themselves, with the help and advice of competent accountants appointed by each party, and should operate under the supervision of these accounts. It might prove helpful to the parties if any discussions they had in regard to the framing of such a scheme were presided over by an independent chairman who would in no sense be an arbitrator, nor have a determining voice in their negotiations. We do not go so far as to make a suggestion to this effect, but merely mention it for the consideration of the parties.

"We strongly recommend that the second course be adopted. The scheme might provide for the variation of wages as a reflection of variations in selling prices, or as a reflection of variations in some other agreed factor; but we prefer that the test should be the proceeds of the industry.

"Machinery would be agreed upon for the relevant figures to be continuously returned, audited and adjusted under the supervision of accountants for both parties, and any variations of wage found to be due would be applied automatically

in the wages for the succeeding period without discussion or friction between the parties. Since the ascertainment and verification of the figures would take time, an interval should be left between the first period of ascertainment and the period governed. The first period of ascertainment could be made the period from 1st February to July 31st, 1926, to take effect from 1st November, 1926; and the next period of ascertainment would be 1st August, 1926, to January 31st,1927, to take effect from 1st April, and so on.

"The operation of such a scheme would be subject to a provision that wages were not in any event to be reduced below an agreed level or standard. The length of period during which the scheme should operate - although we have suggested three years as a minimum - would in a measure depend upon the standard fixed, and the standard itself would depend upon the position of the industry at the time of fixing it, the cost of living, and the extent to which outside competition is regulated by operation of the Tariff. If the returns for any period of ascertainment showed that the proceeds were not enough to remunerate capital within that period, as well as sustain the standard wage, then rather than reduce wages below the standard the deficit due to capital would be carried forward as a charge to be met out of the balance left over in succeeding periods." (1)

With this plan, however, there must go a thorough reorganization of Besco's finances. Otherwise, the recommendation

(1) Royal Commission's Report, 1925, pp. 26 - 33.

for periodic wage revision will be reduced to absurdity by the proviso making standard profits a cumulative charge on future earnings. Arrears of dividends on Preferred and Preference Cumulative stocks now amount to about $20,000,000, of which nearly $11,000,000 is due on the $31,000,000 of Second Preference issued in exchange for promotion Common of the constituent companies. (1)

British precedent is again followed in the recommendations on social improvement.

"We would direct the attention of the Provincial Government to the need for an immediate consideration on their part, in conjunction with the local authorities, of the roads, the sanitary conditions, and amenities generally of the mining communities, particularly in Cape Breton, and at Thorburn.

"From the evidence we received, as well as from our own observation on the spot, we are satisfied that the responsibilities that ought to devolve upon the Municipal or Town authorities in these respects, as well as in respect of attendance of children at school are not being discharged, and that the general conditions in which miners and their families have to live - quite apart from the internal state of their homes - are not such as they are entitled to expect. The ordinary relationships between operators and employees are, in our view, being seriously prejudiced by reason of the very reasonable discontent which the miners feel at this condition of affairs.

(1) Poor's Manual 1925, pp. 1230 et seq.

"We think also that the "policing" requirements of the districts should be reviewed. We deprecate the direct employment of policemen by the operators. The authority of the law should not, in our opinion, be allowed to reside in private hands.

"We were struck with the absence of community spirit and community enterprise generally, and we are strongly of the opinion that the responsibilities in this connection, as well as the responsibility for the protection of property, do not rest, upon operators, but are a matter for the Municipal or Town authorities.

"We recognize, of course, that with so much trouble as there has been, the funds or credit at the disposal of these authorities may be inadequate to meet the needs of the situation so promptly as they should be met; and it is for this reason - as well as for the reason that we believe the ultimate responsibility for the supervision of municipal and town administration rests with the Government - we recommend that the Government should associate themselves with the Municipal and Town authorities in straightening out the situation.

"We do not feel that such improvements as the constituted authorities can effect are enough to create speedily the environment which these mining communities need, and we very strongly recommend the constitution of a fund which can be administered for purposes connected with the social well-being, recreation, and conditions of living of the workers in

or about the coal mines, and with mining education and research

"This fund should be constituted by constributions from all the operators of coal mines, to the extent of 1 cent per ton of coal raised, and by contributions from the Province from the royalties which they receive in respect of the ownership of the mines, to the extent also of 1 cent per ton of coal raised. If these contributions were continued for a period of five years, a fund would be constituted which would go a long way to improve very materially the surroundings in which the miners live, and to afford the miners and their families reasonable opportunities for social, physical and intellectual development.

"The fund might be administered by a Board appointed by the Government consisting of a Chairman and two representatives nominated direct by them, two nominated by them after consultation with the operators and two nominated by them after consultation with the miners. Care would need to be exercised that the fund was not used in relief of charges that should fall upon local rates or the Provincial exchequer." (1)

In the last analysis, however, the problem of the Nova Scotia coal industry is one of markets. On this subject the Commission's Report sums up what is essential in a large number of papers, books, and periodicals that I have examined:

"It is apparent from the evidence that two problems demand solution before the situation in the Nova Scotia coalfields can be stabilised:

(1) Royal Commission's Report 1925, pp.44-45

"(a) Continuity of employment for the men;

"(b) Steady operation of the mines, so as to ensure the highest possible economies in operation.

"Practically fifty per cent. of the coal disposals of the Cape Breton collieries are water borne to the St.Lawrence market, sea transport to which is not open in the Winter months. In the absence of access to Southern merkets, it is obvious, therefore, that the Cape Breton collieries are largely dependent upon the St.Lawrence markets.

"Within the last few years, the competition in that market from low-priced U.S.A. coal mined in the West Virginia area has become very acute - over-development of the American coal mines being a decided factor in this situation; but apart from the question of competition with U.S.A. coal, there is also to be considered the great increase in the use of hydro-electric energy, particularly in the Provinces of Ontario and Quebec. The combined consumption of coal in 1923 in these two Provinces was approximately 18½ million tons (or practically 60% of Canada's consumption), while the coal equivalent of the water power installed is over 23,000,000 tons. These figures are substantial evidence of the extent to which coal has been supplanted by this form of energy. The market for coal in these Provinces is therefore restricted to domestic purposes, railways, gas works, and such industrial plants and processes as still require coal in some form.

"The availability of anthracite from the U.S.A. for domestic purposes limits considerably the possibilities of the

sale of Nova Scotia coal in the St.Lawrence markets for household requirements. The Ontario and Quebec consumption of domestic fuel alone is 4,000,000 tons per annum, and in recent years the market in these Provinces has been almost entirely supplied from anthracite importations.

The Dominion Fuel Board, since its inauguration in 1922, has been giving close attention to this problem. The reserves of anthracite in the U.S.A. may be exhausted in thirty-five years, and the quality is seriously deteriorating and the price is rising. Unofficial warning was apparently given in 1921 by the U.S.A. Bureau of Mines to the Canadian Department of Mines that "within a very short time Canada would have to work out her own solution for replacing the anthracite now imported from America."

"From the reports and investigations made by the Fuel Board - in regard to which we had the advantage of evidence from the Secretary to the Board - there is no doubt that a satisfactory coke for domestic purposes can be produced from most of the seams operated in the Cape Breton coal fields, having a heat value equal to U.S.A. anthracite as now sent to Canada. The friable nature of the Cape Breton coals renders the production of a large amount of slack inevitable, disposal of which is very difficult. This problem would, however, be simplified by the conversion of coal into coke at selected points in Quebec and Ontario, as coal intended for coking has to be reduced to a fine state of division in any case.

"An expert appointed by the Dominion Fuel Board to make a report to them on this problem has drawn attention to the fact that development of hydro-electric power in Ontario has almost reached its limit, and any further expansion will necessitate the erection of a steam plant, probably of 100,000 H.P. capacity, which if supplied with gas for steam raising would involve the erection of coke ovens ample to solve the domestic fuel problem for the Province of Ontario. The Fuel Board agree that coking plants should be established, as set out in the following statement:

PROPOSED NEW BY-PRODUCT COKE PLANTS
Per Annum

	Coal Carbonized Tons	Coke Tons	Surplus Gas in Million C. ft. M	Cost of Plant without land
Quebec	32,900	23,000	220,000	400,000
Montreal	574,000	401,500-4	,000,000	2,500,000
Ottawa	78,500	55,100	550,000	1,500,000
Toronto	705,000	494,000-5	,000,000	2,600,000
Hamilton	157,000	110,000-1	,100,000	2,000,000
Port Colborne	365,000	255,500-2	,560,000	2,000,000
London	53,000	37,200	365,000	No figure available
	1,904,000	1,376,000-13	,795,000	11,000,000

"We recommend that the Provincial Government should enter into active co-operation with the Dominion Fuel Board, for the purpose of exploring the possibilities of an immediate development along the lines indicated. The necessary coal, up to a further million and a half tons, can be obtained from the existing equipment in Cape Breton, and such an extra demand would stabilise employment throughout the year, and add considerable to the working efficiency of the mines. Banking of coal

during the winter months could be resorted to, and would not, having regard to climatic conditions, result in any serious depreciatinn of the value of the coal for coking purposes.

"We cannot, however, overlooknthe potential danger associated with the establishment of equipment or arrangements dependent largely upon Nova Scotia fuel, unless there is a certainty of a continuous and uninterrupted supply. Development along this line would, in our opinion, make it all the more necessary for parties in the industry to arrive at a settlement of their difficulties in such a manner as would give some assurance of security." (1)

On the subject of the tariff, Major Cronyn set forth his views in an Addendum which, it seems to me, gives in the briefest possible compass the whole case for Protection to Nova Scotia coal.

"A marked difference in mining costs enables American coals to be transported, largely by water, from West Virginia and, after payment of the present Canadian import duty of 50¢ per ton, to be sold in Montreal and other Canadian markets at prices below the actual cost of production and transportation of Nova Scotia coal.

"Most of the remedies suggested and set out below were forcibly brought to the attention of the Dominion Government in December, 1924, by a representative delegation headed by the then Premier of Nova Scotia. It would be a lengthy and perhaps unprofitable task to examine in detail the merits of each;

(1) Royal Commission's Report, 1925, pp.57-59

suffice it to say, that in my opinion the two first named are those best fitted to bring relief to what is little less than a national calamity.

1st. Federal assistance towards the establishment of coking ovens. The remedy has been fully discussed in Section 36 of our report and need not be further elaborated.

2nd. A substantial increase in the import duty on all bituminous coal and anthracite screenings; or, in the alternative, a Federal bounty on coal shipped from the Maritimes to Montreal or beyond, and on coal shipped from Alberta or British Columbia to Winnipeg or Eastward.

3rd. Imposition of duty upon coal imported for steel making and metallurgical processes, or for the production of coke.

4th. The negotiation of a treaty with the United States providing for the abolition of duties on coal by both that country and Canada.

5th. The extension in application, amount and duration of the subvention granted in 1924 whereby the cost of transportation by rail of Maritime and Western coal may be lessened.

"As already stated, the establishment of by-product coking plants and the imposition of a higher duty on importations of bituminous coal or Federal assistance by way of bounties appeal to me as the best methods of aiding native industries handicapped by conditions imposed by their nature and geographical position.

"The economist may logically ask why an industry which cannot survive competition should be allowed to exist and consumers in the Provinces of Quebec and Ontario may denounce any increase in the tariff as that must inevitably raise the price of bituminous coal. As one whose academic training has been

that of the Manchester School I must admit the cogency of both question and denunciation. But there are considerations involved in this problem which transcend cold-blooded political economy or even the losses which may fall on the more thickly settled portions of Canada.

"May I attempt in the briefest fashion to outline those considerations.

"More than one-fifth of the population of the Province of Nova Scotia are directly dependent upon its coal industries and the subsidiaries thereof and over 12% of the revenues of the Province are derived from the royalties paid on coal mined. After spending weeks on the ground and discussing the question with many residents of the Province in all walks of life I concur in the statement made by the deputation before mentioned that "It is not possible to exaggerate the calamitous consequences to Canada should coal mining in Nova Scotia be permitted to decline."

"Let us consider but two of these consequences. We in Ontario are accustomed, if not hardened, to the accusation made in the Prairie Provinces that the East treats the West unfairly; but the sense of grievances unredressed which prompts this charge is as nothing to the depth of feeling which exists in the Maritimes against the Central Provinces of Ontario and Quebec. That resentment is of old standing and one of its causes is the belief that the Atlantic Provinces were more or less cajoled into Confederation by promises, and alluring prospects which have failed of fulfillment. It is indeed not going too far to say

that the tie of sentiment which binds Nova Scotia to the Dominion has worn very thin.

"If then we of the Central Provinces are unwilling to sacrifice something of our prosperity on the altar of common citizenship to aid, perhaps indeed to save, the main industry of Nova Scotia we may witness an estrangement of far-reaching consequences. For it is not exaggerating the situation to say that the inhabitants of the Maritime Provinces are in a frame of mind that insists upon relief from the disadvantages under which they labor.

"My appeal to my friends (if I may so term them) of Quebec and Ontario and through them to the Parliament of Canada is on the highest ground of National unity. Let us, overlooking the pecuniary sacrifices involved, take the necessary measures to safeguard the welfare of our brothers by the sea.

"The second calamitous consequence to Central Canada which might follow a collapse of coal mining in Nova Scotia will become clear if we but exercise sufficient foresight to discover what will be the probable course of events in regard to the supply of American anthracite upon which today we almost wholly depend for domestic heating. As our report sets forth the lifetime of the mines from which we are supplied is limited and their exhaustion is already in sight. At the same time the demand for the American market has enormously increased. In the light of former actions, political and otherwise, and bearing

in mind the warnings already given us, we need not be surprised if at some not far distant future an embargo be placed upon the export of anthracite. Should we not then beforehand enough to protect ourselves against this day of reckoning by so encouraging the development of a native industry as to have available a plentiful supply of that unexcelled substitute, to wit: Canadian Coke?

"Lest objection be taken that from one cuase or another Nova Scotia might be unable to supply the coal or coke necessary for our requirements it is suggested that the increase of the customs tariff or bounty grants should only remain in force so long as it is clear that the supply of the native product is ample for all purposes." (1)

To my mind it is doubtful whether Federal aid would have to be very large or very long continued. Given uninterrupted production, the Royal Commission's own figures, as set out in Appendix "F" of their Report, seem to indicate a pit-head cost of about $3.60 per long ton for Nova Scotia coal, and water freight to Montreal is probably not more than $1.00. Present over-development and non-unionization in West Virginia can scarcely last for many years and the margin of advantage is likely to grow smaller.

Like Major Cronyn, I see little value in the last two suggestions of a Nova Scotia delegation. Reciprocity is politically impossible at the moment, and the history of the industry gives every reason to believe that it would in any case be almost useless to Nova Scotia collieries. The railway freight

(1) Royal Commission's Report 1925, pp.62-64.

subvention is equally futile, as the actual cost of rail transport is prohibitive. If the subsidy were extended to steamships, as the delegation asked, it might prove really useful in opening the Ontario market.

Where a railway freight rate revision could perhaps be of genuine value is in the development of the market for Nova Scotia steel. Every ton of that product contains more than four tons of coal. It is therefore of considerable importance to the mines that the steel plant should not have to face unfair competition from Central Canada or the United States. Without professing any expert knowledge of the situation, it nevertheless seems to me that the conditions set forth in Col. Cantley's speech in the House of Commons, February 10, 1926, (1) call for prompt attention from Parliament and the Railway Commission. Simultaneously with any increased duty on steel, however, there must come a complete modernization of the Sydney Steel Plant. The Government cannot undertake to act as a perpetual crutch for the halt and lame.

(1) Hansard, 919 - 938.

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Appemdix A.

Early Coal Leases in Cape Breton.

Year.	Selling Price.	Royalty.	Lessees.
1785	11/6	---	Worked by Gove ment.
1787	9/8	---	" " '
1788	11/6	--- ?	T. Moxley.
1792	-- ?	3/	Tremain & Stou
1800	-- ?	--	Worked by Gove mentl
1802	10/3	4/-	William Campbe
1804	10/3	---	Worked by Gove ment.
1813	13/2	3/8	Ritchie and T. Leaver.
1818	13/2	3/8	G.W.Bown, and J. Leaver.
1821	13/2	3/6	G.W. Bown.
1822	13/2	4/3	T.S. and W.R.

From Brown's "Coal Fields and Coal Trade of Cape Breton."

Appendix B.

Sales of Cape Breton Coal in the United States, 1827 -1850, with the of Duty.

Year.	Tons.	Duty.
1827	----	$1.62
1828	1468	$1.62
1829	2899	$1.62
1830	8362	$1.62
1831	16955	$1.62
1832	24466	$1.62
1833	22985	$1.20
1834	6481	$1.20
1835	11527	$1.20
1836	33526	$1.20
1837	36482	$1.20
1838	27121	$1.20
1839	46305	$1.20
1840	28824	$1.20
1841	32931	$1.20
1842	17893	$1.70
1843	18996	$1.70
1844	17696	$1.70
1845	26495	$1.70
1846	13753	$1.70
1847	24648	$ .72
1848	16878	$ .72
1849	18620	$ .72
1850	17334	$ .72

From Brown's"Coal Fields and Coal Trade of Cape Breton."
Judging from the Mines Dept. Reports, the later years are underestimate

Appendix C

Sales to the United States, 1852-1925, with the Duty.

Year	Tons	Duty
1850	118,173	24%
1857	116,274	"
1852	87,542	"
1853	120,764	"
1854	139,125	Free
1855	103,322	"
1856	126,152	"
1857	123,335	"
1858	186,743	"
1859	122,720	"
1860	149,289	"
1861	204,457	"
1862	192,612	"
1863	282,775	"
1864	347,594	"
1865	465,194	"
1866	404,352	"
1867	338,492	$1.25
1868	228,132	"
1869	257,485	"
1870	168,180	"
1871	165,431	.75
1872	154,092	"
1873	254,760	"
1874	138,336	"
1875	89,746	"
1876	71,634	"
1877	118,216	"
1878	88,495	"
1879	51,641	"
1880	123,423	"
1881	113,728	"
1882	99,302	"
1883	102,755	"
1884	64,515	"
1885	34,483	"
1886	66,003	"
1887	73,892	"
1888	30,198	"
1889	29,987	"
1890	50,854	"
1891	25,431	"
1892	13,883	"
1893	16,099	"

Year	Tons		Duty
1894	79,837	(9 months)	From Aug.1, .40 on round, .15 on slack
1895	73,097		.40 round, .15 "
1896	174,919		ditto
1897	106,279		From July 24, .67
1898	98,027		.67
1899	153,188		"
1900	624,273		"
1901	591,086		"
1902	751,382		"
1903	968,832		"
1904	713,170		"
1905	652,538		"
1906	769,775		"
1907	616,312		"
1908	499,634		"
1909	324,786		"
1910	290,668		"
1911	332,301		"
1912	412,531		"
1913	468,000		Free
1914	300,161		"
1915	532,684		"
1916	455,154		"
1917	342,100		"
1918	269,080		"
1919	75,813		"
1920	27,439		"
1921	8,443		"
1922	308,754		From Sept.20, .53
1923	278,979		.53
1924	5,706		"
1925	2,280		"

of
Nova Scotia Department Mines Reports.
The sales from 1850 to 1872 are from the Philadelphia Board of Trade and are probably estimated.
The Nova Scotia fiscal year, since 1893, ends Sept.30.

Appendix D.

Sales to Quebec Province, with the Canadian Duty on American Coa

Year	Tons	Duty
1873	187,059	Free
1874	162,269	"
1875	189,754	"
1876	117,303	"
1877	95,118	"
1878	83,710	"
1879	154,118	$ .50
1880	239,091	$ .60
1881	268,628	$ .60
1882	383,031	$ .60
1883	410,605	$ .60
1884	396,782	$ .60
1885	493.917	$ .60
1886	538,762	$ .60
1887	650,858	$ .60 on soft coal, hard coal free
1888	678,321	$ .60 " " " " " "
1889	631,796	$ .60 " " " " " "
1890	751,931	$ .60 " " " " " "
1891	775,286	$ .60 " " " " " "
1892	746,037	$ .60 " " " " " "
1893	719,805 (9 months)	$ .60 " " " " " "
1894	877,743	$ .60 " " " " " "
1895	740,098	$ .60 " " " 20% on soft dust " " hard coal free
1896	795,060	$ .60 " " " " " "
1897	875,874	$ .53 20% on soft dust on round or run-of-mine, 20% not exceeding .13 on slack, hard coal free
1898	944,160	$ .53 on round or run-of-mine, 20% not exceeding .13 on slack, hard coal free
1899	1,029,288	Same as in 1897
1900	934,229	" " " 1897
1901	1,017,046	" " " 1897
1902	1,243,980	" " " 1897
1903	1,403,916	" " " 1897
1904	1,730,948	" " " 1897
1905	1,492,399	" " " 1897

Year	Tons	Duty
1906	1,739,308	Same as in 1897
1907	Not given	All Anthracite free, $.14 on slack, $.53 other soft.
1908	2,047,638½	
1909	1,508,817¾	
1910	1,786,948	Unchanged to 1925
1911	2,067,839½	" " 1925
1912	2,159,005	" " 1925
1913	2,193,228¼	" " 1925
1914	2,381,582½	" " 1925
1915	1,828,769½	" " 1925
1916	994,944¼	" " 1925
1917	303,012½	" " 1925
1918	134,449	" " 1925
1919	344,662¼	" " 1925
1920	240,701½	" " 1925
1921	903,166	" " 1925
1922	1,106,878	" " 1925
1923	1,604,675	" " 1925
1924	1,570,733	" " 1925
1925	807,505	All soft coal, $.50; other coals, free

Nova Scotia Department of Mines Reports, year ending September 30 (since 1893)

Tariff changes, from Besco Bulletin, March 14,1925.

Apendix E

Sales in the Maritime Provinces.

Year	Tons		Year	Tons
1873	310,352		1899	1,123,862
1874	335,754		1900	1,338,522
1875	342,239		1901	1,405,581
1876	374,456		1902	1,758,104
1877	405,777		1903	2,060,671
1878	438,829		1904	1,890,271
1879	407,742		1905	2,138,840
1880	497,497		1906	2,573,897
1881	555,252		1907	Not Given
1882	662,665		1908	2,524,293
1883	687,155		1909	2,391,527
1884	701,869		1910	2,417,105
1885	646,096		1911	2,730,623¾
1886	685,323		1912	3,041,604
1887	706,590		1913	3,341,768
1888	780,884		1914	2,979,609¾
1889	800,539		1915	2,801,916½
1890	882,575		1916	3,681,759
1891	936,525		1917	3,872,116¾
1892	895,366		1918	3,719,630¼
1893	705,924	(nine months)	1919	3,347,000¼
1894	957,461		1920	3,434,160
1895	924,828		1921	2,835,049
1896	981,696		1922	2,195,406
1897	945,283		1829	3,054,699
1898	996,092		1924	2,395,794
			1925	1,785,693¼

Nova Scotia Department of Mines Reports,
Years ending September 30

Appendix F.

Other Sales in Recent Years.

Bunkers

Year.	Tons.
1908	193,352
1909	227,394
1910	217,685
1911	204,681
1912	236,733¾
1913	234,177
1914	248,790½
1915	342,208½
1916	539,822½
1917	382,972¾
1918	285,349½
1919	335,395
1920	485,609
1921	374,574
1922	236,946
1923	264,782
1924	220,635
1925	152,078¾

Newfoundland.

Year.	Tons.
1908	207,062
1909	156,248½
1910	176,986
1911	184,195½
1912	200,642
1913	210,544½
1914	225, 589
1915	208,692
1916	251,123¾
1917	236,530
1918	219,184¾
1919	272,229¼
1920	297,434¾
1921	223,916
1922	202,668
1923	232,420
1924	209,230
1925	141,588

Great Britain.

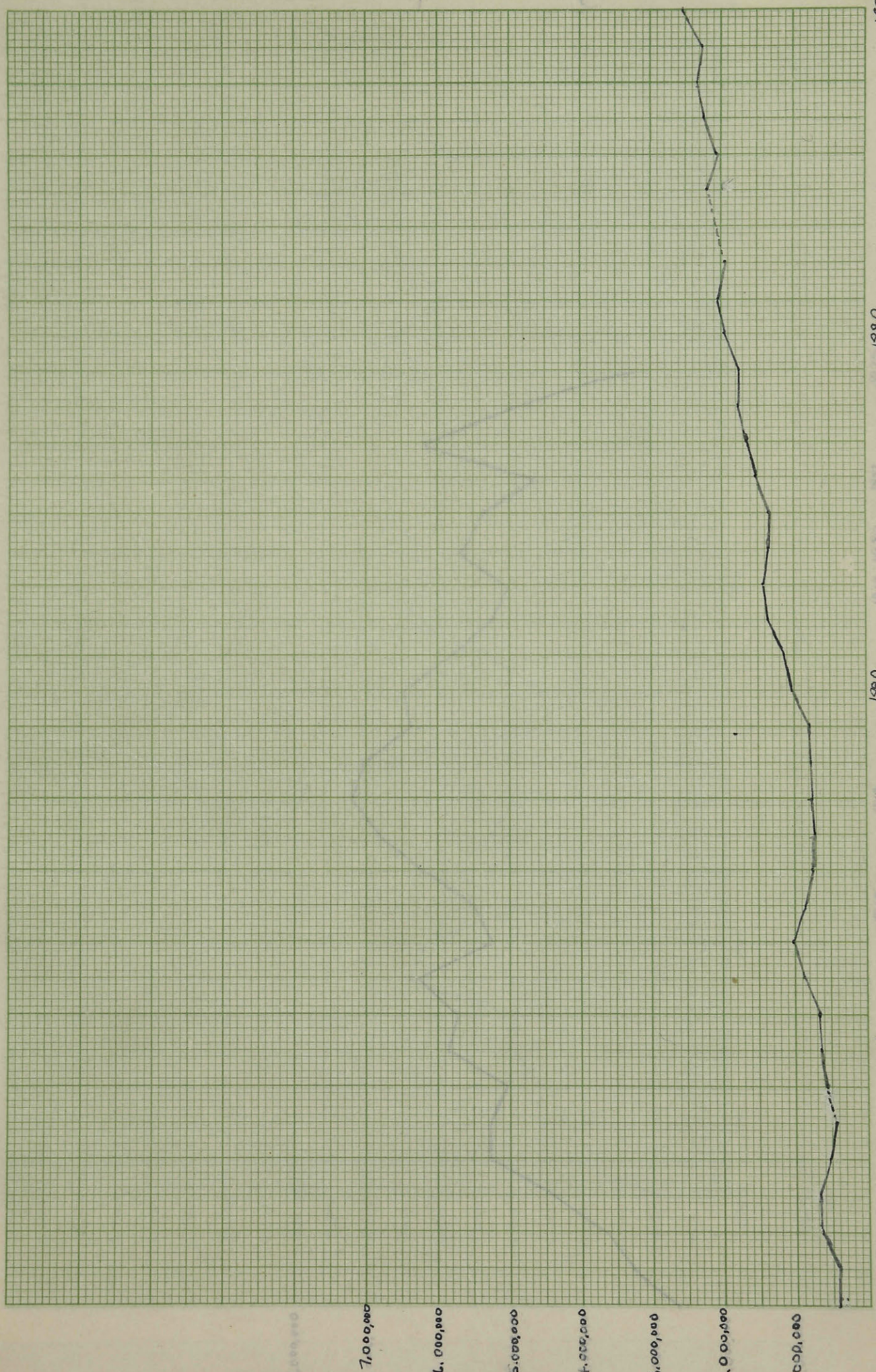
Year	Tons.
1921	273,303

Europe.

Year	Tons.
1919	64,418
1920	527,727¼
1921	83,483
1922	93
1923	60,305
1924	37,764

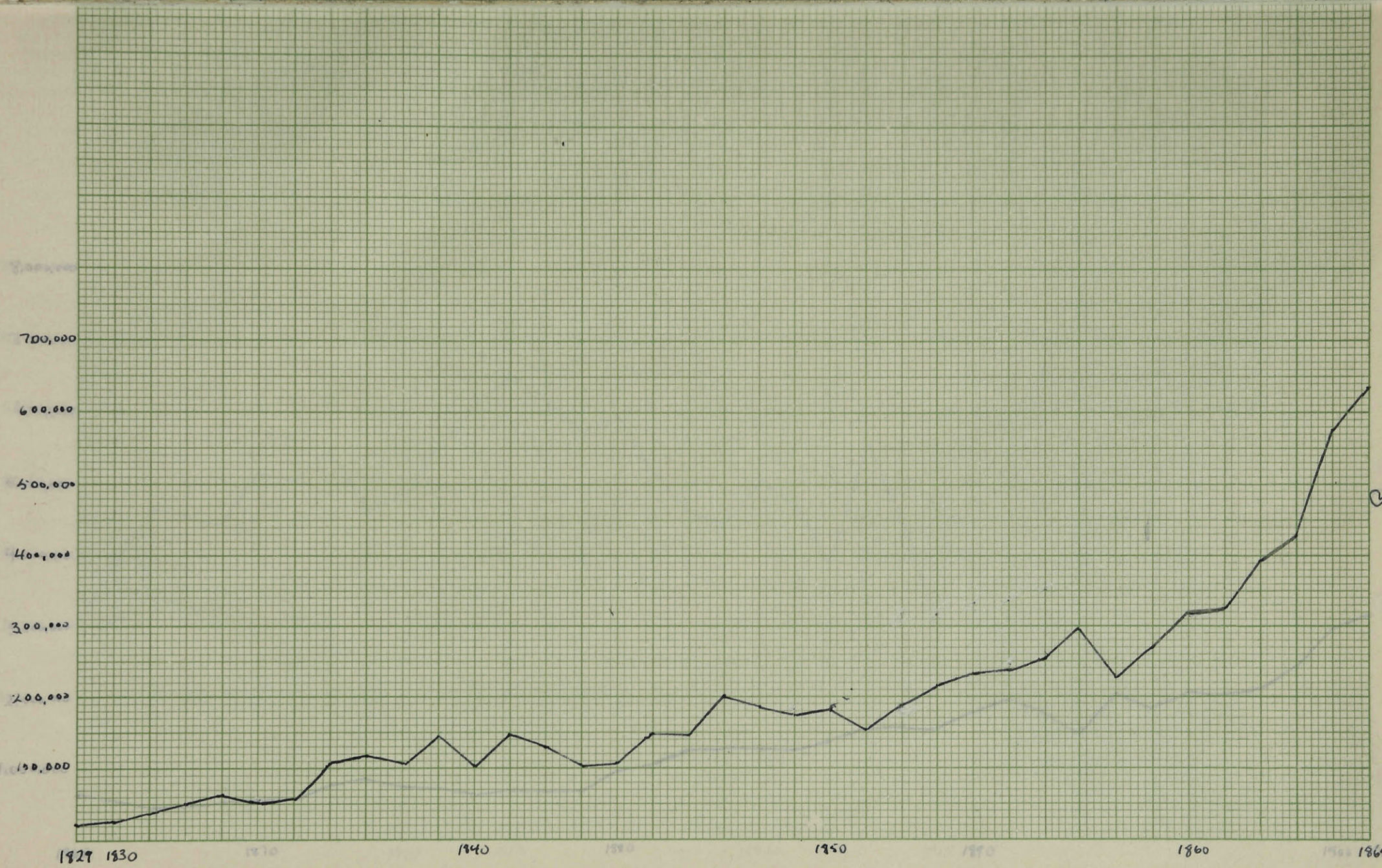
Appendix G
Chart 1.

Coal Output — Long Tons

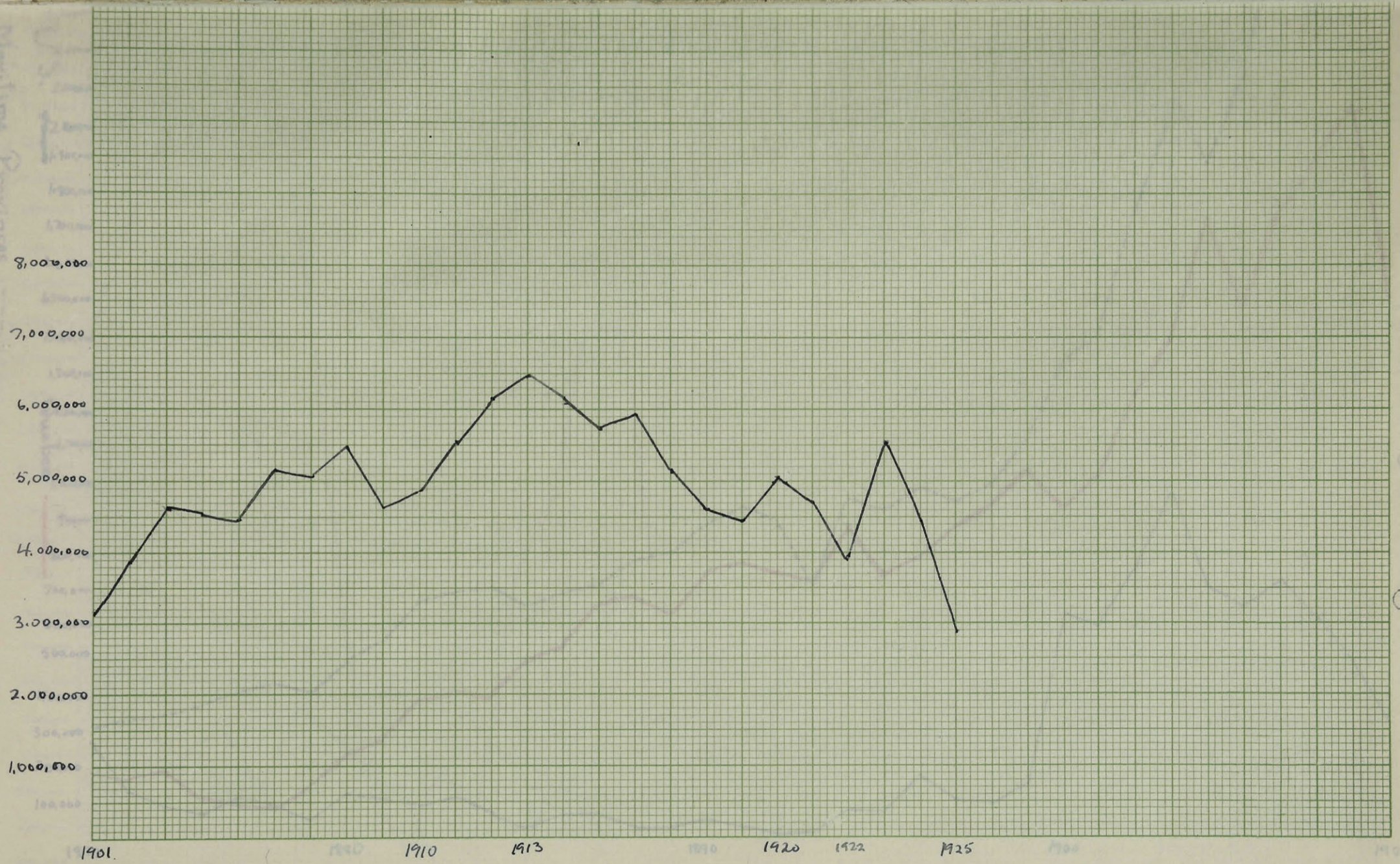


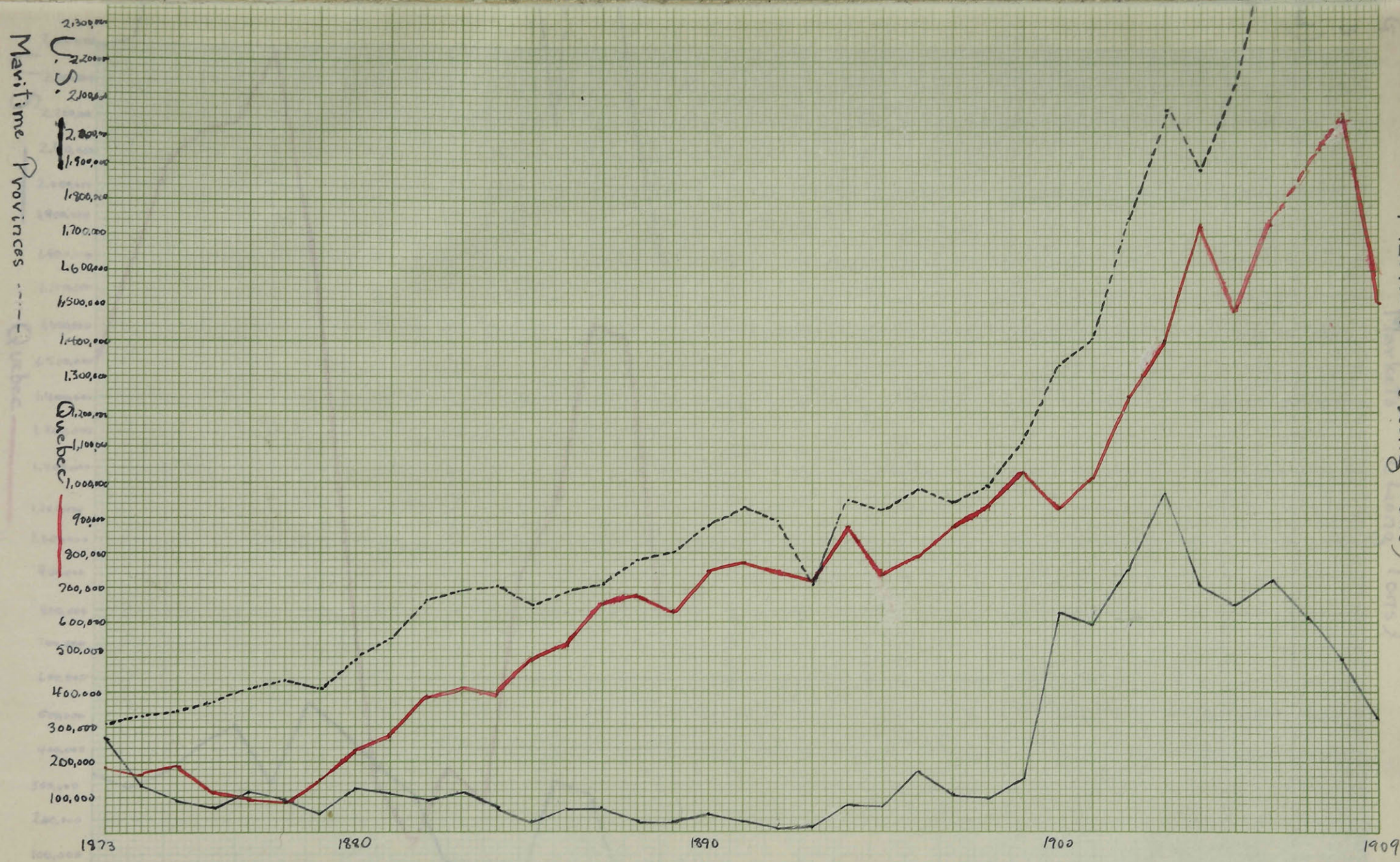
1869 – 1892 – Calendar Years


Coal Sales — Long Tons
23000
22,000
21,000
20 000
19,000
18000
17,000
16 000
15 000
14,000
13000
12 000
11,000
10000
9000
8000
7000
6000
5000
4000
3000
2000
1000
1793
1795
1800
1810
1820
1826
1829
1909
1910
1920
1925

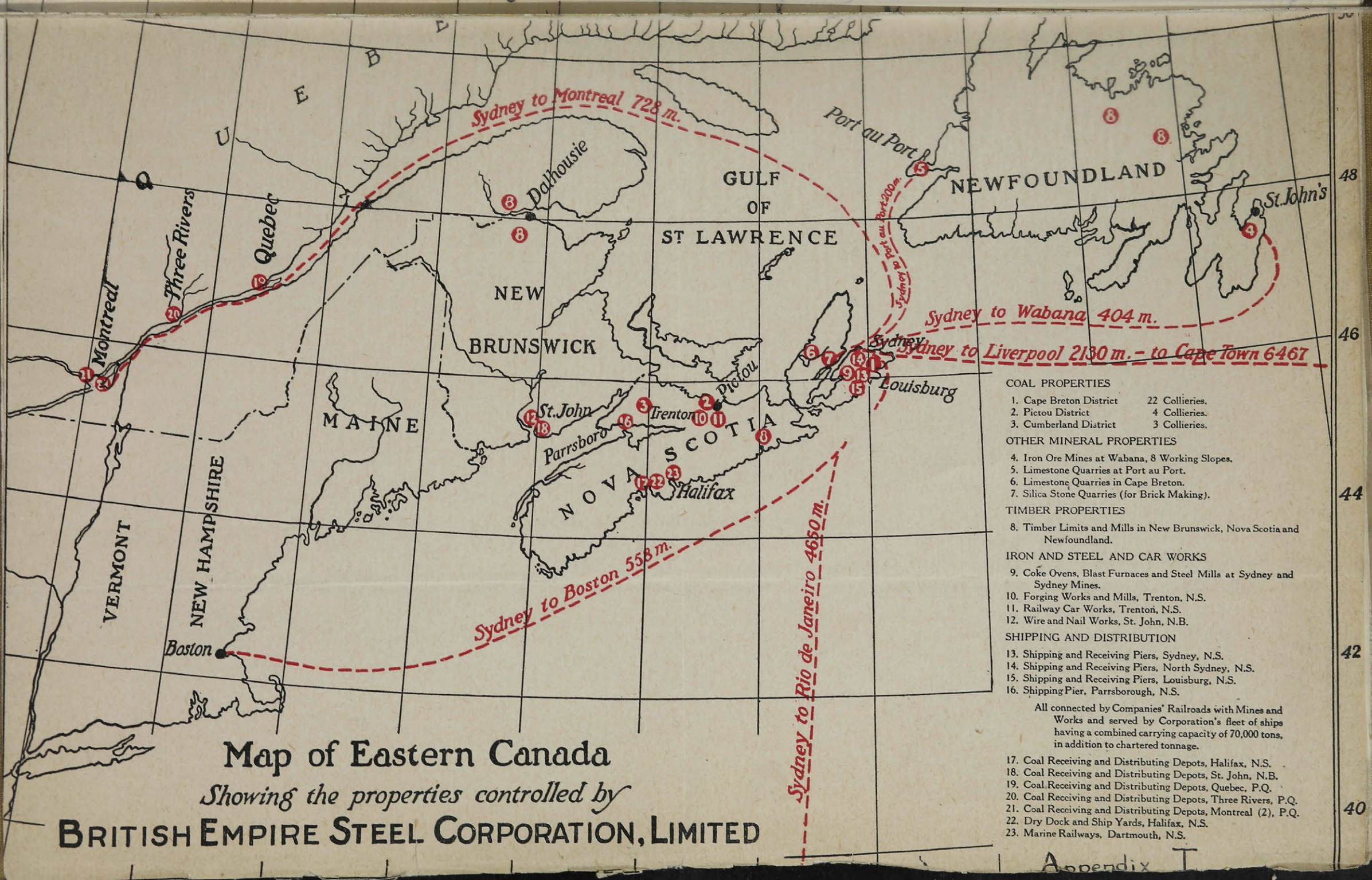

Coal Sales — Long Tons
700,000
600,000
500,000
400,000
300,000
200,000
100,000
1829
1830
1840
1850
1860
1865

Coal Sales, Long Tons


8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
1901
1910
1913
1920
1922
1925
Coal Sales — Long Tons


Maritime Provinces ----
U.S.
Quebec
Markets (Long Tons)
2,300,000
2,200,000
2,100,000
2,000,000
1,900,000
1,800,000
1,700,000
1,600,000
1,500,000
1,400,000
1,300,000
1,200,000
1,100,000
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
1873
1880
1890
1900
1909

Markets (Long Tons)



Map of Eastern Canada

Showing the properties controlled by

BRITISH EMPIRE STEEL CORPORATION, LIMITED

COAL PROPERTIES

1. Cape Breton District — 22 Collieries.
2. Pictou District — 4 Collieries.
3. Cumberland District — 3 Collieries.

OTHER MINERAL PROPERTIES

4. Iron Ore Mines at Wabana, 8 Working Slopes.
5. Limestone Quarries at Port au Port.
6. Limestone Quarries in Cape Breton.
7. Silica Stone Quarries (for Brick Making).

TIMBER PROPERTIES

8. Timber Limits and Mills in New Brunswick, Nova Scotia and Newfoundland.

IRON AND STEEL AND CAR WORKS

9. Coke Ovens, Blast Furnaces and Steel Mills at Sydney and Sydney Mines.
10. Forging Works and Mills, Trenton, N.S.
11. Railway Car Works, Trenton, N.S.
12. Wire and Nail Works, St. John, N.B.

SHIPPING AND DISTRIBUTION

13. Shipping and Receiving Piers, Sydney, N.S.
14. Shipping and Receiving Piers, North Sydney, N.S.
15. Shipping and Receiving Piers, Louisburg, N.S.
16. Shipping Pier, Parrsborough, N.S.

All connected by Companies' Railroads with Mines and Works and served by Corporation's fleet of ships having a combined carrying capacity of 70,000 tons, in addition to chartered tonnage.

17. Coal Receiving and Distributing Depots, Halifax, N.S.
18. Coal Receiving and Distributing Depots, St. John, N.B.
19. Coal Receiving and Distributing Depots, Quebec, P.Q.
20. Coal Receiving and Distributing Depots, Three Rivers, P.Q.
21. Coal Receiving and Distributing Depots, Montreal (2), P.Q.
22. Dry Dock and Ship Yards, Halifax, N.S.
23. Marine Railways, Dartmouth, N.S.

Appendix H, Chart 1.

Growth of British Empire Steel Corporation, Limited

- 1878 Sydney and Louisburg Coal and Railway Co.
- 1890 Burchell Bros.
- 1861 Archibald and Co.
- 1877 International Coal and Railway Co.
- 1862 Glace Bay Mining Co.
- 1864-65 Caledonia Mining Co.
- 1873 Halifax Coal and Iron Co.
- 1872 Springhill and Parrsboro Railway and Coal Co.
- 1870 Spring Hill Mining Co.
- 1872 Hope Ironworks
- 1878 Nova Scotia Forge Co.
- 1872 Nova Scotia Steel Co.
- 1888-89 Nova Scotia Steel and Forge Co.
- 1890 New Glasgow Coal, Iron & Ry. Co.
- 1894-95 Nova Scotia Steel Co.
- 1899-1900 Nova Scotia Steel and Coal Co., Ltd.
- 1912 Eastern Car Co., Ltd.
- Wasis Steamship Co., Ltd.
- Nova Scotia Land Co., Ltd.
- 1872 Halifax Coal Co. Ltd.
- 1864 Acadia Coal Co. Ltd.
- 1872 Vale Coal and Iron Manufacturing Co. Ltd.
- 1896 Acadia Coal Co. Ltd. (Purchased 1919)
- 1898-99 Dominion Iron and Steel Co., Ltd.
- 1891 James Pender and Co., Ltd.
- 1893 Dominion Coal Co., Ltd. (with Sydney & Louisbourg Ry.)
- 1883-84 Cumberland Railway and Coal Co.
- 1910-11 Dominion Steel Corporation, Limited
  - 1912 Dominion Shipping Co., Ltd.
  - Dominion Public Utilities Co., Ltd.
  - 1910-11 Sydney Lumber Co., Ltd.
- 1918 Halifax Shipyards Limited.
- 1920-21 British Empire Steel Corporation, Limited.
  - 1921 Empire Housing Co., Ltd.

In red ink – allied interests